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**A comparative study of the relationships between compensation satisfaction, its antecedents, and motivation in public and private leisure service organizations**

**Yen, Tsu-Hong, Ph.D.**

**University of Illinois at Urbana-Champaign, 1992**

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**A COMPARATIVE STUDY OF THE RELATIONSHIPS BETWEEN  
COMPENSATION SATISFACTION, ITS ANTECEDENTS, AND MOTIVATION  
IN PUBLIC AND PRIVATE LEISURE SERVICE ORGANIZATIONS**

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**THESIS**

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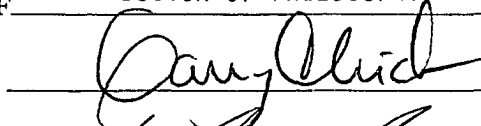
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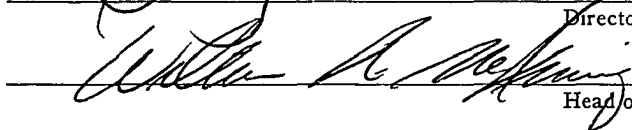
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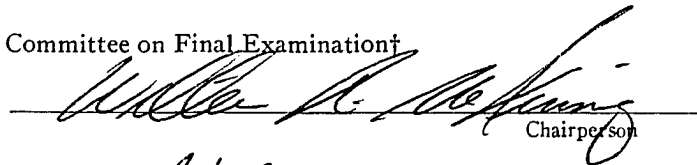


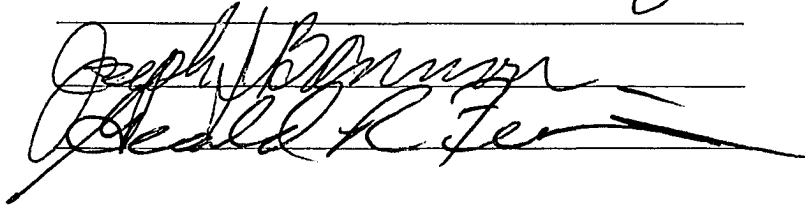
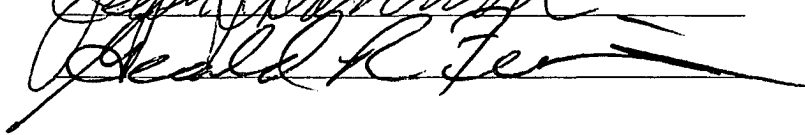
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## DEDICATION

I would like to dedicate this dissertation to four important people in my life. First, it is dedicated to my parents, Mrs. Tsuo-Chuang Yen and Mr. Su-Nan Yen. They encourage me to seek graduate studies in the United States, and provide all kinds of support throughout my studies. Without their love and support, this endeavor would have never been possible. This research project is especially dedicated to my father. His commitment and dedication to his life has inspired in me a belief to always do the best possible.

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The fourth person I would like to dedicate this work to is my son Kai-Wei (Kevin). His birth and presence gave me the strength and will to conduct this research project. He always provides me with joy when I was feeling tired or frustrated and needed it most.



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## TABLE OF CONTENTS

CHAPTER		PAGE	
ONE	INTRODUCTION . . . . .	1	
	Background of the Problem . . . . .	4	
	Definition of Terms . . . . .	8	
	Purposes of the Present Study . . . . .	9	
	Need for This Study . . . . .	12	
	Need for Study of Compensation Satisfaction in Leisure Services . . . . .	15	
	Research Questions and Hypotheses . . . . .	17	
	Preview of the Dissertation Chapters . . . . .	20	
	TWO	REVIEW OF THE LITERATURE . . . . .	21
		Compensation and Motivation . . . . .	21
	Compensation and Need Theory of Motivation . . . . .	23	
	Compensation and Two-Factor Theory of Motivation . . . . .	24	
	Compensation and Expectancy Theory of Motivation . . . . .	25	
	Compensation and Equity Theory of Motivation . . . . .	27	
	Compensation and Satisfaction . . . . .	28	
	Equity Theory of Compensation Satisfaction . . . . .	29	
	Discrepancy Theory of Compensation Satisfaction . . . . .	31	
	Multi-Dimensionality of Compensation Satisfaction . . . . .	36	
	Antecedent Variables of Compensation Satisfaction . . . . .	39	
	Personal Attributes . . . . .	39	
	Educational level . . . . .	39	
	Gender . . . . .	40	
	Age and tenure . . . . .	41	

TABLE OF CONTENTS (continued)

CHAPTER	PAGE
<b>TWO</b>	<b>REVIEW OF THE LITERATURE (continued)</b>
	Personal Perceptions . . . . . 42
	Orientation toward pay raise . . . . . 42
	Perceived compensation equity . . . . . 43
	Perceived Job Characteristics . . . . . 44
	Compensation Practices . . . . . 46
	Pay level . . . . . 46
	Pay raise . . . . . 47
	Benefit coverage and cost to employee . . . . . 47
	Organizational Features . . . . . 48
	Organizational size . . . . . 48
	Managerial level . . . . . 49
<b>THREE</b>	<b>METHOD . . . . . 51</b>
	Sample . . . . . 51
	Data Collection . . . . . 56
	Return Rate . . . . . 57
	Instruments and Operating Definitions . . . . . 63
	Compensation Satisfaction . . . . . 63
	Perceived Compensation Equity . . . . . 64
	Motivation to Work . . . . . 65
	Perceived Job Characteristics . . . . . 65
	Procedural Justice . . . . . 67
	Negative Affectivity . . . . . 68
	Compensation Practices . . . . . 68
	Demographic Information . . . . . 69

**TABLE OF CONTENTS (continued)**

<b>CHAPTER</b>	<b>PAGE</b>
<b>THREE</b>	<b>METHOD (continued)</b>
	Data Analysis . . . . . 70
	Phase 1: Reliability of Instrument . . . . . 70
	Phase 2: Descriptive Data Analysis . . . . . 70
	Phase 3: Hypothesis Testing . . . . . 71
	Phase 4: Testing the Overall Model of Compensation Satisfaction and Motivation . . . . . 71
<b>FOUR</b>	<b>RESULTS . . . . . 73</b>
	Reliability of Instruments . . . . . 73
	Demographic Information . . . . . 74
	Age . . . . . 74
	Gender . . . . . 75
	Marital Status . . . . . 76
	Education Level and Educational Background . . . . . 77
	Tenure . . . . . 79
	Organizational Information . . . . . 85
	Operating Budget and Annual Sales . . . . . 85
	Full-Time Employees . . . . . 89
	Customers Served . . . . . 91
	Compensation Practices . . . . . 92
	Annual Salary . . . . . 92
	Pay Raise . . . . . 93
	Vacation Days, Sick Days, Holidays, and Personal Days . . . . . 95
	Disability Protection . . . . . 99
	Retirement Income . . . . . 101
	Life Insurance . . . . . 102
	Descriptive Statistics of the Instruments . . . . . 105

**TABLE OF CONTENTS (continued)**

<b>CHAPTER</b>		<b>PAGE</b>
<b>FOUR</b>	<b>RESULTS (continued)</b>	
	Hypotheses Testing . . . . .	117
	Question 1 . . . . .	117
	Hypothesis 1 . . . . .	117
	Question 2 . . . . .	121
	Hypothesis 2a . . . . .	121
	Hypothesis 2b . . . . .	124
	Hypothesis 2c . . . . .	127
	Hypothesis 2d . . . . .	130
	Question 3 . . . . .	133
	Hypothesis 3a . . . . .	133
	Hypothesis 3b . . . . .	136
	Question 4 . . . . .	139
	Hypothesis 4a . . . . .	139
	Hypothesis 4b . . . . .	141
	Hypothesis 4c . . . . .	144
	Hypothesis 4d . . . . .	147
	Question 5 . . . . .	150
	Hypothesis 5a . . . . .	150
	Hypothesis 5b . . . . .	153
	Question 6 . . . . .	156
	Hypothesis 6 . . . . .	156

TABLE OF CONTENTS (continued)

CHAPTER	PAGE
<b>FOUR</b>	<b>RESULTS (continued)</b>
	Question 7 . . . . . 158
	Hypothesis 7a . . . . . 158
	Hypothesis 7b . . . . . 167
	Question 8 . . . . . 170
	Hypothesis 8 . . . . . 170
	Question 9 . . . . . 171
	Hypothesis 9a . . . . . 172
	Hypothesis 9b . . . . . 177
	Hypothesis 9c . . . . . 178
	Hypothesis 9d . . . . . 178
<b>FIVE</b>	<b>DISCUSSION . . . . . 183</b>
	Summary . . . . . 183
	Discussion . . . . . 187
	Dimensionality of the PSQ . . . . . 187
	Antecedent Variables and Compensation Satisfaction . . . . . 188
	Personal Attributes and Compensation Satisfaction . . . . . 188
	Personal Perceptions and Compensation Satisfaction . . . . . 192
	Compensation Practices and Compensation Satisfaction . . . . . 193
	Organizational Features and Compensation Satisfaction . . . . . 194
	Perceived Job Characteristics and Compensation Satisfaction . . . . . 195
	Compensation Satisfaction and Motivation . . . . . 197
	Implications . . . . . 199
	Limitations of This Study . . . . . 202
	Suggestions for Future Research . . . . . 204

TABLE OF CONTENTS (continued)

	PAGE
REFERENCES .....	207
APPENDIX	
A      QUESTIONNAIRE .....	218
B      FOLLOW-UP POST CARD .....	233
VITA .....	235

## LIST OF TABLES

	PAGE
Table 3.1: Number of public managers available, selected, and selection rate by states. . . . .	53
Table 3.2: Number of private managers available, selected, and selection rate by states. . . . .	55
Table 3.3: Summary of number of surveys mailed, number of returned surveys, and return rate. . . . .	58
Table 3.4: Number of public managers selected, returned, and return rate by states. . . . .	59
Table 3.5: Number of private managers selected, returned, and return rate by states. . . . .	61
Table 3.6: Distribution of survey respondents by the five regions of NRPA. . . . .	62
Table 4.1: Reliability coefficients of the scales. . . . .	74
Table 4.2: Age distribution of survey respondents. . . . .	75
Table 4.3: Gender distribution of survey respondents. . . . .	76
Table 4.4: Marital status of survey respondents. . . . .	76
Table 4.5: Number of dependents of survey respondents. . . . .	77
Table 4.6: Educational level of survey respondents. . . . .	78
Table 4.7: Summary of educational level. . . . .	78
Table 4.8: Educational backgrounds of survey respondents. . . . .	79
Table 4.9: Number of years in the profession. . . . .	80
Table 4.10: Number of years in current company. . . . .	81



**LIST OF TABLES (continued)**

	<b>PAGE</b>
Table 4.11: Number of years in current position. . . . .	81
Table 4.12: Summary of tenure. . . . .	82
Table 4.13: Have served in this capacity in other organizations. . . . .	83
Table 4.14: Years have served in this capacity elsewhere. . . . .	83
Table 4.15: Have worked with an organization in the other sector. . . . .	84
Table 4.16: Annual operating budget of the public agencies. . . . .	85
Table 4.17: Amount of budget that the public managers are responsible for. . . . .	86
Table 4.18: Annual sales of the private organizations. . . . .	87
Table 4.19: Amount of annual sales that the private managers are responsible for. . . . .	88
Table 4.20: Number of full-time employees. . . . .	89
Table 4.21: Number of full-time employees under the supervision of responding managers. . . . .	90
Table 4.22: Number of customers served last year. . . . .	91
Table 4.23: Annual salaries. . . . .	92
Table 4.24: Percent of last pay raises. . . . .	93
Table 4.25: Methods used to determine pay raises. . . . .	94
Table 4.26: Purposes of pay raises. . . . .	95
Table 4.27: Vacation days. . . . .	96
Table 4.28: Sick days. . . . .	97

**LIST OF TABLES (continued)**

	<b>PAGE</b>
Table 4.29: Paid holidays. . . . .	98
Table 4.30: Personal days. . . . .	98
Table 4.31: Comparison of working days and days off. . . . .	99
Table 4.32: Number of organizations that provide disability protection. . . . .	100
Table 4.33: Disability payment as percentage of current salary. . . . .	100
Table 4.34: Percentage of current salary contributed to pension fund, in addition to social security deduction. . . . .	101
Table 4.35: Retirement income as percentage of current salary after twenty years of service. . . . .	102
Table 4.36: Number of organizations that provide term life insurance. . . . .	103
Table 4.37: Average term life insurance policy amount. . . . .	103
Table 4.38: Need to pay in order to be eligible for health insurance. . . . .	104
Table 4.39: Average monthly cost for health insurance. . . . .	104
Table 4.40: Means and standard deviations of scales. . . . .	106
Table 4.41: Means, standard deviations, and correlation coefficients between major variables for the public manager sample. . . . .	109
Table 4.42: Means, standard deviations, and correlation coefficients between major variables for the private manager sample. . . . .	113
Table 4.43: Factor pattern after an oblique rotation of the Pay Satisfaction Questionnaire for the public managers. . . . .	118

**LIST OF TABLES (continued)**

	<b>PAGE</b>
Table 4.44: Factor pattern after an oblique rotation of the Pay Satisfaction Questionnaire for the private managers. . . . .	119
Table 4.45: Inter-factor correlation coefficients for the public managers. . . . .	120
Table 4.46: Inter-factor correlation coefficients for the private managers. . . . .	120
Table 4.47: Correlation coefficients between educational level and dimensions of compensation satisfaction. . . . .	122
Table 4.48: Results of regression analyses with educational level as independent variable and dimensions of compensation satisfaction as dependent variable. . . . .	123
Table 4.49: Correlation coefficients between age and dimensions of compensation satisfaction. . . . .	125
Table 4.50: Results of regression analyses with age as independent variable and dimensions of compensation satisfaction as dependent variable. . . . .	126
Table 4.51: ANOVA results of the effect of gender on compensation satisfaction. . . . .	128
Table 4.52: Comparison of results of ANOVA and ANCOVA of the effect of gender on compensation satisfaction. . . . .	129
Table 4.53: Correlation coefficients between tenure and dimensions of compensation satisfaction. . . . .	131
Table 4.54: Results of regression analyses with tenure as independent variable and dimensions of compensation satisfaction as dependent variable. . . . .	132
Table 4.55: ANOVA results of the effect of orientation toward pay raise on compensation satisfaction. . . . .	134

**LIST OF TABLES (continued)**

	<b>PAGE</b>
Table 4.56: Comparison of results of ANOVA and ANCOVA of the effect of orientation toward raises on compensation satisfaction. . . . .	135
Table 4.57: Correlation coefficients between compensation equity and dimensions of compensation satisfaction. . . . .	137
Table 4.58: Results of regression analyses with perceived compensation equity as independent variable and dimensions of compensation satisfaction as dependent variable. . . . .	138
Table 4.59: Correlation coefficients between the amount of current salary and dimensions of compensation satisfaction. . . . .	139
Table 4.60: Results of regression analyses with current salary as the independent variable and dimensions of compensation satisfaction as the dependent variable. . . . .	140
Table 4.61: Correlation coefficients between the percentage of last pay raise, dimensions of compensation satisfaction, and total compensation satisfaction. . . . .	142
Table 4.62: Results of regression analyses with percentage of last raise as the independent variable and dimensions of compensation satisfaction as the dependent variable. . . . .	143
Table 4.63: Correlation coefficients between benefit coverage, dimensions of compensation satisfaction, and total compensation satisfaction. . . . .	145
Table 4.64: Results of regression analyses with benefit coverage as independent variable and dimensions of compensation satisfaction as dependent variables. . . . .	146
Table 4.65: Correlation coefficients between cost of benefits to employees, dimensions of compensation satisfaction, and total compensation satisfaction. . . . .	148

**LIST OF TABLES (continued)**

	<b>PAGE</b>
Table 4.66: Regression coefficients of cost to employee on dimensions of compensation satisfaction. . . . .	149
Table 4.67: Correlation coefficients between organizational size, dimensions of compensation satisfaction, and total compensation satisfaction. . . . .	151
Table 4.68: Results of regression analyses with organizational size as independent variable and dimensions of compensation satisfaction as dependent variable. . . . .	152
Table 4.69: Correlation coefficients between managerial level, dimensions of compensation satisfaction, and total compensation satisfaction. . . . .	154
Table 4.70: Results of regression analyses with managerial level as the independent variable and dimensions of compensation satisfaction as the dependent variable. . . . .	155
Table 4.71: Correlation coefficients between total job characteristics, dimensions of compensation satisfaction, and total compensation satisfaction. . . . .	157
Table 4.72: Results of regression analysis of total job characteristics and dimensions of compensation satisfaction and total compensation satisfaction. . . . .	158
Table 4.73: Correlation coefficients between dimensions of perceived job characteristics, dimensions of compensation satisfaction, and total compensation satisfaction. . . . .	161
Table 4.74: Results of regression analyses with variety as the independent variable and dimensions of compensation satisfaction as the dependent variable. . . . .	162
Table 4.75: Results of regression analyses with autonomy as the independent variable and dimensions of compensation satisfaction as the dependent variable. . . . .	163

LIST OF TABLES (continued)

	PAGE
Table 4.76: Results of regression analyses with feedback as the independent variable and dimensions of compensation satisfaction as the dependent variable. . . . .	164
Table 4.77: Results of regression analyses with task identity as the independent variable and dimensions of compensation satisfaction as the dependent variable. . . . .	165
Table 4.78: Results of regression analyses with dealing with others as the independent variable and dimensions of compensation satisfaction as the dependent variable. . . . .	166
Table 4.79: Results of regression analyses with friendship opportunities as the independent variable and dimensions of compensation satisfaction as the dependent variable. . . . .	167
Table 4.80: Regression coefficients of feedback, variety, autonomy, and task identity on dimensions of compensation satisfaction. . . . .	169
Table 4.81: Regression coefficients of friendship opportunities and dealing with others on dimensions of compensation satisfaction. . . . .	170
Table 4.82: Correlation coefficients between motivation, dimensions of compensation satisfaction, and total compensation satisfaction. . . . .	171
Table 4.83: Path coefficients for the paths in Figure 4.1. . . . .	174
Table 4.84: Path coefficients for the paths in Figure 4.2. . . . .	176
Table 4.85: Path coefficients of antecedents of compensation satisfaction and dimensions of compensation satisfaction for the public managers. . . . .	180
Table 4.86: Path coefficients of antecedents of compensation satisfaction and dimensions of compensation satisfaction for the private managers. . . . .	182

**LIST OF TABLES (continued)**

	<b>PAGE</b>
<b>Table 5.1: Summary of the results of hypotheses testings involving the relationships between antecedent variables and compensation satisfaction of the public managers. . . . .</b>	<b>185</b>
<b>Table 5.2: Summary of the results of hypotheses testings involving the relationships between antecedent variables and compensation satisfaction of the private managers. . . . .</b>	<b>186</b>

## LIST OF FIGURES

	PAGE
Figure 1.1: Model of relationships between antecedents of compensation satisfaction, dimensions of compensation satisfaction, and motivation. . . . .	10
Figure 2.1: Lawler's model of the determinants of pay satisfaction. . . . .	33
Figure 4.1: Path diagram of antecedents of compensation satisfaction, total compensation satisfaction, and motivation to work for the public managers. . . . .	173
Figure 4.2: Path diagram of antecedents of compensation satisfaction, total compensation satisfaction, and motivation to work for the private managers. . . . .	175
Figure 4.3: Path diagram of extensions of antecedents of compensation satisfaction and dimensions of compensation satisfaction on motivation for the public managers. . . . .	179
Figure 4.4: Path diagram of extensions of antecedents of compensation satisfaction and dimensions of compensation satisfaction on motivation for the private managers. . . . .	181



## CHAPTER ONE

### INTRODUCTION

When individuals decide to work for an organization, they enter into a voluntary agreement regarding the conditions of employment, which is called an employment exchange (Cherrington, 1983). This mutual agreement occurs when the two parties involved, the employer and the employee, both judge the conditions of the exchange to be desirable and profitable. In the employment exchange, individual workers provide contributions or inputs in the form of time, effort, skill, and knowledge in exchange for various types of rewards that the employer provides as remuneration for services rendered by the individual workers.

The rewards received from work take many different forms and can be separated into two major categories: financial compensation and nonfinancial rewards (Belcher and Atchison, 1987). Financial compensation includes wages or salary, bonuses, incentives, health and/or life insurance, and pensions. Nonfinancial rewards include challenging work, comfortable working conditions, considerate supervision, status and position, recognition, and promotion, etc. For the purpose of this discussion, the terms compensation and pay are used interchangeably, and are both defined as "all forms of financial returns and tangible services and benefits employees receive as part of an employment relationship" (Milkovich and Newman, 1990).

The process for determining employee compensation is complex and inexact. Belcher and Atchison (1987) and Milkovich and Newman (1990) provided inclusive

illustrations of how a complete compensation system can be designed. Tomasko (1982) recommended that no matter which procedure is used, compensation programs should be designed to fulfill organizational objectives. In addition, Milkovich and Newman (1990) suggested that the compensation program should be efficient (i.e., improve productivity and control labor costs), equitable (fair treatment for all participants in the employment relationships), and compliant (conform to various federal and state compensation laws and regulations).

Compensation is typically delivered to the employee in four forms: base wage, merit pay, incentives, and employee services and benefits (Milkovich and Newman, 1990). According to the objectives and operating environment, organizations may offer different compositions of these four types of pay. Milkovich and Newman (1990) defined these four types of payment:

Base wage is the basic cash compensation that an employer pays for the work performed. Base wage tends to reflect the value of the work itself and generally ignores differences in contribution attributable to individual employees... Periodic adjustments to base wages may be made on the basis of changes in the overall cost of living or inflation, changes in what other employers are paying for the same jobs, or changes in experience/performance/skill of employees.

Merit pay rewards past work behaviors and accomplishments. It is often given as lump-sum payments or as increments to the base pay. Merit programs are commonly designed to pay different amounts (often at different times) depending on the level of performance.

Incentives also tie pay directly to performance. Incentives may be long or short term, and can be tied to the performance of an individual employee, a team of employees, a total business unit, or even some combination of individual, team, and unit.

Employee services and benefits are programs that include a wide array of alternative pay forms ranging from time away from work (vacation, jury

duty), services (drug counseling, financial planning, cafeteria support), and protection (medical care, life insurance, and pensions) (p. 4).

The importance of compensation can be addressed from both the employees' and the employers' perspectives. For the employees, compensation represents the rewards received from contributing his/her personal resources of time, skill, effort, and knowledge (Belcher and Atchison, 1976; Mahoney, 1982). The types and levels of rewards offered play a major role regarding an individual's employment decisions. Mahoney (1979) indicated that an individual's employment decisions (i.e., decision to work, occupational choice, choice of employer, choice of job assignment, and level of performance) are all influenced by the compensation package offered by the recruiting organization. Opsahl and Dunnette (1966) stated that compensation is the primary reason why most people work, and it is considered one of the more important rewards received from employment. Compensation is also considered a means by which employees can provide for their own and their families' needs, and symbolizes social status or recognition of accomplishment.

Compensation is also of economic significance to employers. Since a major share of the cost of production is attributable to the organization's payment for employee services, financial compensation often represents a large portion of an organization's overall expenditures. Belcher and Atchison (1987) indicated that expenditures for employee compensation in manufacturing firms are seldom as low as twenty percent, while in service enterprises they are often as high as eighty percent. In a study of health care costs, Marlaccio (1985) reported that nearly half of the nation's health care bills

are paid by employers. Health care expenditures have increased at a rate in excess of the inflation rate for every year since 1970, and it has become an increasingly important form of compensation. As a result, many employers now manage benefits as closely as they manage direct compensation (Herzlinger, 1985). Because of the enormous economic resources invested in compensation programs, organizations usually anticipate that compensation programs will motivate employees and enhance employee job performance. Hence, from an employee prospective, this research project is devoted to studying compensation satisfaction, the antecedent variables influencing compensation satisfaction, and how compensation satisfaction affects employee motivation.

#### Background of the Problem

In addition to the economic significance, compensation is of behavioral importance to any organization. Rewards are offered by an organization in order to generate many types of employee behavior (Opsahl and Dunnette, 1966). For example, an attractive compensation package can be a powerful inducement to recruit potential employees, to retain current employees, and to enhance employee performance (Milkovich and Newman, 1990). Because of the enormous amount allocated to compensation and its escalating costs, organizations usually have some minimum and/or standard behavioral expectation of their employees. Compensation administrators must examine whether the firm is really getting adequate employee contributions for which they are paying. In other words, from the employers' standpoint, pay is expected to induce many different types of behavior from the employees.

One gauge the compensation administrator can use to determine whether a compensation program is effectively influencing behavioral expectations is to evaluate how much the compensation program arouses employee motivation. Campbell and Pritchard (1976) stated that compensation policies and practices may affect performance levels indirectly through the level of employee aptitude and skills, and directly through employee motivation (i.e., choice to expend effort, degree of effort, and persistence of effort).

Employee motivation is one of the most widely discussed topics in the behavioral sciences. Its relevance in affecting employees' behaviors in any organization is unquestionable. Studies have shown that employee motivation is closely related to job performance, job satisfaction, and organizational commitment (Maehar and Braskamp, 1986). Managers believe that the effectiveness of an organization partially depends on management's ability to motivate its employees. Steers and Porter (1983) suggested that organization's success can be measured by management's ability to direct employees' efforts toward the goals of the organization. Thus, managers generally consider the solutions to problems concerning employee behavior to be rooted in differences of motivation. For example, Steers and Porter (1983) explained that employees' lack of a will to work and their oppositions to productivity improvements are only symptoms of the real problem. The true problem lies in the fact that managers and workers are not motivated in the same direction, because they have different goals, aspirations, needs, and expectations.

The use of compensation as a means to boost employee motivation has been widely discussed by behavioral scientists and practitioners. Mahoney (1982) suggested that, "Compensation administration is an application of motivation theory, and it is difficult to discuss compensation without consideration of motivational concepts and theories." McClelland (1985) stressed that employee performance is partially determined by employee motivation and perceptions of the value of the rewards provided by the employer. Mitchell (1982) summarized that compensation systems present a great opportunity for management to increase productivity through their effective utilization. Compensation can be an effective motivational tool if strategically applied as a means for arousing employee motivation.

The way in which compensation affects employee motivation can be demonstrated by the role of compensation in various motivation theories. For the content-based motivation theories--e.g., Maslow's (1954) need hierarchy and Herzberger's two-factor theory (Herzberger, Mausner, and Snyderman, 1959)--compensation is not only the means to provide basic human needs, but also symbolizes such higher-order needs as recognition and status. In the cognitive-based motivation theories--e.g., expectancy theory (Vroom, 1964) and equity theory (Adams, 1965; Jacque, 1961)--compensation is used by the employers to energize, to direct, and to maintain employee behaviors. Also, employees' reactions to compensation provide feedback, which creates a tendency by the employees to adjust their behaviors. Nevertheless, the key element for success of a compensation system is the issue of equity. The feeling of equity and inequity in reward

distribution is a powerful influence on employee behavior and satisfaction (Scholl, Cooper, and McKenna, 1987).

Although it is quite evident that compensation has a significant influence on employee motivation, most discussions of how compensation affects employee motivation is from the employer perspective. These discussions emphasize how compensation policies and practices can be used to affect employee behavior (Belcher and Atchison, 1987; Milkovich and Newman, 1990). However, it is the employees who perform daily operations, and it is the employees who receive compensation from employers. Indeed, if compensation affects motivation, it is the employees' perceived values and standards of the compensation policies and practices that will serve as a motivational catalyst. Nevertheless, few studies have focused on compensation and motivation from the employee perspective.

In discussing motivation, Jaques (1961), an equity theorist, stated that every worker has knowledge about his/her level of capacity for work and the specific level of job demands. They have norms regarding the fair pay rate for each job. Therefore, individuals have some internal standards of fairness based on comparing accumulated past experiences against current situations. Lawler (1971) posited that people have their own needs and mental maps of what the world is like; and they use these maps to choose behaviors they perceive will lead to outcomes that satisfy their needs. Similarly, Mahoney (1979) pointed out that employees will evaluate the anticipated versus the actual rewards, which provide feedback that the employees will use to adjust their behavior. The evaluation of anticipated versus actual rewards acts as an incentive influencing a

number of employment decisions, including decisions to accept a job offer, to remain employed, or to improve performance. Therefore, instead of stating that motivation is affected by rewards, it may be more informative to state that motivation is affected by the employees' satisfaction with the compensation program.

If motivation is affected by satisfaction with compensation, a series of questions arise. What does satisfaction with compensation mean? Since a compensation program represents a composition of base wage, merit pay, incentives, and benefits, does compensation satisfaction connote an overall satisfaction, or is it a composite of satisfaction with different aspects of the compensation program? If so, what are these aspects? What are the variables that affect compensation satisfaction? How does compensation satisfaction influence employee motivation? Hence, one of the objectives of this study is to investigate the relationship between compensation satisfaction and motivation from an employee perspective.

#### Definition of Terms

To clarify discussion, several terms used in this study need to be defined. The term compensation was defined at the beginning of this chapter, and compensation and pay will be used interchangeably. Compensation satisfaction, or pay satisfaction, is defined as an evaluating reaction or attitude that determines the degree of like or dislike of the rewards one receives from work. Motivation refers to the degree to which the members of an organization are willing to direct their resources to realize some personal or organizational goals, and where the behavior process will last for a certain period. Job



characteristics are an employee's perceptions about the degree to which features are present in his/her job. These features, as pointed out by Hackman and Lawler (1971), include: variety, autonomy, task identity, feedback, dealing with others, and friendship opportunities.

### Purposes of the Present Study

This study had four main purposes: (1) to examine the construct of compensation satisfaction in leisure and recreation service professionals; (2) to investigate the influence of antecedent variables--especially the perceived job characteristics--both individually and collectively on overall compensation satisfaction and on each of its dimensions respectively; (3) to explore the relationships between compensation satisfaction and motivation; and (4) to compare these relationships in public and private leisure service professionals. Figure 1.1 depicts the model to be tested. It was hypothesized that compensation satisfaction is a four-dimensional construct of satisfactions with pay level, pay raise, benefits, and pay structure and administration (Heneman and Schwab, 1985). The antecedent variables of compensation satisfaction--which have been studied and were employed in this study--were grouped into five categories, i.e., personal attributes, personal perceptions, perceived job characteristics, compensation practices, and organizational features. The personal attributes that contribute to compensation satisfaction were: educational level (Klein and Maher, 1966), age (Lawler, 1971; Dreher, Ash, and Bretz, 1988), gender (Nash and Carroll, 1975), and tenure (Dreher, 1981). Personal perceptions delineated orientation toward pay rise (Krefting and

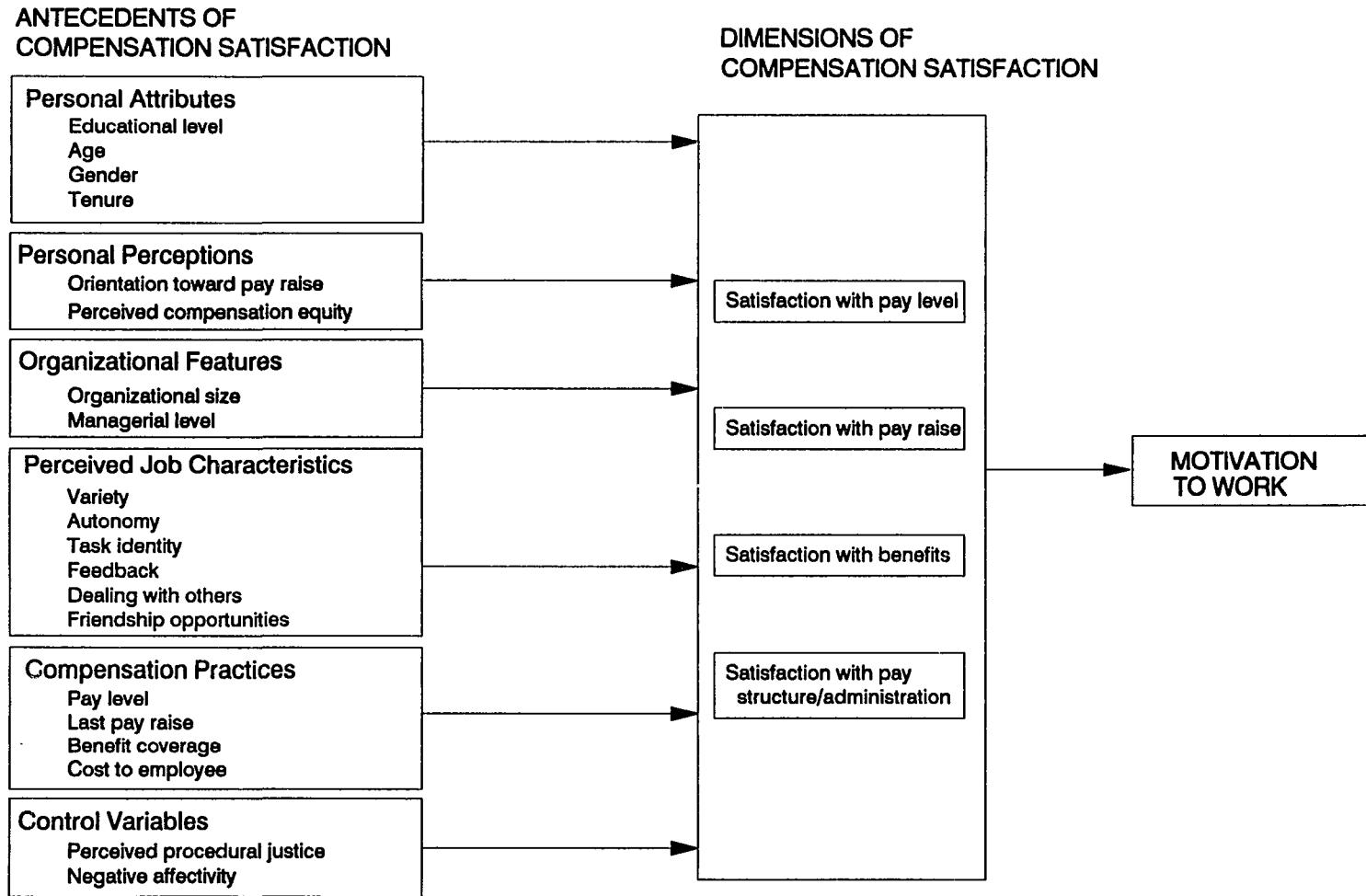


Figure 1.1: Model of relationships between antecedents of compensation satisfaction, dimensions of compensation satisfaction, and motivation.

Mahoney, 1977; Krefting, 1980), and perceived compensation equity (Scholl, Cooper, and McKenna, 1987). Organizational features that have been studied in the past include: organizational size (Evans and Leighton, 1988; Weiss and Landau, 1984), and managerial level (Milkovich and Newman, 1990). Job characteristics denoted the perceived requirement of skill, and the amount of variety, autonomy, and responsibility related to the job (Hackman and Lawler, 1971; Sims, Szilagyi, and Keller, 1976). Pay level (Heneman, Greenberger, and Strasser, 1988), last pay raise (Varadarajan and Futrell, 1984), benefit coverage, and cost of benefit to employee (Dreher, Ash, and Brets, 1988) were used to represent compensation practices. Two variables--perceived procedural justice and negative affectivity--were employed as control variables. These variables were selected because not only their relationships with compensation satisfaction have been established in previous studies, but also because they can be empirically measured.

Accordingly, this study tried to offer a more comprehensive understanding of compensation satisfaction and motivation from an employee perspective. The causal relationships between compensation satisfaction and its antecedents, and the subsequent relationships between compensation satisfaction and motivation were investigated in this study. By using samples of mid-level managers from both public and private leisure service organizations, this study further examined if these relationships would be different in public and private organizations.

## Need for This Study

The popularity of compensation satisfaction as a research topic can be illustrated by the number of empirical studies as reviewed in Lawler (1971), Heneman and Schwab (1979), and Heneman (1985). Although each of these previous studies has advanced the knowledge of compensation satisfaction, the variety of samples and measures that have been utilized thus far offer only limited opportunities to compare results across studies. Heneman, Greenberger, and Strasser (1988) commented, "Some of these studies are somewhat flawed because they either used limited items to measure pay satisfaction, they treated pay satisfaction as a unidimensional construct, or they failed to control for characteristics of the employee and job." Much of the earlier research has been criticized by Lawler (1971) as not being guided by a theoretical basis.

One of the needs for the present study is derived from the lack of research evidence on the influences of one set of variables--the perceived job characteristics--on compensation satisfaction. Variables that have been identified and appear to contribute to compensation satisfaction can be grouped into five categories: personal attributes, personal perceptions, organizational features, compensation practices, and perceived job characteristics. While research has focused primarily on the influence of personal attributes and perceptions, organizational features, and compensation practices, little is known about the influence of perceived job characteristics on compensation satisfaction.

Perceived job characteristics, which may substantially influence compensation satisfaction, have not been studied and need further investigation. Their possible influence can be addressed from two different standpoints. From the employer's

standpoint, job characteristics denote the requirements of a job that are important factors in compensation decisions. They determine the relative worth and pay structure of all jobs in an organization (i.e., the issue of internal equity of pay of Milkovich and Newman, 1990). From the employee's standpoint, job characteristics symbolize the required inputs for a job, which are important factors when evaluating the equity of one's pay (Adams, 1961). Because no study has attempted to investigate the influence of perceived job characteristics on compensation satisfaction, the relationship between the perceived job characteristics and compensation satisfaction is unknown and worthy of exploration.

The possible influence of perceived job characteristics on compensation satisfaction is evidenced by Dunham (1976), who claimed that any effort of task redesign must consider its impact on employee compensation. In a study of janitorial services at Texas Instruments, Weed (1971) reported that following the redesigning of tasks, measures of cleanliness improved, turnover decreased greatly, work force size was reduced, and cost savings were realized. While these outcomes can be attributed to the task redesign efforts, Weed (1971) found that the simultaneous changes in technology and pay system offer a rival explanation. Likewise, Holley (1990) suggested that pay system changes cannot be implemented in a valid or convincing manner without changes in the job itself to support the pay system change.

The need for a study comparing compensation satisfaction in public and private organizations comes from the growing concerns of the gap--in terms of remunerating employees--between public and private sectors. Because of the lower salaries paid for

public jobs, government compensation is increasingly noncompetitive (U.S. Office of Personnel Management, 1988). The public sector, especially the government, may no longer be competitive in attracting, hiring, and retaining its share of the best and the brightest employees. The potential degradation of government services caused by noncompetitiveness in recruiting highly-qualified employees is cited as "the Quiet Crisis" by Clark and Wachtel (1988). The seriousness of this problem can also be illustrated by a U.S. Office of Personnel Management (1988), which reports that:

federal compensation is increasingly noncompetitive... public esteem for civil servants has been declining and the prestige of government jobs has been falling... low pay and low prestige have been exacerbated by outdated management practices and needless aggravations. (p. iiv)

In a study of why federal employees resigned from their positions, it was found that 71 percent of respondents indicated that compensation and advancement opportunity were the primary reason for resignation (U.S. Merit Systems Protection Board, 1990). Respondents also reported that their job changes, mainly migrations to the private sector, would result in an average of 26 percent increase (approximately from \$27,000 to \$34,000) in their salaries. While lower pay levels in the public sector might be discouraging, a study by the U.S. Postal Service (1982) indicated that benefits offered by public organizations still made jobs in the public sector attractive. Therefore, employees in the public and private sectors may have different perceptions about compensation satisfaction. It would be of interest to verify whether the dimensionality of the compensation satisfaction construct differs in these two sectors.

The focus of this study is based on several premises. First, previous studies have focused primarily on the explanatory power of one or several particular variables

contributing to compensation satisfaction. To date, no research offers a comprehensive understanding of the causal relationship between antecedent variables and compensation satisfaction, especially the multivariate relationship among variables, which has previously been proven to be associated with compensation satisfaction. Second, there has been a growing concern about the consequent behavior resulting from compensation satisfaction. Although compensation satisfaction is believed to be related to motivation, job satisfaction, organizational commitment, absenteeism, and turnover, very few studies have attempted to explore these relationships. Finally, no research to date has simultaneously studied the model of compensation satisfaction with samples in the same business, but with different types of organizations (i.e., public versus private organizations).

#### Need for Study of Compensation Satisfaction in Leisure Services

Public leisure service organizations have been the primary providers of leisure and recreational services for many decades (Sessoms, 1987). However, in recent years, public leisure service organizations are increasingly confronted with rapid changes in their operating environments (Bannon, 1987). This is especially true with increasing demands by the public for greater quality and variety of recreational facilities and programs (Kelly, 1981), but with diminishing financial revenues from the legislative bodies (Verhover and Lancaster, 1976). In addition, public leisure service organizations are encountering increased competition from private leisure service organizations with their capabilities of providing prompt, flexible, and quick responses toward meeting the demands of the general public for leisure services. On the one hand, public leisure administrators are

urged to utilize management techniques drawn from the private sector to increase efficiency, effectiveness, and productivity. Another view suggests that public leisure service organizations need to realign their missions and redefine the tasks of their employees (Sessoms, 1987). Accordingly, when realigning missions and redesigning jobs one must consider the implications for compensation requirements, which, as Dunham (1976) criticized, is usually neglected during organizational changes. Faced with serious economic pressures to improve productivity, to boost the quality of services, and to control labor costs, as well as continued government regulations on compensation practices, public leisure service managers need to better understand the mechanism of compensation satisfaction since it is associated not only with employee behaviors, but also with organizational objectives.

The need for a study of employee compensation satisfaction can be demonstrated by the fact that employee compensation in public leisure service organizations has been identified as the largest single expenditure in their operating budgets (Carlson, Deppe, and MacLean, 1972; Rodney and Toalson, 1981). Over half of the operational expenditures of the public leisure service organizations is credited to employee salaries and personnel benefits (Edginton and William, 1978). Although not all public leisure service agencies are responsible, or have the authority to design the compensation program or determine compensation policies and practices, managers are usually involved in some specific decisions (e.g., pay raises) regarding the compensation of their subordinates (McKinney and Yen, 1989). A clear understanding of the impact of



compensation satisfaction on employee motivation will enable public leisure service managers to be more effective in managing their compensation programs.

Although employee compensation satisfaction has been studied in production-based industries and in service-based businesses as well, no study to date has specifically addressed employee compensation satisfaction in leisure services. The need for a study of compensation satisfaction in leisure service also comes from a salary survey indicating that private leisure service organizations are paying higher salaries than similar public leisure service organizations (Survey of Personnel, 1986). The survey also showed that salaries in the private sector were increasing at a higher rate than they were in the public sector. In addition, evidence has shown that public leisure service employees are paid at rates below average wages of the external market (McKinney, Valerius, and Yen, 1989). Although it is premature to predict that employees in the public sector will migrate to the private sector because of the lower salaries, the fact that there appears to be a higher salary level in the private sector may serve as a strong inducement for career change.

### Research Questions and Hypotheses

This study specifically concentrates on the following questions:

**Question 1:** Does the dimensionality of compensation satisfaction differ in public versus private organizations?

**Hypothesis 1:** In the public sector, satisfaction with benefits will contribute more to compensation satisfaction than the other three dimensions. In the private sector, satisfaction with pay level will contribute mainly to compensation satisfaction.

**Question 2:** What effects do personal attributes have on compensation satisfaction?

**Hypothesis 2a:** People with a higher educational level are less satisfied with their compensation than people with a lower educational level.

**Hypothesis 2b:** Older people are less satisfied with their compensation than younger people.

**Hypothesis 2c:** Women are more satisfied with their compensation than men.

**Hypothesis 2d:** People with longer tenure are less satisfied with their compensation than people with less tenure.

**Question 3:** What effects do personal perceptions have on compensation satisfaction?

**Hypothesis 3a:** People who see pay increases as increments in spendable income are less satisfied with their compensation than people who see pay increase as organizational recognition.

**Hypothesis 3b:** People who perceive they are equitably paid are more satisfied than people who perceive they are inequitably paid.

**Question 4:** What effects do compensation practices have on compensation satisfaction?

**Hypothesis 4a:** Pay level is positively correlated with compensation satisfaction.

**Hypothesis 4b:** Last pay raise is positively correlated with compensation satisfaction.

**Hypothesis 4c:** Benefit coverage is positively correlated with compensation satisfaction.

**Hypothesis 4d:** Cost of benefit to employee is negatively correlated with compensation satisfaction.

**Question 5:** What effects do organizational features have on compensation satisfaction?

**Hypothesis 5a:** Organizational size is positively correlated with compensation satisfaction.

- Hypothesis 5b:** Managerial level is positively correlated with compensation satisfaction.
- Question 6:** What effects do perceived job characteristics have on compensation satisfaction?
- Hypothesis 6:** A significant relationship exists between job characteristics and compensation satisfaction.
- Question 7:** What are the relationships between dimensions of perceived job characteristics and dimensions of compensation satisfaction?
- Hypothesis 7a:** Perceived job characteristics will have a stronger relationship with satisfactions with pay level and pay raises than with satisfaction with benefits and structure/administration.
- Hypothesis 7b:** The four core dimensions of variety, autonomy, task identity, and feedback will have more predictability of compensation satisfaction than the dimensions of dealing with others and friendship opportunities.
- Question 8:** How does compensation satisfaction, as well as the four dimensions of compensation satisfaction, influence motivation?
- Hypothesis 8:** A positive relationship exists between compensation satisfaction and motivation. Satisfaction with pay level and pay raise will have a stronger impact on motivation than will satisfaction with benefits and structure/administration.
- Question 9:** Do the relationships between antecedent variables (e.g., job characteristics) of compensation satisfaction and compensation satisfaction, and the subsequent relationship between compensation satisfaction and motivation differ in public and private organizations?
- Hypothesis 9a:** The relationship between job characteristics, compensation satisfaction, and motivation will be different in the public and private sectors.
- Hypothesis 9b:** There will be a stronger relationship between perceived job characteristics and compensation satisfaction in the private sector than in the public sector.

**Hypothesis 9c:** Satisfaction with pay level and pay raise will have a stronger relationship with motivation than satisfaction with benefits and pay structure and administration in the private sector.

**Hypothesis 9d:** Satisfaction with benefits will have a stronger relationship with motivation than satisfaction with pay level, pay raise, and pay structure and administration in the public sector.

### **Preview of the Dissertation Chapters**

This chapter has presented the investigator's motivation and has established the nature of the problem and questions to be investigated. Chapter Two reviews previously published literatures that provide a context for studying the problem. Chapter Three describes the method of data collection and data analysis. Chapter Four presents the results of this investigation. Finally, discussions of results and suggestions for implications and further research are presented in Chapter Five.

## CHAPTER TWO

### REVIEW OF THE LITERATURE

#### Compensation and Motivation

Although few would disagree that motivation is an important issue for any organization, there is little agreement concerning the definition of motivation. The term motivation was originally derived from the Latin word *movere*, which means to move. Psychologists, who have long studied motivation, believe that all behavior occurs because of certain causes--or motives--which are hypothetical concepts that psychologists employ to help understand the immediate causes of behavior (Haber and Runyon, 1983). Those causes are internal factors that energize, direct, and sustain a person's behavior. Haber and Runyon (1983) defined motive as "a condition that serves to energize and direct behavior toward specific classes of goal object." Thus, a motive has two distinctive properties. A motive not only energizes or activates behavior, but also directs that behavior toward specific goals.

Organizational behavior scientists interpret motivation from the behavioral aspect. Maher and Braskamp (1986) contended that any discussion of motivation should begin with a description of the behavior to be observed, and later move on to possible inferences, generalizations, and suggestions regarding antecedents. Thierry and Koopman-Iwema (1984) considered motivation as a process one uses to realize personal goals. Vroom (1964) defined motivation as a process governing choices made by persons among alternative forms of voluntary activity. Jones (1965) described motivation as how

behavior gets started, is energized, sustained, directed, and stopped, and what kind of subjective reaction is present in the organism while all this is going on. Campbell and Pritchard (1976) stated that "Motivation has to do with a set of independent/dependent variable relationships that explain the direction, amplitude, and persistence of an individual's behavior, holding constant the effects of aptitude, skill, and understanding of the task, and the constraints operating in the environment." In summarizing various definitions of motivation, Steers and Porter (1983) concluded that there are three major elements constituting motivation: (1) what energizes human behavior; (2) what directs or channels such behavior; and (3) how this behavior is maintained or sustained.

Motivation theories can be largely categorized into two major groups: content-based theories and cognitive-process theories (Campbell and Pritchard, 1976; Thierry and Koopman-Iwema, 1984). Content-based theories focus on *what* motivates people. The major variables in most of these theories are different types of human needs (Campbell and Pritchard, 1976; Milkovich and Newman, 1990). On the other hand, cognitive-process theories emphasize *how* people are motivated. The underlining premise of the cognitive-process theories is that an individual has an idea about the possible consequences of his/her acts, and conscious choices are made between consequences according to the perceived probability of their occurrence and their perceived value to the individual. These theories emphasize the dynamic quality of motivation, its course, and the way in which the major variables are related to one another.

There are some other theories that take different approaches in dealing with work motivation, e.g., equity theory (Adams, 1965; Jaques, 1961), goals and intention theory

(Locke, 1968), need achievement theory (McClelland, 1985), and the attribution process theory (Weiner and Kukla, 1970). These theories are criticized by Campbell and Pritchard (1976) as varying considerably in breadth and theoretical scope. For the purpose of this study, two well known content-based theories that are most relevant to this study--Maslow's needs theory and Herzberg's two-factor theory; the expectancy theory--the dominant cognitive process theories; and the equity theory are reviewed in this section. The emphasis is on how compensation affects motivation in these theories of motivation.

### Compensation and Need Theory of Motivation

The need theory of motivation emphasizes that behavior is the result of some internal causes. These internal causes, defined as needs, represent an internal state of disequilibrium, physical as well as psychological--which leads the individual to pursue certain courses of action in an effort to regain equilibrium. Many need theorists have attempted to identify the sources of gratification that give meaning to different human characteristics.

One well-known formulation of human needs and motivation is Maslow's need hierarchy theory. Maslow (1954) classified human needs into five categories: physiological needs, safety needs, social needs, self-esteem needs, and needs for self-actualization. Maslow (1954) stated that these needs constitute a hierarchy. People will seek to satisfy lower-level needs first, then, move upward in the hierarchy to seek higher-order needs as lower-level needs are satisfied. Satisfaction of a need reduces its importance as a motivator, and activates a higher level and unfulfilled need to motivate

the person. Opsahl and Dunnette (1966) stated that the pay received from work is considered an effective motivator for satisfying physiological and safety needs. The amount of money received contributes significantly to securing a comfortable and safe environment that satisfies an individual's physiological and safety needs. Although money is considered an effective motivator for lower-level needs, it is not considered an effective motivator for higher level-needs. However, the amount of pay received compared to others could be considered evidence of social status or recognition of success (McClelland, 1965; Opsahl and Dunnette, 1966).

#### Compensation and Two-Factor Theory of Motivation

The two-factor theory, introduced by Herzberg, Mausner, and Snyderman (1959), divides job-related variables into two major categories: intrinsic variables and extrinsic variables, also referred to as motivators and hygiene variables in a later publication (Herzberg, 1966). Intrinsic variables (motivators) are those variables relating to the content of the job; for example, the amount of autonomy and responsibility, and the opportunities for advancement, achievement, and recognition. These motivators create satisfaction when they are present, but do not create dissatisfaction when they are absent. Extrinsic variables (hygiene variables) are variables derived from the organizational context in which the work is done; such as company policies and administration, wage and salary, supervision, interpersonal relations, and working conditions. The hygiene variables create dissatisfaction if they are absent or poorly managed. No matter how much hygiene variables are improved, they are not expected to create satisfaction or motivation.



Herzberg provided a different interpretation of the functions assumed by compensation in employee motivation. Pay in Herzberg's notion is treated as a "hygiene factor," that is, pay does not satisfy, but an insufficient amount of pay will dissatisfy. The main value of pay, or money, is that it leads to both the avoidance of economic deprivation and the avoidance of feelings of being unfairly treated. Therefore, pay is necessary in sufficient amounts to prevent job dissatisfaction, and an increase in pay may only reduce feelings of dissatisfaction and does nothing to actually increase satisfaction.

Although in the two-factor theory pay is not appropriate for motivating behavior, Herzberg also mentions that pay may take on significance as a source of motivation when it is perceived as a form of recognition (Milkovich and Newman, 1990). In this context, pay provides feedback of satisfaction to an employee in the form of recognition for achievement.

#### Compensation and Expectancy Theory of Motivation

Expectancy theory is based on the mental thought processes that a person uses in perceiving his/her environment and in choosing among alternative behaviors (Belcher and Atchison, 1987). Pioneers of expectancy theory research include Lewin (1938) and Tolman (1932). However, in recent years the dominant model of expectancy theory is the one proposed by Vroom (1964).

Vroom's model attempts to explain choices among tasks or choices among effort levels within tasks. Although Vroom predicted that the effort level an individual will exert is a function of expectancy (performance leads to outcome) and valence (the attractiveness of outcomes), the model actually contains three constructs: expectancy,

instrumentality, and valence. Expectancy refers to the perceived relationship between a given degree of effort expenditure and a given level of performance. Valence refers to the perceived positive or negative value ascribed by the individual to the possible outcomes of action on the job. Instrumentality refers to the perceived contingency that one outcome has for another. Thus, an employee will be motivated to perform when he feels that the chance of accomplishing the task is favorable (efforts lead to performance expectancy), the outcome (rewards) of his performance is attractive (valence), and his performance is a means of obtaining the outcome (instrumentality).

Expectancy theory has not only generated a vast quantity of empirical research in work and organizational psychology (Campbell and Pritchard, 1976; Thierry and Koopman-Iwema, 1984), but it has also encouraged the application in compensation administration (Lawler, 1971; Milkovich and Newman, 1990; Opsahl and Dunnette, 1966). Research indicates that when pay systems are designed to fit expectancy theory conditions (e.g., pay-for-performance contingency or incentive pay plans), then pay systems can lead to greater performance (Heneman, Greenberger, and Strasser, 1988; Lawler, 1971). Opsahl and Dunnette (1966) indicated that the effectiveness of an incentive pay plan depends upon the worker's knowledge of the relationship between performance and earning. Heneman, Greenberger, and Strasser (1988) concluded that the main reason for the failure of most incentive pay plans is that the employers fail to build a perception in their employees that better performance leads to higher incentive payments.

## Compensation and Equity Theory of Motivation

Equity theory deals with the fairness, or equity, of the exchange behavior in employment relationships. The premise of the equity theory is that there is a general tendency for humans to evaluate themselves in comparison with others. Lawler (1971), Milkovich and Newman (1990), and Wallace and Fay (1988) emphasize that equity is an important issue in compensation administration. Equity is a necessary, but insufficient condition for any compensation system to be successful. Of the models dealing with equity concepts (Jaques, 1961; Patchen, 1961; Walster, Walster, and Berscheid, 1978), the most thorough and the most widely cited has been the one proposed by Adams (1965).

According to Adams (1965), the degree of equity is defined by the relationship between one's own inputs and outcomes in relation to that of the comparison person's. The inputs might be education, experience, intelligence, and effort. The outcomes might be performance, pay, recognition, and status. Whether or not a particular attribute turns into an input or outcome variable depends primarily on whether the comparing individual recognizes that attribute at all. It then depends on his judgment whether the attribute is relevant to the comparison. The comparison person may be another person on the same job, a member of the same occupation, or even a composite of several comparison persons.

Adams indicates that equity is reached when the two comparison ratios are perceived to be equal. When there is an unequal relationship, i.e., an experience of inequity, the resulting distress of inequity will motivate the individual to restore the

balance. Adams further suggests several strategies for restoring the balance, such as (a) re-evaluating his own inputs and outcomes, (b) changing perceptions of the comparison person's inputs and outcomes, (c) choosing a new comparison person, or (d) leaving the situation and finding one that will lead to more favorable comparison.

The role of compensation in equity theory is quite evident. Financial compensation has been treated as the major outcome in most equity theory research. The majority of studies have dealt with the effects of equity, i.e., overpayment or underpayment, on job performance and how the feeling of inequity could be reduced. Although some of these studies were criticized for being conducted in laboratory situations, general tendencies could be found. For example, in the case of underpayment, Lawler and O'Gara (1967) and Pritchard, Dunnette, and Jorgenson (1972) found that, for hourly rate workers, inequity reduction takes the form of decreased productivity. For piece rate workers, increases in productivity are accompanied by decreases in quality. In the case of overpayment, Goodman and Friedman (1968) and Weiner (1970) found that hourly overpayment leads to increases in productivity, and piece rate overpayment leads to decreases in quantity of production and increases in quality.

### Compensation and Satisfaction

Satisfaction is closely tied to motivation. Wallace and Fay (1988) stated that satisfaction is an evaluating reaction or attitude that determines a degree of like or dislike. Satisfaction has different meanings in various motivation theories. In the content-based motivation theories, satisfaction defines to what extent a particular need has been met

or a goal achieved (Thierry and Koopman-Iwema, 1984). For example, in Maslow's (1954) need hierarchy theory, satisfaction means a lower-level of need has been met, and a higher-level of need is going to evoke behavior. In the cognitive-based motivation theories, e.g., expectancy theories, satisfaction is regarded as the result of a behavioral cycle (Lawler, 1973). It signifies that some things have been achieved and/or gained, and in the behavioral cycle, feelings of satisfaction may feedback to modify further effort or actions. For the equity theory of motivation, satisfaction means an emotional response from comparing one's experiences with some set of valued standards (Adams, 1965). Thierry and Koopman-Iwema (1984) concluded that satisfaction is a "dynamic concept referring to past experience, present situations, and future expectations, and applicable both as a dependent and as an independent variable."

Therefore, satisfaction is both a cognitive judgement and an emotional response. To elaborate further, compensation satisfaction can be defined as an evaluating reaction and attitude that determines the degree of like or dislike of the rewards one receives from work. Two questions arise: What is the evaluating process? How is compensation satisfaction obtained? Two authors, Adams (1965) and Lawler (1971), provide answers to those two questions.

### Equity Theory of Compensation Satisfaction

One approach to addressing compensation satisfaction is based on the equity theory proposed by Adams (1965). The motivational aspect of equity theory has been discussed in the aforementioned review. Compensation satisfaction, in terms of equity theory, is defined as a perception of fairness, or equity, of the compensation received. Because the

compensation received is treated as the major outcome in equity theory, compensation satisfaction is determined by comparing one's own input(s)/compensation ratio to someone else's input(s)/compensation ratio. If the two ratios correspond, feelings of satisfaction, or equity, result. If they do not correspond, feelings of dissatisfaction, or inequity, result.

Equity theory has stimulated a great deal of research on compensation satisfaction and employee behavior. For example, Evan and Simmons (1969) found that feelings of inequity influence employee performance. Dornstein (1985) investigated the norms and standards that an employee uses to evaluate pay equity. Pfeffer and Langton (1988) found that the perceptions of equity were associated with norms, social contacts, private control, and organization size. Berkowitz, Fraser, Treasure, and Cochran (1987) found that equity consideration was the most important variable in explaining pay satisfaction. Romanoff, Boehm, and Benson (1986) emphasized that companies must try to reconcile external and internal equity issues when setting wage and salary policy.

Some research has focused on how people select referent groups in making pay comparison. Goodman (1974) stated that people use multiple referents in evaluating their pay. Selection of referents in making salary comparison are largely influenced by levels of professionalism and salary. Austin, McGinn, and Susmilch (1980) found that both expectancy and social comparisons are significant factors in pay satisfaction. However, social comparisons explained considerably more of the variance in satisfaction, and were significantly related to judgments of fairness. In investigating the pay referents used in pay comparison, Hills (1980) found that the referents used were primarily social referents

imbedded in the work environment. In a lab setting, Messe and Watts (1983) discovered that pay satisfaction is not only influenced by internal standards (derived from past experience), but also from social comparison (those around them).

Even though a great amount of research has been conducted, equity theory is not without some inherent weaknesses. For example, Campbell and Pritchard (1976) pointed out that it is difficult to manipulate perceived inputs and outcomes in the real work situation. Dornstein (1989) argued that some of the research, guided in the main by equity theory, has primarily investigated reactions to experimentally-created situations of equitable/inequitable reward distribution rather than on investigating what is considered an equitable/inequitable reward distribution in the "real world." Despite these weaknesses, the issue of equity has been the focal point of contemporary literature in compensation administration. The equity issue not only focused on the internal, external, and individual equity issues as indicated by Milkovich and Newman (1990), but is also extended to gender-related equity issues, i.e., those of comparable worth (Michael, Hartmann, and O'Farrell, 1989).

#### Discrepancy Theory of Compensation Satisfaction

Another well-developed theory about the meaning of satisfaction is the discrepancy theory of satisfaction. According to the discrepancy theory, satisfaction depends on the extent to which the outcomes that an individual thinks he gets from his work correspond with those pursued in his work. Therefore, satisfaction is seen as a "degree of difference" (Thierry and Koopman-Iwema, 1984). As the difference between the

perceived and the pursued outcomes from work increase, the level of satisfaction will decrease.

A discrepancy model of pay satisfaction was proposed by Lawler (1971). This model combines the discrepancy theory and the equity theory, and "stresses the importance of social comparison, and gives inputs and outcomes a prominent role, as does equity theory." Lawler stated that pay satisfaction is determined by the difference between the perceived amount that one should receive and the amount of actual pay. Pay satisfaction results when the perceived amount equals the actual amount. When the perceived amount is greater than the actual amount, the employee feels underpaid and dissatisfied. If the actual amount is greater than the perceived amount, this connotes overpayment, and the employee will likely feel guilt, inequity, and discomfort with the situation.

According to Lawler's model (Figure 2.1), the perceived amount that should be received is a function of five factors: (1) perceived personal job inputs, (2) perceived job demands, (3) perceived non-monetary outcomes, (4) perceived job inputs and outcomes of referent others, and (5) wage history. Among these factors, the most important ones are the perceived personal job inputs and job demands. Job inputs refer to an employee's skill, experience, education, training, and performance. If an employee perceives his job inputs to be higher than others, he will perceive that he should be paid more than other employees. Job demands include such things as organizational level, job difficulty, and amount of responsibility. The greater the job demands are perceived, the more the employee will perceive he should be paid.



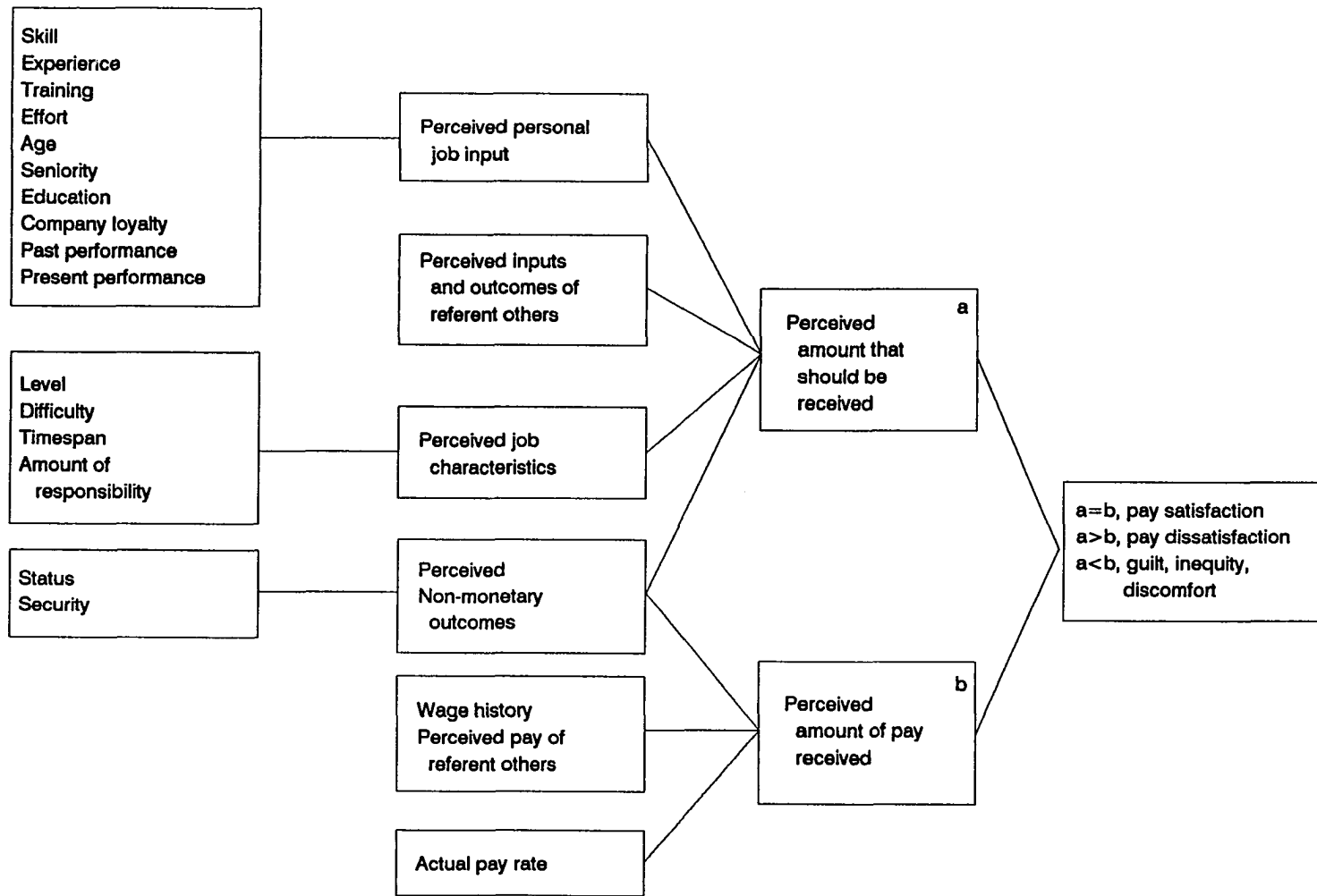


Figure 2.1: Lawler's model of the determinants of pay satisfaction.

The actual amount of pay received--the second component in determining pay satisfaction--is primarily a function of one's actual pay rate. One's wage history and perceived pay of the referent others are expected to have some influence as well.

Lawler summarized some conditions that should lead to pay dissatisfaction, with other things being equal:

1. People with high perceived inputs will be more dissatisfied than those with low perceived inputs.
2. People who perceive their job to be demanding (e.g., high level, high difficulty) will be more dissatisfied than those who perceive their jobs as less demanding.
3. People who perceive that they receive few attractive non-monetary outcomes from their jobs will be more dissatisfied than those who feel they receive many.
4. People who perceive similar others as having a more favorable input-outcome balance will be more dissatisfied than those who perceive their own balance as similar to, or better than that of others.
5. People who are paid a low wage will be more dissatisfied than those who are paid a high wage.
6. People with a wage history of high salaries will be more dissatisfied with their present salaries than will people with a history of low salaries.
7. The more salary a person perceives his referent other as receiving, the more dissatisfied he will be with his own present pay. This should be particularly true when the other is seen as holding a job that demands the same or fewer inputs (Lawler, 1971, p. 217).

Dyer and Theriault (1976) argued that Lawler's (1971) model only measures one aspect of the pay satisfaction, namely satisfaction with the pay level. Dyer and Theriault (1976) suggested incorporating pay administration variables in study of pay satisfaction. Dyer and Theriault (1976) argued that the effects of employees' reactions to the various

policies and procedures used by the employer to make wage and salary decisions should also be considered in pay satisfaction study. Dyer and Theriault's notion was supported by Goodman (1974) and Schwab and Wallace (1974) who found that variations in administration of the pay system was significantly related to pay satisfaction. However, neither Goodman (1974) nor Schwab and Wallace (1974) examined the detailed aspects of pay system administration and pay satisfaction. Consequently, Dyer and Theriault (1976) tested the hypothesis that pay satisfaction is partially determined by pay policies and administration, the congruence between the criteria employees feel should be used to determine their pay, and the criteria they feel are actually used to make these decisions.

Dyer and Theriault (1976) sampled three groups of managers from different industrial organizations in the United States and Canada to test their hypothesis. The results indicated that in addition to pay level, pay satisfaction is also influenced by employees' perceptions of how the pay system is administered. An employee's perception of the adequacy of pay system administration is determined by his/her perceptions of the appropriateness of pay criteria, understanding of pay criteria, accuracy of performance assessment, and adherence to pay policies or contracts.

Weiner (1980) compared the explanatory and predictive power of Lawler's (1971) model and Dyer and Theriault's (1976) model. The comparison was assessed by the amount of variance of pay satisfaction that each model explains as measured by the Minnesota Satisfaction Questionnaire (MSQ; Weiss et al., 1967). Weiner's study was conducted in a single, medium-sized public service organization. The results indicated

that the Lawler's model explained 27 percent of the variance of pay satisfaction as measured by the MSQ. Adding administrative variables, as in Dyer and Theriault's model, the variance explained increased to 67 percent. In addition to the explanatory power of pay satisfaction, Dyer and Theriault's model had better predictive power of employee turnover, absenteeism, and attitudes toward unionization.

### Multi-Dimensionality of Compensation Satisfaction

Heneman and Schwab (1975) proposed that since organizations frequently have separate and independent policies and practices to administer various aspects of compensation, employees may experience satisfaction with different policies and practices of the compensation program independently. Later, Heneman and Schwab (1979) hypothesized that satisfaction with compensation could be meaningfully measured by satisfaction with four different aspects of the compensation: pay level, pay structure, pay form, and pay system. Heneman and Schwab proposed that each of those four dimensions can be thought of as independent variables that may influence performance, satisfaction, and turnover. However, Heneman and Schwab (1979) did not provide supporting data for the proposed multi-dimensionality of pay satisfaction.

Following their own (1979) argument, and incorporating Dyer and Theriault's (1976) result, Heneman and Schwab (1985) hypothesized that pay satisfaction can be broken down into five dimensions: pay level, pay raises, benefits, pay structure, and administration. Pay level refers to the individual's current direct compensation (wage or salary); pay raise refers to changes in the individual's pay level; benefits represent indirect pay to the individual in the form of payment for time not worked, insurance,

pensions, income maintenance and miscellaneous services; and pay structure refers to the hierarchical relationships created among pay rates for different jobs within the organization. According to the hypothesized dimensions, Heneman and Schwab (1985) developed the Pay Satisfaction Questionnaire (PSQ). In order to assess the adequacy of the PSQ, Heneman and Schwab (1985) also compared the result of the PSQ to the pay satisfaction items in the Minnesota Satisfaction Questionnaire (MSQ; Weiss, Davis, England, and Loftquist, 1967) and the items in the Job Descriptive Index (JDI; Smith, Kendall, and Hulin, 1969).

Instead of five dimensions, results of factor analysis of PSQ indicated a four dimensional solution for pay satisfaction. These four dimensions are pay level, pay raise, benefits, and pay structure and administration. Comparing PSQ to MSQ and JDI, Heneman and Schwab (1985) found that MSQ and JDI are primarily associated with satisfaction with pay level as measured by the PSQ. Although the results indicated that the PSQ is able to measure satisfaction variance of an organization's total compensation system, Heneman and Schwab (1985) also suggested that more research is needed to verify the dimensionality of the PSQ.

Scarpello, Huber, and Vandenberg (1988) tested the dimensionality of the PSQ, using samples of employees of a manufacturing firm and employees of a nursing home. They found that dimensionality of compensation satisfaction varied by different job classifications. For the salaried-exempt group, a four-factor solution for the dimensionality was found, based on pay level, structure/administration, benefits, and raises. A three-factor solution was obtained with salaried-nonexempt and hourly paid

groups, based on pay level, structure/ administration, and benefits. Scarpello, Huber and Vandenberg (1988) concluded that "systematic variability in compensation practices affects PSQ item intercorrelations and consequently, the number of factors derived from intercorrelations among PSQ items."

In summary, compensation satisfaction is an emotional response to the degree of like or dislike of the rewards one receives from work. The degree of like or dislike is not only the result of comparing one's job input to the rewards received from work, but is also the result of comparing one's inputs/rewards ratio to a referent's inputs/rewards ratio. A synopsis of research on compensation satisfaction revealed that it evolves from a unidimensional construct--e.g., overall satisfaction (Lawler, 1971), to a more comprehensive, four dimensional construct (Heneman and Schwab, 1985). These four dimensions are recognized as satisfactions with pay level, pay raise, benefits, and pay structure and administration. This is based on separate and independent policies and practices used today for administering these aspects of the compensation program (Heneman and Schwab, 1985). Numerous studies have been conducted to identify variables influencing compensation satisfaction and the four sub-dimensions of compensation satisfaction as well. These studies are reviewed in the following section.

## Antecedent Variables of Compensation Satisfaction

### Personal Attributes

#### Educational level

Generally, educational level has a negative relationship with compensation satisfaction. Lawler (1971) reviewed five studies concerning educational level and compensation satisfaction, and found that in four studies there was a negative relationship between educational level and compensation satisfaction. A negative relationship was also found by Dreher (1981).

A classic study of educational level and compensation satisfaction was done by Klein and Maher in 1966. They investigated the relationship between education level and satisfaction with pay among first-level managers in an electronics manufacturing company. Klein and Maher found a negative relationship between education level and pay satisfaction: managers with college educations were significantly more dissatisfied than non-college educated managers. When controlling for age and skill, this negative relationship still remained. Exploring the data further, Klein and Maher noticed that expectation for higher pay, either promotion to a higher level job or seeking an external job, is a major predictor for pay satisfaction. Klein and Maher explained that managers with higher education levels think they have a better chance to be promoted or to find a job in another organization. Thus, the expectation of higher external pay opportunities is a negative predictor to pay satisfaction. An interesting finding in Klein and Maher's study is that those who perceive better opportunities to make more money in the future are also relatively satisfied with their present pay, with internal comparisons and external

comparisons. Klein and Maher concluded that pay satisfaction is partially determined by future prospects on the same job, even though the items used to determine pay satisfaction are based on the current working situation.

### Gender

Wage differences between men and women have long been an important issue of compensation management (Ledvinka, 1987; Milkovich and Newman, 1990). Studies by the Bureau of Labor Statistics indicated that female employees were paid about 65 percent of salaries of similar male employees (Mellor, 1984). Although occupational segregation is likely to be a primary cause of wage differentials (Treiman and Hartman, 1981; Hollenbeck, et al., 1987), advocates of "comparable worth," who stress the need to set equal pay levels for jobs of similar "societal" or "organizational" value (Ledvinka, 1987; Judd and Gomez-Mejia, 1987) argue that employers should engage in wage restructuring in order to counter the adverse effects.

Despite the fact that females were paid less than males, Lawler (1971) and Nash and Carroll (1975) predicted that female employees were more satisfied than male employees with their compensation. Ronan and Organt (1973) examined pay satisfaction between female and male workers. The sample consisted of 8,894 management and supervisory, salaried non-supervisory, and hourly workers. The hourly female workers who were paid less than males in the same group were more satisfied with their earnings than the male workers. Thus, being paid less than their male counterparts was not a source of dissatisfaction for female hourly workers. Ronan and Organt (1973) concluded that female workers may feel underpaid, but they may not feel they are being



undercompensated. Wage differential is balanced by a person's perception of equity (or utility) of his or her total compensation.

### Age and tenure

A few studies have examined the relationships among age, tenure, and compensation satisfaction. This research has demonstrated mixed results between age, seniority, and compensation satisfaction. Lawler (1971) hypothesized that if age and tenure are input factors that influence people's perception of what their pay should be, then longer tenure and old age should be associated with high pay dissatisfaction, when holding pay constant. A study by Morse (1953) found that pay satisfaction decreased with both age and length of service. Negative relationships were found in Schwab and Wallace (1974) and Dreher, Ash, and Bretz (1988). However, Heneman, et al. (1988) found a positive relationship between seniority and compensation satisfaction. Lawler and Porter (1963) reported insignificant relationships between age/seniority and pay satisfaction. Lawler (1971) explained that "one possible explanation may be that age and seniority are not seen as important input factors, and because of this they do not influence employees' perceptions of what they should be paid."

Dreher (1981) investigated the effect of age and seniority on compensation satisfaction. He found that external equity was a more powerful predictor of compensation satisfaction for employees with five or less years of service. For employees with longer tenure, the relative contribution of external and internal equity was about equal. Dreher (1981) concluded that time in an organization may have a substantial effect on compensation satisfaction.

In an investigation of job satisfaction over three career stages, Morrow and McElroy (1987) found that satisfaction with pay and promotion decreased with increasing age and tenure. Although it is difficult to find a theoretical explanation, the result could imply that in later life stages, there is less chance to be promoted, either inside or outside, which may affect increases in pay level.

## Personal Perceptions

### Orientation toward pay raise

Krefting and Mahoney (1977) found that satisfaction with pay raise is influenced by the employee's orientation toward pay raise. They divided employees into two groups, those who see pay increases as signs of organizational recognition, and those who see pay increases as increments in spendable income. For those valuing organizational recognition, a meaningful pay increase was a function of expected pay increase and anticipated changes in the cost of living. For those with an income perspective, expected changes in the cost of living and last pay raise were the factors that had significant influence on satisfaction with pay raises.

Krefting (1980) investigated how employees' orientations toward pay increases are determined. Krefting found that when an employee is not represented by a union, pay increases are based on performance, and he/she is satisfied with current pay; it is very likely he/she will value pay increases as organizational recognition. On the other hand, orientation of spending power is determined by non-performance based pay increases and dissatisfaction with current pay. None of the demographic variables had significant influence on employees' orientation toward pay increase. Krefting concluded that

employees do not have strong, stable orientations toward pay increases. Employee orientation toward pay increases will be shaped by the situation and may change as circumstances change.

#### Perceived compensation equity

Scholl, Cooper, and McKenna (1987) investigated how equity perceptions affect compensation satisfaction and behavioral consequences of inequity, i.e., intent to remain, and extra-role behavior. The equity referents used were job, company, occupation, age, education, system, and self. Respondents were asked to compare their present salaries with those of seven specified sources of comparison and determine if they were underpaid, overpaid, or equitably paid. The sample consisted of 166 low to middle managerial personnel of a large, northeastern financial institution. Results of regression analysis indicated that these seven equity variables explained 46 percent of the variance for compensation satisfaction, 44 percent for intent to remain, and 22 percent for extra-role behavior. Although all of the equity variables correlated significantly with compensation satisfaction, compensation satisfaction is best predicted by system equity, self equity, and occupation equity. This suggests that "for pay satisfaction to occur, an individual must feel the system in general is equitable, and that he or she is getting market value compared with others in the same field, and pay must meet some self-set level" (Scholl, Cooper, and McKenna (1987)).

## Perceived Job Characteristics

Although many studies have investigated the influence of perceived job characteristics on employee behavior (Algera, 1984; Loher, Noe, Moeller, and Fitzgerald, 1985), no study to date has concentrated on the influence of job characteristics on compensation satisfaction. Dunham (1977) suggested that there should be a positive relationship between perceived job characteristics and compensation requirements. If no relationship exists between job characteristics and pay level, there would be discrepancies in the wage structure. Therefore, possible effects on compensation requirements should be considered in job design decisions.

Interest in how perceived job characteristics influence employee behavior was developed from research on the effects of task design. The research dates back to the scientific management movement launched early in this century by Taylor (1911). Modern interest in job characteristics and employee behavior can be attributed to Turner and Lawrence (1965). Following Turner and Lawrence's work, research has taken two approaches. One approach concentrated on the measurement as well as dimensionality of job characteristics; another approach focused on the behavior consequences of job characteristics.

In measuring job characteristics, Hackman and Lawler (1971) proposed a six-dimensional construct of perceived job characteristics: variety, autonomy, task identity, feedback, dealing with others, and friendship opportunities. The first four dimensions were treated as the core dimensions, and the last two dimensions were treated as the interpersonal characteristics of job design. Hackman and Lawler (1971) postulated that

when jobs are high on the four core dimensions, employees who are desirous of higher-order needs tend to have high motivation, high job satisfaction, infrequent absence from work, and are rated by supervisors as doing high-quality work. Following Hackman and Lawler's (1971) work, Sims, Szilagyi, and Keller (1976) developed the Job Characteristic Inventory (JCI) and empirically tested its reliability and dimensionality.

Another popular measurement of job characteristics is the Job Diagnostic Survey (JDS) developed by Hackman and Oldham (1976). The JDS is based on the theoretical framework of the job characteristics model of work motivation (Hackman and Oldham, 1976). The foundation of this model is that positive results (high motivation, high satisfaction, and low absenteeism and turnover) are achieved when three critical psychological states--experienced meaningfulness, experienced responsibility, and knowledge of results--are presenting in the job. The theory further proposes that these critical psychological states are brought about by the presence of five task characteristics: skill variety, task identity, task significance (related to experienced meaningfulness), autonomy (related to experienced responsibility), and feedback (related to knowledge of results). Combining these five dimensions, a weighted, motivating potential score (MPS) is calculated to reflect the overall motivating potential of a job.

A great number of studies have used either JCI or JDS to study the influences of perceived job characteristics on employee behavior. Loher, Noe, Moeller, and Fitzgerald (1985) reviewed results of 28 studies on the relation of job characteristics to job satisfaction. Results of meta-analysis (Loher et al., 1985) indicated that the correlation between the job characteristics and job satisfaction is about .39. Loher et al. also found

that growth need strength (GNS) acts as a moderator between job characteristics and job satisfaction. The correlation between job characteristics and satisfaction is higher for persons who are high on GNS than persons who are low on GNS. Loher et al. concluded that the more complex and enriched a job, the more likely the high-GNS person who possesses a greater need for personal growth and development will be satisfied with that job. For the low-GNS employees, who have less need for growth and development, the presence of certain external situational characteristics (such as work group or management support) may be necessary to increase employee satisfaction. In general, these studies tended to support the multi-dimensionality of job characteristics, but there was less agreement on the exact dimensionality. The notion that perceived job characteristics are related not only to psychological outcomes (e.g., motivation, job satisfaction), but also to behavioral outcomes (e.g., performance and organizational commitment) has been generally confirmed in these studies.

## Compensation Practices

### Pay level

It is agreed that the amount of current salary has a direct influence on satisfaction with pay level. Generally, a positive relationship between current salary and pay level satisfaction has been found in numerous studies, although the degree of correlation may vary. For example, Heneman, Greenberger, and Strasser (1988) found that the correlation between current salary level and satisfaction with pay level is  $r=0.15$ . In Dreher, Ash, and Bretz's (1988) investigation, a stronger correlation between salary level

and satisfaction with pay was found ( $r=0.30$ ). Positive results can also be found in Bulkin (1989), Dreher (1981), and Ronan and Organt (1973).

### Pay raise

The size of a pay raise has a direct effect on compensation satisfaction. Varadarajan and Futrell (1984) studied the smallest meaningful pay increases among 275 marketing executives. According to their orientations toward pay increases, those executives were divided into two groups: the organizational recognition group and the monetary considerations group. Varadarajan and Futrell found that the size of the smallest pay raise is predicted by current salary, job difficulty, tenure in present job, and work experience for both the organizational recognition group and the monetary consideration group.

### Benefit coverage and cost to employee

Dreher, Ash, and Bretz (1988) investigated the joint effects of benefit coverage and the costs borne by employees on compensation satisfaction. Questionnaires concerning benefit coverage, cost to individual employees, and compensation satisfaction were mailed to 2,925 uniformed law enforcement agents in eight states. Benefits under investigation were paid holidays, vacations, sick leave, retirement benefits, disability protection, life insurance, and health insurance. The two costs associated with benefits were health insurance premiums and retirement contribution. Dreher et al. found that salary level is negatively correlated with five out of seven benefit coverage variables, and the correlation between salary level and the aggregate measure of benefit coverage is -0.32. An interesting finding was that the greater the employee benefit costs, the higher

the quality of coverage for the total benefit package. Although the quality of benefit coverage has a positive association with satisfaction with benefits, employee benefit costs have a substantial negative relationship with benefit satisfaction. Dreher, Ash, and Bretz (1988) suggested that in order to improve benefits satisfaction among all employees through increased coverage, investments must be made in programs to inform employees about changes in the relative level of benefits. Increasing the quality or level of coverage will have a positive result only for those possessing accurate perceptions about benefit coverage and costs.

## Organizational Features

### Organizational size

Although no study has investigated the effect of organizational size on compensation satisfaction, studies have demonstrated that smaller organizations pay less than larger organizations (Evans, 1987; Mellow, 1982; Weiss and Landau, 1984). This is especially true for organizations with less than 1,000 employees. If the amount of salary directly affects compensation satisfaction, organizational size may have an indirect effect on compensation satisfaction.

Evans and Leighton (1988) pointed out several reasons why small-sized companies pay less than large-sized companies. First, small companies are usually new companies, which may have higher growth rates and may fail more often than large companies. This implies that small companies may have higher rates of salary increase, but less job security. In contrast, employees in large companies have longer tenures and are less likely to change jobs. The second reason might be composition of the work force. A



U.S. Small Business Administration (1986) report indicated that small companies employed a disproportionate number of women, teenagers, and older workers. These people represent a marginal labor force, who may have less pay and benefit requirements and may be more satisfied with their pay and benefits than people in large companies. The third reason is that employees in large companies have better education and training. This is accompanied by higher capital investment in large companies, which requires large companies to pay more for use of employee ability. Also, employees in large companies are much more likely to be unionized.

### Managerial level

Managerial level has a direct link to pay structure in an organization (Milkovich and Newman, 1990). Mahoney (1979) stated that managerial hierarchy "reflects power, influence, and status derived from sources other than merely the supervision of subordinate and hierarchical levels depicted in organization charts, and job titles possess meaning apart from the implied supervision of subordinates." Managerial hierarchy not only exhibits the structure of compensation differentials within the organization, but also implies future rewards in an organization, and hence influences both the attractiveness of current employment and decisions to stay or leave.

Mahoney (1979) conducted a study to investigate how much perceived salary differential between levels of the management hierarchy is considered equitable. Mahoney (1979) asked business students and compensation administrators to assign pay levels to positions in hypothesized organization charts. One of the positions was assigned a pay rate to anchor the responses. When controlling the job content, the result indicated

that a compensation differential of approximately 33 percent between each level is considered appropriate for the higher managerial levels. Mahoney (1979) concluded that the managerial level of a position clearly is a significant influence on the associated worth or status of the position, independent of other characteristics of the position in the organization.

In summary, this section reviewed empirical research concerning the antecedents of compensation satisfaction. These antecedents included personal attributes, personal perceptions, perceived job characteristics, compensation practices, and organizational features. Research has been focused on the influence of personal attributes, personal perceptions, compensation practices, and organizational features. Although there is evidence to support the claim that perceived job characteristics affect compensation satisfaction, it is not very complete, and more research is needed to verify the relationship between perceived job characteristics and compensation satisfaction. The antecedent variables reviewed result in mixed effects on compensation satisfaction. Clearly, additional research is needed to provide a comprehensive model of antecedents of compensation satisfaction.

## CHAPTER THREE

### METHOD

#### Sample

One of the purposes of this study was to compare the relationships between compensation satisfaction and motivation in public and private leisure service organizations. Hence, two samples were required to fulfill this purpose. The first one was a sample of managers from public leisure service agencies. The other sample consisted of managers from private leisure service organizations.

The samples were targeted toward mid-level leisure service managers. The mid-level managers were selected because they were exempt employees, and because of the unique roles they served in any organizations. Milkovich and Newman (1990) noted that, "On one hand they must respond to the needs and distinct personalities/skills of the subordinates. In doing this, however, they must satisfy the overriding goals of higher level management. Balancing these (at times) conflicting objectives effectively is essential to any organization" (p. 525).

The sampling population was a nationwide database of mid-level managers in public and in private leisure and recreation organizations. This database was maintained by the Lake Wood Publication Company, who granted permission to use it. This database contained 51,000 mailing lists of leisure service managers who were distributed among the fifty states of the United States. One of the unique features of this database

was that each mailing list was addressed to individual managers. This was thought to be beneficial to response rate.

For the public sector sample, 2,000 managers were randomly selected from 8,104 managers in public parks and recreation departments. The average selection rate was about 25 percent. These managers were selected from three general job titles, i.e., administrative management, operation and facility management, and program and activity administration. Table 3.1 presents the number of public managers available in each state, the number of managers selected, and selection rates.

Five businesses were selected to represent the private, for-profit leisure service organizations. These five businesses were athletic and sports clubs, campgrounds, corporate recreation and fitness centers, racquetball and tennis clubs, and theme parks and fairs. These five businesses were selected under the assumption that they were similar to the public leisure service organizations in terms of types of services and scope of operations. Two thousand managers were randomly selected from 3,813 available managers. These managers were distributed among the fifty states of the United States. The average selection rate was about 53 percent. The number of private managers available in each state, number of managers selected, and selection rates are presented in Table 3.2.

When the mailing lists were received, they were examined first, and those individuals whose job titles or employing organizations were inappropriate for the purpose of this study were eliminated. As a result, three mailing lists of the public sector were dropped because they were not representing public leisure and recreation agencies.

Another 111 mailing lists of the private sector were excluded from sampling because they were representing not-for-profit organizations.

Table 3.1: Number of public managers available, selected, and selection rate by states.

State	Available	Selected	Selection rate
Alabama	99	22	22.22%
Alaska	38	9	23.68%
Arizona	64	14	21.88%
Arkansas	176	39	22.16%
California	787	170	21.60%
Colorado	195	43	22.05%
Connecticut	169	37	21.89%
Delaware	33	7	21.21%
Florida	434	96	22.12%
Georgia	202	44	21.78%
Guam	4	1	25.00%
Hawaii	22	5	22.73%
Idaho	50	11	22.00%
Illinois	630	139	22.06%
Indiana	191	42	21.99%
Iowa	202	44	21.78%
Kansas	158	35	22.15%
Kentucky	75	17	22.67%
Louisiana	79	17	21.52%
Maine	58	12	20.69%
Maryland	196	43	21.94%
Massachusetts	187	41	21.93%
Michigan	328	73	22.26%
Minnesota	289	63	21.80%
Mississippi	49	10	20.41%
Missouri	256	57	22.27%
Montana	44	10	22.73%

Table 3.1 (continued)

State	Available	Selected	Selection rate
Nebraska	82	18	21.95%
Nevada	52	11	21.15%
New Hampshire	64	15	23.44%
New Jersey	308	68	22.08%
New Mexico	75	17	22.67%
New York	509	112	22.00%
North Carolina	276	61	22.10%
North Dakota	43	9	20.93%
Ohio	417	92	22.06%
Oklahoma	52	11	21.15%
Oregon	114	26	22.81%
Pennsylvania	340	74	21.76%
Rhode Island	32	8	25.00%
South Carolina	101	22	21.78%
South Dakota	35	7	20.00%
Tennessee	134	30	22.39%
Texas	417	92	22.06%
Utah	77	17	22.08%
Vermont	37	8	21.62%
Virginia	292	64	21.92%
Washington	184	41	22.28%
Washington, D.C.	13	3	23.08%
West Virginia	72	16	22.22%
Wisconsin	289	63	21.80%
Wyoming	51	11	21.57%

Table 3.2: Number of private managers available, selected, and selection rate by states.

State	Available	Selected	Selection rate
Alabama	37	20	54.05%
Alaska	16	9	56.25%
Arizona	51	28	54.90%
Arkansas	42	23	54.76%
California	327	175	53.52%
Colorado	69	37	53.62%
Connecticut	54	30	55.56%
Delaware	6	3	50.00%
Florida	137	73	53.28%
Georgia	67	37	55.22%
Guam	0	0	0.00%
Hawaii	8	4	50.00%
Idaho	25	13	52.00%
Illinois	169	93	55.03%
Indiana	92	51	55.43%
Iowa	59	33	55.93%
Kansas	40	22	55.00%
Kentucky	46	25	54.35%
Louisiana	38	21	55.26%
Maine	18	10	55.56%
Maryland	60	33	55.00%
Massachusetts	109	58	53.21%
Michigan	160	89	55.63%
Minnesota	98	55	56.12%
Mississippi	23	12	52.17%
Missouri	83	46	55.42%
Montana	38	21	55.26%
Nebraska	26	15	57.69%
Nevada	9	5	55.56%
New Hampshire	30	16	53.33%
New Jersey	110	61	55.45%
New Mexico	16	9	56.25%
New York	228	126	55.26%
North Carolina	89	50	56.18%
North Dakota	12	6	50.00%

Table 3.2 (continued)

State	Available	Selected	Selection rate
Ohio	199	110	55.28%
Oklahoma	29	17	58.62%
Oregon	61	33	54.10%
Pennsylvania	200	111	55.50%
Rhode Island	10	5	50.00%
South Carolina	56	31	55.36%
South Dakota	29	16	55.17%
Tennessee	54	30	55.56%
Texas	198	110	55.56%
Utah	24	13	54.17%
Vermont	11	6	54.55%
Virginia	91	50	54.95%
Washington	83	46	55.42%
Washington, D.C.	15	8	53.33%
West Virginia	16	9	56.25%
Wisconsin	116	64	55.17%
Wyoming	23	12	52.17%

#### Data Collection

A cover letter, a questionnaire (Appendix A), and a stamped, self-addressed, return envelope were sent to 1,997 public leisure service managers and 1,889 private leisure service managers. In the letter to the intended survey respondents, confidentiality of survey responses was emphasized; that other than the investigating staff, no one would be allowed to access the responses. Results would be reported in aggregate and statistical form only; no response could be associated with a particular individual, company, organization, or city. The respondents were asked to send the questionnaire back to the investigator directly. In order to ensure the desired return rate and to stimulate response,



a four-page executive summary was offered as an incentive to the survey respondents. Three weeks after the questionnaires were mailed out, a reminder postcard (Appendix B) was sent to those who had not returned their questionnaires.

### **Return Rate**

By the closing date, 22 uncompleted and 1,175 completed questionnaires were returned, which included 754 from the public sample and 421 from the private sample. The overall return rate was 30.24 percent, 37.76 percent for the public sample and 22.29 percent for the private sample. For those 1,175 completed questionnaires, 180 were excluded because these respondents were in a chief executive position, for example, executive director, or director of parks and recreation. Another 22 questionnaires were excluded because the organizations that these respondents were representing did not meet the selection criterion, for example, the Girl Scout Council and the Boy Scout Council. Finally, 973 effective questionnaires, 667 public and 306 private, were retained for data analysis. Table 3.3 summarizes the number of questionnaires returned and return rates. Table 3.4 (public managers) and Table 3.5 (private managers) exhibit distribution of survey respondents by states. Table 3.6 exhibits distribution of survey respondents by the five regions defined by the National Recreation and Park Association (NRPA).

**Table 3.3: Summary of number of surveys mailed, number of returned surveys, and return rate.**

<b>Total return</b>							1,197
<b>Uncompleted surveys</b>							22
<b>Completed surveys</b>							1,175
<b>Inappropriate for analysis</b>							
<b>By job title</b>							
Director							69
Executive Director							12
Director of Parks and Recreation							99
Sub-total						180	
							995
<b>By organization type</b>							
Girl Scout Council							16
Boy Scout Council							2
YMCA							2
Army Corp of Engineering							2
Sub-total						22	
<b>Number of surveys for data analysis</b>							<b>973</b>
<b>Summary of return rate</b>							
<b>Sector</b>	<b>Mail out</b>	<b>Return</b>	<b>Return rate</b>	<b>Useable</b>	<b>Useable/out rate</b>	<b>Useable/return rate</b>	
Public	1,997	754	37.76%	667	33.40%	88.46%	
Private	1,889	421	22.29%	306	16.20%	72.68%	
<b>Total</b>	<b>3,886</b>	<b>1,175</b>	<b>30.24%</b>	<b>973</b>	<b>25.04%</b>	<b>82.81%</b>	

Table 3.4: Number of public managers selected, returned, and return rate by states.

State	Selected	Returned	Return rate
Alabama	22	7	31.82%
Alaska	9	3	33.33%
Arizona	14	4	28.57%
Arkansas	39	13	33.33%
California	170	70	41.18%
Colorado	43	18	41.86%
Connecticut	37	11	29.73%
Delaware	7	3	42.86%
Florida	96	29	30.21%
Georgia	44	10	22.73%
Guam	1	0	0.00%
Hawaii	5	2	40.00%
Idaho	11	5	45.45%
Illinois	139	49	35.25%
Indiana	42	13	30.95%
Iowa	44	13	29.55%
Kansas	35	11	31.43%
Kentucky	17	5	29.41%
Louisiana	17	2	11.76%
Maine	12	3	25.00%
Maryland	43	19	44.19%
Massachusetts	41	17	41.46%
Michigan	73	22	30.14%
Minnesota	63	22	34.92%
Mississippi	10	0	0.00%
Missouri	57	19	33.33%
Montana	10	3	30.00%
Nebraska	18	8	44.44%
Nevada	11	7	63.64%
New Hampshire	15	6	40.00%
New Jersey	68	15	22.06%
New Mexico	17	7	41.18%
New York	112	36	32.14%
North Carolina	61	14	22.95%
North Dakota	9	3	33.33%

Table 3.4 (continued)

State	Selected	Returned	Return rate
Ohio	92	29	31.52%
Oklahoma	11	3	27.27%
Oregon	26	10	38.46%
Pennsylvania	74	16	21.62%
Rhode Island	8	1	12.50%
South Carolina	22	7	31.82%
South Dakota	7	4	57.14%
Tennessee	30	10	33.33%
Texas	92	36	39.13%
Utah	17	6	35.29%
Vermont	8	4	50.00%
Virginia	64	24	37.50%
Washington	41	15	36.59%
Washington, D.C.	3	2	66.67%
West Virginia	16	4	25.00%
Wisconsin	63	24	38.10%
Wyoming	11	3	27.27%

Table 3.5: Number of private managers selected, returned, and return rate by states.

State	Selected	Returned	Return rate
Alabama	20	0	0.00%
Alaska	9	2	22.22%
Arizona	28	2	7.14%
Arkansas	23	7	30.43%
California	175	29	16.57%
Colorado	37	5	13.51%
Connecticut	30	8	26.67%
Delaware	3	0	0.00%
Florida	73	12	16.44%
Georgia	37	4	10.81%
Guam	0	0	0.00%
Hawaii	4	1	25.00%
Idaho	13	1	7.69%
Illinois	93	16	17.20%
Indiana	51	10	19.61%
Iowa	33	4	12.12%
Kansas	22	3	13.64%
Kentucky	25	3	12.00%
Louisiana	21	1	4.76%
Maine	10	1	10.00%
Maryland	33	4	12.12%
Massachusetts	58	4	6.90%
Michigan	89	12	13.48%
Minnesota	55	8	14.55%
Mississippi	12	2	16.67%
Missouri	46	12	26.09%
Montana	21	0	0.00%
Nebraska	15	3	20.00%
Nevada	5	1	20.00%
New Hampshire	16	6	37.50%
New Jersey	61	7	11.48%
New Mexico	9	2	22.22%
New York	126	16	12.70%
North Carolina	50	9	18.00%
North Dakota	6	0	0.00%

Table 3.5 (continued)

State	Selected	Returned	Return rate
Ohio	110	18	16.36%
Oklahoma	17	7	41.18%
Oregon	33	12	36.36%
Pennsylvania	111	17	15.32%
Rhode Island	5	2	40.00%
South Carolina	31	6	19.35%
South Dakota	16	1	6.25%
Tennessee	30	1	3.33%
Texas	110	14	12.73%
Utah	13	1	7.69%
Vermont	6	3	50.00%
Virginia	50	8	16.00%
Washington	46	7	15.22%
Washington, D.C.	8	1	12.50%
West Virginia	9	1	11.11%
Wisconsin	64	11	17.19%
Wyoming	12	1	8.33%

Table 3.6: Distribution of survey respondents by the five regions of NRPA.

Region	Public		Private		Total	
	n	%	n	%	n	%
Great Lake	191	28.64	91	29.74	282	28.98
Northeast	133	19.94	69	22.55	202	20.76
Pacific	134	20.09	61	19.93	195	20.04
Southeast	110	16.49	46	15.03	156	16.03
West	99	14.84	39	12.75	138	14.18
<b>Total</b>	<b>667</b>		<b>306</b>		<b>973</b>	

## Instruments and Operating Definitions

A questionnaire consisting of eight sections was developed for data collection. These eight sections solicit information concerning compensation satisfaction, compensation equity, motivation to work, perceived job characteristics, perceived procedural justice, negative affectivity, compensation practices, and demographic data. Instruments used in each section along with operating definitions were presented in the following discussion.

### Compensation Satisfaction

Compensation satisfaction was measured by the Pay Satisfaction Questionnaire (PSQ) developed by Heneman and Schwab (1985). The PSQ consists of eighteen items that measure four dimensions of compensation satisfaction; namely pay level satisfaction, benefits satisfaction, raise satisfaction, and pay structure/administration satisfaction.

These four dimensions were defined as:

Pay level satisfaction: the perceived satisfaction with take-home pay, size of current salary, and overall level of pay. (Items 1, 2, 3, and 4)

Benefits satisfaction: the perceived satisfaction with the benefits package, value of the benefits, and number of benefits received. (Items 5, 6, 7, and 8)

Raise satisfaction: the perceived satisfaction with the most recent raise, supervisor's influence on pay raise, and the pay raise decision. (Items 9, 10, 11, and 12)

Structure/administration satisfaction: the perceived satisfaction with the internal pay hierarchy and the methods used to administer the pay. (Items 13, 14, 15, 16, 17, and 18)

A 5-point Likert scale was attached to each item with values ranging from 1 = "very dissatisfied," 3 = "neither satisfied nor dissatisfied," to 5 = "very satisfied." The satisfaction score for each dimension was obtained by adding the corresponding items of each dimension. Overall score of compensation satisfaction was obtained by totaling up the scores of these four dimensions. Content validity of the PSQ was demonstrated by the theoretical basis as explained by Heneman and Schwab (1985). Criterion validity was supported by the evidence that the PSQ explained more variance of compensation satisfaction than the Minnesota Satisfaction Questionnaire and the Job Descriptive Index (Heneman and Schwab, 1985). Heneman and Schwab (1985) reported that the reliability coefficient (Cronbach's Alpha) estimates for these dimensions were 0.94 for pay level satisfaction, 0.93 for benefit satisfaction, 0.85 for raise satisfaction, and 0.85 for pay structure/administration satisfaction for a sample of white-collar employees. Satisfactory reliability measures were also reported by Scarpello, Huber, and Vandenberg (1988), Heneman, Greenberger, and Strasser (1988), and McKinney and Yen (1991).

#### Perceived Compensation Equity

Respondents were asked to compare their salaries with that of a specified referent as indicated in each question, and determine if they were overpaid or underpaid, and by how much. Questions one through seven were adopted from Scholl, Cooper, and McKenna (1987). Each item measures one aspect of pay equity, i.e., job equity, company equity, occupational equity, educational equity, age equity, system equity, and self-equity. Question eight asked the respondents to compare their compensation to someone in a private leisure service company. Question nine requested that respondents



compare their compensation to someone in a public leisure service agency. Because the referents used to measure perceived compensation equity have been cited in other literature (Dornstein, 1985; Pfeffer and Langton, 1988; Romanoff, Boehm, and Benson, 1986), content validity of this scale was assumed.

### **Motivation to Work**

Motivation to work was measured by the "intrinsic job motivation" scale developed by Warr, Cook, and Wall (1979). This intrinsic job motivation scale emphasized that motivation was directed towards personal achievement and task success rather than towards "extrinsic" satisfactions arising from features such as additional pay or good working conditions. The respondents were asked to respond based on their feelings about their present jobs.

The scale consists of six items, and each item was attached a five-point Likert scale ranging from 1 = "strongly disagree" to 5 = "strongly agree." These six items were summed, with no weights, to construct a motivation score. More intrinsic job motivation was indicated by a higher score. Wall, Cook, and Warr (1979) indicated that the validity of this scale was demonstrated by consistent factor structure resulting of factor analysis; the test-retest reliability coefficient, as reported, was 0.65.

### **Perceived Job Characteristics**

Perceived job characteristics are the person's reports about the degree to which features are present in his/her job, which might give rise to intrinsic satisfaction. The Job Characteristic Inventory (JCI) developed by Sims, Szilagy, and Keller (1976) was

employed to measure perceived job characteristics. The JCI was chosen because, as Dunham (1977) indicated, it had demonstrated a better factor structure than the Job Diagnostic Survey by Hackman and Oldham (1976).

The JCI consists of thirty items that measure six perceived job characteristics; including variety, autonomy, task identity, feedback, dealing with others, and friendship opportunities. Sims, Szilagyi, and Keller (1976) defined these six dimensions as:

Variety--The degree to which a job requires employees to perform a wide range of operations in their work and/or the degree to which employees must use a variety of equipment and procedures in their work. (Items 1, 2, 3, 14, and 15)

Autonomy--The extent to which employees have a major say in scheduling their work, selecting the equipment they will use, and deciding on procedures to be followed. (Items 4, 8, 9, 16, 17, and 18)

Task identity--The extent to which employees do an entire or whole piece of work and can clearly identify the result of their efforts. (Items 5, 23, 24, and 25)

Feedback--The degree to which employees receive information as they are working that reveals how well they are performing on the job. (Items 10, 11, 19, 20, and 21)

Dealing with others--The degree to which a job requires employees to deal with other people to complete the work. (Items 6, 12, and 22)

Friendship opportunities--The degree to which a job allows employees to talk with one another on the job and to establish informal relationships with other employees at work. (Items 7, 13, 26, 27, 28, 29, and 30)

Each item was attached with a five-point Likert scale. Score for each dimension was calculated by summing up the corresponding items of each dimension. Validity of the JCI was demonstrated by evidence that was not only theoretically derived (Hackman and Lawler, 1971), but also was demonstrated by a consistent factor structure in a number of studies (Sims, Szilagyi, and Keller, 1976). Pierce and Dunham (1978)

indicated that the JCI has been found to exhibit both discriminant validity between dimensions, as well as convergent validity with other measures of job characteristics. Sims, Szilagyi, and Keller (1976) reported that Cronbach's alpha reliability coefficients were 0.78 (variety), 0.84 (autonomy), 0.83 (feedback), 0.75 (task identity), 0.64 (dealing with others), and 0.84 (friendship opportunities) for a sample of employees in manufacturing firms.

### Procedural Justice

Perceived procedural justice was utilized as a control variable. Procedural justice refers to the perceived fairness of the means used to determine the amounts of compensation employees received (Folger, 1977). Perceived procedural justice was measured by the 26 procedural items developed by Folger and Konovsky (1989). This instrument was developed by referring to existing literature that has examined different elements of procedural fairness. Folger and Konovsky (1989) discovered a four-factor structure of this instrument. These four factors were feedback (items 1 through 12), planning (items 12, 13, 14, 15, 20, 21, and 26), recourse (items 22, 23, 24, and 25), and observation (item 16). Reliability coefficients were 0.89 (feedback), 0.85 (planning), and 0.88 (recourse). Folger and Konovsky eliminated items 17, 18, and 19 due to low reliability and marginal eigenvalue. These three items were retained in this study because they measured an important aspect of procedural justice that might be named "politics."

## Negative Affectivity

The 10-item scale developed by Watson, Clark, and Tellegen (1988) was used to measure negative affectivity. Negative affectivity was used as a control measure. Negative affectivity reflects an individual's disposition to respond negatively regardless of the situation. Watson, Pennebaker, and Folger (1987) indicated that negative affectivity operated as a substantial nuisance factor in many areas of research. Because negative affectivity may contaminate true relationships between predictors and criteria, Watson, Pennebaker, and Folger (1987) suggested that, "it is advisable to measure the negative affectivity levels of respondents whenever feasible" (p. 145). The use of negative affectivity as a control measure also provides an additional form of protection against the response-response bias (Podsakoff and Organ, 1986) that Fiske (1982) referred to as the common method variance.

## Compensation Practices

Information concerning compensation practices was collected. Information about current salary, the time of last pay raise, amount of last pay raise, methods used to determine pay raise, orientation toward pay raise, types of benefits offered, and coverage and costs to employees was collected. Types of benefits under investigation included vacation days, sick days, paid holidays, personal days, health insurance coverage, life insurance, disability protection, and pension. Costs to the employee referred to the cost for health insurance and retirement contribution. These objective measures of benefit coverage and cost were standardized (Dreher, Ash, and Bretz, 1988). The standardized benefit coverage variables were totaled to construct a single index of benefit coverage.

The same standardization procedure was used to construct another index of benefit cost. The last question asked the respondent to rank eight different benefits in the order of importance.

### Demographic Information

Demographic information about the respondents was collected in the last section. This information includes age, gender, marital status, number of dependents, educational level, education background, and tenure. Tenure was assessed by years in the profession, years with the current organization, and years in the current position. Respondents were also asked if they have served in a similar position in another company, and in a public or private organization.

Information about organizational size and managerial level was also collected in this section. Because of the different operating environments that the public and private organizations were facing, different questions were used to assess organizational size and managerial level of respondent's organization.

For the public leisure organizations, organizational size was measured by the total operating budget, number of full-time employees, and number of people served. Managerial level was assessed by the amount of budget that the respondent was responsible for and number of full-time employees under his/her supervision.

For the private leisure organizations, organizational size was measured by total annual sales, number of full-time employees, and number of customers served. The use of total annual sales to represent organizational size for the private sector was supported by the practices of some leading trade magazines--such as BusinessWeek, Fortune, and

Fobes--in compiling business statistics. Managerial level was measured by the amount of annual sales for which the respondent's department was responsible and number of full-time employees under his/her supervision.

### Data Analysis

Data analyses were carried out in four phases. The statistical procedures used in each phase of data analyses are presented in this section. Detailed descriptions of statistical methods are incorporated into the presentation of results. Data analysis was conducted using the Statistical Analysis System (SAS) on an IBM mainframe computer (VMD) at the University of Illinois. Tabulation of survey results and the preparation of the final report were conducted on a personal computer.

#### Phase 1: Reliability of Instrument

Because instruments developed by other researchers were employed in this study, the first task of data analysis was to verify the reliability of these measures. Reliability coefficients were assessed by Cronbach's alpha (Carmines and Zeller, 1979). Confirmatory factor analyses were conducted to verify the factor structure of the Pay Satisfaction Questionnaire.

#### Phase 2: Descriptive Data Analysis

Descriptive data concerning respondents' demographic information, compensation practices, and organization features were reported. Means and standard deviations of each scale for each group measured in this study are also reported. Because this study

concentrates on the difference between public and private leisure service organizations, t-tests were performed to determine if significant differences between the public and the private sectors existed.

### Phase 3: Hypothesis Testing

The third phase of data analyses deals with hypothesis testing. Correlation coefficients were employed to examine the relationships between each individual antecedent variable, dimensions of compensation satisfaction, and total compensation satisfaction. Regression analyses were used to determine the causal relationship between antecedent variables and compensation satisfaction. The results of this phase of data analysis set up the platform for the next phase of data analysis.

### Phase 4: Testing the Overall Model of Compensation Satisfaction and Motivation

One of the objectives of this study is to address the causal relationships among antecedents of compensation satisfaction, compensation satisfaction, and motivation. Based on the results of hypothesis testing, path diagrams demonstrating the causal relationships are constructed. Path analysis is utilized to access the hypothesized relationships as depicted in Figure 1.1.

Generally, path analysis is a method of decomposing and interpreting linear relationships among a set of variables. Duncan (1966) pointed out that, "Path analysis focuses on the problem of interpretation and does not purport to be a method for discovering causes." Path analysis utilizes a series of ordinary multiple regression analyses, one for each of the endogenous variables specified in the model, to examine

whether the hypothesized model reproduces the relationships previously purported. Since this study compares the relationships among antecedents of compensation satisfaction, compensation satisfaction, and motivation in both the public and private sectors, two separate path diagrams are constructed. The fit of the entire model can be tested with the direction and statistical significance of each hypothesized path. The outcome of these tests will help to determine whether the causal, directional relationships in the hypothesized model actually exist.



## CHAPTER FOUR

### RESULTS

This chapter presents results of the current study. Results are reported in two parts. The first part reports descriptive statistics of this investigation. The second part reports the results of hypothesis testing. The first part of this chapter consists of five sections. The first section reports reliability of instruments used in this study. Section two reports demographic information about the survey respondents. Section three presents information about the organizations in which the survey respondents were working. Section four reports compensation and benefits information. Section five summarizes means and standard deviations of the instruments used in this study.

#### Reliability of Instruments

Table 4.1 presents reliability coefficients for each instrument used in the current investigation. These reliability coefficients were calculated by the method of Cronbach's alpha (Carmines and Zeller, 1977). As the table shows, all of the instruments, except the dimension of "Dealing with Others" of the Job Characteristics Inventory, have demonstrated acceptable reliability coefficients. In general, reliability coefficients for the private managers were higher than the reliability coefficients for the public managers, though the differences were not significant. These coefficients exceeded the 0.70 value recommended by Nunnally (1978). In general, these instruments had high reliability, which illustrated that they consistently measured the variables investigated in this study.

Table 4.1: Reliability coefficients of the scales.

Instrument	Public	Private	All
<b>Pay Satisfaction Questionnaire</b>			
Pay Satisfaction	0.9674	0.9689	0.9679
Benefit Satisfaction	0.9409	0.9487	0.9445
Raise Satisfaction	0.8331	0.8421	0.8383
Structure/Administration Satisfaction	0.8468	0.8729	0.8558
Intrinsic Job Motivation	0.8290	0.7984	0.8195
<b>Job Characteristic Inventory</b>			
Variety	0.7697	0.7776	0.7725
Autonomy	0.8249	0.8158	0.8223
Feedback	0.8591	0.8614	0.8594
Dealing with Others	0.4614	0.4922	0.4889
Task Identity	0.8352	0.8261	0.8383
Friendship Opportunity	0.8731	0.8897	0.8794
<b>Procedural Justice</b>			
Feedback	0.9493	0.9467	0.8828
Planning	0.9024	0.9273	0.9104
Politics	0.8764	0.8888	0.8803
Recourse	0.7910	0.8649	0.8256
Negative Affectivity	0.8171	0.8410	0.8314

### Demographic Information

#### Age

Table 4.2 presents frequency distribution of the responding managers' ages. Ages of the responding managers ranged from 23 to 74 years old. The majority of managers

were between 31 to 40 years old (public managers = 44.0 percent, private managers = 38.8 percent). Overall, 42 percent of the respondents were in the range between 31 to 40 years old. The overall average age was 41.0 years old. The public managers (41.2) were slightly older than the private managers (40.6).

Table 4.2: Age distribution of survey respondents.

Age	Public		Private		All Managers	
	n	%	n	%	n	%
30 and under	57	8.8	55	18.9	112	12.0
31 - 40	284	44.0	113	38.8	397	42.3
41 - 50	106	31.9	71	24.4	277	29.6
51 - 60	81	12.5	40	13.8	121	12.9
61 and up	18	3.8	12	4.1	30	3.2
Missing	21		15		36	
Mean	41.2		40.6		41.0	
Standard deviation	8.8		10.9		9.5	

#### Gender

Table 4.3 presents gender distribution. Males accounted for the majority of respondents (77.6 percent), and females accounted for 22.4 percent of the survey respondents. The private managers had a higher percentage of female respondents (28.6 percent) than the public managers (19.6 percent).

Table 4.3: Gender distribution of survey respondents.

Gender	Public		Private		All Managers	
	n	%	n	%	n	%
Female	127	19.6	85	28.6	212	22.4
Male	521	80.4	212	71.4	733	77.6
Missing	19		9		28	

### Marital Status

Table 4.4 presents marital status. Three quarters of the survey respondents were married. Number of dependents are presented in Table 4.5. The vast majority of managers (84.6 percent) had three or fewer dependents.

Table 4.4: Marital status of survey respondents.

Marital status	Public		Private		All Managers	
	n	%	n	%	n	%
Married	495	76.3	220	74.1	715	75.6
Engaged	16	2.5	6	2.0	22	2.3
Unmarried	91	14.0	50	16.8	141	14.9
Divorced	47	7.2	20	6.7	67	7.1
Missing	18		10		28	

Table 4.5: Number of dependents of survey respondents.

Number of dependents	Public		Private		All Managers	
	n	%	n	%	n	%
0	112	17.4	60	20.7	172	18.4
1	99	15.3	71	24.5	170	18.2
2	148	22.9	56	19.3	204	21.8
3	183	28.4	62	21.4	245	26.2
4	66	10.2	24	8.3	90	9.6
5	26	4.0	12	4.1	38	4.1
6	7	1.1	4	1.4	11	1.2
7	3	0.5	1	0.3	4	0.4
9	1	0.2	-	-	1	0.1
Missing	22		16		38	

#### Education Level and Educational Background

Table 4.6 exhibits educational level of survey respondents. Overall, 55.4 percent of survey respondents held a bachelor's degree, and 18.1 percent had a master's degree or had engaged in higher education. The public managers had achieved more education than the private managers. About 76.7 percent public respondents were college graduates (Table 4.7). In contrast, 66.6 percent of the private respondents were college graduates.

Table 4.6: Educational level of survey respondents.

Educational level	Public		Private		All Managers	
	n	%	n	%	n	%
Some high school	7	1.1	1	0.3	8	0.8
High school graduate	32	4.9	13	4.4	45	4.7
Some college	77	11.8	63	21.2	140	14.8
Associate or professional degree	36	5.5	22	7.4	58	6.1
College, Bachelor's degree	279	42.8	97	32.7	376	39.6
Some graduate work	113	17.3	37	12.5	150	15.8
Master's degree	84	12.9	39	13.1	120	13.0
Some graduate beyond Masters	21	3.2	19	6.4	40	4.2
Doctorate degree	3	0.5	6	2.0	9	0.9
Missing	15		9		24	

Table 4.7: Summary of educational level.

Educational level	Public		Private		All Managers	
	n	%	n	%	n	%
High school and some college	152	23.3	99	33.3	251	26.4
College and some graduate	392	60.1	134	45.1	526	55.4
Master's degree and beyond	108	16.6	64	21.5	172	18.1
Missing	15		9		24	

Table 4.8 illustrates educational backgrounds. Forty-one percent of survey respondents majored in leisure studies or parks and recreation management, and 16 percent majored in business administration. Distributions of educational background were quite different between public and private managers. For the public managers,

about fifty percent majored in leisure studies or parks and recreation management, and 12.7 majored in business administration. For the private manager, 22.9 percent majored in business administration, and 20.6 percent majored in parks and recreation. The difference in educational background might be attributed to the operating environment and nature of business that these two samples of managers were involved in.

Table 4.8: Educational backgrounds of survey respondents.

Educational background	Public		Private		All Managers	
	n	%	n	%	n	%
Leisure studies, parks and recreation management	252	49.9	44	20.6	296	41.2
Physical education	34	6.7	29	13.6	63	8.8
Education	28	5.5	31	14.5	59	8.2
Business administration	64	12.7	49	22.9	113	15.7
Science	43	8.5	10	4.7	53	7.4
Engineering	13	2.6	4	1.9	17	2.4
Fine arts	12	2.4	6	2.8	18	2.5
Liberal arts	23	4.6	23	10.7	46	6.4
Medical school	-	-	3	1.4	3	0.4
Law	3	0.6	4	1.9	7	1.0
Agriculture	33	6.5	11	5.1	44	6.1
Missing	162		92		254	

#### Tenure

Tenure was evaluated by three criteria: years in the profession (Table 4.9), years in the company (Table 4.10), and years in current position (Table 4.11). Table 4.12

summarizes means and standard deviations of these three measures. The respondents have been in the profession for an average of 13.7 years. They have worked for their current companies for 10.0 years, and have been in their current positions for 5.8 years. The public managers had longer tenures than the private managers. The public managers have been in the profession for 14.7 years, have worked for their organizations for 11.0 years, and have been in their current positions for 6.1 years. The private managers have been in the profession for 11.4 years, have worked for their organizations for 8.0 years, and have been in their current positions for 5.0 years.

Table 4.9: Number of years in the profession.

Years in profession	Public		Private		All Managers	
	n	%	n	%	n	%
Less than 5	88	13.6	83	28.2	171	18.1
6 - 10	113	17.4	79	26.9	192	20.4
11 - 15	189	29.1	60	20.4	249	26.4
16 - 20	142	21.9	31	10.6	173	18.3
21 - 25	56	8.6	20	6.8	76	8.1
26 - 30	35	5.4	13	4.4	48	5.1
More than 30	26	4.0	8	2.7	28	3.6
Missing	18		12		30	
Mean	14.7		11.4		13.7	
Standard deviation	7.9		8.2		8.1	



Table 4.10: Number of years in current company.

Years in company	Public		Private		All Managers	
	n	%	n	%	n	%
Less than 5	221	34.2	152	51.7	376	40.6
6 - 10	112	17.3	65	22.1	177	18.8
11 - 15	145	22.5	30	10.2	175	18.6
16 - 20	87	13.5	22	7.5	109	11.6
21 - 25	40	6.2	17	5.8	57	6.1
26 - 30	28	4.3	5	1.7	33	3.5
More than 30	13	2.0	3	1.0	16	1.7
Missing	21		12		33	
Mean	11.0		8.0		10.0	
Standard deviation	8.1		7.3		8.0	

Table 4.11: Number of years in current position.

Years in position	Public		Private		All Managers	
	n	%	n	%	n	%
Less than 5	398	62.0	218	74.1	616	65.8
6 - 10	146	22.7	47	16.0	193	20.6
11 - 15	71	11.1	20	6.8	91	9.7
More than 15	27	4.2	9	3.1	36	3.8
Missing	25		12		37	
Mean	6.1		5.1		5.8	
Standard deviation	5.1		4.7		5.0	

**Table 4.12: Summary of tenure.**

	<b>Public</b>	<b>Private</b>	<b>All Managers</b>
<b>Years in the profession</b>			
Mean	14.7	11.4	13.7
Standard deviation	7.9	8.2	8.1
n	649	294	943
<b>Years in the company</b>			
Mean	11.0	8.0	10.0
Standard deviation	8.1	7.3	8.0
n	646	294	940
<b>Years in the position</b>			
Mean	6.1	5.1	5.8
Standard deviation	5.1	4.7	5.0
n	642	294	936

Twenty-three percent of the public managers (Table 4.13) had worked for another company for 7.4 years (Table 4.14), while 29 percent of the private managers had worked for another company for 6.2 years. Twenty percent of the public respondents indicated that they had worked for a company in the private sector (Table 4.15), and 20 percent of the private managers had worked for an agency in the public sector.

Table 4.13: Have served in this capacity in other organizations.

	Public		Private		All Managers	
	n	%	n	%	n	%
Yes	148	22.8	86	29.2	234	24.8
No	500	77.2	209	70.8	709	75.2
Missing	19		11		30	

Table 4.14: Years have served in this capacity elsewhere.

Years in other company	Public		Private		All Managers	
	n	%	n	%	n	%
Less than 5	74	49.3	56	61.5	130	53.9
6 - 10	44	29.4	19	20.9	63	26.2
11 - 15	13	8.6	7	7.7	20	8.3
16 - 20	11	8.7	5	5.5	18	7.5
More than 20	6	4.0	4	4.4	10	4.1
Missing	517		215		732	
Mean	7.4		6.2		7.0	
Standard deviation	6.1		6.5		6.3	

**Table 4.15: Have worked with an organization in the other sector.**

	Public		Private		All Managers	
	n	%	n	%	n	%
<b>Yes</b>	130	20.1	59	20.5	189	20.2
<b>No</b>	516	79.88	229	79.51	745	79.76
<b>Missing</b>	21		18		39	

## Organizational Information

### Operating Budget and Annual Sales

Table 4.16 presents the annual operating budget of the public agencies. Annual operating budgets of the public agencies ranged from \$12,000 to \$98,000,000. The average operating budget was \$4,854,100. On average, the public managers were responsible for \$476,100 of annual operating budget (Table 4.17), that was about 10.2 percent of the total annual budget.

Table 4.16: Annual operating budget of the public agencies.

Operating budget (\$ ,000)	n	%
Less than 100	35	6.2
101 - 500	104	18.3
501 - 1,000	70	12.3
1,001 - 2,000	70	12.3
2,001 - 5,000	91	16.0
5,001 - 10,000	69	12.2
10,001 - 20,000	53	9.3
20,000 - 30,000	27	4.8
30,001 - 50,000	17	3.0
More than 50,000	32	5.6
Missing	99	
Mean <sup>1</sup>	4,854.1	
Standard deviation	5,923.6	
n	461	

<sup>1</sup>--Mean was calculated by the cases between 10th and 90th percentile.

Table 4.17: Amount of budget that the public managers are responsible for.

Operating budget (\$ ,000)	n	%
Less than 100	112	19.0
101 - 200	101	17.2
201 - 300	60	10.1
301 - 500	83	14.2
501 - 1,000	80	13.6
1,001 - 2,000	84	14.3
2,001 - 5,000	49	8.3
More than 5,000	20	3.4
Missing	78	
Mean <sup>1</sup>	476.1	
Standard deviation	418.0	
n	427	

<sup>1</sup>--Mean was calculated by the cases between 10th and 90th percentile.

Annual sales of the private organizations ranged from \$26,000 to \$78,000,000. Thirty-four percent of the organizations have annual sales from \$100,001 to \$500,000 (Table 4.18). The average annual sales was \$2,078,100. The private managers were responsible for \$383,500 of annual sales (Table 4.19), that was equal to 5.5 percent of total annual sales.

Table 4.18: Annual sales of the private organizations.

Annual sales (\$ ,000)	n	%
Less than 100	18	10.0
101 - 500	62	34.4
501 - 1,000	35	19.5
1,001 - 2,000	22	12.2
2,001 - 5,000	12	6.7
5,001 - 10,000	4	2.2
10,001 - 20,000	6	3.3
20,000 - 30,000	3	1.7
30,001 - 50,000	4	2.2
More than 50,000	14	7.8
Missing	126	
Mean <sup>1</sup>	2,078.1	
Standard deviation	4,363.7	
n	143	

<sup>1</sup>--Mean was calculated by the cases between 10th and 90th percentile.

**Table 4.19: Amount of annual sales that the private managers are responsible for.**

<b>Annual sales (\$ ,000)</b>	<b>n</b>	<b>%</b>
Less than 100	40	24.4
101 - 200	27	16.5
201 - 300	18	10.9
301 - 500	29	17.7
501 - 1,000	27	16.5
1,001 - 2,000	12	7.3
2,001 - 5,000	7	4.3
More than 5,000	4	2.4
<b>Missing</b>	<b>142</b>	
<b>Mean<sup>1</sup></b>	<b>383.5</b>	
<b>Standard deviation</b>	<b>318.3</b>	
<b>n</b>	<b>131</b>	

<sup>1</sup>--Mean was calculated by the cases between 10th and 90th percentile.



## Full-Time Employees

For the public agencies, 27.8 percent have ten or fewer full-time employees, and 21.5 percent of the public agencies employed more than 201 full-time employees (Table 4.20). For the private organizations, 45.8 percent have ten or fewer full-time employees, and 11.1 percent have more than 201 full-time employees. The public managers were supervising 14.4 full-time employees, while the private managers were supervising 11.0 full-time employees (Table 4.21).

Table 4.20: Number of full-time employees.

Full-time employees	Public		Private		All Managers	
	n	%	n	%	n	%
Less than 10	167	27.8	120	45.8	287	33.3
11 - 20	72	12.0	38	14.5	110	12.8
21 - 40	77	12.9	18	6.9	101	11.7
41 - 70	54	9.0	21	8.0	69	8.0
71 - 100	41	6.8	16	6.1	57	6.6
101 - 200	60	10.0	20	7.6	80	9.3
201 - 500	55	9.2	8	3.1	63	7.3
501 - 1,000	32	5.5	6	2.3	39	4.5
More than 1,000	41	6.8	15	5.7	56	6.5
Missing	67		44		111	
Mean <sup>1</sup>	91.3		37.8		75.4	
Standard deviation	133.9		57.4		113.26	
n	493		216		691	

<sup>1</sup>--Mean was calculated by the cases between 10th and 90th percentile.

**Table 4.21: Number of full-time employees under the supervision of responding managers.**

Full-time employees	Public		Private		All Managers	
	n	%	n	%	n	%
Less than 5	182	29.3	105	38.9	287	32.2
6 - 10	109	20.7	51	18.9	180	20.2
11 - 15	78	12.5	32	11.8	110	12.3
16 - 20	55	8.9	16	6.0	71	7.9
21 - 30	55	8.9	17	6.3	72	8.1
31 - 50	52	8.4	25	9.2	77	8.6
51 - 100	45	7.2	15	5.6	60	6.8
More than 100	26	4.2	9	3.3	35	3.9
Missing	45		36		81	
Mean <sup>1</sup>	14.4		11.0		14.3	
Standard deviation	12.2		10.0		12.4	
n	508		213		713	

<sup>1</sup>--Mean was calculated by the cases between 10th and 90th percentile.

## Customers Served

The majority of public agencies, 23.3 percent, served from 101,000 to 500,000 customers, and 6.1 percent of the public agencies served more than 10,000,000 customers (Table 4.22). For the private organizations, 56.7 percent served 10,000 or fewer customers, and only 1.4 percent of them served more than 10,000,000 customers.

Table 4.22: Number of customers served last year.

Number of customers (,000)	Public		Private		All Managers	
	n	%	n	%	n	%
Less than 10	85	18.5	122	56.7	207	30.7
11 - 50	94	20.4	42	19.6	136	20.1
51 - 100	47	10.2	9	4.2	56	8.3
101 - 500	106	23.3	21	9.7	128	19.0
501 - 1,000	43	9.3	7	3.3	50	7.4
1,001 - 2,000	20	4.4	7	3.3	27	4.0
2,001 - 10,000	36	7.8	4	1.9	40	5.9
More than 10,000	28	6.1	3	1.4	31	4.6
Missing	207		91		298	
Mean <sup>1</sup>	404.8		39.1		269.8	
Standard deviation	654.7		89.2		492.1	
n	371		194		547	

<sup>1</sup>--Mean was calculated by the cases between 10th and 90th percentile.

## Compensation Practices

### Annual Salary

Table 4.23 compares the annual salaries of the public and private managers. Public managers (\$33,800) received significantly higher salaries than the private managers (\$28,480) ( $t = 5.98, p < 0.05$ ). About 32.7 percent public managers received a salary between \$30,000 to \$39,999, while 32.5 percent of the private managers received a salary between \$20,000 to \$29,999.

Table 4.23: Annual salaries.

Annual salary (\$ ,000)	Public		Private		All Managers	
	n	%	n	%	n	%
Less than 20	58	8.9	71	24.8	129	13.8
20 - 29.9	181	27.9	93	32.5	274	29.3
30 - 39.9	212	32.7	71	24.8	283	30.3
40 - 49.9	134	20.6	27	9.4	161	17.2
More than 50	64	9.9	24	8.4	88	9.4
Missing	18		20		38	
Mean	33.8		28.5		32.2	
Standard deviation	12.1		12.7		12.5	

## Pay Raise

Table 4.24 exhibits the percentage of last pay raise for both public and private managers. The public managers received 5.14 percent of pay raises about seven months (around January, 1991) prior to the survey. The private managers received 7.53 percent of pay raise about eight months (around December, 1989) prior to when the survey was conducted.

Table 4.24: Percent of last pay raises.

Percent of pay raise (%)	Public		Private		All Managers	
	n	%	n	%	n	%
Less than 2	28	4.4	10	3.8	38	4.2
2 - 2.9	67	10.5	14	5.3	81	9.0
3 - 3.9	119	18.7	19	7.2	138	15.3
4 - 4.9	108	18.5	39	14.8	157	17.4
5 - 5.9	162	23.9	59	22.3	211	23.5
6 - 6.9	49	7.7	28	10.6	77	8.5
7 - 7.9	73	11.4	17	6.5	41	4.6
More than 8	80	12.6	78	29.5	158	17.5
Missing	30		42		72	
Mean	5.1		7.5		5.8	
Standard deviation	4.1		7.9		5.6	

Table 4.25 compares the methods used to determine pay raises in public and private leisure services organizations. Cost of living and merit accounted for 22.4 percent pay

raise decisions of the public agencies, and across-the-board raises accounted for 21.3 percent. For the private organizations, merit accounted for 29.1 percent of pay raise decisions, and across-the-board raises accounted for 17.9 percent.

Table 4.25: Methods used to determine pay raises.

Method	Public		Private		All Managers	
	n	%	n	%	n	%
Across the board	135	21.26	48	17.91	183	20.27
Cost of living	111	17.48	44	16.42	155	17.17
Merit	99	15.59	78	29.10	177	19.60
Seniority	6	0.94	4	1.49	10	1.11
Across the board and cost of living	49	7.72	11	4.10	60	6.64
Across the board and merit	44	6.93	23	8.58	67	7.42
Across the board and seniority	8	1.26	2	0.75	10	1.11
Cost of living and merit	142	22.36	32	11.94	174	19.27
Cost of living and seniority	15	2.36	5	1.87	20	2.21
Merit and seniority	14	2.20	17	6.34	31	3.43
Across the board, cost of living, and merit	6	0.94	-	-	6	0.66
Across the board, cost of living, and seniority	1	0.16	-	-	1	0.11
Across the board, merit, and seniority	1	0.16	-	-	1	0.11
Cost of living, merit, and seniority	3	0.47	3	1.12	6	0.66
Across the board, cost of living, merit, and seniority	1	0.16	1	0.37	2	0.22
Missing	32		38		70	

Fifty-five percent of the public managers indicated that pay raises were awarded for recognition of performance, and 45 percent indicated pay raises were awarded for maintaining purchasing power (Table 4.26). In contrast, 69 percent of the private managers indicated pay raises were for recognition of performance, and 31 percent felt pay raises were for maintaining purchasing power.

Table 4.26: Purposes of pay raises.

Purpose	Public		Private		All Managers	
	n	%	n	%	n	%
<b>Organizational recognition</b>						
Reward for past performance	227	36.4	131	46.3	358	39.5
Sign of improvement in work	31	5.0	21	7.4	52	5.7
Sign of progress of my career in the organization	83	13.3	43	15.2	126	13.6
<b>Increments in spendable income</b>						
Keeping up with change in the cost of living	267	42.8	79	27.9	346	37.4
Improving the standard of living	16	2.6	9	3.2	25	4.0
Missing	43		23		66	

#### Vacation Days, Sick Days, Holidays, and Personal Days

Table 4.27 summarizes the number of vacation days the survey respondents received and number of vacation days after ten years of service. Currently, the public

managers receive 16.7 vacation days, and the private managers receive 16.3 vacation days. After 10 years of service, the public managers receive 19.6 vacation days, and the private managers receive 20.9 vacation days.

Table 4.27: Vacation days.

Vacation days	Public		Private		All Managers	
	n	%	n	%	n	%
10 and less	23	3.6	96	34.3	220	23.8
11 - 15	327	50.7	85	30.3	311	33.7
16 - 20	172	26.8	44	15.8	216	23.3
21 - 25	72	11.1	24	8.5	96	10.4
26 and more	50	7.8	31	11.1	81	8.8
Missing	23		26		49	
Mean	16.7		16.3		16.6	
Standard deviation	7.7		12.8		9.5	
Vacation days after 10 years of service						
10 and less	34	5.5	36	14.2	70	8.0
11 - 15	242	39.3	71	27.9	313	36.0
16 - 20	230	37.3	67	26.4	297	34.2
21 - 25	67	10.9	35	13.8	102	11.7
26 and more	43	7.0	145	17.7	88	10.1
Missing	51		52		103	
Mean	19.6		20.9		20.0	
Standard deviation	13.4		16.4		14.4	



Table 4.28 summarizes the number of sick days and number of sick days allowed after 10 years of service. The public managers were allowed 14.6 sick days, and the private managers were allowed 17.2 sick days. The public managers would be allowed 29.3 sick days after ten years of service, and the private managers would be allowed 28.2 days.

Table 4.28: Sick days.

Sick days	Public		Private		All Managers	
	n	%	n	%	n	%
10 and less	114	18.5	148	61.9	262	30.6
11 - 15	439	71.1	52	21.8	491	57.4
16 - 20	31	5.1	8	3.3	39	4.5
21 - 25	6	0.9	1	0.4	7	0.8
26 and more	27	4.4	30	12.6	57	6.7
Missing	50		67		117	
Mean	14.6		17.2		15.3	
Standard deviation	14.3		28.0		19.1	
Sick days after 10 years of service.						
10 and less	78	13.3	109	50.5	187	23.3
11 - 15	323	55.1	34	15.7	357	44.5
16 - 20	42	7.2	10	4.6	52	6.5
21 - 25	14	2.4	2	1.5	16	2.0
26 and more	129	22.0	61	28.2	190	23.7
Missing	81		90		171	
Mean	29.3		28.2		29.0	
Standard deviation	33.4		36.2		34.2	

The public managers enjoyed 10.2 paid holidays annually, while the private managers had 7.3 paid holidays (Table 4.29). The public managers were allowed 2.3 personal days, and the private managers had 6.3 personal days (Table 30).

Table 4.29: Paid holidays.

Holidays	Public		Private		All Managers	
	n	%	n	%	n	%
5 and less	33	5.2	87	32.8	120	13.4
6 - 10	324	51.2	128	48.3	452	50.3
11 - 15	269	42.5	47	17.8	316	35.2
16 and more	7	1.1	3	1.1	10	1.1
Missing	34		41		75	
Mean	10.2		7.3		9.3	
Standard deviation	4.8		6.9		5.6	

Table 4.30: Personal days.

Personal days	Public		Private		All Managers	
	n	%	n	%	n	%
5 and less	531	92.2	186	88.6	717	91.2
6 - 10	34	5.9	14	6.6	48	6.1
11 and more	11	1.9	10	4.8	21	2.7
Missing	91		96		187	
Mean	2.3		6.3		3.4	
Standard deviation	3.5		20.2		11.0	

Table 4.31 compares actual working days and days off for the public and private managers and directors of parks and recreation (McKinney and Yen, 1991). The private managers had the fewest working days (213.9) among these three groups. The public managers worked 217.2 days, and the directors of parks and recreation worked for 220.2 days.

Table 4.31: Comparison of working days and days off.

	Public	Private	Directors
Days of a year	365	365	365
Vacation days	16.7	16.3	18.5
Sick days	14.6	17.2	10.8
Holidays	10.2	7.3	9.4
Personal days	2.3	6.3	2.1
Two-day weekends	104	104	104
Days off	147.8	151.1	144.8
Working days	217.2	213.9	220.2

#### Disability Protection

Table 4.32 summarizes the number of survey respondents who were provided disability protection and the amount of disability payment as percentage of current salary. About 75.7 percent of the public managers were protected by disability protection, and the average payment was 57.3 percent of current salary (Table 4.33). For the private

managers, 62.2 percent responded that they were provided with disability protection, and the average payment was 58.9 percent of current salary.

Table 4.32: Number of organizations that provide disability protection.

	Public		Private		All Managers	
	n	%	n	%	n	%
Yes	477	75.7	181	62.2	658	71.6
No	153	24.3	108	37.4	261	28.4
Missing	37		17		54	

Table 4.33: Disability payment as percentage of current salary.

Disability payment	Public		Private		All Managers	
	n	%	n	%	n	%
Less than 20	6	1.8	23	17.7	73	15.8
20 - 39	6	1.8	2	1.5	8	1.7
40 - 59	62	18.6	16	12.3	78	16.9
60 - 79	144	43.4	56	43.1	200	43.3
More than 80	70	21.1	33	25.4	103	22.3
Missing	335		176		511	
Mean	57.3		58.9		57.7	
Standard deviation	27.1		29.6		27.8	

## Retirement Income

The public managers indicated that in addition to social security deduction they need to contribute 4.7 percent of their current salaries to their pension funds (Table 4.34). After twenty years of service, they would receive 46.7 percent of their current salaries as retirement income (Table 4.35).

The private managers indicated that 2.7 percent of their current salaries was contributed to their pension funds, and they would receive 28.6 percent of their current income as retirement income after twenty years of service.

Table 4.34: Percentage of current salary contributed to pension fund, in addition to social security deduction.

Percent of current salary	Public		Private		All Managers	
	n	%	n	%	n	%
Less than 5	277	49.4	153	71.2	430	55.4
5 - 6.9	127	22.6	32	14.8	159	20.5
7 - 8.9	99	17.8	9	4.2	108	13.9
More than 9	58	10.3	21	9.8	79	10.2
Missing	106		91		197	
Mean	4.7		2.7		4.2	
Standard deviation	4.1		4.2		4.2	

**Table 4.35: Retirement income as percentage of current salary after twenty years of service.**

Retirement income	Public		Private		All Managers	
	n	%	n	%	n	%
Less than 20	46	11.4	86	52.8	137	24.2
20 - 39	67	16.6	11	5.5	71	12.5
40 - 59	169	41.8	28	17.2	197	34.7
60 - 79	72	17.8	24	14.7	96	17.0
More than 80	50	12.4	16	9.8	66	11.6
Missing	263		143		406	
Mean	46.7		28.6		41.5	
Standard deviation	23.0		31.1		26.9	

#### Life Insurance

Seventy-seven percent of the public managers were offered life insurance (Table 4.36); the average policy amount was \$35,820 (Table 4.37). Sixty-two percent of the private managers were offered term life insurance with an average policy amount of \$45,430.

**Table 4.36: Number of organizations that provide term life insurance.**

	Public		Private		All Managers	
	n	%	n	%	n	%
Yes	492	77.4	177	61.9	669	72.6
No	144	22.6	109	38.1	253	27.4
Missing	31		20		51	

**Table 4.37: Average term life insurance policy amount.**

Policy amount (\$ ,000)	Public		Private		All Managers	
	n	%	n	%	n	%
Less than 20	190	41.9	63	38.7	276	44.8
20 - 39	101	22.3	35	21.4	123	18.3
40 - 59	78	17.3	19	11.7	97	15.8
60 - 79	37	8.1	12	7.3	49	8.0
More than 80	47	10.4	34	20.9	81	13.1
Missing	214		143		357	
Mean	35.8		45.4		38.4	
Standard deviation	34.8		45.0		37.9	

Forty-seven percent of the public managers indicated that in order to be eligible for health insurance coverage they need to pay, on average, a monthly fee of \$71.10 (Tables 4.38 and 4.39). Thirty-eight percent of private managers replied that they need to pay an average fee of \$75.23 for health insurance coverage.

Table 4.38: Need to pay in order to be eligible for health insurance.

Number of customers	Public		Private		All Managers	
	n	%	n	%	n	%
Yes	296	46.9	101	37.7	397	44.2
No	335	53.1	167	62.3	502	55.8
Missing	36		38		74	

Table 4.39: Average monthly cost for health insurance.

Monthly cost (\$)	Public		Private		All Managers	
	n	%	n	%	n	%
Less than 50	124	48.8	54	58.1	178	51.3
50 - 99	64	35.2	15	16.1	79	22.8
100 - 149	34	13.4	10	10.7	44	12.6
150 - 199	16	6.3	5	5.4	21	6.1
More than 200	16	6.3	9	9.7	25	7.2
Missing	413		213		626	
Mean	71.1		75.2		72.2	
Standard deviation	66.8		96.6		75.8	

For \$10,000 in medical expenses, the public managers indicated that the deductible was \$877.70 and the coverage was \$9,102.60. The deductible and coverage were \$1,155.10 and \$8,720.80 for the private managers.



## Descriptive Statistics of the Instruments

Table 4.40 summarizes and compares the means and standard deviations of the scales used in this study for the two groups of managers. Means and standard deviations, as well as correlations coefficients between major variables, are exhibited in Tables 41 (public managers) and 42 (private managers). On a scale of 1 to 5 (1 = very dissatisfied and 5 = very satisfied), the private managers were more satisfied than the public managers in terms of compensation satisfaction. The private managers were significantly more satisfied than the public managers with their raises and pay structure and administration. Public managers were significantly more satisfied than private managers with their benefits.

The private managers perceived their compensation equity significantly lower than that the public managers perceived their compensation equity ( $t = 4.74, p < 0.05$ ). The public managers felt that they were paid 16.5 percent lower than what they should be paid. The private managers felt that they were underpaid by 21 percent of their current salaries.

Both public managers and private managers were found to be highly motivated. On a scale of 1 to 5, the public managers scored 4.33 in intrinsic job motivation, and the private managers scored 4.37 for intrinsic job motivation. It should be noted that the standard deviations for this scales was relatively small as compared to the mean.

In terms of perceived job characteristics, the public managers perceived that their jobs were high in feedback and dealing with others. Private managers indicated that their jobs were high in variety, autonomy, task identity, and friendship opportunities.

Significant differences were found in autonomy and task identity. No difference existed in total job characteristics between these two groups of managers.

For the two control variables, the public managers scored higher in perceived procedural justice, while the private managers scored higher in negative affectivity. No significant differences between public and private managers were found for these two measurements.

Table 4.40: Means and standard deviations of scales.

		Public	Private	<i>t</i>
<b>Compensation Satisfaction</b>				
Pay level satisfaction	Mean	3.09	3.10	-0.25
	S.D.	0.96	1.00	
	n	658	299	
Benefit satisfaction	Mean	3.65	3.34	4.38*
	S.D.	0.96	1.14	
	n	660	296	
Raise satisfaction	Mean	2.95	3.20	-3.91*
	S.D.	0.89	0.91	
	n	639	289	
Pay structure/administration satisfaction	Mean	2.88	3.03	-2.74*
	S.D.	0.73	0.77	
	n	648	290	
Total compensation satisfaction	Mean	3.12	3.15	-0.66
	S.D.	0.68	0.73	
	n	622	274	

\*--p < 0.05.

Table 4.40 (continued)

		Public	Private	<i>t</i>
Perceived compensation equity	Mean	3.35	2.91	4.74*
	S.D.	1.25	1.49	
	n	656	300	
Intrinsic job motivation	Mean	4.33	4.37	-0.98
	S.D.	0.60	0.59	
	n	648	301	
<b>Perceived job characteristics</b>				
Variety	Mean	3.68	3.73	-1.09
	S.D.	0.61	0.63	
	n	639	290	
Autonomy	Mean	4.14	4.23	-2.04*
	S.D.	0.59	0.64	
	n	645	293	
Feedback	Mean	2.98	2.91	1.09
	S.D.	0.89	1.01	
	n	644	291	
Dealing with others	Mean	4.26	4.22	1.08
	S.D.	0.47	0.59	
	n	650	296	
Task identity	Mean	4.14	4.25	-2.32*
	S.D.	0.64	0.65	
	n	647	295	
Friendship opportunities	Mean	3.79	3.86	-1.25
	S.D.	0.69	0.81	
	n	637	285	

\*-- $p < 0.05$ .

Table 4.40 (continued)

		Public	Private	<i>t</i>
Perceived job characteristics	Mean	3.80	3.83	-0.81
	S.D.	0.41	0.49	
	n	611	270	
Perceived procedural justice	Mean	4.43	4.39	0.37
	S.D.	1.26	1.32	
	n	597	254	
Negative affectivity	Mean	16.20	16.70	-1.37
	S.D.	4.99	5.43	
	n	655	296	

Table 4.41: Means, standard deviations, and correlation coefficients between major variables for the public manager sample.

Variables	Mean	S.D.	1	2	3	4
1 Education	5.06	1.48	-			
2 Age	41.23	8.77	-0.13 <sup>***</sup>	-		
3 Gender <sup>++</sup>	1.80	0.40	-0.11 <sup>*</sup>	0.17 <sup>***</sup>	-	
4 Tenure	0.03	2.77	-0.14 <sup>***</sup>	0.68 <sup>***</sup>	0.23 <sup>***</sup>	-
5 Orientation toward raise <sup>+</sup>	1.45	0.50	-0.09 <sup>*</sup>	0.12 <sup>*</sup>	0.11 <sup>*</sup>	0.18 <sup>***</sup>
6 Perceived compensation equity	3.35	1.25	0.04	-0.08 <sup>*</sup>	0.06	0.00
7 Current salary	33.80	12.11	0.27 <sup>***</sup>	0.28 <sup>***</sup>	0.17 <sup>***</sup>	0.33 <sup>***</sup>
8 Percent of last raise	5.14	4.13	-0.04	-0.01	-0.08 <sup>*</sup>	-0.15 <sup>***</sup>
9 Benefit coverage	0.40	3.12	0.05	0.18 <sup>*</sup>	0.02	0.24 <sup>*</sup>
10 Costs of benefit	0.05	1.86	-0.07	-0.03	0.04	0.00
11 Organizational size	9.47	81.74	-0.02	0.08	0.05	0.10 <sup>*</sup>
12 Managerial level	2.89	14.81	-0.04	0.11 <sup>*</sup>	0.04	0.13 <sup>*</sup>
13 Variety	3.68	0.61	0.10 <sup>*</sup>	0.00	-0.06	-0.02
14 Autonomy	4.14	0.59	-0.03	0.10 <sup>*</sup>	-0.06	0.11 <sup>*</sup>
15 Feedback	2.98	0.89	-0.08	0.10 <sup>*</sup>	-0.01	0.07
16 Task identity	4.14	0.64	-0.01	0.05	-0.15 <sup>***</sup>	-0.01
17 Dealing with other	4.26	0.47	0.06	0.10 <sup>*</sup>	-0.14 <sup>***</sup>	0.01
18 Friendship opportunities	3.79	0.69	-0.05	0.09 <sup>*</sup>	-0.02	0.12 <sup>*</sup>
19 Perceived job characteristics (13+14+15+16+17+18)	3.80	0.41	-0.02	0.12 <sup>*</sup>	-0.10 <sup>*</sup>	0.10 <sup>*</sup>
20 Pay level satisfaction	3.09	0.96	0.04	0.00	0.02	0.03
21 Benefits satisfaction	3.65	0.96	-0.01	0.02	0.02	0.14 <sup>***</sup>
22 Raise satisfaction	2.95	0.89	0.03	0.03	-0.03	-0.03
23 Structure/administration satisfaction	2.88	0.73	0.00	0.03	0.08	0.03
24 Total compensation satisfaction (20+21+22+23)	3.12	0.68	-0.01	0.03	0.02	0.05
25 Motivation	4.33	0.60	-0.06	0.09 <sup>*</sup>	-0.01	0.02
26 Procedural justice	4.43	1.26	-0.02	0.00	-0.07	-0.02
27 Negative affectivity	16.20	4.99	-0.06	-0.10 <sup>*</sup>	-0.04	-0.06

<sup>\*\*\*</sup>--p < 0.001

<sup>\*</sup>--p < 0.05

<sup>++</sup>--1 = Female, 2 = Male

<sup>+</sup>--1 = performance recognition, 2 = income secure

Table 4.41 (continued)

Variables	5	6	7	8	9	10	11	12
1								
2								
3								
4								
5	-							
6	-0.05	-						
7	-0.04	0.33 <sup>***</sup>	-					
8	-0.12 <sup>*</sup>	-0.02	-0.07	-				
9	0.10	0.05	0.28 <sup>***</sup>	-0.02	-			
10	-0.01	-0.08	-0.13	-0.11	-0.27 <sup>*</sup>	-		
11	0.08	-0.05	0.06	-0.04	0.08	0.00	-	
12	0.02	-0.02	0.27 <sup>***</sup>	0.03	0.09	-0.11	0.04	-
13	-0.03	0.02	0.15 <sup>***</sup>	0.39	0.07	-0.05	-0.10	0.05
14	0.03	-0.01	-0.02	0.00	0.02	-0.04	0.06	0.02
15	-0.02	0.17 <sup>***</sup>	0.08 <sup>*</sup>	0.01	0.07	0.04	-0.12 <sup>*</sup>	-0.01
16	0.07	-0.03	-0.06	0.00	0.07	-0.09	0.01	0.01
17	-0.05	0.02	0.03	-0.03	-0.02	-0.03	-0.04	-0.02
18	0.06	0.08 <sup>*</sup>	0.02	-0.02	0.09	-0.05	0.01	0.08
19	0.03	0.10 <sup>*</sup>	0.06	0.00	0.10	-0.05	-0.05	0.03
20	-0.09 <sup>*</sup>	0.50 <sup>***</sup>	0.34 <sup>***</sup>	0.06	0.07	-0.13	-0.07	0.06
21	-0.06	0.28 <sup>***</sup>	0.27 <sup>***</sup>	-0.04	0.15 <sup>*</sup>	-0.22 <sup>*</sup>	-0.03	0.12 <sup>*</sup>
22	-0.19 <sup>***</sup>	0.41 <sup>***</sup>	0.27 <sup>***</sup>	0.19 <sup>***</sup>	0.04	-0.12	-0.07	0.07
23	-0.11 <sup>*</sup>	0.41 <sup>***</sup>	0.24 <sup>***</sup>	0.09	0.13	-0.06	-0.01	0.03
24	-0.15 <sup>***</sup>	0.52 <sup>***</sup>	0.36 <sup>***</sup>	0.11 <sup>*</sup>	0.13	-0.16 <sup>*</sup>	-0.06	0.09 <sup>*</sup>
25	-0.01	-0.11 <sup>*</sup>	-0.03	-0.01 <sup>*</sup>	0.05	0.01	0.06	0.03
26	-0.11 <sup>*</sup>	0.20 <sup>***</sup>	0.14 <sup>***</sup>	0.07	0.06	-0.04	-0.05	0.05
27	0.00	-0.05	-0.05	-0.07	-0.05	-0.03	-0.02	-0.08

Table 4.41 (continued)

Variables	13	14	15	16	17	18	19
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13	-						
14	0.21 <sup>***</sup>	-					
15	0.12 <sup>*</sup>	0.20 <sup>***</sup>	-				
16	0.07	0.51 <sup>***</sup>	0.20 <sup>***</sup>	-			
17	0.20 <sup>***</sup>	0.17 <sup>***</sup>	0.28 <sup>***</sup>	0.21 <sup>***</sup>	-		
18	0.16 <sup>***</sup>	0.26 <sup>***</sup>	0.36 <sup>***</sup>	0.20 <sup>***</sup>	0.41 <sup>***</sup>	-	
19	0.46 <sup>***</sup>	0.65 <sup>***</sup>	0.66 <sup>***</sup>	0.55 <sup>***</sup>	0.52 <sup>***</sup>	0.73 <sup>***</sup>	-
20	0.11 <sup>*</sup>	0.06	0.21 <sup>***</sup>	0.04	0.03	0.11 <sup>*</sup>	0.19 <sup>***</sup>
21	0.02	0.08 <sup>*</sup>	0.13 <sup>*</sup>	0.04	0.00	0.09 <sup>*</sup>	0.13 <sup>*</sup>
22	0.09 <sup>*</sup>	0.14 <sup>***</sup>	0.28 <sup>***</sup>	0.05	0.10 <sup>*</sup>	0.16 <sup>***</sup>	0.26 <sup>***</sup>
23	-0.01	0.07	0.29 <sup>***</sup>	0.04	0.02	0.13 <sup>***</sup>	0.19 <sup>***</sup>
24	0.06	0.12 <sup>*</sup>	0.29 <sup>***</sup>	0.06	0.06	0.16 <sup>***</sup>	0.25 <sup>***</sup>
25	0.03	0.08 <sup>*</sup>	0.04	0.07	0.07	0.14 <sup>***</sup>	0.11 <sup>*</sup>
26	0.10 <sup>*</sup>	0.17 <sup>***</sup>	0.60 <sup>***</sup>	0.09 <sup>*</sup>	0.12 <sup>*</sup>	0.26 <sup>***</sup>	0.44 <sup>***</sup>
27	-0.06	-0.24 <sup>***</sup>	-0.19 <sup>***</sup>	-0.15 <sup>***</sup>	-0.23	-0.12 <sup>*</sup>	-0.24 <sup>***</sup>

Table 4.41 (continued)

Variables	20	21	22	23	24	25	26	27
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20	-							
21	0.35 <sup>***</sup>	-						
22	0.66 <sup>***</sup>	0.28 <sup>***</sup>	-					
23	0.60 <sup>***</sup>	0.30 <sup>***</sup>	0.66 <sup>***</sup>	-				
24	0.83 <sup>***</sup>	0.61 <sup>***</sup>	0.83 <sup>***</sup>	0.84 <sup>***</sup>	-			
25	-0.01	0.05	0.04	-0.02	0.02	-		
26	0.32 <sup>***</sup>	0.15 <sup>***</sup>	0.45 <sup>***</sup>	0.40 <sup>***</sup>	0.44 <sup>***</sup>	0.08	-	
27	-0.11 <sup>*</sup>	-0.07	-0.18 <sup>***</sup>	-0.17 <sup>***</sup>	-0.17 <sup>***</sup>	-0.04	-0.23	-



Table 4.42: Means, standard deviations, and correlation coefficients between major variables for the private manager sample.

Variables	Mean	S.D.	1	2	3	4
1 Education	5.02	1.71	-			
2 Age	40.45	10.88	-0.04	-		
3 Gender	1.71	0.45	-0.01	0.11*	-	
4 Tenure	0.05	2.80	0.05	0.56**	0.18*	-
5 Orientation toward raise	1.31	0.46	-0.34	-0.02	0.09	0.13*
6 Perceived compensation equity	2.91	1.49	-0.02	-0.07	0.13*	-0.01
7 Current salary	28.48	12.69	0.20**	0.10	0.15*	0.32**
8 Percent of last raise	7.53	7.97	-0.11	-0.10	0.00	-0.09
9 Benefit coverage	1.28	2.67	0.13	0.25	0.03	0.11
10 Costs of benefit	-0.02	1.64	-0.04	0.12	-0.14	0.04
11 Organizational size	6.90	41.16	-0.08	-0.08	0.04	0.04
12 Managerial level	3.55	13.80	0.10	0.06	-0.01	0.02
13 Variety	3.73	0.63	0.07	0.15*	-0.01	0.18*
14 Autonomy	4.23	0.64	-0.13*	0.21**	-0.09	0.20**
15 Feedback	2.91	1.01	0.02	0.20**	-0.10	0.11
16 Task identity	4.25	0.65	0.07	0.12*	-0.08	0.14*
17 Dealing with other	4.22	0.59	0.03	0.11	-0.17*	0.16*
18 Friendship opportunities	3.86	0.81	0.06	0.01	-0.08	0.13*
19 Perceived job characteristics (13 + 14 + 15 + 16 + 17 + 18)	3.83	0.49	0.05	0.23**	-0.11	0.22**
20 Pay level satisfaction	3.10	1.00	0.02	0.20**	0.13*	0.26**
21 Benefits satisfaction	3.34	1.14	0.11	-0.01	0.09	0.10
22 Raise satisfaction	3.20	0.91	-0.01	0.10	0.08	0.14**
23 Structure/administration satisfaction	3.03	0.77	-0.08	0.23**	0.10	0.24**
24 Total compensation satisfaction (20 + 21 + 22 + 23)	3.15	0.73	-0.01	0.17*	0.16*	0.23**
25 Motivation	4.37	0.59	-0.02	0.06	-0.08	0.08
26 Procedural justice	4.39	1.32	0.04	0.00	-0.09	-0.01
27 Negative affectivity	16.70	5.43	-0.05	-0.15*	0.04	-0.07

\*\*--p < 0.001

\*--p < 0.05

+-1 = Female, 2 = Male

+--1 = performance recognition, 2 = income secure

Table 4.42 (continued)

Variables	5	6	7	8	9	10	11	12
1								
2								
3								
4								
5	-							
6	0.01	-						
7	-0.37	0.30 <sup>***</sup>	-					
8	-0.15*	-0.07	-0.11	-				
9	-0.07	0.12	0.03	-0.10	-			
10	-0.04	-0.20	-0.02	-0.05	0.31	-		
11	-0.04	0.07	-0.02	-0.07	0.07	-0.13	-	
12	-0.01	-0.01	0.27 <sup>***</sup>	-0.03	-0.08	-0.19	0.10	-
13	-0.12	0.03	0.16*	-0.01	0.03	0.00	-0.08	0.13
14	-0.11	0.04	0.04	0.10	0.02	0.11	-0.18*	-0.25*
15	-0.18*	0.21 <sup>***</sup>	0.22 <sup>***</sup>	-0.02	0.13	0.17	-0.14	-0.13
16	-0.10	0.02	0.03	-0.03	-0.01	-0.04	-0.28 <sup>***</sup>	-0.10
17	-0.10	0.06	0.16*	-0.02	-0.17	-0.03	0.00	-0.05
18	-0.11	0.13*	0.13*	0.09	0.00	0.08	-0.14	-0.15
19	-0.19*	0.18*	0.20 <sup>***</sup>	0.05	0.03	0.11	-0.23*	-0.16
20	-0.02	0.31 <sup>***</sup>	0.38 <sup>***</sup>	-0.02	0.25	0.06	-0.11	-0.04
21	-0.07	0.31 <sup>***</sup>	0.23 <sup>***</sup>	-0.07	0.27	-0.06	0.04	-0.06
22	-0.12*	0.35 <sup>***</sup>	0.21 <sup>***</sup>	0.07	0.26	0.03	-0.12	-0.13
23	-0.02	0.28 <sup>***</sup>	0.17*	0.01	0.16	0.09	-0.06	-0.20*
24	-0.08	0.41 <sup>***</sup>	0.33 <sup>***</sup>	0.00	0.28*	0.02	-0.07	-0.15
25	-0.08	-0.08	-0.12*	-0.08	0.06	0.01	0.06	0.03
26	-0.25 <sup>***</sup>	0.22 <sup>***</sup>	0.10	0.01	0.02	-0.07	-0.08	-0.14
27	0.08	-0.09	-0.11	-0.08	0.04	0.12	0.01	0.07

Table 4.42 (continued)

Variables	13	14	15	16	17	18	19
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13	-						
14	0.36 <sup>***</sup>	-					
15	0.24 <sup>***</sup>	0.33 <sup>***</sup>	-				
16	0.15 <sup>*</sup>	0.37 <sup>***</sup>	0.27 <sup>***</sup>	-			
17	0.23 <sup>***</sup>	0.24 <sup>***</sup>	0.36 <sup>***</sup>	0.17 <sup>*</sup>	-		
18	0.14 <sup>*</sup>	0.36 <sup>***</sup>	0.42 <sup>***</sup>	0.28 <sup>***</sup>	0.47 <sup>***</sup>	-	
19	0.50 <sup>***</sup>	0.69 <sup>***</sup>	0.74 <sup>***</sup>	0.54 <sup>***</sup>	0.58 <sup>***</sup>	0.77 <sup>***</sup>	-
20	0.21 <sup>***</sup>	0.21 <sup>***</sup>	0.33 <sup>***</sup>	0.13 <sup>*</sup>	0.15 <sup>*</sup>	0.07	0.28 <sup>***</sup>
21	0.13 <sup>*</sup>	-0.03	0.29 <sup>***</sup>	-0.01	0.08	0.10	0.16 <sup>*</sup>
22	0.13 <sup>*</sup>	0.30 <sup>***</sup>	0.42 <sup>***</sup>	0.21 <sup>***</sup>	0.08	0.14 <sup>*</sup>	0.35 <sup>***</sup>
23	0.15 <sup>*</sup>	0.31 <sup>***</sup>	0.45 <sup>***</sup>	0.16 <sup>*</sup>	0.10	0.07	0.33 <sup>***</sup>
24	0.19 <sup>*</sup>	0.26 <sup>***</sup>	0.48 <sup>***</sup>	0.14 <sup>*</sup>	0.14 <sup>***</sup>	0.13 <sup>*</sup>	0.36 <sup>***</sup>
25	0.08	0.18 <sup>*</sup>	0.15 <sup>*</sup>	0.12 <sup>*</sup>	0.14 <sup>*</sup>	0.12 <sup>*</sup>	0.21 <sup>***</sup>
26	0.12	0.28 <sup>***</sup>	0.66 <sup>***</sup>	0.21 <sup>***</sup>	0.21 <sup>***</sup>	0.33 <sup>***</sup>	0.50 <sup>***</sup>
27	-0.12 <sup>*</sup>	-0.26 <sup>***</sup>	-0.28 <sup>***</sup>	-0.25 <sup>*</sup>	-0.03	-0.12 <sup>*</sup>	-0.28 <sup>***</sup>

Table 4.42 (continued)

Variables	20	21	22	23	24	25	26	27
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20	-							
21	0.37 <sup>***</sup>	-						
22	0.67 <sup>***</sup>	0.40 <sup>***</sup>	-					
23	0.57 <sup>***</sup>	0.35 <sup>***</sup>	0.63 <sup>***</sup>	-				
24	0.82 <sup>***</sup>	0.70 <sup>***</sup>	0.83 <sup>***</sup>	0.82 <sup>***</sup>	-			
25	0.04	-0.01	0.06	0.07	0.06	-		
26	0.33 <sup>***</sup>	0.35 <sup>***</sup>	0.55 <sup>***</sup>	0.56 <sup>***</sup>	0.57 <sup>***</sup>	0.09	-	
27	-0.16 <sup>*</sup>	-0.05	-0.23 <sup>***</sup>	-0.29 <sup>***</sup>	-0.23 <sup>***</sup>	-0.82	-0.27 <sup>***</sup>	-

## Hypotheses Testing

**Question 1:** Does the dimensionality of compensation satisfaction differ in the public versus the private organizations?

**Hypothesis 1:** In the public sector, satisfaction with benefits will contribute more to compensation satisfaction than the other three dimensions. In the private sector, satisfaction with pay level will contribute mainly to compensation satisfaction.

Hypothesis 1 examines the dimensionality of the Pay Satisfaction Questionnaire (PSQ). Confirmatory factor analyses were conducted to verify the dimensionality of the PSQ for public and private managers. Table 4.43 presents the factor pattern after an oblique rotation of the PSQ for the public managers, and Table 4.44 presents the results for the private managers. Factor loadings of the items in each dimension were above 0.50. In general, both public and private samples demonstrated clear dimensionality of the PSQ as proposed by Heneman and Schwab (1985). The four dimensions explained 66 percent of the variance of PSQ for the public managers, and 69 percent for the private managers. Pay level satisfaction was the major contributor of compensation satisfaction, which accounted for 19 percent of the variance for the public managers, and 20 percent of the variance for the private managers. Benefits satisfaction was the second (PM = 0.18, PV = 0.19), and was followed by pay structure and administration satisfaction (Stru./Adm.) (PM = 0.17, PV = 0.17) and raise satisfaction (PM = 0.12, PV = 0.13). Thus, Hypothesis 1 was confirmed for both public and private manager samples.

**Table 4.43: Factor pattern after an oblique rotation of the Pay Satisfaction Questionnaire for the public managers.**

<b>Item</b>	<b>Pay level</b>	<b>Benefits</b>	<b>Stru./Adm.</b>	<b>Raise</b>
2	0.87	0.16	0.27	0.26
4	0.85	0.15	0.31	0.27
3	0.82	0.15	0.32	0.27
1	0.80	0.19	0.24	0.30
7	0.12	0.89	0.13	0.07
5	0.15	0.89	0.13	0.09
8	0.10	0.87	0.17	0.06
6	0.11	0.83	0.03	0.12
17	0.21	0.03	0.71	0.16
16	0.19	0.09	0.70	0.23
13	0.31	0.14	0.57	0.39
15	0.18	0.18	0.55	0.09
14	0.18	0.12	0.55	0.29
18	0.17	0.08	0.53	0.31
12	0.21	0.13	0.40	0.67
11	0.35	0.14	0.31	0.60
9	0.38	0.13	0.25	0.56
10	0.27	0.01	0.29	0.53
<b>Variance explained</b>	<b>3.51</b>	<b>3.27</b>	<b>2.99</b>	<b>2.16</b>
<b>Proportion</b>	<b>0.19</b>	<b>0.18</b>	<b>0.17</b>	<b>0.12</b>

**Table 4.44: Factor pattern after an oblique rotation of the Pay Satisfaction Questionnaire for the private managers.**

Item	Pay level	Benefits	Stru./Adm.	Raise
2	0.89	0.18	0.23	0.25
4	0.85	0.19	0.25	0.28
1	0.84	0.12	0.22	0.29
3	0.79	0.21	0.28	0.32
7	0.12	0.90	0.14	0.13
8	0.16	0.88	0.12	0.13
5	0.17	0.86	0.17	0.13
6	0.12	0.84	0.09	0.15
17	0.16	0.03	0.79	0.14
16	0.14	0.07	0.76	0.25
15	0.17	0.18	0.60	0.14
18	0.15	0.15	0.56	0.18
13	0.38	0.18	0.56	0.34
14	0.26	0.16	0.51	0.47
12	0.25	0.12	0.33	0.67
10	0.23	0.14	0.29	0.61
11	0.34	0.19	0.19	0.59
9	0.38	0.20	0.20	0.58
Variance explained	6.61	3.39	3.03	2.40
Proportion	0.20	0.19	0.17	0.13

Although Hypothesis 1 was confirmed, special attention should be due to the inter-factor correlations. For the public managers, there existed strong correlations between pay level and stru./adm. ( $r = 0.5527$ ), pay level and raise ( $r = 0.6171$ ), and stru./adm. and raise ( $r = 0.6340$ ) (Table 45). This might indicate that when evaluating compensation satisfaction, the public managers may incorporate pay structure and administration and raises into pay level satisfaction.

**Table 4.45: Inter-factor correlation coefficients for the public managers.**

Factor	1	2	3	4
1 Pay level	-			
2 Benefits	0.3393	-		
3 Stru./Adm.	0.5527	0.2988	-	
4 Raise	0.6171	0.2860	0.6340	-

Moderate to high inter-factor correlations were also found in the private manager sample (Table 46). These findings indicated that when the private managers were asked about compensation satisfaction, they might give an overall evaluation of their compensation programs, instead of dividing them into separate dimensions.

**Table 4.46: Inter-factor correlation coefficients for the private managers.**

Factor	1	2	3	4
1 Pay level	-			
2 Benefits	0.3894	-		
3 Stru./Adm.	0.5042	0.3198	-	
4 Raise	0.6371	0.4096	0.6029	-



**Question 2:** What effects do personal attributes have on compensation satisfaction?

**Hypothesis 2a:** People with a higher educational level are less satisfied with their compensation than people with a lower educational level.

Hypothesis 2a examines the relationship between educational level and compensation satisfaction. Pearson's correlation coefficients were calculated between educational level, dimensions of compensation satisfaction, and total compensation satisfaction. As summarized in Table 4.47, a minimum correlation existed between educational level and total compensation satisfaction, and dimensions of compensation satisfaction as well. Although none of these correlation coefficients were significant at  $p = 0.05$ , the negative correlation between educational level and total compensation satisfaction ( $r_{PM} = -0.0134$ ,  $r_{PV} = -0.0080$ ) indicated that there was a tendency that managers with a higher educational level were not satisfied with their compensation. Regression analyses were conducted to further examine the causal relationship between educational level (independent variable) and compensation satisfaction (dependent variable). A sequence of simple regressions were conducted first with education level as the only independent variable. As summarized in Table 4.48, none of the Fs (F values) and Bs (betas, the regression coefficients) of these regression models were significant at  $p = 0.05$ . Further analyses involved multiple regressions with procedural justice (PJ) and negative affectivity (NA) as covariates. Because significant correlations existed between procedural justice and total compensation satisfaction ( $r_{PM} = 0.44$ ,  $r_{PV} = 0.57$ ), and negative affectivity and total compensation satisfaction ( $r_{PM} = -0.17$ ,  $r_{PV} = 0.23$ ), the Fs and  $R^2$ s had a huge increase. However, none of the Bs of educational level were

significant at  $p = 0.05$  when controlling for the effect of procedural justice and negative affectivity. Thus, it could be concluded that educational level has no effect on compensation satisfaction for both public and private managers. Hypothesis 2a was rejected.

**Table 4.47: Correlation coefficients between educational level and dimensions of compensation satisfaction.**

	Public	Private
Pay level satisfaction	0.0350	0.0151
Benefits satisfaction	-0.0128	0.1131
Raise satisfaction	0.0285	-0.0060
Pay structure/administration satisfaction	-0.0045	-0.0071
Total compensation satisfaction	-0.0134	-0.0080

**Table 4.48: Results of regression analyses with educational level as independent variable and dimensions of compensation satisfaction as dependent variable.**

<b>Public</b>		<b>F</b>	<b>R<sup>2</sup></b>	<b>B</b>	<b>T</b>
Pay level satisfaction	R1	0.79	0.0012	0.09	0.89
	R2	21.16*	0.1005	0.09	0.88
Benefits satisfaction	R1	0.11	0.0002	-0.03	-0.32
	R2	5.33*	0.0273	-0.07	-0.69
Raise satisfaction	R1	0.51	0.0008	0.07	0.71
	R2	47.28*	0.2024	0.07	0.72
Pay structure/ administration satisfaction	R1	0.01	0.0001	-0.01	-0.11
	R2	38.01*	0.1694	-0.05	-0.44
Total compensation satisfaction	R1	0.11	0.0002	-0.11	-0.33
	R2	43.94*	0.1953	-0.12	-0.37
<b>Private</b>		<b>F</b>	<b>R<sup>2</sup></b>	<b>B</b>	<b>T</b>
Pay level satisfaction	R1	0.07	0.0002	0.04	0.03
	R2	9.21*	0.1056	-0.01	-0.03
Benefits satisfaction	R1	3.69	0.0128	0.30	1.92
	R2	11.43*	0.1283	0.32	1.95
Raise satisfaction	R1	0.01	0.0001	-0.01	-0.10
	R2	38.38*	0.3317	-0.09	-0.76
Pay structure/ administration satisfaction	R1	1.67	0.0059	-0.21	-0.29
	R2	36.35*	0.3216	-0.24	-1.63
Total compensation satisfaction	R1	0.02	0.0001	-0.06	-0.13
	R2	34.69*	0.3191	-0.33	-0.76

\*--p < 0.05

R1--Educational level as independent variable

R2--Educational level, procedural justice, and negative affectivity as independent variables

**Hypothesis 2b: Older people are less satisfied with their compensation than younger people.**

Hypothesis 2b examined the relationship between age and compensation satisfaction. Table 4.49 summarizes Pearson's correlation coefficients between age and compensation satisfaction for the two samples of managers. No significant relationship between age and compensation satisfaction was found for the public managers. For the private managers, significant relationships were found between age and pay level satisfaction ( $r = 0.1957, p < 0.05$ ), pay structure/administration satisfaction ( $r = 0.2334, p < 0.05$ ), and total compensation satisfaction ( $r = 0.1728, p < 0.05$ ). These positive correlation coefficients indicated that the older private managers were more satisfied than the younger private managers with their pay level, pay structure and administration, and compensation satisfaction in general. Regression analyses were employed to confirm these relationships. Because a slight relationship existed between age and negative affectivity ( $r_{PM} = -0.0955, r_{PV} = -0.1455$ ), only procedural justice was entered in the multiple regression model as a covariate. As summarized in Table 4.50, for the public managers, age (independent variable) had no effect on total compensation satisfaction and the four dimensions of compensation satisfaction (dependent variables), even when controlling the effect of procedural justice. For the private managers, the positive effect of age on pay level satisfaction, pay structure and administration satisfaction, and total compensation satisfaction was confirmed by these regression analyses. Thus, Hypothesis 2b was rejected for the public managers. Age did not affect compensation satisfaction of public managers. For the private managers, Hypothesis 2b

was supported by total compensation satisfaction, pay level satisfaction, and pay structure/administration satisfaction, and was rejected by benefits satisfaction, and raise satisfaction. Therefore, age affected private managers' pay level satisfaction, pay structure and administration satisfaction, and total compensation satisfaction.

Table 4.49: Correlation coefficients between age and dimensions of compensation satisfaction.

	Public	Private
Pay level satisfaction	0.0001	0.1957*
Benefits satisfaction	0.0204	-0.0122
Raise satisfaction	0.0288	0.1013
Pay structure/administration satisfaction	0.0255	0.2334*
Total Compensation	0.0347	0.1728*

\*--p < 0.05.

Table 4.50: Results of regression analyses with age as independent variable and dimensions of compensation satisfaction as dependent variable.

Public		F	R <sup>2</sup>	B	T
Pay level satisfaction	R1	0.00	0.0000	0.00	0.00
	R2	30.04*	0.0950	0.01	0.25
Benefits satisfaction	R1	0.27	0.0004	0.01	0.52
	R2	7.32*	0.2490	0.02	1.15
Raise satisfaction	R1	0.52	0.0008	0.01	0.72
	R2	67.85*	0.1945	0.01	0.80
Pay structure/ administration satisfaction	R1	0.41	0.0007	0.01	0.64
	R2	54.20*	0.1614	0.01	0.43
Total compensation satisfaction	R1	0.72	0.0012	0.05	0.85
	R2	63.90*	0.1897	0.06	1.08
Private		F	R <sup>2</sup>	B	T
Pay level satisfaction	R1	11.23*	0.0383	0.07	3.35*
	R2	22.18*	0.1576	0.08	3.49*
Benefits satisfaction	R1	0.04	0.0001	-0.01	-0.20
	R2	15.66*	0.1176	-0.01	-0.22
Raise satisfaction	R1	2.84	0.0103	0.03	1.69
	R2	52.20*	0.3076	0.02	1.29
Pay structure/ administration satisfaction	R1	15.79*	0.0545	0.10	3.97*
	R2	59.37*	0.3386	0.08	3.17*
Total compensation satisfaction	R1	7.97*	0.0299	0.21	2.82*
	R2	57.18*	0.3370	0.17	2.49*

\*--p < 0.05

R1--Age as independent variable

R2--Age and procedural justice as independent variables

**Hypothesis 2c: Females are more satisfied with their compensation than males.**

Hypothesis 2c examines if gender affects compensation satisfaction. In general, male managers were more satisfied than female managers with their compensation, except that public female managers were more satisfied than public male managers with their raises (Table 4.51). Analysis of variance (ANOVA) was employed to examine the difference between male and female managers. As Table 4.51 shows, no significant difference existed between public male and female managers. Significant differences were found between private male and female managers only in pay level satisfaction ( $PU = 3.18$ ,  $PV = 2.90$ ) and total compensation satisfaction ( $PU = 3.23$ ,  $PV = 2.97$ ). Further analyses employed the analysis of covariance (ANCOVA) by incorporating procedural justice and negative affectivity as covariates. Table 4.52 compares the results of ANOVA and ANCOVA. The F's in Table 4.52 denote the partial F-test of the effect of gender on compensation satisfaction while controlling the effect of procedural justice and negative affectivity. The big increase in ANCOVA F was due to the correlation between procedural justice, negative affectivity, dimensions of compensation satisfaction, and total compensation satisfaction.

Apparently, Hypothesis 2c was rejected for both public and private managers, that female managers were not more satisfied than male managers with their compensation. Controlling procedural justice and negative affectivity, the public male managers were significantly more satisfied than the public female managers only in pay structure and administration satisfaction. For the private managers, male managers were significantly

more satisfied than female managers not only in total compensation satisfaction, but also in all four dimensions of compensation satisfaction.

Table 4.51: ANOVA results of the effect of gender on compensation satisfaction.

Public	Female	Male	F
Pay level satisfaction	3.05	3.10	0.23
Benefits satisfaction	3.62	3.66	0.24
Raise satisfaction	2.99	2.93	0.42
Pay structure/administration satisfaction	4.14	4.36	3.63
Compensation satisfaction	3.09	3.13	0.32
Private	Female	Male	F
Pay level satisfaction	2.90 <sup>a</sup>	3.18 <sup>a</sup>	4.72*
Benefits satisfaction	3.20	3.41	2.13
Raise satisfaction	3.08	3.24	1.84
Pay structure/administration satisfaction	4.36	4.62	2.92
Compensation satisfaction	2.97 <sup>a</sup>	3.23 <sup>a</sup>	7.18*

\*--p < 0.05

<sup>a</sup>--significant difference between females and males



**Table 4.52: Comparison of results of ANOVA and ANCOVA of the effect of gender on compensation satisfaction.**

Public		F	R <sup>2</sup>	F'
Pay level satisfaction	R1	0.23	0.0004	
	R2	20.73*	0.0988	0.14
Benefits satisfaction	R1	0.24	0.0004	
	R2	5.22*	0.0268	0.26
Raise satisfaction	R1	0.42	0.0007	
	R2	47.04*	0.2018	0.00
Pay structure/ administration satisfaction	R1	3.63	0.0057	
	R2	39.98*	0.1769	5.42*
Total compensation satisfaction	R1	0.32	0.0005	
	R2	43.93*	0.1956	0.61
Private		F	R <sup>2</sup>	F'
Pay level satisfaction	R1	4.72*	0.0161	
	R2	11.66*	0.1300	6.57*
Benefits satisfaction	R1	2.13	0.0074	
	R2	11.87*	0.1326	4.97*
Raise satisfaction	R1	1.84	0.0066	
	R2	40.10*	0.3415	4.04*
Pay structure/ administration satisfaction	R1	2.92	0.0103	
	R2	38.72*	0.3330	6.62*
Total compensation satisfaction	R1	7.18*	0.0265	
	R2	40.20*	0.3520	11.87*

\*--p < 0.05

R1--ANOVA with gender as independent variable

R2--ANCOVA with procedural justice, and negative affectivity as covariates

**Hypothesis 2d: People with longer tenure are less satisfied with their compensation than people with less tenure.**

This hypothesis examines whether a negative relationship between tenure and compensation satisfaction exists or not. Tenure was evaluated by three variables: years in the profession, years with the company, and years in the current position. These three variables were standardized by the means and standard deviations of the respective variables, and these three standardized scores were summed up to construct a composite score for tenure. Table 4.53 presents the correlation coefficients between tenure, dimensions of compensation satisfaction, and total compensation satisfaction. It was interesting to note that these relationships were quite different between public and private managers. For the public managers, the only significant relationship was between tenure and benefits satisfaction ( $r = 0.1407$ ,  $p < 0.01$ ). For the private managers, tenure and benefits satisfaction did not significantly correlate at  $p = 0.05$  level. Tenure was significantly correlated with pay level satisfaction ( $r = 0.2568$ ,  $p < 0.01$ ), raise satisfaction ( $r = 0.1420$ ,  $p < 0.01$ ), pay structure/administration satisfaction ( $r = 0.2436$ ,  $p < 0.01$ ), and total compensation satisfaction ( $r = 0.2263$ ,  $p < 0.01$ ). Regression analyses were utilized to further investigate the effect of tenure on compensation satisfaction, and the results were summarized in Table 4.54. For the public managers, tenure significantly affected benefits satisfaction. A negative effect was found in raise satisfaction. For the private managers, tenure affected all four dimensions of compensation satisfaction, when controlling procedural justice and negative affectivity. These results generally confirmed the positive effect of tenure on compensation

satisfaction; the longer the tenure, the higher the compensation satisfaction. Therefore, the stated hypothesis was rejected in both samples of public and private managers.

**Table 4.53: Correlation coefficients between tenure and dimensions of compensation satisfaction.**

	Public	Private
Pay level satisfaction	0.0313	0.2568*
Benefits satisfaction	0.1407*	0.0964
Raise satisfaction	-0.0327	0.1420*
Pay structure/administration satisfaction	0.0301	0.2436*
Total compensation	0.0489	0.2263*

\*--p < 0.05

**Table 4.54: Results of regression analyses with tenure as independent variable and dimensions of compensation satisfaction as dependent variable.**

<b>Public</b>		<b>F</b>	<b>R<sup>2</sup></b>	<b>B</b>	<b>T</b>
Pay level satisfaction	R1	0.62	0.0010	0.04	0.79
	R2	29.79*	0.0954	0.03	0.55
Benefits satisfaction	R1	12.76*	0.0198	0.19	3.57*
	R2	14.72*	0.0494	0.22	4.00*
Raise satisfaction	R1	0.65	0.0011	-0.04	-0.81
	R2	66.38*	0.1930	-0.03	-0.63
Pay structure/ administration satisfaction	R1	0.56	0.0009	0.05	0.75
	R2	53.27*	0.1608	0.03	0.56
Total compensation satisfaction	R1	1.43	0.0024	0.22	1.19
	R2	62.50*	0.1883	0.24	1.41
<b>Private</b>		<b>F</b>	<b>R<sup>2</sup></b>	<b>B</b>	<b>T</b>
Pay level satisfaction	R1	20.13*	0.0660	0.37	4.49*
	R2	23.75*	0.1641	0.35	4.01*
Benefits satisfaction	R1	2.65	0.0093	0.16	1.63
	R2	19.78*	0.1415	0.23	2.16*
Raise satisfaction	R1	5.68*	0.0202	0.19	2.38*
	R2	57.34*	0.3243	0.18	2.49*
Pay structure/ administration satisfaction	R1	17.48*	0.0594	0.40	4.18*
	R2	67.86*	0.3641	0.37	4.13*
Total compensation satisfaction	R1	14.09*	0.0512	1.11	3.75*
	R2	66.14*	0.3662	1.04	3.92*

\*--p < 0.05

R1--Tenure as independent variable

R2--Tenure, procedural justice, and negative affectivity as independent variables

**Question 3:** What effects do personal perceptions have on compensation satisfaction?

**Hypothesis 3a:** People who see pay increases as increments in spendable income are less satisfied with their compensation than people who see pay increases as organizational recognition.

This hypothesis examines the effect of orientation toward raise on compensation satisfaction. According to their orientations toward pay raises, managers were classified into two groups, organizational recognition (recognition managers) and increments in spendable income (income managers). Table 4.55 reports the result of ANOVA with orientation toward raise as the independent variable and dimensions of compensation and total compensation satisfaction as the dependent variable. The results indicated that orientation toward pay raise affects compensation satisfaction more for public managers than for private managers. For the public managers, recognition managers were more satisfied than income managers in pay level satisfaction ( $F = 4.75, p < 0.05$ ), raise satisfaction ( $F = 23.30, p < 0.05$ ), pay structure/administration satisfaction ( $F = 7.52, p < 0.05$ ), and total compensation satisfaction ( $F = 12.64, p < 0.05$ ). No significant difference was found in benefits satisfaction. For the private managers, significant difference was found only in raise satisfaction ( $F = 4.17, p < 0.05$ ). Because public and private managers perceive procedural justice differently ( $F = 15.18, p < 0.01$ ), only negative affectivity was treated as covariate in ANCOVA. The results of ANCOVA confirmed the significant effect of orientation toward pay raises on compensation satisfaction for the public managers (Table 4.56). However, no effect was found in the private managers. It was interesting to note that when some of the variance of raise

satisfaction explained by orientation toward raise was partialled out by negative affectivity, orientation toward raise had no effect on raise satisfaction of the private managers. Therefore, Hypothesis 3a was retained only for the public managers, and was rejected for the private managers.

Table 4.55: ANOVA results of the effect of orientation toward pay raise on compensation satisfaction.

Public	Recognition	Income	F
Pay level satisfaction	3.16 <sup>a</sup>	2.99 <sup>a</sup>	4.75*
Benefits satisfaction	3.70	3.59	2.04
Raise satisfaction	3.10 <sup>a</sup>	2.75 <sup>a</sup>	23.30*
Pay structure/administration satisfaction	4.43 <sup>a</sup>	4.19 <sup>a</sup>	7.52
Compensation satisfaction	3.20 <sup>a</sup>	3.01 <sup>a</sup>	12.64*
Private	Recognition	Income	F
Pay level satisfaction	3.12	3.08	0.12
Benefits satisfaction	3.39	3.22	1.37
Raise satisfaction	3.29 <sup>a</sup>	3.06 <sup>a</sup>	4.17*
Pay structure/administration satisfaction	4.57	4.52	0.12
Compensation satisfaction	3.20	3.08	1.52

\*-- $p < 0.05$ .

<sup>a</sup>--significant difference between recognition managers and income managers

Table 4.56: Comparison of results of ANOVA and ANCOVA of the effect of orientation toward raises on compensation satisfaction.

Public		F	R <sup>2</sup>	F'
Pay level satisfaction	R1	4.75*	0.0077	
	R2	5.30*	0.0172	4.48*
Benefits satisfaction	R1	2.04	0.0033	
	R2	2.00	1.0065	1.95
Raise satisfaction	R1	23.30*	0.0375	
	R2	22.06*	0.0695	23.87*
Pay structure/ administration satisfaction	R1	7.52*	0.0123	
	R2	12.61*	0.0405	7.60*
Total compensation satisfaction	R1	12.64*	0.0212	
	R2	14.89*	0.0492	13.16*
Private		F	R <sup>2</sup>	F'
Pay level satisfaction	R1	0.12	0.0004	
	R2	2.94	0.0216	0.00
Benefits satisfaction	R1	1.37	0.0050	
	R2	0.38	0.0029	0.38
Raise satisfaction	R1	4.17*	0.0153	
	R2	5.29*	0.0392	3.07
Pay structure/ administration satisfaction	R1	0.12	0.0005	
	R2	7.05*	0.0516	0.04
Total compensation satisfaction	R1	1.52	0.0059	
	R2	4.52*	0.0354	0.44

\*--p < 0.05

R1--Orientation toward raises as independent variable

R2--Orientation toward raises and negative affectivity as independent variables

F'--Partial F-test of the effect of orientation toward raises on compensation satisfaction while controlling negative affectivity.

**Hypothesis 3b: People who perceive they are equitably paid are more satisfied than people who perceive they are inequitably paid.**

Hypothesis 3b examines the relationships between perceived compensation equity, dimensions of compensation satisfaction, and total compensation satisfaction. Pearson's correlation coefficients were calculated and reported in Table 4.57. Compensation equity was moderately correlated with dimensions of compensation satisfaction and total compensation satisfaction. The relationships between compensation equity, dimensions of compensation satisfaction, and compensation satisfaction were stronger for the public managers than for the private managers. The strongest relationship was between compensation equity and total compensation satisfaction ( $r_{PU} = 0.5193$ ,  $r_{PV} = 0.4121$ ). The weakest relationship was between compensation equity and benefits satisfaction ( $r_{PU} = 0.2782$ ) for the public managers, and between compensation equity and pay structure/administration satisfaction ( $r_{PV} = 0.2753$ ) for the private managers. Regression analyses were applied to further examine the relationships between compensation equity (independent variable) and compensation satisfaction (dependent variable). As summarized in Table 4.58, a significant amount of variance of compensation satisfaction was explained by perceived compensation equity. Further analyses employed multiple regression analysis with negative affectivity as the controlling variable. The results confirmed the importance of perceived compensation equity in compensation satisfaction. As demonstrated in Table 4.58, when negative affectivity was introduced into the regression model, the F values were decreased and the  $R^2$ s had a limited increase, which



signified that perceived equity was the dominate variable in predicting compensation satisfaction. Thus, Hypothesis 3b was confirmed for both public and private managers.

**Table 4.57: Correlation coefficients between compensation equity and dimensions of compensation satisfaction.**

	Public	Private
Pay level satisfaction	0.5009*	0.3117*
Benefits satisfaction	0.2782*	0.3088*
Raise satisfaction	0.4133*	0.3507*
Pay structure/administration satisfaction	0.4078*	0.2753*
Total compensation satisfaction	0.5193*	0.4121*

\*--p < 0.05

**Table 4.58: Results of regression analyses with perceived compensation equity as independent variable and dimensions of compensation satisfaction as dependent variable.**

<b>Public</b>		<b>F</b>	<b>R<sup>2</sup></b>	<b>B</b>	<b>T</b>
Pay level satisfaction	R1	216.06*	0.2509	0.17	14.70*
	R2	107.52*	0.2533	0.17	14.29*
Benefits satisfaction	R1	54.26*	0.0774	0.10	7.37*
	R2	26.31*	0.0764	0.09	6.97*
Raise satisfaction	R1	129.14*	0.1708	0.13	11.36*
	R2	74.29*	0.1938	0.13	11.08*
Pay structure/ administration satisfaction	R1	126.88*	0.1663	0.16	11.26*
	R2	72.80*	0.1887	0.16	11.04*
Total compensation satisfaction	R1	225.58*	0.2676	0.57	15.02*
	R2	119.73*	0.2846	0.56	14.59*
<b>Private</b>		<b>F</b>	<b>R<sup>2</sup></b>	<b>B</b>	<b>T</b>
Pay level satisfaction	R1	31.54*	0.0972	0.09	5.62*
	R2	18.53*	0.1158	0.09	5.36*
Benefits satisfaction	R1	30.67*	0.0953	0.11	5.54*
	R2	14.22*	0.0916	0.10	5.26*
Raise satisfaction	R1	39.83*	0.1230	0.09	6.31*
	R2	27.98*	0.1696	0.09	6.08*
Pay structure/ administration satisfaction	R1	23.36*	0.0758	0.10	4.83*
	R2	23.70*	0.1466	0.09	4.45*
Total compensation satisfaction	R1	55.04*	0.1698	0.40	7.42*
	R2	33.93*	0.2070	0.38	7.08*

\*--p < 0.05

R1--Perceived compensation equity as independent variable

R2--Perceived compensation equity, procedural justice, and negative affectivity as independent variables

Question 4: What effects do compensation practices have on compensation satisfaction?

Hypothesis 4a: Pay level is positively correlated with compensation satisfaction.

Table 4.59 reports correlation coefficients between the amount of current salary, dimensions of compensation satisfaction, and compensation satisfaction. Generally, these relationships were stronger for public managers than for private managers, except for the relationship between current salary and pay level satisfaction ( $r_{PU} = 0.3362$ ,  $r_{PV} = 0.3813$ ). Regression analyses were employed to further examine these relationships (Table 4.60). The results confirmed the positive relationship between current salary and compensation satisfaction. However, it should be noted that when procedural justice and negative affective were introduced into the regression model as control variables, some of the variance of pay level satisfaction and benefits satisfaction was partialled out by procedural justice. Nevertheless, the positive relationship between current salary and compensation satisfaction was confirmed. Hypothesis 4a was confirmed for both public and private managers.

Table 4.59: Correlation coefficients between the amount of current salary and dimensions of compensation satisfaction.

	Public	Private
Pay level satisfaction	0.3362*	0.3813*
Benefits satisfaction	0.2740*	0.2297*
Raise satisfaction	0.2686*	0.2071*
Pay structure/administration satisfaction	0.2392*	0.1683*
Total compensation satisfaction	0.3551*	0.3271*

**Table 4.60: Results of regression analyses with current salary as the independent variable and dimensions of compensation satisfaction as the dependent variable.**

<b>Public</b>		<b>F</b>	<b>R<sup>2</sup></b>	<b>B</b>	<b>T</b>
Pay level satisfaction	R1	81.57*	0.1131	0.11	9.03*
	R2	47.10*	0.1986	0.10	8.26*
Benefits satisfaction	R1	52.12*	0.0751	0.09	7.22*
	R2	20.34*	0.0966	0.09	6.73*
Raise satisfaction	R1	48.45*	0.0722	0.08	6.96*
	R2	63.43*	0.2533	0.07	6.13*
Pay structure/ administration satisfaction	R1	38.24*	0.0572	0.09	6.18*
	R2	49.48*	0.2095	0.07	5.23*
Total compensation satisfaction	R1	87.41*	0.1261	0.37	9.35*
	R2	73.38*	0.2881	0.32	8.43*
<b>Private</b>		<b>F</b>	<b>R<sup>2</sup></b>	<b>B</b>	<b>T</b>
Pay level satisfaction	R1	47.47*	0.1454	0.12	6.89*
	R2	21.40*	0.2205	0.11	5.28*
Benefits satisfaction	R1	15.42*	0.0527	0.08	3.93*
	R2	14.04*	0.1571	0.08	3.44*
Raise satisfaction	R1	12.06*	0.0429	0.06	3.47*
	R2	36.90*	0.3297	0.04	2.40*
Pay structure/ administration satisfaction	R1	7.90*	0.0283	0.06	2.81*
	R2	34.01*	0.3130	0.03	1.53*
Total compensation satisfaction	R1	30.78*	0.1069	0.34	5.50*
	R2	43.59*	0.3771	0.26	4.63*

\*--p < 0.05.

R1--salary as independent variable

R2--salary, procedural justice, and negative affectivity as independent variables

**Hypothesis 4b: Last pay raise is positively correlated with compensation satisfaction.**

Table 4.61 presents correlation coefficients between percent of last pay raise, dimensions of compensation, and total compensation satisfaction. A moderate positive relationship was found between percentage of last pay raise and raise satisfaction in the public managers. Percentage of last pay raise was also positively correlated with pay structure and administration satisfaction, and total compensation satisfaction. Last pay raise was positively related to raise satisfaction of the private managers. However, none of the correlation coefficients of the private managers were significant at  $p = 0.05$ . It is interesting to note that percentage of last pay raise was negatively correlated with current salary ( $r_{PU} = -0.1071$ ,  $r_{PV} = -0.0690$ ); that managers with higher salaries received a lower percentage of pay raises. Simple regressions and multiple regressions were conducted to further examine the causal effect of percentage of last pay raise on compensation satisfaction (Table 4.62). It should be noted that when the effects of procedural justice and negative affectivity were partialled out, no causal relationship existed between percent of last raise and pay structure and administration satisfaction in the public managers. Thus, Hypothesis 4b was sustained for the public manager only in total compensation satisfaction and raise satisfaction, and was rejected for the private managers.

**Table 4.61: Correlation coefficients between the percentage of last pay raise, dimensions of compensation satisfaction, and total compensation satisfaction.**

	Public	Private
Pay level satisfaction	0.0592	-0.0183
Benefits satisfaction	-0.0405	-0.0733
Raise satisfaction	0.1868*	-0.0736
Pay structure/administration satisfaction	0.0917*	0.0076
Total compensation satisfaction	0.1085*	-0.0041

Table 4.62: Results of regression analyses with percentage of last raise as the independent variable and dimensions of compensation satisfaction as the dependent variable.

Public		F	R <sup>2</sup>	B	T
Pay level satisfaction	R1	2.20	0.0035	0.05	1.48
	R2	21.94*	0.1052	0.05	1.30
Benefits satisfaction	R1	1.04	0.0016	-0.04	-1.02
	R2	4.88*	0.0254	-0.04	-0.90
Raise satisfaction	R1	22.05*	0.0349	0.16	4.70*
	R2	53.50*	0.2256	0.14	4.17*
Pay structure/ administration satisfaction	R1	5.24*	0.0084	0.11	2.29*
	R2	39.97*	0.1789	0.09	1.85
Total compensation satisfaction	R1	7.70*	0.0118	0.35	2.66*
	R2	46.30*	0.2064	0.32	2.48*
Private		F	R <sup>2</sup>	B	T
Pay level satisfaction	R1	0.09	0.0003	-0.01	-0.29
	R2	9.12*	0.1119	-0.01	-0.19
Benefits satisfaction	R1	1.38	0.0054	-0.04	-1.17
	R2	9.99*	0.1219	-0.03	-0.79
Raise satisfaction	R1	1.38	0.0054	0.03	1.18
	R2	35.62*	0.3310	0.03	1.27
Pay structure/ administration satisfaction	R1	0.02	0.0001	0.01	0.13
	R2	30.54*	0.2998	-0.01	-0.25
Total compensation satisfaction	R1	0.00	0.0001	0.00	-0.06
	R2	33.27*	0.3253	-0.02	-0.15

\*--p < 0.05.

R1--percent of recent raise as independent variable

R2--percent of recent raise and procedural justice as independent variables

**Hypothesis 4c: Benefit coverage is positively correlated with compensation satisfaction.**

Benefit coverage was evaluated by eight types of benefits: vacation days, sick days, paid holidays, personal days, disability payment, retirement incomes, life insurance, and health insurance. These eight types of benefits were standardized by the respective means and standards. A composite benefit coverage score was obtained by summing up these eight standardized scores. Table 4.63 presents correlation coefficients between benefit coverage, dimensions of compensation satisfaction, and total compensation satisfaction. It was hypothesized that benefit coverage is positively correlated with compensation satisfaction. However, none of these correlation coefficients were significant at  $p = 0.05$  level. Correlation coefficients between benefit coverage and benefits satisfaction were the highest in the four dimensions of compensation satisfaction ( $r_{PU} = 0.2714$ ,  $r_{PV} = 0.1518$ ). Regression analyses were conducted to explore the causal effect of benefit coverage on compensation satisfaction. As summarized in Table 4.64, benefit coverage had a positive effect on benefits satisfaction of the private managers. When the effects of the procedural justice and negative affectivity were partialled out, positive effects of benefit coverage on pay level satisfaction, raise satisfaction, and total compensation satisfaction were revealed in the sample of public managers. Therefore, Hypothesis 4c was supported for the public managers, and was rejected for the private managers. It should be noted that the degree of freedom of these regression models was decreased because of a large number of missing values. (Total observations were 667 for



the public managers and 307 for the private managers.) Interpretation of the relationship between benefit coverage and compensation satisfaction should be cautious.

**Table 4.63: Correlation coefficients between benefit coverage, dimensions of compensation satisfaction, and total compensation satisfaction.**

	Public	Private
Pay level satisfaction	0.2478	0.0693
Benefits satisfaction	0.2714	0.1518
Raise satisfaction	0.2632	0.0432
Pay structure/administration satisfaction	0.1567	0.1209
Total compensation satisfaction	0.2835	0.1305

**Table 4.64: Results of regression analyses with benefit coverage as independent variable and dimensions of compensation satisfaction as dependent variables.**

<b>Public</b>		<b>df</b>	<b>F</b>	<b>R<sup>2</sup></b>	<b>B</b>	<b>T</b>
Pay level satisfaction	R1	176	3.01	0.0614	0.37	1.74
	R2	176	3.56*	0.2148	0.61	2.32*
Benefits satisfaction	R1	176	3.74	0.0737	0.29	1.93
	R2	176	1.53	0.1030	0.28	1.53
Raise satisfaction	R1	171	3.50	0.0693	0.29	1.87
	R2	171	10.86*	0.4489	0.41	2.56*
Pay structure/ administration satisfaction	R1	175	1.18	0.0246	0.27	1.09
	R2	175	3.13*	0.1899	0.33	1.18
Total compensation satisfaction	R1	170	4.02	0.0804	1.20	2.01
	R2	170	6.44*	0.3313	1.66	2.44*
<b>Private</b>		<b>df</b>	<b>F</b>	<b>R<sup>2</sup></b>	<b>B</b>	<b>T</b>
Pay level satisfaction	R1	48	0.84	0.0084	0.09	0.92
	R2	48	4.98*	0.0884	0.08	0.83
Benefits satisfaction	R1	49	4.11*	0.0231	0.17	2.03*
	R2	49	3.42*	0.0625	0.17	1.92
Raise satisfaction	R1	49	0.32	0.0019	0.05	0.56
	R2	49	12.99*	0.2063	0.43	0.48
Pay structure/ administration satisfaction	R1	49	2.57	0.0146	0.18	1.60
	R2	49	10.72*	0.1737	0.19	1.63
Total compensation satisfaction	R1	48	2.91	0.0170	0.53	1.71
	R2	48	12.92*	0.2064	0.54	1.76

\*--p < 0.05

df--degree of freedom

R1--benefit coverage as independent variable

R2--benefit coverage, procedural justice, and negative affectivity as independent variables

**Hypothesis 4d: Cost of benefits to employee is negatively correlated with compensation satisfaction.**

Cost of benefits to employee denoted the cost that the employees need to pay in order to be eligible for benefit coverage. Three items of cost information were collected: contribution to pension fund, monthly cost of health insurance, and the deductible of \$10,000 medical expenses. These three costs were standardized around the respective means and standard deviations. A composite cost of benefits score was obtained by summing up these three standardized scores. Table 4.65 exhibits correlation coefficients between cost to employee, dimensions of compensation satisfaction, and total compensation satisfaction. As it was expected, cost of benefits to employee was negatively correlated to benefits satisfaction of public and private managers ( $r_{PU} = -0.0625$ ,  $r_{PV} = -0.2154$ ). Cost of benefits was also negatively correlated with the other three dimensions of compensation satisfaction and total compensation satisfaction of the private managers, though none of these correlation coefficients were significant at  $p = 0.05$ . Regression analyses revealed that cost of benefits to employee significantly affected raise satisfaction and total compensation satisfaction of the private managers (Table 4.66). Cost of benefits to employees did not have much effect on public managers. Therefore, Hypothesis 4d was supported only by benefit satisfaction for the private managers, and was rejected for the public managers. As it was happened to benefit coverage, relatively lower degree of freedom constrained the implications of these findings.

**Table 4.65: Correlation coefficients between cost of benefits to employees, dimensions of compensation satisfaction, and total compensation satisfaction.**

	Public	Private
Pay level satisfaction	0.0646	-0.1319
Benefits satisfaction	-0.0625	-0.2154
Raise satisfaction	0.0254	-0.1244
Pay structure/administration satisfaction	0.0864	-0.0565
Total compensation satisfaction	0.0235	-0.1649

**Table 4.66: Regression coefficients of cost to employee on dimensions of compensation satisfaction.**

Private		df	F	R <sup>2</sup>	B	T
Pay level satisfaction	R1	201	0.27	0.0042	0.15	0.52
	R2	201	2.85*	0.1347	0.18	0.62
Benefits satisfaction	R1	201	0.25	0.0039	-0.17	-0.50
	R2	201	6.70*	0.2677	-0.16	-0.49
Raise satisfaction	R1	195	0.04	0.0006	0.05	0.20
	R2	195	8.45*	0.3115	0.08	0.32
Pay structure/ administration satisfaction	R1	200	0.49	0.01	0.22	0.70
	R2	200	5.41*	0.2248	0.32	1.02
Total compensation satisfaction	R1	194	0.03	0.0006	0.17	0.19
	R2	194	8.56*	0.3222	0.43	0.49

Private			F	R <sup>2</sup>	B	T
Pay level satisfaction	R1	66	3.53	0.0174	-0.27	-1.88
	R2	66	4.03*	0.0642	-0.24	-1.54
Benefits satisfaction	R1	66	9.68*	0.0464	-0.39	-3.11*
	R2	66	4.05*	0.0646	-0.35	-2.63*
Raise satisfaction	R1	67	3.04	0.0155	-0.23	-1.74
	R2	67	11.32*	0.1641	-0.18	-1.33
Pay structure/ administration satisfaction	R1	67	0.63	0.0032	-0.13	-0.80
	R2	67	13.02*	0.1825	-0.11	-0.63
Total compensation satisfaction	R1	65	5.37*	0.0272	-1.04	-2.32*
	R2	65	12.17*	0.1751	-0.82	-1.83

\*--p < 0.05

df--degree of freedom

R1--cost to employee as independent variable

R2--cost to employee, procedural justice, and negative affectivity as dependent variables

**Question 5:** What effects do organizational features have on compensation satisfaction?

**Hypothesis 5a:** Organizational size is positively correlated with compensation satisfaction.

Hypothesis 5a tests if people who work with larger organization are more satisfied than people who work with smaller organizations with their compensation. Organizational size was measured by two variables. The public agencies were measured by the amount of annual operating budgets and number of full-time employees, and the private organizations were measured by annual sales and number of full-time employees. These two variables were standardized around the respective means and standard deviations. A standardized organizational size score was obtained by summing up these two standardized variables. Table 4.67 exhibits correlation coefficients between organizational size, dimensions of compensation satisfaction, and total compensation satisfaction. Surprisingly, organizational size was negatively correlated with compensation satisfaction, although none of these correlation coefficients was significant at  $p = 0.05$  level. The only positive correlation was with benefits satisfaction in the private managers. Regression analyses were utilized to further examine the causal relationship between organizational size and compensation satisfaction (Table 4.68). However, no significant causal effect was found between organizational size and compensation satisfaction. Therefore, Hypothesis 5a was rejected.

**Table 4.67: Correlation coefficients between organizational size, dimensions of compensation satisfaction, and total compensation satisfaction.**

	Public	Private
Pay level satisfaction	-0.0691	-0.1068
Benefits satisfaction	-0.0342	0.0440
Raise satisfaction	-0.0676	-0.1199
Pay structure/administration satisfaction	-0.0140	-0.0600
Total compensation satisfaction	-0.0590	-0.0744

\*--p < 0.05

**Table 4.68: Results of regression analyses with organizational size as independent variable and dimensions of compensation satisfaction as dependent variable.**

<b>Public</b>		<b>F</b>	<b>R<sup>2</sup></b>	<b>B</b>	<b>T</b>
<b>Pay satisfaction</b>	<b>R1</b>	1.93	0.0048	0.00	-1.39
	<b>R2</b>	11.02*	0.0843	0.00	-1.10
<b>Benefits satisfaction</b>	<b>R1</b>	0.47	0.0011	0.00	0.69
	<b>R2</b>	3.36*	0.0273	0.00	0.47
<b>Raise satisfaction</b>	<b>R1</b>	1.80	0.0046	0.00	1.34
	<b>R2</b>	26.84*	0.1857	0.00	0.88
<b>Pay structure/ administration satisfaction</b>	<b>R1</b>	0.08	0.0002	0.00	0.28
	<b>R2</b>	22.00*	0.1571	0.00	0.23
<b>Total Compensation satisfaction</b>	<b>R1</b>	1.33	0.0035	-0.01	-1.15
	<b>R2</b>	24.10*	0.1737	0.00	-0.70
<b>Private</b>		<b>F</b>	<b>R<sup>2</sup></b>	<b>B</b>	<b>T</b>
<b>Pay satisfaction</b>	<b>R1</b>	1.69	0.0114	-0.01	-1.30
	<b>R2</b>	2.78*	0.0655	-0.01	-1.25
<b>Benefits satisfaction</b>	<b>R1</b>	0.28	0.0019	0.00	0.53
	<b>R2</b>	2.91*	0.0685	0.01	0.68
<b>Raise satisfaction</b>	<b>R1</b>	2.21	0.0144	-0.01	-1.45
	<b>R2</b>	12.91*	0.2439	-0.01	-1.25
<b>Pay structure/ administration satisfaction</b>	<b>R1</b>	0.51	0.0036	-0.01	-0.72
	<b>R2</b>	12.07*	0.2363	0.00	-0.35
<b>Total Compensation satisfaction</b>	<b>R1</b>	0.77	0.0055	-0.02	-0.88
	<b>R2</b>	9.93*	0.2051	-0.01	-0.64

\*--p < 0.05

R1--Organizational size as independent variable

R2--Organizational size, procedural justice, and negative affectivity as independent variables



**Hypothesis 5b: Managerial level is positively correlated with compensation satisfaction.**

Hypothesis 5b examines if people in higher management positions are more satisfied than people in lower management positions with their compensation. Managerial level was assessed by amount of operating budget that survey respondents were responsible for and the number of full-time employees under their supervision. These two variables were standardized around the respective means and standard deviations. A score for managerial level was obtained by summing up these two standardized variables. Table 4.69 exhibits correlation coefficients between managerial level, dimensions of compensation satisfaction, and total compensation satisfaction. These relationships were quite different in public and private managers. Managerial level was positively correlated with all four dimensions of compensation satisfaction of the public managers. Significant correlations were with benefit satisfaction and total compensation satisfaction. However, managerial level was negatively correlated with the four dimensions of compensation satisfaction and total compensation satisfaction of the private managers. Further analyses were conducted to examine the causal relationships between managerial level and compensation satisfaction. As presented in Table 4.70, positive effect was found for the public managers, and negative effect was found for the private managers. It is interesting to note that when the effects of procedural justice and negative affectivity were controlled, total compensation of the public managers was not affected by managerial level, and pay structure and administration satisfaction of the private

managers were significantly affected by managerial level. Thus, Hypothesis 5b was retained for the public managers, but rejected for the private managers.

**Table 4.69: Correlation coefficients between managerial level, dimensions of compensation satisfaction, and total compensation satisfaction.**

	Public	Private
Pay level satisfaction	0.0565	-0.0423
Benefits satisfaction	0.1177*	-0.0566
Raise satisfaction	0.0709	-0.1285
Pay structure/administration satisfaction	0.0348	-0.1970
Total compensation satisfaction	0.0950*	-0.1501

\*--p < 0.05

**Table 4.70: Results of regression analyses with managerial level as the independent variable and dimensions of compensation satisfaction as the dependent variable.**

Public		F	R <sup>2</sup>	B	T
Pay satisfaction	R1	1.82	0.0032	0.01	1.35
	R2	18.15*	0.0977	0.01	1.21
Benefits satisfaction	R1	8.02*	0.0139	0.03	2.83*
	R2	6.94*	0.0397	0.03	2.72*
Raise satisfaction	R1	2.79	0.0050	0.02	1.67
	R2	44.53*	0.2125	0.01	1.24
Pay structure/ administration satisfaction	R1	0.68	0.0012	0.01	0.83
	R2	33.38*	0.1677	0.01	0.58
Total Compensation satisfaction	R1	4.90*	0.0090	0.08	2.21*
	R2	39.81*	0.1986	0.06	1.92
Private		F	R <sup>2</sup>	B	T
Pay satisfaction	R1	0.27	0.0018	-0.01	-0.52
	R2	3.25*	0.0724	0.00	-0.18
Benefits satisfaction	R1	0.49	0.0032	-0.18	-0.70
	R2	4.45*	0.0952	-0.01	-0.40
Raise satisfaction	R1	2.52	0.0165	-0.03	-1.59
	R2	18.19*	0.3039	-0.01	-0.40
Pay structure/ administration satisfaction	R1	5.98*	0.0157	-0.04	-0.06
	R2	19.76*	0.3234	-0.05	-2.14*
Total Compensation satisfaction	R1	3.30	0.0225	-0.13	-1.82
	R2	17.81*	0.3081	-0.08	-1.30

\*--p < 0.05

R1--Managerial level as independent variable

R2--Managerial level, procedural justice, and negative affectivity as independent variables

**Question 6:** What effects do perceive job characteristics have on compensation satisfaction?

**Hypothesis 6:** A significant relationship exists between job characteristics and compensation satisfaction.

Hypothesis 6 examines the relationship between total job characteristics, dimensions of compensation satisfaction, and total compensation satisfaction. As exhibited in Table 4.71, a moderate relationship existed between total job characteristics, dimensions of compensation satisfaction, and total compensation. All of the correlation coefficients were significant at  $p < 0.01$  level. The relationships between total job characteristics and compensation satisfaction were stronger for the private managers than for the public managers. The strongest relationship happened to be total job characteristics and total compensation satisfaction for the private managers ( $r_{PV} = 0.3606$ ). It is interesting to note that the relationship between total job characteristics and raise satisfaction was the strongest in the four dimensions of compensation satisfaction ( $r_{PU} = 0.2552$ ,  $r_{PV} = 0.3469$ ). Simple regression analyses were utilized to further examine the causal relationship between total job characteristics (independent variable) and dimensions of compensation satisfaction and total compensation satisfaction (dependent variable). As Table 4.72 shows, significant causal relationships between job characteristics and compensation satisfaction were confirmed. Thus, Hypothesis 6 was confirmed for both public and private managers.

The two control variables, negative affectivity and procedural justice, were inappropriate to be incorporated into the regression model of job characteristics and compensation satisfaction for two reasons. First, the purpose of the negative affectivity

was to control the tendency of reporting higher or lower rating for the measurements, the response-response bias of the problem of common method variance. Because both measures of job characteristics and compensation satisfaction were self-reported measures, if the effect of negative affectivity existed, the effect would be canceled out in regression analysis. Procedural justice was not included because it demonstrated correlation with total job characteristics. Introducing procedural justice into the regression would cause the problem of multicollinearity, which might contaminate the regression coefficient of total job characteristics.

Table 4.71: Correlation coefficients between total job characteristics, dimensions of compensation satisfaction, and total compensation satisfaction.

	Public	Private
Pay level satisfaction	0.1902*	0.2819*
Benefits satisfaction	0.1285*	0.1557*
Raise satisfaction	0.2552*	0.3469*
Pay structure/administration satisfaction	0.1923*	0.3305*
Total compensation satisfaction	0.2477*	0.3606*

\*--p < 0.01

**Table 4.72: Results of regression analysis of total job characteristics and dimensions of compensation satisfaction and total compensation satisfaction.**

<b>Public</b>	<b>F</b>	<b>R<sup>2</sup></b>	<b>B</b>	<b>T</b>
Pay level satisfaction	22.52*	0.0362	0.06	4.75*
Benefits satisfaction	10.11*	0.0165	0.04	3.18*
Raise satisfaction	40.76*	0.0651	0.07	6.38*
Pay structure/administration satisfaction	22.76*	0.0370	0.07	4.77*
Total compensation satisfaction	37.32*	0.0614	0.24	6.11*
<b>Private</b>	<b>F</b>	<b>R<sup>2</sup></b>	<b>B</b>	<b>T</b>
Pay level satisfaction	22.54*	0.0795	0.08	4.75*
Benefits satisfaction	6.49*	0.0243	0.05	2.55*
Raise satisfaction	34.62*	0.1204	0.08	2.58*
Pay structure/administration satisfaction	31.03*	0.1092	0.10	5.57*
Total compensation satisfaction	35.87*	0.1300	0.31	5.99*

\*--p < 0.05

**Question 7:** What are the relationships between dimensions of perceived job characteristics and dimensions of compensation satisfaction?

**Hypothesis 7a:** Perceived job characteristics will have a stronger relationship with satisfaction with pay level and pay raises than with satisfaction with benefits and pay structure and administration.

Hypothesis 7a examines the relationships between dimensions of job characteristics, dimensions of compensation satisfaction, and total compensation satisfaction. Correlation coefficients between dimensions of perceived job characteristics and compensation satisfaction are presented in Table 4.73. For the public managers, autonomy ( $r = 0.1185$ ), feedback ( $r = 0.1942$ ), and friendship opportunities ( $r = 0.1579$ ) were significantly correlated with total compensation satisfaction. For the six

dimensions of job characteristics, feedback significantly correlated with all four dimensions of compensation satisfaction. Although friendship opportunities also correlated with all four dimensions of compensation satisfaction, the relationships were not as strong as the relationships between feedback and dimensions of compensation satisfaction. The strongest correlation was between feedback and pay structure and administration satisfaction ( $r = 0.2915$ ). The second strongest was between feedback and raise satisfaction ( $r = 0.2814$ ). It is interesting to note that task identity did not demonstrate any relationship with dimensions of compensation satisfaction.

For the four dimensions of compensation satisfaction, raise satisfaction significantly correlated with five of the six dimensions of job characteristics, except task identity. Pay level satisfaction was significantly correlated with variety ( $r = 0.1096$ ), feedback ( $r = 0.2146$ ), and friendship opportunities ( $r = 0.1110$ ).

For the private managers, all six dimensions of job characteristics were significantly correlated with total compensation satisfaction. The strongest correlation was between feedback and total compensation satisfaction ( $r = 0.4785$ ). Feedback also demonstrated strong relationships with all four dimensions of compensation satisfaction. The relationships between friendship opportunities and dimensions of compensation satisfaction found in the public managers did not happen with the private managers. Friendship opportunities were significantly correlated only with raise satisfaction. For the dimensions of compensation satisfaction, pay level satisfaction significantly correlated with variety ( $r = 0.2061$ ), autonomy ( $r = 0.2053$ ), feedback ( $r = 0.3292$ ), task identity ( $r = 0.1287$ ), and dealing with others ( $r = 0.1453$ ). Raise satisfaction was correlated

with variety ( $r = 0.1258$ ), autonomy ( $r = 0.2972$ ), feedback ( $r = 0.4166$ ), task identity ( $r = 0.2134$ ), and friendship opportunities ( $r = 0.1395$ ). It is interesting to note that pay structure and administration satisfaction demonstrated moderate relationships with dimensions of job characteristics, and the correlation coefficient between pay structure and administration and feedback ( $r = 0.4509$ ) was the highest one among all correlation coefficients between dimensions of job characteristics and dimensions of compensation satisfaction.

A sequence of simple regressions was carried out to further examine the causal relationship between perceived job characteristics and compensation satisfaction. In these simple regression analyses, each dimension of compensation satisfaction was regressed by one dimension of job characteristics at a time. The results were presented in Table 4.74 to Table 4.79. Generally, the four core dimensions of perceived job characteristics had more effect on compensation satisfaction for the private managers than for the public managers. Nevertheless, Hypothesis 7a was confirmed.



Table 4.73: Correlation coefficients between dimensions of perceived job characteristics, dimensions of compensation satisfaction, and total compensation satisfaction.

Public	Variety	Auto.	Feed.	Task	Deal.	Friend
Pay level satisfaction	0.1096**	0.0575	0.2146**	0.0378	0.0334	0.1110**
Benefits satisfaction	0.0186	0.0817*	0.1265**	0.0379	0.0035	0.0948*
Raise satisfaction	0.0854*	0.1399**	0.2814**	0.0483	0.1009**	0.1562**
Pay structure/administration satisfaction	-0.0076	0.0738	0.2915**	0.0392	0.0171	0.1332**
Total compensation satisfaction	0.0650	0.1185**	0.1942**	0.0553	0.0581	0.1579**
Private	Variety	Auto.	Feed.	Task	Deal.	Friend
Pay level satisfaction	0.2061**	0.2053**	0.3292**	0.1287*	0.1453*	0.0708
Benefits satisfaction	0.1265*	-0.0281	0.2901**	-0.0110	0.0813	0.0997
Raise satisfaction	0.1258*	0.2972**	0.4166**	0.2134**	0.0829	0.1395*
Pay structure/administration satisfaction	0.1525*	0.3101**	0.4509**	0.1572*	0.1041	0.0716
Total compensation satisfaction	0.1908**	0.2584**	0.4785**	0.1375*	0.1361*	0.1319*

Auto.--Autonomy

Feed.--Feedback

Task--Task identity

Deal.--Dealing with others

Friend--Friendship opportunities

\*--p < 0.05

\*\*--p < 0.01

**Table 4.74: Results of regression analyses with variety as the independent variable and dimensions of compensation satisfaction as the dependent variable.**

<b>Public</b>	<b>F</b>	<b>R<sup>2</sup></b>	<b>B</b>	<b>T</b>
Pay level satisfaction	7.64*	0.0120	0.14	2.76*
Benefits satisfaction	0.22	0.0003	0.02	0.47
Raise satisfaction	4.48*	0.0073	0.10	2.12*
Pay structure/administration satisfaction	0.04	0.0001	-0.01	-0.19
Total compensation satisfaction	2.52	0.0042	0.26	1.59
<b>Private</b>	<b>F</b>	<b>R<sup>2</sup></b>	<b>B</b>	<b>T</b>
Pay level satisfaction	12.47*	0.0425	0.26	3.53*
Benefits satisfaction	4.53*	0.0160	0.18	2.13*
Raise satisfaction	4.38	0.0158	0.14	2.09*
Pay structure/administration satisfaction	6.47*	0.0232	0.22	2.54*
Total compensation satisfaction	9.57*	0.0364	0.79	3.12*

\*--p < 0.05

**Table 4.75: Results of regression analyses with autonomy as the independent variable and dimensions of compensation satisfaction as the dependent variable.**

<b>Public</b>	<b>F</b>	<b>R<sup>2</sup></b>	<b>B</b>	<b>T</b>
Pay level satisfaction	2.10	0.0033	0.06	1.45
Benefits satisfaction	4.27*	0.0067	0.09	2.07*
Raise satisfaction	12.32*	0.0195	0.14	3.51*
Pay structure/administration satisfaction	3.42	0.0540	0.09	1.85
Total compensation satisfaction	8.56*	0.0140	0.40	2.93*
<b>Private</b>	<b>F</b>	<b>R<sup>2</sup></b>	<b>B</b>	<b>T</b>
Pay level satisfaction	12.50*	0.0422	0.22	3.51*
Benefits satisfaction	0.22	0.0007	-0.03	-0.47
Raise satisfaction	26.64*	0.0883	0.28	5.16*
Pay structure/administration satisfaction	29.27*	0.0962	0.38	5.41*
Total compensation satisfaction	18.67*	0.0668	0.88	4.32*

\*--p < 0.05

**Table 4.76: Results of regression analyses with feedback as the independent variable and dimensions of compensation satisfaction as the dependent variable.**

<b>Public</b>	<b>F</b>	<b>R<sup>2</sup></b>	<b>B</b>	<b>T</b>
Pay level satisfaction	30.57*	0.0461	0.19	5.53*
Benefits satisfaction	10.33*	0.0160	0.11	3.21*
Raise satisfaction	52.99*	0.0792	0.22	7.28*
Pay structure/administration satisfaction	57.95*	0.0850	0.29	7.61*
Total compensation satisfaction	56.83*	0.0865	0.80	7.54*
<b>Private</b>	<b>F</b>	<b>R<sup>2</sup></b>	<b>B</b>	<b>T</b>
Pay level satisfaction	34.28*	0.1084	0.26	5.85*
Benefits satisfaction	25.90*	0.0841	0.26	5.09*
Raise satisfaction	57.53*	0.1735	0.30	7.59*
Pay structure/administration satisfaction	69.94*	0.2034	0.42	8.36*
Total compensation satisfaction	77.52*	0.2290	1.26	8.80*

\*--p < 0.05

**Table 4.77: Results of regression analyses with task identity as the independent variable and dimensions of compensation satisfaction as the dependent variable.**

<b>Public</b>	<b>F</b>	<b>R<sup>2</sup></b>	<b>B</b>	<b>T</b>
Pay level satisfaction	0.91	0.0014	0.06	0.95
Benefits satisfaction	0.92	0.0014	0.06	0.96
Raise satisfaction	1.44	0.0023	0.07	1.20
Pay structure/administration satisfaction	0.97	0.0015	0.07	0.98
Total compensation satisfaction	1.85	0.0031	0.26	1.36
<b>Private</b>	<b>F</b>	<b>R<sup>2</sup></b>	<b>B</b>	<b>T</b>
Pay level satisfaction	4.81*	0.0166	0.21	2.19*
Benefits satisfaction	0.03	0.0001	-0.02	-0.19
Raise satisfaction	13.22*	0.0455	0.30	3.64*
Pay structure/administration satisfaction	7.02*	0.0247	0.30	2.65*
Total compensation satisfaction	5.07*	0.0189	0.75	2.25*

\*--p < 0.05

Table 4.78: Results of regression analyses with dealing with others as the independent variable and dimensions of compensation satisfaction as the dependent variable.

Public	F	R <sup>2</sup>	B	T
Pay level satisfaction	0.71	0.0011	0.09	0.84
Benefits satisfaction	0.01	0.0001	0.01	0.09
Raise satisfaction	6.37*	0.0101	0.25	2.52*
Pay structure/administration satisfaction	0.18	0.0003	0.05	0.43
Total compensation satisfaction	2.04	0.0034	0.49	1.43
Private	F	R <sup>2</sup>	B	T
Pay level satisfaction	6.19*	0.0211	0.33	2.49*
Benefits satisfaction	1.90	0.0066	0.21	1.38
Raise satisfaction	1.92	1.0069	1.17	1.39
Pay structure/administration satisfaction	3.05	0.0108	0.27	1.75
Total compensation satisfaction	4.98*	0.0185	0.98	2.23*

\*--p < 0.05

**Table 4.79: Results of regression analyses with friendship opportunities as the independent variable and dimensions of compensation satisfaction as the dependent variable.**

<b>Public</b>	<b>F</b>	<b>R<sup>2</sup></b>	<b>B</b>	<b>T</b>
Pay level satisfaction	7.81*	0.0123	0.09	2.79*
Benefits satisfaction	5.70*	0.0090	0.07	2.39*
Raise satisfaction	15.19*	0.0244	0.11	3.90*
Pay structure/administration satisfaction	1.38	0.0051	0.06	1.17
Total compensation satisfaction	15.14*	0.0249	0.39	3.89*
<b>Private</b>	<b>F</b>	<b>R<sup>2</sup></b>	<b>B</b>	<b>T</b>
Pay level satisfaction	1.39	0.0050	0.05	1.18
Benefits satisfaction	2.75	0.0099	0.08	1.66
Raise satisfaction	5.30*	0.0195	0.09	2.30*
Pay structure/administration satisfaction	11.15*	0.0177	0.12	3.34*
Total compensation satisfaction	4.48*	0.0174	0.30	2.12*

\*--p < 0.05

**Hypothesis 7b:** The four core dimensions of variety, autonomy, task identity, and feedback will have more predictability on compensation satisfaction than the dimensions of dealing with others and friendship opportunities.

Hypothesis 7b examines the predictability of the core dimensions of job characteristics and the friendship dimensions on dimensions of compensation satisfaction. Multiple regressions were employed to test Hypothesis 7b. Each dimension of compensation satisfaction was regressed by the four core dimensions of perceived job characteristics, feedback, variety, autonomy, and task identity. Table 4.80 exhibits results of the regression analyses. Because a different number of independent variables was used in the multiple regression analyses, the R<sup>2</sup>s were adjusted by number of

observations and number of independent variables in the regression model. As demonstrated in Table 4.80, the four core dimensions contributed to 8.67 percent of the variance of total compensation satisfaction of the public managers. The four core dimensions contributed 8.64 percent of the variance of raise satisfaction, 8.07 percent of pay structure and administration satisfaction, 4.72 percent of pay level satisfaction, and only 1.46 percent of the variance of benefits satisfaction. Of the four core dimensions, feedback was the best predictor of compensation satisfaction.

Predictability of the four core dimensions was clearer for the private managers than for the public managers. The four core dimensions explained 23.27 percent of the variance of total compensation satisfaction, 21.88 percent of pay structure and administration satisfaction, 18.93 percent of raise satisfaction, 12 percent of pay level satisfaction, and 10.66 percent of benefits satisfaction. Feedback was the best predictor of compensation satisfaction for the private managers, and was followed by autonomy.

The two interpersonal dimensions, friendship opportunities and dealing with others, had limited predictability on compensation satisfaction (Table 4.81). These two dimensions explained 2.17 percent of the variance of total compensation satisfaction, and 2.31 percent of raise satisfaction for the public managers. Friendship opportunities had better predictability than dealing with others.

The two interpersonal dimensions had very limited predictability on compensation satisfaction for the private managers. Only 1.68 of the variance of total compensation satisfaction was explained by these two dimensions. Other regression models did not reveal significant F-values, which constrained the predictability of these two dimensions



on dimensions of compensation satisfaction. Based on these findings, it was concluded that Hypothesis 7b was confirmed.

Table 4.80: Regression coefficients of feedback, variety, autonomy, and task identity on dimensions of compensation satisfaction.

Public	F	R <sup>2</sup>	B <sub>1</sub>	B <sub>2</sub>	B <sub>3</sub>	B <sub>4</sub>
Pay level satisfaction	8.61*	0.0472	0.18*	0.10	0.02	-0.03
Benefits satisfaction	3.29*	0.0146	0.11*	-0.01	0.07	-0.04
Raise satisfaction	15.17*	0.0864	0.22*	0.03	0.11*	-0.09
Pay structure/ administration satisfaction	14.30*	0.0807	0.29*	-0.08	0.06	-0.08
Total compensation satisfaction	14.86*	0.0867	0.79*	0.04	0.28	-0.23
Private	F	R <sup>2</sup>	B <sub>1</sub>	B <sub>2</sub>	B <sub>3</sub>	B <sub>4</sub>
Pay level satisfaction	10.31*	0.1200	0.23*	0.14	0.08	-0.02
Benefits satisfaction	9.15*	0.1066	0.31*	0.16	-0.17*	-0.17
Raise satisfaction	16.47*	0.1893	0.25*	-0.02	0.15*	0.07
Pay structure/ administration satisfaction	19.56*	0.2188	0.36*	-0.01	0.23*	-0.05
Total compensation satisfaction	20.11*	0.2327	1.17*	0.26	0.33	-0.32

R<sup>2</sup>--Adjusted R<sup>2</sup>

B<sub>1</sub>--Regression coefficient of feedback

B<sub>2</sub>--Regression coefficient of variety

B<sub>3</sub>--Regression coefficient of autonomy

B<sub>4</sub>--Regression coefficient of task identity

\*--p < 0.05

Table 4.81: Regression coefficients of friendship opportunities and dealing with others on dimensions of compensation satisfaction.

Public	F	R <sup>2</sup>	B <sub>1</sub>	B <sub>2</sub>
Pay level satisfaction	3.97*	0.0094	0.09*	-0.04
Benefits satisfaction	3.26*	0.0071	0.09*	-0.11
Raise satisfaction	8.16*	0.0231	0.10*	0.12
Pay structure/ administration satisfaction	5.87*	0.0155	0.13*	-0.10
Total compensation satisfaction	7.57*	0.0217	0.39*	-0.01
Private	F	R <sup>2</sup>	B <sub>1</sub>	B <sub>2</sub>
Pay level satisfaction	2.71	0.0122	0.01	0.30*
Benefits satisfaction	1.61	0.0044	0.06	0.12
Raise satisfaction	2.73	0.0127	0.08	0.06
Pay structure/ administration satisfaction	1.54	0.0040	0.02	0.23
Total compensation satisfaction	3.17*	0.0168	0.19	0.68

R<sup>2</sup>--Adjusted R<sup>2</sup>

B<sub>1</sub>--Regression coefficient of friendship opportunities

B<sub>2</sub>--Regression coefficient of dealing with others

\*--p < 0.05

Question 8: How does compensation satisfaction, as well as the four dimensions of compensation satisfaction, influence motivation?

Hypothesis 8: A positive relationship exists between compensation satisfaction and motivation. Satisfaction with pay level and pay raise will have a stronger relationship with motivation than satisfaction with benefits and pay structure and administration satisfaction.

Surprisingly, neither dimensions of compensation satisfaction nor total compensation satisfaction exhibited any relationship with motivation to work. Table 4.82 presents correlation coefficients between motivation to work, dimensions of compensation

satisfaction, and total compensation satisfaction. None of these correlation coefficients were significant at  $p = 0.05$  level. Multiple regressions were employed to further investigate the relationship between motivation to work (dependent variable) and dimensions of compensation satisfaction (independent variable). The four dimensions of compensation satisfaction explained only 0.8 percent of the variance of motivation to work for the public managers, and 0.7 percent for the private managers. However, neither the model Fs nor the regression coefficients (Bs) were significant at  $p = 0.05$  level. Thus, Hypothesis 8 was rejected. Motivation to work for leisure service managers is not affected by compensation satisfaction at all.

Table 4.82: Correlation coefficients between motivation, dimensions of compensation satisfaction, and total compensation satisfaction.

	Public	Private
Pay level satisfaction	-0.0125	0.0437
Benefits satisfaction	0.0476	-0.0087
Raise satisfaction	0.0429	0.0647
Pay structure/administration satisfaction	-0.0171	0.0741
Total compensation satisfaction	0.0162	0.0592

Question 9: Do the relationships between antecedent variables of compensation satisfaction and compensation satisfaction, and the subsequent relationship between compensation satisfaction and motivation differ between the public and private leisure service professionals?

Question 9 tests the whole model of the causal relationships of antecedents of compensation satisfaction on compensation satisfaction, and extending these causal relationships to motivation to work. Path analysis was employed to test the research

model depicted in Figure 1.1. Prior to building the path model, a sequence of simple regression analyses were conducted to examine if there is causal relationship existing between the antecedents of compensation satisfaction and motivation. Those variables demonstrating significant relationships with motivation to work must remain in the model, and a path should link that variable to motivation. Variables that did not exhibit a significant relationship either with compensation satisfaction or with motivation were dropped from the path model.

**Hypothesis 9a:** The relationship between job characteristics, compensation satisfaction and motivation will be different for public and private leisure service professionals.

Figure 4.1 presents the path model and Table 4.83 summarizes the path coefficients for the public managers. Figure 4.2 presents the path model and Table 4.84 summarizes the path coefficients for the private managers. Path coefficients in these two path diagrams represent regression coefficients. The solid-line paths indicate that the path coefficients are significant at  $p = 0.05$  level, while the dot-line paths indicate insignificant path coefficients.

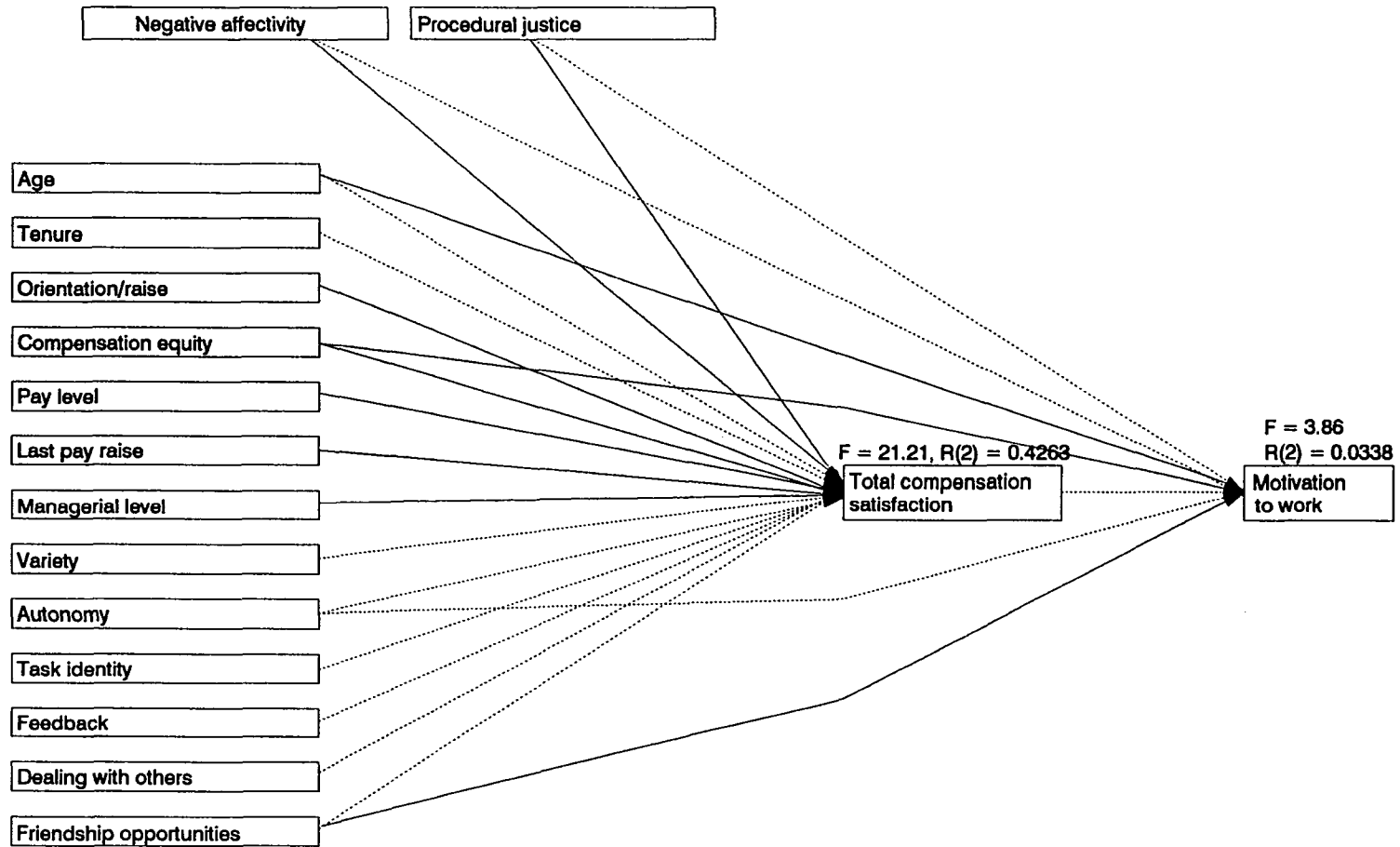


Figure 4.1: Path diagram of antecedents of compensation satisfaction, total compensation satisfaction, and motivation to work for the public managers.

Table 4.83: Path coefficients for the paths in Figure 4.1.

Age	--	Total compensation satisfaction	-0.06
Tenure	--	Total compensation satisfaction	0.13
Orientation/raise	--	Total compensation satisfaction	-2.18
Compensation equity	--	Total compensation satisfaction	0.44*
Pay level	--	Total compensation satisfaction	0.20*
Last pay raise	--	Total compensation satisfaction	0.36*
Managerial level	--	Total compensation satisfaction	0.08*
Variety	--	Total compensation satisfaction	0.19
Autonomy	--	Total compensation satisfaction	0.26
Task identity	--	Total compensation satisfaction	0.06
Feedback	--	Total compensation satisfaction	0.002
Dealing with others	--	Total compensation satisfaction	0.08
Friendship opportunities	--	Total compensation satisfaction	0.07
Negative affectivity	--	Total compensation satisfaction	-0.08*
Procedural justice	--	Total compensation satisfaction	0.10*
Age	--	Motivation to work	0.04*
Compensation equity	--	Motivation to work	-0.03*
Autonomy	--	Motivation to work	0.03
Friendship opportunities	--	Motivation to work	0.07*
Negative affectivity	--	Motivation to work	-0.004
Procedural justice	--	Motivation to work	0.006
Total compensation satisfaction	--	Motivation to work	0.009

\*--p < 0.05

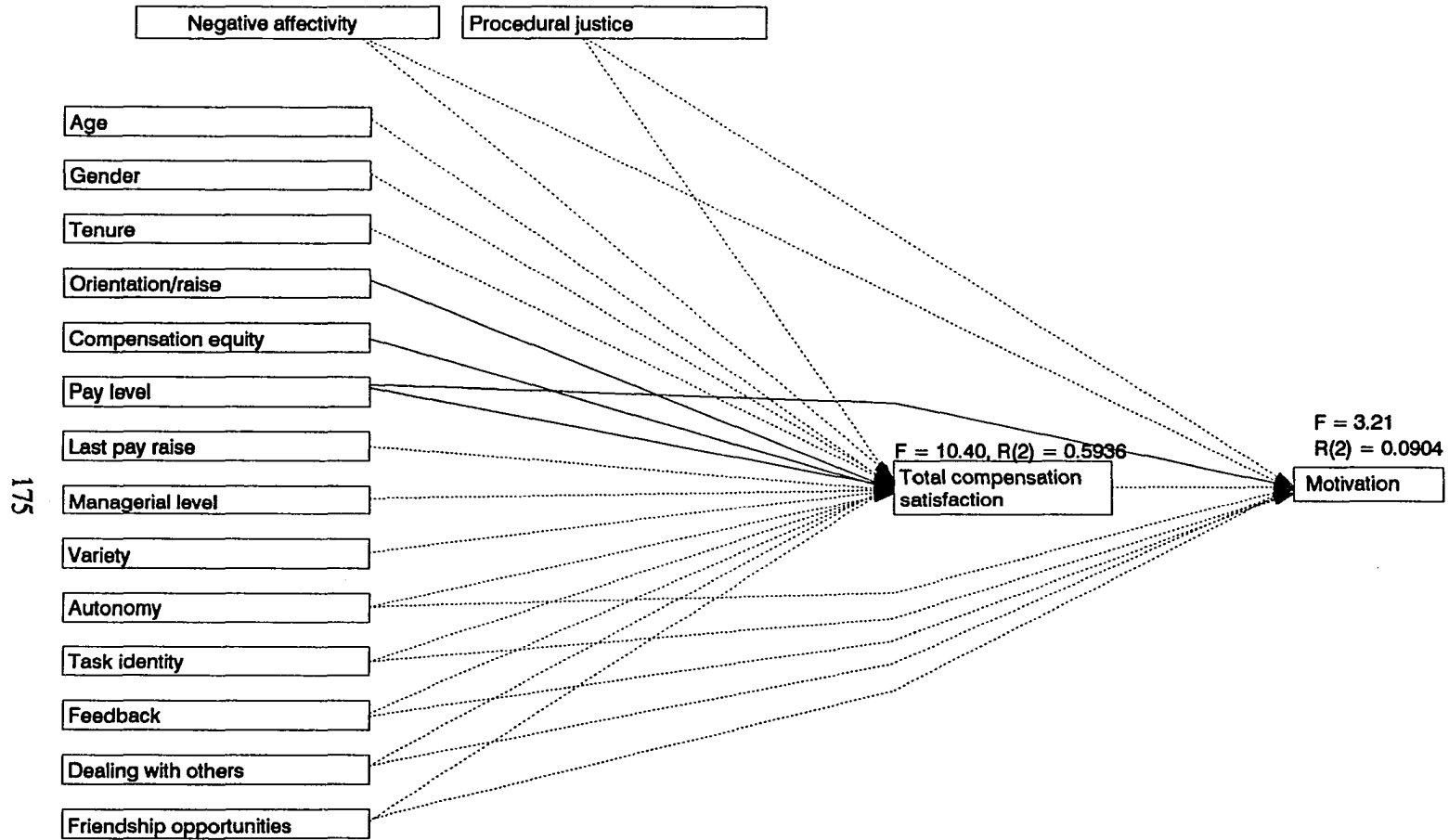


Figure 4.2: Path diagram of antecedents of compensation satisfaction, total compensation satisfaction, and motivation to work for the private managers.

Table 4.84: Path coefficients for the paths in Figure 4.2.

Age	--	Total compensation satisfaction	0.11
Gender	--	Total compensation satisfaction	3.66
Tenure	--	Total compensation satisfaction	-0.20
Orientation/raise	--	Total compensation satisfaction	4.69
Compensation equity	--	Total compensation satisfaction	0.23*
Pay level	--	Total compensation satisfaction	0.23*
Last pay raise	--	Total compensation satisfaction	0.33*
Managerial level	--	Total compensation satisfaction	-0.10*
Variety	--	Total compensation satisfaction	0.44
Autonomy	--	Total compensation satisfaction	0.52
Task identity	--	Total compensation satisfaction	-0.35
Feedback	--	Total compensation satisfaction	0.26
Dealing with others	--	Total compensation satisfaction	-0.28
Friendship opportunities	--	Total compensation satisfaction	-0.23
Negative affectivity	--	Total compensation satisfaction	0.11
Procedural justice	--	Total compensation satisfaction	0.13
Pay level	--	Motivation to work	-0.05*
Autonomy	--	Motivation to work	0.12
Task identity	--	Motivation to work	0.06
Feedback	--	Motivation to work	0.08
Dealing with others	--	Motivation to work	0.20
Friendship opportunities	--	Motivation to work	-0.002
Negative affectivity	--	Motivation to work	-0.002
Procedural justice	--	Motivation to work	0.004
Total compensation satisfaction	--	Motivation to work	0.005

\*--p < 0.05

Apparently, the relationships between antecedents of compensation satisfaction, compensation satisfaction, and motivation are quite different in public and private leisure service managers. Therefore, Hypothesis 9a was supported. All of the antecedents in the path diagram explained 42.63 percent ( $F = 21.21, p < 0.05$ ) of the variance of total



compensation satisfaction for the public managers, and 59.36 percent ( $F = 10.40$ ,  $p < 0.05$ ) for the private managers. Orientation toward raise, compensation equity, current pay level, last pay raise, and managerial level exhibited significant relationships with compensation satisfaction for the public managers. For the private managers, orientation toward pay raise, compensation equity, and pay level are the best predictors of compensation satisfaction.

The whole model explained a limited variance of motivation for both public and private managers. For the public managers, the model explains only 3.38 percent ( $F = 3.86$ ,  $p < 0.05$ ) of the variance of motivation. The strength between total compensation satisfaction and motivation was weaker than the strength between age, compensation equity, friendship opportunities, autonomy, and motivation. For the private managers, the model explains 9.04 percent ( $F = 3.21$ ,  $p < 0.05$ ) of the variance of motivation. The links between pay level, perceived job characteristics, and motivation were stronger than the link between total compensation satisfaction and motivation.

**Hypothesis 9b:** There will be a stronger relationship between perceived job characteristics and compensation satisfaction in the private sector than in the public sector.

Hypothesis 9b was sustained because, as exhibited in Table 4.83 and Table 4.84, perceived job characteristics demonstrated higher path coefficients for the private managers than for the public managers.

**Hypothesis 9c:** Satisfaction with pay level and pay raise will have a stronger relationship with motivation than satisfaction with benefits and pay structure and administration satisfaction in the private sector.

**Hypothesis 9d:** Satisfaction with benefits will have a stronger relationship with motivation than satisfaction with pay level, pay raise, and pay structure and administration in the public sector.

Figure 4.3 shows the path diagram of antecedents of compensation satisfaction, dimensions of compensation satisfaction, and motivation for the public managers; Figure 4.4 shows the path diagram for the private managers. Path coefficients between antecedents and dimensions of compensation satisfaction of the public managers are summarized in Table 4.85; Table 4.86 summarizes path coefficients for the private managers. It is quite obvious that the four dimensions of compensation satisfaction do not contribute significantly to motivation. All four dimensions of compensation satisfaction account for less than one percent of the variance of motivation. Thus, hypotheses 9c and 9d were rejected.

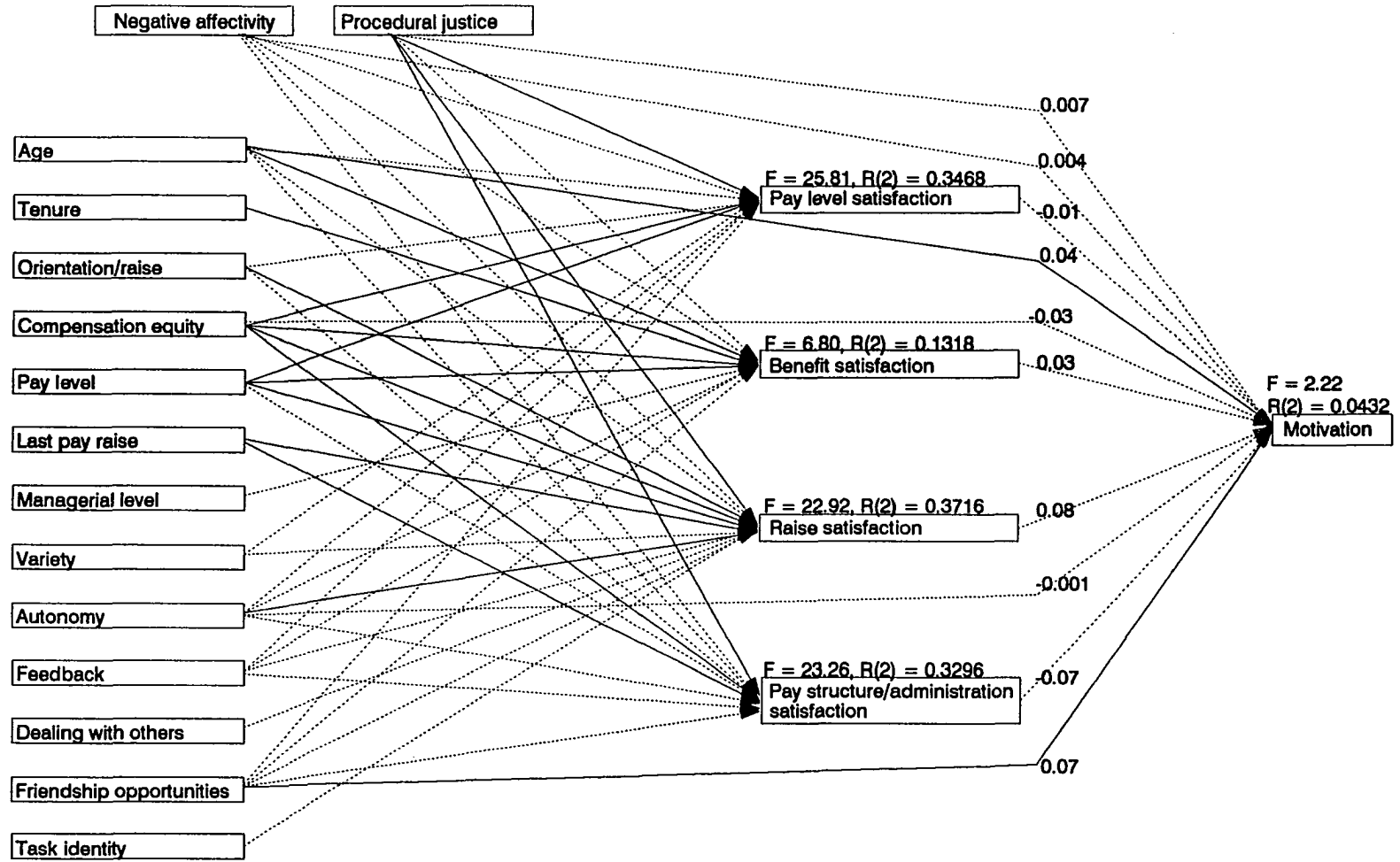


Figure 4.3: Path diagram of extensions of antecedents of compensation satisfaction and dimensions of compensation satisfaction on motivation for the public managers.

Table 4.85: Path coefficients of antecedents of compensation satisfaction and dimensions of compensation satisfaction for the public managers.

Antecedents	Pay level	Benefit	Raise	Str./Adm.
Age	-0.01	-0.01*	0.01	0.04
Tenure		0.32*		
Orientation toward raise	-0.28		-0.88*	-0.42
Equity	0.14*	0.05*	0.01*	0.14*
Salary	0.06*	0.05*	0.04*	0.03
Percentage of last raise			0.15*	0.10*
Managerial level		0.02		
Variety	0.04		-0.01	
Autonomy	0.04	0.05	0.13*	0.02
Feedback	-0.001	0.04	-0.01	0.04
Task identity			-0.05	
Dealing with others			0.02	
Friendship opportunities	-0.004	0.03	0.02	-0.01
Procedural justice	0.02*	0.04	0.03*	0.04*
Negative affectivity	-0.02	-0.02	-0.03	-0.03
F	25.81*	6.80*	21.24*	23.26*
R <sup>2</sup>	0.3468	0.1318	0.3751	0.3297

\*--p < 0.05

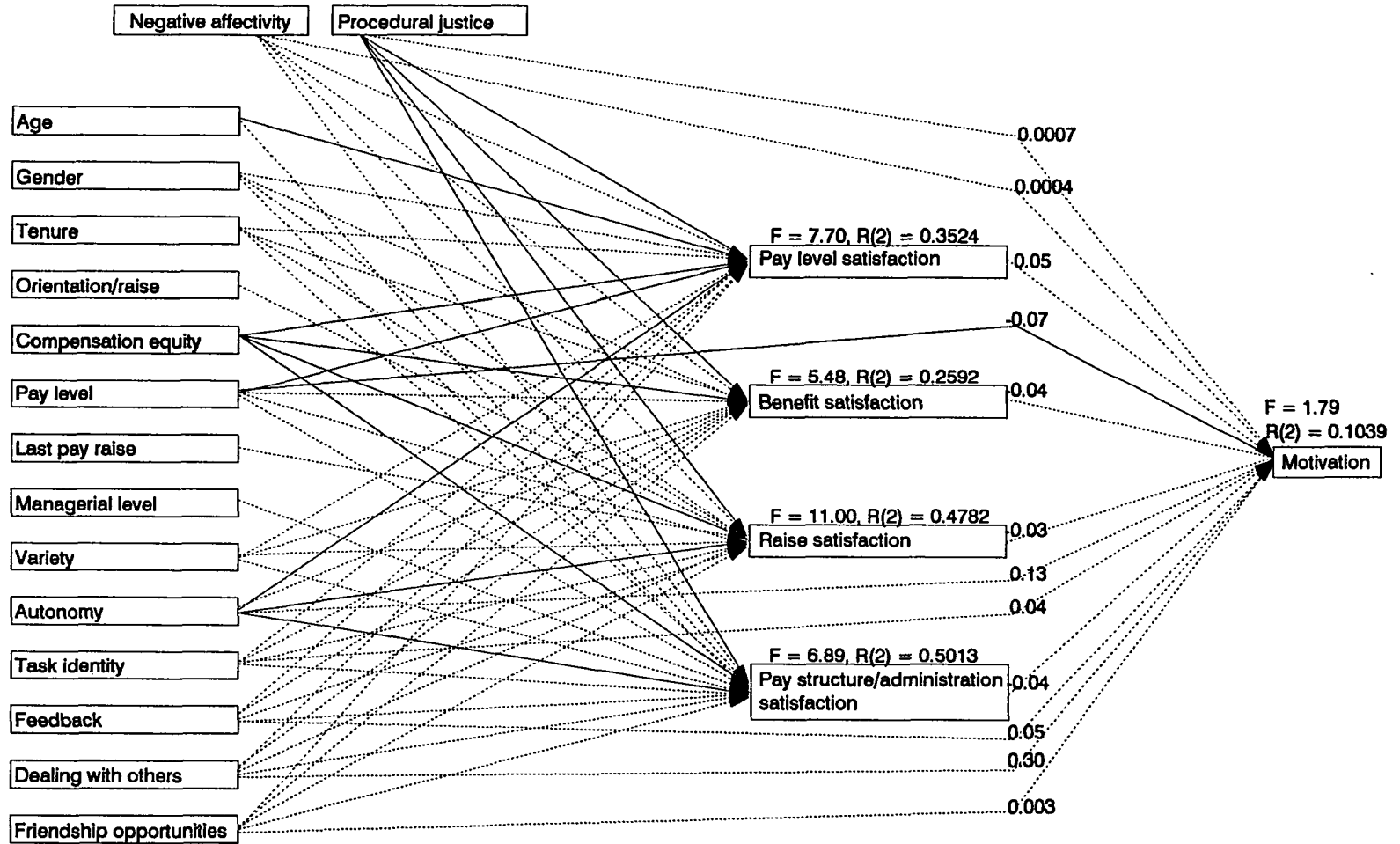


Figure 4.4: Path diagram of extensions of antecedents of compensation satisfaction and dimensions of compensation satisfaction on motivation for the private managers.

Table 4.86: Path coefficients of antecedents of compensation satisfaction and dimensions of compensation satisfaction for the private managers.

Antecedents	Pay level	Benefit	Raise	Str./Adm.
Age	0.06*			0.01
Sex	0.61	1.12	0.43	1.00
Tenure	0.07	0.12	0.05	0.27
Orientation toward raise			0.08	
Equity	0.08*	0.07*	0.07*	0.06*
Salary	0.06	0.02	0.04	0.02
Last pay raise			0.05	
Managerial level				-0.03
Variety	0.05	0.15	-0.04	0.06
Autonomy	0.18*	-0.21	0.23*	0.35*
Feedback	0.006	0.09	0.04	0.04
Task identity	0.12	-0.23	0.09	-0.07
Dealing with others	-0.10	0.25	-0.18	-0.15
Procedural justice	0.02*	0.04*	0.05*	0.15*
Negative affectivity	-0.02	0.01	0.05	-0.04
F	7.70*	5.48*	11.00*	6.89*
R <sup>2</sup>	0.3524	0.2592	0.4782	0.5013

\*--p < 0.05

## CHAPTER FIVE

### DISCUSSION

#### Summary

The purposes of this study were: (1) to examine the construct of compensation satisfaction in leisure and recreation service professionals; (2) to investigate the influence of antecedent variables--especially the perceived job characteristics--both individually and collectively on overall compensation satisfaction and on each of its dimensions respectively; (3) to explore the relationships between compensation satisfaction and motivation; and (4) to compare these relationships in public and private leisure service professionals. The antecedents incorporated in this investigation were grouped into five categories: personal attributes (educational level, age, sex, and tenure), personal perceptions (orientation toward raise and perceived compensation equity), compensation practices (pay level, raises, benefit coverage, and cost to employees), organizational features (organizational size and managerial level), and perceived job characteristics (variety, autonomy, feedback, task identity, dealing with others, and friendship opportunities). A nationwide survey of randomly selected mid-level managers in public and private leisure service organizations was conducted. The sample consisted of 667 public managers and 306 private managers. A questionnaire composed of eight sections was developed for data collection. The hypotheses tested in this study set the stage to draw an overall picture of the relationship between antecedent variables, compensation satisfaction, and motivation. Results of hypotheses testing involving the relationships

between antecedent variables and compensation satisfaction are summarized in Tables 5.1 (public) and 5.2 (private). The Ns in Tables 5.1 and 5.2 denote negative relationships, and the Ps denote positive relationships. The superscripts "1" indicate that the relationships were proven to be significant by simple regressions. The superscripts "2" indicate that these relationships were proven to be significant by multiple regressions with the controlling variables.



**Table 5.1: Summary of the results of hypotheses testings involving the relationships between antecedent variables and compensation satisfaction of the public managers.**

	Pay		Benefits	Raise	Stru./ Adm.	Total Comp.
	Hypo.	level				
<b>Personal attributes</b>						
Educational level	N	P	N	P	N	N
Age	N	P	P	P	P	P
Sex	M<F	M>F	M>F	M<F	M>F	M>F <sup>2</sup>
Tenure	N	P	P <sup>12</sup>	N	P	P
<b>Personal perceptions</b>						
Orientation/raise	R>I	R>I <sup>12</sup>	R>I	R>I <sup>12</sup>	R>I <sup>12</sup>	R>I <sup>12</sup>
Compensation equity	P	P <sup>12</sup>	P <sup>12</sup>	P <sup>12</sup>	P <sup>12</sup>	P <sup>12</sup>
<b>Compensation practices</b>						
Pay level	P	P <sup>12</sup>	P <sup>12</sup>	P <sup>12</sup>	P <sup>12</sup>	P <sup>12</sup>
Last raise	P	N	N	P	P	N
Benefits	P	P <sup>2</sup>	P	P <sup>2</sup>	P	P <sup>2</sup>
Cost of benefits	N	P	N	P	P	P
<b>Organizational features</b>						
Organizational size	P	N	N	N	N	N
Managerial level	P	P	P <sup>12</sup>	P	P	P <sup>1</sup>
<b>Job characteristics</b>						
Variety	P	P <sup>1</sup>	P	P <sup>1</sup>	N	P
Autonomy	P	P	P <sup>1</sup>	P <sup>1</sup>	P	P <sup>1</sup>
Feedback	P	P <sup>1</sup>	P <sup>1</sup>	P <sup>1</sup>	P <sup>1</sup>	P <sup>1</sup>
Task identity	P	P	P	P <sup>1</sup>	P	P
Dealing with others	P	P	P	P <sup>1</sup>	P	P
Friendship opportunities	P	P <sup>1</sup>	P <sup>1</sup>	P <sup>1</sup>	P	P <sup>1</sup>
Total job characteristics	P	P <sup>1</sup>	P <sup>1</sup>	P <sup>1</sup>	P <sup>1</sup>	P <sup>1</sup>

Hypo.--Hypothesized relationship

Table 5.2: Summary of the results of hypotheses testings involving the relationships between antecedent variables and compensation satisfaction of the private managers.

	Pay		Benefits	Raise	Stru./ Adm.	Total Comp.
	Hypo.	level				
<b>Personal attributes</b>						
Educational level	N	P	P	N	N	N
Age	N	p <sup>12</sup>	N	P	p <sup>12</sup>	p <sup>12</sup>
Sex	M < F	M > F <sup>12</sup>	M > F <sup>2</sup>	M > F <sup>2</sup>	M > F <sup>2</sup>	M > F <sup>12</sup>
Tenure	N	p <sup>12</sup>	p <sup>2</sup>	p <sup>12</sup>	p <sup>12</sup>	p <sup>12</sup>
<b>Personal perceptions</b>						
Orientation toward raise	R > I	R > I	R > I	R > I <sup>1</sup>	R > I	R > I
Compensation equity	P	p <sup>12</sup>	p <sup>12</sup>	p <sup>12</sup>	p <sup>12</sup>	p <sup>12</sup>
<b>Compensation practices</b>						
Pay level	P	p <sup>12</sup>	p <sup>12</sup>	p <sup>12</sup>	p <sup>12</sup>	p <sup>12</sup>
Last raise	P	P	N	p <sup>12</sup>	p <sup>1</sup>	p <sup>12</sup>
Benefits	P	P	p <sup>1</sup>	P	P	P
Cost of benefits	N	N	N <sup>12</sup>	N	N	N
<b>Organizational features</b>						
Organizational size	P	N	P	N	N	N
Managerial level	P	N	N	N	N <sup>2</sup>	N
<b>Job characteristics</b>						
Variety	P	p <sup>1</sup>	p <sup>1</sup>	p <sup>1</sup>	p <sup>1</sup>	P
Autonomy	P	p <sup>1</sup>	N	p <sup>1</sup>	p <sup>1</sup>	p <sup>1</sup>
Feedback	P	p <sup>1</sup>	p <sup>1</sup>	p <sup>1</sup>	p <sup>1</sup>	p <sup>1</sup>
Task identity	P	p <sup>1</sup>	N	p <sup>1</sup>	p <sup>1</sup>	p <sup>1</sup>
Dealing with others	P	p <sup>1</sup>	P	P	P	p <sup>1</sup>
Friendship opportunities	P	P	P	p <sup>1</sup>	p <sup>1</sup>	p <sup>1</sup>
Total job characteristics	P	p <sup>1</sup>	p <sup>1</sup>	p <sup>1</sup>	p <sup>1</sup>	p <sup>1</sup>

Hypo.--Hypothesized relationship

## Discussion

### Dimensionality of the PSQ

Dimensionality of the compensation satisfaction construct as proposed by Heneman and Schwab (1985) was generally confirmed in both public and private samples, and was consistent with the findings of Heneman, Greenberger, and Strasser (1988). All four dimensions had eigenvalues greater than 1. Also, satisfactory reliability coefficient alphas were obtained for each factor as a measure of internal consistency. Pay level satisfaction was loaded first into the compensation satisfaction construct, which did explain 20 percent of the total compensation satisfaction variance. The fact that benefit satisfaction was loaded second into the factor structure suggests that employees view benefits as an important component of their compensation package. Moore (1985) stated that some people were attracted to work in the public sector because of the benefits offered by the public agencies, especially pensions and medical insurance. Milkovich and Newman (1990) stressed that employees usually believe they are entitled to continued benefits as a term of employment. Therefore, any effort to reduce benefit levels or eliminate parts of the package would be encountered by employee resistance and dissatisfaction.

Factor loadings of the items of the other two dimensions might suggest that there is ambiguity in the conceptual definitions of these two dimensions. Scrapello, Huber, and Vandenberg (1988) argued that the inconsistent loading of items results from the fact that the respondents may need to evoke more than one frame of reference in answering some pay raise items. Miceli and Lane (1991) argued that employees usually judge their compensation based on pay level and benefits. Employees tend to incorporate the amount

of raise received into pay level and collectively evaluate the overall pay level. An alternative reason why pay raise satisfaction was loaded last into the compensation satisfaction construct might be that the four raise-items of the PSQ ask two components of raises, the amount of raise received (items 9 and 11) and the procedures to raise decisions (items 10 and 12). Thus, the amount of raise received may be regarded as a part of their overall compensation satisfaction. Deckop suggested that the process of determining pay increases should be considered a separate dimension of compensation, and the structure might be considered a reference rather than a dimension of compensation (cited in Miceli and Lane, 1991). Nevertheless, dimensionality of compensation satisfaction is still under debate (Miceli and Lane, 1991; Scrapello et al., 1988), and more empirical research is needed to verify the dimensionality of compensation satisfaction.

#### **Antecedent Variables and Compensation Satisfaction**

It is quite evident that the relationships between antecedent variables and compensation satisfaction were quite different in these two samples of managers. Existing literatures did not provide consistent results or explanations for the relationship between antecedent variables and compensation satisfaction. Results of this investigation offer a new perspective on these relationships. This section explains these variations.

#### **Personal Attributes and Compensation Satisfaction**

The effects of personal attributes on compensation satisfaction were quite different between the public and private managers. The four personal attribute variables showed

limited effect on compensation satisfaction for the public managers. However, age, sex, and tenure demonstrated a significant effect on compensation satisfaction for the private managers. Some of these variations might be explained by the correlations between personal attribute variables and the two dominating variables in predicting compensation satisfaction--current salary and perceived compensation equity. The distinction in perceived compensation equity between males and females found in the private sector and not in the public sector may explain the variance in compensation satisfaction.

Educational level has been identified in many studies as a predictor of compensation satisfaction (Lawler, 1971; Klein and Maher, 1966). The hypothesized negative relationship between educational level and compensation satisfaction was found in both samples of managers, though statistically insignificant. However, positive and negative effects were found in the four dimensions of compensation satisfaction. The positive relationship between educational level and pay level satisfaction can be explained by the positive correlation between educational level and current salary ( $r_{PU} = 0.2736$ ,  $p < 0.001$ ;  $r_{PV} = 0.2032$ ,  $p < 0.001$ ); that is higher education is associated with higher salary, and, therefore, higher pay level satisfaction.

Previous studies have demonstrated mixed effects of age on compensation satisfaction. The hypothesized negative relationship between age and compensation satisfaction was not supported in this study. Age showed a positive effect on compensation satisfaction in both public and private managers. Further examination of the data showed that age positively correlated with current salary ( $r_{PU} = 0.2750$ ,  $p < 0.001$ ;  $r_{PV} = 0.0994$ ,  $p < 0.10$ ). For the public managers, the positive relationship

between age and current salary was offset by the negative relationship between age and perceived compensation equity ( $r_{PU} = -0.0802$ ,  $p < 0.05$ ). For the private managers, although age demonstrated a negative correlation with perceived compensation equity, this relationship was not significant.

Contradictory to the hypothesized relationship and previous findings (Nash and Carroll, 1975; Ronan and Organt, 1973), female managers were less satisfied than male managers with their compensation, except that females were more satisfied than males with raises in the public sample. This finding is supported by the fact that female managers (F) were paid significantly lower salaries than male managers (M) in both public and private samples ( $F_{PU} = \$29,500$ ,  $M_{PU} = \$34,800$ ;  $F_{PV} = \$25,500$ ,  $M_{PV} = \$29,600$ ). However, female managers in the public sector received significantly higher raises than male managers ( $F_{PU} = 5.85$  percent,  $M_{PU} = 4.99$  percent), which contributes to the finding that public female managers were more satisfied than male managers with their raises. Most notably, there is no significant difference between public female and male managers in terms of perceived compensation equity. However, private female managers perceived their compensation equity to be significantly lower than the male managers ( $F_{PV} = 2.60$ ,  $M_{PV} = 3.02$ ), which might explain the significant difference between female and male managers in the private sample.

The findings of this study also identified the changing role of women in the leisure and recreation professions. In the past, women entered the labor force as temporary, supplementary workers, and hence worked for lower wages than men were willing to accept. Henderson and Bialeschiki (1990) stressed that women are taking more active

roles and assuming administrative duties in the park and recreation field. These women tend to be young (especially in the private sector), unmarried, and better educated. In a nationwide study of job commitment and satisfaction, Hamilton and Wright (1986) stated that women's attitudes toward work have been changed since the 1970s. Young women in particular are welcoming the opportunity to work. For many women, full-time employment represents liberation from stultifying housework. This study suggests that because females demand higher salaries, park and recreation agencies in particular should ensure equity in their compensation programs.

The hypothesized negative relationship between tenure and compensation satisfaction was found with raise satisfaction only in the public managers. The negative effect of tenure on raise satisfaction is supported by the negative correlation between tenure and percentage of last pay raise ( $r = -0.1523$ ,  $p < 0.001$ )--longer tenured managers received lower raises than the less tenured managers. The positive effect of tenure on benefit satisfaction might be explained by the fact that benefits are often treated as a system reward and distributed differentially based on seniority (Moore, 1985). The positive relationship between tenure and compensation satisfaction is consistent with the findings of Capelli and Sherer (1988) and Berkowitz et al. (1987). Miceli and Lane (1991) offered an explanation as to why tenure exhibits a positive relationship with compensation satisfaction:

These findings suggest another process may occur as individuals age or gain greater seniority. As one ages, health or family issues may become more important than obtaining the highest salary possible. Also, younger individuals still have peak earning years ahead, and their knowledge of this may drive them to want more salary (p. 255).

It may be that younger managers judge pay against a "want" standard where as older managers may use a "deservingness" standard, which might account for differences in pay satisfaction.

#### Personal Perceptions and Compensation Satisfaction

The hypothesized positive relationship between personal perception variables and compensation satisfaction was confirmed. Orientation toward pay raise demonstrated a much more significant influence on compensation satisfaction for the public managers than for the private managers. In fact, organizational recognition-type managers (ORM) received significantly higher raises than the income secure-type managers (ISM) ( $ORM_{PU} = 5.63$ ,  $ISM_{PU} = 4.61$ ;  $ORM_{PV} = 8.40$ ,  $ISM_{PV} = 5.85$ ). Although public managers scored significantly higher ratings in perceived compensation equity than the private managers, no difference was found between the organizational recognition and the income secure-type managers in terms of perceived compensation equity.

Apparently, perceived compensation equity positively affects compensation satisfaction, which is consistent with the literature on the equity theory of compensation satisfaction. Also note that perceived compensation equity is an important variable in predicting compensation satisfaction. Milkovich and Newman (1990) and Lawler (1990) stressed that a pay plan must be perceived as equitable by all employees. Equity can be assured by providing equal pay for equal work and by basing pay on performance. Equal pay for equal work is possible only if sound and up-to-date job evaluation and position classification procedures are in place. Similarly, pay can be based on performance only



if the employer and the employees are able to define and measure performance, and reduce the bias in the performance evaluation procedures (McKinney and Collins, 1991).

### Compensation Practices and Compensation Satisfaction

As expected, current pay level, percentage of last pay raise, and benefits coverage were positively related to compensation satisfaction. The negative effect of cost of benefits on compensation satisfaction was confirmed in the private sector only. Although it is conceivable that cost of benefits is negatively related to benefit satisfaction, cost of benefits demonstrated a positive relationship with the other three dimensions of compensation and total compensation satisfaction as well in the public sector. This finding was consistent with Dreher, Ash, and Bretz's (1988) findings. Dreher et al. explained that employees may perceive that the greater the employee benefit costs, the higher the quality of coverage for the total benefit package. Although employee benefit costs have a substantial negative relationship with benefits satisfaction, the quality of benefit coverage has a positive association with benefit satisfaction and total compensation satisfaction as well. Other than the fact the public managers need to work three more days than the private managers annually, the public managers received better benefits than the private managers, which helps explain why the public managers were significantly more satisfied than private managers with their benefits. More public agencies than private organizations provide disability protection and term life insurance for their managers. Public managers receive more retirement income, pay lower monthly premiums for health insurance, and pay lower deductibles for medical expenses than

private managers. These findings were consistent with Moore's (1991) investigation of public and private sector benefits.

### Organizational Features and Compensation Satisfaction

The hypothesis that large organizations may pay higher salaries than small organizations, and, consequently, compensation satisfaction is higher in large organizations than in the small organizations was not supported in this investigation. On average, the public agencies were larger than the private organizations surveyed in this study, and public managers received significantly higher salaries than the private managers. No evidence was found that large public or private agencies pay higher salaries than small public or private agencies. Better salaries, benefits, and raises are not automatically linked with larger organizations.

Public and private managers demonstrated reversed results relating to managerial level and compensation satisfaction. A positive effect of managerial level on compensation satisfaction was found in the public managers, while a negative effect was found in the private managers. One possible explanation might be that since public agencies are larger than the private organizations, there are more management levels in the public agencies than in the private organizations. Thus, pay differentials between hierarchical levels might contribute to the positive effects on compensation satisfaction for the public managers. If benefit coverage is associated with tenure, then the significant positive relationship between managerial level and benefit satisfaction found in the public managers might be attributed to the positive correlation between tenure and managerial level ( $r_{PU} = 0.1284$ ,  $p < 0.01$ ). Public managers in higher management

positions have longer tenure and better benefits than managers in a lower management positions, and, therefore, higher benefit satisfaction.

Another perspective takes into account that the private organizations were smaller than the public agencies. They may have flatter organizational structures, and less pay differentials between management level yet each management level has greater responsibilities. This may have contributed to the negative effect of managerial level on compensation satisfaction. In fact, public managers had more responsibilities than the private managers, in terms of operating budget and number of employees supervised. In Barros' (1990) investigation of public leisure services managers, she found a positive correlation between responsibility and job satisfaction. This may extend to the positive relationship between managerial level and compensation satisfaction.

#### Perceived Job Characteristics and Compensation Satisfaction

Perceived job characteristics demonstrated positive relationships with compensation satisfaction for both the public and private managers. Although no study to date has examined the relationships between perceived job characteristics and compensation satisfaction, the findings of this study were consistent with some studies in perceived job characteristics and job satisfaction, in which positive relationships have been documented (Loher et al., 1985; Hackman and Oldham, 1976). Apparently, however, public and private managers perceive their jobs differently. Researchers such as Soloman (1986), Aryee (1992), Baldwin (1991), and Steel and Warner (1990) have offered substantial evidence concerning the reasons for the differences. To summarize, the public agencies are societally owned, and are therefore dependent upon society for funding. This implies

that public agencies are subject to external entities, with resulting conflicts in goals and increased pressures for accountability. To respond to the demands of the external entities and governmental monitoring, public sector organizations tend to be highly structured, with greater procedural standardization and regularity, and therefore greater bureaucratization.

In the private sector, however, the competitive, dynamic nature of the environment and the relative freedom from external entities and governmental monitoring make profitability the ultimate criterion for success. The private sector has to be responsive to market and customer demands, and must implement organizational policies that facilitate efficient and economical rational actions, which allows for flexibility, less reliance on rules and procedures, and therefore less bureaucratization.

Based on the aforementioned claims, it is logical that the public managers perceived dealing with others (PU = 4.26) as the most important element in their jobs, and the private managers rated task identity (PV = 4.25) as the most important one. (These ratings are based on a scale of 1 to 5, with 1 = the lowest and 5 = the highest.) The bureaucratic nature of the public jobs also contributes to the fact that feedback and friendship opportunities had closer ties to compensation satisfaction than the other dimensions in the public sector. On the other hand, the need for quick responses to customers and market demands in the private sector contributed to the fact that the four core dimensions of perceived job characteristics had closer ties to compensation satisfaction in the private sector than in the public sector. Another interpretation of these findings might be that the private managers perceive that their pay is related to their jobs,

while in the public sector, pay is determined largely by regulations or other political forces.

The finding that feedback appears to be a major factor in compensation satisfaction signifies the importance of communication in compensation management, which has been emphasized by Lawler (1990) and Milkovich and Newman (1990). However, Wallace and Fay (1988) stated that knowledge of the compensation system and the process used to construct it will not guarantee acceptance of the system. Rather than telling employees how the compensation system was constructed, managers must actively engage employees in designing the salary structure and compensation program. Therefore, employees who do not know about the system and its construction are not likely to place much trust in it.

#### Compensation Satisfaction and Motivation

The hypothesized positive effect of compensation satisfaction on motivation was not sustained in this study. Neither compensation satisfaction, nor its dimensions, demonstrated a relationship with motivation in either the public or the private managers. This finding was contradictory to McKinney and Yen's (1991) study of parks and recreation directors and other municipal officials, in which satisfaction with pay level and raise were moderately correlated to motivation.

The lack of relationship between compensation satisfaction and motivation is contradictory to the inherent function of compensation. Baldwin (1991) criticized that the public sector rewards are rarely contingent upon performance, and the ambiguity of goals prevents the development of performance standards for an effective incentive

system. Lawler (1991) suggested that what is needed is a set of fundamentally different approaches to conceptualizing and structuring pay systems, because the traditional practices do not perform well when evaluated against the kind of results that a pay system should produce. The traditional approach to design a pay system does not tend to motivate effective behavior. Therefore, in order to have a pay system that can make a significant contribution to organizational effectiveness, not only should performance be tied with the pay system, but also the pay system should be revised periodically.

It is interesting to note that both public and private managers maintained a high level of motivation, although the private managers received significantly lower salaries than did the public managers. Buchanan (1974) stated that dissatisfaction among private managers might be offset by job challenges in the private sector.

The finding that public and private managers are equally motivated is consistent with the findings of Baldwin (1991). Baldwin reviewed eight studies comparing public and private motivation. These studies demonstrated statistically insignificant public-private differences when motivation is conceptualized as working hard or putting forth effort. The public employees are perceived to be equally motivated, especially at the managerial level and above, and public employees demonstrate consistently higher levels of educational achievement. Still, another connotation to the high motivation found in public and private managers might be that the survey respondents was a highly motivated group as compared to non-respondents. The evidence of this is that 81 percent of the survey respondents requested a copy of the summary report.

## Implications

Compensation administration is an important personnel function in any organization. The compensation program is usually designed to attract and retain employees, motivate employee performance, and further improve organizational effectiveness. In order to realize these goals, Katz and Kahn (1979) suggested that three conditions must be met: (1) pay is perceived as important to the employees; (2) the employees view their pay as equitable; and (3) pay is related to employee behaviors. Past research discovered that public employees, particularly employees working with social service agencies, place a lower emphasis on pay (Lawler, 1971). This claim is sustained by the insignificantly low correlations between current salary and motivation in the public sector. In order to achieve the desired functions, public compensation administrators must ensure that their compensation programs are equitable, and that pay is related to employee performance.

Maintaining pay equity is important for both public and private organizations. This study provides additional support to the equity theory that if employees believe that their pay does not equal their effort and performance, they may reduce their contributions or leave the organizations. Not only should organizations have a sound pay plan that assures the same pay for positions of similar difficulty and responsibility, they should also conduct or join salary surveys. A salary survey will provide the organization with information concerning whether their employees receive pay comparable to that received by similar employees in other organizations.

Linking pay to performance is an important issue in compensation administration particularly because more achievement-oriented individuals will be attracted to organizations that base pay on performance. If pay is related to performance, good performers will work harder and expect more pay than poor performers. If pay is not based on performance, good performers will leave or become discouraged, and poor performers will remain, build additional seniority, and demand more pay, which results in an irrational distribution of compensation.

The performance appraisal is the crucial element in any pay-for-performance program. Employees must have confidence and trust in the performance appraisal procedures. This confidence is more easily developed if employees have been involved in the development of the appraisal, and they do not view the new system as a potential threat to their welfare. However, relating pay to performance has been a challenge for public administrators. Despite the fact that public agencies have well-defined job descriptions and well-developed performance evaluation plans, the desire to deploy a pay-for-performance program is usually hampered by the bureaucratic nature of public jobs. Nevertheless, there is a need to install pay-for-performance programs in public agencies. The techniques to deploy such a program are challenging and deserve more empirical research.

Another implication of this study is related to the concern of employee motivation. The absence of a relationship between compensation satisfaction and motivation provides ample support for Herzberg's two-factor theory, i.e., satisfaction with pay will not motivate employees, but dissatisfaction with pay will adversely affect employee



motivation. The finding that public employees are highly motivated provides a positive signal to public administrators. However, the question "What is an effective and efficient way to motivate employees?" still remains, particularly in the public sector. The claim that "the only way to motivate the employee is to give him challenging work in which he can assume responsibilities" (Herzberg, 1968) suggests that job design may be a solution to the problem of employee motivation. However, given the bureaucratic and human relation nature of the public jobs, how to increase motivation and productivity remains a challenge to public administrators. Obviously, providing managers with greater opportunity to interact with constituents and to control the reaction of these interactions is important for job motivations.

Although the public leisure service professionals placed a lower value on their pay, these managers indicated that they placed a high value on their benefits. This implies that governments must give more attention to benefits in the total compensation programs in all of their personnel policies. For the public sector employees, benefit increases may be more attractive than wage increases. However, public agencies are often criticized for offering generous benefits to their employees. Benefit costs, especially for medical insurance and pensions have increased dramatically in the past decade, and are continuing to escalate at a fast pace. These costs account for more than 30 percent of the total labor costs in many organizations. It is crucial that government and public managers understand not only the impact of different levels and combinations of benefits and pay on the recruitment, motivation, and behavior of public employees, but also the financial impacts of present benefit increases on future costs.

The private sector employees placed a high value on their pay. Pay is important because of the message it conveys to employees. Pay is valued because it is a reward that can satisfy several needs simultaneously; the needs for security, esteem, and self-confidence. In addition, the level of pay may be the only indicator of the employee's value to the organization, particularly in the private sector.

Although it was found that private organizations pay lower salaries than the public agencies, after taking into account the fact that private respondents had less tenure and higher pay raises, pay levels in the private sector are indeed not lower than the public sector pay levels but simply a reflection of time in grade. Coupled with the facts that the private managers are younger, have less family duties, and tend to be greater risk takers, increased salaries in the private sector may be an effective way to improve employee motivation.

### Limitations of This Study

Several inherent limitations exist in this study. One of the assumptions behind the study of satisfaction is that satisfaction can be evaluated rationally by some predetermined criteria. Because satisfaction refers to some psychological reactions, any emotional interference, which does not occur consistently and may not be manipulated technically in a mail survey, may affect respondents' responses. Accidental emotional interference may affect the accuracy of respondents' answers.

Further, the complex nature of compensation satisfaction confines variables included in the model to be tested in this study. It is not likely that a perfect causal

model can be drawn in behavior research. The variables employed in this study, which have been proven in previous studies and are most likely to affect compensation satisfaction, have enhanced the knowledge of the relationships between antecedent variables and consequent behavior of compensation satisfaction.

Method-related limitations are the most apparent constraints to the generalizability of this study. First, this study focused on leisure service businesses. The distinctive services provided, which emphasize physical as well as mental well-being by open space and leisure opportunities, make leisure service agencies different from other human service agencies. Because of the unique service nature, compared to employees in other types of business, employees in leisure service agencies may develop different attitudes toward their jobs and compensations. Thus, the results may be applicable to other similar service-based businesses, but it may not be appropriate to extend the results to production-based businesses.

Another limitation came from the samples used in this study. This study focused on mid-level managers in both public and private leisure service organizations. Mid-level managers were selected because they are exempt employees and are considered professional employees, whose pay is largely determined by the principle of free market economics. In contrast, nonexempt employees are normally represented by unions in negotiating their wages, and market economics are usually overruled by political forces. Top-level managers (i.e., directors or chief executive officers) were not selected because their compensations are generally not guided by market economics, too. Top-level managers' compensation (executive compensation) is usually a special issue in

compensation administration (Milkovich and Newman, 1990; Balkin and Gomez-Mejia, 1987). Executive compensation is normally the result of a special agreement with the legislative bodies (public sector) or board of directors (private sector). As a result, top-level managers and nonexempt employees may use different criteria--compared to mid-level managers--to evaluate satisfaction with their compensation.

Two sample-related limitations might result in sampling biases. First, the return rate of this study was low, especially the private managers sample. Second, the survey respondents seem to be highly motivated and dedicated employees, even though the salaries were not very high in the leisure and recreation profession. These biases might contribute to the finding that no relationship exists between compensation satisfaction and motivation. These biases also threatened the validity and constrained generalization of the survey results.

#### Suggestions for Future Research

This study provides a comprehensive look at the causal relationships between antecedents of compensation satisfaction and compensation satisfaction, and extends these relationships to motivation. Although the survey data has offered explanations for most of the results, some unclear points still need further investigation. Suggestions for future studies are presented in this section.

The timing for other studies of this kind will be very important. This study was conducted in August, 1991, after most agencies or organizations had approved their budgets for fiscal year 1991-1992. Several respondents commented that their reactions

to the survey would have been quite different before the state budget was approved. Tightened financial resources, rumors of budget reduction, and anxiety resulting from the uncertainty of raises for the following fiscal year will greatly influence respondents' reactions to compensation satisfaction items.

Survey research usually utilizes self-assessment data that are not validated by objective measures. These "soft data" are susceptible to social desirability effects, which might contaminate the true relationship between two variables. The value of adding the two controlling variables was demonstrated in this study. The use of negative affectivity as a control measure provided an additional form of protection against the response-response bias.

The role of procedural justice in compensation satisfaction needs to be clarified. Procedural justice in this study was treated as an intervening variable, which follows Folger and Konovski's (1989) finding. However, it appears that procedural justice may have a direct influence on compensation satisfaction, and requires further study.

Motivation in this study referred to intrinsic motivation. This study found that compensation satisfaction has no effect on intrinsic work motivation. However, compensation satisfaction may affect extrinsic motivation, or vice versa. Future studies may utilize other motivation measurements such as higher-order needs or extrinsic motivation measurement.

This study investigated the relationship between compensation satisfaction and motivation. Since compensation satisfaction has close ties to other employee behaviors

in an organization, further study may focus on the influence of compensation satisfaction on other employee behaviors, for example, organizational commitment or job satisfaction.

The culture of the park and recreation field may deserve further study. The culture of the park and recreation field "while people play, we work" may contribute to the fact that while the salaries are low, the motivation is still high. There may also be significant disparities in different professions.

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**APPENDIX A**  
**QUESTIONNAIRE**

University of Illinois  
at Urbana-Champaign

Office of Recreation  
and Park Resources  
104 Huff Hall  
1206 South Fourth Street  
Champaign, IL 61820

Department of Leisure Studies  
Cooperative Extension Service  
217 333-1824

July 10, 1991

**Dear Leisure and Recreation Manager:**

The Office of Recreation and Park Resources, in conjunction with the Department of Leisure Studies at the University of Illinois, is conducting a nationwide study entitled "Survey of Compensation Satisfaction and Motivation in Leisure and Recreation Service Organizations." The purpose of this study is to compare compensation, satisfaction, and motivation among managers in public and private leisure and recreation service organizations.

Your name has been selected as part of a nationwide random sample of leisure and recreation service managers. Due to the relatively small number of managers selected, your opinions will be invaluable to our study. Your completion of the survey will greatly enhance the quality and accuracy of our results, and is necessary if our results are to be representative of the leisure service industry at large. *Would you please give us the benefit of your knowledge by completing the enclosed questionnaire?* The questionnaire form has been designed so that most questions can be answered by simply circling the appropriate number. Completion of the questionnaire should take only a few minutes of your time.

Enclosed is a copy of the questionnaire and a pre-stamped, self-addressed return envelope. Please answer the questions according to your personal thoughts and feelings, without discussing your answers with your colleagues or friends. If you have any comment, please write it on the survey. Please put the completed questionnaire in the return envelope and mail directly to us.

**YOUR ANSWERS AND COMMENTS WILL BE KEPT STRICTLY CONFIDENTIAL** and will be seen only by the investigating staff. Other than the investigating staff, no one will be allowed to access the responses. Results will be reported in anonymous summary and statistical form only; **NO RESPONSE CAN BE ASSOCIATED WITH A PARTICULAR INDIVIDUAL, COMPANY, OR CITY.**

As a means of expressing our appreciation for participating in this survey, we would like to offer you an executive summary. Please provide your name and address on the back page of the questionnaire. Information contained in the executive summary should prove to be very valuable to you as you compare your compensation program with that of other public and private leisure service professionals.

Thank you very much for your time and taking part in our study. If you have any questions or comments, please contact Dr. Bill McKinney or Tsu-Hong Yen at the Office of Recreation and Park Resources, (217) 333-1824.

Sincerely,



Bill McKinney, Ph.D.  
Head, Department of Leisure Studies  
University of Illinois



Tsu-Hong Yen, MBA, M.S.  
Research Associate  
University of Illinois



9. **My most recent raise** 14
- 1 ..... 2 ..... 3 ..... 4 ..... 5
- Very dissatisfied      Dissatisfied      Neither satisfied nor dissatisfied      Satisfied      Very Satisfied
10. **Influence my supervisor has on my pay** 15
- 1 ..... 2 ..... 3 ..... 4 ..... 5
- Very dissatisfied      Dissatisfied      Neither satisfied nor dissatisfied      Satisfied      Very Satisfied
11. **Raises I have typically received in the past** 16
- 1 ..... 2 ..... 3 ..... 4 ..... 5
- Very dissatisfied      Dissatisfied      Neither satisfied nor dissatisfied      Satisfied      Very Satisfied
12. **How my raises are determined** 17
- 1 ..... 2 ..... 3 ..... 4 ..... 5
- Very dissatisfied      Dissatisfied      Neither satisfied nor dissatisfied      Satisfied      Very Satisfied
13. **The company's pay structure** 18
- 1 ..... 2 ..... 3 ..... 4 ..... 5
- Very dissatisfied      Dissatisfied      Neither satisfied nor dissatisfied      Satisfied      Very Satisfied
14. **Information the company gives about pay issues of concern to me** 19
- 1 ..... 2 ..... 3 ..... 4 ..... 5
- Very dissatisfied      Dissatisfied      Neither satisfied nor dissatisfied      Satisfied      Very Satisfied
15. **Pay of other jobs in the company** 20
- 1 ..... 2 ..... 3 ..... 4 ..... 5
- Very dissatisfied      Dissatisfied      Neither satisfied nor dissatisfied      Satisfied      Very Satisfied
16. **Consistency of the company's pay policy** 21
- 1 ..... 2 ..... 3 ..... 4 ..... 5
- Very dissatisfied      Dissatisfied      Neither satisfied nor dissatisfied      Satisfied      Very Satisfied
17. **Differences in pay among jobs in the company** 22
- 1 ..... 2 ..... 3 ..... 4 ..... 5
- Very dissatisfied      Dissatisfied      Neither satisfied nor dissatisfied      Satisfied      Very Satisfied
18. **How the company administers pay** 23
- 1 ..... 2 ..... 3 ..... 4 ..... 5
- Very dissatisfied      Dissatisfied      Neither satisfied nor dissatisfied      Satisfied      Very Satisfied

For the following questions, please compare your current salary with the situation as described in each question. Please use the scale following each statement, and circle the one you think is appropriate.

1. Compared with others in my company doing the same job as me with similar education, seniority, and effort, I earn about:

40% less   30% less   20% less   10% less   About the same   10% more   20% more   30% more   40% more   I don't know   There is no comparison

26

2. Compared with others in my company in other jobs doing work that is similar in responsibility, skill, effort, education, and working conditions required, I earn about:

40% less   30% less   20% less   10% less   About the same   10% more   20% more   30% more   40% more   I don't know   There is no comparison

26

3. Compared with people in other companies in the area doing my job with similar education, seniority, and effort, I earn about:

40% less   30% less   20% less   10% less   About the same   10% more   20% more   30% more   40% more   I don't know   There is no comparison

27

4. Compared with people I know with similar education and responsibility as me I earn about:

40% less   30% less   20% less   10% less   About the same   10% more   20% more   30% more   40% more   I don't know   There is no comparison

28

5. Compared with those of my age, I earn about:

40% less   30% less   20% less   10% less   About the same   10% more   20% more   30% more   40% more   I don't know   There is no comparison

28

6. Compared with what I expected to be earning with my company at this time, I earn about:

40% less   30% less   20% less   10% less   About the same   10% more   20% more   30% more   40% more   I don't know   There is no comparison

30

7. Compared with what I feel I should be earning, I earn about:

40% less   30% less   20% less   10% less   About the same   10% more   20% more   30% more   40% more   I don't know   There is no comparison

31

8. Compared with others in PRIVATE leisure and recreation service companies doing work that is similar in responsibility, skill, effort, education, and working conditions required, I earn about:

40% less   30% less   20% less   10% less   About the same   10% more   20% more   30% more   40% more   I don't know   There is no comparison

32

9. Compared with others in PUBLIC leisure and recreation service agencies doing work that is similar in responsibility, skill, effort, education, and working conditions required, I earn about:

40% less   30% less   20% less   10% less   About the same   10% more   20% more   30% more   40% more   I don't know   There is no comparison

33

The following statements ask how you personally feel about your present job, not work in general. Please use the scale listed below and indicate how strongly you agree or disagree with each statement.

- 1 -- Strongly disagree
- 2 -- Disagree
- 3 -- Neither agree nor disagree
- 4 -- Agree
- 5 -- Strongly agree

1. I feel a sense of personal satisfaction when I do this job well.	[1] Strongly disagree	[2]	[3] Neither agree nor disagree	[4]	[5] Strongly agree	36
2. My opinion of myself goes down when I do this job badly.	[1]	[2]	[3]	[4]	[5]	36
3. I take pride in doing my job as well as I can.	[1]	[2]	[3]	[4]	[5]	37
4. I feel unhappy when my work is not up to my usual standard.	[1]	[2]	[3]	[4]	[5]	38
5. I like to look back on the day's work with a sense of a job well done.	[1]	[2]	[3]	[4]	[5]	39
6. I try to think of ways of doing my job effectively.	[1]	[2]	[3]	[4]	[5]	40

The following statements describe various aspects of your job. Please indicate how important or not important you feel with each of these features of your present job.

- 1 -- Not at all important
- 2 -- Not particularly important
- 3 -- Not sure about important
- 4 -- Fairly important
- 5 -- Very important

1. Using your skills to the maximum.	[1] Not at all important	[2]	[3] Not sure about important	[4]	[5] Very important	42
2. Achieving something that you personally value.	[1]	[2]	[3]	[4]	[5]	43
3. The opportunity to make your own decisions.	[1]	[2]	[3]	[4]	[5]	44
4. The opportunity to learn new things.	[1]	[2]	[3]	[4]	[5]	45
5. Challenging work.	[1]	[2]	[3]	[4]	[5]	46
6. Extending your range of abilities.	[1]	[2]	[3]	[4]	[5]	47

The following statements ask various features of your present job. For each statement, please think about how much you feel each feature is presented in your job.

- 1 -- Very little
- 2 -- A little
- 3 -- A moderate amount
- 4 -- Quite a bit
- 5 -- Very much

1. How much variety is there in your job?	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	49
	Very little                      A moderate amount                      Very much	
2. How repetitious are your duties?	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	50
3. How similar are the tasks you perform in a typical work day?	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	51
4. How much are you left on your own to do your own work?	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	52
5. How often do you see projects or jobs through to completion?	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	53
6. How much of your job depends upon your ability to work with others?	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	54
	Very little                      A moderate amount                      Very much	
7. How much opportunity is there to meet individuals whom you would like to develop friendship with?	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	55
8. To what extent are you able to act independently of your supervisor in performing your job function?	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	56
9. To what extent are you able to do your job independently of others?	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	57
10. To what extent do you find out how well you are doing on the job as you are working?	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	58
11. To what extent do you receive information from your superior on your job performance?	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	59
	Very little                      A moderate amount                      Very much	
12. To what extent is dealing with other people a part of your job?	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	60
13. To what extent do you have the opportunity to talk informally with other employees while at work?	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	61
14. The opportunity to do a number of different things.	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	62



For the following questions, please use the following scale.

- 1 -- Minimum amount
- 2 -- A little
- 3 -- A moderate amount
- 4 -- Quite a bit
- 5 -- Maximum amount

15. The amount of variety in my job.	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	63
	Minimum amount                      A moderate amount                      Maximum amount	
16. The freedom to do pretty much what I want on my job.	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	64
17. The opportunity for independent thought and action.	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	65
18. The control I have over the pace of my work.	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	66
19. The feedback from my supervisor on how well I'm doing?	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	67
20. The opportunity to find out how well I am doing on my job.	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	68
21. The feeling that I know whether I am performing my job well or poorly.	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	69
	Minimum amount                      A moderate amount                      Maximum amount	
22. The extent of feedback you receive from individuals other than your supervisor.	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	70
23. The degree to which the work I'm involved with is handled from beginning to end by myself.	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	71
24. The opportunity to complete work I start.	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	72
25. The opportunity to do a job from the beginning to end (i.e., the chance to do a whole job).	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	73
26. Friendship from my co-workers.	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	74
	Minimum amount                      A moderate amount                      Maximum amount	
27. The opportunity to talk to others on my job.	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	75
28. The opportunity in my job to get to know other people.	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	76
29. The opportunity to develop close friendships in my job.	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	77
30. Meeting with others in my work.	1 - - - - 2 - - - - 3 - - - - 4 - - - - 5	78

Indicate to what extent your supervisor did each of the following. Please use the following scale.

- 1 = Strongly disagree
- 2 = Moderately disagree
- 3 = Slightly disagree
- 4 = Neither disagree nor agree
- 5 = Slightly agree
- 6 = Moderately agree
- 7 = Strongly agree

_____		c#2
_____	1. My supervisor was honest and ethical in dealing with me.	6
_____	2. My supervisor gave me an opportunity to express my side.	7
_____	3. My supervisor used consistent standards in evaluating my performance.	8
_____	4. My supervisor considered my views regarding my performance.	8
_____	5. My supervisor gave me feedback that helped me learn how well I was doing.	10
_____	6. My supervisor was completely candid and frank with me.	11
_____	7. My supervisor showed a real interest in trying to be fair.	12
_____	8. My supervisor became thoroughly familiar with my performance.	13
_____	9. My supervisor took into account factors beyond my control.	14
_____	10. My supervisor got input from me before a recommendation.	15
_____	11. My supervisor made clear what was expected of me.	16
_____	12. My supervisor discussed plans or objectives to improve my performance.	17
_____	13. My supervisor obtained accurate information about my performance.	18
_____	14. My supervisor found out how well I thought I was doing my job.	19
_____	15. My supervisor asked for my ideas on what I could do to improve company performance.	20
_____	16. My supervisor frequently observed my performance.	21
_____	17. My supervisor behaved in a way I thought was not appropriate.	22
_____	18. My supervisor allowed personal motives or biases to influence recommendation.	23
_____	19. My supervisor was influenced by things that should not have been considered.	24

For the following statements, indicate how much of an opportunity existed, AFTER THE LAST RAISE DECISION, for you to do each of the following things. Use the following scale.

- 1 = Not at all
- 2 =
- 3 =
- 4 = A moderate amount
- 5 =
- 6 =
- 7 = Very much

_____	20. Review, with my supervisor, objectives for improvement.	25
_____	21. With my supervisor, resolve difficulties about my duties and responsibilities.	26
_____	22. Find out why I got the size of raise I did.	27
_____	23. Make an appeal about the size of a raise.	28
_____	24. Express my feelings to my supervisor about salary decision.	29
_____	25. Discuss, with my supervisor, how my performance was evaluated.	30
_____	26. Develop, with my supervisor, an action plan for future performance.	31

The following are a number of words that describe different feelings and emotions. These words illustrate to what extent you generally feel this way, that is, how you feel on the average. Read each word and then mark the appropriate answer in the space next to that word. Use the following scale to record your answers.

- 1 = very slightly or not at all
- 2 = a little
- 3 = moderately
- 4 = quite a bit
- 5 = extremely

<input type="checkbox"/> interested	<input type="checkbox"/> irritable	36,46
<input type="checkbox"/> distressed	<input type="checkbox"/> alert	37,47
<input type="checkbox"/> excited	<input type="checkbox"/> ashamed	38,48
<input type="checkbox"/> upset	<input type="checkbox"/> inspired	38,49
<input type="checkbox"/> strong	<input type="checkbox"/> nervous	40,60
<input type="checkbox"/> guilty	<input type="checkbox"/> determined	41,61
<input type="checkbox"/> scared	<input type="checkbox"/> attentive	42,62
<input type="checkbox"/> hostile	<input type="checkbox"/> jittery	43,63
<input type="checkbox"/> enthusiastic	<input type="checkbox"/> active	44,64
<input type="checkbox"/> proud	<input type="checkbox"/> afraid	45,65

The following questions ask for general information concerning your salary, raises, and benefits. If you are unable to give exact data for some questions, please give estimates--*your best estimate is much better than a zero*. Please respond as accurately as possible.

c#4

1. What is your annual salary? \$ \_\_\_\_\_ 6,11
2. When was the most recent pay raise that you received? \_\_\_\_\_ 12,16
3. What was the percentage of your last pay raise? \_\_\_\_\_ % 16,19
4. Which of the following best describes your company's method of salary increase?
  - \_\_\_\_ (A) Across the Board 20
  - \_\_\_\_ (B) Cost of Living 21
  - \_\_\_\_ (C) Merit 22
  - \_\_\_\_ (D) Seniority 23
  - \_\_\_\_ Combination of \_\_\_\_\_ and \_\_\_\_\_ (please indicate)
5. In your opinion, which one of the following statements best describes the purpose of a pay raise? 24
  - \_\_\_\_ (A) Reward for past performance
  - \_\_\_\_ (B) Sign of improvement in work
  - \_\_\_\_ (C) Sign of progress in the organization of career
  - \_\_\_\_ (D) Keeping up with changes in the cost of living
  - \_\_\_\_ (E) Improving the standard of living
5. How many vacation days do you earn per year? \_\_\_\_\_ days 25,26
 

How many vacation days will you earn after 10 years of service in this company? \_\_\_\_\_ days 27,28
6. How many sick days are you allowed per year? \_\_\_\_\_ days 28,30
 

How many sick days will you earn after 10 years of service? \_\_\_\_\_ days 31,32
7. How many paid holidays are offered per year? \_\_\_\_\_ days 33,34
8. How many personal days are you allowed per year? \_\_\_\_\_ days 35,36
9. Are you provided with disability protection? \_\_\_\_ Yes, \_\_\_\_ No 37
 

If "yes", please indicate the disability payment as a percentage of your current monthly salary.

My disability payment will be \_\_\_\_\_ % of current monthly salary 38,41
10. Besides the social security deduction, how much do you need to contribute to the retirement pension fund?
 

\_\_\_\_\_ % of current monthly salary contribute to retirement pension fund 42,46

If you retire after 20 years of service, what percentage of your current monthly salary will you receive as retirement income?

My retirement income will be \_\_\_\_\_ % of current monthly salary. 46,49

11. Are you provided with a term life insurance by your company?  Yes,  No 61  
 If "yes," what is the policy amount? \$ \_\_\_\_\_ 62,67

12. Does your health insurance cover any provision listed below? If yes, please determine how valuable is it to you on a scale of 1 to 10, with 1 the least valuable and 10 the most valuable.

Medical/Surgical	No	Yes →	1	2	3	4	5	6	7	8	9	10	68,60
Hospitalization	No	Yes →	1	2	3	4	5	6	7	8	9	10	61,63
Vision	No	Yes →	1	2	3	4	5	6	7	8	9	10	64,66
Dental	No	Yes →	1	2	3	4	5	6	7	8	9	10	67,69
Prescription Drugs	No	Yes →	1	2	3	4	5	6	7	8	9	10	70,72

Are there any monthly costs that you need to pay in order to become eligible for health insurance coverage?

Yes,  No 73

If yes, monthly payment: \$ \_\_\_\_\_ 74,76

Given a \$10,000 medical expense, how much would be covered by your insurance plan?

Deductible: \$ \_\_\_\_\_ c#5  
6,10

Coverage: \$ \_\_\_\_\_ 11,15

13. For the benefits listed below, please cross out those not offered by your company, then, rank order those offered by your company according to their importance to you.

<input type="checkbox"/> Sick Days	<input type="checkbox"/> Paid Holidays	16,20
<input type="checkbox"/> Vacation Days	<input type="checkbox"/> Health Insurance, in general	17,21
<input type="checkbox"/> Life Insurance	<input type="checkbox"/> Retirement Benefits	18,22
<input type="checkbox"/> Disability Protection	<input type="checkbox"/> Personal Days	19,23

In this final section, we would like to get some information about yourself and your organization. Please respond as accurately as possible. Again, WE ASSURE YOU THAT ALL INFORMATION YOU PROVIDE WILL BE KEPT CONFIDENTIAL.

1. What is your date of birth? \_\_\_/\_\_\_/\_\_\_ 24,29

2. What is your gender?  Female  Male 30

3. Your marriage status: 31

<input type="checkbox"/> Married	<input type="checkbox"/> Unmarried
<input type="checkbox"/> Engaged to be married	<input type="checkbox"/> Divorced or separated

4. Number of dependents: \_\_\_\_\_ 32,33

5. What is the highest level of education you have completed? 34
- Some high school
  - High school graduate
  - Some college
  - Associate or professional degree
  - College graduate, bachelors degree
  - Some graduate work
  - Masters degree
  - Some graduate work beyond masters
  - Doctorate degree

What is your educational background? \_\_\_\_\_ 36,38

6. How many years have you been in your profession? \_\_\_ years 37,38
7. How long have you been with this company? \_\_\_ years \_\_\_ months 39,42
8. How long have you worked in your present position? \_\_\_ years \_\_\_ months 43,46
9. Have you held this position in other organizations? \_\_\_ Yes, \_\_\_ No 47
- If yes, how many years have you served this capacity elsewhere? \_\_\_ years 48,49
10. What is the nature of the organization that you represent? 50,51
- public sector  private sector

If you represent a **PUBLIC** leisure and recreation service agency, please answer the following questions.

- 11a. Have you ever worked with a private leisure and recreation service company? \_\_\_ Yes, \_\_\_ No 53
- 12a. What is the total amount of your agency's operating budget? \$ \_\_\_\_\_ 54,58
- 13a. What is the amount of budget that you are responsible for? \$ \_\_\_\_\_ 59,63
- 14a. How many full time employees does your agency employ? \_\_\_\_\_ 64,67
- 15a. How many employees are under your supervision? \_\_\_\_\_ 68,71
- 16a. How many customers did your agency serve last year? 72,77
- \_\_\_\_\_ total customer served

If you represent a **PRIVATE** leisure and recreation service company, please answer the following questions.

- 11b. Have you ever worked with a public leisure service agency? \_\_\_ Yes, \_\_\_ No 53
- 12b. What is the total annual sales of your company? \$ \_\_\_\_\_ 54,58
- 13b. What is the amount of annual sales that your department contributes to? \$ \_\_\_\_\_ 59,63
- 14b. How many full time employees does your company employ? \_\_\_\_\_ 64,67
- 15b. How many employees are under your supervision? \_\_\_\_\_ 68,71
- 16b. How many customers did your company serve last year? 72,77
- \_\_\_\_\_ total customers served
- 17b. Do you own ownership? \_\_\_ Yes, \_\_\_ No 78
- 18b. Do you work full-time? \_\_\_ Yes, \_\_\_ No 79

**If you like to receive a copy of the executive summary, please provide the following information.**

**Name:** \_\_\_\_\_  
**Title:** \_\_\_\_\_  
**Organization:** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip:** \_\_\_\_\_

**Please tell us your comments about this survey:**

**THANK YOU VERY MUCH FOR YOUR HELP!**

**Please put the questionnaire into the return envelop and mail it today.**



**APPENDIX B**  
**FOLLOW-UP POST CARD**

Dear Manager:

August 26, 1991

Several weeks ago we mailed you a questionnaire regarding compensation satisfaction and motivation. We are very interested in the relationships that emerge between public and private leisure and recreation service organizations. Your response is critical to the study.

If you have already completed and returned the questionnaire, please accept our sincere thanks. If not, please do so today. Questionnaires have been mailed to a small but representative nationwide sample of managers in public and private leisure and recreation service organizations. It is extremely important that we receive your responses.

If by some chance you did not receive the questionnaire or if it has been misplaced, please call (217) 333-1824, and we will gladly mail you another copy. Thank you for your invaluable help!

Sincerely,

William R. McKinney, Ph.D.  
Head

Tsu-Hong Yen  
Research Associate

◆ *Department of Leisure Studies* ◆ *University of Illinois* ◆

**VITA**  
**TSU-HONG YEN**

**PERSONAL INFORMATION**

Born: September 24, 1956; Chia-Yee, Taiwan

*Home:*

14F-3, No.6, Lane 125  
Sec. 3, Min-Chun East Road  
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1807-C Orchard Place  
Urbana, Illinois 61801  
(217) 337-5396

**EDUCATION**

University of Illinois, Urbana-Champaign, College of Applied Life Studies  
Doctor of Philosophy, Department of Leisure Studies (Administration option), 1992

University of Illinois, Urbana-Champaign, College of Applied Life Studies  
Master of Science, Department of Leisure Studies (Administration option), 1987

University of Tennessee, Knoxville, College of Business Administration  
Master of Business Administration (Transportation option), 1984

Chinese Culture University, Taipei, Taiwan  
Bachelor of Business, Department of Tourism, 1978

**TEACHING EXPERIENCES**

*August 1991 to present*

Teaching LEIST 199C and 199P, Microcomputer Applications in Leisure Services,  
University of Illinois

*September 1987 to May 1988*

Team-taught Lotus 1-2-3 for five semesters in the non-credit program, University of  
Illinois.

*September 1980 to June 1982*

Instructor in the Tourism Curriculum, Hsin-Wu College, Taipei, Taiwan. Taught courses in Introduction to Tourism, Recreation Area Development, and Passenger Transportation.

**APPOINTMENTS**

*September 1991 to present*

Quarter-time research assistantship with the Office of Recreation and Park Resources, Department of Leisure Studies, University of Illinois.

Responsible for developing a proposal to enhance instruction through the use of computer technologies.

Responsible for developing workshop materials for the Illinois Parks and Recreation Association and Illinois Association of Park Directors annual conference.

Quarter-time teaching assistantship with the Department of Leisure Studies, University of Illinois.

Solely responsible for teaching and developing course materials for LEIST 199C and 199P, Microcomputer Applications in Leisure Services.

*September 1990 to May 1991*

Half-time research assistantship with the Office of Recreation and Park Resources, Department of Leisure Studies, University of Illinois.

Conducted a survey of compensation and satisfaction for chief executive officers of municipal governments. Responsibilities included survey methodology, questionnaire design, data collection, statistical analysis (using SAS-Statistical Analysis System), and preparation of final report.

A major participant in the Department of Leisure Studies comprehensive plan for the upgrade and acquisition of computer equipment. Involvement included a survey of faculty computer uses and developing and prioritizing a long-range purchasing plan.

Responsible for developing a computer application program to keep track of publication information (including order entry, inventory, and mailing list) for the Office of Recreation and Park Resources (in progress).

Responsible for developing a computer application program to keep complete records of departmental properties for the Department of Leisure Studies (in progress).

*September 1989 to August 1990*

Half-time research assistantship with the Office of Recreation and Park Resources.

Responsible for overseeing the production of four technical manuals and for setting-up and administering the desk-top publication software and equipment purchased by the Office of Recreation and Park Resources.

Responsible for production of presentation slides and handouts for four presentations and three workshops.

*June 1987 to August 1989*

Half-time research assistantship with the Chicago Park District project.

Responsible for conducting a survey concerning personnel operations of the largest U.S. park and recreation organizations including survey design, methodology, data analysis, and final report. Project resulted in an article and several presentations.

Responsible for designing, testing, and implementing a computerized test-item banking system (IBank). The IBank is now commercially available with remuneration to the Department of Leisure Studies and the University of Illinois.

Responsible for pre-test and final-test analysis of twenty recently developed civil service personnel selection examinations for the Chicago Park District.

Assisted in the production of forty job analysis and test development technical manuals for the Chicago Park District project.

Served as an in-house computer consultant for the Chicago Park District project. Responsibilities included computer purchases and maintenance, training for computer uses, and computer programming for data analysis and problem solving.

*September 1987 to June 1988*

Half-time research assistantship with the Office of Recreation and Park Resources.

Designed a user friendly computerized information system for browsing, retrieval, and publication of the Job Opportunity Bulletin for the Office of Recreation and Park Resources.

Designed a computerized ticketing information system for the awards banquet of the Department of Leisure Studies.

Conducted data analysis for a user preference survey for the Dundee Park District, Dundee, Illinois.

*Summers 1986 and 1987*

Recreation leader for the Life Enhancement Program of the Principal's Scholarship Program. Responsibilities included designing, leading, and evaluating recreation programs for 50 minority high school students.

*September 1985 to May 1987*

Quarter-time teaching assistantship with Dr. William R. McKinney for two courses: Introduction to Administration and Program Design and Evaluation in Recreation.

Quarter-time research assistantship with the Office of Recreation and Park Resources.

Responsibilities included using computer to prepare presentation slides, statistical analysis, and literature reviews.

*September 1984 to May 1985*

Quarter-time research assistantship with the Leisure Behavior Research Laboratory, Department of Leisure Studies, University of Illinois.

*January 1983 to June 1983*

Tutor, Department of Asian Studies, University of Tennessee, Knoxville.

*September 1980 to June 1982*

Instructor, Tourism Curriculum, Hsin-Wu College, Taipei, Taiwan.

## **PUBLICATIONS**

McKinney, W.R., Valerius, L., and Yen, T.H. (1989) Establishing Externally Equitable Employee Compensation Programs within Park, Recreation and Leisure Service Organizations. Champaign, Illinois: Office of Recreation and Park Resources, University of Illinois.

McKinney, W.R. and Yen, T.H. (1989) Personnel management in large U.S. park and recreation organizations. Journal of Park and Recreation Administration. 7(2). pp. 1-25.

McKinney, W.R. and Yen, T.H. (manuscript in preparation). Comparison of compensation satisfaction and motivation for five municipal officials. To be submitted to Journal of Recreation and Park Administration.

Valerius, L., Tarrant, M., Rotem, A., Yen, T., Wesner, B., and Turpin, J. (1988). Market Demand Analysis for Urbana Park District. Report to Urbana Park District Board, Urbana, Illinois.

Yen, T.H. (1985). Use of Quality Control Circles in Park, Recreation, and Leisure Service Agencies. Champaign, Illinois: Management Learning Laboratories.

Yen, T.H. and Valerius, L. (manuscript in preparation). The value of compensation to individual employees. To be submitted to Journal of Recreation and Park Administration.

Yen, T.H. (manuscript in preparation). Compensation satisfaction and motivation for employees in public leisure and recreation service organizations. To be published by the Office of Recreation and Park Resources, University of Illinois.

Yen, T.H. and McKinney, W.R. (manuscript in preparation). The relationship between perceived job characteristics and compensation satisfaction: A comparative study of mid-level managers in public and private leisure service organizations. To be submitted to Journal of Recreation and Park Administration.

Yen, T.H. and McKinney, W.R. (manuscript in preparation). The effective of compensation satisfaction on organizational commitment. To be submitted to a special issue of Journal of Recreation and Park Administration.

## **MANUALS**

Manuals for Systematically Conducting a Job Analysis and Developing a Job Description for: Park and Recreation Supervisor II, Park and Recreation Supervisor I, Physical Recreation Instructor, Cultural Recreation Instructor, Aquatic Instructor II, Aquatic Instructor I, and Lifeguard. Chicago, Illinois: Chicago Park District. 1990.

Manuals for the Systematic Development of Content Valid Selection Examination for: Park and Recreation Supervisor II, Park and Recreation Supervisor I, Physical Recreation Instructor, Cultural Recreation Instructor, Aquatic Instructor II, Aquatic Instructor I, and Lifeguard. Chicago, Illinois: Chicago Park District. 1990.

Assessment Systems Corporation and McKinney, W.R., Collins, J.R., and Yen, T.H. (May 1989). Item Bank - Users' Manual. St. Paul, MN: Assessment Systems.

## PRESENTATIONS

McKinney, W.R. and Yen, T.H. (October 1991). The relationship between compensation satisfaction and motivation for parks and recreation directors and other municipal officials. Paper presented at the National Recreation and Park Association Congress Leisure Research Symposium, Baltimore, Maryland.

Yen, T.H. and Wey, P.S. (October 1989). Leisure, work ethics and social alienation of Chinese adolescents. Paper presented at the National Recreation and Park Association Congress Leisure Research Symposium, San Antonio, Texas.

McKinney, W.R., Collins, J., and Yen, T.H. (April 1989). Development and application of a test-item banking software program. LEIST 490 Graduate Seminar, Department of Leisure Studies, University of Illinois.

Yen, T.H. and Chou, S. (February 1989). Tourism and recreation in Taiwan. LEIST 490 Graduate Seminar, Department of Leisure Studies, University of Illinois.

McKinney, W.R., Collins, J., and Yen, T.H. (November 1988). The application and advantages of a test-item banking system. Chicago Park District Board of Commissioners and Personnel Department, Chicago, Illinois.

McKinney, W.R. and Yen, T.H. (October 1988). Personnel operations in the largest U.S. urban park and recreation agencies. Paper presented at the National Recreation and Park Association Congress Leisure Research Symposium, Indianapolis, Indiana.

## WORKSHOPS

McKinney, W.R., Yen, T.H., and Bennett, J. (February 1992). Salary caps? Contracts? for park and recreation directors. Illinois Park and Recreation Association and Illinois Association of Park Directors Annual Conference, Rosemont, Illinois.

McKinney, W.R., Yen, T.H., and Bennett, J. (January 1991). Salary ranges for directors of parks and recreation: Competitive vs. prudent. Illinois Park and Recreation Association Annual Conference, Rosemont, Illinois.

McKinney, W.R., Valerius, L., and Yen, T.H. (October 1988). Establishing salary equity for park and recreation personnel. National Recreation and Park Association Annual Congress, Indianapolis, Indiana.



McKinney, W.R., Collins, J., and Yen, T.H. (September 1988). The application and limitations of IBank--a computerized test-item banking system. Chicago Park District examination staff, Chicago, Illinois.

## **THESES**

A comparative study of the relationship between compensation satisfaction and motivation in public and private leisure service organizations. Ph.D. Dissertation. Department of Leisure Studies, University of Illinois, 1992.

The relationship between international tourism and socioeconomic development: A study of the Republic of China. Master's Thesis. Department of Leisure Studies, University of Illinois, 1987.

## **CONSULTING**

Consult the International Society of Arboriculture, Urbana, Illinois, to establish computerized information system.

Statistical consultant to Management Learning Laboratories, Urbana, Illinois.

Statistical analysis for a user preference survey for the Dundee Park District, Dundee, Illinois. 1987.

Statistical consultant for more than twenty research projects and journal articles submitted by various Departmental faculty and graduate students.

## **PROFESSIONAL SERVICES**

Set-up and administered the on-site Job Mart for the Illinois Park and Recreation Association Annual Conference from 1987 to 1991 annually.

Camp Counselor. Mid-America Chinese Cultural Youth Summer Camp, 1986-1988 (summers). Designed and led recreation programs for 150 Chinese descendant adolescents, ages 8 to 16.

Directed a special evening program for the 1986 Midwest Chinese Student Summer Camp with 1,500 attendants.

## **AWARD**

Graduate Student Award, 1992. Department of Leisure Studies, University of Illinois

## REFERENCES

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Dr. William R. McKinney. Head, Department of Leisure Studies, University of Illinois, 1206 South Fourth Street, 104 Huff Hall, Champaign, IL 61820. Phone: (217) 333-4410

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