

## The influence of wage negotiation on the pay satisfaction and trust in management

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### 1. Introduction

The study of employee satisfaction with pay and benefits is an area of longstanding interest to psychologists and managers. The earliest researches on the topic of employees' satisfaction emphasized the critical role that compensation played in employees' affective reactions in their job, their work performance and organizational outcomes. Thus, satisfaction of workers' wages is very important variable. Wage negotiations can have direct impact on satisfaction of wage and most workers' wages were determined by negotiation between individual or union and organization. However, researches for the effects of wage bargaining on the pay satisfaction are very scarce. Therefore, the purpose of this study was to examine the influence of the opportunity and type of wage negotiation on the pay satisfaction and trust in management.

### 2. Method

#### 2.1. Participants

Three hundred fifty employees hired in a variety of organizations in South Korea were asked to respond to the questionnaires and 309 employees provided valid data for data analysis. The male to female ratio was 64 to 35. The mean age of participants was 31.65 (SD = 5.14) years and the work experience ranged from 1 to 12 with a mean of 4.61 years (SD = 3.57). The types of jobs in the sample included clerical work (50.2%), research and development (11%), sales and marketing (6.5%), technical and production (14.3%), customer service (6.5%), manager (9.4%), and others (2.3%).

#### 2.2. Measures

##### 2.2.1. Pay Satisfaction

Pay Satisfaction was measured using 13 items (6 items for pay level, 3 items for pay policy and 4 items for benefits) that were modified from Lee's (2000) KPSQ (Korean Pay Satisfaction Questionnaire) scale. A sample item is "I satisfied for the wages level currently receiving, I satisfied for the fairness of the wage determination process of our company." Participants indicated their level of agreement with each item on a 5-point scale (1 = strongly disagree, 5 = strongly agree). The Cronbach's  $\alpha$  in the present study was .944.

##### 2.2.2. Trust in Management

Trust in Management was measured using 5 items that were modified from Cook & Wall's (2000) scale. A sample item is "Management team of the company strive in order to take into account and understand the perspectives and ideas of employee." Participants indicated their level of agreement with each item on a 5-point scale (1 = strongly disagree, 5 = strongly agree). The Cronbach's  $\alpha$  in the present study was .850.

##### 2.2.3. Wage negotiation

Participants were asked to respond to whether the opportunity of wage negotiation, if participants responded that they have a chance for negotiation, in addition, asked to decide to select the type of negotiation, whether the individual negotiation or union negotiation.

### 3. Result & Discussion

Table 1 shows the means, standard deviations, and correlation coefficients of the measured variables. The results indicated that all the correlation coefficients among the variables on pay satisfaction and trust in management were statistically significant at the .01 level (See Table 1).

To examine the main effects (types and opportunity of wage negotiation) we conducted MANOVA on the pay satisfaction and trust in management. Table 2 presents the result of MANOVA. There was a significant main effect for types and opportunity of wage negotiation. We also performed post-hoc test and Table 3 displays the result of Scheffé post-hoc test. Results indicated that the level of pay satisfaction and trust in management were higher when the opportunity of wage negotiation was given than when there was no chance for wage negotiation. Specifically, satisfaction for pay level was significantly higher under the condition of union negotiation than individual negotiation and no opportunity of negotiating. Satisfaction for pay system/management and benefits were significantly higher under the condition of union and individual negotiation than no opportunity of negotiating. For the variable of trust in management, the trust level was higher under the conditions of union and individual negotiation than no opportunity of negotiation, in addition, the trust in management was higher under the union negotiation than individual negotiation (See Table 3).

[Table 1] Means, standard deviations, and correlation coefficients among the measured variables

Variable	1	2	3	4	5	6	7	8	9	10	11
1. Gender	-										
2. Age	.193**	-									
3. Position	.216**	.557**	-								
4. Monthly Income	.222**	.407**	.517**	-							
5. Education	.161**	-.038	.048	.282**	-						
6. Marriage	.114*	.601**	.440**	.320**	-.026	-					
7. Satisfaction for Pay level	.121*	.118*	.039	.342**	.027	.047	-				
8. Satisfaction for Pay Policy	.067	.043	-.022	.271**	.063	-.054	.806**	-			
9. Satisfaction for Benefits	.083	.076	-.020	.275**	.050	-.005	.706**	.736**	-		
10. Trust in Management	.094	.018	.000	.166**	.081	-.066	.474**	.556**	.520**	-	
11. Overall Pay Satisfaction	.098	.086	-.002	.323**	.052	-.005	.913**	.928**	.897**	.567**	-
M	.64	34.23	2.83	314.31	3.00	.55	2.78	2.72	3.12	2.99	2.72
SD	.48	8.11	1.89	161.59	.50	.50	.91	.96	.59	.56	.87

[Table 2] The Result of MANOVA for the Pay Satisfaction and Trust in Management

Source	SS	df	MS	F	p
Satisfaction for Pay Level	17.372	2	8.686	11.303	.000
Satisfaction for Pay Policy	17.182	2	8.591	9.950	.000
Satisfaction for Benefits	30.170	2	15.085	16.905	.000
Trust in Management	7.036	2	3.518	11.982	.000
Overall Pay Satisfaction	20.760	2	10.380	15.043	.000

[Table 3] The Result of Scheffepost-hoc analysis for the Pay Satisfaction and Trust in Management

Dependent Variable	Comparison	MD	SE	p
Satisfaction for Pay Level	Individual Negotiation Vs. Union Negotiation	-.4435*	.12055	.001
	Individual Negotiation Vs. No Opportunity	.2032	.12431	.264
	Union Negotiation Vs. No Opportunity	.6467*	.14189	.000
Satisfaction for Pay Policy	Individual Negotiation Vs. Union Negotiation	-.2858	.12778	.084
	Individual Negotiation Vs. No Opportunity	.3834*	.13177	.015
	Union Negotiation Vs. No Opportunity	.6692*	.15040	.000
Satisfaction for Benefits	Individual Negotiation Vs. Union Negotiation	-.5130*	.12990	.000
	Individual Negotiation Vs. No Opportunity	.3660*	.13396	.025
	Union Negotiation Vs. No Opportunity	.8790*	.15290	.000
Trust in Management	Individual Negotiation Vs. Union Negotiation	-.1474	.07451	.143
	Individual Negotiation Vs. No Opportunity	.2749*	.07683	.002
	Union Negotiation Vs. No Opportunity	.4224*	.08770	.000
Overall Pay Satisfaction	Individual Negotiation Vs. Union Negotiation	-.4141*	.11423	.002
	Individual Negotiation Vs. No Opportunity	.3176*	.11779	.028
	Union Negotiation Vs. No Opportunity	.7317*	.13445	.000

4. References

[1] Lee, Y. (2000). An Assessment Study on Validity of Pay Satisfaction Measurement. *Industrial Relation Studies*, 10, 85-103.

[2] Cook, J., & Wall, T. (1980). New work attitude measures of trusts, organizational commitment and personal need non-fulfillment. *Journal of Occupational Psychology*, 53, 39-52.