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Perception of Pay Equity in Public Universities in Ghana: Effect on Individual Performance and Work Behavior

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ABSTRACT

Equity theory proposes that individuals perceiving inequity seek to restore equity through appropriate behavior. This research aimed to study the relationship between perceived pay equity and individual job performance among lecturers in public universities in Ghana. Using a survey of 313 lecturers, we found that employees' perception of equity in the pay system is a significant factor in determining their job performance. Therefore, we recommend that managers attend to equity in the design and implementation of pay systems. Moreover, issues relating to the reward system should be carefully communicated to employees in order to prevent unnecessary perceptions of inequity.

KEYWORDS

Perceived pay equity; job performance; work behavior; public sector; Ghana

Introduction

The perception of equity is crucial in both the design and the administration of reward systems in all successful organizations; these perceptions affect the work behaviors and attitudes of employees (Pamela, Kacmar, & William, 1993; Redmond, 2010). To a large extent, employee behaviors are based on perceptions of organizational justice, as introduced by equity theory (Adams, 1963, 1965). Equity theory highlights the importance of the fair distribution of resources and outcomes in any exchange relationship, thereby underscoring the link between sharing returns and each party's actual contribution to—and responsibility in—the employment contract (Kadian & Mutsotso, 2010).

The public sector in Ghana was in complete disarray in the mid-1980s (Owusu, 2005). A combination of devaluation and inflation had led to a decline in real salaries and wages between the 1960s and the late 1980s, resulting in disparity between public- and private-sector employee compensation. Thus, in each of its three main public-sector pay reforms—namely, the Salary Review of 1974, Ghana Universal Salary Structure of 1996, and Single Spine Salary Structure of 2007—the government of Ghana made an attempt to close the gap between public- and private-sector compensation. In this way, it attempted to enhance the performance of the public service in terms of public-service delivery and employee compensation (Cooper-Enchia, 2008).

Notwithstanding the constitutional effort of the government of Ghana to ensure equity in the pay system, it is

perceived that salaries and wages in the public service are very low compared to those of employees with similar experience and qualifications in the private sector (Owusu, 2005). Considering the many distortions and inequities across the various job classifications in the public sector in Ghana, unfairness also exists within the public service itself, and many civil-service employees (particularly those in professional grades) are leaving to work for public boards and corporations (Cooper-Enchia, 2008; Ohemeng & Anebo, 2012).

Following these attempts by the government, various studies have been conducted to determine the feasibility of the public-sector pay reforms in restoring macroeconomic stability (Baah-Boateng, 2004); in providing an incentive framework to enhance efficiency (Boachie-Danquah, 2007); in encouraging saving, investment, and employment (Aryeetey & Baah-Boateng, 2007); in creating an enabling environment to facilitate public-sector development (Owusu, 2005); and in improving the efficiency of public-sector resource management in order to champion and advance the course of development in Ghana (Asiamah & Kondal, 2008).

However, despite the overwhelming research on public-service delivery and employee compensation in Ghana and more globally in Africa (Hyden, 2013), one area that has generated only limited research is the employee's perception of pay equity and how this impacts on their job performance. Thus, in this study, an attempt is made to examine how the individual

Table 1. Descriptive statistics.

Statistic	Work motivation	Job satisfaction	Org. commitment	Intention to quit	Job performance	Perceived pay equity
N-Valid	261	276	278	274	270	263
Missing	17	2	0	4	8	15
Mean	90.54	27.42	68.49	10.32	106.20	39.61
Std. Error of Mean	1.013	.288	.699	.193	1.042	.470
Median	93.00	28.00	69.00	11.00	108.00	39.00
Mode	88 ^a	28	72	12	108	36 ^a
Std. Deviation	16.369	4.790	11.650	3.200	17.129	7.617
Skewness	-.598	-.475	-.316	-.577	-.734	.016
Std. Error of Skewness	.151	.147	.146	.147	.148	.150
Range	88	21	55	12	106	33
Minimum	32	14	35	3	29	22
Maximum	120	35	90	15	135	55

Table 2. Correlation coefficients.

Variables		Work motivation	Job satisfaction	Org. commitment	Intention to quit	Job Performance	Perceive pay equity
Work motivation	Pearson	1	.681**	.773**	.332**	.731**	.680**
	Correlation	261	.000	.000	.000	.000	.000
	Sig.(2-tailed)		259	261	258	256	249
	N						
Job satisfaction	Pearson	.681**	1	.727**	.221**	.645**	.551**
	Correlation	.000	276	.000	.000	.000	.000
	Sig.(2-tailed)	259		276	272	269	261
	N						
Org. commitment	Pearson	.773**	.727**	1	.388**	.797**	.586**
	Correlation	.000	.000	278	.000	.000	.000
	Sig.(2-tailed)	261	276		274	270	263
	N						
Intention to quit	Pearson	.332**	.221**	.388**	1	.284**	.248**
	Correlation	.000	.000	.000	274	.000	.000
	Sig.(2-tailed)	258	272	274		266	261
	N						
Job performance	Pearson	.731**	.645**	.797**	.284**	1	.573**
	Correlation	.000	.000	.000	.000	270	.000
	Sig.(2-tailed)	256	269	270	266		257
	N						
Perceived pay equity	Pearson	.680**	.551**	.586**	.248**	.573**	1
	Correlation	.000	.000	.000	.000	.000	263
	Sig.(2-tailed)	249	261	263	261	257	
	N						

performance of university professionals may be affected by their perceptions of equity in their pay system. Hence, in this research, our goal was to study how the perception of pay equity influences the job performance of lecturers in public universities in Ghana.

This question aimed to identify whether any significant relationship exists between the perception of equity and relevant employee constructs—such as job performance, work motivation, job satisfaction, organizational commitment, and intention to quit the current organization.

Relevant literature and hypotheses

The mediation role of equity perception between compensation structures and job performance has been a central research issue in management since the sixties and the emergence of the equity theory by Adams in 1965 (Feng & Chien, 2003; Khalifa & Truong, 2010). The Equity Theory, from which pay equity is derived, is a motivational

theory that seeks to determine how employees feel and behave when they are fairly or unfairly treated by employers. Central to the equity theory is the assumption that employees would always compare the fairness of their situations by comparing their input-output ratio with that of relevant others. If they perceive the situation as being unfair in terms of the treatment they receive, they usually would try to restore equity by either altering their inputs or outputs in the right direction (Grobler, Wärnich, Carrell, Elbert, & Hatifield, 2011; Mello, 2002; Noe, Hollenbeck, Gerhart, & Wright, 2006).

There are two general classifications of equity: the distributive equity and procedural equity. Distributive equity can be defined as the fairness with which people feel they are rewarded in accordance with their contribution to organizational accomplishment. Procedural equity, on the other hand, is concerned with the perceptions employees have about the fairness with which procedures in such areas as performance appraisal, promotion, and discipline are being operated (Amstrong, 2006). The perception of

inequity, according to Adams (1965), compels the individual to experience an unpleasant emotional condition that may cause employees to reduce their future efforts, change their perceptions regarding rewards for their work efforts, or as often is the case, quit the organization (Armstrong, 2006; Cole, 2004; Grobler, Warnich, Carrel, Elbert, & Hatfield 2002; Mello, 2002).

In designing an equitable pay system, management must pay attention to the three forms of equity, namely the Internal, External, and Individual equity. Internal equity has been defined as the perceived fairness of pay differentials among different jobs within the same organization. (Grobler et al., 2002). External equity has been defined by Mello (2002) as the employee's perception of the fairness of their compensation relative to those outside the organization. According to Mello (2002), individual equity involves employee perceptions of pay differentials among individuals who hold identical jobs in the same organization.

Literature has shown that the compensation system can influence employee behavior when there is a correlation between rewards and performance. Meanwhile, the same literature reveals that, too often, because of inequity, pay winds up motivating dysfunctional behaviors at the worksite (Mathis & Jackson, 2004; Mello, 2002). The perception of equity in the compensation system often depends on employee comparisons. These comparisons, which are based on employee perceptions, may be factual or otherwise, as few employees really have concrete information about the situation of their comparison others.

Another aspect of equity that is based on employee perception relates to whether or not the system is open to or hiding from employees by management. Pay information that is kept secret in closed systems does not allow employees to make more accurate equity comparisons. However, critics of pay openness argue that what an individual gets paid for his or her own business, and not for public consumption. They argued that if pay levels are made known to everybody else, then jealousy and/or resentment may result (Armstrong, 2006).

Perceived pay equity and individual job performance

In his famous aggression–approval proposition, Homans (1974) observed that each time an employee happens to receive outcomes that exceed—or punishment that is less than—expectations, they may indulge in approving behaviors that can translate into desirable performance. According to Homans (1974), the satisfaction that goes with the excess rewards or reduced punishment results in

an emotional state that voluntarily directs the behavior of the person toward organizational objectives. The dominant model for explaining and predicting the relationship between perceived pay equity and employee performance is, arguably, that proposed by Adams (1963). In equity theory, Adams observed that a person who perceives inequity may vary their inputs by either increasing or decreasing them, and that this may depend on whether the inequity is advantageous or disadvantageous. People might engage in “performance restriction” if they observe inequity that is disadvantageous. The ability to restrict performance by altering one's inputs will depend on whether the relevant inputs are susceptible to change. Some studies have shown that education and skill can often be altered, but that changing them takes time (Van Wyk, 2011).

On the basis of this review, the following hypothesis was formulated:

H1: There is a positive correlation between perceived pay equity and individual job performance.

Perceived pay equity and work motivation

Equitable pay systems facilitate greater work motivation by differentially rewarding top performers over marginal ones (Milkovich & Wigdor, 1991). Deconinck and Bachmann (2007), having analyzed the relationship among marketing managers' perceived pay fairness, job satisfaction, organizational commitment, and resignation intention found that the perception of pay fairness has a significant impact on organizational outcomes, such as job satisfaction and motivation. They observed that managers who allocated rewards equitably reported higher levels of job satisfaction and motivation among their staff. This, in turn, positively affected organizational commitment but negatively affected employees' intention to quit.

Similarly, Carr, McLoughlin, Hodgson, and MacLachlan (1996) found that the perception that one is overpaid or underpaid can lower intrinsic motivation. From their studies, college students who were paid for their participation in an experiment spent less time working on puzzles during a free-choice period after finding out that other students had been paid double or half the amount for participating in the same experiment.

Luthans (1998), however, cautioned that employee motivation should not be thought of as the only explanation for employee behavior in the workplace. Along with perception, personality, attitudes, and learning, motivation plays an important role in explaining behavior since it interacts with—and acts in conjunction with—these and other processes in the environment.

From this review, it is believed that the feeling of equity or inequity is an important determinant of employees' dysfunctional attitudes and behaviors at work (Feng & Chien, 2003). Consistent with this reasoning, the following hypothesis was formulated:

H2: There is a positive correlation between perceived pay equity and employee motivation.

Perceived pay equity and job satisfaction

Most of the studies that were conducted to test the relationship between perceived pay equity and employee job satisfaction have reported a significantly positive correlation between the two variables. Deconinck and Bachmann (2007), for example, found that the perception of pay fairness has a great impact on job satisfaction; this is in turn positively affected by other organizational outcomes. In a similar study, Lambert, Hogan, and Griffin (2007) examined the effects of distributive and procedural justice on the job stress, job satisfaction, and organizational commitment of correctional staff; they found that procedural justice has a significant impact on job satisfaction.

Conversely, by employing equity theory to examine the effects of the perception of compensation equity between host-country Mexican workers and expatriates from Korea on job satisfaction and employee performance, Paik, Parboteeah, and Shim (2007) found a significantly negative relationship between perceived compensation inequity and job satisfaction. Following this review, another hypothesis was developed:

H3: There is a positive correlation between perceived pay equity and job satisfaction.

Perceived pay equity and employee commitment

In the majority of the studies that examined the relationship between pay equity and employee commitment, contradictory findings were produced: In some cases, one component of perceived pay equity (procedural or distributive justice) was found to be important in determining organizational commitment; in others, both were found to be important; and in yet others, neither was found to be important. In a study conducted by McFarlin and Sweeney (1992), while distributive justice was not found to be important, procedural justice appeared to be significant in determining organizational commitment.

Furthermore, in a study of employees in Korea, Chang (2002) found both distributive and procedural justice to be significant in determining the commitment of organizational members. Again, in a study of the antecedents of organizational commitment, Donnelly, Quirin, and O'Bryan (2001) found that a significant portion of an individual's organizational commitment was a function of their perception of pay and workload equity.

In contrast, Pare and Tremblay (2007) found no significant relationship between justice (of either type) and organizational commitment. From this review, a fourth hypothesis was formulated:

H4: There is a positive correlation between perceived pay equity and organizational commitment.

Perceived pay equity and intention to quit the present organization

One of the main consequences of inequity, according to equity theory, is quitting the current workplace. As noted by Adams (1965), an employee who perceives inequity may quit the job, obtain a transfer, or resort to unnecessary absenteeism from work. Equity in the form of procedural and distributive justice has been found by many to be capable of influencing the resignation intentions of employees. In a study conducted by Randall and Mueller (1995), it was found that procedural justice negatively affects resignation intentions.

Similarly, by using a sample of 88 employees drawn from different technical fields, Dailey and Kirk (1992) also found that procedural- and distributive-justice variables were stronger predictors of the intention to quit among organizational members. Again, in a U.S. study of salespeople's perception of equity, organizational commitment, and intention to resign, Roberts, Coulson, and Chonko (1999) found that distributive justice was more important to their organizational commitment and intention to quit than was procedural justice. Furthermore, Hemdi and Nasurdin (2008) found that, while distributive justice was significantly related to both organizational citizenship behavior and intention to resign, procedural justice was important only to the intention to quit an organization. Fields, Pang, and Chiu (2000), studying procedural and distributive justice as predictors of employee outcomes in Hong Kong, also found that procedural justice had a significant effect on Hong Kong employees' intention to stay.

On this basis, the following hypothesis is formulated:

H5: Perceived pay equity is negatively correlated with intention to quit.

Research design, data, and methods

Sample

In this study, the target population consisted of full-time lecturers from four randomly selected public universities in Ghana. The sample for this study was drawn from the four universities using the stratified sampling technique. The population of each university was stratified into faculties or schools so that the proportionate sampling technique could be used to determine the number of respondents from each. As the total population was 1,701, a sample size of 313 was chosen at the 95% confidence level, comprising a 5% margin of error, based on Krejcie and Morgan's 1970 sample-size-determination formula. The data collection period took place between February and May 2013. The respondents were contacted by an e-mail inviting them to follow an electronic link to answer the questionnaire. The answering rate has been of 88%, and there were 261 valid responses.

Measurement

The questionnaire for this study was organized into two sections and based on 70 items. Section A contained the instruments required to measure the variables in the study. It covered the measurement scales for procedural justice, distributive justice, compensation structure, work motivation, job satisfaction, organizational commitment, and intention to quit. Closed-ended questions based on the Likert five-point scale were used, as they are easily coded and provide greater uniformity of responses. Section B sought to solicit demographic information about respondents in terms of age, sex, professional status, tenure, and academic qualifications (Table 1). The questionnaire was provided in English.

Perceived pay equity was measured by adopting Moorman's (1991) models of distributive justice and of procedural justice, as used by Azman et al. (2008) and Welbourne (1994), respectively. The Distributive Justice Index was used to measure the degree to which employees believed that their rewards were shared across the various employee groupings. The Procedural Justice Scale addressed how employees perceived fairness in the design procedures used to determine their level of compensation. Work motivation was measured using the 26 items developed by Van Wyk (2011). Job satisfaction was measured using an eight-item scale. The eight items were modified from job-satisfaction scales originally developed by Warr, Cook, and Wall (1979), as used by Azman et al. (2008)

and Masdia (2009). The study employed the commitment scales of Cao Van (2009) for measuring employees' organizational commitment. Employee intention to quit the present organization was measured using the three-item scale developed by Wayne, Shore, and Liden (1997).

Results and discussion

The Pearson product-moment correlation technique was used to test the hypothesized relationships between the six key variables in the study. Based on the results of the correlation analysis, the following interpretations and conclusions are offered. First, the independent variable (perceived pay equity) is regressed on the dependent variable (individual job performance). Next, the correlation between the independent variable and each of the hypothesized moderators is examined. Finally, an examination of the correlation between each of the hypothesized moderators and the dependent variable is offered (Table 2). In each case, an interpretation of the result and the conclusions drawn from this follow immediately.

H1: Correlation between perceived pay equity and individual job performance

The correlation coefficient (r) of perceived pay equity and individual job performance was 0.573, at a significance level of 0.000 where $n = 257$ (two-tailed). The analysis shows that there is a significant relationship between perceived pay equity and job performance. The positive coefficient implies that as the employee's perception of equity increases, their job performance also increases. The coefficient of determination was $r^2 = 0.33$, indicating that about 33% of the variation in employee job performance is explained by the variation in lecturers' perception of equity in their pay system. In contrast, 67% of the variation in employee job performance is unexplained by variation in the perception of equity in the pay system. As the p -value (0.000) is less than 0.01, it is declared significant, meaning that the null hypothesis—"If the perception of pay equity among Ghanaian lecturers increases, their job performance decreases"—is rejected.

The conclusions drawn from testing this hypothesis are central to equity theory, which assumes that the employees would always assess the fairness in their own situations by comparing their input-to-output ratio with that of relevant others. If employees perceive an unfair situation, they would usually try to restore equity by altering either their inputs or their outputs (Adams, 1965). According to the theory, a person who perceives inequity may vary their inputs by either

increasing or decreasing them, and this may depend on whether the inequity is seen as advantageous or disadvantageous. Increasing outcomes will reduce inequity if $\frac{O_p}{I_p} < \frac{O_a}{I_a}$.

Conversely, decreasing outcomes will serve the same function if $\frac{O_p}{I_p} > \frac{O_a}{I_a}$. According to Adams (1965), the second of these two possibilities is far less likely, and there is no clear evidence of the use of this means of reducing inequity, though some may be available in the clinical literature.

Adams (1965) also reported that the perception of inequity compels a person to experience an unpleasant emotional condition that motivates them to reduce future efforts. The ability to reduce inequity by altering one's inputs will depend on whether the relevant inputs are susceptible to change. This assertion was based on Festinger's (1957) theory of cognitive dissonance.

Previous empirical studies have also shown that the perception of inequity in an employee's pay has a significant influence on their individual job performance (Schuler & Jackson, 2006). According to these authors, where a high-performing employee feels that his or her pay does not match the contribution made toward the goal of the organization, he or she may withhold effort; this will be detrimental to the organization.

The conclusions drawn in this study are also similar to those drawn by Kwak (2006), who maintained that a low level of distributive justice is associated with increased amounts of counterproductive work behaviors among employees. They are also similar to the findings of Redmond (2010), according to whom employees who believe that their employer is concerned with ensuring procedural justice are more likely to be productive and to be able to trust their managers even if they experience some conflict.

H2: Correlation between perceived pay equity and employee work motivation

The correlation coefficient (r) of perceived pay equity and work motivation was 0.680, at a significance level of 0.000, where $n = 249$ (two-tailed). The analysis shows that there is a close relationship between perceived pay equity and work motivation among lecturers in Ghana. The positive coefficient implies that as the employee's perception of equity increases, their work motivation also increases. The coefficient of determination was $r^2 = 0.46$, implying that around 46% of the variation in employee work motivation is explained by the variation in lecturers' perception of equity in their pay system. Consequently, 54% of the variation in employee work motivation is unexplained by

variation in the perception of equity in the pay system. As the p -value (0.000) is less than 0.01, it is declared significant, meaning that the null hypothesis—"Perceived pay equity does not motivate lecturers in Ghana"—is rejected.

The hypothesized results on the relationship between the perception of equity and employee motivation also confirm the idea that equity theory is a motivational theory and a tool that managers can use to motivate their workers. As noted by King, Miles, and Day (1993), a fairly distributed wage or salary can serve as a very powerful extrinsic motivator to most employees in the employment contract. The results also confirm the findings of Deconinck and Bachmann (2007) that managers who equitably allocated rewards among employees tend to report higher levels of job satisfaction and motivation.

In addition, the results support the findings of Carr et al. (1996) that college students who perceive inequity in their pay system may experience lower intrinsic motivation. They are also in keeping with the findings of Feng and Chien (2003) that the feeling of inequity is an important determinant of employees' deviant attitudes and behaviors at work.

Following the discussion above, it can be held that an employee's perception of equity or inequity in their pay system has a significant influence on their level of intrinsic and extrinsic motivation in the workplace. The implication for managers is that equitable pay systems motivate employees not only to perform but also to display desirable attitudes and behaviors. Consequently, inequitable pay systems can serve as a source of employee demotivation and dysfunctional behaviors.

H3: Correlation between perceived pay equity and employee job satisfaction

The correlation coefficient (r) of perceived pay equity and employee job satisfaction was 0.551, at a significance level of 0.000 where $n = 261$ (two-tailed). Again, the results of this analysis show that there is a significant relationship between perceived pay equity and employee job satisfaction among lecturers in Ghana. The positive coefficient implies that as the employee's perception of equity increases, their job satisfaction increases. The coefficient of determination was $r^2 = 0.30$, showing that about 30% of the variation in employee job satisfaction is explained by the variation in lecturers' perception of equity in the pay system. As a result, 70% of the variation in employee job satisfaction is unexplained by variation in the perception of equity in the pay system of lecturers in Ghana. As the p -value (0.000) is less than 0.01, it is declared significant, meaning that the null

hypothesis—“If Ghanaian lecturers perceive equity in their pay system, they will not be satisfied with their jobs”—must be rejected.

The results support the findings of Lambert et al. (2007) that procedural justice has a significant impact on the job satisfaction of organizational members. They also reflect the findings of Paik et al. (2007), who found a significantly negative relationship between perceived compensation inequity and job satisfaction among Mexican workers in Korean maquiladoras. Again, the findings of this study are similar to those of Deconinck and Bachmann (2007), who found that the perception of pay fairness has a great impact on the job satisfaction of marketing managers. The findings are also similar to those of Khalifa and Truong (2010), who observed that equity perceptions among academic employees in Egyptian private universities have a significant influence on their job satisfaction. The implication of this finding for managers is that employees will not be satisfied with their jobs if they perceive inequity in their pay system. Thus, given the strong effect of job satisfaction on employee motivation to stay or perform, human-resource managers should seek to ensure that their pay systems are fair and equitable.

H4: Correlation between perceived pay equity and organizational commitment

The correlation coefficient (r) of perceived pay equity and employee job satisfaction was 0.586, at a significance level of 0.000 where $n = 263$ (two-tailed). The results of this analysis show that there is a significant relationship between perceived pay equity and the organizational commitment of lecturers in Ghana. The positive coefficient implies that as the lecturers' perception of equity increases, their commitment to their respective universities also rises. The coefficient of determination was $r^2 = 0.34$, which implies that around 34% of the variation in lecturers' commitment to their universities is explained by the variation in their perception of equity in the pay system. Consequently, 66% of the variation in lecturers' commitment is unexplained by variation in their perception of equity in the pay system. As the p -value (0.000) is less than 0.01, it is declared significant, meaning that the null hypothesis—“Ghanaian lecturers will not be committed to their organizations if they perceive equity in their pay system”—is rejected.

These results contrast with the findings of Pare and Tremblay (2007), who did not find any significant relationship between both procedural and distributive justice and organizational commitment.

The results, however, corroborate the findings of Donnelly et al. (2001) that a significant portion of an individual's organizational commitment can be explained

by their perception of equity in the pay system. They also reflect the findings of Chang (2002) that both distributive and procedural justice are significant in determining the commitment of employees in Korea. The results of the study also confirm the findings of EIDin and Rahman (2013), who found a strong relationship between perceived pay equity and both normative and total commitment of nurses in the Damanhour National Medical Institute in Egypt.

Furthermore, the results of this study confirm the findings of Chang (2002), who found both distributive and procedural justice to be significant in determining the commitment of organizational members in Korea. Again, the results of the study are similar to the findings of Donnelly et al. (2001). The authors found that a significant proportion of an individual's organizational commitment was a function of their perception of pay and workload equity. Moreover, the results of this study are similar to the findings of Baakile (2011). Having investigated the relationship between the perception of equity, pay satisfaction, affective commitment, and resignation intention among teachers in both junior and senior high schools in Botswana, he found that perceptions of equity and affective commitment, pay satisfaction, and intention to resign were all significant at $p \geq 0.001$.

H5: Correlation between perceived pay equity and intention to quit

The correlation coefficient (r) of perceived pay equity and employees' intention to quit their organization was 0.248, at a significance level of 0.000 where $n = 261$ (two-tailed). The results of this analysis show that there is only a very slight relationship between perceived pay equity and the intention of lecturers to quit their present universities in Ghana. The positive coefficient implies that as the lecturers' perception of equity increases, their intention to quit the current university also rises.

The coefficient of determination was $r^2 = 0.06$, indicating that only 6% of the variation in lecturers' intention to quit their present universities is explained by the variation in their perception of equity in their pay system. It follows that 94% of the variation in lecturers' intention to quit their present universities is unexplained by variation in their perception of equity in the pay system. As the p -value (0.000) is less than 0.01, it is declared significant, meaning that the null hypothesis—“The perception of equity in their pay system motivates Ghanaian lecturers to quit their present universities”—is rejected. These results are similar to Adams' (1965) findings on one of the consequences of inequity: An employee who perceives inequity may quit the job, obtain a transfer, or resort to unnecessary absenteeism from work. The results also support the findings of

Randall and Mueller (1995) that procedural justice negatively affects resignation intentions. Again, the results provide support to the findings of Dailey and Kirk (1992), who found that procedural and distributive justice were strong predictors of the intention to quit among organizational members.

The results of the correlation between perceived pay equity and intention to quit one's organization is also supportive of the findings of Baakile (2011), who found a positively significant relationship between teachers' perceptions of equity and their intention to quit their present organizations. The results also corroborate the findings of Roberts et al. (1999), who found distributive justice to be more important to salespeople's organizational commitment and intention to quit their organizations in the United States. The results are also similar to those of Hemdi and Nasuridin (2008). They found that, while distributive justice was significantly related to both organizational citizenship behavior and intention to resign, procedural justice was important only to the intention to quit an organization. Again, the results support the findings of Fields et al. (2000), who found that procedural justice had a significant effect on Hong Kong employees' intention to remain in their existing organizations.

The implication of the correlation between perceived pay equity and the employee's intention to quit their present organization is that employee turnover may be measured according to an employee's perception of equity in the pay system. Managers who wish to maintain or attract qualified employees must ensure that their pay systems are fair and equitable; otherwise, they risk losing their most talented employees. High employee turnover causes high recruitment and training costs, decreases organizational performance, and reduces employee continuity and organizational stability. The influence of perceived pay inequity on employees' quitting behavior has received increasing attention in the academic literature (Glebbeek & Bax, 2004; Lee, Gerhart, Weller, & Trevor, 2008; Martin, 2011). However, this literature has focused largely on individual or job attributes rather than on the perception of inequity in the pay system of employees.

Conclusion and implications

In a context of distortions and inequities across the various job classifications, of low salaries and wages, and of internal inequities, the public sector in Ghana is facing several pay-equity issues (Cooper-Enchia, 2008; Ohemeng & Anebo, 2012; Owusu, 2005). The goal of this research was to acknowledge the link between the perception of pay equity and job satisfaction, and several related items, in public universities in Ghana.

The theoretical contribution of this study consists of the increased understanding of the equity theory that would emerge from the review of the literature. By reviewing the original works of Adams (1963, 1965) and applying the facts to an empirical situation in Ghana, the present study contributes to the body of research on the equity theory. The study also sheds light on some linkages between the equity theory and variables such as gender and employment relationships. The application of the equity theory to these areas would further increase student's understanding of the theory and how it can be applied in the workplace.

The major contribution to theory is the connection between perception of equity in an employee's pay system and his or her job performance. By reviewing and examining the relationship between these variables in the context of the Ghanaian situation, the research is expected to ensure a better understanding of the theoretical underpinnings of most human resource management practices that affect the perception of employees and how those perceptions are translated into performance behaviors at the workplace.

In addition to its implication for theory, this study allows propositions and arguments to emerge that have direct implications for managerial practice in public universities in Ghana.

The government of Ghana and the managers of Ghanaian universities should pay adequate attention to equity in the design and implementation of their pay systems. Ghanaian universities should always design equitably pay systems in order to reduce the perception of inequity among their employees, taking into account the contributions that each lecturer makes to the goals and objectives of the institution. They must also consider the pay systems and salary structures of similar institutions in order to reduce external inequity and to promote competitive salaries for their lecturers.

Employee perceptions of inequity in their pay systems will continue unless managers take the initiative to provide clear explanations, backed up with facts and figures, about what goes into the design and implementation of their pay systems. The most equitable design may not reduce the perception of inequity unless it is carefully communicated to—and perceived as such by—lecturers. Managers must design employee-compensation systems that ensure a direct link between incentives and the performance goals of their universities. Incentives must be based on employee performance, so that lecturers who fail to perform should not qualify for incentives such as scholarships for further education.

Although the findings of this study were expected to make valuable contributions to theory, managerial practice, and policy making, there are some limitations

that may affect the extent to which the study findings can be replicated.

First, respondents were not provided with information on the pay levels of their counterparts in the other sector. This information was considered confidential. As the respondents were unaware of the pay levels of other respondents outside their organizations, they were compelled to estimate or infer the relative worth of co-workers. As a result, the findings of the study were subject to the potential bias and prejudice of the respondents. Second, a methodological limitation was identified. Because sampling was used to compute the respondents for this study, the research is subject to all the limitations of this technique in general. Third, there was a geographical limitation. The study was conducted in Ghana; the findings may not hold true for other parts of the world. And even within Ghana, the conclusions of the study are not necessarily representative of all employees. The study related only to lecturers in public universities in Ghana. The employees of other organizations—such as banks, the security service, and transport—were not covered.

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