

## Wage Discrimination and Its Effect on Employee's Job Outcomes: Evidence from North Cyprus

Seyi Samuel FALOPE

MBA Graduate Faculty of Economics and Administrative Sciences, Cyprus International University North Cyprus, Mersin 10 Turkey

### \*Corresponding author

Seyi Samuel FALOPE

### Article History

Received: 23.07.2017

Accepted: 29.07.2017

Published: 30.09.2017

### DOI:

10.21276/sjebm.2017.4.9.5



**Abstract:** Differentiating employees pay on factors unrelated to performance and merit such as of race, gender, age, ethnicity, religion or color has been widely regarded as an unfair and unethical organizational practice. The purpose of this research is to investigate the issue of wage discrimination and its effects on work-related outcomes (i.e. job satisfaction, organizational commitment and turnover intention.). Adams equity theory, organizational justice theory and the relative deprivation theory were reviewed as the theoretical perspective of this study. A survey-based descriptive research design was employed for the study, and data were collected via questionnaire from employees operating in North Cyprus region of Lefkosia and Girne through a convenience sampling technique. Pearson correlation and regression analysis were employed to analyze the data with the aid of SPSS program. The findings of the study revealed that the perception of wage discrimination among employees in North Cyprus is high. The results also indicate that wage discrimination decreases employee's job satisfaction and organizational commitment. However, wage discrimination was not found to lead to employee turnover intention. This is perhaps because of the low job opportunities in North Cyprus. The implications of the findings of this research recommend that organizations should ensure that employees are fairly and consistently rewarded based on performance and merit without bias in order to create a positive work environment. This will improve their morale and attitude towards the achievement of organizational goal. In conclusion, this study contributes to the still small research field around the topic of wage discrimination and job outcomes in the context of North Cyprus.

**Keywords:** Wage Discrimination, Job Satisfaction, Organizational Commitment, Turnover Intention

## INTRODUCTION

Employment discrimination in the workplace occurs in many forms and has several outcomes. Evident among these forms of discrimination is wage discrimination. Wage discrimination is often discussed at the societal level. Nevertheless, wage discrimination is also an important organizational topic due to the diversity of today's workforce and the importance of employees irrespective of any form of difference in performing various critical tasks for the survival of the organization. Managing diverse workforce in performing its potentials requires equitable work environment void of unfair discrimination and practices [1]. Employees' feeling of unfairness in the allocation of rewards usually arises from the perception of fairness in the distribution of reward or the process used in distributing rewards [2]. Wage is one of the most significant aspects of the employer-employee relationship. For several employees, the hope of earning a pay is the reason why they work among other reasons

such as recognition, achievement, and opportunity for personal growth or affiliation with others [3].

Wage discrimination is the discrimination shown in the payments of wages towards minority groups with the same performance level and responsibilities as their co-workers. Wage inequality on the basis of race, gender, age, ethnicity, religion or color has been regarded as an unfair and unethical organizational practice which affects employee's work attitude and behavior [4]. In this regard, several measures have been embarked upon to combat discrimination and wage inequality in the workplace. For instance, in 1979 the National Committee on Pay Equity was established to eliminate gender and races based wage discrimination and achieve pay equity in the workplace. Also on 14 Sept 2016, the Pay Equity for All Acts (PAYE) was introduced to amend the America Fair Labor Standards Act of 1938 to ensure equity in the workplace as well as prohibiting employers from seeking or requiring previous wage

information or salary history from job applicants. However, till today, pay inequality is still evident and affects Individuals from all backgrounds, at all ages, and of all levels of educational achievement [5].

Segregating employees pay on factors unrelated to performance and merit results to negative behavioral outcomes in the workplace [6]. According to [2], wage equity is an important component for employees. For instance, if employees consistently observe wage is being given on the basis of age, gender, race or other discriminatory elements other than merit or performance his attitude toward the job will be affected [7]. The role of fairness in the allocation and distribution of reward in organizations has the potential to buttress our understanding of the elements influencing the job outcomes of employees involved. One of the key factors of job satisfaction or dissatisfaction with wage is how employees feel their pay package relative to others [8]. Pay equity is essential for pay satisfaction and optimal job outcomes.

### **PROBLEM STATEMENT**

In today's increasing world globalization process with changing business environment, characterized by a culturally diverse workforce. Promoting equality and ensuring employees satisfaction is vital for every organization. In life, just like every employee, we each want a just and fair balance between what we invest in a job and what we get from it. Adam Equity theory proposes it as inputs and outputs. In organizations, employees usually compare their wages with the wage of co-worker within their status and when there is a perception of discrepancy, negativity toward the organization is established which is detrimental to the success of the organization. Although studies on wage discrimination or inequality have been conducted over the years, the perceptions were mostly from the gender wage gap. It is important to explore the impact of wage discrimination perceptions on organizational variables and employee outcomes.

### **SIGNIFICANCE OF THE STUDY**

This study will contribute to the knowledge of management and organizational behavior literature. Specifically, it will help organizations to understand how discrimination practices particularly pay inequality in the workplace affect work outcomes. From the past literature, there are no studies examining the relationship between wage discrimination and job satisfaction in North Cyprus. Therefore, this study will help fill the gap by investigating the relationship between these variables. This study will also serve as a background for future analysis on wage discrimination within the context of workplace organizations in the region

### **OBJECTIVES OF STUDY**

The aims of this research are to achieve the following:

- To investigate the extent of wage discrimination in North Cyprus work environment.
- To examine if wage discrimination perception affects job satisfaction of employees working in North Cyprus.
- To investigate if there is a negative correlation between organizational commitment and the perception of wage discrimination in North Cyprus
- To discover if there is a positive relationship between the perception of wage discrimination and employees turnover intention in North Cyprus.

## **LITERATURE REVIEW**

### **Wage Discrimination**

Wage discrimination also known as pay inequality is a form of employment and labor market discrimination considered by most observers to be the most prevalent form of inequality practiced in the workplace [2]. Wage discrimination is defined as arbitrarily assigning wages to workers based on factors unrelated to job performance or merit [9, 10] Explains wage discrimination as an operation of the labor market where similar workers receive different wages on the basis of color, sexual orientation, ethnicity, age, gender, or other ascribed features. According to [11] wage discrimination is the discrimination shown in the payments of wages towards minority groups. Wage discrimination in the workplace is unfair and unprofessional practices which can be detrimental to employees' optimal performance.

### **Job Satisfaction**

Job satisfaction is a topic of wide interest to managers, employees who work in organizations and people who study them. Job satisfaction is one of the most frequently study variable in organizational and behavioral research attracting widespread empirical examination since 1900s [12]. Different authors have defined employee job satisfaction from different perspective, hence, there is no universally accepted definition of employee job satisfaction because satisfaction with job means different things to different individuals since individuals are affected by different factors such as expectancy, needs, values, personal characteristics and feelings, job characteristics, working environment and opportunity for personal growth [13,14] defined job satisfaction as pleasurable or positive emotional state employees get from their job or job experience as well as the achievement from the job values, while job dissatisfaction is the unpleasurable or negative emotional state employees get from their job.

Researchers have also approached job satisfaction from a cognitive perspective which does not depend on affirmative judgment. The cognitive-perceptive of job satisfaction involves a logical and rational evaluation of working conditions. From this view Aziri [13] defined job satisfaction as a work attitude that is based on employees' comparison of anticipated or deserved outcome with actual outcome received [15], in his theory of job satisfaction defined employee satisfaction from a cognitive perspective which depends on the degree to which individuals are satisfied with the outcomes of the job and proposed that employees get satisfied with their work if they believe their outcomes are valuable.

Pay is a significant expectation among other values that employees get from their job that affects their satisfaction with their job and according to [16] employees' satisfaction with pay results from comparing their actual pay or pay relatives with that of other employees around them doing similar jobs. Employee's satisfaction or dissatisfaction with their job in this regard, can be seen as a discrepancy between what one gets and what one ought to get.

### **Organizational Commitment**

Organizational commitment just like job satisfaction is a vital work outcome in ensuring effectiveness and efficiency of business organization. Commitment is a feeling of attachment and psychological bond towards an organization [17]. Defines organizational commitment as the willingness of an individual to accept, support and work towards achieving organization goals and objectives [18]. Stated organizational commitment as the desire to do more than expected in achieving set objectives on behalf of the organization and willingness to identify with organization values, culture and goals as well as the desire maintain loyalty to the organization [19]. advocated that commitment is associated with employee satisfaction which increases organizational support and induce employees towards achieving objectives.

Also stated that organizational commitment is a multifaceted construct which consists of three elements. Firstly, affective commitment which is an emotional feeling of identification towards an organization and support for organizational culture and value. Secondly, continuance commitment which involves the desire to maintain membership with an organization due to the perceived cost of losing specific rewards and thirdly, normative commitment which involves the feeling of attachment to an organization due to moral obligation which increases organizational support and induce employees towards achieving objectives[20].

### **Turnover Intention**

Turnover intention has continued to be a serious concern to specialists in the field of human resource management [21]. Turnover intention is defined as the conscious intention of an employee to voluntarily leave a current job in an organization [22, 23] define turnover intention as a mental thinking of likelihood to leave a current job [24]. defined employee turnover intention as a psychological and cognitive process which involves subjective response to a specific organizational situation along a range of withdrawal behavior such as the thought of leaving the job to actual leaving the organization. advocated that in employee turnover intention there are three elements embedded in the withdrawal thought or process. These elements include: feeling of leaving the organization, the intention and desire to look for another job and finally the intention to quit [25].

### **Equity Theory**

Equity theory was developed by John Stacey Adams, a behavioral and workplace psychologist in the 1960s. The theory focuses on individuals' perceptions of how fairly they are treated in comparison to others individuals perceived to be similar to themselves. According to [26], individuals are motivated by perceived fairness of their work outcome (what the employee receive from a job and organization) in proportion to their work inputs (what the employee contributes to the job and organization). Equity theory states that if an individual identifies inequity in input or outcome ratio of themselves and referent others, they will seek to adjust the inputs or outcome to reach their perceive equity [27]. According to [28] inputs in this context include time, skills, loyalty, efforts, and experience, personal sacrifice, hard work, tolerance amongst others. Outcomes include financial rewards such as wage, perks, bonus, commission and intangible rewards such as recognition, reputation, job security, sense of achievement, and praise. Equity theory proposes that the greater an individual perception of equity, the more motivated and satisfied they will be and vice versa [29] In this perspective of equity theory, workers who experience underpayment will be less productive and less satisfied and workers who are equitably paid or overpaid will be more productive and more satisfied in the workplace [30]. According to [26], individual who perceive inequity in an environment will seek to reduce it either by altering inputs, altering outcomes, cognitively distorting inputs or outcomes, leaving the field, taking actions designed to change the inputs or outcome of referent others or changing the referent other. The choice of a particular method in restoring equity, however, depends upon the characteristics of the inequitable environment [31].

### **Relative Deprivation Theory**

According to the relative deprivation theory, individuals feel deprived when they evaluate their

desired outcomes with those of relevant others and perceive disparity [32]. Relative deprivation theory is based upon the fundamental process of comparison. The theory proposes that individuals develop the feeling of resentment when they sense an unfair discrepancy between “value capabilities” (received outcome) and “value expectations” (deserved outcome) [33]. Relative deprivation theory proposes a cognitive subjective state that shapes attitude, behavior, and emotions. According to [34] the resentment that arises from the feeling of deprivation results in negative behavioral response such as grievance, moral outrage and anger based on five conditions: (1) when an individual(group) demands something (2) when an individual(group) perceive that another person possesses what they want.(3) when an individual (group) feels he is entitled to be in possession of something (4) when an individual(group) think it is possible to get what he wants; and (5) when an individual(group) does not see the failure to get what he wants as his fault. Relative deprivation theory focuses on the feelings and actions of individuals that result from comparison with a referent person or a group as well as the behavioral and attitudinal effects deprivation feelings. According to [35] such feelings from comparison can explain an employee’s perception and reaction to work situations.

**Organizational Justice Theory**

Organization justice theory introduced by Greenberg in 1987 stems from the aforementioned equity theory [32]. Organization justice theoretical concept explains people’s subjective perception of fairness in an organization and how the perception influences their behavior and attitude in a diverse organization. Organizational justice refers to the just, fair and ethical manner in which employees are treated in an organization. According to [36] justice in the organization is concerned with issues related to workplace behavior, treatment by superiors, the perception of fair pay, gender equality to equal opportunities for promotion, access to training and personal selection procedure. Organization justice takes three forms which include distributive justice concerned with the fairness of received outcomes (wage), procedural justice concerned with the fairness of

procedure used to receive outcome and interactional justice concerned with the manner people are treated with politeness and dignity. However, in this study, it is important to note that distributive and procedural justice relates to employees perception of fairness of outcome (wage) and the procedure used.

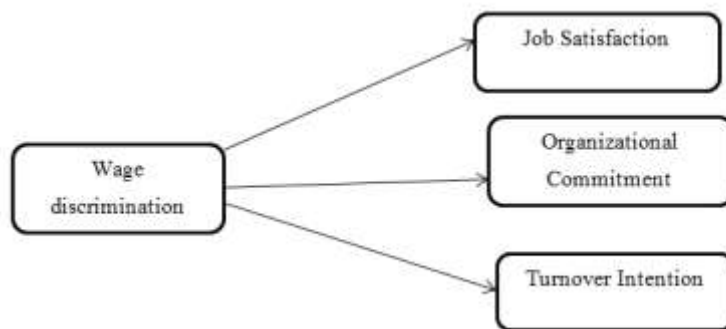
Distributive justice relates to the employee perception of fairness in awarding outcomes and allocation of recourses such as raises, bonus and recognition [36].Employees want to be paid fairly for their efforts and contribution to work. This explains why employees evaluate their outcomes with other employees perceived to be similar to them and feel dissatisfied when there is any discrepancy [37]. Distributive justice supports the actuality that employees are not treated equally in regards to the allotment of outcomes and benefits.

Procedural justice relates to the perceived fairness of the procedures used in making decisions, distribution of outcomes and allocation of resources [38]. Procedural justice explains that employees will be motivated to perform at a higher level when the procedure used in the distribution and allocation of outcome is unbiased [39]. identified six rules to ensure fairness in procedures used in the distribution of outcomes. These rules include fair representation of all concerned, ethical and moral consideration, consistency in the application of rules over time, accurate information, safeguard against bias decision and procedure change when perceived as unfair

**RESEARCH HYPOTHESIS**

Based on the multi-level theoretical framework and research literatures related to wage discrimination, job satisfaction, organization commitment and turnover intention, the following hypothesis are deduced.

- H1: Wage discrimination has a significant negative effect on employee job satisfaction.
- H2: Wage discrimination has a significant negative effect on organizational commitment.
- H3: Wage discrimination has a significant positive effect on employee turnover intention.



**Fig-1: Research Hypothetical Model**



## RESEARCH METHODOLOGY

### Study Design

A quantitative correlational and regression research approach was employed in this study. The decision to use a quantitative approach stems from the assumption that a quantitative survey examines the relationship between two variables as well as eliminates potential bias and this study focuses on the effects or relationship between variables rather than understanding employees' meaning of each variable.

### RESEARCH POPULATION AND SAMPLE

The target area of interest for the study conducted consists of all non-indigenous employees in North Cyprus. A non-probability convenience sampling strategy was employed in the study as a result of its convenience for sampling. Convenience sampling is a technique that gathers information from employees who are accessible and available to respond to the questionnaire [40]. In this regard, a study sample of 150 employees operating in various districts of North Cyprus was used and the questionnaire was personally administered to willing respondents. Out of the 150 questionnaires distributed, 124 individuals responded to the survey. 13 respondents were eliminated from the data analysis due to missing information. Data were analyzed for 111 respondents which show a response rate of 74%.

### Data Collection Technique

The data for this study were obtained using a survey questionnaire. The questionnaire was created using suitable measures adapted from related literature. The survey questionnaire comprises of 24 statements which are related to the study variable (wage discrimination, job satisfaction, organizational commitment and turnover intention) and demographic data. After the questionnaire was validated and pre-tested, there were personally administered to the respondents performing various jobs in the regions of Lefkosia and Girne of North Cyprus. In administering the questionnaires, the time allotted for break was used in order to avoid distraction of work progress and respondents were assured of confidentiality of the survey sheet.

### Variables of the study and their Measurement

As stated previously, the survey instrument used for collecting data pertaining to this research is a questionnaire technique. Several sources in past literature were extensively reviewed and the most appropriate measures were adopted. The survey instrument questions were grouped under 5 major headings: Wage discrimination, Job satisfaction, Organizational commitment, Turnover intentions and Demographic Inquiries. Respondents rated the statements on a five-point Likert scale of: strongly

disagree (1), disagree (2) neutral (3) Agree (4) disagree (5).

A description of each part of the questionnaire is discussed as follows:

#### Part 1: Wage discrimination

Wage discrimination was measured by three items adapted from [32]. The items include "My salary is unfair compared with coworkers who do same work in this organization", "My salary is unfair compared with colleagues who do similar work in other organization" and "My salary is unfair given my workload in this organization. The Cronbach alpha reliability analysis for the scale in this study is 0.855

#### Part 2: Job Satisfaction

This study measured job satisfaction with five items taken from [41]. These five items include "Most days I am enthusiastic about my work", "I consider my job rather unpleasant", "Each day of work seems like it will never end", "I find real enjoyment in my work" and "I feel fairly satisfied with my present job" The Cronbach alpha reliability analysis for the 5 items in this study is 0.758

#### Part 3: Organizational Commitment

This outcome variable was measured with the Organizational Commitment Questionnaire taken from [41]. The scale includes six items such as, "I consider putting my best at work a priority", "I do feel as if the organizational problems are my own", "I have a strong sense of loyalty to this organization", "This organization has a great deal of personal meaning to me", "I will be very glad to spend the rest of my career in this organization" and "I feel as if the organizational problems are my own. This measure has been extensively used in organizational studies and has been validated to have good measurement properties. The Cronbach alpha reliability coefficient for the 6 elements in the scale in this study is 0.90.

#### Part 4: Turnover Intention

Intention to quit job was measured by three items taken from (41). The three item scale includes "I am searching for an alternative job outside this organization", "I often think about leaving this organization" and "As soon as it's possible, I will change my job. The Cronbach alpha reliability analysis for the 3 items in this study is 0.852

#### Part 5: Demographic Section

Some demographic information was asked from respondents in order to gain general knowledge about them. The variables measured included age, gender, marital status, nationality, educational qualification, and employment status.

**DATA ANALYSIS AND PRESENTATION**

**Demographic Findings**

The Demographic characteristics of the respondents who participated in this research survey can be summarized as follows: 71.2% of the respondents were males while 28.8% were females. Regarding the age respectively, 10.8% belonged to the age interval of below 20 years old, 50.4% belonged to the interval of 21-30 years old, 27.9% belonged to the age interval of 31-40 years old, 7.5% were in 41-50 years interval range and finally only 3.6% of the respondents claimed to be in the above 51 years interval range. 82.3% of the respondents indicated that they were single and 17.7% stated that they were married. In regards to educational qualifications, majority of the respondents, that is 58.6% had high school education, 25.2% were bachelors graduates and 16.2% of the

respondents had a masters certificate. Based on employment status, 32.8% of the respondents indicated that they are part time workers and 67.2% responded that they work as full time workers. In terms of the continent were respondents originated from, most of the respondents reported 55.3% reported African as their origin, 43.1 marked Asia as their origin and 2.6% marked Europe as their continent of origin.

**Descriptive Statistics of research variables**

To achieve the first aim of this study, a descriptive statistical analysis on mean and standard deviation of the scale questions of the variables in the questionnaire was performed. The Likert scale questions type used in the survey was taken into consideration where 1 corresponds to Strongly Disagree and 5 corresponds to Strongly Agree

**Table-1: Mean and standard deviation for wage discrimination**

	N	Minimum	Maximum	Mean	Std. Deviation
Wage Discrimination	111	1.67	5.00	3.72	.88

Table 1 above reviews the wage discrimination perception of the study sampling group. The arithmetic mean was found to be 3.72, and the standard deviation was found to be 0.88. This means that the wage discrimination perception of employees in this study takes place between “neutral” and “agree” options of

five point Likert scale and reflect consensus on the perception of wage discrimination. However, the perceptions of respondents are closer to “agree” option and from that, it is understood that the perception of wage discrimination of employees is high.

**Table 2: Mean and standard deviation for job satisfaction**

	N	Minimum	Maximum	Mean	Std. Deviation
JobSatisfaction	111	1.80	4.40	2.7495	.62637

In the Table 2 above, the arithmetic mean for job satisfaction was found to 2.75 and standard deviation was found to be 0.63 which means that the employee’s response lies between “disagree” and “neutral” options of five point Likert scale and reflect

consensus on job satisfaction. However, the average response lies closer to the “neutral” option in the Likert scale and from that it is understood that in regards to job satisfaction level, employees were indifferent.

**Table 3: Mean and standard deviation for organizational commitment**

	N	Minimum	Maximum	Mean	Std. Deviation
OrganisationalCommitment	111	1.17	4.50	2.71	.834

Table 3 reviews the arithmetic mean and standard deviation for organizational commitment which was found to be 2.71 and 0.83 respectively. This indicates that employees responses lies between “disagree” and “neutral” options of five point Likert

scale and reflect consensus on organizational commitment. However, it is induced that employees were indifferent in regards to organizational commitment due to closeness of average response towards the neutral option.

**Table 4: Mean and standard deviation for turnover intention**

	N	Minimum	Maximum	Mean	Std. Deviation
TurnoverIntention	111	1.00	4.00	2.43	.862

From Table 4 above, the arithmetic mean and standard deviation for turnover Intention was found to be 2.43 and 0.86 respectively. This means that the employees’ response lies between “disagree” and

“neutral” options of five point Likert scale and reflect consensus on turnover intention. However, the mean for turnover lies closer to the disagree scale of 2 and in this

context, it can be induced that the respondents intention to quit job is low.

**Hypothesis Testing**

In order to test the research hypothesis of this study and examine the relationship between the

variables, the Pearson correlation and Simple Regression analysis were employed.

**Test of Hypothesis 1: Wage Discrimination Has A Significant Negative Effect On Employee Job Satisfaction.**

**Table-5: Correlations Test for Wage Discrimination and Job Satisfaction**

Correlations		Wage discrimination	Job Satisfaction
Wage Discrimination	Pearson Correlation	1	-.304**
	Sig. (2-tailed)		.001
	N	111	111
Job Satisfaction	Pearson Correlation	-.304**	1
	Sig. (2-tailed)	.001	
	N	111	111

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**Table-6: Model Summary Wage Discrimination and Job Satisfaction**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.304 <sup>a</sup>	.093	.084	.599

a. predictors: (Constant), Wage Discrimination

**Table-7: ANOVA Test for Wage Discrimination and Job Satisfaction**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4.001	1	4.001	11.137	.001 <sup>b</sup>
	Residual	39.157	109	.359		
	Total	43.157	110			

a. Dependent Variable: Job Satisfaction

b. Predictors: (Constant), Wage Discrimination

**Table 8: Coefficients for Wage Discrimination and Job Satisfaction**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.556	.248		14.329	.000
	Wage discrimination	-.216	.065	-.304	-3.337	.001

a. Dependent Variable: JobSatisfaction

Table 5 displays the Pearson correlation between wage discrimination and job satisfaction. The value of Pearson coefficient (r) equaled - 0.304 which indicates a negative correlation between wage discrimination and job satisfaction. From Table 6 above, R-squared is 0.093; this value is low because it shows that only 9.3% of the variation in job satisfaction is explained by the independent variable (wage discrimination). This shows that there are other variables that affect job satisfaction which is not included in the model. The F-value of 11.131 and p-value < 0.05 examined from the ANOVA result, infers that the

regression model is a good fit and statistically significant. Looking at the standard beta coefficients for wage discrimination which is -0.304, the model predicts that a 1 unit increase in wage discrimination decreases job satisfaction by 0.304 units. Thus, the first hypothesis is accepted as the regression analysis reveals a significant negative relationship between wage discrimination and job satisfaction.

**Test of Hypothesis 2: Wage Discrimination Has A Significant Negative Effect On Organizational Commitment**

**Table-9: Correlations Test for Wage Discrimination and Organizational Commitment**

Correlations		Wage discrimination	Organizational Commitment
Wage Discrimination	Pearson Correlation	1	-.240*
	Sig. (2-tailed)		.011
	N	111	111
Organizational Commitment	Pearson Correlation	-.240*	1
	Sig. (2-tailed)	.011	
	N	111	111

\*\* . Correlation is significant at the 0.05 level (2-tailed).

**Table 10: Model Summary Wage Discrimination and Organizational Commitment**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.240 <sup>a</sup>	.058	.049	.813

a. Predictors: (Constant), WageDiscrimination

**Table-11: ANOVA Test for Wage Discrimination and Organizational Commitment**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4.416	1	4.416	6.676	.011 <sup>b</sup>
	Residual	72.096	109	.661		
	Total	76.512	110			

a. Dependent Variable: Organizational Commitment

b. Predictors: (Constant), WageDiscrimination

**Table-12: Coefficients for Wage Discrimination and Organizational Commitment**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.554	.337		10.556	.000
	Wage discrimination	-.227	.088	-.240	-2.584	.011

a. Dependent Variable: Organizational Commitment

Table 10 shows the value of Pearson Correlation in the table equal -0.240, which indicates a negative relationship between wage discrimination and job organizational commitment. The p-value is less than 0.05; hence there was significant negative relationship between organizational commitment and organizational commitment with 95% confidence level ( $r = -0.240$ ,  $p < 0.05$ ). The table 11 indicates R-squared as 0.058; which shows that only 5.8% of the variation in organizational commitment is explained by the independent variable (wage discrimination). Thus, there are other variables that affect organizational commitment which is not included in the model. The F-value of 11.131 and p-value  $< 0.05$  examined from the

ANOVA result in the table, infers that the regression model is a good fit and statistically significant, therefore the null hypothesis is rejected. Looking at the Coefficients table, standard coefficient for wage discrimination is -0.240, hence, the result depicts that a 1 unit increase in wage discrimination decreases organizational commitment by 0.240 units. Thus, Hypothesis 2 is confirmed as the regression analysis reveals a significant negative relationship between wage discrimination and organizational commitment.

**Test of Hypothesis 3:** Wage Discrimination Has No Significant Positive Effect on Employee Turnover Intention.



**Table-13: Correlations Test for Wage Discrimination and Turnover Intention**

Correlations		Wage discrimination	Turnover Intention
Wage Discrimination	Pearson Correlation	1	.484**
	Sig. (2-tailed)		.000
	N	111	111
Turnover Intention	Pearson Correlation	.484**	1
	Sig. (2-tailed)	.000	
	N	111	111

**Table-14: Model Summary Wage Discrimination and Turnover Intention**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.484 <sup>a</sup>	.234	.227	.758

b.  
redictors: (Constant),WageDiscrimination  
c.

**Table 15: ANOVA Test for Wage Discrimination and Turnover Intention**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	19.130	1	19.130	33.270	.000 <sup>b</sup>
	Residual	62.675	109	.575		
	Total	81.805	110			

a. Dependent Variable: Turnover Intention  
b. Predictors: (Constant),WageDiscrimination

**Table 16: Coefficients for Wage Discrimination and Organizational Commitment**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.195	.314		13.362	.000
	Wage discrimination	-.473	.082	-.484	-5.768	.000

a. Dependent Variable: Turnover Intention

The research hypothesis predicts a positive relationship between wage discrimination and employees turnover intention. The correlation and regression tables above shows that the model is statistically significant, however, contrary to expectation, the sample result indicates a negative relationship between the wage discrimination and turnover intention as shown in the correlation analysis and standard coefficient. ( $\beta = -0.473$ ,  $t = -5.768$ ,  $p < 0.05$ ). Thus, the alternative hypothesis is rejected as the regression analysis reveals a significant negative relationship between wage discrimination and turnover intention.

**DISCUSSION**

The main aim of this study was to investigate the extent of wage discrimination in North Cyprus and to determine if wage discrimination affects employees job satisfaction, organizational commitment and turnover intention. The result of the findings of this research in regards to the first objective of this study showed that level of the perception of wage discrimination among employees in North Cyprus is high.

Also, the result from the first hypothesis suggests that there is a significant negative relationship between wage discrimination and job satisfaction. This finding is consistent with the result of [42]. Furthermore, this

result also supports the proposition of [43], that the perception of equity has an effect on job satisfaction.

The result obtained from the second hypothesis also suggests that wage discrimination has a significant negative relationship with organizational commitment. This result supports the findings of [32] that stated that there is an affirmative relationship between perception of pay equity and organizational commitment.

Contrary to third research hypothesis, the statistical result obtained in this study reveals a negative relationship between wage discrimination and turnover intention. This result is not confirmed by the research literature survey. Thus, the hypothesis that wage discrimination has a significant positive effect on employees' turnover is rejected.

### **THEORETICAL AND PRACTICAL IMPLICATION**

Differentiating employees pay on factors unrelated to performance and merit has been regarded as an unethical organizational practice with negative implications. The findings in this study are in line with previous studies that examined the effect of discrimination and distributive injustice on job satisfaction and organizational commitment [42, 43,32]. Furthermore, this study contributes to the organizational justice framework by including the perception of discrimination with wage considering that the perception of distributive injustice at work can be associated with the perception of discrimination at work which happens when perceived injustice result from comparison with a referent person or a group. Additionally, this study opens a new window for understanding how wage discrimination influences employees' job satisfaction in North Cyprus context.

The result of this study also has important implications for organizational and managerial practices. The findings of this study recommend that companies should ensure that employees are fairly and consistently rewarded based on performance and merit without bias in order to create a positive work environment. This is because when employees perceive unfairness in the distribution of reward, they feel deprived and develop negative reactions toward the organization which results in less satisfaction and less committed to the organization which could have an impact on their performance and attitude towards the achievement of organizational goals.

### **LIMITATIONS OF THE STUDY**

This study has important limitations that need to be considered when analyzing the findings of the study. First of all, the sample size consists of 150 employees operating in the Lefkosia and Girne area of North Cyprus collected through a convenience

sampling. Hence, it may not be true to generalize the result of this study for other firms and areas in North Cyprus. Secondly, data was collected through a self-report research questionnaire, thus, the findings can be vulnerable to a common method bias which occurs when measuring both independent and dependent variable with the same method and response bias whereby respondents give different report than they actually perceive. However, this was moderated by ensuring respondents of confidentiality of information given.

### **RECOMMENDATION FOR FUTURE RESEARCH**

For the purpose of improving on the findings of this research, further studies should attempt to use a larger sample size and avoid self-report surveys so as to overcome common method bias in order to determine whether the result applies to a larger population. Also, future research should examine the effects of wage discrimination on other organizational outcomes such as job performance, productivity, motivation and job stress.

Finally, this study is based only on a quantitative approach, thus, future research can consider an experimental or a qualitative approach that will provide more detailed and concrete conclusion.

### **CONCLUSION**

The finding of this study contributes to the still small research field around the topic of wage discrimination and job satisfaction in the context of North Cyprus. Overall, this study revealed that perceived wage discrimination has a significant negative effect on job satisfaction and organizational commitment. However, contrary to expectations, this study did not replicate the positive effect of perceived wage discrimination on turnover intention according to the behavioral view. This can be linked to limited job opportunities in North Cyprus. In practice, this result implies that organizations and managers should set wage based on performance and merit. Fair managerial practices are essential for achieving optimal organizational success because dissatisfied and uncommitted employees may result in performing below their optimal level or even destroying the organizational belongings.

### **REFERENCES**

1. Channar ZA, Abbassi Z, Ujan IA. Gender discrimination in workforce and its impact on the employees. *Pakistan Journal of Commerce & Social Sciences*. 2011 Jan 1; 5(1): 177-191
2. Rasch R, Szytko M. Perception is reality: The importance of pay fairness to employees and organizations. *WorldatWork Journal Q*. 2013;3:2013.

3. Umar A. Effect of wages, work motivation and job satisfaction on workers' performance in manufacturing industry in Makassar city. *European Journal of Business and Management*. 2014;6(5):75-88.
4. Cornwell C, Rivera J, Schmutte IM. Wage discrimination when identity is subjective evidence from changes in employer-reported race. *Journal of Human Resources*. 2017 Jul 1;52(3):719-55.
5. The Simple Truth About Gender Pay Gap Available from <http://www.aauw.org/research/the-simple-truth-about-the-gender-pay-gap/>
6. John LK, Loewenstein G, Rick SI. Cheating more for less: Upward social comparisons motivate the poorly compensated to cheat. *Organizational Behavior and Human Decision Processes*. 2014 Mar 31;123(2):101-9.
7. Neugebauer J. Equality and diversity in the workplace. *Strategic Human Resource Management: An International Perspective*. 2014 Feb 13:306.
8. Kifle T. Do comparison wages play a major role in determining overall job satisfaction? Evidence from Australia. *Journal of Happiness Studies*. 2014 Jun 1;15(3):613-38.
9. Coleman MG. Job skill and black male wage discrimination. *Social Science Quarterly*. 2003 Dec 1;84(4):892- 906.
10. Discrimination, Wage Available from <http://www.encyclopedia.com/social-sciences/applied-and-social-sciences-magazines/discrimination-wage>
11. Wage Discrimination Law and Legal Definition Available from <https://definitions.uslegal.com/w/wage-discrimination/>
12. Zhu Y. A review of job satisfaction. *Asian Social Science*. 2012 Dec 31;9(1):293.
13. Aziri B. Job satisfaction: A literature review. *Management Research & Practice*. 2011 Dec 1;3(4):77-86
14. Choi EK, Zhao J, Joung HD, Suh E. Conceptual framework for the relationships among job-training satisfaction, job satisfaction, and turnover intention in foodservice operations. *Journal of Culinary Research*. 2014 Oct;20(5):11-5
15. Locke EA. What is job satisfaction? *Organizational behavior and human performance*. 1969 Nov 30;4(4):309-36.
16. Hofmans J, De Gieter S, Pepermans R. Individual differences in the relationship between satisfaction with job rewards and job satisfaction. *Journal of vocational behavior*. 2013 Feb 28;82(1):1-9.
17. Suliman A, Al Kathairi M. Organizational justice, commitment and performance in developing countries: The case of the UAE. *Employee Relations*. 2012 Nov 9;35(1):98-115.
18. Leite NR, Rodrigues AC, Albuquerque LG. Organizational commitment and job satisfaction: what are the potential relationships?. *BAR-Brazilian Administration Review*. 2014 Dec;11(4):476-95.
19. Suma S, Lesha J. Job satisfaction and organizational commitment: The case of Shkodra municipality. *European Scientific Journal, ESJ*. 2013 Jun 30;9(17).
20. Sjahrudin H, Sudiro AA. Organizational justice, organizational commitment and trust in manager as predictor of organizational citizenship behavior. *Interdisciplinary J. of contemporary Res. Bus.(IJCRB)*. 2013 Apr;4(12):133-41.
21. Rizwan M, Arshad MQ, Munir HM, Iqbal F, Hussain A. Determinants of employees intention to leave: A Study from Pakistan. *International Journal of Human Resource Studies*. 2014 Jul 1;4(3):1.
22. Sow M, Anthony P, Berete M. Normative organizational commitment and its effects on employee retention. *Business and Economic Research*. 2016 Feb 14;6(1):137-47.
23. Tourani S, Khosravizadeh O, Omrani A, Sokhanvar M, Kakemam E, Najafi B. The relationship between organizational justice and turnover intention of hospital nurses in Iran. *Materia socio-medica*. 2016 Jun;28(3):205-209
24. Cohen G, Blake RS, Goodman D. Does turnover intention matter? Evaluating the usefulness of turnover intention rate as a predictor of actual turnover rate. *Review of Public Personnel Administration*. 2016 Sep;36(3):240-263.
25. Kaya N, Aydin S, Ayhan O. The effects of organizational politics on perceived organizational justice and intention to leave. *American Journal of Industrial and Business Management*. 2016 Mar 16;6(03):249-258
26. Adams JS. Towards an understanding of inequity. *The Journal of Abnormal and Social Psychology*. 1963 Nov;67(5):422-436
27. Kaur, R., Aggarwal, P., & Khaitan, Equity sensitivity. *The International Journal of Business & Management*, 2014;2(6):230-233
28. Kesinro, OR, Ojo, JO, & Elueze, C .Wage inequality and work performance in the food industry Of Ogun state, Nigeria. *European Journal of Research and Reflection in Management Sciences* 2015: 3(4):55-62
29. Arvanitis A, Hantzi A. Equity theory ratios as causal schemas. *Frontiers in psychology*. 2016;7.
30. Aidla A. Perceptions of negative inequity at work and the behavior of individuals. *GSTF Business Review (GBR)*. 2013 Mar 1;2(3):234-239
31. Wang Q. The Choice of Salary Transparency—Based on the Value of Equity Theory. 2016;4:494-499
32. Buttner EH, Lowe KB, . The relationship between perceived pay equity, productivity, and

- organizational commitment for US professionals of color. *Equality, Diversity and Inclusion: An International Journal*. 2017 Feb 13;36(1):73-89.
33. Olson JM, Herman CP, Zanna MP. *Relative deprivation and social comparison: The Ontario symposium*. Psychology Press; 2014 Feb 24.
34. Triana MD, Jayasinghe M, Pieper JR. Perceived workplace racial discrimination and its correlates: A meta-analysis. *Journal of Organizational Behavior*. 2015 May 1;36(4):491-513.
35. Popham F. Deprivation is a relative concept? Absolutely! *J Epidemiol Community Health* 2015;69:199–200
36. George J, George J, Wallio S, Wallio S. Organizational justice and millennial turnover in public accounting. *Employee Relations*. 2017 Jan 3;39(1):112-26.
37. Usmani S, Jamal S. Impact of distributive justice, procedural justice, interactional justice, temporal justice, spatial justice on job satisfaction of banking employees. *Review of integrative business and economics research*. 2013 Jan 1;2(1):351-383
38. Akbolat M, Isik O, Yilmaz A, Akca N. The Effect of Organizational Justice Perception on Job Satisfaction of Health Employees. *International Journal of Recent Advances in Organizational Behaviour and Decision Sciences* 2015;1(2):360-372
39. Gelens J, Dries N, Hofmans J, Pepermans R. The role of perceived organizational justice in shaping the outcomes of talent management: A research agenda. *Human Resource Management Review*. 2013 Dec 31;23(4):341-353.
40. Farrokhi F, Mahmoudi-Hamidabad A. Rethinking convenience sampling: Defining quality criteria. *Theory and practice in language studies*. 2012 Apr 1;2(4):784-792
41. Bute M. The effects of nepotism and favoritism on employee behaviors and human resources practices: A research on turkish public banks. *TODAÐE's Review of Public Administration*. 2011;5(2):158-208.
42. Villanueva-Flores M, Valle R, & Bornay-Barrachina M. Perceptions of discrimination and distributive injustice among people with physical disabilities: In jobs, compensation and career development. *Personnel Review*. 2017 Apr 3;46(3):680-698.
43. Rahimi M, Hashim MT, Tahsildari H, Khodakarami P. The relationship between perception of equity and job satisfaction among employees of Malaysian universities. *International Journal of Innovation and Business Strategy*. 2013;2:59-72