

Effects of information on salary satisfaction during the COVID-19 pandemic: an equity-based mediation model

Information's
effects on
salary
satisfaction

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Efectos de la información en la satisfacción salarial en tiempos de COVID-19: un modelo de mediación basado en la equidad

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Abstract

Purpose – This research aims to study the effects of information (on salary, salary reductions and the pandemic's impact on the organization) on the salary satisfaction of workers whose salary had been cut during the coronavirus disease 2019 (COVID-19) pandemic, analyzing the mediating role of salary equity in this relationship.

Design/methodology/approach – Information was acquired with a structured questionnaire sent by email in May 2021 from 251 employees in Spain during the “third wave” of COVID-19. The model was estimated using the weighted least squares mean and variance adjusted (WLSMV).

Findings – Results collected reveal that workers' perceptions of equity fully mediated the relationship between salary information, information on salary cuts and salary satisfaction.

Practical implications – Learning more about the effects of information on salary satisfaction can contribute to communication policies that reduce the negative impact of sensitive salary decisions, practical implications for employees, organizations and policymakers.

Originality/value – This study examines the central role of organizational information as a mechanism for managing problems arising from the pandemic-induced unfavorable working conditions. This study analyzes how this information affects workers' attitudes, highlighting the role of equity as a mediator in this process.

Keywords COVID-19, Equity, Perceived justice, Informational justice, Salary information, Salary satisfaction

Paper type Research paper

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Resumen

Propósito – Esta investigación pretende estudiar los efectos de la información (sobre el salario, las reducciones salariales y el impacto de la pandemia en la organización) en la satisfacción salarial de los trabajadores que sufrieron reducciones salariales durante la pandemia de COVID-19, analizando el papel mediador de la equidad salarial en esta relación.

Diseño/metodología/enfoque – La información se obtuvo mediante un cuestionario estructurado enviado por correo electrónico en mayo de 2021 a 251 empleados en España durante la “tercera ola” de COVID-19. El modelo se estimó utilizando la media ponderada de mínimos cuadrados, y varianza ajustada (WLSMV).

Conclusiones – Los resultados recogidos revelan que la percepción de equidad de los trabajadores media totalmente la relación entre la información salarial y la información de recortes salariales sobre la satisfacción salarial.

Implicaciones prácticas – Aprender más sobre los efectos de la información en la satisfacción salarial puede contribuir a políticas de comunicación que reduzcan el impacto negativo de decisiones salariales delicadas, implicaciones prácticas para empleados, organizaciones y responsables políticos.

Originalidad – Este estudio examina el papel central de la información organizativa como mecanismo de gestión de los problemas derivados de las condiciones laborales desfavorables inducidas por la pandemia. Analiza cómo esta información afecta a las actitudes de los trabajadores, destacando el papel de la equidad como mediador en este proceso.

Palabras clave COVID-19, Equidad, Justicia percibida, Justicia informativa, Información salarial, Satisfacción salarial

Tipo de papel Trabajo de investigación

Introduction

The health, economic and social crisis caused by the pandemic has generated enormous challenges for labor, with a devastating impact on organizations and their workers (Gallup Inc, 2022; Kniffin *et al.*, 2021; World Economic Forum, 2020). Labor relations, which due to their complex dynamic nature, depend on social and business contexts (Heaphy *et al.*, 2018), were affected by the lockdowns imposed by governments around the world to fight the spread of the virus.

The measures taken, along with the unstable health situation, caused numerous changes in the workplace (Rudolph *et al.*, 2021), high unemployment rates and severe loss of income worldwide, increasing economic and social inequality (International Labor Organization, 2020; Mishra and Cousik, 2021). Large numbers of workers lost their jobs temporarily or permanently, or their salaries were lowered, reducing household economies for months. The impact of these measures on workers is extremely important to business, since employees' satisfaction directly affects their productivity and competitiveness (De la Torre *et al.*, 2019; Luna *et al.*, 2020). Since employees' perception of their salary is subjective (Lloréns and Senise, 1996), salary satisfaction can be altered in several ways, including how internal salary procedures are communicated and implemented (Bobocel and Zdaniuk, 2005; Colquitt *et al.*, 2001). In this regard, previous research suggests that providing employees with honest, detailed information is an important factor in their perception of salary justice (Jawahar and Stone, 2011).

According to Castro-Martínez and Díaz-Morillas (2020), happiness and well-being in the workplace go through internal communications management, which if done properly, positively influences workers by increasing their motivation and improving their performance, productivity and identification with the brand. With such information, workers can appreciate the effort made by their organization, and the organization can continue defending ethical principles in its decisions, which, if not well justified, may *a priori* seem unfair, irresponsible, or unsupportive (Carter *et al.*, 2020; Crossan *et al.*, 2013). Although in a crisis like the COVID-19 pandemic, many organizations have little scope for action in the face of change, they can control the internal information they provide their workers. Learning more about the effects of information on salary satisfaction can

contribute to communication policies that reduce the negative impact of sensitive salary decisions. By satisfying the need of the individuals concerned to be informed about complex changes in the organization, their uncertainty is reduced and the new organizational framework makes more sense to them (Rudolph *et al.*, 2021; Rutte and Messick, 1995; Sharpe, 2002).

The objective of this study was to analyze the impact of the information organizations provide employees on their work attitudes and on salary satisfaction in a context of reductions, considering the mediating effect of perceived equity. This is a significant issue, since perceived salary equity and salary satisfaction are two key factors in the organization's performance and success (De la Torre *et al.*, 2019; Luna *et al.*, 2020; Richter *et al.*, 2018).

This article therefore contributes to the literature by analyzing how organizational information affects workers. First, it shows the importance of the message itself, since the type of information affects the attitudes developed by workers. Second, it analyzes how this information affects workers' attitudes, highlighting the role of equity as a mediator in this process.

Salary reductions

Compensation plays a fundamental role in organizations (Hazeen and Umarani, 2023; Mitra *et al.*, 2020), and its effective management can improve and increase the motivation and productivity of salaried personnel, contribute to achievement of the organization's strategic objectives and facilitate changes planned (Crespi-Vallbona and Mascarilla-Miró, 2018). Compensation policies usually enable the organization to adapt to situations encountered, becoming an effective way to control and provide incentive for employees, as well as attract and retain talent (Mitra *et al.*, 2020; Rahmandad and Ton, 2020; Taahir *et al.*, 2020). Therefore, the effects of salary changes on salary satisfaction should be analyzed under conditions of the highest economic uncertainty when the company's ability to act is greatly diminished and salary reductions are widespread.

During the pandemic, the variations in the monthly average salary were evident (International Labor Organization, 2020). Salaries declined (or grew more slowly) in two-thirds of the countries for which data were available. For example, in the United Kingdom, salary decreased by 2.1% with a stable unemployment rate. In France and Germany, the situation was similar. However, Ireland, Spain and Portugal underwent the largest wage bill reduction of over 10% (International Labor Organization, 2020). This caused a sudden significant loss of workers' income, which according to the literature, leads to negative labor relations, increasing frustration and harmfully impacting on employee morale (Gerhart and Rynes, 2003; Greenberg, 1990; Wang and Seifert, 2017). In the face of such abrupt changes, workers go into "high alert" and their work behavior changes, affecting factors such as attraction, retention and performance (Rynes *et al.*, 2004). Wang and Seifert (2017), for example, found that salary reductions in times of recession had a strong impact on worsening morale that negatively affected workers' job satisfaction and organizational commitment. Sandvik *et al.* (2018) found that in the face of an 18% reduction in commissions, the level of employee effort was not significantly altered; however, turnover increased by almost 50% among those with the best performance, leading to a drop in business productivity.

Importance of the information provided by the company

The organization's decision to provide workers with adequate information is defended by the Organizational Justice Theory (e.g. Colquitt *et al.*, 2001; Greenberg, 1993). Among its various

dimensions, informational justice refers to the extent to which explanations offered workers are sufficiently appropriate, clear, reasonable, detailed and timely (Colquitt *et al.*, 2001) to convince them when logically explained (Hosmer and Kiewitz, 2005). Informational justice reflects the perceived quality of the relationship between employees and employers (Montañez-Juan *et al.*, 2019) and has been shown to have direct effects on the intrinsic motivation of workers, significantly influencing their emotional attachment to the organizations they work for (Aguiar-Quintana *et al.*, 2020). It also has positive complementary effects on job satisfaction, workplace deviance and organizational citizenship behaviors, which in turn influences employee performance, absenteeism and turnover (Marasi *et al.*, 2018; Montañez *et al.*, 2019).

The absence of clear and adequate communication in human resources policies in organizations results in employees experiencing a lack of sincere support from management that affects employee attitudes and performance (Lee and Chui, 2019).

Previous research has shown that transparent communication in organizations builds bonds of trust between the parties involved (management-employees), providing effective organizational relationships and motivation that fosters workers' organizational commitment (Dolphin, 2005; Mishra *et al.*, 2014; Scott *et al.*, 2020).

Communication is like a "corporate lifeboat" in difficult times and a catalyst for organizational excellence and effectiveness (Dolphin, 2005). Likewise, exchange of information can be positively interpreted by workers, since it shows them how valuable they are to the company and encourages them to identify with the organization (Castro-Martínez and Díaz-Morilla, 2020).

Richter *et al.* (2018) showed that information and respectful treatment of workers through adequate explanations in a situation of uncertainty, and specifically, the possibility of losing their jobs, can mitigate their negative reactions by increasing their perception of equity. This increases their self-esteem and reduces the possibility of behavior harmful to the organization. The information provided, along with personal recognition by an organizational superior, helps cope with a stressful situation (job loss) and reduces uncertainty about social relationships (Richter *et al.*, 2018).

However, some research does not support the theories above. Schreurs *et al.* (2013) found that a climate of information exchange increases the effect of low salary satisfaction on turnover but does not mitigate negative feelings related to salary and contributes to "psychological withdrawal" of employees. The reasoning behind these results is that in this situation, workers perceive that this information exchange with the company implies its increased control (Schreurs *et al.*, 2013), because they see the organization as controlling. This may cause workers to view any organizational exchange with suspicion and resist change (Furst and Cable, 2008).

Effects of information on salary satisfaction in a context of salary reductions

Effects of salary information

As remuneration is extremely important to workers (Day, 2011), greater knowledge about it in information communicated internally by the organization leads workers to develop a stronger bond of trust and sense of belonging in the company (Mishra *et al.*, 2014). The organization will be more productive and successful with an open approach to salary communication (Marasi *et al.*, 2018). Action taken to inform workers can shape their perception of whether the organization is really interested in their well-being (Schreurs *et al.*, 2013), enabling them to develop perceptions of fair salary practices (Colquitt *et al.*, 2001; Scott *et al.*, 2020). Therefore, the implementation of effective salary communication systems increases employee satisfaction with pay received (Jawahar and Stone, 2011;

Scott *et al.*, 2020). In addition, employees may think that the organization acts selflessly in reporting salaries and not hiding the information and addressing any concerns about salaries (Marasi and Bennett, 2016). This in turn has positive effects on their perception of informational justice (Colquitt *et al.*, 2001) and consequently on salary satisfaction (Day, 2011; Jawahar and Stone, 2011).

Similarly, Till and Karren (2011) found that comprehensive, honest salary information positively influences salary satisfaction through the perception of equity. As equity is evaluated in a comparison of the result-input relationship with other referents (internal and external), satisfaction is the result of the balance of those comparisons (Adams, 1963, 1965) based on the information provided by the organization (Folger and Cropanzano, 2001; Rutte and Messick, 1995).

If the organization explains its decisions to its employees sufficiently and logically, they will develop a perception of informational justice as “fair”. This in turn will have a positive impact on the comparisons affecting equity, their attitudes toward the organization will be more positive (Colquitt *et al.*, 2001; Folger and Cropanzano, 2001), and their salary satisfaction will increase (Scott *et al.*, 2020).

In a situation of high uncertainty, if the company offers its employees salary information, they will be able to cope with the situation better and understand decisions made, even though they may be prejudicial for them, by correcting inaccurate perceptions about their salary (Scheller and Harrison, 2018; Scott *et al.*, 2020). In view of the above, we postulated:

H1a. Satisfaction with salary information has a significant direct effect on salary satisfaction.

H1b. Perceptions of equity mediate the relationship between satisfaction with salary information and salary satisfaction.

Effects of salary reduction information

Faced with an unexpected, stressful and personally significant situation with a negative or unfavorable outcome, people need to know why (Wong and Weiner, 1981). Specifically, the workers were able to ask a broader question: “*is my organization fair?*” (Colquitt *et al.*, 2023). Therefore, in such situations, clear and honest information is an essential economic tactic for promoting perceptions of organizational justice (Greenberg, 1990).

Since any change in working conditions (e.g. changes in working hours, workplace closures, suspension of the employment contract, reduction in wages) has obvious consequences for workers, it is logical for each of these decisions to require relevant information, especially in controversial negative events (Shaw *et al.*, 2003). Information in difficult times, specifically, during layoffs, reduces uncertainty about social relationships (Richter *et al.*, 2018). Furthermore, it can be an effective tool for improving salary satisfaction as well as for improving perceptions of salary equity and salary satisfaction (Scott *et al.*, 2020).

Wage cuts could cause negative morale, particularly if the organization does not communicate a convincing reason for the change (Greenberg, 1990). Perceptions of justice (e.g. the informational justice), can potentially play a role in the well-being of workers (Colquitt *et al.*, 2023).

Providing information about how salary reductions were implemented in the organization could improve workers' perception of the need for such reductions (Levi *et al.*, 2019) and help internalize organizational challenges, accepting the organizational reasons for wage cuts (Greenberg, 1990, 1993). If an outcome is unfavorable for employees, but they receive information that makes the decision-making process look

fair, the decision-making authority is less likely to be questioned (Hartman *et al.*, 1999; Kahneman *et al.*, 1986; Rutte and Messick, 1995; Scott *et al.*, 2020). In other words, providing information on the decision made ensures that the organization's salary reductions are understood to be "necessary", consequently affecting the individual attitudes of workers and particularly their salary satisfaction (Jawahar and Stone, 2011).

In addition, information on salary cuts is expected to influence salary satisfaction through perception of equity (Greenberg, 1990; Hosmer and Kiewiz, 2005). Greenberg (1990) examined how an organization communicated pay cuts and its effect on workers' perceived equity. The results showed that the explanations given by the organization for salary reductions, as well as showing regret for them, increased workers' perception of equity. Later, Greenberg (1993) found, in a laboratory study, that when workers' salaries moved from what they considered equitable to insufficient, theft rates were moderated by the validity of the information given and the interpersonal sensitivity shown by the organization. Taking these approaches into account, the following hypotheses were formulated:

- H2a. Satisfaction with information on salary reductions has a significant direct effect on salary satisfaction.
- H2b. Perception of salary equity mediates the relationship between satisfaction with information about salary reductions and salary satisfaction.

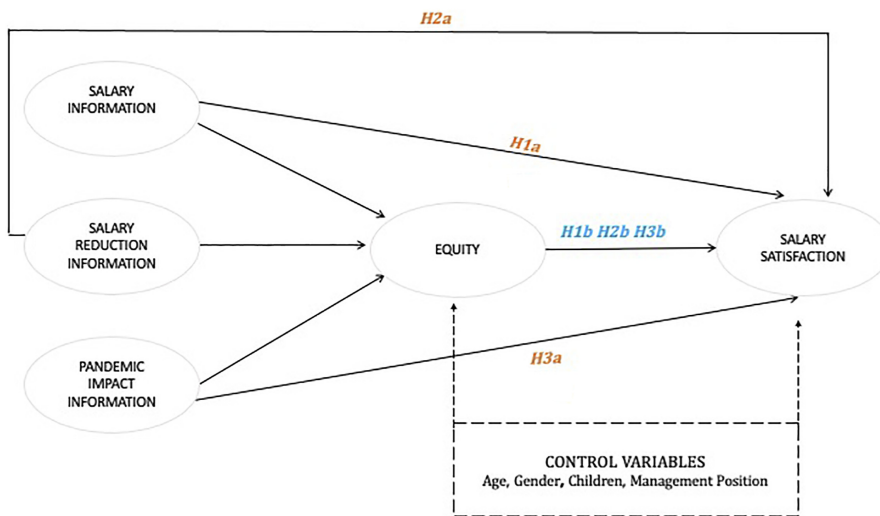
Effects of information on the pandemic impact on the organization

Previous research has suggested that information on how an organizational crisis is being managed mitigates the negative effects of the crisis (Bobocel and Zdniuvk, 2005; Shaw *et al.*, 2003). When organizations provide information about negative events affecting them, they manage to make "psychological sense" of the event, positively influencing stakeholders (Zdaniuk and Chhinzer, 2019). Reporting on the organization's financial situation, especially during a period of high uncertainty, helps internalize the problems of the organization itself, improves perceptions of fairness and enables employees to understand organizational decisions in times of crisis (Wang and Seifert, 2017).

Moreover, such information can influence salary satisfaction through perception of equity. If the organization provides its workers with information explaining the prejudicial situation they are going through, their perception of equity can be increased (Carter *et al.*, 2020; Kahneman *et al.*, 1986), because they understand the cause of the harm done to them, reducing their possible negative reaction (Richter *et al.*, 2018). Therefore, we hypothesized that:

- H3a. Satisfaction with information on the impact of the pandemic on the organization has a significant direct effect on salary satisfaction.
- H3b. Perceptions of equity mediate the relationship between satisfaction with information on the impact of the pandemic on the organization and salary satisfaction.

Figure 1 shows the model proposed. We analyzed the influence of the information provided by the organization on workers' salary satisfaction by means of their perception of equity.



Source(s): Authors' own elaboration through Power Point

Figure 1. The proposed model

Methodology

Sample

In Spain, the effect of the pandemic on salaries was particularly significant. Specifically, salaries were reduced by an estimated 12.7%: 9.7% due to the reduction in hours worked and 3% due to job loss (International Labor Organization, 2020). Many fixed salaries were cut due to the massive implementation of both temporary (ERTEs) and definitive (EREs) employment regulation measures. Likewise, variable salaries were also reduced due to the slowdown and temporary interruption of economic activity.

Information was acquired with a structured questionnaire sent by email in May 2021 that received 1,398 valid responses. Of the 1,398 workers who answered the questionnaire, 251 reported salary reductions (either in their fixed and/or variable salary or in social benefits), representing around 18% of the total sample. The men (52%) and women (48%) in the final sample ($n = 251$) had a mean age of 41.42 years (Standard Deviation = 9.05), a minimum age of 23 and maximum of 62 and 50% had children. Of the employees surveyed and finally selected, 1.3% held managerial positions.

Measurement

The constructs of interest were measured as follows:

Salary information. Salary was measured in two items adapted from "The Comprehensive Compensation Satisfaction Questionnaire" (Williams *et al.*, 2008). The participants were asked to indicate on a seven-point Likert scale how satisfied they were with (1) the information received about their pay and (2) the information received about benefits. The Cronbach's alpha coefficient was 0.78.

Salary reduction information. The aim was to analyze company communications on salary changes and, more specifically, salary reductions. The five items focused on explanations or information given for why, when and how certain procedures or salary reductions implemented were communicated. The items were presented on a seven-point Likert scale adapted from the original "Informational Justice" scale by Colquitt (2001) adapted to the Spanish context by Díaz-Gracia *et al.* (2014). The Cronbach's alpha coefficient was 0.95.

Information on the pandemic's impact on the organization. This measure, designed ad hoc for this study, had one item rated on a 10-point Likert scale. Specifically, participants were requested to indicate how satisfied they were with the way in which the company informed them about the impact of the pandemic on the organization (from 1 = totally dissatisfied, the company has not informed us at all and 10 = completely satisfied, the company has been transparent in informing us about the effects of the pandemic on the organization).

Equity. Three items were used, based on the equity dimensions identified by Adams (1965), to measure employees' equity perceptions. Specifically, the proposal by Buttner and Lowe (2017) was adapted in a seven-point Likert scale. The alpha coefficient for the "Equity" scale was 0.92.

Salary satisfaction. This concept was measured by two items adapted from "The Comprehensive Compensation Satisfaction Questionnaire" (Williams *et al.*, 2008). Participants were asked to indicate on a seven-point Likert scale the extent to which they were satisfied with: 1) with the total monetary salary they receive (both fixed and variable) and 2) with the social benefits package. The alpha coefficient was 0.72.

Control variables. Previous research has controlled for the influence of certain demographic variables (e.g. gender, children, management position and age) on work attitudes and behaviors (Aguilar-Quintana *et al.*, 2020; Greenberg, 1990; Terpstra and Honoree, 2003). Williams *et al.* (2006) provide consistent evidence for the view that gender is a determinant of salary satisfaction. Differences in the positions occupied by workers in the organization may lead to salary differences, which by extension, may affect the level of salary satisfaction (Heneman *et al.*, 1988). In view of the above, four control variables related theoretically to the key variables in this study were included. These were participant gender (dichotomous variable coded as 0 for female and otherwise 1), age (years), children (0 = no, 1 = yes) and type of position held (0 = non-managerial and 1 = managerial).

Statistical methods

The final model was estimated using the path-analysis technique with observed variables, so only additive and No multi-item scales were used (Kline, 2016). All statistical calculations were carried out using R version 4.1.2 (R Core Team, 2021). Following the recommendations of Gana and Broc (2019), we used the weighted least squares mean and variance adjusted (WLSMV) method.

Table 1 presents a summary of reliability and descriptive statistics for the variables of interest along with the correlation matrix.

Results

Table 2 the results of the estimated model, showing that the information provided workers and the equity perceived by them predicted their salary satisfaction, explaining 37.10% of the variations.

Table 3 shows the indirect and total effects on salary satisfaction of the information provided by the organization.

The results found for the study hypotheses are specifically explained below. First, No statistically significant relationship was found between satisfaction with salary information and salary satisfaction not supporting Hypothesis 1a. However, the indirect effect of satisfaction with salary information on salary satisfaction through equity is statistically significant ($\beta = 0.22$, $p < 0.001$). In addition, as the direct effect of satisfaction with salary information on salary satisfaction is not significant, hence, equity fully mediates the relationship analyzed, supporting Hypothesis 1b.

Second, we found a positive but not statistically significant relationship between Satisfaction with salary reduction information and Salary satisfaction. Therefore, Hypothesis 2a did not support. Regarding the mediating role of equity, the indirect effect of satisfaction with the

Variable	Reliability	M	SD	1	2	3	4	5	6	7	8
1. Age	-	41.42	9.05								
2. Gender	-	0.52	0.50	0.02							
3. Children	-	0.50	0.50	0.47**	-0.02						
4. Management Position	-	0.13	0.33	0.00	0.05	0.03					
5. Salary Information	0.78	3.69	1.72	0.08	-0.00	0.19**	0.09				
6. Reduction Salary Information	0.95	3.67	1.91	-0.02	-0.02	-0.00	0.07	0.57**			
7. Pandemic Impact Information	-	6.72	2.51	-0.00	-0.17**	0.04	0.05	0.43**	0.48**		
8. Equity	0.92	3.69	1.66	0.05	0.03	0.10	0.15*	0.64**	0.53**	0.36**	
9. Salary Satisfaction	0.72	3.79	1.28	-0.03	0.11	0.05	0.20**	0.30**	0.29**	0.18**	0.58**

Note(s): n = 251. Reliability is used to represent reliability. M and SD are used to represent mean and standard deviation, respectively. Indicates * $p < 0.05$; ** $p < 0.01$. Gender is coded: female (0) and male (1). Children is coded: has No children (0) and has children (1). Management Position is coded: non-managerial (0) and managerial (1)

Source(s): Authors' own elaboration

Table 1.
Reliability, means, standard deviations and correlations

Table 2.
Regression results,
estimated coefficients,
estimation
method WLSMV

Variable	Dependent variable			
	Equity		Salary satisfaction	
<i>Control variable</i>	β	t	β	t
Age	0.003	0.28	-0.01	-1.13
Gender	0.12	0.79	0.23	1.80
Children	0.01	0.05	0.10	0.66
Management Position	0.40	2.03*	0.41	2.10*
<i>Independent variable</i>				
Salary Information	0.46	7.03***	-0.09	-1.51
Salary Reduction Information	0.19	3.14**	0.01	0.34
Pandemic Impact Information	0.03	0.85	0.003	0.09
Equity			0.48	9.14***
R^2 Model		0.45		0.37
Note(s): n = 251. * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$				
Source(s): Authors' own elaboration				

Table 3.
Indirect and total
effects on salary
satisfaction, estimated
coefficients. Estimation
method WLSMV

Predictor variable	Indirect		Total	
	β	t	β	t
Salary Information	0.22	6.10***	0.13	1.90
Salary Reduction Information	0.09	2.78***	0.11	1.95
Pandemic Impact Information	0.01	0.85	0.01	0.54
Note(s): n = 251. * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$				
Source(s): Authors' own elaboration				

information on salary reductions on salary satisfaction through equity is statistically significant ($\beta = 0.09, p < 0.001$). In addition, as the direct effect of satisfaction with the information on salary reductions on salary satisfaction was not significant, equity fully mediates the relationship analyzed, which supports [Hypothesis 2b](#).

Finally, we found a positive, but not statistically significant relationship, between satisfaction with information on the impact of the pandemic on the organization and salary satisfaction ($\beta = 0.003, p = 0.92$), so [Hypothesis 3a](#) was not supported in our sample. Similarly, the indirect effect of satisfaction with information on the pandemic's impact on the organization on salary satisfaction through equity is not statistically significant, and therefore, [Hypothesis 3b](#) is not supported.

[Table 2](#) shows that for the dependent variables, equity and salary satisfaction, the "Age" ($\beta = 0.003; p = 0.77$), "Gender" ($\beta = 0.12; p = 0.42$) and "Children" ($\beta = 0.01; p = 0.95$) control variables did not influence the perception of equity of workers whose salaries had been cut. "Managerial Position" ($\beta = 0.40; p = 0.04$) did significantly influence perception of equity.

The control variables, "Age" ($\beta = -0.01; p = 0.25$), "Children" ($\beta = 0.10; p = 0.50$) and "Gender" ($\beta = 0.23; p = 0.07$), did not influence salary satisfaction when salaries had been cut. However, for "Managerial Position", the relationship was positive and significant ($\beta = 0.41; p = 0.03$). Occupying managerial positions in organizations increased perceptions of equity and salary satisfaction.

Discussion

We examined the effects of information (on salary, salary reductions and the pandemic's impact on the organization) on the salary satisfaction of workers whose salary had been cut

during the COVID-19 pandemic, analyzing the mediating role of salary equity in this relationship, which has been systematically ignored by empirical research (Williams *et al.*, 2006). Our starting approach adhered to Organizational Justice Theory (Colquitt *et al.*, 2001; Greenberg, 1990), which advocates that workers who are explained the processes and procedures implemented in the organization in sincere, adequate, clear, detailed and timely information, evaluate the structural aspects of the process, improve their perception of fairness and value their salary satisfactorily (Jawahar and Stone, 2011; Terpstra and Honoree, 2003; Till and Karren, 2011).

Our results led us to some interesting conclusions with theoretical and practical implications.

First, we did not find any significant direct relationship between any of the types of information analyzed and salary satisfaction. Contrary to what we expected from previous research (e.g. Jawahar and Stone, 2011; Till and Karren, 2011; Day, 2011), the information provided did not directly and significantly influence salary satisfaction. Our results suggest that when salaries are cut, information does not directly cause workers to be more satisfied with their salary. Despite complete, clear and truthful information, their salary satisfaction was not significantly altered. As previous research has been carried out in other contexts, it may not be applicable to our context of salary reductions and international economic crisis, with a pandemic severely affecting labor relations, and therefore, their results differ from those found here (Rudolph *et al.*, 2021).

Additionally, it is important to consider that previous studies were conducted in the USA. Our research was carried out in Spain. Both countries differ in terms of culture, labor legislation and employment traditions and practices (e.g. individualism, salary secrecy), all of which suggest that there are significant differences between the countries. These differences may influence the responses of workers in these countries (Scott *et al.*, 2020). Specifically, Scott *et al.* (2020) found that the average salary satisfaction scores were significantly higher in the USA (3.05) than in Spain (2.63), even though the average scores for perceptions of salary transparency were significantly lower in the USA (2.94) than in Spain (3.45). Hence, the context could explain why the impact of salary information is lower in some countries. As proposed by Williams *et al.* (2008), the fact that employees consider the provision of salary information as a frequent policy of firms can lead them to perceive it as natural rather than something special. Consequently, this perception may influence salary satisfaction and, in contexts of more salary transparency, like Spain, salary information can have a lower effect on salary satisfaction.

Secondly, our results show that both the provision of general salary information and information about salary reductions increase the salary satisfaction of workers whose salary has been cut, but only indirectly, through the improvement of their perception of equity, validating previous research (Greenberg, 1990–1993; Kahneman *et al.*, 1986; Wang and Seifert, 2017). Thus, perception of equity acts as a leveler in difficult times. As equity, like an antidote, shapes negative contextual pressures affecting the organization (Crossan *et al.*, 2013), when the organization provides salary information and information on salary reductions that workers consider adequate, they can make fairer salary comparisons inside and outside the organization. This complementary information helps them to perceive reductions as necessary and, therefore, to perceive their salary as fair and to value it satisfactorily. With such information, workers can make a more realistic and less emotional salary comparison since they can assess the situation more rationally.

Third, despite a positive correlation, the information on the impact of the crisis on the organization did not significantly influence workers' perceptions of equity or salary satisfaction. One explanation for this result is that information on the impact of the crisis on the organization is a more general measure of fairness than salary information and information on salary reductions which focus on salary. As suggested by Williams *et al.* (2006), this gives rise to different relationships with salary equity and satisfaction.

Informational organizational justice is more strongly related to salary equity and satisfaction with a salary-focused measure of justice. It assesses the degree of satisfaction with salary information and salary reductions more specifically than a general measure of justice, which assesses satisfaction with transparency in organizational information more broadly.

Other research (Scheller and Harrison, 2018) has shown that this more general measure of informational justice may be very beneficial for other work attitudes, such as organizational commitment, especially when considering salary satisfaction. Scheller and Harrison (2018) found that general information provided by the company positively influenced general employee ratings, but that such an effect did not extrapolate to reactions or ratings on other more specific aspects, such as salary in our case. This would explain why even though workers value information on salary and salary reductions, or information on the impact of the crisis on the organization positively, it does not significantly influence their salary satisfaction, either directly or indirectly, although it may have a favorable influence on other more general aspects.

Practical implications

Based on our research, we recommend that when salary reductions are widespread under highly uncertain circumstances, company and human resource managers provide sufficient salary information, since adequate, sincere, detailed and appropriate information is of vital importance for workers to consider their salary fair. Thus, maintaining a good salary communication strategy plays a fundamental role in perception of equity as a buffer against pressure during crises and helps to strengthen organizations' ethics and the well-being of their workers. Thus, for the good practice of human resource management, communicating information when the organization is going through difficult times can help increase, or at least maintain, employees' sense of well-being. In times of economic shock, most companies not only do not have the funds to motivate employees with salary increases but must make unpopular reductions. Salary communication policies that explain such adjustments can help compensate for the lack of financial resources to implement conventional measures. It is also important for human resource managers to analyze the internal pulse of fair pay, as a very appropriate indicator for organizational decisions affecting salary satisfaction. Strategies that promote the perception of salary equity can lead to acceptance of the *a priori* very difficult organizational changes required in such turbulent situations as the pandemic. Moreover, regardless of the tangible benefits that can be achieved through equity (Jawahar and Stone, 2011; Richter *et al.*, 2018; Till and Karren, 2011), ethically competitive organizations may find it a valuable end (Cropanzano *et al.*, 2022).

Limitations and future research

Our research has some limitations. Firstly, perceptions of equity and the way in which workers value their salary may be conditioned by cultural aspects (e.g. Bobocel and Zdaniuk, 2005; Hofstede, 1985). However, by focusing on a single country (Spain), the effects of these differences were controlled for. Nevertheless, future work on these relationships in other cultural contexts is necessary to demonstrate the consistency of the results obtained.

Secondly, future work should consider some aspects not covered in this study that could influence the effects of information, such as the source or medium through which the information is provided. This is extremely interesting, since the source or medium may influence the worker's perceptions when processing the information provided and may or may not be controlled for by the organization.

Thirdly, the research adopts a cross-sectional design. It was necessary to use a cross-sectional design, either impractical or it does not make theoretical sense to measure each of constructs at separate points in time, especially for testing assumptions about the

relationships of interest and provides a clear impression of the state or among a group of workers at a given point in time (Spector, 2019; Taris *et al.*, 2021).

Finally, use of single key organizational informants is an effective approach in many research contexts (Yao-Sheng, 2007; Lee *et al.*, 2005). Following the recommendations of Podsakoff *et al.* (2003), several measures were adopted to reduce the potential risk of common method biases due to a single respondent. First, participants remained anonymous and were assured that there were no good or bad answers, asking them to be as sincere and honest as possible. Second, the items were very carefully constructed. Furthermore, we conducted Harman's single factor test to account for common method bias and included all the indicators in an exploratory factor analysis (Podsakoff *et al.*, 2003).

Conclusion

The COVID 19 pandemic brought about drastic social and labor changes that were very difficult to assimilate. The great challenges faced had not previously been experienced, so company behavior was often improvised. However, common sense and the desire of companies to maintain the ethical behavior valued by their workers meant that information about what was happening and how it influenced working conditions was essential to reducing the uncertainty.

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Further reading

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