

# Effect of the Perception of Pay (in) Equality on the Intention to Leave the Work: Research on White-Collar Employees in the Banking Sector

Bujamin Bela

**Abstract:** This study aims to research the effect of the perception of white-collar employees' in the banking sector of the pay (in)equality and the intention to leave the job. The study is based on the model of equality payment system. Through a previously prepared questionnaire we have measured the perceptions of general equality, including internal and external, individual and procedural equality, and through a linear regression we have measured the overall effect of the pay (in)equality on the intention to leave the job. In the scope of this research, we have analyzed the impact of demographic differences on the dimensions of pay (in)equality and the intention to leave the job. For the purpose of hypothesis testing we have used a selected sample of white-collar employees in the banking sector in the city of Istanbul. The data has been gathered by means of a questionnaire. 350 questionnaires have been distributed, to which we received only 239 feedbacks. The data has been analyzed in SPSS Statistics, version 22.0. At the end of research, a substantial negative relationship has been found between white collar employees' perception of pay equality and their intention to leave the job. This implies that pay (in)equality has a solid impact on the employees' intention to leave their work place. On the other hand, a result of this research is that in the demographic aspect, the employees' perception of the pay equality varies according to gender and wage level, whereas for the variable of the intention to leave the job, the employees' perception varies only based on gender.

**Keywords:** Payment system, equality pay, internal/external equality pay, individual/procedural equality pay, intention to leave work.



Mother Teresa University, bujaminbela@hotmail.com



0000-0001-9375-5389



© Association of Education and Thought Fettah Efendi  
DOI: <http://doi.org/10.51331/A003>  
Journal of Balkan Studies, 2021,  
[balkanjournal.org](http://balkanjournal.org)



Received: 20.09.2020  
Accepted: 01.11.2020

## Introduction

The survival, development and superiority of businesses in the age of information and globalization, in addition to the value of financial resources, depend a lot on the value of the employees' i.e. "human capital". In general, human resources and organizational behavior management is a separate goal of several researches with regard to the employees' dissatisfactions and motivation. The issue of the payment systems is one of the most attractive topics related to the motivation of the employees and is a high impact factor on productivity and individual or organizational performance. The continuous growth of the costs of human resources, the increasing need of qualified people (qualified with high mental capacities, knowledge production, innovation, technical skills and capacities); the permanent changes on the needs, expectations, values, judgments and the beliefs of the employees; the need for advancing and training, the high circulation of labor force; the lack of jobs, the stressing workplaces, monotony, alienation, dissatisfaction, etc. are some of the factors that are in a continuous need of solution from the human resources department. The maintenance and increase of the competition advantage in the market requires a more serious, meaningful and multidimensional approach. Human resources are recognized as valuable, rare, inimitable and irreplaceable with another equivalent. Employees that possess knowledge, skills and high motivation are able to learn faster, develop new skills and accomplish organizational objectives. The usage of the full potential of the human capital is directly connected to its level of motivation. The motivation and stimulation of employees to work towards the accomplishment of organizational objectives depends a lot on the level, quantity and manner of distribution of material goods in general. People's behavior in an organization is determined by many factors, yet among the most important, undoubtedly, are the payments/wages or compensations that employees receive in exchange for their labor and efforts. The creation of payment systems that reflect employees' equality, effectiveness and satisfaction are an imperative of every business.

### 1. Theoretical review of the importance of payment systems

Nowadays, the survival and the sustenance of an enterprise's competitive advantage in order to achieve organizational goals depends a lot on the quality and capacity of

the human resources that the enterprise possesses. The human resources infrastructure needs to be paid as much attention as the financial and physical resources. The age of globalization brings serious changes on information technology and structure of business organizations. The dynamics created and the need for adaptation to the new circumstances has pushed businesses to permanently seek, sustain and develop qualified employees in order to preserve their competitive advantage in the market. In the relationships between employers and employees, there is an inverse relationship regarding financial compensations and the labor or efforts of the employees. The employer seeks an alternative and a solution to increase productivity and work quality while maintaining the lowest cost levels. Meanwhile, the employees constantly demand higher wages as a compensation for the labor and contribution they offer. The more equilibrated this correlation, the higher the chance for success, considering that wages comprise the greater part of overall expenditures of the enterprise (at least 60% of the total cost) and that they have an immense impact on employees' motivation. The ineffective management of the payment system creates problems regarding the overall personal and organizational performances that can lead to total bankruptcy. The wage is the most fundamental element as regards the working conditions and the motive why people go to work. The wage should enable a dignified life for every employee, taking into consideration not only their physical needs, but also their social and psychological ones. For employees, it is also important that their incomes be regular and secure in regards to time intervals. Wages can be defined from several perspectives. In the economic perspectives, wages are the price of a job, in the social and political aspect, wages are a survival opportunity, and in the legal aspect wages are a compensation for the intellectual and physical labor of the employees. (İ. Ataay, 2000: 253) The wage refers to the job level of the employees, and in most cases is an indicator of individual success. It has a direct impact on family welfare, the increase of self-confidence, social status and motivation at work. This implies that employees do not perceive their wages only from the financial aspect, rather they impose upon them a psychological meaning, as well as considering them as an indicator of their place within the organization. In fact, every employee compares their work and the wage they receive. Comparing is natural to humans; therefore, if wages are not fair and equal in relation to the knowledge, skills and performances displayed, there will be dissatisfaction among employees. Every decision made that is considered unjust regarding the issue of wages will be re-

flected as lack of motivation, drawback, decrease in productivity, creation of mistrust and loss of loyalty among workers. (D. Torrington, L. Hall, S. Taylor and C. Atkinson 2014: 413) Decisions about the quantity, shape and level of payments represent a special problem for every business, therefore the creation of fair, inclusive and competing payment systems is necessary. Every decision about payments requires a multidimensional commitment and evaluation of different aspects, such as: performance, experience, expectations, commitment, loyalty, contribution, responsibility, etc. Decisions about the manner of wage determination, the main components, the level and wage position of the enterprise in relation to its competitors and the other aspects are determined through the payment policies of every business.

## **2. The process of creation of payment systems**

The development of business activities under dynamic conditions facing many dangers and pressures from the environment forces the business to create fair and effective payment systems in order to maintain and develop its competitive advantage in the market. Every payment system requires a consensus between the stakeholders that influence the work relationships. (Zeyyat Sabuncuoğlu, 2000: 207; G.T. Milkovich; Jerry M. Newman, 2002: 16) Depending on the stakeholders' requests and the organizational culture, the enterprise opts for one of the payment approaches. The choice dilemma is between the egalitarian form for all of the employees and the elitist form, depending on performance. The egalitarian payment approach implies giving rewards based on membership in the organization, by setting standards for a minimal performance, on which the equal distribution of rewards for everyone is made. (Gómez-Mejía, Balkin and Cardy; 2012: 317) On the other hand, the approach of reward giving based on performance implies pay differences among the employees, based on the clear criteria of work performance. The employees that offer a performance above the required average are rewarded and stimulated more in order to maintain such performance in continuity. (DeCenzo, Robbins and Verhulst; 1996: 275) Setting a fair and egalitarian payment system depends on the nature of the enterprise's business, its mission as well as the selection of its payment policies. (M.E. Sharpe Inc; Amuso, L. E., and Knopping, D. 2008: 206–214)

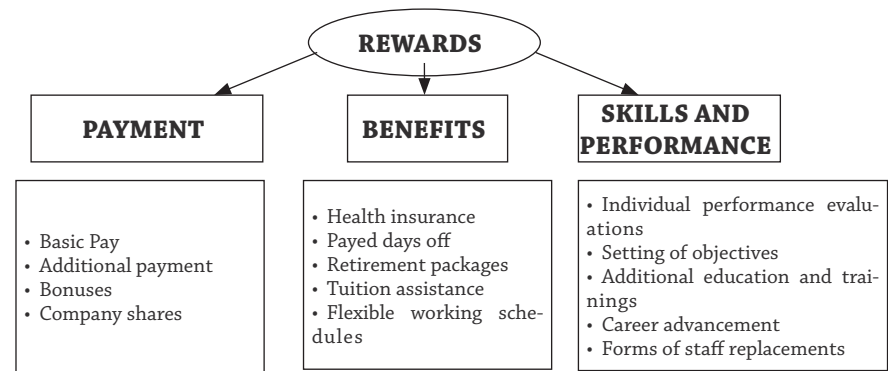
**Figure 1**

EQUALITY	PERFORMANCE
<ul style="list-style-type: none"><li>• Pay based on experience;</li><li>• Increase in all payment levels;</li><li>• Payment comparisons in the industrial level;</li><li>• Annual increase of the payment scale;</li><li>• Bonuses every new year.</li></ul>	<ul style="list-style-type: none"><li>• No payments based on experiences;</li><li>• No long-term pay increase for low-performance employees;</li><li>• Payment structure according to the market;</li><li>• Even broader comparison of payments in the industrial level;</li><li>• Bonuses based on performance results.</li></ul>

**Source:** Robert. L. Mathis and John H. Jackson, **Human Resource Management**, 12th Edit. Thomson Corporation, 2008, p.362

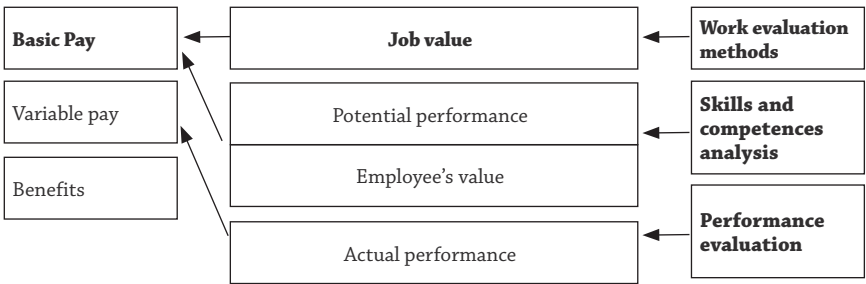
The payment system through its components aims to impact the employee's behavior and their motivation in achieving organizational goals. In general, these are distinguished as internal or external rewards. The internal rewards include appreciating the employees, and these rewards motivate in the psychological and social aspects. Meanwhile, the external rewards are related directly to material compensation for the employees' labor and contribution. (DeCenzo, Robbins and Verhulst; 1996: 263) According to Armstrong, components of material rewards are: the basic pay, minimum wage, bonuses, financial rewards and profit shares, whereas the non-material rewards are personal appreciation, opportunities for career advancement, titles and status, benefits, better physical and social working conditions, organizational support, flexible working schedule, etc. (Armstrong, 2006: 365; G.T. Milkovich, J.M. Newman and B. Gerhart, 2010: 8)

**Figure 2. REWARD SYSTEM COMPONENTS**



**Source:** Robert. L. Mathis and John H. Jeckson, Human Resource Management, 12th Edition, Thomson Corporation, 2008, p.360

**Table 3. Comprising components of the key elements of reward systems**



**Source:** Rıza Demir, “Payment systems based on performance and a research at state hospitals on the application of extra payments for doctors”, PhD thesis, Istanbul University, 2013, p.38

The basic payment, except for being sufficient and competitive, should adhere to the principles of fairness and equality among the employees. The wage depends on the analysis and the job description, which are evaluated according to the job importance and content. A widely applied component in contemporary enterprises is the variable pay, which takes into consideration the individual contribution and is based on individual, group or organizational performances. (R.L. Mathisand J.H. Jeckson, 2008:397) Meanwhile, variable payment types are: wages based on production units, programs of

profit shares, commissions, rewards, long-term intentions, merit-based pay increase, the option of shares, etc. (L.A. Berger ve D.R. Berger, 2008: 27) The variable pay depends mainly on the employees' displayed performances and the analysis of the individual skills and competences, while the benefits as an element are an inseparable part of the rewards for every type of job, changing only in form and size. (Rıza Demir; 2013: 38)

## 2.1. Factors that impact the payment system

Payment decisions in an organization are influenced by various individual and organizational factors. Individual factors are: knowledge, experience, skills, competences and job performances, while organizational factors are: the strategy of the organization, the market, sector, position, competition, financial capacity, etc. (G.B. Bolander and S.A. Shnell; 2010:419-423); in this context, in general, every business faces three choices: to be a leader in the market, to adapt to the payment level of the market, or to offer payments above the market level. However, as a main determinant in choosing payment policies, other than the job analysis and performance evaluation, is also the balance between labor force offer and demand. (Dessler, 2013: 35); the payment levels according to the specified market/industry; (Benligiray, 2003: 22); the competition's pressure (Bolander ve Shnell, 2010: 421); the standard of living and the impact of the inflation (DeCenzo, Robbins, and Verhulst;1996: 272); the economic factors such as: national and international competition, inflation crises, economic recessions, (Gönül Budak; 2013: 549); collective agreements and syndicate pressure; (Türker Toplahan, 2013: 170); national and international legal regulations about the form, direction and minimum and maximum wage limitations. (Dessler, 2013: 358) In general, the management of the payment system aims to attract, motivate and develop the individual and organizational performances with an optimal equivalence between the organizational effectiveness and the overall costs. The management of payments includes decisions regarding the payment scale, pay value of the job, components of the payment system, payment structure, differences between the levels and groups within the structure, wage increases based on defined criteria (performances, knowledge, skills and experience); wage increases after transfers and promotions, and the achievement of wage equality and fairness among the employees. (Gary Dessler, 2013: 359; Bingöl, 1996: 419). In order to ensure a fair and effective payment policy, the following criteria should be met: **Sufficiency**: wages should meet the necessary level for the economic,

social and legal needs; **Equality**: maintaining a direct relation of wage and individual knowledge, skills and contribution; **Cost effectiveness**: being suitable to the financial capacity of the enterprise; **Credibility**: wage amount and form should be credible to the employees; **Appropriation**: Every employee in the company should know and understand the reward system and be convinced that this system benefits him. (Barutçugil, 2004:448)

### 3. Pay equality as a theoretical concept

Equality and fairness have always been necessary in order to regulate human behavior in general. They are often mentioned together as synonyms, yet they differ in content and meaning. Not every equal treatment can be considered fair, therefore, the equal distribution of wages, regardless of the requirements, position, responsibilities, contribution and performance, would be an unjust distribution that creates dissatisfaction among the employees. In this context, creating a fair, credible and competitive payment system is a necessity for every successful business. The most convenient approach regarding the increase of fair and equal wages, implies the perseverance of contradictory interest balances between the employees, the employers, the state and society. Equality and fairness as concepts, represent not only absolute values through which comparisons and decisions are made, rather they are also a result of human perceptions. (Özlem Çakır, 2006: 30) The importance of fairness for human behavior has been observed even at the time when Plato was alive, and it is said that “Justice is an imperative for a society to live safe, problem-free and organized.” According to Plato, fairness is the distribution of goods in equal parts for everyone. On the other hand, according to Roman justice, “every individual should receive as much as he contributes for the overall wellbeing.” (Güriz, 1994: 6) As per Roman justice, in order for the relationships between the employees and the employers to reach equality, there should be equivalence of labor and rewards. If such equivalence is missing, an atmosphere of distrust is created, which results in consequences for the organization. The fair and equal perception is based on the theory of justice on the distribution of profits in the economic and social aspects. (Shikur Ahmed and Navjot Kaur; 2016, 15-29) In general, the employees in enterprises are compared according to their contribution (their knowledge, skills, experience and performance) and the benefits (wage, promotions, bonuses, work conditions) they receive. This is also confirmed by Adams’ theory of equality, which stresses

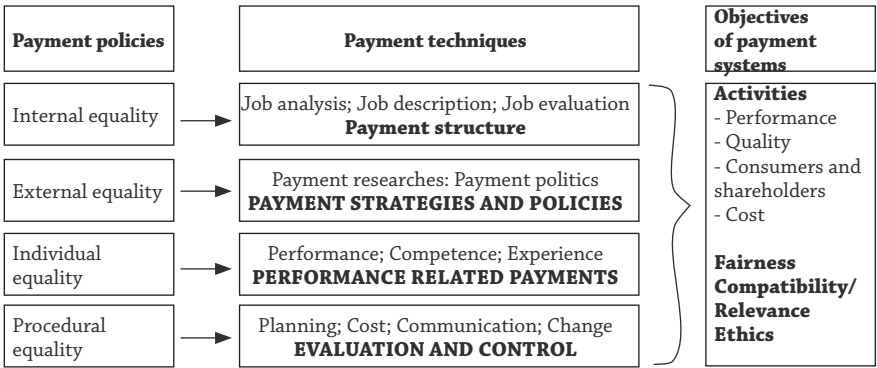


the fact that if inconsistency in the relations between contribution and rewards exists or is created, then the individual perceptions will be worrisome. (J. S. Adams, 1963: 423 Dessler, 2011: 420; John R. Schermerhorn; 2011: 366) According to this theory, every employee compares the relationship between his investment and benefit (input/output) with that of the others. If the employee observes that his proportion of investment/benefit is greater, then he commits to maintaining it through increased contribution, whereas, if his proportion of investment/benefit is lower than that of the other employees, he will take measures to increase his benefits (wage, promotion, bonuses, work conditions) or decrease his investment – outputs (labor, contribution, performance, application of capacities, knowledge and skills). In general, the equality theory is based on the injustices that occur during the distribution which can be verified through the employees' cognitive perception and behavior. (J. S. Adams, 1963: 423) This implies that, if based on the comparisons, wage injustices and inequalities can be noticed, then dissatisfaction at work will be evident and there will be intentions to leave the job. (Cohen- Charash, Yochi and Spector, P.E., 2001:278)

### **3.1. The pay (in) equality**

The concept of payment system as always is related to the business's strategy to achieve its overall objectives, such as: performance, competitiveness and wage fairness. (M. Armstrong, 2014:359) The analysis of the dimensions related to performance, experience, loyalty and responsibility, should be taken into consideration in the creation of a payment structure. Meanwhile, in order to increase the motivation of the employees and in order to use their full potential, special attention is required towards the dimension of wage injustices and inequalities. The emergence of inequalities creates negative results and problems related to performance, productivity, organizational leadership and it also increases the level of the intention to leave the job. (Shi Zheng; Zhigang Wang; Shunfeng Song, 2014: 1219–1231) In order to prevent the inequalities and injustices in the distribution of material goods (payments), it is necessary to create criteria that are fair and equal in relation to the individual labor, knowledge, skills and performances, from the internal and external, individual and procedural aspects. (David E. Terpstra and Andre L. Honoree, 2003; 67-68) Table 4 illustrates the model on which the research on wage (in)equalities is based.

**Table 4: Rewards system model**



**Source:** Milkovich, Newman and Gerhart, **Compensation**, 10th Ed., 2010, p.12

**a. Internal pay (in)equality**

Internal equality is pay consistency according to job importance and content. In order to ensure pay fairness and equality within the payment structure, it is necessary that jobs same or similar in quantity and quality be paid the same for all employees. This is expressed in the saying “Same wages for same jobs.” (Dessler, 2013; 353-354) The different methods of job evaluation determine and classify jobs based on importance and content. If the job content differs (in skills, labor, responsibility and work conditions), then it is necessary that the rewards (payments) vary as well. Hence, the methods of job evaluation serve to determine a relationship of pay equality among different jobs. The fundamental criteria based on which pay differences should be made are the following: skills (knowledge, experience, education), labor (intellectual and physical labor), responsibility (responsibilities about the job, security, finances and facilities) and work conditions (the eventual diseases, possible accidents, and physical conditions such as noise, cold weather, hot weather, smoke, humidity, etc.) (Armstrong, Cummins, Hastings and Wood, 2003:5) If the employees believe that same jobs are paid the same, according to job classification, they will also believe that there is internal equality within the company. (R. L. Mathis and J. H. Jackson, 2008; 365)

**b. External pay (in)equality**

External equality is the payment consistency of an enterprise with the other enterpri-

ses of the same sector within the same industry. This type of payment/wage equality reflects the pay of a job within an industry or economic branch. External equality is achieved when a certain position within the enterprise is paid the same with the same position in another enterprise within the industry. (D. E. Terpstra, A.L. Honoree 2003; 67-73) In other words, external equality means pay equality within a certain industry from different enterprises that cover a certain region or state. (Cascio, 2010:421; Dessler, 2011:420; Ivancevich, 2010:295; Milkovich 2011:20; Shi, 2007:66) Every employee compares the payments of the enterprise he works for and those of the other enterprises in the same sector, industry, state or region. (Jac Fitz-enz and Barbara Davison; 2002: 132) If wage differences are noticed, then his perception of the injustices will increase and result in dissatisfaction and a high intention to leave the job. Such injustices offer opportunities for the employees' transfer to other enterprises that offer better work conditions for the same job. In order to avoid this phenomenon, it is necessary to conduct serious researches of the market on the wages of the labor force. (Sabuncuoğlu, 2005:251) The researches can be conducted by the enterprise itself, but in most cases, due to lack of expertise enterprises hire specialized external services.

### **Individual and procedural pay (in)equality**

Individual justice implies payment consistency of the employees depending on the level of their performance. Payment equality exists when payments are based on the knowledge, skills, competences and job performances. (Benligiray Serap, 2003: 15) If within the payment structure distinctions are made based on individual knowledge, skills, competences and performance, then this is a case of individual equality. (Acar, 2007: 133; Dessler, 2011:434; Worldat Work, 2007:101) Individual equality implies a comparison of wages in relation to the contribution of the employees of the same enterprise. This implies that wages should be differentiated depending on the kind of job and the performance displayed. Within the payment structure, for each job, a minimum and maximum payment is determined which can vary for each employee, taking into consideration his individual performances. Meanwhile, procedural equality means consistency of principles, rules, methods and payment decisions regarding the distribution of material goods in a just and equal manner. In order to achieve procedural equality, it is necessary to have open communication, transparency, complaint mechanisms, participation in decision making etc. (Farooq and Farooq, 2014:57; Heery and

Noon, 2008:364-365; Locke, 2011:382; Greenberg, 1990:402) The increase of trust in the company's process and procedures of reward distribution, increases the employees' motivation and loyalty. Fair and equal procedures exist when there is consistency in time in the distribution of rewards by respecting the same rules and principles for every individual employee. (Folger, R. & Cropanzano;1998: 56-62) Avoiding from prejudices, relying on verified data, abiding by ethical norms, considering all opinions, suggestions and requests by the employees (feedback) make the payment system efficient and fair from the aspect of procedural equality. (Dean B. Mcfarlin and Paul D. Sweeney; 1992: 626-637)

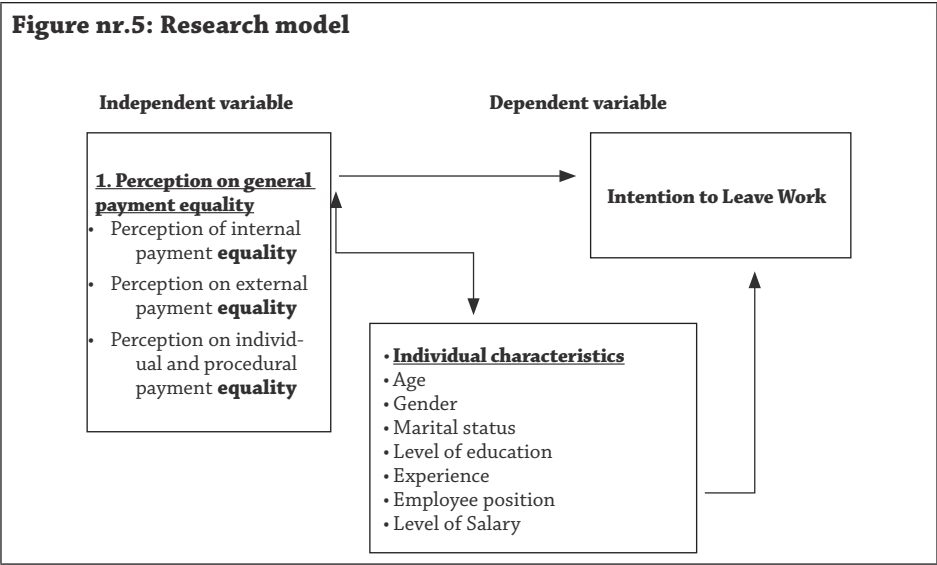
### **3.2. The intention to leave the job**

The individual employee with all personal characteristics, motivation, ideas, opinions and values that he brings to the workplace, is one of the most valuable resources for the organization. The main reasons that lead employees to consider leaving their jobs are not having their expectations met and their job not being able to satisfy them in the psychological, physical and financial aspects. (Blau 1988:193) The intention to leave the job is also defined as a complete termination of the work relationship and the financial compensations between the individual and the organization. (Şahin; 2011:278) The intention to leave the job is portrayed as a negative and widespread phenomenon in the business world that influences employee flow. There many important factors as regards the dilemma as to whether to stay or leave the job, such as: injustices within the payment system, job level, working conditions, responsibilities, contribution, performances, individual competences and priorities related to the personal career of the employees. According to Cotton, J. L. and Tuttle, J. M., factors impacting the intention to leave the job are the external factors (unemployment rate, perception about the job, alternative job opportunities, syndicates etc.); job-related factors (wages, performance, satisfaction from the job, organizational loyalty); as well as the individual factors (age, experience, education and skills). (Cotton, J. L. & Tuttle, J. M. 1986:55-70) Imperative for each business is the creation of defense and correcting mechanisms for problems that prevent the flow of highly qualified employees. It is a fact that every employee, if not satisfied with his compensation in the financial aspect and the work conditions, begins to consider leaving the job. (Mobley, W.H., 2009:155-178)

## 4. Research methodology and model

### 4.1. Research scope and survey sample

This study investigates the effect of white-collar employees’ perception of pay equality in the banking sector (Istanbul) on the emergence of the intention to leave the job. Simultaneously, the study tests whether the perception of general payment equality and the intention to leave the job vary based on demographical characteristics of the employees (gender, marital status, age, education, experience, position and salary level), which have been presented as sub-objectives of this research. For the purpose of data gathering, the method of voluntary survey has been used which is easier to access and enables enough time for its conduction. The questionnaire has been prepared through confirmed indicators from factor analysis for relevance and credibility. From a total of 350 questionnaires submitted, only 239 feedbacks have been received.



### 4.2. Data gathering

The questionnaire prepared for the gathering of data in this study has served for the measuring of variables of the employees’ perception of pay equality from the internal, external, individual and procedural aspects, as well as the measuring of the impact of

the perception level on the intention to leave the job. The questionnaire contains a total of 27 questions/affirmations to measure the employee's perception of general pay equality, and among them, as sub-dimensions have been included: internal equality in 9 questions, with KMO (Kaiser; Mayer; Olkin) value of 0.892 and the total variance explained 60.729 %, while the value of Alpha Cronbach is 0.919; external equality: a total of 11 questions, KMO value 0.878 and total variance explained 61.453%, value of Alpha Cronbach 0.782; individual and procedural equality: a total of 7 questions, value of 0.912, total variance explained 69,408 %, value of Alpha Cronbach 0.926. The measuring scales of the questionnaire for each variable of the wage equalities have been based on the authors [Livingstone, Roberts and Chonko (1995: 38); Zheng, WangandSong (2014: 7) and Terpstra and Honoree (2003: 69)] and adapted to the Turkish language version of the authors Cavide Uyargil and Riza Demir in 2014. Meanwhile, the questionnaire's measuring scale for the variable of the intention to leave the job is comprised of 3 questions from authors Rosen and Korabik (1991) translated and adapted in the Turkish language version by Örucü and Özafşarlıoğlu (2013), and an additional question to increase the scale of measurement credibility according to the analysis factor. From the final assessment of the results, the KMO value was 0.680 and the total variance explained 57.867%, while the value Alpha Cronbach of the scale 0.735. The last part of the questionnaire contains questions of socio-demographic nature, such as age, gender, marital status, education, experience and monthly wage.

### 4.3 Data analysis

The participants in the questionnaire answered questions according to the evaluation of the scale of Likert type. (For example, from 1: Completely disagree, to 5: Completely agree) The data have been analyzed in the SPSS program 22.0. As descriptive statistical techniques in the data analysis have been used the arithmetic mean and the standard deviation. Also, to increase the level of credibility, we have calculated the value of credibility as well (Cronbach Alpha) for each stage of the research. For hypothesis testing, we have used the linear regression analysis, t-test and the unilateral analysis of variance.

**Table1. Credibility values regarding the dimensions of the research**

Factors	Value	
	Cronbach Alpha	Number of questions
Internal equality	0,919	9
External equality	0,782	11
Individual and procedural equality	0,926	7
Intention to leave the job	0,735	4

The descriptive statistical analysis (the arithmetic mean and the standard deviation) in regards to this research are: the arithmetic mean of the perception of internal pay equality is the highest with a value of 3.20 (standard deviation is 0.93); External pay equality 2.93 (standard deviation 0.59); individual and procedural pay equality 2.75 (standard deviation 0.98); while the intention to leave the job has the lowest average value of 2.45 (Standard deviation 0.94). The standard deviations and the arithmetic mean for each measuring scale are included in Table 2.

**Table 2. Average of the research dimensions**

	No	Average	Std. Deviation
Perception of General Payments Equality	233	2.97	0.73
Perception of Internal Payments Equality	237	3.20	0.93
Perception of External Payments Equality	236	2.93	0.59
Perception of Individual and Procedural Payments Equality	238	2.75	0.98
Intention to leave the job	237	2.45	0.94

**a. Correlation analysis**

The Pearson correlation coefficient between the employees’ perception of general pay equality and the intention to leave the job is -0.541, which clearly indicates that there exists an moderately negative relation between the two variables. In other words, while the general perception of equality increases, the intention to leave the job decreases. The testing shows that there exists a statistically meaningful relation between these two variables. **(Importance level:**  $0.000 < 0.01$ )

**Table 3. Correlation between variables**

	1	2	3	4	5
1. Internal Payments Equality	1				
2. External Payments Equality	0.718**	<b>1</b>			
3. Individual and Procedural Payments Equality	0.803**	0.691**	<b>1</b>		
4. Intention to leave the job	-0.549**	-0.380**	-0.519**	0.080	<b>1</b>
5. General Payments Equality	0.936**	0.873**	0.914**	-0.085	-0.541**

**b. Research hypothesis**

The influence of general pay equality on the intention to leave the job according to the regression model is presented in Table 4.

**Table 4:** The results of the influence of the perception of general pay equality on the intention to leave the job

Intention to leave the job	B	Beta	t	p
<b>Constant</b>	4.508		20.756	.000
<b>The general perception of pay equality</b>	-0.691	-0.541	-9.744	.000
<b>R :</b>		0.541		
<b>R2 :</b>		0.293		
<b>R2 regulated :</b>		0.290		
<b>F :</b>		94.937		
<b>p (importance) :</b>		0.000		

\*\* p<0.01 (importance value 0.01 is statistically meaningful and accepted)

According to test results, it is obvious that the regression model in relation to the effect of general pay equality perception on the intention to leave the job is statistically meaningful with a value of 0.01 ( $p = 0.000 < 0.01$ ). The influence of the general pay equality perception has an effect on the intention to leave the job ( $B = 0.691$ ;  $p = 0.000 < 0.01$ ), meaning that an increase of 1 unit in the general perception of the pay equality results



in a decrease of 0.691 units in the intention to leave the job. Moreover, the  $R^2$  value shows that 29.3% of the difference in the intention to leave the job can be explained with the general pay (in)equality. In other words, knowing the employee's perception of the pay (in)equality enables an accurate evaluation of 29.3% in the forecast of the intention to leave the job. In this study we have tested the hypothesis in order to determine whether the general perception of pay (in)equality influences the intention to leave the job, and the relation between the two. Table 5 below contains the hypotheses and their results.

### 5. Research results

Research hypothesis	p -value	Result
H1: The general perception of pay equality effects on the intention to leave the job	0.05 (B= -0.691)	<i>Accepted</i>
H.2.a. Employees' perception of overall equality of payment differentiated based on gender	0.00 < 0.05	<i>Accepted</i>
H.2.b. Employees' perception of intention to leave the job differentiated based on gender	0.040 < 0.05	<i>Accepted</i>
H.3.a. Employees' perception of overall equality of payments differentiated based on marital status	0.657 > 0.05	<i>Not accepted</i>
H.3.b. Employees' perception of intention to leave the job differentiated based on marital status	0.435 > 0.05	<i>Not accepted</i>
H.4.a Employees' perception of overall equality of payment differentiated based on the position of the employees	0.232 > 0.05	<i>Not accepted</i>
H.4.b. Employees' perception of intention to leave the job differentiated based on the position of the employees	0.513 > 0.05	<i>Not accepted</i>
H.5.a. Employees' perception of overall equality of pay differentiated based on age of the employees	0.197> 0.05	<i>Not accepted</i>
H.5.b. Employees' perception of the intention to leave the job differentiated based on the age of the employees	0.637> 0.05	<i>Not accepted</i>

H.6.a Employees' perception of overall pay equality differentiated based on education level.	0.282 > 0.05	<i>Not accepted</i>
H.6.b. Employees' perception of the intention to leave the job differentiated based on the level of education	0.382 > 0.05	<i>Not accepted</i>
H.7.a. Employees' perception of overall pay equality differentiated based on work experience in the organization	0.844 > 0.05	<i>Not accepted</i>
H.7.b. Employees' perception of the intention to leave the job differentiated based on work experience in the organization	0.054 > 0.05	<i>Not accepted</i>
H.8.a. Employees' perception of the overall equality of payments differentiated based on the salary level received by the employee	0.000 > 0.05	<i>Accepted</i>
H.8.b. Employees' perception of intention to leave the job differentiated based on the level of salary received by the employee.	0.316 < 0.05	<i>Not accepted</i>

Table 5: Employees' perception of overall equality of pay and intention to leave work based on gender										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig.(2-tailed)	Mean Difference	Std. Error Differenc	95% Confidence Interval of the Difference	
									Lower	Upper
Inten. To Leave Work	Equal variances assumed	.541	.463	-2.065	231	.040	-.26655	.12907	-.52085	-.01225
	Equal variances not assumed			-2.089	168.784	.038	-.26655	.12760	-.51844	-.01465
Gen. Equit Pay	Equal variances assumed	.539	.464	3.801	227	.000	.37812	.09947	.18211	.57412
	Equal variances not assumed			3.749	152.664	.000	.37812	.10087	.17884	.57740

**Table 6:** Employees' perception of overall equality of payment and intention to leave work based on marital status

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig.(2-tailed)	Mean Difference	Std. Error Differenc	95% Confidence Interval of the Difference	
									Lower	Upper
Inten. To Leave Work	Equal variances assumed	.660	.417	-.782	206	.435	-.10445	.13358	-.36782	.15891
	Equal variances not assumed			-.795	187.968	.428	-.10445	.13142	-.36371	.15480
Gen. Equit Pay	Equal variances assumed	.130	.719	.445	204	.657	.04620	.10382	-.15851	.25090
	Equal variances not assumed			.447	181.673	.655	.04620	.10330	-.15763	.25002

**Table 7:** Employees' perception of overall equality payment and intention to leave the job based on position at work.

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig.(2-tailed)	Mean Difference	Std. Error Differenc	95% Confidence Interval of the Difference	
									Lower	Upper
Inten. To Leave Work	Equal variances assumed	1.185	.277	-.656	229	.513	-.11391	.17373	-.45623	.22840
	Equal variances not assumed			-.638	44.212	.527	-.11391	.17847	-.47355	.24572
Gen. Equit Pay	Equal variances assumed	.904	.343	-1.198	226	.232	-.16472	.13752	-.43570	.10625
	Equal variances not assumed			-1.117	41.385	.271	-.16472	.14749	-.46250	.13305

**Table 8:** Employees' perception of overall pay equality and intention to leave work based on the level of salary received by employees.

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Inten. To Leave Work	Equal variances assumed	.689	.407	1.371	226	0.172	.17921	.13068	-.07829	.43671
	Equal variances not assumed			1.330	155.550	.0185	.17921	.13475	-.08696	.44538
Gen. Equit Pay	Equal variances assumed	2.289	.0132	-4.192	222	0.000	-.41783	.09967	-.61426	-.22141
	Equal variances not assumed			-4.018	141.892	0.000	-.41783	.10399	-.62341	-.21226

**Table 9:** Employees' perception of overall equality of pay and intention to leave work based on age according to the results of the Anova test.

<b>Test of Homogeneity of Variances</b>	Levene Statistic	df1	df2	Sig.
Intention to Leave Work	2.180	2	226	0.115
Gen. Equity Payment	0.690	2	222	0.503

\* p<0,05

		Sum of Squares	df	Mean Square	F	Sig.
Intention to Leave Work	Between Groups	0.804	2	0.402	0.452	0.637
	Within Groups	200.925	226	0.889		
	Total	201.729	228			
Gen. Equity Payment	Between Groups	1.750	2	0.875	1.635	0.197
	Within Groups	118.795	222	0.535		
	Total	120.545	224			
* p<0,05 ** p<0,01						

**Table 10:** Employees' perception of overall equality of pay and intention to leave work based on level of education

Test of Homogeneity of Variances	Levene Statistic	df1	df2	Sig.
Intention to Leave Work	0.948	2	230	0.389
Gen. Equity Payment	2.901	2	226	0.057
* p<0,05				

		Sum of Squares	df	Mean Square	F	Sig.
Intention to Leave Work	Between Groups	1.708	2	0.854	0.967	0.382
	Within Groups	203.135	230	0.883		
	Total	204.843	232			
Gen. Equity Payment	Between Groups	1.375	2	0.688	1.273	0.282
	Within Groups	122.048	226	0.540		
	Total	123.423	228			
		* p<0,05	** p<0,01			

**Table 11:** Employees' perception of overall equality of pay and intention to leave the job based on the level of work experience.

Test of Homogeneity of Variances	Levene Statistic	df1	df2	Sig.
Intent to Quit	1.187	2	214	0.307
Gen. Equity Payment	1.263	2	211	0.285
* p<0,05				

		Sum of Squares	df	Mean Square	F	Sig.
Intention to Leave Work	Between Groups	5.216	2	2.608	2.966	0.054
	Within Groups	188.155	214	0.879		
	Total	193.371	216			
Gen. Equity Payment	Between Groups	.190	2	0.095	0.170	0.844
	Within Groups	117.577	211	0.557		
	Total	117.767	213			
* p<0,05		** p<0,01				

## Discussion and suggestions

This study investigated the effect of white-collar employees' perception of pay equality in the banking sector on the intention to leave the job. The study shows that the level of the employees' general perception of pay equality has an average of 2.97, which is relatively positive. In other words, the employees' general perception of pay equality in the banking sector approached high levels. The employees' intention to leave the job has an average of 2.45 and is lower than the level of the general perception of pay equality. On the other hand, the sub-dimensions of employees' pay equality, internal equality has the highest average of 3.20, which implies that the classification and the internal pay division are on the required level. The perception of external pay equality has an average of 2.93 and that of individual and procedural pay equality has an average of 2.75. This shows that this sector has visible problems with the system and procedures of material goods distribution and the following of pay trends in this industry. Meanwhile, according to the results of the correlation analysis and the Anova testing, there is an average and statistically meaningful relationship. The correlation indicator (-0.541) represents the inverse and meaningful relationship between the general perception of the employees on pay equality and the intention to leave the job. According to this, it is obvious that while the level of the general perception of pay equality increases, the intention to leave the job decreases. The general perception of pay equality, as an only dimension, impacts the intention to leave the job ( $B=0.691$ ;  $p=0.000<0.01$ ), meaning that an increase of 1 unit in the general perception of equality will result in a decrease of 0.691 units in the intention to leave the job. Moreover, the  $R^2$  value shows that 29.3% of the difference in the intention to leave the job can be explained with the general pay equality. According to the testing of the demographic differences on the above-mentioned variables, it results that the general perceptions of pay equality differ in a statistically meaningful level among the employees, according to gender and salary level. Meanwhile, the analysis of the intention to leave the job shows that employees differ in a level that can be considered statistically meaningful only in regards to their gender and do not vary in regards to other demographic characteristics. In conclusion, if the employees have problems with internal (in)equality, this shows that the company has problems with the analysis, description and classification of jobs and should undertake pre-emptive measures for the reformulation of the payment system based on the job importance and description. Provided that there are problems over external pay

(in)equality, then this indicator shows the lack of market research on the following of pay trends and requirements of a certain industry that needs to be eliminated. Meanwhile, when there are problems on the perception of individual and procedural pay (in)equalities, then the company should revise the plans and the evaluation system of the employees, their performance and should also determine more consistent ways of pay distribution, methods of promotion, transparency, informing, feedback and methods of complaint. In general, in order for the payment policies and distribution methods to be fair and equal, the company should take into consideration credible criteria, competing wages, opportunities for participation in payment decisions, merit-based pay system, based on individual or group performance, as well as create an environment and culture of trust that stimulates high performances.

## References

- Acar C. A. (2007). *İşletmelerde Ücret Yapısının Oluşturulması ve Bir Uygulama*, Literatür Yayıncılık, İstanbul, Ağustos
- Adams J. S. (1963). Toward an understanding of inequity, *Journal of Abnormal and Social Psychology*, Nol. 67, No.5.
- Armstrong, M. (2004). *Reward Management*, Kogan Page Limited, London.
- Armstrong, M. (2005). *Job Evaluation: A Guide to Achieving Equal Pay*, Kogan Page Limited, London.
- Armstrong, M. (2006). *Handbook of Human Resources Management Practice*, Kogan Page,
- Armstrong M. and Murlis H. (2004). *Reward management; A Handbook for Remuneration Strategy and Practice*, Kogan Page- Hay Group London.
- Armstrong M. (2007). *A Handbook of Employee Reward Management and Practice*, Kogan Page Publishers, USA.
- Bolander G. and Shnell S. (2010). *Human Resource Management*, 15 Edition, Cengage learning, USA.
- Benligiray S. (2003). *Ücret Yönetimi*, Anadolu Üniversitesi İktisadi ve İdari Bilimler Fakültesi Yayınları.
- Berger L. A. and Berger D. A. (2000). *The Compensation Handbook*, 4th edition, McGraw Hill, USA.
- Bingöl D. (1996). *Personel Yönetimi*, Beta Yayınları, 2. Baskı, İstanbul.
- Bingöl D. (2014). *İnsan Kaynakları Yönetimi*, 8. baskı, Beta Basım A.Ş, İstanbul.

- Blau G. (1988). Testing Generalizability of A Career Commitment And Its Impact On Employee Turnover, *Journal of Vocational Behavior*, 35, s.88-193.
- Cascio, Wayne F. (2003), *Managing Human Resources: Productivity, Quality of Work Life, Profits*, International Edition, McGraw-Hill/Irwin, USA.
- Cohen C.Y. and Spector, P.E. (2001). *The Role of Justice in Organization: Meta-Analysis*, Organizational Behavior and Human Resource Decision Process,
- Cotton, J. L. & Tuttle, J. M. (1996). Employee turnover: A meta-analysis and review with implications for research, *Academy of Management Review*, 11, 1, p.55-70.
- David A. D., Stephen P. R., Susan L. V. (2010). *Fundamentals of Human Resource Management*, -10th ed., John Wiley & Sons, Inc., USA.
- David E.T. and Andre L. H. (2003). The Relative Importance of External, Internal, Individual and Procedural Equity to Pay Satisfaction, *Compensation and Benefit Review*, 35, 6, p.67-74, USA.
- De C., David A. and Stephen P. R. (1996). *Human Resource Management*” Fifth Ed., John Wiley & Sons, Inc., New York.
- Dean B. M. and Paul D. S. (1992). Distributive and Procedural Justice as predictors of Satisfaction with personal and organizational outcomes’, *Academy of Management Journal*, Yıl.1992, Vol.35, No.3,
- Derek T., Laura H., Stephen T. and Carol A. (2014). *Human resource management*, 9th Edition, Pearson Education Limited, London, 2014.
- Dessler G. (2013). *Human Resource Management*, 13th Edition, Pearson Education.
- Farooq M. and Farooq O. (2014). Organizational Justice, Employee Turnover, and Trust in the Workplace: A Study in South Asian Telecommunication Companies, *Global Business and Organizational Excellence*, 33, 3, p.56-62.
- Folger, R.C. (1998). *Organizational Justice and Human resource Management*, Beverly Hills: CA; Sage.
- Folger, R., and M. A. Konovsky (1998). Effects of procedural and Distributive Justice on reaction to Pay Rise Decisions, *Academy of Management Journal*, 32, 1, p.115-130.
- George B. B. and Scot A. S. (2010). *Human Resource Management*, 15-th Edition, South Western Cengage Learning, USA.
- George T. M., Jerry M. N. ve Barry G. (2010). *Compensation*, 10th Edition, McGraw Hill.
- Gomez M., Luis R., David B. B, and Robert L. C (2001). *Human Resource Management*, 3rd Ed., Prentice Hall, New Jersey – USA.



- Gönül B. (2013). *Yetkinliğe Dayalı İnsan Kaynakları Yönetimi* Barış Yayınlar Fakülteler Kitabevi - Meta Basım Matbaacılık Hizmetleri, İzmir.
- Güriz A. (1994). *Adalet Kavramının Belirsizliği, Adalet Kavramı* içinde, Editör: Adnan Güriz, Türkiye Felsefe Kurumu, Ankara.
- Hwang, I., Kuo J. (2006). Effects of job satisfaction and perceived alternative opportunities on turnover intention - An examination of public sector organizations, *Journal of American Academy of Business*. 8, 2, p.254-259
- Jawahar I.M. and Thomas H. S. (2011). Fairness perceptions and satisfaction with components of pay satisfaction, *Journal of Managerial Psychology*, 26, 4, p.297-312, USA.
- İsmail A. (2000). İşletmelerde Ücret Yönetimi, İnsan Kaynakları Yönetimi içinde, İ.Ü. İşletme Fakültesi İşletme İktisadı Enstitüsü Araştırma ve Yardım Vakfı Yayın No: 7, 2.bs., İstanbul, Dönence Basım ve Yayımlar Hizmetleri.
- İsmet B. (2004). *Stratejik İnsan Kaynakları Yönetimi*, Kariyer Yayıncılık İletişim Eğitim Hiz. LTD. ŞTİ., İstanbul.
- Jac F. and Barbara D. (2002) *How to Measure Human Resource Management*, 3rd Edition, McGraw Hill, Inc, USA.
- John M. I. (2010). *Human Resource Management*, McGraw-Hill, Boston, USA.
- John R. S. (2011). *Management*, 11 Edition, John Wiley and Sons, Inc, USA.
- Konovsky, M. A., Folger, R., and Cropanzano, R. (1987). *Relative effects of procedural and distributive justice on employee attitudes*, Representative Research in Social Psychology.
- Leventhal, G.S. (1976). Fairness in Social Relationships. in J.W. Thibaut, J.T. Spence, & R.C. Carson (Eds.), *Contemporary Topics in Social Psychology*, Morristown, NJ; General Learning Press.
- Türker T. (2013). *Ücret Teorileri ve Ücret Politikaları*, 2 Baskı, Girişim matbaacılık, Ankara.
- Luis R. G., David B. B., Robert L. C. (2012). *Managing Human Resources- Pay for Performance Programs*, - 7th ed, Prentice Hall, USA.
- Milkovich, G.T., and Newman J.M. (2002). *Compensation*, 7th ed., McGraw-Hill Irwin, Boston.
- Mobley, W.H. (1982), *Employee Turnover: Causes, Consequences, and Control*. Reading, MA, Addison-Wesley.
- Moorhead G. and R. W Griffin (1992). *Organizational Behavior: Managing People and Organizations*, Hunghton Milfflin Company, Dallas.
- Özlem Ç. (2006). *Ücret Adaletinin İş Davranışları Üzerindeki Etkileri*, Kamu İşletmeleri İşverenleri Sendikası, Ankara.

- Demir R. (2013). *Performansla İlişkili Ücretlendirme ve Kamu Hastanelerinde Uygulanan Performansa Dayalı Ek Ödeme Sistemine Yönelik Hekim Tutumlarına İlişkin Bir Araştırma*, İstanbul Üniversitesi, Sosyal Bilimler Enstitüsü İşletme Anabilim Dalı Yayınlanmamış Doktora Tezi, İstanbul.
- Richard L. D. (2008). *Management*, 8th Edition, Thomson South -Western, USA.
- Robert. L. M. and John H. J. (2008). *Human Resource Management*, 12th Edition, Thomson Corporation, USA.
- Sabuncuoğlu Z. (2005). *İnsan Kaynakları Yönetimi Uygulamalı*, Alfa Aktuel Basım Yayım, Bursa.
- Sabuncuoğlu Z. (1994). *Personel Yönetimi Politika ve Yönetmelikler*, 7. Baskı, Rota Ofset, Bursa.
- Gürbüz S. ve Bekmezci M. (2012). İnsan kaynakları yönetimi uygulamalarının bilgi işçilerinin işten ayrılma niyetine etkisinde duygusal bağlılığın aracılık ve düzenleyicilik rolü, *Istanbul University Journal of the School of Business Administration*, 41, 2. p.189-213.
- Shikur A. and Navjot K. (2016). Perceived Procedural Justice and its Relationship with Organizational Commitment, *Zenith International Journal of Multidisciplinary Research*, 6,1, p. 15-29
- Zheng S., Wang Z., Song S. (2014), Pay Satisfaction of Employees: A Case Study of a State-Owned Science Institute in China, *Springer Science and Business Media Dordrecht*, 119, 3, p.1219-1231.