

**Research  
Paper**



Received 26 February'08/  
Accepted 17 April'08  
SAFA = 0.41

## **Interactional Justice between Pay Level, Job Satisfaction and Job Performance within Malaysian Institutions of Higher Learning**

**\*Azman Ismail<sup>a</sup>, Mohd Noor Mohd Shariff<sup>b</sup>**

*<sup>a</sup>Faculty of Cognitive Sciences and Human Development, Universiti Malaysia Sarawak, <sup>b</sup>College of Business, Universiti Utara Malaysia*

**Abstract:** This study was conducted to examine the mediating role of interactional justice in the relationship between pay level, job satisfaction and job performance using 917 usable questionnaires that were collected from employees who have worked in Malaysian institutions of higher learning. The outcomes of stepwise regression analysis showed that the inclusion of interactional justice in the analysis had increased the effect of pay level on both job satisfaction and job performance. This result confirms that interactional justice does act as a full mediating variable in the pay level models of the organizational sector sample. In addition, implications of this study to pay system theory and practice, conceptual and methodological limitations, as well as directions for future research are also discussed.

**Keywords:** Interactional justice, pay level, job satisfaction, job performance

### **INTRODUCTION**

Compensation is a strategic human resource management function (Mani, 2000; Rynes et al., 2002) where it may be defined from organizational, individual, and language perspectives. In terms of language, compensation is also known as salary and wage, remuneration, reward and/or pay system and is often used interchangeably in organizations (Henderson, 2006; Milkovich and Newman, 2008). From an individual's perspective, compensation is seen as non-membership and membership rewards that are necessarily needed by employees to meet their basic needs and improve standards of living in society (Henderson, 2006; Maurer et al., 1995). From an organizational perspective, compensation is often viewed as an employer's designs and administrations of the various types of

