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Distributive justice and affective commitment in nonprofit organizations: Which referent matters?

Marc Ohana Maryline Meyer

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# Distributive justice and affective commitment in nonprofit organizations

## Which referent matters?

Marc Ohana

Department of Management, Kedge Business School, CREG, UPPA, Talence, France, and Maryline Meyer

Department of HRM, Groupe Sup de Co, Montpellier Business School, Montpellier, France

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#### Abstract

**Purpose** – The purpose of this paper is to study pay referents that may have an effect on employee organizational affective commitment. It explores existing connections between distributive justice – stemming from individual, external, and internal referents – and organizational affective commitment. This enables an exploration of the effects of distributive justice (Sweeney and McFarlin, 2005).

**Design/methodology/approach** – This study uses a quantitative analysis of 198 French nonprofit employees in health and social services.

**Findings** – Results show that only individual distributive justice relates to organizational affective commitment and that this relationship is mediated by person-organization fit.

**Originality/value** – This study is the first to analyze pay referents in nonprofit organization. It also explains the distributive justice – organizational affective commitment in terms of person-organization fit.

Keywords Employee attitudes, Pay, Non-profit organizations

Paper type Research paper

#### 1. Introduction

Organizational affective commitment – defined as emotional attachment to an organization (Allen and Meyer, 1997) – is of particular importance to nonprofit organizations (NPOs) because their employees are highly sensitive to values linked to the organization's cause or mission (Cunningham, 2001). They need to be highly affectively committed to their organization in order to give their best to the organization. Organizational affective commitment is therefore crucial for NPOs as it is key to several employee's attitudes and behaviors, including greater job performance, organizational citizenship behaviors and task performance, as well as lower levels of turnover and absenteeism (Meyer *et al.*, 2002). Organizational affective commitment can also help to solve the dilemma faced by managers of NPOs over how to keep employees involved without offering them as much pay as they might otherwise ask for.

A large literature has focussed on pay and benefits differentials between NPOs and organizations from other sectors (Handy and Katz, 1998; Emanuele and Higgins, 2000). Various studies have shown that nonprofit employees earn less than their counterparts in the for-profit or public sector, both in the USA (Weisbrod, 1983; Preston, 1989; Preston and Sacks, 2010) and in Europe (Mosca *et al.*, 2007; Narcy, 2011). Moreover, nonprofit employees often feel that they are being underpaid (Light, 2003; Kim and Lee, 2007; Handy *et al.*, 2008). However, the consequences of this feeling have yet to be fully



Employee Relations Vol. 38 No. 6, 2016 pp. 841-858 © Emerald Group Publishing Limited 0142-5455 DOI 10.1108/ER-10-2015-0197 understood as previous research has not examined how employees' perception of pay equity (i.e. distributive justice – individual perception of the fairness of the allocation of resources) impacts their attitudes and behaviors within NPOs. This question is of crucial importance for two reasons. First, distributive justice is a key determinant of commitment. Previous research on commitment in NPOs underlines the role that management and HR practices can play in fostering employee commitment (Cunningham, 2001; Alatrista and Arrowsmith, 2004). Nevertheless, these authors did not study precisely the effect of the perception of pay inequity, one of the work experiences most closely linked to affective commitment (Meyer *et al.*, 2002). Second, knowing that a salary gap with other sectors exists is interesting in itself. At the same time, nonprofit employees might be willing to sacrifice some pay in order to serve a specific social cause or mission. In light of this, the impact of being paid unfairly on organizational affective commitment remains unclear.

The objective of this paper is to test the impact of distributive justice on organizational affective commitment in NPOs. To determine whether distributive justice has a specific effect on organizational affective commitment, the paper analyzes distributive justice according to the referents with which people compare themselves. Pay referents have been thoroughly explored in the literature, to the point of having all been identified (Harris et al., 2008, p. 666). Three are usually pointed out: a company's internal referents; ones that are external to it; and ones that are self-referential. These lead to internal, external and individual perceptions of justice, respectively (Sweeney and McFarlin, 2005). Yet, despite these referents being identified, some disagreement remains on the extent to which the affect attitudes and behaviors found in the for-profit sector (Sweeney and McFarlin, 2005). To date, there has not yet been any study on pay referents in the nonprofit sector. It is, however, crucial to understand the role of each pay referents for NPOs employees: their interest toward the social mission and cause of the organization may well differentiate their referents' benchmark. Finally, the paper also explores the mediating mechanism through which distributive justice leads to organizational affective commitment. Employees' perceptions of pay (in) equity are undeniably linked to the social mission and cause of NPOs. The research thus tests the mediating role of person-organization fit. If an organization treats them fairly, employees are likely to feel that their values are well matched to those of the organization. If the person-organization fit is high, employees may then be more inclined to display organizational affective commitment.

To test these hypotheses, survey data from 198 employees of nonprofit healthcare organizations was collected, and this was analyzed using partial least square structural equation modeling. The contribution of this paper is threefold. First, it contributes to the justice literature by highlighting that different conceptualizations of distributive justice may have different effects on organizational affective commitment. Second, it also contributes to the justice literature by revealing the new mediating mechanism of person-organization fit in the relationship between distributive justice and commitment. Indeed, previous explanations of this relationship have neglected the role that moral values can play. Third, it contributes to the literature on pay and commitment in NPOs by shedding light on the crucial role that justice and values play within these specific organizations. Indeed, by identifying the role of pay referents, the present study helps to explain how NPO managers might be able to maintain high levels of employee organizational affective commitment in practice. This is essential because due to their specificities, findings concerning for-profit organizations are not identical for NPOs (Beck *et al.*, 2008).

#### 2.1 Distributive justice and referents

As they do in other areas, people compare themselves with one another in terms of remuneration (Festinger, 1954; Goodman, 1974). By doing so, they are using distributive justice to evaluate whether their pay is fair. Distributive justice refers to individual perceptions of whether resource allocation is fair (Greenberg, 1990). Equity theory posits that individuals compare their output/input ratios (Adams, 1963). Output comprises of the factors that individuals receive in exchange for investing themselves in their work. Input, on the other hand, refers to situations in which individuals invest themselves. The ideal situation is for individuals to perceive that their ratio is identical to that of others.

When evaluating whether they are being paid fairly, people tend to use another person's pay as a benchmark. The focus is then on the nature of the referent to which they are comparing themselves. As specified, three referents have been identified which can be applied to NPO settings. First of all, the referent can be the individual themselves, which is called individual distributive justice. In this case an individual refers to past experiences, contributions and performances. Employees might evaluate their pay by comparing it with past earnings, or the stress that they experienced in their company. For instance, many nonprofit employees suffer from a great deal of stress, as well as high-psychological demands. This means that they may evaluate their pay as being too low when considering the amount of stress that they incur (Light, 2003). The second referent involves other work colleagues at the company. Nonprofit employees enjoy working in teams (Hay et al., 2001; Mosca et al., 2007). It may therefore be easy for them to compare their contributions and rewards with other people. The ease of comparing their rewards and contributions to those of others is reinforced through NPOs culture of openness and transparency (Behn et al., 2010) and democratic decision-making (Ohana et al., 2013) that may enable better knowledge of each other's pay. Internal distributive justice refers to employees within the organization. The third and final referent, external distributive justice, refers to workers operating outside of the organization. Nonprofit employees may compare their pay with employees that have the same occupation from other NPOs, the public sector and the private sector. Indeed, even in instances where jobs might seem very distant and different, people tend to compare themselves with both similar and dissimilar individuals (Sweeney and McFarlin, 2005).

Researchers are divided on the question of which referent is the most significant. Studies on the connection between forms of distributive justice and pay satisfaction have come to different conclusions regarding the importance of referents. For instance, Law and Wong (1998) found that internal distributive justice is the most important kind. Scholl *et al.* (1987) came up with opposite findings, pointing out, for instance, that external distributive justice has the greatest effect. For Ronen (1986), it is the interaction between internal and external comparisons alone that has a big impact. Despite the absence of consensus in this area, one commonly accepted and quite significant finding is that individuals compare themselves with several different referents (Goodman, 1974; Sweeney and McFarlin, 2005).

#### 2.2 Organizational affective commitment in NPOs

Regardless of its form, distributive justice sparks many different attitudes and kinds of behaviors, such as the intention to leave a company, work satisfaction, organizational citizenship behaviors or organizational affective commitment (Colquitt *et al.*, 2001). Organizational affective commitment is the connection between an individual and an organization, where people's sense of belonging makes them proud (Meyer and Allen, 1991).

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Organizational affective commitment is particularly important for NPOs in a context of scarce financial resources. Even though the crisis makes NPOs essential in the current downturn, it has also noticeably weakened them. NPOs are suffering from both the economic downturn and major cuts in public spending, which previously accounted for a significant share of their resources, and which have fallen sharply due to the squeeze on public funds (Kearns et al., 2014). Strong employee involvement with the values, missions and goals is therefore essential to organizational success and survival of the organization (Ridder and McCandless, 2010). When employees are affectively committed to their organization, they stay in the organization because they want to and they are more likely to exhibit organization-serving behaviors. Affectively committed employees tend to work longer hours to serve the mission of the organization they feel they belong to. It also partially frees managers from the constraints of their supervisory role, allowing them to concentrate on other organizational missions. Thus, organizational affective commitment is particularly vital for NPOs in a competitive environment characterized by drastically reduced state funding (Alatrista and Arrowsmith, 2004).

#### 2.3 Distributive justice and organizational affective commitment in NPOs

The relationship between distributive justice and organizational affective commitment has been demonstrated many times (Meyer *et al.*, 2002; Colquitt *et al.*, 2013). The relationship can be explained in terms of social exchange and reciprocity (Gouldner, 1960; Blau, 1964). According to social exchange theory, there are two kinds of exchange: economic and social (Cropanzano and Mitchell, 2005). Economic exchange is short-term and focusses exclusively on the individual interests of the parties involved. Social exchange, by contrast, is of a different type. Contrarily to economic exchange, it is not impersonal. Moreover, it concerns an exchange that is not settled a priori. When an organization rewards its employees fairly, they can interpret it as the company is taking care of them (Masterson *et al.*, 2000). This is the first stage of the exchange. Several resources can be exchanged (Foa and Foa, 1980) such as predictability, status and morality. Each of them relates to an explanation of the effects of distributive justice.

In general, there are three reasons why employees who feel that their remuneration is fair will desire to be affectively committed to their organization (Cropanzano *et al.*, 2007). The first is instrumental and stems from the way that justice leads to better control and greater predictability of future income (Tyler, 1987). Another explanation is relational in nature, based on the idea that receiving justice reveals high status within the group (Lind and Tyler, 1988; Tyler and Lind, 1992). Lastly, on a deontological plane, justice attests to the presence of morality within the organization (Folger, 1998). For these three reasons and the object exchanged involved each time, employees who are satisfied that they are being treated fairly will want to reciprocate. In a spirit of social exchange (Blau, 1964), they will respond to the company by voluntarily offering it their organizational affective commitment. To our knowledge, despite the importance of being committed to an organization, no empirical study has found a direct link between different forms of distributive justice and organizational affective commitment.

The link between individual distributive justice and organizational affective commitment has been demonstrated empirically many times (Loi *et al.*, 2006; Andrews *et al.*, 2008). However, due to the peculiarities of NPOs, care must be taken not to extend results obtained from private companies to this kind of organization (Beck *et al.*, 2008). As far as we know, the relationship between internal and external distributive justice and organizational affective commitment still needs more evidence whatever the type

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of organization. For internal and individual distributive justice, a positive relationship might be expected with organizational affective commitment. In line with the instrumental theory of organizational justice, people's feeling of being paid inequitably compared to their colleagues (low internal distributive justice) can raise questions about their jobs' usefulness and future. Similarly, other kinds of uncertainty might occur if employees feel they are not paid as they may deserve (low individual distributive justice). It can raise questions about the organization's poor financial health that prevent it from offering competitive pay. In the highly competitive field of NPOs (Ridder and McCandless, 2010), whether it is a question of individual or internal distributive justice, the inability to control one's future within an organization – or the future of the structure itself – can harm organizational affective commitment. Second, the employees' feeling of being paid unfairly compared to their colleagues (internal distributive justice) or to what they think they deserve (individual distributive justice), may downgrade their own status compared to colleagues. It might then damage organizational affective commitment due to the fact that nonprofit employees specifically work for relational reasons and owing to working conditions (Light, 2003; Mosca et al., 2007). Lastly, from a deontological standpoint, nonprofit employees will be very disturbed if they sense that they are not being paid at their fair value in a case of low individual distributive justice perception. Indeed, compared to others, NPO employees have greater integrated regulation (engaging in an activity because of the valued outcomes that are fully integrated into his or her own value system) and identified regulation (engaging in an activity due to the personally meaningful outcomes) (De Cooman et al., 2011). They are thus particularly sensitive to the idea of justice, which is integrated into the mission and values of NPOs. This value of iustice is confirmed by Tortia (2008) who demonstrates empirically that NPO employees display greater internal distributive justice. This reflects a reality as NPOs usually have a lower wage disparity than other types of companies (Leete, 2000; Ben-Ner et al., 2011; Faulk et al., 2013). They can thus be particularly affected if the allocation of resources between them and their colleagues is unfair. For all these reasons, employees' organizational affective commitment might be undermined by the deficit in internal and individual distributive justice. Therefore, the following hypotheses are proposed:

- H1. Individual distributive justice is positively related to organizational affective commitment.
- H2. Internal distributive justice is positively related to organizational affective commitment.

For external distributive justice, it is possible to assume the absence of any relationship with organizational affective commitment. From an instrumental perspective, one explanation as to why external distributive justice might not affect organizational affective commitment can be found in the labor donation hypothesis (Preston, 1989). Some nonprofit employees may have chosen to earn less than they might expect from other companies (Narcy, 2011), because they may be less money-oriented than their counterparts in other sectors (De Cooman et al., 2011). In exchange for this monetary "sacrifice," employees can sustain their motivation by carrying out missions that are important to them because of the congruence with their own values (DeVaro and Brookshire, 2007). The inequitable treatment that they suffer compared to what they could earn in other companies has no major impact as this is something they take for granted. Their relative inability to control pay may therefore have no effect on their

organizational affective commitment, since it is precisely not what they were looking for in an NPO. From a relational perspective, external pay injustice might not affect their organizational affective commitment. Indeed, nonprofit employees may not perceive that they have less status in terms of this referent, due to the fact that some of them may interpret their relatively lower pay as an environmental constraint that reflects the NPO's lesser resources (Handy *et al.*, 2008). Lastly, from a deontological viewpoint, NPOs may not be automatically held responsible for pay inequalities involving external pay. Instead, this could be attributed to the general deterioration in their economic situation that affects each NPO differently given disparities between kind of organizations (Cunningham, 2001; Ohana *et al.*, 2013). Since employees may feel that NPOs do not have any particular intention of violating moral codes by offering low pay, external distributive justice might not affect organizational affective commitment. For all of these instrumental, relational and deontological reasons, it can be hypothesized that:

H3. External distributive justice is not related to organizational affective commitment.

#### 2.4 The mediating role of person-organization fit

The relationship between distributive justice and organizational affective commitment may well be mediated by person-organization fit. A fit between a person and its environment is defined as "the compatibility between an individual and a work environment that occurs when their characteristics are well matched" (Kristof-Brown et al., 2005, p. 281). More particularly, person-organization fit is "the compatibility between people and organizations that occurs when: (a) at least one entity provides what the other needs, or (b) they share similar fundamental characteristics, or (c) both" (Kristof, 1996, p. 4). There are thus several forms of fit: complementary fit and supplementary fit. Complementary fit occurs when the employee's characteristics fill a gap in the organization (demands-abilities fit) or the inverse (needs-supplies fit). Supplementary fit occurs when the employee and the organization are similar. Personorganization fit has mainly been studied in terms of the latter kind of fit. There are also several ways to define person-organization fit, including values, goals, norms, climate and culture congruence (Kristof, 1996). The most frequently assessed dimension of person-organization fit is value congruence (Kristof-Brown et al., 2005; Hoffman and Woehr, 2006). It corresponds to the similarity between organizational values and those of the employee.

When organizations reward their employees fairly, employees may feel that their values are the same as the organization's ones. Indeed, as previously noted, a fair allocation of resources can be considered as a gift. This gift shows that the organization can be considered as ethical, gives a high status to employees and shows some predictability. As these three characteristics are particularly important for NPO employees, the first stage of exchange on the part of the organization – fair rewards – leads to a better congruence of values between employees and the organization. Indeed, as NPOs are facing greater uncertainty at a time of crisis (Salamon, 2010), NPO workers particularly need to be secured and to restore their trust in the future (De Cooman *et al.*, 2011). NPOs may fulfill this need through the predictability coming from fair rewards which can lead to a better person-organization fit. Besides, because NPO workers need social contact and prefer to work with, and for, people (Schepers *et al.*, 2005), they are particularly attentive to the quality of interpersonal relations. Finally, NPO workers strongly identify with the social mission of the organization (Ridder and McCandless, 2010) that they value more when it is moral as helping others and serving the common

goal (Mann, 2006). When an organization allocates resources fairly, employees may therefore feel a greater person-organization fit through these three mechanisms.

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Moreover, individual attitudes and behaviors, such as organizational affective commitment, are determined by the degree of congruence between employees and organizations. Chatman's model of person-organization fit states that employees who fit with their organization are more likely to remain in the organization and develop organizational affective commitment. This link between person-organization fit and organizational affective commitment has also been found at the empirical level in numerous studies (e.g. Abbott *et al.*, 2005) and meta analyses (Verquer *et al.*, 2003).

Because of the arguments stated above, the paper hypothesizes that person-organization fit is a mediator for the two forms of distributive justice that might matter in NPOs:

- *H4.* Person-organization fit mediates the relationship between internal distributive justice and organizational affective commitment.
- H5. Person-organization fit mediates the relationship between individual distributive justice and organizational affective commitment.

#### 3. Methods

#### 3.1 Sample characteristics and procedure

Questionnaires were distributed to French employees of health and social services NPOs, such as retirement homes, child protection centers and homecare services. This is a very competitive market in which rivals include other NPOs, public sector organizations and/or private for-profit organizations. All of these NPOs receive state funding. Questionnaire respondents were all permanent staff members fulfilling administrative, medical or social tasks. The organizations were contacted at random or through personal contacts. Once they agreed to participate in the study, questionnaires plus pre-stamped return envelopes were distributed to employees. In total, 198 employees from 17 organizations sent back the questionnaire (return rate of 33 percent). The sample comprised 79 percent of females and 66 percent of respondents were under 46 years. In total, 24 percent of them had a higher education degree and 54 percent worked in the organization for more than three years.

#### 3.2 Measurement

Each item was responded to on a seven-point Likert-type scale with 1 = strongly disagree and 7 = strongly agree.

- 3.2.1 External distributive justice. Three items derived from Sweeney and McFarlin (2005) measured external distributive justice. The three items use three different referents: other NPOs, the public sector, the private sector. As an example, participants were asked to position themselves according to the following item: "My pay is fair considering what other places in the public sector pay for the same kind of work" Cronbach's  $\alpha$  is 0.93.
- 3.2.2 Individual distributive justice. Individual distributive justice was measured using Price and Mueller's (1986) five-items scale. An example item included was "I am fairly rewarded considering the responsibilities that I have" Cronbach's  $\alpha$  is 0.96.
- 3.2.3 Internal distributive justice. Internal distributive justice was measured using one item like in the four studies of Sweeney and McFarlin (2005). The item was: "My pay is fair considering what people in similar jobs in this agency are paid."

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We choose the same strategy as Sweeney and McFarlin (2005) of using one item only for several reasons. On one hand, even if using single item measures of constructs is not desirable, some research show that single item measure of construct such as pay satisfaction compare favorably to scaled items (Sweeney and McFarlin, 2005). On the other hand, given the limited space in our survey, such single item measure already used and validated in previous studies allows some economy in scale surveys.

- 3.2.4 Organizational affective commitment. Organizational affective commitment was measured with three items of a revised scale from Meyer *et al.* (1993), already used in a French-speaking context in Bentein *et al.* (2002). A sample item was: "this organization has a great deal of personal meaning for me" Cronbach's  $\alpha$  is 0.82.
- 3.2.5 Person-organization fit. Employees reported their subjective person-organization fit through Cable and DeRue's (2002) three-item scale. A sample item was: "The things that I value in life are very similar to the things that my organization values."
- 3.2.6 Control variables. Based on a review of the literature, four variables were identified that were expected to covary with the independent and dependent variables, and which should be controlled for in the data analysis. These included gender (Mathieu and Zajac, 1990), age (Lok and Crawford, 2001), organizational tenure (Mathieu and Zajac, 1990) and actual pay (Sweeney and McFarlin, 2005). As none of these control variables appeared to be significant in the following analysis, and because integrating control variables did not change any result, control variables were removed from subsequent analysis (Van Der Vegt et al., 2003).

#### 4. Results

Means, standard deviations, and correlations for the key study variables appear in Table I. The correlations are quite large confirming the links between the different kinds of justice perception.

The data were analyzed using SmartPLS (Ringle *et al.*, 2005). Before testing our hypotheses, convergent and discriminant validities of the justice constructs were estimated. To show discriminant validity, we proceeded in two stages. First, after the deletion of an organizational affective commitment item (loading = 0.49), the measurement items load highly on their theoretically assigned factor and less highly on other factors. Second, the square root of the AVE of each construct is much larger than the correlation of the specific construct with any of the other constructs in the model (Table I) (Chin, 1998). The square root of the AVE are also at least 0.5 (Fornell and Larcker, 1981). Convergent validity is shown since the AVEs are higher than 0.5 (Table I) (Henseler *et al.*, 2009). As all these conditions are verified, the hypotheses were then tested.

We run a first model in order to test the direct relationships between the justice dimensions and organizational affective commitment contained in H1, 2 and 3. The results displayed in Figure 1 shows that H1 and 3 are confirmed and that H2 is rejected. Indeed, only individual distributive justice is significantly linked to organizational affective commitment (B = 0.55, p < 0.01). As expected, the link between external distributive justice and organizational affective commitment is non-significant (B = 0.01, non-significant).

In order to test H4 and 5, we integrated in our model the mediator person-organization fit (Figure 2). Confirming the absence of link between internal distributive justice and organizational affective commitment, person-organizational fit does not mediate this relationship as there is no significant link between internal distributive justice and person-organizational fit (B = 0.16, non-significant). H4 can therefore be rejected.

After controlling for the direct relationship between individual distributive justice and organizational affective commitment, both the individual distributive justice and person-organization fit (B=0.46, p<0.01) and the person-organization fit and organizational affective commitment relationships (B = 0.39, p < 0.01) are positive and significant. The Sobel z-statistics equals 2.7 (p < 0.01) and confirms the mediation. H5 is thus confirmed. In order to assess whether the mediator has a substantive influence on the dependent variables, we calculated the effect size  $f^2$ . In our case,  $f^2 = 0.15$  which can be considered as a medium effect (Cohen, 1988). In total,  $r^2$  for person-organization fit equals 0.31 and  $r^2$  for organizational affective commitment equals 0.34.

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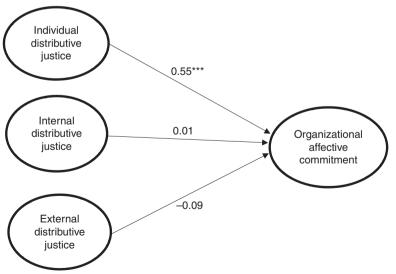
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#### 5. Discussion

#### 5.1 Contribution to theory

Given important financial cutbacks, most NPOs are facing increasing demands to become more efficient. Particularly, they aim to maximize employees' motivation and involvement, while minimizing their total wage bill (Ridder et al., 2012). Hence, it is imperative to identify pay comparison referents that have an effect on employee involvement. This study meets this challenge by demonstrating existing connections

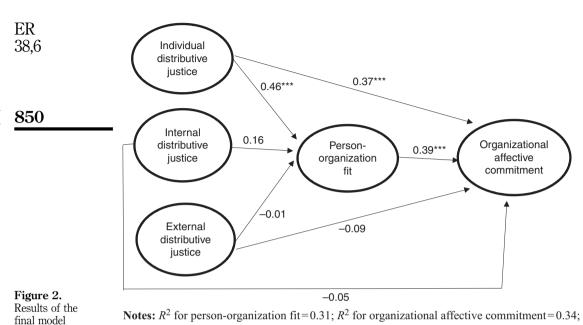
	Mean	AVE	SD	1	2	3	4
1. Individual DJ	3.9	0.76	1.6				
2. Internal DJ	4.8	1	1.8	0.58**	-		
3. External DJ	4.1 4.9	0.77 0.83	1.6 1.4	0.75** 0.48**	0.68** 0.26**	- 0.33**	
4. Org. aff. comm. 5. Person-org. fit	4.9 5.1	0.83	1.4	0.46**	0.20**	0.33**	0.53**
Notes: $n = 198. **p$		2.02	0	****	<b>-</b>		2.00



**Notes:**  $R^2$  for organizational affective commitment=0.24; \*\*\*p<1%

Figure 1. Results of the model involving justice and commitment

\*\*\*p<1%



between different forms of distributive justice stemming from different kinds of

between different forms of distributive justice stemming from different kinds of referents and organizational affective commitment. This enabled an exploration of the effects of individual, external and internal distributive justice.

We found that a single form of distributive justice impacts organizational affective commitment. The finding was that individual distributive justice alone related to organizational affective commitment. When people feel that they are fairly rewarded compared to what they deserve, they develop organizational affective commitment. The mechanism explaining this relationship can be described in terms of congruence between the employee and the organization. Indeed, the research found that person-organization fit mediates the link between individual distributive justice and organizational affective commitment. This finding, totally new for NPOs, reinforces the importance of ethical values, interpersonal relationships and predictability for NPO workers.

In line with the aforementioned hypotheses, external distributive justice did not impact upon organizational affective commitment in NPOs. The external distributive justice's lack of effect contradicted previous studies proclaiming the importance of this factor (Sweeney and McFarlin, 2005; Till and Karren, 2011). Although it matched the outcome of studies involving clerks (Law and Wong, 1998), this can be attributed to the specificity of the particular field of study. Social comparison theory (Festinger, 1954) expects people to compare themselves with others whom they find similar. It is possible that nonprofit employees estimated that people working in the private or public sectors were dissimilar because they had different jobs and working environments. Similarly, because the status and working conditions of nonprofit employees can be so variable, they might have felt very distant from their counterparts working in the same sector but another company. The feeling that they were dissimilar meant that nonprofit employees might not use these other people as referents.

A second major finding was that internal distributive justice had no effect on organizational affective commitment. This is surprising for several reasons. Given that individuals compare themselves with people similar to them, the literature has always talked about the significance of employees' colleagues in pay level comparisons (Sweeney and McFarlin, 2005). This effect has been reinforced by the characteristics of the population under study. In light of nonprofit employees' sensitivity to justice (Tortia, 2008), and because they are accustomed to a high degree of distributive justice in their organization (Leete, 2000), this population should normally be expected to resent any lack of equity within their organization. One potential explanation for internal distributive justice's lack of effect resides in the relationships among nonprofit employees. It has been shown that the selection of referents links to whatever information is available about potential referents (Goodman, 1974; Till and Karren, 2011). It is possible that nonprofit employees – who tend to be less attracted by pecuniary aspects – were unfamiliar with pay levels practiced within their organization.

These aforementioned findings on the link between different forms of justice and commitment are important for several reasons. First, regarding the justice literature, it shows that different kinds of distributive justice may have divergent consequences on attitudes and behaviors. In our study, we show that only individual distributive justice has consequences for organizational affective commitment in NPOs. It complements previous research on referents in the distributive justice literature (e.g. Sweeney and McFarlin, 2005). Indeed, it shows that the magnitude and significance of the effects of distributive justice relative to each referent may depend on the organizational context. More research that integrates different conceptualizations of justice is thus needed in order to fully understand the phenomenon. Moreover, as our conclusions differ from those obtained in for-profit companies, it confirms once more the importance of context in management research (Antonakis and Liden, 2009). Regarding the nonprofit literature, our study demonstrates that the conclusions obtained for for-profit companies are not systematically transferable to the nonprofit area (Beck et al., 2008). In our case, more than ever, the mission and cause of NPOs are central in allowing the best functioning of the organization.

This study also highlights the role that person-organization fit might play in the justice-commitment relationship. Whereas most studies explain the justice = commitment relationship in terms of social exchange (Lavelle et al., 2007), little is known about the content of the exchange (Foa and Foa, 1980). Questioning the content of the exchange is of primary importance, as it can shape the intensity of the potential social exchange. In our case, social exchange has to be considered conjointly with values fit considering the content of the exchange. Future research mixing literature on social exchange and personorganization fit is needed to uncover the exchange mechanism.

#### 5.2 Contribution to practice

One research aim was to help NPOs improve their understanding of the factors weighing upon employees' evaluation of their own pay. This understanding could be useful in creating more efficient compensation programs. For instance, incentive schemes such as performance-based pay have often been avoided (Speckbacher, 2013) because they are often considered to potentially destroy the high levels of intrinsic motivation found in NPOs (Deckop and Cirka, 2000). Yet, one trend in NPOs is to provide managerial methods that are directly imported from the for-profit sector (Dart, 2004). The present study has shown that this type of incentive is not necessarily negative for NPOs. The introduction of performance-related pay can also create inequalities due to the fact that pay can differ for one and the same job. But much in the

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same way as internal distributive justice within a company is not necessarily damaging to it, there is also the possibility of using this kind of incentives scheme. In order to use it in a positive way that does not diminish perceptions of individual distributive justice compared to past experiences in the company, incentive schemes can be used for new entrants in the company or employees willing to be rewarded in this way. Implicit incentives, that is ones that have not been defined contractually, will also be particularly efficient in NPOs because they are more flexible and easier to set up (Speckbacher, 2013).

A second implication of this study pertains to recruitment in NPOs, Increased competition from other NPOs, or for-profits, delivering health and social services has forced NPOs to develop specific competencies to generate income, which is indispensable to organizational survival. Recruitments are possible as long as financial efforts are made to attract rare human resources. Introducing a pay gap to attract qualified employees is not problematic since it has no real impact on current employees' perceptions of individual justice, which in turn affects attitudes at work, There is also the fact that its effects on internal distributive justice do not have any real consequences. With the same idea in mind and for similar reasons, there is no reason to fear that cohabitation with volunteers - which can be problematic due to pay disparities (Valéau et al., 2012) – will influence nonprofit employees' motivation levels. Another consequence of our study relative to recruitment is the crucial role that candidates' values should play. Indeed, the better the fit between an employee's values and those of the organization, the better an employee's attitude will be at work. The mission and cause of the NPO must therefore be central to the recruitment process. Its fit with the candidate's values should be a decisive criterion for selection.

Lastly, to retain employees in NPOs, the study has shown that it is not necessary to align pay with the for-profit sector, due to the fact that nonprofit employees do not use their private sector counterparts as pay referents. NPO managers may then use several different tools. For instance, developing good working conditions or personal and professional development through training (both of which are expected by NPO staff) can be just as efficient and are less costly. Finally, maintaining a positive ethical context based on the respect of shared values enhances positive job attitudes (Valentine *et al.*, 2011). As nonprofit employees strongly identify with the social mission that reflects organizational values, focussing on it and ensuring that employees buy into it is a strong source of motivation, as well as a good way of retaining employees in NPOs (Besley and Ghatak, 2005; Speckbacher, 2013).

#### 6. Limitations and future directions

This study demonstrates that individual distributive justice only is significantly linked to organizational affective commitment in the specific context of French health and social services NPOs. It provides key findings in research on nonprofit human resources management, particularly in terms of recruitment and retention, which represent challenging issues for NPOs.

The study has a number of limitations, each of which justifies future research. These include the use of self-reporting, which can introduce common method bias (Podsakoff *et al.*, 2003). Using other data compilation methods should help to control study findings and fine-tune understanding of the referents chosen for nonprofit employees. Indeed, as in other studies (Berkowitz *et al.*, 1987), external referents were loaded here on one and the same factor. Using scenarios where individuals would have to say what they think about pay differences based on well identified referents (cf. Till and Karren, 2011) should enable

a more concise vision of the various ways in which referents can be accounted for. It would also make it possible to split external comparisons, depending on whether they involve the public sector, for-profit private sector or other NPOs.

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A second area of improvement is related to the type of distributive justice in question. As with most studies, we used distributive justice based on an idea of equity, that is injecting proportionality between outcome and contribution (Adams, 1963). Two other allocation rules are likely to be preferable to nonprofit employees (Cropanzano et al., 2007), who fulfill a social mission to fight injustice and may therefore be sensitive to whether resource allocation rules are based on a principle of equality or meant to reflect people's needs. Equality intimates that each person receives the same reward whereas a needs-based rule suggests that pay translates individual needs. Other studies incorporating and comparing such allocation rules should be conducted within the nonprofit sector. Moreover, in this study, we did not control for the relative standing of the employee compared to the level of pay in its organization. Further research could incorporate the control variables of average pay or pay dispersion in each organization, which might make a difference to the results. For example, employees might likely view pay as fair or unfair compared to others within the organization, depending on how low or high their reference points are (Buunk and Gibbons, 2007). In the same vein, future research may control for awareness of effective pay differences within the organization.

Lastly, the study tests the direct effect of justice on organizational affective commitment. In a changing world filled with NPOs which status levels can differ widely (and which feature a variety of employee categories), incorporating contextual variables represents a logical extension of this relationship. Among the moderating variables that are likely to affect the relationship, those individuals with the highest hierarchical positions – and who unsurprisingly have more information about market pay levels – may well be the ones who are most sensitive to external distributive justice (Kulik and Ambrose, 1992; Handy et al., 2008).

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Corresponding author

Marc Ohana can be contacted at: marc.ohana@kedgebs.com