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Beyond Pay: Organizational Justice and Perceived Support as the Pathways Linking Compensation Satisfaction to Employee Performance and Retention Intentions in Ghana's Public Sector

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Research Article

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Abstract

Purpose: In resource-constrained economies, organizations cannot solely depend on wage increases for staff retention and motivation. This study explores the role of compensation satisfaction in affecting employee performance and retention intentions, investigating whether its impact is direct or mediated through employees' perceptions of justice, perceived organizational support, and psychological safety.

Design/methodology/approach: An online cross-sectional survey was completed by 203 employees of public sector organisations in the Bono Region of Ghana, spanning academic, administrative, managerial, and general staff. Confirmatory factor analysis established the measurement model, and hypotheses were tested with hierarchical regression and percentile bootstrap tests of indirect effects (5,000 resamples).

Findings: Compensation satisfaction positively correlates with performance (r = .48) and retention intention (r = .72). Organizational justice significantly contributes to these outcomes, explaining 21.3% of performance variance and 14.1% of retention variance beyond compensation. Perceived organizational support and psychological safety partially mediate the justice influence, with a sequence of pay → justice → support affecting outcomes. When controlling for justice and support, compensation satisfaction shows no unique link to retention intentions and a negative relation to self-rated performance (β = −.35). Overall, the models account for 49.2% of performance variance and 68.7% of retention variance, with procedural justice linked to retention and interactional justice to performance.

Research limitations/implications: The cross-sectional, single-source design, self-rated performance, and strong empirical overlap among pay satisfaction and justice facets limit causal inference. Time-lagged, multi-source designs are needed.

Practical implications: When public-sector pay is fixed centrally, managers can still protect performance and retention. They can achieve this by ensuring reward decisions are procedurally fair, respectfully communicated, and backed by a supportive, safe work environment

Originality/value: This study reframes compensation as a justice signal rather than a stand-alone motivator, specifies a sequential pay → justice → support/safety pathway, and offers evidence from an under-researched sub-Saharan African public-sector workforce.

1. Introduction

Retaining capable employees and sustaining their performance remain central concerns of human resource management (HRM). For many organisations, compensation is the first lever pulled: salaries, allowances, and benefits are expected to attract staff, retain them, and motivate effort. In sub-Saharan Africa, this lever is often stiff. Public-sector and education employers in Ghana, for example, operate under centrally determined pay structures and recurrent budget constraints, and pay has repeatedly been identified as a critical driver of teachers' and academic staff's intentions to leave (Brako, 2024; Kuuyelleh

et al., 2022). When managers cannot raise pay at will, the practical question becomes whether anything else in the employment relationship can do the work that pay is assumed to do.

A growing body of evidence suggests that it can. Meta-analytic work shows that overall organizational justice is among the strongest attitudinal correlates of turnover intention (Özkan, 2023), and studies across African settings report that employees' responses to pay depend heavily on whether reward processes are perceived as transparent and fair and whether the organisation is seen as supportive (Stofberg et al., 2022; Tetteh et al., 2020). Research on psychological safety likewise shows that a climate in which employees feel able to speak up without fear sustains engagement and performance and reduces intentions to quit (Edmondson & Bransby, 2023; Hebles et al., 2022; Sobaih et al., 2022). Yet, these literatures have developed in parallel. Compensation studies typically treat pay satisfaction as a direct antecedent of retention (Nam, 2024), justice studies treat fairness as a direct antecedent of outcomes (Amoa-Gyarteng & Dhliwayo, 2024), and support studies treat perceived organizational support as a separate resource (Stinglhamber & Caesens, 2020). Less is known about how these elements fit together: whether pay satisfaction affects outcomes, or whether it matters mainly because it is read as information about fairness and about whether the organisation values its people.

This study addresses this gap. Grounded in social exchange theory (Ahmad et al., 2023) and organizational justice theory (Özkan, 2023), it proposes and tests a sequential pathway in which compensation satisfaction shapes employees' justice perceptions, which in turn shape perceived organizational support and psychological safety (POS/PS), and these in turn shape employee performance and retention intentions. Three research questions guide the analysis: (1) Does compensation satisfaction predict performance and retention intentions? (2) Does organizational justice explain variance in these outcomes beyond pay? (3) Do justice perceptions and POS/PS carry the effects of pay and fairness to the outcomes?

This study makes three contributions. First, it shows that much of pay's association with performance and retention is transmitted through justice perceptions, reframing compensation as a fairness signal rather than an independent motivator; once fairness and support are held constant, pay satisfaction adds nothing to retention and is negatively related to self-rated performance. Second, it shows that justice shapes both outcomes directly and through perceived support and psychological safety, and that different facets of fairness matter for different outcomes: procedural justice for retention and interactional justice for performance. Third, it extends this line of enquiry to public-sector employees in Ghana's Bono Region, a context in which constrained pay budgets make non-financial levers especially consequential and in which empirical HRM evidence remains comparatively scarce (Akpey-Mensah, 2020; Kuuyelleh et al., 2022).

2. Theoretical background and hypotheses

2.1 Social exchange as the organizing logic

Social exchange theory (SET) holds that employment relationships are sustained by reciprocal, partly unspecified obligations. When an organisation provides valued resources, employees reciprocate with effort, loyalty, and continued membership; when resources or treatment fall short, reciprocity weakens (Ahmad et al., 2023). Recent reviews stress that exchanges are not only economic but also social and psychological, operating through employees' understanding of how the organisation regards them (Ahmad et al., 2023). This broadened view is central to the present model. Pay is an economic resource, but its meaning is social: it tells employees how their contributions are judged relative to others and whether the organisation deals with them in good faith. Justice perceptions and perceived support are the channels through which such meanings are formed.

2.2 Compensation satisfaction and employee outcomes

Compensation satisfaction refers to employees' overall evaluation of their pay level, benefits, and pay administration. Within SET, satisfactory pay signals that the organisation is honouring its side of the exchange, which should strengthen employees' motivation to perform and their wish to stay. Empirical studies consistently link pay satisfaction to lower turnover intention and higher commitment, including among health and public-service workers in developing economies (Nam, 2024) and teachers and academics in Ghana (Brako, 2024; Kuuyelleh et al., 2022). Pay is also the most visible element of the exchange, so its absence or inadequacy is readily perceived. Accordingly:

H1a: Compensation satisfaction is positively related to employee performance.

H1b: Compensation satisfaction is positively related to retention intention.

2.3 Organizational justice beyond pay.

Organizational justice comprises distributive justice (fairness of outcomes), procedural justice (fairness of the processes by which outcomes are determined), and interactional justice (respect, dignity, and adequate explanation in interpersonal treatment). Across 83 effect sizes, Özkan (2023) found that overall justice had the strongest negative association with turnover intention, with distributive, procedural, and interactional dimensions contributing. Justice is also associated with higher performance: among Ghanaian SMEs, Amoa-Gyarteng and Dhliwayo (2024) reported a positive justice–performance link conditioned by leadership quality, and justice has been shown to buffer the damaging effects of job stressors on performance (De Angelis et al., 2021).

Justice should matter beyond pay satisfaction because it captures information that pay levels alone do not. An employee may accept modest pay if allocation rules are applied consistently and decisions are explained respectfully; however, they may become disaffected even with adequate pay if decisions appear arbitrary or demeaning. Evidence from South Africa shows that pay transparency reduces turnover intention through perceived justice and support, rather than directly (Stofberg et al., 2022). Thus:

H2a: Organizational justice explains the variance in employee performance beyond compensation satisfaction.

H2b: Organizational justice explains the variance in retention intentions over and above compensation satisfaction.

2.4 Justice as the pathway through which pay operates.

If pay is meaningful chiefly as a fairness signal, then compensation satisfaction should influence outcomes through justice perceptions. Employees satisfied with their pay tend to infer that allocation rules are equitable and that decision-makers act in good faith; these fairness judgements, rather than the pay level itself, sustain reciprocity. Studies of pay raises and pay transparency support this reasoning: what shapes retention is less the reward than how fairly it is perceived to be determined and communicated (Stofberg et al., 2022). Hence:

H3a: Organizational justice mediates the relationship between compensation satisfaction and employee performance.

H3b: Organizational justice mediates the relationship between compensation satisfaction and retention intention.

2.5 Perceived support and psychological safety as the relational mechanism

Perceived organizational support (POS) is employees' belief that the organisation values their contributions and cares about their well-being (Stinglhamber & Caesens, 2020). Psychological safety is the shared belief that it is safe to take interpersonal risks, such as voicing concerns, admitting errors, or proposing ideas (Edmondson & Bransby, 2023). Although conceptually distinct, both describe the relational quality of the employment relationship: whether employees feel valued and secure. In this study, they were measured as a single climate indicator (POS/PS).

Fair treatment is a primary antecedent of POS because fair procedures and respectful treatment signal that the organisation regards employees as worthy partners (Stinglhamber & Caesens, 2020). Fairness also lowers the perceived risk of speaking up, fostering psychological safety; supportive leadership and well-designed HR systems build safety, which then drives voice and constructive behaviour (Jabbar et al., 2023). POS/PS is linked to performance and retention: psychological safety has been associated with higher job performance and engagement (Sasaki et al., 2022), and it mediates the effects of leadership and stress on turnover intention (Hebles et al., 2022; Nguyen et al., 2023; Sobaih et al., 2022). In Ghana, POS reduces turnover intention by lowering job stress and strengthening affective commitment (Tetteh et al., 2020). Therefore:

H4a: POS/PS mediates the relationship between organizational justice and employee performance.

H4b: POS/PS mediates the relationship between organizational justice and retention intention.

Taken together, the hypotheses describe a sequential pathway from compensation satisfaction to justice, from justice to POS/PS, and from POS/PS to performance and retention (Fig. 1), as follows:

3. Methods

3.1 Design, setting, and participants

This study used a quantitative, cross-sectional survey design. The study population comprised employees of public-sector organisations in the Bono Region of Ghana. Participants were drawn from several public-sector organisations rather than a single employer, which allowed the sample to reflect a range of occupational groups and work settings within the public service. Employees were selected for invitation by random sampling. Data were collected with a self-administered online questionnaire built in Google Forms over four days, from October 6 to 9, 2026. Because an online survey link can be forwarded beyond the original invitees, the number of employees who received the invitation could not be fixed precisely, and a response rate is therefore not reported. In total, 204 responses were received, none of which contained missing values. One response was an exact duplicate of a submission made three minutes earlier, with identical demographic details and identical answers to all items, and was removed as a probable double submission, leaving 203 responses for analysis.

The responses were screened for careless answers. Thirteen respondents (6.4%) provided the same answers to all 19 substantive items (straight-lining). Because uniform responding can reflect genuine attitudes on short scales, these cases were retained in the main analyses, and all models were re-estimated without them as a sensitivity check (Section 4.5).

The study was approved by the Ethics Review Board of the Catholic University of Ghana. Participation was voluntary and anonymous. The respondents were informed of the study's purpose, assured that their responses would be used only for research and reported in aggregate, and told that they could withdraw at any time; submission of the online questionnaire was taken as informed consent.

Table 1 summarises the sample. Men and women were equally represented (48.8% and 47.8%; 3.4% preferred not to state their gender). Length of service was spread across all bands: 29.1% had served for more than 10 years and 17.7% for less than one year. Teaching/academic staff formed the largest group (42.9%), followed by other/general staff (27.1%), non-teaching/administrative staff (16.7%), and management/supervisory staff (13.3%), giving the sample a cross-occupational profile.

Table 1
Demographic profile of respondents (*N* = 203)

Variable	Category	*n*	%
Gender	Male	99	48.8
	Female	97	47.8
	Prefer not to say	7	3.4
Length of service	Less than 1 year	36	17.7
	1–3 years	27	13.3
	4–6 years	43	21.2
	7–10 years	38	18.7
	More than 10 years	59	29.1
Employment category	Teaching/academic staff	87	42.9
	Non-teaching/administrative staff	34	16.7
	Management/supervisory	27	13.3
	Other/general staff	55	27.1

Note. Percentages may not sum to 100 because of rounding errors.

3.2 Measures

All items were rated on five-point Likert scales (1 = *strongly disagree*, 5 = *strongly agree*) and were adapted from established, validated instruments, with wording adjusted to the Ghanaian public-sector context. These instruments remain widely used in recent compensation, justice, support, and retention research (e.g., Nam, 2024; Özkan, 2023; Sasaki et al., 2022; Stofberg et al., 2022; Tetteh et al., 2020). Scale scores were computed as item means. Reliability and validity statistics are reported in Table 2.

- **Compensation satisfaction (CS)** was measured using four items adapted from the Pay Satisfaction Questionnaire (Heneman & Schwab, 1985), covering satisfaction with pay level, benefits, and pay administration (α = .932).
- **Organizational justice (OJ)** was measured using seven items adapted from Colquitt's (2001) organizational justice measure, covering distributive justice (two items; α = .868), procedural justice (three items; α = .898), and interactional justice (two items; α = .845). The seven items formed an overall justice composite (α = .943).
- **Perceived organizational support and psychological safety (POS/PS)**were measured using three items adapted from the Survey of Perceived Organizational Support (Eisenberger et al., 1986) and Edmondson's (1999) psychological safety scale, capturing feeling valued, cared for, and safe to speak up (α = .899).

- **Employee performance (EP)** was self-reported using two items adapted from Williams and Anderson (1991), which captured in-role task accomplishment and extra-role effort (α = .893).
- **Retention intention (RI)**was measured with three items adapted from Kim et al. (1996), capturing the intention to remain with the organisation (α = .878).

3.3 Analytical strategy

The analyses proceeded in five steps. First, the measurement model was evaluated using CFA and maximum likelihood estimation, specifying seven correlated factors (CS, distributive, procedural and interactional justice, POS/PS, EP, and RI). Fit was judged against conventional guidelines (CFI and TLI ≥ .90 acceptable, ≥ .95 good; RMSEA ≤ .08 acceptable; SRMR ≤ .08), and convergent and discriminant validity were assessed with composite reliability (CR), average variance extracted (AVE), latent correlations, and the heterotrait–monotrait ratio (HTMT). Second, descriptive statistics and Pearson correlations were computed. Third, hierarchical ordinary least squares (OLS) regression was used for each outcome on standardised scale scores, entering compensation satisfaction (Step 1), organizational justice (Step 2), and POS/PS (Step 3); the change in R^2 at Step 2 tests H2. The Step 3 models were also estimated on unstandardised scores. Fourth, indirect effects (H3, H4), including the serial CS → OJ → POS/PS → outcome effect, were estimated using the product-of-coefficients approach and tested with percentile bootstrap 95% confidence intervals based on 5,000 resamples (Hayes, 2022); an indirect effect was considered significant when its interval excluded zero. In tests of H4, compensation satisfaction was retained as a covariate so that the justice → POS/PS → outcome pathway was estimated net of pay. Fifth, robustness was examined by entering the justice facets separately, adding demographic controls, and excluding straight-lining respondents. Analyses were conducted in Python using the pandas, stats models, and semopy libraries.

3.4 Statistical power, multicollinearity, and common method variance

With N = 203 and three predictors, the study had power of .89 to detect a small-to-medium unique effect of a single predictor (f^2 = .05) at α = .05, although power for small effects (f^2 = .02) was limited (.52). Variance inflation factors in the full models were 3.60 (CS), 4.52 (OJ), and 3.81 (POS/PS), below the conventional threshold of 5; when the three justice facets were entered separately, the largest VIF was 5.13 (procedural justice); therefore, facet-level estimates should be interpreted cautiously. Because all variables were self-reported at one time point, common method variance may have inflated the correlations (Podsakoff et al., 2024). Procedural remedies included anonymity, separation of the questionnaire into distinct sections for each construct, and the assurance that there were no right or wrong answers; temporal separation of predictors and outcomes was not available in this design. In Harman's single-factor test, an unrotated principal components solution yielded two components with eigenvalues above 1, and the first accounted for 65.4% of the item variance, above the conventional 50% benchmark. However, a one-factor CFA model fitted the data far worse than the hypothesised seven-factor model ($\Delta\chi^2$ (21) = 487.00, p< .001; Table 3), indicating that a single method factor does not

account for the data. A dominant first factor is partly expected when constructs as closely related as pay satisfaction, justice, and support are measured together (Podsakoff et al., 2024), but common method variance cannot be ruled out, and the estimates should be interpreted with caution.

4. Results

4.1 Measurement model

The seven-factor CFA model showed acceptable fit overall (χ^2 (131) = 332.55, $p < .001$; CFI = .949; TLI = .933; RMSEA = .087; SRMR = .038): CFI and SRMR met conventional criteria, while TLI and RMSEA were adequate but marginally so. As shown in Table 2, all standardised loadings were high (.754–.926, $p < .001$). Composite reliability ranged from .849 to .933, and AVE from .718 to .812, exceeding the .70 and .50 benchmarks and supporting convergent validity.

Discriminant validity was weaker. The latent correlation between procedural and interactional justice was .99 (HTMT = .99), indicating that respondents did not distinguish these two facets. Compensation satisfaction and distributive justice correlated at .91 (HTMT = .90), and several HTMT values among compensation satisfaction, the justice facets, and POS/PS lay between .81 and .90, above the stricter .85 threshold. Alternative models nonetheless fitted significantly worse than the seven-factor model (Table 3): combining compensation satisfaction with distributive justice ($\Delta\chi^2(6) = 48.12$, $p < .001$), combining the three justice facets ($\Delta\chi^2(11) = 86.89$, $p < .001$), and collapsing all items onto one factor ($\Delta\chi^2(21) = 487.00$, $p < .001$). The constructs are therefore statistically separable but empirically close. On this basis, the main analyses used the overall justice composite, and facet-level results are reported only as supplementary evidence.

Table 2
Measurement model: standardized loadings, reliability, and convergent validity

Construct	Item	Loading	α	CR	AVE
Compensation satisfaction (CS)	CS1	.889	.932	.933	.778
	CS2	.868			
	CS3	.872			
	CS4	.898			
Distributive justice (DJ)	DJ1	.893	.868	.870	.770
	DJ2	.861			
Procedural justice (PJ)	PJ1	.853	.898	.899	.749
	PJ2	.828			
	PJ3	.912			
Interactional justice (IJ)	IJ1	.820	.845	.849	.738
	IJ2	.897			
POS and psychological safety (POS/PS)	POS1	.899	.899	.900	.750
	POS2	.843			
	POS3	.856			
Employee performance (EP)	EP1	.926	.893	.896	.812
	EP2	.876			
Retention intentions (RI)	RI1	.903	.878	.884	.718
	RI2	.754			
	RI3	.877			

Note.N = 203. Seven-factor confirmatory factor analysis; all loadings significant at $p < .001$. α = Cronbach's alpha; CR = composite reliability; AVE = average variance extracted. The overall organizational justice composite (DJ, PJ, and IJ items combined) had α = .943.

Table 3
Comparison of measurement models

Model	χ^2	*df*	CFI	TLI	RMSEA	$\Delta\chi^2$ (Δdf)
Seven-factor (hypothesized)	332.55	131	.949	.933	.087	—
Six-factor: CS and DJ combined	380.67	137	.938	.922	.094	48.12 (6)
Five-factor: DJ, PJ and IJ combined	419.43	142	.929	.915	.098	86.89 (11)
One-factor (all items)	819.55	152	.829	.808	.147	487.00 (21)

Note.N = 203. $\Delta\chi^2$ relative to the seven-factor model. The SRMR was .038 for the seven-factor model and .063 for the one-factor model. $***p < .001$.

4.2 Descriptive statistics and correlations

Table 4 presents descriptive statistics and correlations. All construct means lay above the scale midpoint, ranging from 3.28 to 3.66. Compensation satisfaction and distributive justice were the lowest-rated constructs (both $M = 3.28$), indicating that pay and the fairness of pay outcomes were the least favourably evaluated aspects of the employment relationship. Interactional justice was the highest-rated justice facet ($M = 3.50$), self-rated performance was the highest-scoring construct ($M = 3.66$), and retention intentions were moderately positive ($M = 3.52$). All correlations were positive and significant ($p < .001$). Compensation satisfaction correlated with performance ($r = .48$) and retention intentions ($r = .72$), supporting H1a and H1b at the bivariate level. Organizational justice correlated more strongly than pay with performance ($r = .65$) and with retention intentions ($r = .81$), and POS/PS correlated .65 with performance and .78 with retention.

Table 4
Descriptive statistics and Pearson correlations

Variable	*M*	*SD*	1	2	3	4	5	6	7	8
1. CS	3.28	1.03	(.93)							
2. DJ	3.28	1.02	.82	(.87)						
3. PJ	3.36	0.97	.78	.78	(.90)					
4. IJ	3.50	0.96	.73	.74	.87	(.85)				
5. OJ	3.38	0.92	.83	.89	.96	.93	(.94)			
6. POS/PS	3.39	1.00	.80	.79	.78	.79	.84	(.90)		
7. EP	3.66	0.98	.48	.57	.60	.66	.65	.65	(.90)	
8. RI	3.52	1.02	.72	.70	.80	.75	.81	.78	.65	(.88)

Note.N = 203. Cronbach's alpha is presented on the diagonal in parentheses. All correlations were significant at $p < .001$. OJ is a composite of DJ, PJ, and IJ, and its correlations with these dimensions are part–whole correlations.

4.3 Hierarchical regression

Table 5 reports the hierarchical models. At Step 1, compensation satisfaction predicted performance (β = .48, $p < .001$; $R^2 = .226$) and retention intentions (β = .72, $p < .001$; $R^2 = .523$), supporting H1a and H1b. Adding organizational justice at Step 2 substantially increased the explained variance in performance ($\Delta R^2 = .213$, $\Delta F(1, 200) = 75.99$, $p < .001$) and retention intentions ($\Delta R^2 = .141$, $\Delta F(1, 200) = 83.71$, $p < .001$). Justice was a strong predictor of both outcomes (β = .83 and .67), supporting H2a and H2b. At this step, the coefficient for compensation satisfaction fell to a small positive value for retention (β = .16, $p = .027$) and became negative for performance (β = −.21, $p = .026$). Adding POS/PS at Step 3 explained further variance in performance ($\Delta R^2 = .053$, $p < .001$) and retention intentions ($\Delta R^2 = .023$, $p < .001$).

Table 5
Hierarchical regression of employee performance and retention intentions (standardized coefficients)

Step and predictor	Employee performance β	Retention intentions β
Step 1		
Compensation satisfaction	.476∗∗∗	.723∗∗∗
R^2	.226	.523
F (1, 201)	58.86∗∗∗	220.68∗∗∗
Step 2		
Compensation satisfaction	−.213∗	.164∗
Organizational justice	.829∗∗∗	.674∗∗∗
R^2	.439	.664
ΔR^2	.213∗∗∗	.141∗∗∗
Δ*F* (1, 200)	75.99∗∗∗	83.71∗∗∗
Step 3		
Compensation satisfaction	−.353∗∗∗	.071
Organizational justice	.568∗∗∗	.500∗∗∗
POS/PS	.449∗∗∗	.299∗∗∗
R^2	.492	.687
ΔR^2	.053∗∗∗	.023∗∗∗
Δ*F* (1, 199)	20.72∗∗∗	14.91∗∗∗
Note.N = 203. Coefficients were estimated usingstandardised scale scores. ∗*p*< .05, ∗∗∗*p*< .001.		

Table 6 presents the full models. For performance (R^2 = .492, adjusted R^2 = .485, $F(3, 199) = 64.33$, $p < .001$), organizational justice ($B = 0.604$, β = .568, p < .001), and POS/PS ($B = 0.439$, β = .449, $p < .001$) were positive predictors, while compensation satisfaction had a significant negative coefficient ($B = -0.335$, β = −.353, $p < .001$). For retention intentions (R^2 = .687, adjusted R^2 = .683, $F(3, 199) = 145.87$, $p < .001$), organizational justice ($B = 0.554$, β = .500, $p < .001$) and POS/PS ($B = 0.305$, β = .299, $p < .001$) were significant, while compensation satisfaction was not (β = .071, $p = .349$). Because compensation satisfaction correlated positively with performance ($r = .48$) but negatively once justice and support were controlled, it acts as a suppressor variable: the negative coefficient describes the part of pay satisfaction that is not shared with fairness and support perceptions, not the overall effect of pay, which is positive.

Table 6
Full OLS regression models (unstandardized and standardized estimates)

Outcome and predictor	*B*	*SE*	β	*t*	*p*
Model 1: Employee performance — R^2 = .492, adj. R^2 = .485, *F* (3, 199) = 64.33, *p*< .001					
(Constant)	1.233	0.190	—	6.490	< .001
Compensation satisfaction	−0.335	0.091	−.353	−3.683	< .001
Organizational justice	0.604	0.114	.568	5.291	< .001
POS/PS	0.439	0.097	.449	4.552	< .001
Model 2: Retention intentions — R^2 = .687, adj. R^2 = .683, F (3, 199) = 145.87, p< .001					
(Constant)	0.388	0.155	—	2.492	.014
Compensation satisfaction	0.070	0.074	.071	0.939	.349
Organizational justice	0.554	0.093	.500	5.934	< .001
POS/PS	0.305	0.079	.299	3.862	< .001

Note.N = 203. *B* = unstandardised coefficient; β = standardised coefficient. VIFs: CS = 3.60, OJ = 4.52, POS/PS = 3.81.

4.4 Indirect effects

Table 7 reports the indirect effects. Compensation satisfaction had significant indirect effects through organizational justice on performance (indirect effect = .689, 95% bootstrap CI [.505, .883]) and retention intentions (.560, 95% CI [.406, .722]), supporting H3a and H3b. For retention, the direct effect of pay remained positive (β = .164, *p* = .027), indicating partial mediation, with justice carrying about 77% of pay's total effect. For performance, the indirect effect exceeded the total effect (β = .476) because the direct effect was negative (β = −.213, *p* = .026), a pattern of competitive (inconsistent) mediation: pay satisfaction relates to performance positively through fairness perceptions, but the remaining, non-fairness component of pay satisfaction relates to performance negatively.

Controlling for compensation satisfaction, organizational justice had significant indirect effects through POS/PS on performance (.261, 95% CI [.107, .413]) and retention intentions (.174, 95% CI [.052, .280]), supporting H4a and H4b. Justice also retained significant direct effects on both outcomes (β = .568 and .500, *p*< .001), so POS/PS partially mediated these relationships, carrying about 31% of justice's effect on performance and 26% of its effect on retention. The serial pathway from compensation satisfaction through justice and then POS/PS was significant for both performance (.217, 95% CI [.087, .347]) and retention intentions (.144, 95% CI [.043, .235]). Figure 2 summarises the estimated pathways.

Table 7
Indirect effects with percentile bootstrap confidence intervals (standardized)

Path	*a*	*b*	Indirect (*ab*)	Boot *SE*	95% boot CI	Direct (*c*')	Mediation
CS → OJ → EP	.831∗∗∗	.829∗∗∗	.689	.096	[.505, .883]	−.213∗	Competitive
CS → OJ → RI	.831∗∗∗	.674∗∗∗	.560	.081	[.406, .722]	.164∗	Partial
OJ → POS/PS → EP†	.582∗∗∗	.449∗∗∗	.261	.078	[.107, .413]	.568∗∗∗	Partial
OJ → POS/PS → RI†	.582∗∗∗	.299∗∗∗	.174	.059	[.052, .280]	.500∗∗∗	Partial
CS → OJ → POS/PS → EP			.217	.066	[.087, .347]		Serial
CS → OJ → POS/PS → RI			.144	.050	[.043, .235]		Serial

Note.N = 203; 5,000 bootstrapsresample. *a* = predictor → mediator; *b* = mediator → outcome, controlling for predictor; *c*' = direct effect. An indirect effect is significant when the confidence interval excludes zero. Competitive mediation: significant indirect and direct effects of the opposite sign. † Controlling for compensation satisfaction. ∗*p*< .05, ∗∗∗*p*< .001.

4.5 Supplementary and robustness analyses

Justice facets. When distributive, procedural, and interactional justice were entered separately alongside compensation satisfaction and POS/PS, different facets predicted different outcomes. For retention intentions (R^2 = .699), procedural justice was the only facet with a significant unique effect (β = .401, *p*< .001), together with POS/PS (β = .328, *p*< .001). For performance (R^2 = .505), interactional justice was the only significant facet (β = .395, *p*< .001), together with POS/PS (β = .412, *p*< .001), while compensation satisfaction remained negative (β = −.326, *p* = .001) and distributive justice was marginal (β = .183, *p* = .065). Given the near-identity of procedural and interactional justice at the latent level, these facet-specific results should be regarded as suggestive.

Demographic controls. Adding gender, length of service and employment category did not change the substantive results. For performance, justice (β = .550), POS/PS (β = .418), and compensation satisfaction (β = −.332) remained significant (all *p* ≤ .001). For retention intentions, justice (β = .485, *p*< .001) and POS/PS (β = .296, *p*< .001) remained significant and compensation satisfaction did not (β = .045, *p* = .564). The study variables added 39.1% and 51.7% of explained variance, respectively, beyond the demographic controls.

Excluding straight-liners. Re-estimating all models without the 13 straight-lining respondents (N = 190) produced the same pattern. In the full models, compensation satisfaction remained negatively related to performance (β = −.352, p< .001) and unrelated to retention (β = .074, p = .344), justice (β = .547 and .490), and POS/PS (β = .444 and .296), and all four indirect effects remained significant, with bootstrap intervals excluding zero. The seven-factor CFA model fitted similarly (CFI = .949, TLI = .933, RMSEA = .085).

Group differences. Figure 3 plots both outcomes against organizational justice for respondents with lower and higher compensation satisfaction (median split) separately. In both groups, outcomes rose steeply with perceived justice, illustrating that fairness perceptions were associated with outcomes at every level of satisfaction. Figure 4 presents the outcome means by length of service and employment category. Performance differed by length of service (F (4, 198) = 4.30, p = .002), with the lowest scores among staff in their first year; retention intentions did not differ (F (4, 198) = 1.42, p = .229). Retention intentions (F (3, 199) = 12.60, p< .001) and performance (F (3, 199) = 4.60, p = .004) differed by employment category, with teaching/academic staff reporting the highest levels of both. Men and women did not differ significantly in their retention intentions (t (194) = 1.69, p = .092) or performance (t (194) = 0.87, p = .387).

Table 8 summarises the results of the hypothesis tests.

Table 8
Summary of hypothesis tests

Hypothesis	Key evidence	Outcome
H1a: CS → EP (+)	r = .48; Step 1 β = .48, p< .001	Supported
H1b: CS → RI (+)	r = .72; Step 1 β = .72, p< .001	Supported
H2a: OJ adds to EP beyond CS	ΔR^2 = .213, p< .001	Supported
H2b: OJ adds to RI beyond CS	ΔR^2 = .141, p< .001	Supported
H3a: CS → OJ → EP	Indirect = .689, 95% CI [.505, .883]	Supported (competitive)
H3b: CS → OJ → RI	Indirect = .560, 95% CI [.406, .722]	Supported (partial)
H4a: OJ → POS/PS → EP	Indirect = .261, 95% CI [.107, .413]	Supported (partial)
H4b: OJ → POS/PS → RI	Indirect = .174, 95% CI [.052, .280]	Supported (partial)

5. Discussion

This study examined whether compensation satisfaction shapes employee performance and retention intentions directly or through fairness and support. Within this sample of 203 public-sector employees, pay satisfaction was positively associated with both outcomes, but much of that association travelled through justice perceptions, and justice operated both directly and through perceived support and

psychological safety. Once fairness and support were accounted for, pay had no remaining association with retention intentions and a negative association with the self-rated performance.

5.1 Theoretical implications

First, the findings support a view of compensation as a justice signal. Compensation satisfaction correlated .82 with distributive justice (.91 at the latent level), and its positive associations with both outcomes ran through justice perceptions. Employees evaluate their pay less as an absolute quantity than as evidence about whether they are being treated fairly. This extends SET by specifying the content of the exchange signal: pay matters in social exchange because it communicates about fairness (Ahmad et al., 2023), consistent with evidence that pay practices affect turnover through justice and support rather than directly (Stofberg et al., 2022).

Second, the suppression effect on performance refines this view. The part of pay satisfaction that is not explained by fairness and support is negatively related to self-rated performance. Several interpretations are possible for this finding. Satisfaction with the pay amount that is detached from any sense of fair exchange may carry no reciprocal obligation and, thus, may not motivate effort; within SET, it is the perception of a fair and caring partner, rather than the reward as such, that triggers reciprocation (Ahmad et al., 2023). Alternatively, employees whose pay satisfaction runs ahead of their fairness perceptions may be those who feel adequately paid for a modest level of effort or performance. The result is also partly statistical: with compensation satisfaction, justice, and support sharing having so much variance, the residual component of pay satisfaction is small and its meaning is uncertain. The finding was robust to demographic controls and the exclusion of straight-lining respondents, but it rests on self-rated performance and should be replicated with supervisor-rated or objective performance before strong conclusions are drawn.

Third, the results clarify how justice and support work together. Justice predicted both outcomes directly and through POS/PS; thus, support and safety are an important channel for the effects of fairness, but not the only one. Fair treatment appears to matter to employees both and because it signals that the organisation values them. Different facets of fairness were tied to different outcomes: procedural justice to retention and interactional justice to performance. Decisions to stay seem to rest on confidence in how the organisation makes decisions—a broader appraisal of whether it is a fair place to build a careerconsistent with the strong association between justice and turnover intention found meta-analytically (Özkan, 2023). Day-to-day effort, by contrast, appears more linked to respectful and candid treatment by supervisors and to a climate in which employees feel safe to speak up (Jabbar et al., 2023; Sasaki et al., 2022). These facet-level conclusions are tentative because procedural and interactional justice were indistinguishable at the latent level.

Fourth, the study integrates three literatures that usually stand apart into a single sequential model: pay → justice → support/safety → outcomes, with a significant serial pathway for both outcomes. This pathway explains why compensation, justice, and support are highly intercorrelated in practice and why

their effects are difficult to separate. It also helps reconcile mixed findings on pay and turnover (Moshabi et al., 2024; Nam, 2024): pay appears influential in studies that omit justice and support, and its effect shrinks or, for performance, even reverses in studies that include them.

Fifth, the findings are based on the sub-Saharan African context. Qualitative research in Ghanaian universities shows that staff retention depends heavily on the quality of the relationships between employees and management (Akpey-Mensah, 2020).Survey research on Ghanaian workers links POS to lower turnover intention and stronger commitment (Nketsiah & Nkansah, 2024; Tetteh et al., 2020). The present results are consistent with this relational emphasis: when pay is constrained, the fairness and supportiveness of the employment relationship carry much of the weight of the exchange. The markedly higher retention intentions of teaching and academic staff suggest that occupational identity and the intrinsic rewards of education work may also anchor public-sector employees, a possibility worth investigating directly.

5.2 Practical implications

The results offer practical guidance for managers who cannot readily raise pay, the normal situation in Ghana's public sector, where pay is centrally determined (Brako, 2024). First, reward processes should be made fair and visible. Clear criteria for allowances, promotions, and increments; consistent application of those criteria; opportunities for employees to raise concerns; and timely explanations of decisions are low-cost actions that address procedural justice, the facet most closely tied to retention in this study. Second, supervisors should treat employees with dignity and communicate decisions respectfully and candidly, particularly when the news is unwelcome; interactional justice was the facet most closely tied to performance and shapes whether constrained pay is read as unavoidable or as disregard. Third, organisations should invest deliberately in support and psychological safety: recognising contributions, attending to employee well-being, and responding constructively to concerns and mistakes. Supervisors' capability in these areas deserves attention in leadership development. Fourth, pay policy should be designed and communicated with fairness in mind. Compensation satisfaction and distributive justice were the lowest-rated aspects of the employment relationship, and pay was associated with better outcomes mainly when it was perceived as fair; pay improvements that are not seen as fairly allocated may therefore yield little gain in performance.

5.3 Limitations and future research

Several limitations qualify these conclusions. First, the cross-sectional design precludes causal inference. The proposed sequence is theoretically grounded; however,reverse, or reciprocal effects are plausiblefor example, employees who intend to stay may interpret pay and treatment more favourably. A time-lagged, two-wave design is strongly recommended for future work: compensation satisfaction, organizational justice, and POS/PS should be measured at Time 1, and employee performance and retention intentions at Time 2, six to eight weeks later. Such temporal separation reduces common method bias by weakening transient mood and consistency effects across predictor and outcome measures (Podsakoff et al., 2024), and it provides a stronger basis for inferring the proposed sequence.

A three-wave design separating the predictor, mediator, and outcome would offer the strongest test of mediation.

Second, all variables were self-reported by the same respondents. Harman's test, in which a single component explained 65.4% of item variance, indicates that common method variance may have inflated the relationships, even though a one-factor model fitted poorly. Performance should be measured using supervisor ratings or objective indicators, as self-ratings are typically lenient; this is especially important for verifying the negative suppression effect of pay satisfaction on performance. Third, discriminant validity was limited: procedural and interactional justice were almost indistinguishable at the latent level, and compensation satisfaction overlapped strongly with distributive justice. Future research should use fuller, validated scales for each justice facet and measure POS and psychological safety separately rather than as a combined indicator. Fourth, the online survey link could be forwarded; therefore, a response rate could not be calculated, and non-response bias could not be assessed; online administration may also have favoured employees with ready Internet access, and the four-day collection window captures a snapshot that may reflect conditions at that time. Thirteen respondents gave uniform answers to all items; the results remained unchanged when they were excluded; however, careless responding cannot be ruled out entirely. Finally, although participants came from several public-sector organisations, the organisation of each respondent was not recorded; therefore, organization-level differences could not be modelled. Future studies could use multilevel designs across organisations and regions, compare public and private employers, and examine whether communal cultural values, such as those emphasised in African relational management philosophies, strengthen the role of justice and support in sustaining the employment relationship.

6. Conclusion

Compensation matters, but this study suggests that it matters chiefly as a message about fairness. Among 203 public-sector employees in Ghana's Bono Region, satisfaction with pay was associated with higher performance and stronger intentions to stay largely because it travelled through perceptions of organizational justice, and justice worked both directly and by making employees feel supported and psychologically safe. Once fairness and support were considered, pay satisfaction added nothing to retention and was negatively related to self-rated performance. Procedural fairness was most linked to staying, and respectful treatment to performing. For public-sector organisations operating under centrally fixed pay structures, the implication is encouraging fair processes, respectful communication, and a supportive climate are levers within managers' control that can sustain performance and retention beyond pay.

Declarations

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Conflict of interest: The authors declare no conflicts of interest.

Ethical approval and consent: The study was approved by the Ethics Review Board of the Catholic University of Ghana. Participation was voluntary and anonymous, and informed consent was obtained from all the respondents.

Data availability: The data supporting the findings of this study are available from the author upon reasonable request.

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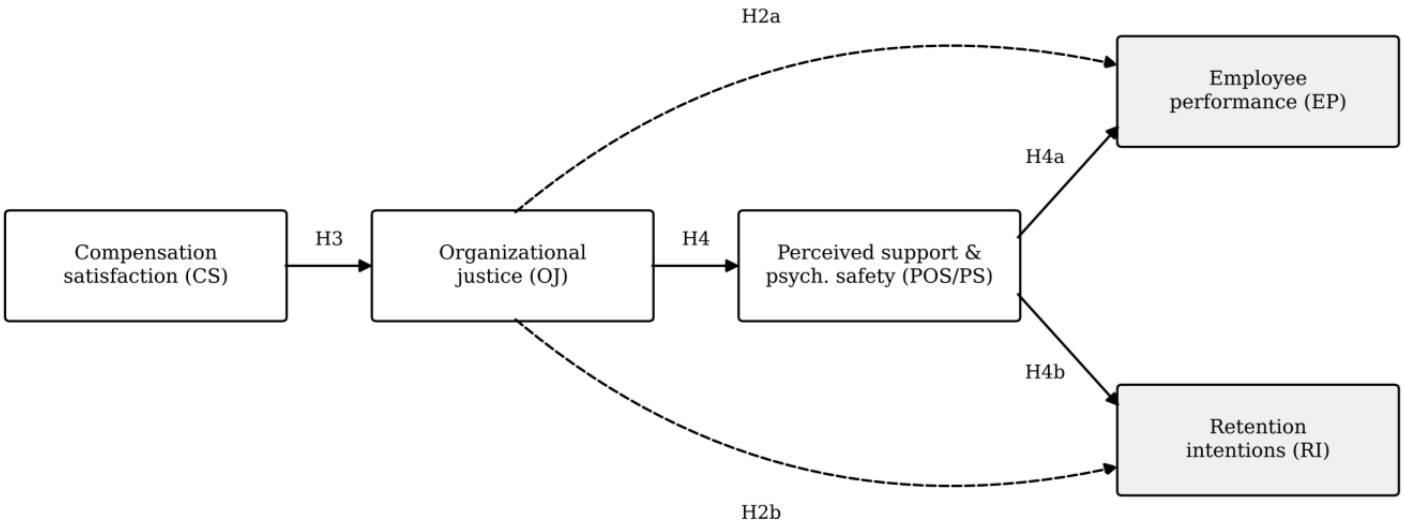
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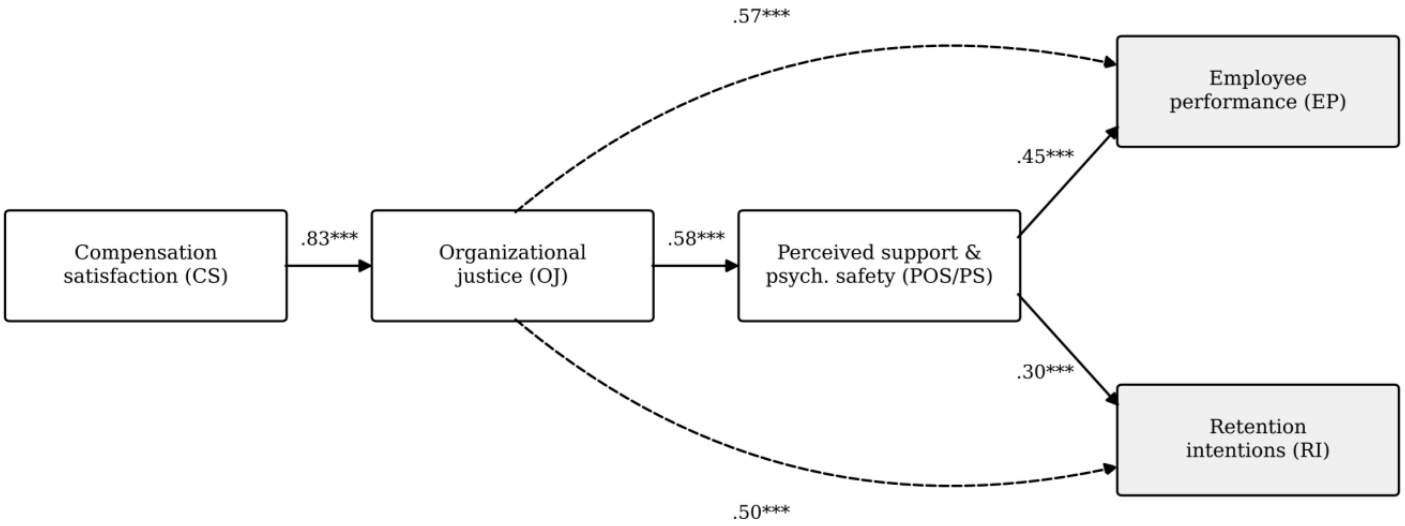
Figures



Solid arrows: hypothesized mediating chain (H3, H4). Dashed arrows: incremental justice effects (H2). H1a/H1b (CS → EP, RI) are tested as zero-order and first-step regression effects and omitted for clarity.

Figure 1

Conceptual model and hypotheses.



*Standardized coefficients; EP R^2 = .49, RI R^2 = .69 (N = 203). OJ → POS/PS path controls for CS. Direct CS paths (omitted for clarity): EP β = −.35***; RI β = .07 ns. ***p < .001; ns = not significant.*

Figure 2

Estimated pathway model (standardised coefficients).

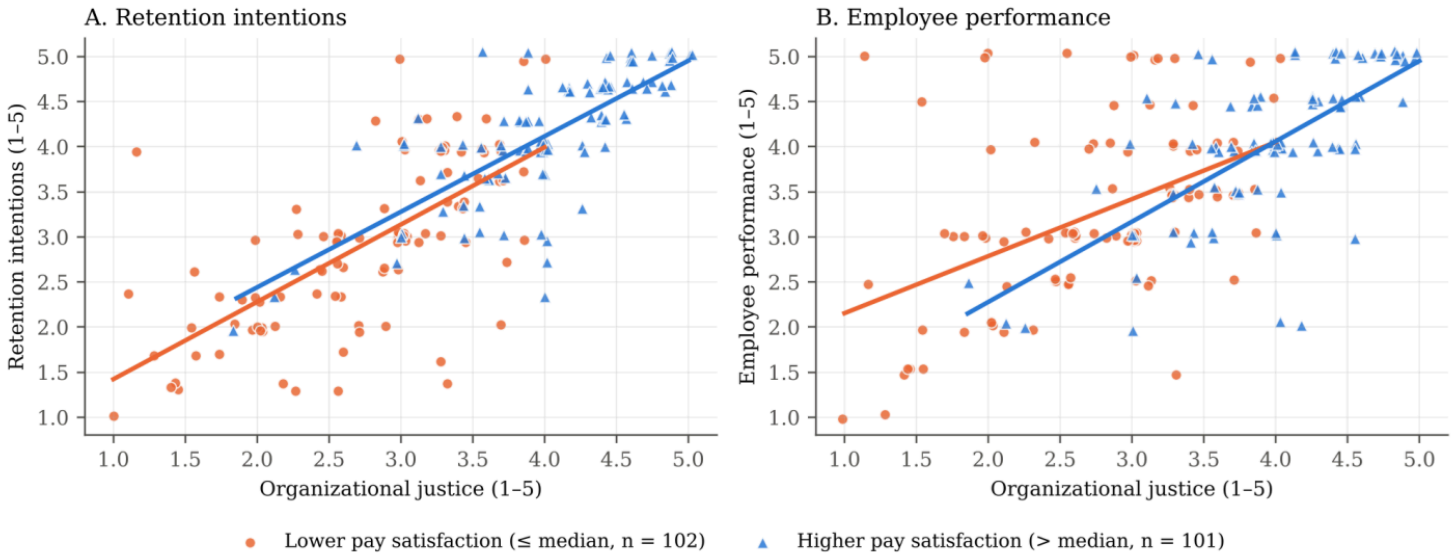


Figure 3

Organizational justice and (A) retention intentions and (B) employee performance for respondents with lower and higher compensation satisfaction (median split; lines are least-squares fits; points jittered slightly).

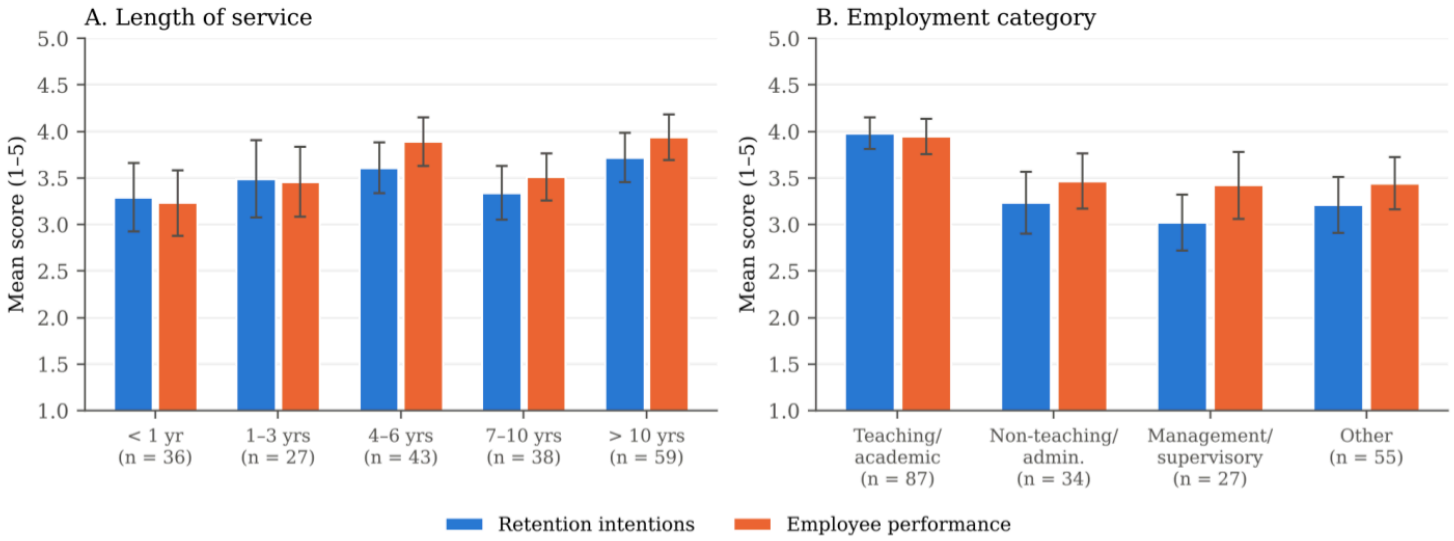


Figure 4

Mean retention intentions and performance by (A) length of service and (B) employment category (error bars indicate 95% confidence intervals).

Supplementary Files

This is a list of supplementary files associated with this preprint. Click to download.

- EmployeeWorkExperienceResponsesN203.csv