



Perceived favourability of human resource practices and job engagement: A mediated moderated model of justice perceptions

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ABSTRACT

Purpose – The purpose of this study is to investigate how the perceived favourability of human resource practices, resulting from the uneven distribution of HR practices, influences job engagement with perceived distributive justice as a mediator, while also considering the moderating influence of perceived procedural, interpersonal, and informational justice on the link between perceived distributive justice and job engagement.

Aims(s) – This research aims to examine the effect of perceived favourability of HR practices on job engagement. It also assesses the mediating role of distributive justice on the relationship between the perceived favourability of HR practices and job engagement. Furthermore, it explores the moderating role of perceived procedural, interpersonal, and informational justice on the relationship between distributive justice and job engagement.

Design/methodology/approach – The research involves a quantitative approach, collecting data from 733 employees across various Australian industry sectors through self-reports. The data were analysed using SPSS version 23 and Hayes' process.

Findings – The findings revealed that perceived distributive justice partially mediates the relationship between the perceived favourability of HR practices and job engagement. Additionally, perceived procedural, interpersonal, and informational justice positively moderate the link between distributive justice and job engagement.

Limitations of the study – The study only considers individual-level perceptions of HR practices' favourability. Subsequent investigations may explore individual and inter-group differences in HR practices within a single study, providing additional understanding of how employees may react to differential treatment.

Practical implications – Organisations should take into account procedural, interpersonal, and informational justice, in addition to fair HR practices, to enhance job engagement in the context of HR differentiation.

Originality/value – This research provides new insights into how social comparisons arising from HR differentiation influence job engagement by focusing on individual-level responses and introducing a justice-oriented approach. It also proposes a novel mediated-moderated model.

KEY WORDS

human resource differentiation, human resource practices, job engagement, organisational justice, social comparison.

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1 INTRODUCTION

Over the past two decades, human resource (HR) differentiation, defined as the differential distribution of HR resources among employees, has gained popularity in human resource management (HRM) literature (Marescaux et al., 2021). This is largely because of its association with better firm performance (Luo et al., 2021; Schmidt et al., 2018).

Presently, there are two salient approaches to understanding the basis of human resource (HR) differentiation: job-based and person-centred approaches. The former focuses on creating unique HR practices for distinct workforce segments based on job roles (Becker & Huselid, 2006; Becker et al., 2009; Conroy & Morton, 2023), whereas the latter distinguishes workers based on their contributions (Marescaux et al., 2021), human capital value and uniqueness (Lepak & Snell, 1999, 2002; Luo et al., 2021), performance levels (Gupta et al., 2012), and potential (Kaliannan et al., 2023). This approach is also consistent with the 'war for talent' (Beechler & Woodward, 2009) and 'i-deals' literature (Rousseau et al., 2006), which recommend organisations to customise their HR practices to each employee based on their unique skills and capacity for productivity (Eyamu et al., 2023).

However, both perspectives are presented from a managerial or organisational standpoint, with little consideration given to how individual employees may react to HR differentiation. Therefore, the purported relationship between HR differentiation and firm performance is incomplete and potentially problematic for the following reasons. First, the aforementioned approaches neglect responses to HR differentiation, yet employees play an intervening role in the HR-performance relationship (Coff & Kryscynski, 2011; Guest, 2002; Kehoe & Wright, 2013). Second, except for Marescaux et al. (2013), the other empirical studies that have sought to examine how employees react to HR differentiation, have primarily focused on HR differentiation across jobs (e.g., Clinton & Guest, 2013; Liao et al., 2009) or different groups of workers (e.g., Lepak & Snell, 2002; Piasecki, 2020; Schmidt et al., 2018), disregarding the occurrence of differentiation between individuals. Third, considering that HR differentiation inherently leads to discrepancies in how individuals are treated (Marescaux et al., 2013), workers are likely to respond to such differential treatments by making social comparisons, thereby raising questions about justice, which subsequently influence their attitudes and behaviours (Rofcanin et al., 2019). Unfortunately, limited empirical research has taken into account this justice perspective when examining employee responses to HR differentiation.

Therefore, this study aims to evaluate employee responses to differentiation between individuals. Consistent with Marescaux et al. (2013), the contention is that differential treatment prompts employees to engage in social comparison processes, wherein they evaluate their circumstances relative to reference points to discern the nature of the treatment they receive – whether it is unfavourable, neutral, or favourable. Consequently, the perceived favourability of HR practices serves as an important measure for gauging employee perceptions of differential treatment and its favourability.

The theoretical approach employed in this study draws on Social Comparison Theory (SCT) (Festinger, 1954), asserting that differential employee treatment influences employee outcomes through a social comparison process (Marescaux et al., 2021), involving the assessment of HR practices and justice perceptions (Rofcanin et al., 2019). The focus is on perceived distributive justice (PDJ) as a mediating mechanism for the influence of perceived favourability of HR practices on job engagement because, in comparison to other forms of justice, PDJ serves as a more accurate predictor of personal-related outcomes (Cohen-Charash & Spector, 2001; Colquitt et al., 2001), such as job engagement and is more relevant for understanding employee responses to differential treatment (Gelens et al., 2013). However, acknowledging the necessity of comprehending both processes and outcomes to elucidate how justice or fairness perceptions shape work-related outcomes (Alexander & Ruderman, 1987), it is proposed that other forms of justice may play a moderating role. Building on Brockner and Wiesenfeld's (1996) seminal work which highlighted the interactive influence of procedural and distributive justice on employee outcomes, it is hypothesised that perceived procedural, interpersonal, and informational justice, moderate the relationship between PDJ and employee engagement.

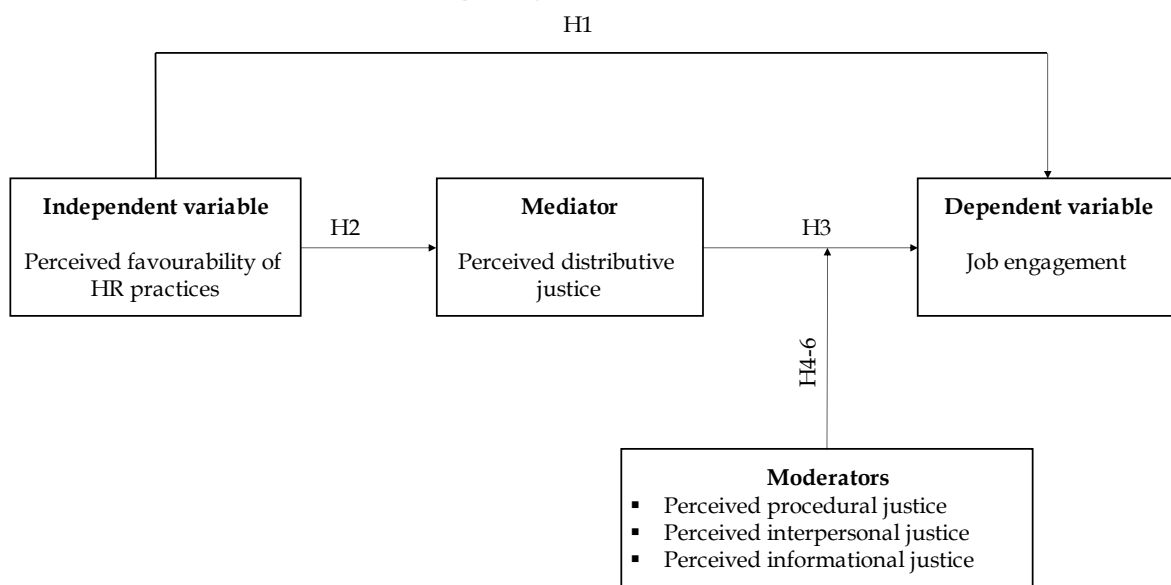
This study provides advances on prior research in three ways. First, it enhances our understanding of how employees respond to HR differentiation at an individual level, focusing more on the differences between employees rather than group or role-based disparities. Second, it takes a justice approach to the empirical investigation of differentiation, which has received minimal empirical attention, by assessing how employees are likely to respond to HR differentiation through the mediating role of PDJ. Third, it specifies a mediated-moderated model wherein perceived procedural, interpersonal, and informational justice positively moderate the mediating effect of PDJ on employee engagement. Simultaneously examining justice variables enhances conceptual clarity regarding the

interactions between the four dimensions of justice, shedding light on how job engagement can be elicited despite differential employee treatment.

The study focuses on job engagement as a crucial aspect theorised to contribute to competitive advantage within firms (Rich et al., 2010). Furthermore, justice research maintains that fairness or equity yields both affective and cognitive outcomes (Cropanzano et al., 2001), which are represented comprehensively by job engagement—a multifaceted construct—encompassing physical, emotional, and cognitive dimensions (Rich et al., 2010).

The subsequent sections of the study discuss the basis of HR differentiation and how it can lead employees to compare their jobs and form judgments about the relative favourability of HR practices. It then examines how the perceived favourability of HR practices influences job engagement, followed by an investigation into the partial mediating role of PDJ in the link between the perceived favourability of HR practices and job engagement. Finally, the paper demonstrates that perceived procedural, informational, and interpersonal justice may moderate the relationship between PDJ and job engagement. Fig 1 presents the proposed model.

Fig 1. Hypothesised model



Source: Author's illustration

2 THEORETICAL BACKGROUND AND HYPOTHESES DEVELOPMENT

2.1 BASIS OF HUMAN RESOURCE DIFFERENTIATION

The concept of differentiation, or differential employee treatment, plays a vital role in structuring employment systems (Eyamu, 2019; Krausert, 2017) and fostering competitive advantages (Hauff et al., 2014; Lepak & Snell, 2002). Marescaux et al. (2021) delineate two primary approaches to differentiation: job-based and person-based approaches.

The job-based approach focuses on strategic jobs and their occupants, positing that these roles have a more substantial impact on organisational strategy than peripheral positions (e.g., Huselid et al., 2005; Huselid & Becker, 2011). Empirical evidence supports this, indicating that employees in strategic and unique positions are more likely to receive favourable HR practices compared to those in lower-level positions (Clinton & Guest, 2013).

In contrast, the person-based approach recognises differentiation between individuals or groups based on factors such as potential (Gelens et al., 2014), human capital value and uniqueness (Lepak & Snell, 1999, 2002), talent (Kaliannan et al., 2023), or other demographics. For instance, Liao et al.'s (2009) empirical study showed that employees in higher positions exhibit more favourable

attitudes towards High-Performance Work Systems (HPWS) than their counterparts in lower positions.

However, these approaches often assume that employees do not possess the capacity to question the propriety or fairness of HR differentiation. Also, the emphasis on differentiation between groups overlooks the complex social and psychological mechanisms by which individual employees may react to HR differentiation. Moreover, as Liao et al. (2009) and Van Beurden et al. (2021) observed, even among members of the same group subject to ostensibly identical HR practices, variations in their perception and experience of these practices may occur, influencing their responses to perceived differential treatment. Therefore, analysing differentiation between individuals from a justice perspective becomes crucial, as it instigates social comparison processes, leading to fairness perceptions that subsequently influence job engagement.

2.2 FAIRNESS OR JUSTICE PERCEPTIONS: A SOCIAL COMPARISON PROCESS

SCT was Festinger's (1954) seminal work developed to understand how individuals evaluate themselves compared to their social networks. While applied across various disciplines, in the realm of management and organisation studies—which this paper falls—SCT has mainly been studied in terms of perceived organisational justice (POJ), which is the outcome of social comparisons made by employees in response to organisational treatment (Cf. Adams, 1965; Cropanzano & Mitchell, 2005; Lam et al., 2002). That is, employees are understood to make social comparisons in their responses to organisational treatment. Indeed, while employees in each employment or job category may compare their inputs-outputs ratio with those of employees in other job categories, social comparisons are more prominent within the same referent categories due to the 'similarity' hypothesis (Wood, 1989). HR differentiation prompts employees to assess the 'favourability' of what they receive compared to their colleagues, making perceived favourability a crucial measure of responses to differential treatment (Marescaux et al., 2013).

In this context, I consider POJ as pivotal for evaluating organisational treatment. POJ refers to a person's subjective perceptions regarding the fairness of the treatment, allocations, and/or outcomes received from the organisation (Colquitt, 2001; Gelens et al., 2013; Greenberg, 1990). The focus on POJ is driven by its proven explanatory power for various work-related outcomes (Farndale et al., 2011; Folger & Konovsky, 1989; Kim, 2005), its alignment with employees' perspectives (Gelens et al., 2013), and its relevance in social comparisons (Marescaux et al., 2013; Rofcanin et al., 2019).

POJ is delineated into four forms: distributive, procedural, interpersonal, and informational justice (e.g., Colquitt, 2001; Colquitt et al., 2001; Gelens et al., 2013). Extant research on HRM often focuses on distributive and procedural justice to elucidate the mechanisms linking HR practices to work outcomes (Alexander & Ruderman, 1987). However, in the context of HR differentiation, PDJ emerges as the most relevant because it involves outcome allocations and is also a better predictor of personal-related work outcomes such as job engagement while procedural, interpersonal, and informational justice act as moderators between PDJ and job engagement. These relationships are explained in more detail below.

2.3 PERCEIVED FAVOURABILITY OF HR PRACTICES AND JOB ENGAGEMENT

The protagonists of SCT believe that the differential treatment of employees can influence their perceptions of justice, based on whether they receive favourable or unfavourable outcomes (Rofcanin et al., 2019). This is because people tend to view fairness from a self-interested perspective, meaning that they see actions as fair if they benefit them in some way (Lind et al., 1998). As a result, employees are likely to view favourable HR practices as fair, and this can lead to positive work-related outcomes, such as job engagement. Previous research has linked 'favourable' organisational resources, such as training, technology and job autonomy (Salanova et al., 2005) and job resources, including performance feedback, learning opportunities, social support and autonomy (Schaufeli et al., 2009) to engagement. Accordingly, it is predicted:

H1: Perceived favourability of HR practices is positively related to job engagement.

2.4 PERCEIVED FAVOURABILITY OF HR PRACTICES AND PDJ

When HR departments distribute resources unequally, it can affect how employees perceive and react to their treatment by the organisation based on the fairness of rewards. While procedural, interpersonal, and informational justice can also influence employee outcomes (Colquitt et al., 2001), PDJ stands out as a superior predictor of person-related attitudes (Cohen-Charash & Spector, 2001) such as job engagement, and it also centres on an individual's perception of fairness in the distribution of organisational outcomes (Gelens et al., 2013).

PDJ, defined as an individual's fairness perception regarding the reward outcomes received (Farndale et al., 2011), involves social comparisons of personal investments in work and the resulting rewards compared to those of colleagues (Gelens et al., 2013; Kim et al., 2015). Consequently, when employees perceive HR practices favourably, they are likely to report higher PDJ (Erdogan, 2003), driven by the ego-centric bias wherein individuals appreciate comparisons that favour them over their colleagues (Greenberg et al., 2007; Kim et al., 2015). Therefore, an anticipation arises that the perceived favourability of HR practices will positively influence PDJ.

H2: Perceived favourability of HR practices is positively related to PDJ.

2.5 PDJ AND JOB ENGAGEMENT

PDJ could serve as an additional mechanism through which the perceived favourability of HR practices influences work-related attitudes. Drawing on SCT, which posits that employee reactions hinge on the fairness of organisational outcomes (Wood, 1989), it follows that a perception of receiving favourable organisational resources (e.g., higher pay and benefits) should lead to positive attitudes such as job engagement. This is due to the alternative version of ego-centric bias, which argues that people tend to give greater weight to the favourability of their outcomes when comparing themselves with referent others (Chambers & Windschitl, 2004; Kim et al., 2018).

In a related study, Gelens et al. (2014) found that the link between an employee's identification as a high-potential employee and job satisfaction was fully mediated by PDJ. Likewise, PDJ may constitute a primary pathway through which the perceived favourability of HR practices influences job engagement. However, given the initial hypothesis positing a direct influence of the perceived favourability of HR practices on job engagement (hypothesis 1), a partial mediation is proposed.

H3: The positive relationship between perceived favourability of HR practices and job engagement is partially mediated by PDJ.

2.6 MODERATING ROLE OF PERCEIVED PROCEDURAL, INTERPERSONAL AND INFORMATIONAL JUSTICE

Several scholars assert that to fully grasp the effect of justice on employees, it is essential to analyse both processes and outcomes (Alexander & Ruderman, 1987; Greenberg et al., 2007). For instance, employees are more likely to accept reward outcomes if the decision-making process is perceived to be fair, equitable, consistent, and unbiased (Folger & Konovsky, 1989; Versteegt et al. 2022). Therefore, perceived procedural, interpersonal, and informational justice are equally important in shaping work-related outcomes (Brockner & Wiesenfeld, 2005; Brockner & Wiesenfeld, 1996).

Though other forms of justice might also directly influence job engagement, fair processes that relate to both procedural and interactional justice (Brockner & Wiesenfeld, 1996; Shaw et al., 2003) are likely to be the boundary conditions through which PDJ influences job engagement. This conceptualisation aligns with previous organisational justice research (e.g., Brockner & Wiesenfeld, 1996; Colquitt et al., 2001; Versteegt et al. 2022), emphasising the interaction between various justice types in influencing work-related outcomes.

Procedural justice pertains to the fairness of organisational decision-making procedures (Farn-dale et al., 2011; Kim, 2005), and one approach to ensuring procedural justice is by incorporating workers' suggestions into organisational decision-making processes (Bies & Shapiro, 1988; Versteegt et al., 2022).

Interpersonal and informational justice, as sub-components of interactional justice (Colquitt et al., 2001), concern how workers are treated by their superiors (Bies & Moag, 1986; Kim, 2005). According to Gelens et al. (2013), the interpersonal element is reinforced when supervisors treat individuals with dignity, courtesy, and respect, while the informational component stems from clear explanations, open communication, and justifying actions. In a study by Gelens et al. (2014), it was observed that procedural justice moderated the relationship between PDJ and work effort. Similarly, an expectation is posited that procedural, informational and interpersonal justice are likely to interact with PDJ to enhance job engagement. Accordingly, the following propositions are made:

H4: PPJ will moderate the relationship between PDJ and engagement: the relationship between PDJ and engagement is stronger for higher levels of PPJ.

H5: Perceived interpersonal justice will moderate the relationship between PDJ and engagement: the relationship between PDJ and engagement is stronger for higher levels of perceived informational justice is higher.

H6: Perceived informational justice will moderate the relationship between PDJ and engagement: the relationship between PDJ and engagement is stronger for higher levels of perceived interpersonal justice is higher.

3 METHODS

3.1 SAMPLE AND PROCEDURE

To investigate the proposed hypotheses, data were collected through employee self-reports. In November 2016, a market research company, commissioned to conduct the fieldwork, sent out an email invitation to individuals registered with the survey firm to complete an online survey. The sample was selected using stratified random sampling, whereby a random sample was drawn from all 19 industry sectors as classified by the Australia and New Zealand Standard Industrial Classification (ANZSIC) system. The inclusion of participants from diverse industries aimed to capture various organisational contexts and potential differences in HR differentiation approaches. The participation was anonymous and voluntary, but participants were required to be over 18 and working in medium and large enterprises (MLEs). Focusing on MLEs removes the possibility of including very small firms that might not have formal HR procedures (Huselid & Becker, 1996; Lepak et al., 2003).

To ensure statistically robust results, the sample size aimed for at least 420 participants, following the widely accepted guideline of a minimum of 10 observations per indicator variable for adequate statistical power (Nunnally, 1967; Wolf et al., 2013). However, out of the 1,342 online surveys that were randomly sent, 767 complete responses were received, representing a response rate of 57%. Following data screening, 34 surveys were excluded, yielding a final sample of 733 participants. Males constituted 51%. The respondents' mean age was 44.3 years [(standard deviation (SD) 15.4]. The average number of years employees have spent in one job position was 7.7 (SD 8.3), while the average organisational tenure was 12.7 years (SD 12.9).

3.2 MEASURES

Perceived favourability of HR practices was measured using an 8-item scale, suggested by Marescaux et al. (2013). A "not applicable" option was incorporated to allow participants to select this choice in instances where a specific HR practice does not apply to their workplace. Participants were asked questions such as, "How would you rate your access to bonuses compared to your colleagues?" The response options ranged from 1 (much lower) to 5 (much higher). I computed a ratio scale by

adding participants’ responses to HR practice questions and dividing it by the total number of applicable HR practices. The Cronbach’s alpha (α) was .84.

Perceived distributive justice (PDJ) was measured using 4 items drawn from Colquitt (2001) and Judge and Colquitt (2004), but this time the scale was refined to include rewards, with accompanying examples such as incentives, pay, and stock options. A sample item was “To what extent do the rewards (e.g., incentives, pay and stock options) you have received at your current workplace reflect the effort you have put into your work?” The scale was from 1 (Not at all) to 5 (a very large extent). The α was .95.

Perceived procedural justice (PPJ) was assessed using 7 items obtained from Colquitt (2001) and Judge and Colquitt (2004). Notably, additional details of the formal procedures employed in decision-making within the employee's workplace were included. An example item is “To what extent have you been able to express your views and feelings during those procedures?” The scale was from 1 (Not at all) to 5 (a very large extent). The α was .92.

Perceived interpersonal justice was captured using a 4-item scale from Colquitt (2001) was used. For example: “To what extent has your supervisor treated you with respect?” This scale also ranged from 1 (Not at all) to 5 (a very large extent). The α was .95.

Perceived informational justice was measured using 5 items drawn from the scale by Colquitt (2001). An example is “To what extent has your supervisor seemed to tailor his/her communications to your specific needs?” The scale was from 1 (Not at all) to 5 (a very large extent). The α was .94.

Job engagement was captured using a 14-item scale used by Rich et al. (2010). The scale ranged from 1 (signifies strongly disagree) to 5 (strongly agree). For example, “I feel energetic at my job.” The α was .96.

Control variables

Various demographic factors were controlled for in the study, including age, gender (Female = 1 and Male = 0), education level, position tenure, organisational tenure, and organisational size. I also considered union membership (Yes = 1 and No = 0), supervision of other staff (Yes = 1 and No = 0), and employees’ contract of employment. To facilitate comparison, individuals working in 19 industries were re-classified into primary, secondary, and tertiary sectors. Dummy variables were created to control for the industry’s potential effects. These variables are associated with variations in job engagement (Alfes et al., 2013) and justice perceptions (Meyer et al., 2002; Sweeney & McFarlin, 1993, 1997).

4 RESULTS

4.1 DESCRIPTIVE STATISTICS

Table 1 shows the means, standard deviations (SD), reliability coefficients and zero-order correlations among all the scale variables. The correlations between the perceived favourability of HR practices and PDJ, PPJ, interpersonal justice and informational justice were all positive and significant, with the highest being between perceived favourability of HR practices and PPJ ($r = .31^{**}$, $p < 0.01$). Similarly, the perceived favourability of HR practices was positively related to job engagement ($r = .23^{**}$, $p < 0.01$). These results are consistent with the hypotheses.

Table 1. Descriptive statistics, correlations and scale reliabilities for scale variables

	Mean	SD	1	2	3	4	5	6
1 Job engagement	4.09	0.71						
2 PDJ	3.18	1.00	.28**					
3 PPJ	2.97	0.91	.25**	.71**				
4 Interpersonal Justice	3.89	0.95	.36**	.42**	.44**			
5 Informational Justice	3.64	0.97	.38**	.51**	.54**	.80**		
6 PFHRPs	2.83	0.58	.23**	.28**	.31**	.29**	.27**	

Notes. $n = 733$, $**p < 0.01$, PFHRPs, Perceived favourability of HR practices.

Source: Research Result Data (2023)

4.2 MEASUREMENT MODEL TESTS

4.2.1 MULTICOLLINEARITY

As displayed in Table 1, the data reported relatively higher correlations between PPJ and PDJ ($r = .71^{**}$, $p < 0.01$), as well as between informational justice and interpersonal justice ($r = .80^{**}$, $p < 0.01$). Furthermore, taking into account the conceptual relationships that exist between PDJ and PPJ (Eyamu, 2019) as well as between informational justice and interpersonal justice (Colquitt, 2001), a multicollinearity test was conducted using Tolerance and Variance Inflation Factors (VIF). Table 2 displays the results of the multicollinearity tests.

Table 2. VIF and Tolerance Test to Check Multicollinearity (n = 733)

Dependent variable	Independent variable	Tolerance	VIF
Perceived favourability of HR practices	Procedural Justice	.454	2.200
	Distributive justice	.473	2.112
	Interpersonal justice	.355	2.815
	Informational justice	.308	3.251
Procedural justice	Interpersonal justice	.718	1.393
	Distributive justice	.350	2.857
	Informational justice	.319	3.131
Distributive justice	Perceived favourability of HR practices	.885	1.130
	Interpersonal Justice	.350	2.857
	Informational Justice	.313	3.193
	Perceived favourability of HR practices	.878	1.139
Interpersonal Justice	Procedural Justice	.683	1.464
	Informational Justice	.669	1.495
	Perceived favourability of HR practices	.886	1.128
Informational Justice	Procedural justice	.448	2.230
	Distributive justice	.471	2.123
	Perceived favourability of HR practices	.873	1.145
	Procedural justice	.466	2.147
	Distributive justice	.480	2.085
	Interpersonal justice	.761	1.314

Source: Research Result Data (2023)

The tolerance values for the independent variables were much higher than the critical value of 0.1 (ranging from .308 to .886). Similarly, VIF values were significantly lower than 10 (ranging from 1.128 to 3.251). These results indicate that multicollinearity was not a major concern.

4.2.2 COMMON METHOD VARIANCE

Given that the data for all study variables originated from the same source, the potential impact of common method variance (CMV) was anticipated and addressed proactively and statistically. A proactive approach to minimising the potential effects of CMV involved the rephrasing of certain measurement items to minimise ambiguity and improve clarity (Podsakoff et al., 2012). For instance, in measuring PDJ, respondents were prompted to express their perceptions of fairness regarding incentives, pay, and stock options, while for PPJ, respondents were asked to indicate their fairness perceptions regarding the formal workplace procedures used for decision-making.

To assess CMV statistically, Harman's single factor test was conducted using exploratory factor analysis (EFA). The total variance explained (TVE) was only 14.44%, suggesting that CMV is less likely to be a significant concern, as the extracted component accounts for less than 50% of all variables in the model (Podsakoff et al., 2003).

4.2.3 VALIDITY AND RELIABILITY

The study sought to ensure reliability and validity by following recommended practices. According to Hair et al. (2017), an instrument is reliable if its Cronbach’s alpha (α) is 0.70 or higher. To establish validity, Composite Reliability (CR), Average Variance Extracted (AVE), and discriminant validity were calculated for each measurement scale. It is recommended that CR should be at least 0.70 (Nunnally & Bernstein, 1994) and AVE should be 0.50 or higher (Gefen et al., 2000; Hair et al., 2017). Discriminant validity is established if the square root of the AVE is greater than the inter-construct correlations (Fornell & Larcker, 1981). The results are presented in Table 3.

Table 3. Factor Loadings, reliabilities and validity of latent constructs

		Cronbach’s α	CR	AVE
1	Job engagement	.96	0.92	0.78
2	PDJ	.95	0.95	0.83
3	PPJ	.92	0.92	0.63
4	PFHRPs	.84	0.87	0.70
5	Interpersonal Justice	.95	0.95	0.83
6	Informational Justice	.94	0.94	0.76

Notes. n = 733, PFHRPs, Perceived favourability of HR practices; CR, composite reliability; AVE, average variance extracted.

Source: Research Result Data (2023)

All of the latent constructs showed high levels of individual item reliabilities, with Cronbach’s α values ranging from 0.84 to 0.96. Similarly, composite reliabilities ranged from 0.87 to 0.95, which exceeded the minimum requirement of 0.70.

Similarly, the discriminant Validity results, summarized in Table 4, show that all AVE results were greater than 0.50. The square roots of the AVE were also much higher than the inter-construct correlations. Therefore, the measurement model was based on reliable and valid measures.

Table 4. Discriminant validity analysis

		1	2	3	4	5	6
1	Job engagement	0.88					
2	PDJ	0.24	0.91				
3	PPJ	0.23	0.74	0.79			
4	PFHRPs	0.30	0.40	0.43	0.84		
5	Interpersonal Justice	0.35	0.44	0.50	0.37	0.91	
6	Informational Justice	0.36	0.52	0.59	0.36	0.81	0.87

Notes. n = 733, PFHRPs, Perceived favourability of HR practices.

Boldface values on the diagonal row show the square root of AVE. Values below the diagonal show inter-construct correlations.

Source: Research Result Data (2023)

4.2.4 CONFIRMATORY FACTOR ANALYSIS

To ensure a rigorous test of the measurement model (Aryee et al., 2002), various alternative models were analysed and compared against the hypothesized 6-factor measurement model. Model fit indices were utilized to assess how closely the proposed model aligned with the data (Hair et al., 2014; Kline, 2005).

According to Arbuckle (2006), the chi-square/degrees of freedom (χ^2/df) values that are less than 2.5 shows a good fit. Similarly, values greater than 0.9 for the Tucker-Lewis Index (TLI), Incremental Fit Index (IFI), and Comparative Fit Index (CFI) are considered indicative of a good model fit (Bentler, 1990). For the Root Mean Square Error of Approximation (RMSEA), values below 0.08 suggest a good model fit (Cudeck & Browne, 1993; Hu & Bentler, 1998).

The results of the CFA, as presented in Table 5, demonstrate that the original 6-factor model was the most satisfactory and acceptable, providing further evidence of the distinctiveness of each measure.

Table 5. Comparison of measurement models for the main variables in the study

Models	χ^2	Df	IFI	TLI	CFI	RMSEA
Primary model, 6 factors	2716.299	798	.93	.92	.93	.06
Model 1, 5 factors ^a	3804.511	803	.89	.88	.89	.07
Model 2, 5 factors ^b	4061.619	803	.88	.86	.88	.07
Model 3, 4 factors ^c	5150.079	807	.84	.82	.84	.09
Model 4, 3 factors ^d	8671.403	810	.71	.67	.71	.12
Model 5, 1 factor ^e	9940.841	813	.66	.62	.66	.12

Notes. n = 733; χ^2 chi-square discrepancy; df, degrees of freedom; IFI, incremental fit index; TLI, Tucker-Lewis index; CFI, comparative fit index; RMSEA, root mean square error of approximation.

^aInterpersonal justice and interactional justice merged into one factor

^bPDJ and PPJ merged into one factor

^cPDJ and Procedural justice merged as one factor as well as interpersonal justice and interactional justice merged into one factor

^dPDJ, Procedural justice, interpersonal justice and interactional justice merged into one factor

^eHarman's single factor model; all variables combined into a single factor

Source: Research Result Data (2023)

4.3 TESTS OF MAIN EFFECTS OF PERCEIVED FAVOURABILITY OF HR PRACTICES AND MEDIATING EFFECTS OF PDJ (HYPOTHESES 1, 2, AND 3)

Following Preacher and Hayes' (2008) procedure on indirect tests, the mediation model was tested using Hayes' process tool, controlling for demographic variables. To minimise the potential multicollinearity effects, the study's independent variables were mean-centred before analysis.

The first step involved an examination of the relationship between the perceived favourability of HR practices and job engagement (Hypothesis 1a). Subsequently, an assessment was made regarding whether PDJ had a mediating influence on this relationship (Hypotheses 2 and 3). The results of this analysis are presented in Tables 6-7 and Fig 2.

Table 6. Regression results for testing the mediating effects of PDJ

Variables	Model 1 (a-path)			Model 2 (b-path)			Model 3 (c-path)		
	β	B	SE	β	B	SE	β	B	SE
Constant		.00	.04		4.10**	.02		4.10**	.02
Age	-.08	-.08	.05	.25**	.17**	.03	.23**	.16**	.03
Gender	-.05	-.05	.04	.15**	.10**	.03	.14**	.10**	.03
Contract	-.06	-.06	.04	-.01	-.01	.02	-.03	-.02	.03
Education	.04	.04	.04	-.01	-.01	.03	.00	.00	.03
Org. Size	-.08*	-.08	.04	-.06	-.04	.03	-.07*	-.05*	.03
Pos. years	-.01	-.01	.05	-.01	-.01	.03	-.02	-.01	.03
Org. years	.07	.07	.05	.03	.02	.03	.05	.03	.04
Supervisory	.05	.05	.04	.08	.06*	.03	.09*	.06*	.03
Union	.02	.02	.04	.03	.02	.03	.03	.02	.03
Sec. indus	-.14*	-.14*	.07	.04	.03	.04	.01	.01	.05
Ter. indus.	-.19**	-.19**	.07	.04	.03	.04	-.01	-.01	.05
PFHRPs	.27**	.46**	.06				.19**	.23**	.04
PDJ				.24**	.17**	.03			
F	7.92			11.73			8.60		
R (R ²)	.34(.12) **			.42(.18) **			.35(.13) **		

Notes. ** $p < 0.01$ * $p < 0.05$; Control variables include age, gender, employment contract, education level, organisational (Org.) size, position (pos) years, organisation (org.) years, supervision status, union member, secondary (sec. indus) industry and tertiary (ter. Indus) industry, whereby the primary industry sector is the comparison group; PFHRPs (perceived

favourability of HR practices); PDJ (perceived distributive justice); significance testing of R² is compared with the control model.

Source: Research Result Data (2023)

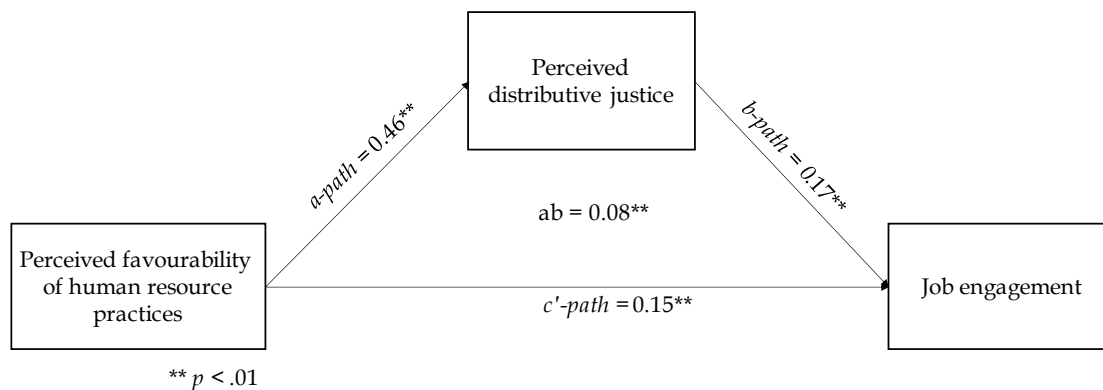
Table 7. Indirect effect of PDJ on perceived favourability of HR practices - job engagement relationship

	Effect (B)	P	95% bias-corrected bootstrap CI	
			LLCI	ULCI
Total Effect	0.23	.00	0.14	0.32
Direct Effect	0.15	.00	0.07	0.24
Indirect (Mediating) Effect	0.08	.00	0.04	0.12

Notes. * Bootstrap SE for the indirect effect is 0.02; ULCI is the upper limit confidence level and LLCI is the lower limit confidence interval.

Source: Research Result Data (2023)

Fig 2. The mediating role of PDJ



Source: Research Result Data (2023)

The findings provide evidence for Hypothesis 1, as demonstrated by the significant regression coefficient of the path (c') from the perceived favourability of HR practices to engagement (B = .15, t(716) = 3.44, p < .001). The study also supports Hypothesis 2, with statistically significant and positive coefficients for the paths from the perceived favourability of HR practices to PDJ (B = .46, t(717) = 7.27, p < .001), and the path from PDJ to engagement (B = .17, t(716) = 6.57, p < .001). These two conditions meet the requirements for testing indirect (or mediation) effects (See MacKinnon et al., 2007; Preacher & Hayes, 2008), where the path between the perceived favourability of HR practices and PDJ (a path) and the path between PDJ and job engagement (b path) are statistically significant. Even with PDJ included in the mediation model, the path between the perceived favourability of HR practices and job engagement remained significant, albeit with reduced magnitude, supporting Hypothesis 3. The 95% degree confidence interval (CI) of the indirect effect, obtained with 5,000 bootstrap samples, did not include zero (Preacher & Hayes, 2008). These results, presented in Table 7, further validate the role of PDJ as a mediator in the relationship between perceived favourability of HR practices and job engagement (B = .08; CI = .04 to .12).

4.4 THE MODERATING EFFECT OF PERCEIVED PROCEDURAL, INTERPERSONAL AND INFORMATIONAL JUSTICE (HYPOTHESES 4-6)

Since the conditions for mediated moderation were met, an examination was conducted to check for the moderating effects of PPJ (hypothesis 4), perceived interpersonal justice (hypothesis 5) and perceived informational justice (hypothesis 6) on job engagement. The assessment focused on determining whether these factors affected the conditional indirect effect of the perceived favourability of HR practices through PDJ on job engagement. The results shown in Table 8 and Fig 3-5 reveal that the indirect effects of PPJ (B = .09, t(714) = 4.09, p < .001), perceived interpersonal justice (B = .09, t(714) = 4.07, p < .001) and perceived informational justice (B = .08, t(714) = 3.91, p < .001) were all

significant at high levels of each moderator. This suggests that PPJ, interpersonal, and informational justice all influenced the relationship between PDJ and engagement.

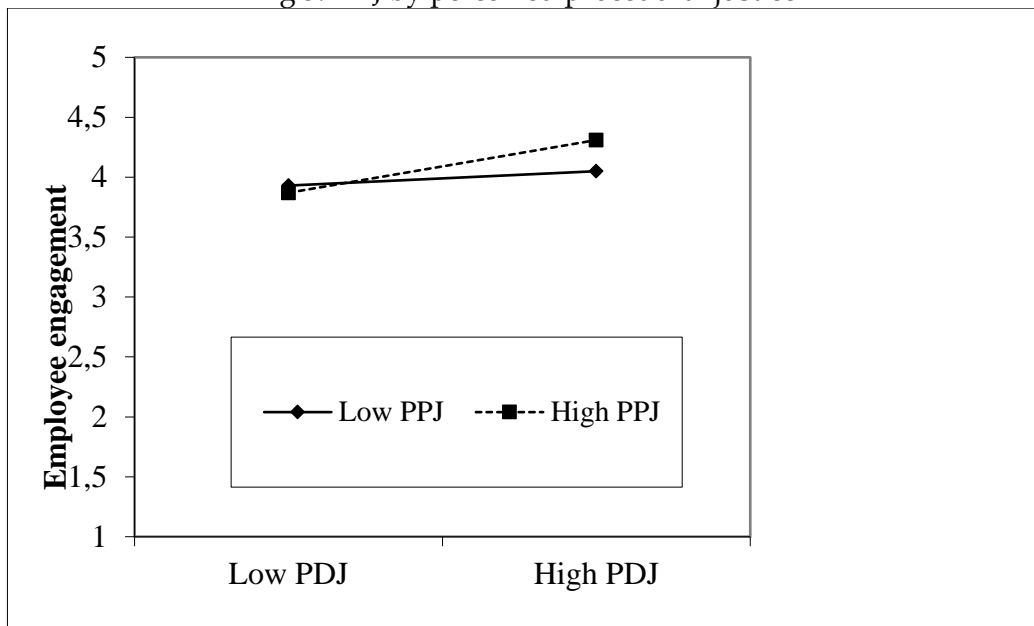
Table 8. Regression results for testing the moderation effects of PPJ, interpersonal and informational justice

Moderator	R (R ²)	F	B	SE	t	LLCI	ULCI
PPJ	.44(.20) **	11.72	.09**	.02	4.09	.05	.13
Interpersonal justice	.49(.24) **	15.17	.09**	.02	4.07	.05	.13
Informational justice	.50(.25) **	15.63	.08**	.02	3.91	.04	.13

Notes. **p < 0.01, *p < 0.05. B is the unstandardized coefficient; SE is the standard error; LLCI is the lower limit confidence interval; ULCI is the upper limit confidence level.

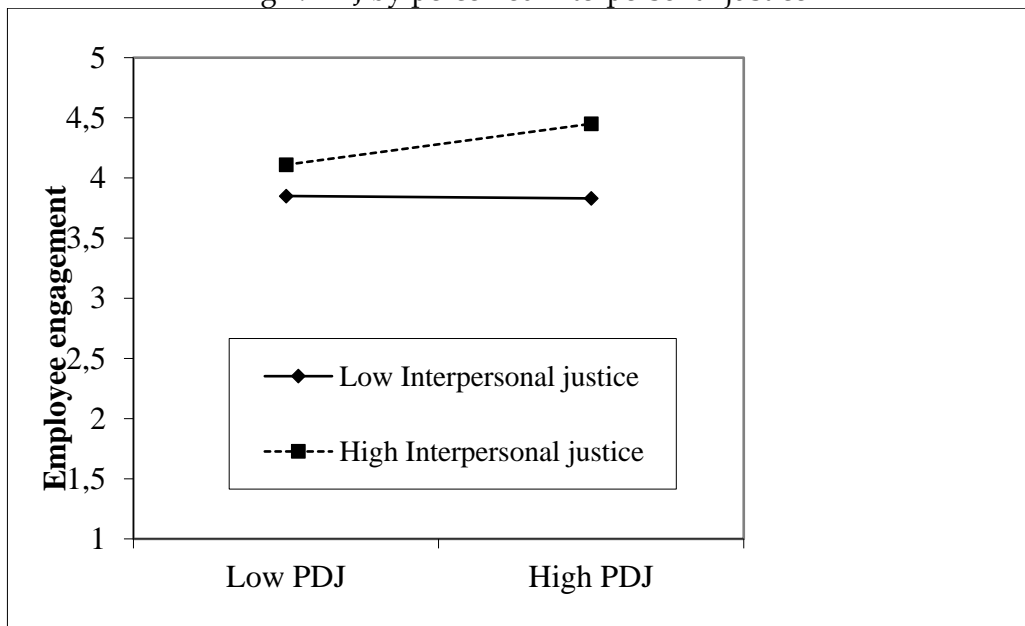
Source: Research Result Data (2023)

Fig 3. PDJ by perceived procedural justice



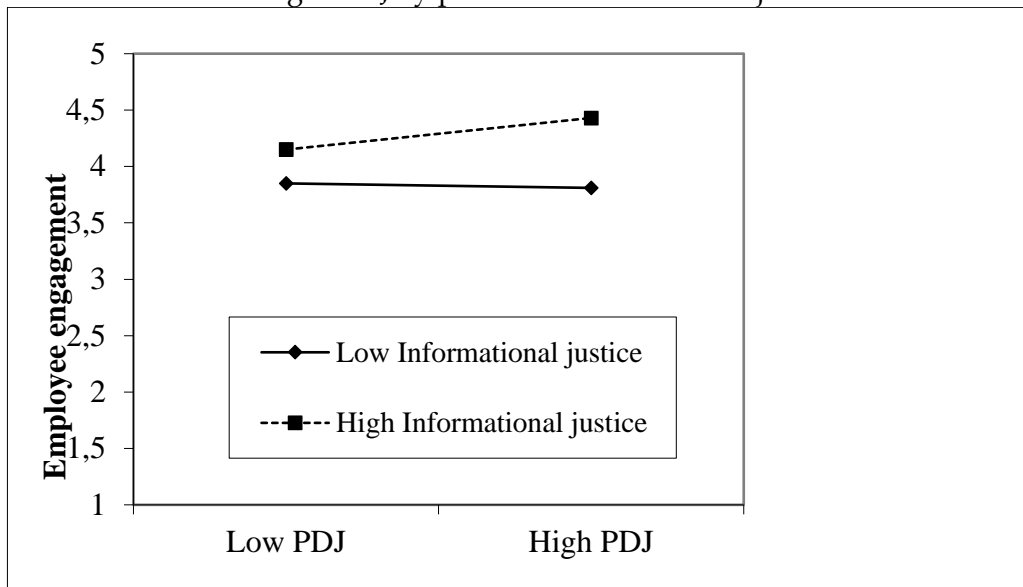
Source: Research Result Data (2023)

Fig 4. PDJ by perceived interpersonal justice



Source: Research Result Data (2023)

Fig 5. PDJ by perceived informational justice



Source: Research Result Data (2023)

5 DISCUSSION

The purpose of this study was to investigate how social comparisons that arise from differential treatment of workers, as captured by the favourability of HR practices, influence job engagement. It also sought to examine the mediation and moderation processes that link favourable HR practices to job engagement.

The results of the study showed that favourable HR practices, such as higher pay and autonomy, are positively associated with job engagement. This suggests that employees perceive favourable HR practices as fair and report desirable work-related outcomes. Furthermore, the study found that PDJ plays a mediating role in the link between favourable HR practices and job engagement. This highlights the importance of HR differentiation, as employees who perceive favourable HR practices also report the equitable distribution of rewards and higher levels of job engagement.

In addition, the study revealed that PPJ as well as perceived interpersonal and informational justice, positively moderated the relationship between PDJ and job engagement. This finding supports previous research on justice (Brockner & Wiesenfeld, 2005), suggesting that PDJ interacts with procedural, informational, and interpersonal justice to influence work outcomes, specifically job engagement.

5.1 THEORETICAL CONTRIBUTIONS

The paper contributes further insights concerning the ways through which employees respond to differential employee treatments. First, a contribution is made to HR differentiation literature by theorising that HR differentiation influences employee outcomes through the perceived favourability of HR practices (Marescaux et al., 2013). Consistent with SCT, the argument is that in situations engendering social comparisons such as HR differentiation, employees are likely to respond by assessing how they are treated not as individuals per se but rather, how they are treated in comparison with their co-workers. Accordingly, HR practices that are perceived as favourable can lead to higher levels of job engagement.

Second, the study addresses the 'sensitivity' concerns associated with HR differentiation by drawing further insights from POJ (Colquitt, 2001; Folger & Cropanzano, 2001). It is noted that PDJ is another important mechanism through which the perceived favourability of HR practices influences job engagement. Since social comparisons are evoked when unequal resource allocations occur (Piasiecki, 2020), employees are likely to respond by assessing the fairness of the reward outcomes they

receive. Accordingly, the study revealed a statistically significant mediating effect of PDJ on job engagement. Therefore, although justice is multi-dimensional (Colquitt, 2001; Judge & Colquitt, 2004), distributive justice is the most relevant in understanding mechanisms through which fairness perceptions influence job engagement. This suggests that employees are not merely concerned with absolute reward outcomes, but also with the fairness of these reward outcomes, which comes from social comparison processes.

Third, the study integrates the new theory to explore how other justice processes – procedural, interpersonal, and informational justice – moderate the intervening effect of PDJ. This provides additional evidence for the distinctiveness of interpersonal and informational justice, aligning with existing research (e.g., Greenberg, 1993). Notably, the study contributes by demonstrating that perceived procedural, interpersonal, and informational justice positively moderate the relationship between PDJ and job engagement, suggesting that these justice dimensions enhance both PDJ and job engagement.

5.2 MANAGERIAL IMPLICATIONS

First, employees draw meaning based on their subjective assessments of their relative standing within given work groups and not only across different work groups. Moreover, since aspects of a differentiated HR system are often quite visible to employees, HR professionals and managers need to be just and equitable in their dealings and/or management practices thereby boosting job engagement.

Second, the findings of this study complement previous efforts which suggest people give greater weight to the favourability of their HR practices when comparing themselves with their co-workers (Chambers & Windschitl, 2004). Therefore, organisations and HR professionals may do well to pay more attention to employees' internal standards about how they should be treated in addition to how they are treated in comparison to referent others (Kim et al., 2018).

The findings also indicate that workers care for the fairness of the organisational outcomes that they receive. Therefore, as opposed to focusing more on absolute outcomes, managers should endeavour to ensure that they maintain perceptions of equity among employees, especially in the distribution of organisational resources as well as in the manner in which they treat their workers.

5.3 STUDY LIMITATIONS AND FUTURE RESEARCH

While this research contributes to theory and practice, naturally there are limitations. First, the study is based on employees' subjective assessments, allowing for an exploration of individual experiences and perceptions. However, caution is warranted when assuming that subjective perceptions precisely mirror objective reality. Future research could improve on this by collecting objective data from various organisations and comparing it with employee perceptions.

Second, the study gathered data through self-reports, enabling the capture of individuals' subjective experiences and perceptions regarding differential treatment. However, apart from interaction effects (Podsakoff et al., 2012; Versteegt et al., 2022), this approach may still be susceptible to CMV despite addressing it through methodological rigour. Therefore, future research can improve upon this study by conducting a longitudinal study.

Third, the study solely focused on differential perceptions among individuals, allowing us to explore how differentiated HR practices influence employees on a personal level. Future research could explore both individual and group variations in HR practices within a single study to provide further insights into how employees may respond to HR differentiation.

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