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Pandemic and compensation and benefits satisfaction: A study on Indian manufacturing firms

Pooja Patnaik^{a,*} , Damodar Suar^b

^a OP Jindal Global University, Sonapat, Haryana, India

^b Indian Institute of Technology Kharagpur, Kharagpur, 721302, WB, India

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ABSTRACT

Purpose: This study examines the antecedents of compensation and benefit satisfaction in Indian manufacturing firms during the COVID-19.

Design: Responses to the questionnaire were obtained from 164 middle-level managers and analyzed applying partial least squares structural equation modeling.

Findings: Managers having stronger personal values and working in redefined human resource development climate perceive lower discrepancy between industry standards and actual salary, between available and applicable benefits. Lower compensation and benefit discrepancy partially enhances compensation and benefit satisfaction through justice perception. Managers refrain from pay comparison and perceive lower compensation offerings as fair. Under high psychological capital, low compensation and benefit discrepancy increases compensation and benefit satisfaction.

Novelty: During uncertainty, designing a fair pay by adhering to industry standards can help in minimizing compensation and benefit discrepancy and can further compensation and benefit satisfaction and shape employees' attitudes and behaviors.

Introduction

Compensation comprises of direct pay or salary and indirect pay like health insurance, leave travel allowance, stock options, and food coupons provided as a part of employment contract. The extent to which employees' needs are met through compensation and benefit offerings reflects compensation and benefit satisfaction (CBS). The Equity theory argues that employees evaluate their outcomes particularly compensation and benefits received vis-à-vis contributions such as performance and efforts with similar others in the industry [1]. When they receive a lower pay and fewer benefits, they perceive inequity, feel dissatisfied, experience anxiety and tension which leads to decreasing productivity and lowering commitment [2]. Hence, firms design a well-defined compensation package, minimizing the compensation and benefit discrepancy, that attracts, retains, and motivates employees and furthers their work attitudes and behaviors. However, the outbreak of coronavirus disease-19 (COVID-19) raised financial constraints and compelled firms to retrench employees, redesign the organizational structure, and revise compensation offerings. To this end, the study attempts to explore the precursors of CBS during COVID-19 in Indian manufacturing firms.

The Indian manufacturing firm holds a significant position in the global economy [3]. There are various factors that make the Indian manufacturing firms a unique case for study [4]. Firstly, Indian manufacturing firms are labor intensive. Secondly, the firms are hierarchical and reflect high power distance. Third, firms being family-led business focus on traditional values like caring, respect for authority, family orientation, and loyalty in shaping organizational behavior [5,6]. Fourth, the leadership style demonstrated by top managers is a unique combination of authoritative traits and participative behavior [7]. Lastly, manufacturing firms provide a platform for innovation and creativity integrating tradition with modernization. The firms provide opportunities for individuals with varying skill levels to utilize their expertise and knowledge. The temporary workers are often brought in to address pending tasks and meet the burgeoning demands of the market. However, this sector has undergone extensive reforms particularly due to the "Make in India" (2014) initiative. The manufacturing witnessed an upsurge because of foreign direct investments [8]. But the global pandemic posed novel challenges and opportunities for different industries that reshaped the entire processes and practices in this sector.

Compared to developed nations [9], manufacturing firms in India

* Corresponding author.

E-mail addresses: pooja.patnaik237@gmail.com (P. Patnaik), ds@hss.iitkgp.ac.in (D. Suar).

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witnessed novel challenges due to their traditional processes. Despite the lockdown, middle-level managers reported at work. The middle managers underwent changes in—job responsibilities, knowledge, skills, and abilities (KSA), key performance indicators (KPIs), performance assessments, mode of doing work, and compensation and benefits offerings. In India, during pandemic, the lower-level employees and contingent workforce engaged in group migration to their respective hometowns [10], this increased the work responsibilities of middle managers. Managers, risking their health, remained on duty, adapting their attitudes, behaviors, and competencies to the crisis's situation [4] making them an ideal case for investigation. Mid-managers experienced novel challenges in maintaining operational efficiency due to nationwide shutdown and adhering to strict health protocols [11,12]. This escalated managerial pressure to sustain production levels, maintain safety, and manage supply chain disruptions [13]. Against this backdrop, this study aims to investigate the impact of the COVID-19 pandemic on the attitudes and behaviors of mid-level managers particularly due to redesigned compensation and benefits offerings.

The COVID-19 pandemic brought significant changes in the compensation and benefit offerings. Research by Tedeschi and Calhoun [14] suggests that exposure to adversity fosters positive psychological changes. In line with this, we hypothesize that mid-level managers who could hold on to their personal values and adapt to the changing human resource development (HRD) climate during uncertain market conditions are more likely to have reduced CBD perception and thereby resulting in higher satisfaction with compensation and benefits. One can argue that justice component gets affected during uncertain market conditions. Thus, the study attempts to explore the role of justice as mediator in reducing discrepancy perception and enhancing satisfaction. Similarly, during uncertainty it's crucial to explore how individuals respond to such situation and balance themselves. Hence, the study explores the role of PsyCap as a moderator in establishing the relationship between CBD and CBS.

Literature review and hypotheses development

Values are individually and communally shared notions of what is good and desirable [15]. Values develop from early childhood and change as the individual interacts with socializing agencies of family, school, community, club, and work organizations ([16], p.24; [17]). The desire to maintain a positive self-image and compare it with the moral self-concepts of significant others is a driving force behind the preservation or alteration of an individual's values. When individuals find congruence between their values and those of significant others, they are more likely to uphold their existing beliefs; conversely, incongruence may lead to value adaptation.

Employees who strongly identify with their organization are more likely to adopt and internalize organizational values, such as a commitment to quality, customer satisfaction, and cost optimization. Compared to organizational values, employees' personal values are more potent promoters of their organizational commitment, initiative-taking, job satisfaction, and inhibitor of their unethical practices [18]. Studies conducted during normal market conditions highlight managers' inability to implement personal values in the workplace escalates job burnout [19] and reduces job satisfaction [20].

During uncertainty do personal values remain steadfast or evolve? Ros et al. [21] suggests that while personal values are generally stable, they can be influenced by societal, cultural, and personal changes. These personal values, integral to social cognition, facilitate adaptation to environmental shifts for survival. Furthermore, it influences how employees perceive situations and problems [22,23]. Therefore, it is essential to investigate during pandemic does personal values influence the way employees respond to compensation offerings and subsequently their satisfaction. Managers who adhere to their personal values—such as caring, respect, honesty, and transparency—are more likely to act truthfully in resource management and respond positively to changes in

organizational practices and compensation adjustments. Thus, we hypothesize that

H_{1a}: Mid-Managers with stronger personal values will perceive lower CBD.

The HRD policies and practices determine strategic direction of firms' and shape the perception of employees toward organization [24]. A key aspect of HRD is creating a positive work environment that promotes employee development and well-being. Tools like performance appraisal, training, promotion, rewards, combined with a culture of openness, confrontation, trust, autonomy, pro-action, authenticity, and collaboration (OCTAPAC) strengthen the internal environment and enable employees to make sense of the social environment. Employees' sense-making occurs through social interactions that specifies individual and group expectancies, guides behaviors, and reduces the anxiety of uncertainties [25]. A supportive HRD climate is positively correlated with employees' overall job satisfaction, commitment, and engagement [26–28].

In a labor-intensive manufacturing firm ensuring employee health, safety, and well-being is critical [29]. Firms incorporated remote work and automated technologies wherever possible. However, managers during pandemic faced difficulties in accommodating the digital shift and developing leadership competencies. There was a pressing need for (a) reformulating the KRAs and KPIs (b) realigning the performance management system with revised requirements (c) acquiring skills and competencies (d) managing supply chain management system. In such context, firms that could redefine HRD climate through updating training, collaboration, and autonomy could enable managers to enhance agility. When employees see opportunities for growth, they are less likely to feel view compensation offerings negatively. Thus, firms providing such climate during adverse condition are more likely to be aligned with organization requirements and perceive redesigned compensation offerings positively. Accordingly,

H_{1b}: Mid-Managers working in a well-defined favorable HRD climate will experience lower CBD.

Identifying the definite comparison standards against which employees evaluate their compensation has been an unmapped area of social comparison research [30]. The social comparison theory posits, employees compare their current salary against their past salary, what they deserve [31], what they want [32], and what others are receiving [1]. This comparison can make them believe that they are relatively deprived. Hence this can make them resentful which can be reflected from their attitude and behavior [33]. Also, when employees compare their pay to others in different industries, roles, or locations, and express a “desired compensation,” this can lead to escalated pay expectations. In cases where pay increases is not feasible due to industry standards, economic factors, or organizational constraints, employees often report lower job satisfaction, decreased motivation, and higher turnover intentions [34].

Following Weathington and Tetrick [35], this study logically extends the concept of benefit perception to include both compensation and benefit. Compensation and benefit perception caters to the perceived value of the compensation and benefit offering. The perceived value of compensation offerings refers to how employees view the compensation and benefits offered by their organization in exchange for their work. Factors such as unmet expectations [36], changes in personal preferences [37], and reduced transparency [38] can influence the perceived value and contribute to discrepancies in compensation perception.

During pandemic, manufacturing firms grappled with remote productivity, managing productivity from distance, ensuring risk management, and employee well-being [39]. Consequently, HR processes underwent changes and adjustments to compensation structures were made [40]. The transition to remote work rendered traditional onsite

amenities less effective. This transition prompted the firms to adopt new benefits such as home office allowances, mental health insurance, and covid-leaves. The lack of clarity regarding the changed compensation and benefit structure might lead to dissatisfaction among the managers. As a result, referring to redefined industry standards is a better reference point to overcome such discrepancy during uncertainty [41]. Thus, we argue that employees' compensation against industry standards, as "desired compensation", is a better benchmark for employees' reactions to compensation offerings [42]. Satisfaction results when the realized compensation and benefits are equal to or slightly less than the industry standards [43]. Hence,

H₂: The lower the CBD perception among mid-managers will lead to higher CBS.

Organizational justice reflects the decisions taken by the management that are right, just, and fair as per the moral standards and the law. Workplace justice is categorized into distributive, procedural, and interactional justice. Distributive justice is the employees' perception of the extent to which the outcomes obtained are fair. Procedural justice is the employees' perception of fairness in procedures to arrive at compensation and benefit decisions [44]. Interactional justice concerns the way procedures are enacted. It comprises of two elements: (a) informational—explanations and usage of various modes of communication provided to the employees about why certain procedures are used, and (b) interpersonal justice—the degree of civility and interpersonal sensitivity of top management to employees [45]. When employees perceive fairness, they may be more accepting of compensation disparities, reducing negative reactions. When employees perceive inequities between their expectations and the compensation they receive, CBD can arise. Thus, one can intuitively argue that mediation helps identify the root causes of dissatisfaction (i.e., perceived injustice) and allows organizations to address these causes directly. Thus, this study attempts to explore the mediating role of organizational justice between CBD and CBS [46].

During pandemic, the organizations brought various changes in their structure, policies, and practices. The KRAs of the managers expanded to meet existing requirements of the firms increased. Under such conditions, justice perception plays a crucial role in increasing (decreasing) satisfaction, commitment, and involvement [47]. By focusing on the justice perception firms create an environment where employees feel that their revised compensation and benefits are fair, thereby reducing CBD perception. Thus, we hypothesize

H₃: Justice perception mediates the relationship between CBD and CBS among mid-managers.

Psychological capital (PsyCap) covers hope, efficacy, resilience, and optimism (HERO, [48]). Employees high on hope are positive toward their goals and persist despite adversities. Self-efficacy is the belief of worthiness about own capabilities to execute a specific task. Resilience refers to bouncing back from adversities, even becoming stronger. Resilient individuals do not lose hope from failures, rather strive hard to accomplish goals. Optimism represents positive attribution. Optimistic employees attribute positive events to internal, permanent, and pervasive causes, and attribute negative events to temporary, external, situation-specific factors.

Managers, during uncertain periods, experience stress due to operational challenges, job insecurity, blurred work-life boundaries, and evolving responsibilities [12,49]. PsyCap, as a personal resource, helps employees cope with work difficulties and achieve positive outcomes. Individuals with high PsyCap are better equipped to manage discrepancies in compensation and benefits, perceiving them as opportunities for growth rather than inequities [50]. Their positive outlook and self-efficacy may enable them to address discrepancies constructively and take actions to rectify them, leading to lower CBD. Thus, this study

attempts to explore that mid-managers having high (low) PsyCap are likely to perceive low (high) CBD furthering (impeding) CBS. Thus,

H₄: Under higher (lower) level of PsyCap among mid-managers, the relationship of CBD with CBS will be stronger (weaker).

Control variables

Socio-demographics of age and years of education can influence CBD perception. Younger employees join organizations for high salary and are more focused on variable pay and career advancement and are more sensitive to CBD. Contrarily, older employees are more committed to the organization and have a greater desire to satisfy their safety and security needs in the post-retirement life [51]. Employees who have spent more years on education expect a better compensation package than their counterparts. Because these variables tend to influence CBD, their effects need to be controlled statistically in testing hypotheses.

The hypotheses and control variables are shown below (Fig. 1). The study is confined to middle-level managers because they are aware of the organizational strategies, involve in the execution of operational goals, and have experienced HR policies and practices over time.

Method

Participants

Data were collected from middle-level managers working in Indian manufacturing firms listed on the National Stock Exchange, Mumbai (India). There are few compelling reasons for choosing mid-managers for this study. It is evident that top-level executives are responsible to articulate strategy, vision, and mission. But clear competitive advantage cannot be derived from strategic vision alone. It is the middle-level managers who translate strategic vision into reality. Hence, they are known as "idea implementers". Additionally, the recent global pandemic has brought various structural and hierarchical changes in organizations. The role of the middle managers has become more challenging and complicated, during pandemic period. In such context, identifying the role of individual and organization factors that lead to compensation and benefit satisfaction are essential. Due to the ongoing pandemic and nationwide lockdown, physically meeting with middle-level managers was not possible; hence, they were contacted using LinkedIn's professional network. Therefore, participants were recruited through LinkedIn, leveraging the platform's professional networking features to identify suitable managers within these firms. An approval was taken from each manager through LinkedIn to discuss the purpose of the research and share the questionnaire with them through emails.

A total of 700 middle-level managers from 84 companies were contacted after obtaining their consent via LinkedIn messaging. Managers were first informed about the research aims and then invited to participate by completing a structured questionnaire. Two responses each were collected from 81 firms and three responses each were collected from 3 firms. The firms represented a wide array of industries, including steel, beverage, rubber, aluminum, pharmaceuticals, dairy, coal, confectionery, fertilizers, oil, paint, glass, sugar, and textiles. The questionnaire was distributed via official email, with options for managers to complete it in either Microsoft Word or Google Docs format.

Of 700 questionnaires emailed, only 171 (24.4 %), filled-in responses were received but the responses of seven managers were excluded because of incomplete data. Few female managers were in manufacturing firms, they expressed their discomfort for sharing responses, and none of them participated. Thus, responses of 164 male managers were used.

Data collection procedure

Participants had two options for completing the questionnaire:

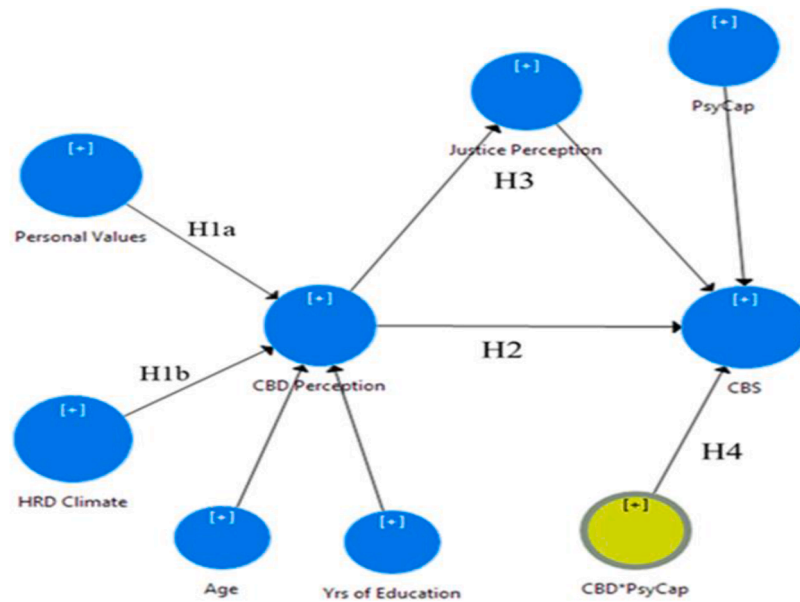


Fig. 1. Conceptual model for investigation.

Virtual Interviews: 108 managers preferred responding verbally during virtual meetings via Skype or Google Meet. Each manager scheduled a 30-minute session to discuss the study’s objectives, followed by a 60-minute session where they provided their responses to the questionnaire verbally. The author transcribed their responses in real-time, ensuring accuracy by sharing the completed questionnaire with the respondents for final confirmation.

Self-Completion: The remaining 56 managers completed the questionnaire on their own and returned it via email in either Google Docs or Microsoft Word format.

The questionnaires were compiled, and all responses were standardized and entered into a Microsoft Excel file in .csv format for data analysis. The data were further reviewed for accuracy and completeness before being used for statistical analysis.

Of the 164 middle-level managers, only 23 were from public enterprises (from varied sectors and industries) while 141 were from private firms. The managers were aged 22–64 years ($M_{age} = 36.42$, $SD = 9.71$), their average age was around 36 years; they had 17 years of formal education ($M_{edu} = 17.11$, $SD = 1.45$), and the average years spent in service was 11 years ($M_{serv} = 11.28$, $SD = 8.20$). Their monthly salary ranged from 18,000 to 3,30,000 Indian rupees ($M_{sal} = Rs.1,01,023.8$, $SD = 63,971.05$) and on average each manager had received one promotion ($M_{prom} = 1.16$, $SD = 1.52$). Of the 164 employees, 49.40 % (81) had a Bachelor of Technology or an engineering degree, 25 % (41) had a Master of Business Administration degree, 20.12 % (33) had a Master’s degree, and 5.48 % (9) had a PhD, diploma, or a Bachelor in Science degree.

Measures

The questionnaire contained socio-demographics along with the constructs in hypotheses. Four items on caring, honesty, respect for others, and transparency assessed *personal values* [15]. Managers indicated to what extent each value was important to them as a guiding principle in life by assigning a score from 1 (least important) to 10 (most important). *HRD climate* was measured using the 37-item scale of Rao and Abraham [24]. The scale had three dimensions: general climate, HRD mechanisms, and OCTAPAC culture. A sample item includes, “There are mechanisms in this organization to reward any good work done or any contribution made by employees.” Response categories were on a five-point Likert scale from “not at all true” (0) to “almost

always true” (4).

CBD was measured using two items taken from Rice et al. [52]: (1) “What is the average monthly salary in this region for people holding jobs comparable to your own?” To assess pay discrepancy, the current monthly salary was subtracted from industry standards. (2) Please mention the benefits available and applicable to you from a list of 30 benefits offered. Sample items include, “leaves, retirement benefits”. The applicable benefits were subtracted from available benefits to assess benefit discrepancy. The pay discrepancy and benefit discrepancy assessed the *CBD*.

The extent of satisfaction with each of the 31 compensation and benefit offerings assessed *CBS*. The scale had seven dimensions: pay, allowances, retirement benefits, leaves, health benefits, fringe benefits, and add-on benefits. Sample items include, “The extent of satisfaction with...basic pay, leave travel allowance, food coupons, health insurance.” Response categories were on a five-point Likert scale from “fully dissatisfied” (1) to “fully satisfied” (5).

Twenty-two items assessed *justice perception* [45]. It included procedural, distributive, interactional, and informational justice. The respondents indicated the extent to which the procedures that the supervisor used, outcomes that were decided, interactions that were had, information or explanations given regarding pay and benefit decisions were true. A sample item includes, “To what extent are you able to express your views during those procedures?” Response descriptions were on a five-point Likert scale from “to a very small degree” (1) to “to a large extent” (5).

Twenty-four items assessed *PsyCap* [48]. It had four dimensions of “optimism,” “resilience,” “hope,” and “self-efficacy”; each dimension had six items. A sample item includes, “I feel confident analyzing a long-term problem to find a solution.” Response options against each item were on a six-point Likert scale from “strongly disagree” (1) to “strongly agree” (6).

Results

Partial least squares structural equation modeling (PLS-SEM version 3.2.1) was used to test hypotheses [53] because of small sample size [54] and inclusion of the formative indicator of *CBD*. Following the two-stage analytical procedure, the measurement (outer) model and the hypothesized relations (inner model) were tested.

Measurement model

The measurement model assessed the reliability, the convergent and discriminant validity of constructs. To assess the value of a construct, sum of value of all items in a construct was divided by the number of items in that construct to keep the value within the range of the response scale. All the variables had a composite reliability >0.7, confirming internal consistency of items to measure a construct (Table 1). For each construct, items with outer loadings <0.7 were dropped, except a few items with outer loadings >0.4. Items were retained whose deletion caused a decrease in composite reliability. The average variance extracted of all variables were >0.5.

Discriminant validity refers to the extent to which measures used are separate and distinct from each other. The discriminant validity of each variable was ensured using the Fornell and Larcker criterion [55] and Heterotrait-Monotrait (HTMT) ratio. In accordance with the Fornell and Larcker criterion [55], the square root of the AVE of a variable exceeded the inter-correlations with other variables (Table 2). Additionally, as per the guidelines, the HTMT value for the constructs was <0.85 [56], and hence discriminant validity was met.

Measurement models with formative indicators were analyzed using redundancy analysis. The convergent validity of the formatively measured construct was >0.99 suggesting their acceptance. The variance inflation factor of all the constructs were between 3.33–5, suggesting the absence of multicollinearity [57].

Hypotheses testing

A two-stage approach is applied to estimate the latent correlations among the variables as shown in Table 3 [58]. The age and years of education were control variables in the study. An increase in age was associated positively with all the variables but negatively with CBD, and not associated with education. The high possession of personal values and a favorable HRD climate were associated with low CBD, and low CBD was associated with increased CBS. Higher levels of justice perception and PsyCap were associated with increased CBS. Though such results inclined toward hypotheses, correlations indicate bidirectional relations, do not reveal cause and effect relations. Therefore, PLS-SEM was used to test the hypothesized relations.

The hypothesized path coefficients along with R² value, and t-value from the bootstrapping on 5000 resamples are shown in Table 4. As the middle managers aged, they perceived low CBD but education did not relate to the perception of CBD. Whenever such effects were controlled, in accordance with the multi-part first hypothesis, middle-level managers possessing high (low) personal values and working in a favorable

(unfavorable) HRD climate perceived low (high) CBD. Supporting the second hypothesis, lower CBD enhanced CBS. The third hypothesis tested the indirect effects. The lower the CBD, the higher was the justice perception, and the higher the justice perception, the higher was the CBS. Justice perception was the vehicle through which the low (high) CBD increased (decreased) CBS. Though a lower CBD was associated with a higher CBS, justice perception partially [(indirect effect/total effects) x 100 = 20 %] mediated such a relationship ([59], p. 224).

As stated above, decreased CBD was associated with increased CBS. The moderator variable of higher PsyCap was associated with higher CBS. In accordance with the fourth hypothesis, CBD interacting with PsyCap inversely predicted CBS (Fig. 2). Under high (low) PsyCap, the low CBD increasing CBS was escalated (dwindled) (Table 5).

The f² effect-size measures the strength of each predictor variable in explaining endogenous variables. The f² values of 0.02, 0.15, and 0.35 are considered as small, medium, and large effects, respectively [60]. Effect-size for the mediating paths was calculated by multiplying the f² values of two indirect paths (Table 4).

The R² value reveals how well the explanatory variables predict the outcomes. The R² values of 0.26, 0.13, and 0.02 are considered substantial, moderate, and weak, respectively [60]. The R² values of outcomes of CBS was well above 0.26, indicating substantial predictions; CBD had moderate predictions and justice perception had weak predictions. The R² values revealed lesser CBD as a stronger promoter of CBS. The predictive accuracy, Stone-Geisser's Q² value, was examined via Blindfolding. A Q² value greater than 0 indicates that the model has a predictive relevance, and <0 means the model lacks predictive relevance [59]. All the Q² values were greater than 0, supporting the model's predictive relevance (Table 5). The Standardized root mean square residual (SRMR) as a goodness of fit measure should be 0.08–0.10 [61]. But it was 0.09.

Discussion

The empirical results reveal that managers having higher level of personal values and working in a redefined HRD climate perceive lower CBD. Lower CBD results in higher CBS. A lower CBD enhances CBS via justice perception. PsyCap moderates the relationship between CBD and CBS.

Most managers were middle-aged and in their mid-career. As the age of the managers increases, they feel settled in their careers. They have learned from their experiences and journey in life, and have acquired the requisite skill, knowledge, and attitudes on the job [12]. Even though the work dynamics changed during the pandemic, the mid-managers, due to their past job experience, leadership exposure, and

Table 1 Descriptive statistics, reliability and validity of constructs.

Variable	No. of items		M	SD	Cronbach's α	Factor loading Range	AVE	CR
	Original	Retained						
Personal values	4	4	7.57	1.04	.783	.70to.83	.602	.858
HRD climate								
General climate	15	11	2.78	0.56	.852	.54to.74	.502	.878
Mechanism	13	13	2.87	0.65	.900	.51to.71	.501	.914
OCTAPAC	9	9	2.77	0.59	.846	.59to.73	.500	.879
CBS	7	7	3.24	0.73	.944	.81to.90	.750	.954
Justice perception								
Procedural justice	7	7	3.20	0.92	.893	.72to.81	.610	.916
Distributive justice	4	4	3.37	1.02	.885	.84to.87	.744	.921
Interactional justice	4	3	3.61	0.98	.865	.86to.90	.787	.917
Informational justice	7	7	3.35	0.92	.916	.78to.84	.666	.933
PsyCap								
Hope	6	5	4.80	0.79	.863	.76to.80	.647	.901
Self-efficacy	6	6	4.90	0.77	.851	.63to.83	.578	.891
Resilience	6	4	4.22	0.74	.651	.76to.86	.508	.726
Optimism	6	4	4.76	0.74	.811	.76to.86	.639	.876

Note. AVE= Average variance extracted; CR= Composite reliability.

Table 2
Discriminant validity and HTMT ratio.

Variables	1	2	3	4	5	6	7	8	9
1. Personal values	0.77	0.66	0.60	0.67	0.50	0.41	0.35	0.48	0.60
2. HRD Climate	0.57	0.93	0.68	0.54	0.56	0.51	0.29	0.34	0.70
3. Justice perception	0.51	0.62	0.85	0.58	0.44	0.53	0.33	0.49	0.73
4. PsyCap	0.52	0.47	0.48	0.78	0.49	0.59	0.45	0.69	0.68
5. CBS	0.44	0.53	0.42	0.44	0.87	0.31	0.10	0.23	0.49

Note. Diagonal values are square root of the AVE. Off-diagonals are correlations, the above diagonal is HTMT ratio.

Table 3
Latent correlations among the studied variables.

Variable	1	2	3	4	5	6	7	8
1. Age	1	0.07	0.25***	0.22**	-0.31***	0.17**	0.32***	0.26***
2.Years of education		1	0.05	-0.05	-0.06	-0.02	0.01	0.11
3.Personal values			1	0.57***	-0.36***	0.51***	0.53***	0.45***
4.HRD climate				1	-0.35***	0.62***	0.47***	0.53***
5.CBD					1	-0.30	-0.28***	-0.43***
6.Justice perception						1	0.48***	0.42***
7.PsyCap							1	0.44***
8.CBS								1

Note. * $p < 0.05$. ** $p < 0.01$. *** $p < 0.001$.

Table 4
Path analysis and f^2 effect-size.

Path	Path coefficients	t-Statistics	Inference	f^2 effect-size	Interpretation
Age → CBD	-0.21	2.15***		0.05	Small
Years of education → CBD	-0.04	0.65		0.02	Small
Personal values → CBD	-0.19	2.41**	Support H _{1a}	0.03	Small
HRD climate → CBD	-0.18	2.45**	Support H _{1b}	0.03	Small
CBD → CBS	-0.27	4.89***	Support H ₂	0.10	Small
CBD → Justice perception	-0.30	4.55***		0.10	Small
Justice perception → CBS	0.21	2.62***		0.05	Small
CBD → Justice perception → CBS	-0.06	2.09**	Support H ₃	0.05	Small
PsyCap → CBS	0.24	2.96***		0.07	Small
CBD x PsyCap → CBS	-0.17	2.67**	Support H ₄	0.05	Small

Note. * $p < 0.05$. ** $p < 0.01$. *** $p < 0.001$.

organizational support could adapt to the changing KSAs and became resilient in handling the situation. Thus, the effect of CBD on mid-managers will be minimal.

The study hypothesized and confirmed that mid-managers with stronger personal values will perceive lower CBD during uncertain covid period. The managers experienced novel challenges during the pandemic. Middle managers relied on personal values to navigate crises. Personal values helped to build trust among employees, fostering innovative problem-solving. Their personal values, particularly caring, enabled them to prioritize employee well-being during the uncertain period. Additionally, mid-managers shifted their focus from exploring compensation discrepancy to increased focus on enhancing KSAs and developing technical, behavioral, and strategic competencies to sustain during the uncertain period. Thus, higher levels of personal values enhanced person-context fit and lowered the CBD perception.

Next, the study hypothesized that mid-managers working in a well-defined favorable HRD climate will experience lower CBD. Interestingly, the results support the hypothesis. The mid-managers are accountable for ensuring smooth operations, maintaining safety and hygiene, and confirming total quality control. The presence of a favorable climate fosters interpersonal sensitivity, civility, and increases employees' effort and persistence in work. During the pandemic, the firms that redefined the HRD climate and provided managers—with autonomy to implement innovative practices, with senior support, fared better compared to their counterparts. Additionally, due to the redefined climate of learning managers acquired and leveraged new competencies, such as digital literacy and virtual team management, which were

essential in the shift towards remote operations and maintaining supply chain continuity. These new skills helped them to adapt to the rapidly changing manufacturing landscape. Such a climate empowered the managers, enabled them to divert their focus from CBD, and focus on attainable outcomes such as building competency and enhancing performance.

The study hypothesized and confirmed that lower the CBD perception among mid-managers will lead to higher CBS. This could be explained as follows— the changing variants of COVID-19 created a wave of uncertainty regarding the end of pandemic. This created job and career pressure on managers for survival. Applying comparative evaluation phenomenon, managers felt that they were well-compensated during the period of uncertainty in comparison to persistent job losses during pandemic. This compelled managers to not raise concerns regarding CBD and perceive the restructured compensation offerings as equitable, rational, and appropriate. The organizations, based on their operational efficiency, revised their incentive plans, introduced equity-based adjustments, and redesigned the flexible work arrangements and health and wellness programs. Thus, managers perceived changes in compensation and benefits offerings positively and have less CBD with increased CBS.

The study explored can justice perception mediate the relationship between CBD and CBS among mid-managers during an uncertain economic condition? Interestingly, the study confirms that justice perception mediated the relationship between the two. This could be attributed to the following reasons—a fear of job loss, lack of alternate jobs, and sustaining amid COVID-19 encouraged managers to focus on

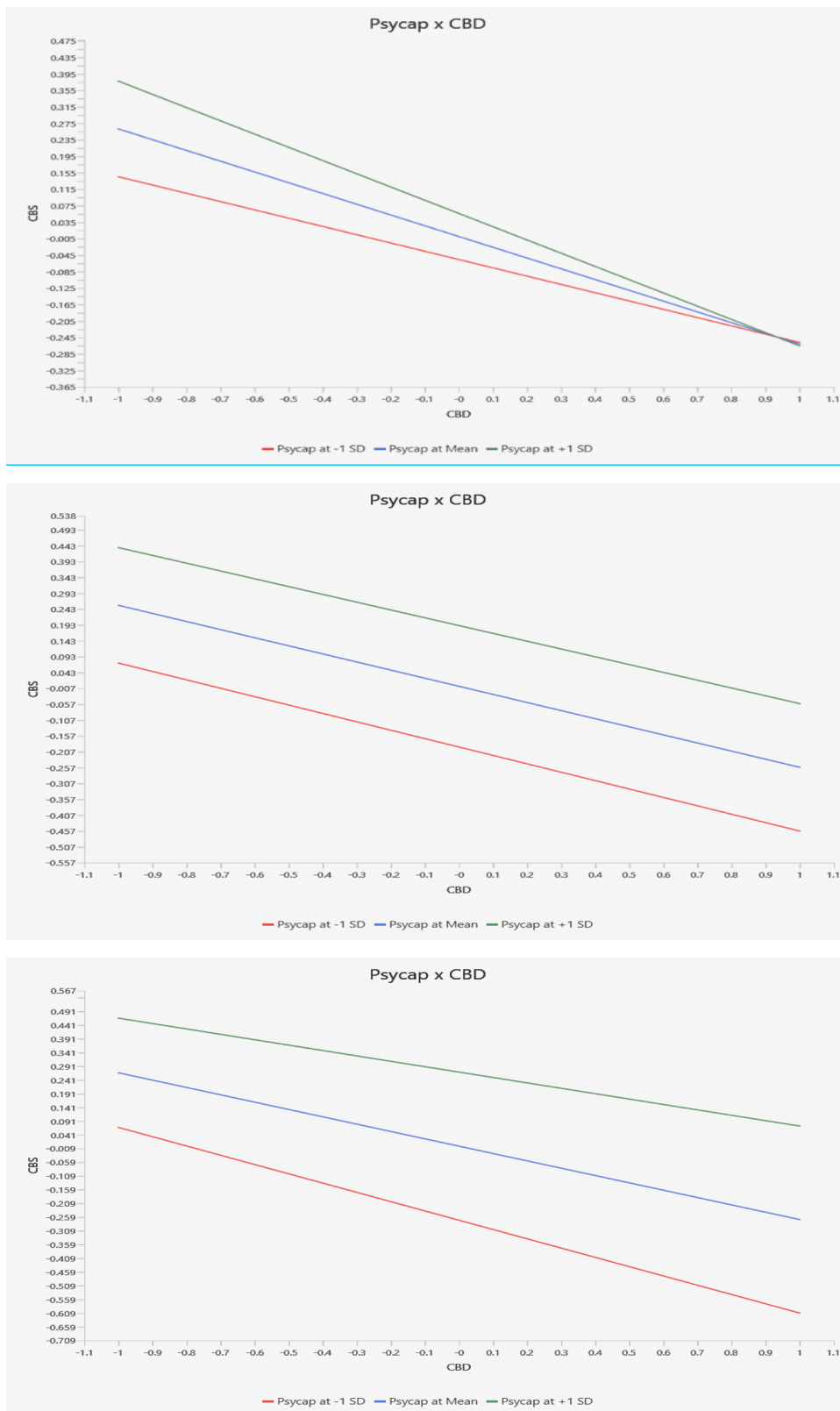


Fig. 2. Psychological Capital (Self-Efficacy, Hope, Resilience, Optimism) and moderating variable between CBD and CBS. This Fig (2.1, 2.2, 2.3, and 2.4) shows the relationship between CBD and CBS with PsyCap (Self-efficacy, Hope, Resilience and Optimism) acting as a moderator respectively

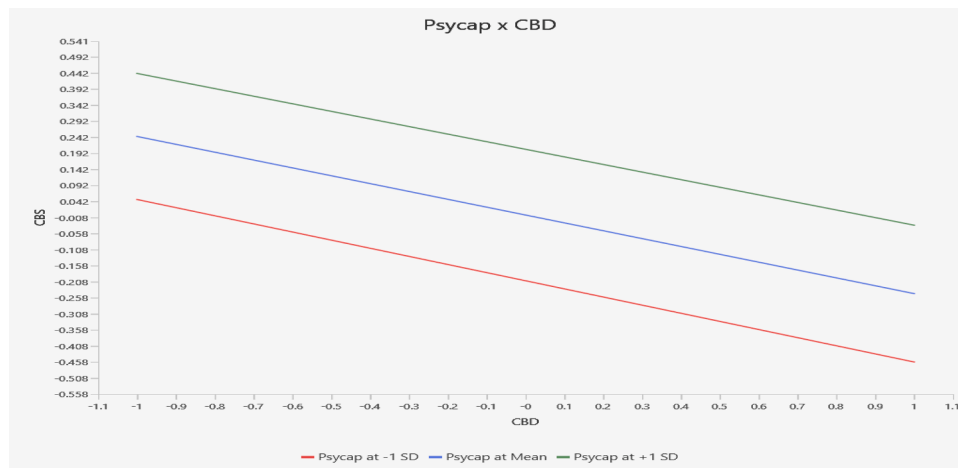


Fig. 2. (continued).

Table 5
R² and Q² values.

Variables	R ²	t-statistics	Q ²
CBD	0.21	3.58***	0.07
Justice perception	0.09	2.28**	0.06
CBS	0.36	6.70***	0.26

Note. *p < 0.05. **p < 0.01. ***p < 0.001.

performance. Firms during this period underwent organizational restructuring, downsizing and rightsizing due to financial constraints and a response to meet uncertain customer demands. Thus, when firms provided clarity regarding the various HR process shifts and reasons behind CBD, it enabled managers to align with organizational requirements. Additionally, when firms provided (a) assurance that pay cuts were temporary (b) rationale behind revised job role, appraisals, and compensation structure, (c) facilities for adopting digital transformation, (d) pathways for career development, and (e) necessary mental support, managers rather than becoming passive increased their involvement to attain organizational goals. Overall, providing clarity through communication regarding organization decisions instills fairness in the system and ensures organizational justice regarding redesigned compensation offerings during pandemic. Consequently, this boosted managers to perceive CBD positively, work for longer durations, including holidays, to ensure smooth conduct of firm activities, resulting in higher CBS.

Lastly, it is essential to unravel how individuals handle themselves during uncertain period. Thus, the hypothesis exploring the moderating role of PsyCap between CBD and CBS confirmed that higher PsyCap lowers the impact of CBD and enhances CBS. This could be explained as follows—PsyCap is a malleable and state-like attribute [48]. Firms underwent various structural, operational, and compensation changes. Managers with high PsyCap were capable of coping with adversities with an optimistic mindset. Such managers could (a) leverage technology by implementing— remote work solutions, virtual collaboration tools, and digital communication channels, (b) redesign plant processes— inventory management, supply chain management, quality control and (c) prioritize well-being by implementing— innovative safety protocols and employee well-being programs and employee assistance programs. Thus, rather than becoming reactive, managers became more agile, adaptable, and accommodative to the ongoing changes. Managers showed an increased concern for firms they worked with, demonstrated citizenship behavior, and were hopeful that things might become better in the future. PsyCap of managers enabled them to offset deviations and they experienced a higher CBS.

Implications

First, findings here can be used to design a fair pay that can match with industry standards and minimize gaps between applicable and available benefits to promote CBS. Thus, inequity perception can be reduced. Second, during uncertainty firms can create an environment to provide managers' with constant learning and development opportunities along with flexibility as survival becomes the key issue during pandemic.

This study supports the Equity theory of lower CBD increases CBS, in presence of justice perception. Managers perceive reduced compensation and benefits as fair when communicated properly. The prevalence of justice perception enhances trustworthiness, loyalty, and reduces secrecy among firm members. The study can be used to monitor employee attitudes and behavior during other uncertain conditions such as recession and crisis.

Limitations and agenda for research

The data were collected from middle-level managers working in manufacturing firms who were exposed to stress and uncertainty during the pandemic. Although reaching the managers became easy with LinkedIn, many managers were unable to check emails and did not respond in the given time frame, and the sample-size was limited. Self-reported responses to the questionnaire cannot be free from socially desirable responses. The findings were obtained from manufacturing units and from male managers during the COVID-19. Therefore, caution must be exercised in generalizing the findings to service organizations and female managers.

Service sector operated effectively during pandemic using ICT. The study of antecedents of CBS can be replicated in service sector among male and female managers to understand similarities and differences in findings. Furthermore, exploring the drivers of CBS among lower-level employees and gig workers in manufacturing firms. Replicating the study in public manufacturing firms can explore drivers of CBS in such set-up.

Conclusion

Departing from the extant literature, this is one of the early studies focusing on the role of personal values and HRD Climate in shaping CBD perception.

- Personal values, shaped by social influences like family, community, and organizations [16], are generally stable but can adapt during unstable conditions [21]. The study shows that individuals with

stronger personal values perceive lower CBD, as these values help them align with organizational changes and maintain a positive view of compensation adjustments. Additionally, a well-defined HRD climate further reduces CBD perceptions by fostering a supportive, growth-oriented environment, consistent with literature that links a positive HRD climate to enhanced employee satisfaction, engagement, and alignment with organizational goals. Furthermore, aligning compensation with redefined industry standards can mitigate dissatisfaction during uncertain conditions, as suggested in the literature.

- During the pandemic, focus on justice perceptions helps employees feel that their revised compensation is fair, thereby reducing CBD perceptions. The study concludes that perceived fairness in compensation practices, significantly reduces CBD and enhances CBS. In unstable market and internal business conditions, job stability becomes a crucial factor for both managers and employees. Timely and clear communication from organizations prevents managers from perceiving CBD and making comparisons regarding compensation and benefits. Additionally, the study concludes that managers exhibiting high Psychological Capital significantly mitigate CBD perceptions and enhance CBS. This aligns with the literature, which emphasizes that employees with higher PsyCap are more resilient and optimistic, helping them navigate compensation challenges effectively.
- In contexts of market unpredictability and internal business environment instability, job stability emerges as a critical factor. Furthermore, job loss among managers can evoke feelings of loss, helplessness, and sorrow. However, managers' PsyCap fosters positivity and empathy, subsequently influencing their demonstration of healthy work attitudes and behaviors that positively impact peers and subordinates.

CRedit authorship contribution statement

Pooja Patnaik: Writing – original draft. **Damodar Suar:** Supervision, Methodology.

Declaration of competing interest

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

Supplementary materials

Supplementary material associated with this article can be found, in the online version, at [doi:10.1016/j.smse.2025.100031](https://doi.org/10.1016/j.smse.2025.100031).

Data availability

Data will be made available on request.

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