

Living Wage Employer Status and Job Attitudes and Behaviours

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Abstract

New Zealand organisations have begun to respond positively to the concept of a Living Wage (LW), but the effects on job attitudes and behaviours is largely unknown. Social exchange theory would suggest employees should reciprocate with stronger attitudes and behaviours, and this is tested on a sample of 190 New Zealand employees with 57 per cent working for a LW employer. The findings indicate that employees in LW organisations are positively associated with organisational trust, which fully mediates effects towards turnover intentions and Organisational Citizenship Behaviours (OCBs), and partially mediates effects towards career satisfaction. The findings suggest that providing a LW can benefit organisations, through enhancing their employees' attitudes and behaviours.

Keywords: Living Wage Employer; organisational trust; career satisfaction; turnover intentions; OCBs; mediation effects.

Introduction

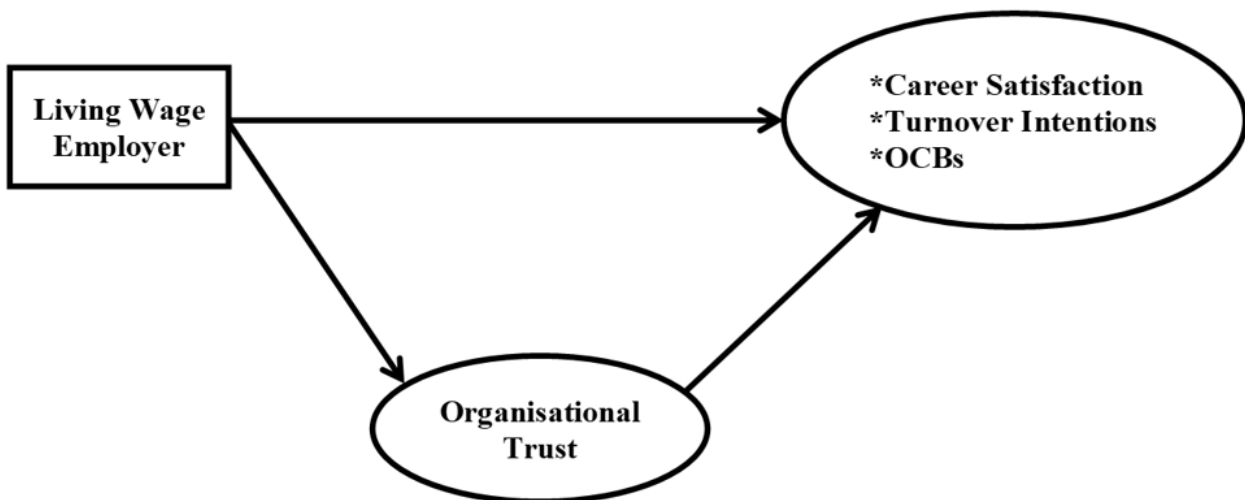
The Auckland Council introduced a Living Wage (LW) to all employees from 1st September 2019. This represented a pay rate of \$21.15, compared to the New Zealand minimum wage of \$17.70 (at that time). The Auckland Mayor stated that: "The cost of living in Auckland was higher than the rest of New Zealand and the wage increase ensured pay reflected this" (Goff as cited in Stuff, 2019). The LW is often argued as being a counter to the growth of work that is precarious and relates to those individuals in paid employment who are still economically disadvantaged (Carr et al., 2018a). However, a Living Wage Employer (LWE), (which represents an organisation paying the LW), may not necessarily have a workforce that is predominantly paid minimum wage. Indeed, employees in organisations where they may not personally gain from a policy may still reciprocate positively because it meets a *social need* (e.g., Haar & Spell, 2003; Haar et al., 2004). Consequently, we need research to better understand the potential influence LWE status can have on employee attitudes and behaviours.

The study reported in this paper focusses on employees located in New Zealand, their experiences around the LW, and whether working for a LWE is a sufficient mechanism to influence and enhance their job attitudes and behaviours. Werner and Lim (2016) suggested that organisations adopt a LW as a result of strong ethical considerations. Carr et al., (2018a) concur, stating that working for a LWE might provide employees with "...improvements in quality of work and life" (p.901). Carr et al., (2018a) also suggest that organisations who become a LWE typically do so in response to a social responsibility around doing what is right for their workforce – which might otherwise include the lowest paid employees (i.e. those on minimum wage). Carr et al., (2018a; 2018b), Werner & Lim, (2016) and others argue, however, that there is a need for a better understanding of the outcomes of the Living Wage.

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In response to the call for more research in this area, the study presented here examines LWE status and uses Social Exchange Theory (SET) to understand why providing a benefit like a LW can psychologically motivate employees to respond with stronger job attitudes and behaviours. This study models these effects through organisational trust because trust is a key ingredient in the relationships (specifically social exchange) between employer and employee. Overall, the study makes three contributions. First, it uses LWE status as a predictor of job attitudes and behaviours and seeks to understand direct effects through examining a broad range of job outcomes. Second, by including organisational trust as a mediator, it provides deeper insights into the process and psychological mechanism by which LWE status enhance their employees job attitudes and behaviours. Finally, it uses sophisticated analyses and a robust and broad sample to provide greater confidence in the findings. The study model is shown below (Figure 1).

Figure 1. Hypothesised Study Model



Social Exchange Theory

Social Exchange Theory (SET) is used as the theoretical argument to understand why LWE status might influence attitudes and behaviours of employees. SET is defined by Blau (1964, p. 91) as “...voluntary actions of individuals that are motivated by the returns they are expected to bring and typically do in fact bring from others”. Social exchanges differ considerably from economic exchanges, although the notion of pay is important in the context of LWE status. This is because such an increase via a living wage means low paid employees are paid more, but under SET this might still trigger beneficial attitudes and behaviours of employees, irrespective of actual income. SET aligns with the norm of reciprocity, within which Gouldner (1960) argues that people help those who have helped them. Further, although there are no guarantees of such reciprocation, such a behaviour is typical.

Under SET, helpful behaviour means that employees can experience a feeling of obligation and trust of their employers (Haar & Spell, 2004), where they acknowledge the actions of the employer and respond accordingly. Haar and Spell (2004) also showed this policy must be valued by the employee. With a LW, we might expect those earning below the LW threshold to respond positively because of the economic gains and, as such, there is value in a LW policy for which such employees personally gain. However, this might also extend out to other employees already paid above the LW threshold. This is because they might characterise the behaviour of their employer as positive and supportive of all employees – especially those on low pay – with such ethical behaviours being viewed positively by employees. Moreover, there is a wealth of empirical evidence (e.g. Kurtessis et al., 2017; Rhoades

& Eisenberger, 2002) that supports the SET mechanism in the workforce and, in particular, shows that, in response to positive actions by an employer, employees will reciprocate with more positive attitudes and behaviours. In the Auckland Council LW example noted above, it would be expected that LWE status triggers felt obligations. In essence, the adoption of a LW sends the signal to employees that they are valued and supported. Ultimately, Blau (1964) notes that the positive actions of employers (like a Living Wage policy) can lead to "...feelings of personal obligations, gratitude, and trust amongst employees" (p.94). Hence, LWE status might signal to employees that their employer cares about all their employees and their role in society, thus facilitating greater trust. Shore and Shore (1995) also noted that, by introducing policies such as the LW, employees can view these policies as a social exchange that go beyond an economic relationship.

Job Attitudes and Behaviours

As stated earlier, the study reported here examines several employee job attitudes and behaviours, and has a broad focus to ensure the potential influence of LWE status is well-tested. Gattiker and Larwood (1988) and Greenhaus et al., (2000) define careers as a sequence of positions that are separate but related that individuals have over their life, and thus career satisfaction is an affective orientation of these work roles. Haar and Staniland (2016) highlight that career satisfaction is just one factor in an employee's work experience, and the present study follows the general approach in the literature by examining subjective career success, which relates to individuals making judgements about their overall career experiences (Ng et al., 2005).

Organ (1988) defines Organisational Citizenship Behaviours (OCBs) as "...discretionary behaviors that are not directly or explicitly recognized by the formal reward system and that, in the aggregate, promote the effective functioning of the organization" (p.4). Importantly, OCBs are not part of an employee's job description or contractually-rewarded job achievements (Organ & Ryan, 1995). For example, while employers would expect employees to help other co-workers and represent the company after hours, if required, then these duties are not considered as OCBs. OCBs can also help to facilitate the functioning of an organisation in a positive and productive manner (Bhargava & Rupashree, 2009; Organ & Ryan, 1995). OCBs include defending the organisation and "...interpersonally oriented behaviours that contribute to organisational accomplishment" (Roche & Haar, 2013, p. 3401). Moreover, OCBs are linked with organisational performance (Podsakoff et al., 2009).

Turnover intentions, which is defined as employees voluntarily leaving their job, is also linked to lower organisational performance as a consequence of the potentially high costs associated with turnover (Allen et al., 2010; Hancock et al., 2013). There is meta-analytic support showing turnover intentions as the strongest predictor of actual turnover (Tett & Meyer, 1993) and meta-analyses highlighting a number of associated factors including those around compensation (e.g., Griffeth et al., 2000). Given the status of turnover intentions as one of the chief employee outcomes studied, and its significance within a New Zealand context (e.g., Haar et al., 2012), testing this outcome towards LWE status is important.

Living Wage Employer Status

Carr et al., (2016, p.3) state that “...a living wage is calculated to enable meaningful participation in society through recreation, supporting a family, and saving”. Using an approach based on SET, it is argued that employees in LWE status organisations will have a direct effect on the job attitudes and behaviours of employees. LWEs are likely to understand the signal provided by their employer as one of supporting the notion of decent work (Carr et al., 2018a). Indeed, some have argued that LWE status signals a strong ethical culture by organisations (Krugman, 1998) where such employers affirm a focus on employees’ quality of life, and employers acting in a decent, moral, and ethical way. Applying the Shore and Shore (1995) argument around mercantile relationships *versus* social exchange relationships, the higher compensation provided under a LW scheme and, importantly, at all levels of an organisation, means that employees are likely to interpret LWE status as positive signals of their organisation’s social exchange behaviours.

Being a LWE means that the employer recognises the value of all employees in the organisation, including the lowest paid, and acknowledge that the costs of living currently require more than the present minimum wage. With the LWE status comes a LW message with value-based language (Werner & Lim, 2016) which might include fairness for all employees and respecting all employees, including the lowest paid. As noted above, this investment in employees means that employees are likely to view LWE status as a valued policy that triggers a SET relationship (as per Shore & Shore, 1995) and, thus, leads to feelings of obligation (Haar & Spell, 2004) and greater employee job attitudes and behaviours (Kurtessis et al., 2017). Indeed, Carr et al. (2016) notes that the linkages to employee outcomes from a LW need greater testing and, under SET, the links are expected to be beneficial. Thus, employees recognise the value of a LW (including beyond personal increased income) and will reciprocate with enhanced job attitudes and behaviours. This leads to the first set of hypotheses:

Hypothesis 1: LWE status will be positively related to (a) career satisfaction and (b) OCBs.

Hypothesis 2: LWE status will be negatively related to turnover intentions.

Organisational Trust

Robinson (1996) defined trust as: “...one’s expectations, assumptions, or beliefs about the likelihood that another’s future actions will be beneficial, favorable, or at least not detrimental to one’s interests” (p.576). Organisational trust is a valuable construct and has been extensively researched and is well studied amongst employee studies (Bunker et al., 2004), and it is fundamentally linked to SET (Guerrero & Herrbach, 2009). Indeed, while positive relationships at work have been linked to shaping organisational trust (Haar et al., 2019), the linkages have not been well explored in the LW context. In their meta-analysis around SET relationships amongst employees, Kurtessis et al. (2017) reported organisational trust was strongly supported and it is expected that LWE status will positively shape organisational trust perceptions. Indeed, the literature on LW highlights that trust is a vital part of understanding the role of LWE status (Carr et al., 2018a; Krugman, 1998; Werner & Lim, 2016). I posit the following:

Hypothesis 3: LWE status will be positively related to organisational trust.

Beyond a direct influence from LWE status, organisational trust is also explored as a mediator. This is because trust might play an important organisational role regarding its effective functioning (Dirks & Ferrin, 2001). Ultimately, trust between the employee and their employer builds cooperation and performance and success for both parties (Robinson, 1996). Indeed, this mutually beneficial relationship aligns well with SET. As individual outcomes, there is support from organisational trust as both predictor and mediator. Aryee et al., (2002) found organisational trust predicted turnover

intentions and mediated the effect of organisational justice. Similar effects have been found towards OCBs (e.g., Wat & Shaffer, 2005) and again towards career outcomes (e.g., Crawshaw & Brodbeck, 2011). Similarly, Podsakoff et al., (2000) suggested that OCBs are likely to be best understood as being influenced through job attitudes and, given our SET approach, organisational trust is likely to be important. This leads to the following:

Hypothesis 4: Organisational trust will mediate the positive influence of LWE status on (a) career satisfaction and (b) OCBs.

Hypothesis 5: Organisational trust will mediate the negative influence of LWE status on turnover intentions.

Method

Sample and Procedure

Data from New Zealand employees was collected in 2019 via a Qualtrics survey panel, with the LW being the specific focus. A filter question removed respondents who were unsure of the LWE status of their workplace and the final sample was 190 New Zealand employees (57.4 per cent LWE status). The Qualtrics panel system removes respondents who complete the survey too fast or slow and enable only one completion per respondent. This approach to data collection has yielded robust samples (e.g. Haar et al., 2018; Haar et al., 2019) and a recent meta-analysis (Walter et al., 2019) reported that panel data and data sourced by conventional means were comparable and not significantly different.

Overall, slightly more respondents were female (68 per cent), age ranging from 19 to 70 years, with an average age of 41.8 years (SD=12.6). Average hours worked were 40.1 hours/week (SD=8.0) and average tenure was 5.2 years (SD=3.6). By ethnicity, 55 per cent were New Zealand European, with the rest well spread across Maori, Pacific peoples, Asians and Indians. By sector, 44 per cent of respondents were in the private sector while 56 per cent of the respondents were employed in the public sector. Finally, by firm size, 26.3 per cent worked in small-sized firms (50 employees or less), 25.3 per cent worked in medium-sized firms (51-250 employees), 24.2 per cent were in large-sized firms (251-1000 employees) and 24.2 per cent in very large-sized firms (more than 1000 employees).

Measures

LW Employer was computed by asking the question “Does your employer pay the Living Wage?”, with 1=LWE status and 0=non-LWE status. This was self-reported and purposefully did not seek to determine whether the employer was an accredited member of a LW movement. Rather, the focus was whether employees felt their organisation paid the LW.

Organisational Trust was measured using 3-items by Robinson (1996), coded 1=strongly disagree, 5=strongly agree. This construct has been validated in a study of New Zealand employees (e.g., Haar et al., 2019). A sample item is “In general, I believe my employer’s motives and intentions are good” ($\alpha = .87$).

Career Satisfaction was measured using three items by Greenhaus et al., (1990), coded 1=strongly disagree, 5=strongly agree. A sample question was “I am satisfied with the success I have achieved in

my career” ($\alpha=.93$) and this construct has been validated in New Zealand studies (e.g., Haar & Staniland, 2016).

OCBs were measured using three items from Lee and Allen (2002), coded 1= never, 5= always. A sample item is “I defend this organisation when other employees criticise it” ($\alpha = .75$).

Turnover Intentions were measured using three items from Kelloway et al., (1999), coded 1=strongly disagree, 5=strongly agree. A sample item is “I am thinking about leaving my organisation” ($\alpha= .94$).

Control Variables. We controlled for Age (years), Gender (1=females, 0=males), Education (1=high school, 2=polytechnic, 3=university degree, 4=postgraduate qualification), Tenure (years) and Hours Worked (per week), because these factors can influence job outcomes (e.g., Ten Brummelhuis et al., 2014; Haar et al., 2019) and they have meta-analytic support (Ng & Feldman, 2010; Griffeth et al., 2000).

Measurement Model

Following recommendations by Williams et al., (2009), a confirmatory factor analysis (CFA) was conducted in analysis of a moment structures (AMOS) (version 25) to confirm study constructs, using the following goodness-of-fit indexes: (1) the comparative fit index (CFI), (2) the root-mean-square error of approximation (RMSEA), and (3) the standardised root mean residual (SRMR), with a superior model reflected in scores of $CFI \geq 0.95$, $RMSEA \leq 0.08$ and $SRMR \leq 0.10$. Overall, the hypothesised measurement model fits the data best for the expected five-factor solution: $\chi^2(df)= 132.9 (68) p= .000$, $CFI=.97$, $RMSEA=.07$, and $SRMR=.05$. Testing of alternative CFA models (Hair et al., 2010) indicated the alternative models were all significantly worse fit to the data ($p < .001$).

Analysis

Relationships were tested using PROCESS 3.1 (in SPSS version 25), specifically model 4 (mediation). Control variables were entered in Step 1 with LWE status entered as the independent variable, organisational trust as the mediator variable and three models were run: (1) career satisfaction, (2) OCBs, and (3) turnover intentions. The existence of mediation effects by using bootstrapping (5000 times) and the skewness and kurtosis statistics indicated that our constructs were normal and within acceptable limits (Hair et al., 2010). Furthermore, the additional model 4 aspect was used to determine the indirect effects of LWE status on job attitudes and behaviours.

Results

Descriptive statistics for the study variables are shown in Table 1.

Table 1. Correlations and Descriptive Statistics of Study Variables

Variables	M	SD	1	2	3	4	5	6	7	8	9
1. Age	41.8	12.6	--								
2. Education	2.2	1.0	-.13	--							
3. Tenure	5.2	3.6	.48**	-.09	--						
4. Hours Worked	40.1	8.0	.26**	.29**	.25**	--					
5. LWE Status	0.57	.50	.09	-.06	.12	.10	--				
6. Organisational Trust	3.3	.98	-.05	-.13	.02	-.09	.27**	--			
7. Career Satisfaction	3.4	1.1	.09	-.03	.20**	.04	.34**	.50**	--		
8. OCBs	3.0	.99	.04	.03	.01	-.02	.16*	.32**	.39**	--	
9. Turnover Intentions	2.8	1.2	-.29**	.16*	-.18*	-.03	-.22**	-.46**	-.43**	-.11	--

N= 190. *p<.05. **p<.01

Table 1 shows that LWE status is significantly correlated with organisational trust ($r = .27$, $p < .01$), career satisfaction ($r = .34$, $p < .01$), OCBs ($r = .16$, $p < .05$), and turnover intentions ($r = -.22$, $p < .01$). Organisational trust is significantly correlated with career satisfaction ($r = .50$, $p < .01$), OCBs ($r = .32$, $p < .01$), and turnover intentions ($r = -.46$, $p < .01$). Career satisfaction is significantly correlated with OCBs ($r = .39$, $p < .01$), turnover intentions ($r = -.43$, $p < .01$) and tenure ($r = .20$, $p < .01$). Finally, turnover intentions are significantly correlated with age ($r = -.29$, $p < .01$), education ($r = .16$, $p < .05$) and tenure ($r = -.18$, $p < .05$). The results of the mediation regression analyses are presented in Table 2.

Table 2. Unstandardized Regression Coefficients with Confidence Intervals Estimating Job Attitudes and Behaviours.

Variables	Organisational Trust		Career Satisfaction		OCBs		Turnover Intentions	
	Coeff.	95% CI	Coeff.	95% CI	Coeff.	95% CI	Coeff.	95% CI
Age	-.01	-.01, .01	.00	-.01, .01	.01	-.01, .02	-.03**	-.04, -.01
Gender	-.13	-.43, .17	-.02	-.31, .26	-.13	-.43, .17	.02	-.29, .34
Education	-.09	-.23, .05	.06	-.07, .20	.09	-.05, .24	.07	-.08, .22
Tenure	.01	-.02, -.00	.05*	.01, .09	-.01	-.05, .03	-.00	-.05, .04
Hours Worked	-.01	-.03, .01	-.00	-.02, .02	-.01	-.03, .01	.00	-.02, .02
<i>Predictor:</i>								
LWE Status	.53***	.24, .80	.71***	.41, 1.0	.32*	.03, .61	-.45**	-.78, -.12
<i>Predictor with Mediator:</i>								
LWE Status			.45***	.17, .72	.16	-.13, .44	-.16	-.47, .14
Organisational Trust			.50***	.36, .64	.31***	.16, .46	-.54***	-.70, -.39
Indirect Effect of LWE Status:			.26***	.12, .43	.16**	.06, .29	-.29**	-.50, -.12
	$R^2 = .10$		$R^2 = .33$		$R^2 = .12$		$R^2 = .32$	
	$F(6.000) = 3.4**$		$F(7.000) = 12.7***$		$F(8.000) = 3.6**$		$F(8.000) = 12.2***$	

Note: Number of bootstrap samples for bias corrected interval = 5,000.

Standard errors are in parentheses.

*p < .05, **p < .01, ***p < .001. CI = Confidence Intervals

The results show that LWE status is significant and directly related to career satisfaction ($\beta = .71(.15)$, $p = .0000$ [LL = .41, UL = 1.0]), OCBs ($\beta = .32(.15)$, $p = .0295$ [LL = .03, UL = .61]), and turnover intentions ($\beta = -.45(.17)$, $p = .0081$ [LL = -.78, UL = -.12]), supporting Hypotheses 1a, 1b and 2. Furthermore, LWE status is significantly related to organisational trust ($\beta = .53(.14)$, $p = .0002$ [LL = .25, UL = .80]), supporting Hypothesis 3. Further, organisational trust is significant and directly related to career satisfaction ($\beta = .50(.07)$, $p = .0000$ [LL = .36, UL = .64]), OCBs ($\beta = .31(.07)$, $p = .0000$ [LL = .16, UL = .46]), and turnover intentions ($\beta = -.54(.08)$, $p = .0000$ [LL = -.70, UL = -.39]), and, when included in the model, it partially mediates the effect of LWE status on career satisfaction, which effect drops to ($\beta = .45(.14)$, $p = .0017$ [LL = .17, UL = .72]), and fully mediates the effect of LWE status on OCBs, which effect drops to ($\beta = .16(.15)$, $p = .2777$ [LL = -.13, UL = .45]) and turnover intentions, which effect drops to ($\beta = -.16(.15)$, $p = .2993$ [LL = -.47, UL = .14]). These findings support Hypotheses 4 and 5. Finally, these mediating effects were further explored by examining the total indirect effects of LWE status on job outcomes and these effects were statistically different from zero with 95 per cent confidence for career satisfaction (.12 to .43), OCBs (.06 to .29) and turnover intentions (-.50 to -.12). Thus, while partial and full mediation effects are found when organisational trust is included in the models, the indirect effect from LWE status is still significant for all job outcomes. This highlights the important role that LWE status plays on job attitudes and behaviours through organisational trust.

Overall, across the control variables, only age was significantly related to turnover intentions ($\beta = -.03(.01)$, $p = .0001$ [LL = -.04, UL = -.01]) only, with all other controls non-significant. Finally, the models accounted for a small amount of variance towards organisational trust (10 per cent) and OCBs (12 per cent), but larger and more robust amounts of variance towards career satisfaction (33%) and turnover intentions (32 per cent).

Discussion

The goal of the current study was to determine whether LWE status was directly related to the job attitudes and behaviours of New Zealand employees when we compared respondents working in LWE status versus non-LWE status organisations. Using SET, it was expected that, when employers in LWE status organisations paid all their employees well above the minimum wage (an additional 19.5 per cent), the employees would respond positively to the employers' support and confidence. Shore and Shore (1995) noted that when the employers' policies and actions are interpreted by employees as acknowledging their workforce efforts and showing some form of investment in the workforce, employees are likely to react under a social exchange rather than economic exchange. In the present study, policies like paying a LW make a significant contribution to the lowest paid employees in an organisation and, thus, signals that the employer has a social conscience, which, in turn, can facilitate felt obligations under SET (Haar & Spell, 2004) and, thus, lead to higher job attitudes and behaviours.

Overall, these effects were supported, with LWE status employees reporting significantly higher organisational trust, career satisfaction and OCBs, and significantly lower turnover intentions. These effects mirror meta-analyses around SET in employees (Kurtessis et al., 2017). Indeed, the direct effect of LWE status was significant and moderate in strength across all attitudes and behaviours. Further, we sought to test organisational trust as a mediator because trust is viewed as an important organisational factor (Robinson, 1996; Bunker et al., 2004) and heavily linked to SET. Guerrero and Herrbach (2009) highlighted that SET is predicated on trust – the employer *trusts* that employees will do the right thing and reciprocate – because this is not promised or established as a 'given' (Gouldner,

1960). Overall, the empirical evidence found here supports the notion that LWE status is positively related to organisational trust and, in turn, organisational trust predicts job attitudes and behaviours, and mediates the influence of LWE status on these job outcomes. This supports meta-analysis around SET relationships and trust (Kurtessis et al., 2017) and reiterates the value of trust when examining SET relationships.

Beyond the direct and mediating effects found here, the analysis also allows us to understand the indirect effects that LWE status plays on the job outcomes examined here. The analysis conducted in PROCESS shows that the indirect effects of LWE status on job attitudes and behaviours remains significant and moderate in strength (albeit weaker towards OCBs). This highlights that, while organisational trust plays an important role in shaping these job attitudes and behaviours, LWE status continues to play a valuable role in shaping these attitudes and behaviours, even when organisational trust proceeds to play mediation (partial and full) effects. Consequently, this provides evidence that LWE status plays a valuable role, not least through shaping trust perceptions which are also significant predictors of career satisfaction, OCBs and turnover intentions in the present study.

Implications

The present study provides important implications for organisations, especially those considering adopting a LW. The findings highlight that employees do react positively to having an employer who pays the LW, likely because this signals to employees that their employers have a social conscience and cares about the wellbeing of their employees, which aligns well with the theoretical mechanism used (SET). Hence, employers adopting a LW might expect employees across all positions in an organisation to respond positively to LWE status. This might include attitudes and behaviours that have additional organisational benefits. For example, Podsakoff et al. (2009) in their meta-analysis, found OCBs were positively related to organisational performance, while lowering employee turnover reduces costs (Allen et al., 2010) and improves organisational performance (Hancock et al., 2013). Consequently, LWE status is likely to have flow-on effects towards shaping the overall performance of organisations. Adopting a LW may make employees more trusting and, subsequently, more likely to stay and also engage in more helpful behaviours, which all help shape the performance of the organisation.

While the present study responds to calls for research on the LW (e.g., Carr et al., 2018a, 2018b; Werner & Lim, 2016), more work is needed to understand the potential breadth of job attitudes and behaviours influenced by LWE status. Future research might seek to determine the influence high performance work systems might play in combination with LWE status, as these might further enhance the positive influences on job attitudes and behaviours under SET. Researchers should seek to test a wider range of job attitudes (e.g., job satisfaction) and behaviours (e.g., creativity) to gain a greater understanding of the LW. Beyond job attitudes and behaviours, the wellbeing of the employee is also of paramount interest to researchers, and meta-analysis shows that SET relationships also effect wellbeing (e.g., Kurtessis et al., 2017). Whether this holds within the LWE status needs to be determined (e.g., employee mental health).

Limitations

Podsakoff et al., (2003) highlight a potential limitation in the majority of employee studies is the issue of common method variance (CMV) when data is cross-sectional in nature. Accordingly, recommendations by Podsakoff et al. (2003) were followed and separated the constructs used in our study throughout the survey and these were not in the linear order of independent, mediator and dependent variables. Beyond this, the study constructs were subject to advanced statistical analysis

(CFA in AMOS) and, following recommendations from Podsakoff et al. (2003), the Harman's One Factor Test was used as a post hoc test of CMV. The unrotated factor analysis resulted in no single factor dominating, which indicates that CMV is not an issue (e.g., Brougham & Haar, 2018). Overall, the sample was moderate in size but well spread across age, ethnicity, and sector, and provides useful confidence in the results.

Conclusion

The current study tested the influence of LWE status on employee job attitudes and behaviours and found strong and consistent support for these effects. While the influence was found to be partially mediated by organisational trust, the analysis showed the indirect effect of LWE status was significant and, thus, while these effects towards employee behaviours (OCBs and turnover intentions) were fully mediated by organisational trust, LWE status does play a significant and important indirect effect. Overall, the present study provides some concrete evidence around the important role that employers offering a LW can have on their employees. Consequently, organisations unsure of the potential effects beyond higher labour costs might consider adopting a LW because, through such a policy, they are likely to stimulate and enhance their employees job attitudes and behaviours. Given the recent attention to the LW in New Zealand (e.g., Auckland Council), this study highlights the potential benefits that may be on offer for organisations. Further study and analysis are encouraged.

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