

Compensation Equity and Employee Commitment in the Digital Workplace: Examining the Mediating Role of Job Satisfaction and Employee Engagement

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Abstract- The digital transformation of employment relations has generated significant theoretical and practical questions regarding how compensation structures influence employee attitudes and behaviours in technology-mediated work environments. This study examines the relationship between compensation equity and organisational commitment among employees in digitally enabled service organisations, with particular attention to the mediating roles of job satisfaction and employee engagement. Grounded in Adams's (1963) Equity Theory and Blau's (1964) Social Exchange Theory, the study adopts a quantitative survey research design. Data were collected from a stratified random sample of 342 employees drawn from banks, telecommunications firms, and technology companies in Rivers State, Nigeria, using validated psychometric instruments. Structural equation modelling (SEM) with the bootstrapping procedure was employed for mediation analysis. Findings reveal that compensation equity exerts a significant positive direct effect on organisational commitment ($\beta = 0.31, p < .001$), and that this relationship is substantially mediated by both job satisfaction (indirect effect = 0.19, 95% CI [0.12, 0.27]) and employee engagement (indirect effect = 0.16, 95% CI [0.09, 0.24]). The study contributes to employment relations theory by demonstrating that perceptions of compensatory fairness operate through attitudinal and motivational pathways before translating into committed behaviour, and offers actionable recommendations for human resource practitioners navigating the challenges of compensation governance in the digital workplace.

Keywords: *Compensation Equity, Organisational Commitment, Job Satisfaction, Employee Engagement, Digital Workplace, Equity Theory, Social Exchange Theory, Employment Relations, Mediation Analysis*

I. INTRODUCTION

1.1 Background and Context

The contemporary employment landscape has undergone a profound structural reorganisation in the wake of digital transformation. The proliferation of remote work, cloud-based collaboration platforms, artificial intelligence-assisted performance management systems, and geographically dispersed virtual teams has fundamentally reconfigured how employees experience their working lives and evaluate the terms of their employment relationship. In this context, compensation traditionally understood as the tangible exchange at the heart of the employment contract has acquired heightened symbolic and motivational significance.

Compensation equity, defined as employees' cognitive appraisal of the fairness of their remuneration relative to their inputs and in comparison with relevant referent others, represents a critical determinant of employee attitudinal outcomes (Adams, 1963; Colquitt et al., 2001). In digitally mediated workplaces, where the physical and social cues that historically contextualised pay decisions are often absent, employees rely more heavily on compensation practices as proxies for organisational justice and managerial regard (Morrison & Robinson, 2020; Rawlinson et al., 2022). The ready availability of salary benchmarking data through platforms such as LinkedIn Salary, Glassdoor, and industry compensation surveys further intensifies employees' sensitivity to perceived compensation disparities (Kaur & Sharma, 2021).

Against this backdrop, maintaining equitable compensation structures has become not merely a

compliance imperative but a strategic human resource management (HRM) priority with demonstrable consequences for workforce commitment, engagement, and retention. Organisational commitment conceptualised as the psychological state that characterises an employee's relationship with their organisation and has implications for their decision to remain with or leave the organisation (Meyer & Allen, 1991, p. 67) has been consistently associated with reduced voluntary turnover, enhanced performance, and positive organisational citizenship behaviours (Meyer et al., 2002; Jha, 2022).

1.2 Statement of the Problem

Despite the empirical attention devoted to compensation and organisational commitment in traditional work settings, the field confronts a critical lacuna regarding the specific mechanisms through which compensation equity translates into committed employee behaviour within digital work environments. Extant research has tended to treat job satisfaction and employee engagement as parallel outcomes of compensation fairness, rather than as theoretically integrated mediators within a sequential attitudinal pathway (Caesens et al., 2020; Islam et al., 2022). This theoretical oversight is consequential: if compensation equity influences commitment primarily through the mediating action of satisfaction and engagement, then HRM interventions focused solely on pay structures without attending to the motivational and affective states they generate—are likely to be suboptimal.

Furthermore, the empirical evidence base concerning compensation equity in the Nigerian digital economy remains comparatively thin, notwithstanding the sector's rapid expansion and the documented challenges of talent retention in emerging-market technology and financial services firms (Obasan & Hassan, 2021; Okafor et al., 2023). This study addresses both gaps.

1.3 Research Objectives

The primary objective of this study is to examine the relationship between compensation equity and organisational commitment among employees in digitally enabled service organisations in Nigeria,

with specific attention to the mediating roles of job satisfaction and employee engagement. The study pursues the following subsidiary objectives:

(i) To examine the direct relationship between compensation equity and organisational commitment; (ii) to determine the effect of compensation equity on job satisfaction; (iii) to assess the influence of compensation equity on employee engagement; (iv) to investigate the effect of job satisfaction on organisational commitment; (v) to examine the influence of employee engagement on organisational commitment; and (vi) to determine the joint and sequential mediating effects of job satisfaction and employee engagement on the compensation equity–organisational commitment relationship.

1.4 Research Hypotheses

Drawing from the theoretical framework and prior empirical literature, the following null hypotheses are posited:

H01: Compensation equity has no significant direct relationship with organisational commitment.

H02: Compensation equity has no significant effect on job satisfaction.

H03: Compensation equity has no significant influence on employee engagement.

H04: Job satisfaction has no significant effect on organisational commitment.

H05: Employee engagement has no significant influence on organisational commitment.

H06: Job satisfaction and employee engagement do not significantly mediate the relationship between compensation equity and organisational commitment.

1.5 Significance of the Study

This study makes a dual contribution. Theoretically, it extends the integrative application of equity and social exchange frameworks to the emergent digital workplace context, and enriches understanding of the attitudinal pathway through which perceptions of compensatory fairness become manifest as committed organisational behaviour. Practically, the findings offer HR practitioners in Nigeria's growing digital economy an evidence-informed basis for designing compensation systems that concurrently leverage job satisfaction and employee engagement as channels for nurturing workforce commitment.

II. LITERATURE REVIEW

2.1 Theoretical Foundations

2.1.1 Equity Theory

Adams's (1963) Equity Theory constitutes the foundational theoretical lens for this inquiry. The theory posits that individuals evaluate the fairness of an exchange relationship by computing a ratio of their perceived inputs (effort, skill, education, experience) to their perceived outcomes (salary, benefits, recognition) and comparing this ratio with that of a relevant referent other. Perceived equity produces motivational balance; perceived inequity generates psychological tension that the individual seeks to reduce through behavioural or cognitive adjustment—including reducing effort, distorting perceptions of inputs/outcomes, or exiting the relationship (Adams, 1963; Huseman et al., 1987).

In the domain of compensation, equity theory predicts that employees who perceive their remuneration as fair relative to their contributions and in comparison, with peers will exhibit more positive work attitudes and stronger commitment to the organisation. Critically for the present study, equity perceptions do not operate exclusively on behaviour; they first generate affective and evaluative responses satisfaction or dissatisfaction which subsequently influence motivational states and behavioural intentions (Greenberg, 1990). This theoretical sequence underpins the hypothesised mediational pathway examined here.

While equity theory has attracted criticism for its methodological dependence on self-reported ratio comparisons and its insufficient attention to cultural variation in fairness norms (Leventhal, 1976; Tyler & Blader, 2003), it retains substantial explanatory power in compensation research, particularly when supplemented with organisational justice perspectives that distinguish distributive, procedural, and interactional fairness (Colquitt, 2001).

2.1.2 Social Exchange Theory

Complementing equity theory, Blau's (1964) Social Exchange Theory offers a relational framework through which to understand employee commitment

as a reciprocal response to perceived organisational beneficence. Social exchange theory holds that employment relationships are embedded in a norm of reciprocity: employees who receive valued resources from their organisation including equitable compensation are motivated to reciprocate with increased loyalty, engagement, and performance (Cropanzano & Mitchell, 2005). This reciprocal dynamic aligns with Eisenberger et al.'s (1986) concept of Perceived Organisational Support (POS), which suggests that employees form general beliefs about the degree to which their organisation values their contributions and cares about their well-being, and that these beliefs are importantly shaped by compensation practices.

Importantly, social exchange theory treats commitment as an emergent property of a relationship rather than as a direct transaction. Compensation equity may thus be expected to foster commitment not instantaneously or mechanically, but through the gradual accumulation of positive attitudinal states satisfaction and engagement that reflect employees' ongoing assessment of the exchange relationship's quality (Saks, 2006; Sluss et al., 2008).

2.2 Compensation Equity: Conceptualisation and Dimensions

Contemporary HRM scholarship conceptualises compensation equity as a multidimensional construct encompassing at least four distinct perceptions of fairness. Internal equity refers to the perceived fairness of one's compensation relative to colleagues performing comparable roles within the same organisation (Milkovich et al., 2024). External equity concerns the perceived alignment of one's remuneration with market rates for analogous positions in competitor organisations (Gerhart & Fang, 2014). Individual equity also termed personal equity denotes the perceived congruence between one's pay and one's individual performance and contributions (Lawler, 1971). Procedural equity encompasses fairness perceptions regarding the processes, criteria, and decision rules through which compensation levels are determined (Folger & Konovsky, 1989; Colquitt et al., 2001).

The distinction between these dimensions is more than taxonomic: empirical evidence suggests that they exert differential effects on attitudinal outcomes. Procedural equity, for instance, has been shown to exert stronger effects on organisational commitment than distributive (outcome-based) equity, while distributive equity tends to be more proximally associated with job satisfaction (Sweeney & McFarlin, 1993; Cohen-Charash & Spector, 2001). This differential patterning informs the measurement strategy adopted in the present study.

2.3 Compensation Equity and Organisational Commitment

The empirical relationship between compensation equity and organisational commitment is well-documented across multiple occupational and national contexts. Igalens and Roussel (1999) demonstrated that intrinsic aspects of reward systems, including perceived fairness, were significantly associated with affective commitment among French employees. In an Asian context, Lau and Chong (2002) found that perceptions of pay equity were among the strongest predictors of employee loyalty in manufacturing firms. More recently, Cloutier et al. (2015) reported that perceived compensation justice accounted for significant variance in all three components of Meyer and Allen's (1991) three-component model of commitment, with affective commitment showing the most robust association.

In digital and remote work settings, emerging evidence suggests that the relationship between compensation equity and commitment may be moderated by the degree of perceived organisational transparency regarding pay determination. Rawlinson et al. (2022) found that employees in organisations with formal pay-band disclosure policies reported significantly higher levels of affective commitment than those in opaque compensation environments, even when objective pay levels were equivalent. This finding underscores the importance of procedural and informational dimensions of compensation equity in technology-enabled workplaces.

2.4 The Mediating Role of Job Satisfaction

Job satisfaction operationally defined as a positive, pleasurable emotional state resulting from the

appraisal of one's job or job experiences (Locke, 1976, p. 1300) has been theorised and empirically demonstrated to serve as an important mediator in the compensation equity commitment relationship. Drawing on equity theory, dissatisfaction arising from perceived compensation inequity engenders cognitive and motivational adjustments that diminish employees' willingness to invest in the employment relationship, thereby weakening affective and normative commitment (Greenberg, 1990; Luthans, 2011).

Shan et al. (2015) provide direct evidence for this mediation, demonstrating through structural equation modelling that the effect of pay justice on organisational commitment among Chinese knowledge workers was largely indirect, channelled through employees' overall job satisfaction. Similar findings are reported by Islam et al. (2022) in a study of Bangladeshi IT professionals, and by Jha (2022) in a large-scale survey of Indian service sector employees. However, the magnitude of the mediating effect varies across studies, possibly reflecting differences in cultural orientation toward compensation, sectoral variation in pay transparency, and measurement heterogeneity limitations that the present study seeks to address through rigorous instrument validation.

2.5 The Mediating Role of Employee Engagement

Employee engagement characterised by Schaufeli et al. (2002, p. 74) as a positive, fulfilling, work-related state of mind evidenced by vigour, dedication, and absorption has been identified as a theoretically and empirically distinct mediator in the compensation–commitment relationship. Unlike job satisfaction, which primarily reflects an evaluative and affective response to job conditions, engagement captures the motivational intensity with which employees invest themselves in their work roles. From a social exchange perspective, employees who perceive their compensation as equitable are more likely to interpret the employment relationship as worthy of full motivational investment, thereby exhibiting higher engagement levels (Saks, 2006; Caesens et al., 2020). The engagement–commitment relationship is also well-established: highly engaged employees demonstrate greater psychological identification with

organisational goals, stronger intentions to remain with the organisation, and greater willingness to perform beyond formal role requirements (Bakker et al., 2011; Albrecht et al., 2015). Importantly, Christian et al. (2011) demonstrated in a meta-analysis that engagement uniquely predicts job performance and organisational outcomes above and beyond job satisfaction, suggesting that the two mediators operate through related but distinguishable psychological mechanisms.

2.6 Compensation Equity in the Digital Workplace

The digital workplace characterised by the predominant use of technology platforms for communication, collaboration, performance management, and coordination introduces distinctive conditions that amplify the salience of compensation equity perceptions. The reduced frequency of face-to-face interaction limits employees' access to the informal social cues that in traditional work settings might buffer negative reactions to compensation differentials (e.g., visible signs of extra workload, informal interpersonal appreciation from supervisors). In the absence of such cues, formal compensation structures and their perceived fairness are likely to carry disproportionate weight in employees' overall organisational experience (Morrison & Robinson, 2020).

Furthermore, the digitalisation of HR processes creates both new opportunities and new risks for compensation equity. On the positive side, digital HR platforms can enhance transparency in pay-band communication, facilitate real-time performance data integration into compensation reviews, and enable more granular monitoring of internal equity across demographic groups (Kaur & Sharma, 2021). On the risk side, algorithmic compensation determination and remote performance tracking have been associated with perceptions of surveillance, dehumanisation, and procedural unfairness, particularly among employees with high autonomy orientations (Moore & Robinson, 2016; Bhawe, 2014).

2.7 Research Gap

Despite the extensive literature on compensation equity, job satisfaction, engagement, and

commitment as separate constructs, several lacunae persist. First, the majority of existing mediation studies examine job satisfaction and employee engagement as alternative rather than simultaneous mediators, thereby precluding assessment of their relative and combined indirect effects. Second, there is a comparative neglect of the digital workplace as a contextual moderator that may amplify or attenuate these relationships. Third, the Nigerian context characterized by unique structural features including high inflation, competitive labour markets in the technology and financial sectors, and growing digital economy penetration remains underrepresented in the international literature. This study addresses all three gaps.

III. METHODOLOGY

3.1 Research Design

This study adopts a quantitative, cross-sectional survey research design. The quantitative approach is appropriate given the study's objective of testing theoretically derived hypotheses regarding relationships among measurable constructs, consistent with the positivist epistemological tradition in HRM research (Creswell & Creswell, 2018). The cross-sectional design, while precluding causal inference in the strict experimental sense, is well-established in organisational behaviour research for testing structural relationships among attitudinal and perceptual variables (Podsakoff et al., 2003).

3.2 Population and Sampling

The target population comprised employees in digitally enabled service organisations in Rivers State, Nigeria, specifically the banking, telecommunications, and technology sub-sectors industries characterised by high digital infrastructure deployment and relatively formalised HR practices. These sectors are particularly relevant to the research questions because their reliance on digital work tools renders compensation equity perceptions especially salient, and because they collectively represent the fastest-growing segment of formal employment in Nigeria's evolving economy (National Bureau of Statistics, 2023).

Stratified random sampling was employed to ensure proportionate representation across the three sectors and across occupational levels (operational, supervisory, and managerial). The Raosoft (2004) sample size calculator, applied to a population estimated at 12,000 employees across the three sectors in Rivers State, yielded a minimum required sample size of 373 at a 95% confidence level and a 5% margin of error. Accounting for an anticipated non-response rate of approximately 10%, 420 questionnaires were distributed. A total of 354 were returned, of which 342 were deemed usable after exclusion of incomplete or contradictory responses a usable response rate of 81.4%, which exceeds the threshold commonly recommended for survey research in HRM (Baruch & Holtom, 2008).

3.3 Measures

All constructs were operationalised using validated psychometric instruments adapted from established scales, with minor modifications for the Nigerian digital workplace context.

Compensation Equity was measured using a 16-item scale adapted from the Pay Satisfaction Questionnaire (Heneman & Schwab, 1985) and supplemented with procedural equity items drawn from Colquitt's (2001) Organisational Justice Scale. The scale assesses four sub-dimensions (internal equity, external equity, individual equity, and procedural equity) on a five-point Likert scale anchored at 1 (strongly disagree) to 5 (strongly agree). Cronbach's alpha for the full scale in the present study was $\alpha = .87$.

Job Satisfaction was measured using the nine-item short form of the Minnesota Satisfaction Questionnaire (MSQ; Weiss et al., 1967), covering both intrinsic and extrinsic satisfaction facets ($\alpha = .82$). Employee Engagement was assessed using the nine-item abbreviated Utrecht Work Engagement Scale (UWES-9; Schaufeli et al., 2006), comprising three sub-scales: vigour, dedication, and absorption ($\alpha = .85$). Organisational Commitment was operationalised using Meyer et al.'s (1993) 18-item Organisational Commitment Questionnaire, measuring affective, continuance, and normative commitment ($\alpha = .89$).

3.4 Common Method Bias Mitigation

Given the reliance on self-reported cross-sectional data, several procedural and statistical steps were taken to mitigate common method bias (CMB). Procedurally, the survey instrument guaranteed respondent anonymity, used varied response formats across constructs, and employed reverse-scored items to reduce acquiescence bias (Podsakoff et al., 2003). Statistically, Harman's single-factor test was conducted: the unrotated principal components analysis yielded a first factor accounting for 24.6% of total variance, well below the 50% threshold that would indicate a problematic CMB confound.

3.5 Data Analysis

Data analysis proceeded in three stages. First, descriptive statistics and reliability analyses were computed using SPSS v. 26. Second, confirmatory factor analysis (CFA) was conducted in AMOS v. 24 to assess the measurement model's fit and discriminant and convergent validity of all latent constructs. Third, structural equation modelling (SEM) with bootstrapping (5,000 iterations; 95% bias-corrected confidence intervals) was employed to test the direct and indirect hypothesised relationships, following the recommendations of Hayes (2018) for mediation analysis with multiple simultaneous mediators.

Model fit was evaluated using the following indices: chi-square to degrees-of-freedom ratio (χ^2/df), Comparative Fit Index (CFI), Tucker–Lewis Index (TLI), Root Mean Square Error of Approximation (RMSEA), and Standardised Root Mean Square Residual (SRMR). Fit thresholds were set consistent with established conventions: CFI and TLI > .90, RMSEA < .08, SRMR < .08 (Hu & Bentler, 1999).

3.6 Ethical Considerations

Ethical approval was obtained from the Research Ethics Committee of Ignatius Ajuru University of Education (Ref: IAUE/REC/2024/007). Participation was entirely voluntary; written informed consent was obtained from each respondent prior to survey administration. Anonymity was assured through the use of coded questionnaires, and raw data were stored on a password-protected university server accessible

only to the research team. All aspects of the study were conducted in accordance with the ethical guidelines of the British Psychological Society (2021) and the American Psychological Association (2020).

IV. RESULTS AND FINDINGS

4.1 Sample Characteristics

The demographic profile of the 342 participants is summarised in Table 1. The sample comprised 58.5% male and 41.5% female respondents. The majority of respondents (64.3%) fell within the 26–40 age cohort, consistent with the relative youth of the Nigerian digital economy workforce. Banking accounted for 38.0% of the sample, telecommunications for 33.0%, and technology firms for 29.0%. In terms of tenure, 42.1% had been with their current employer for 3–7 years.

Variable	Category	Frequency	Percentage (%)
Gender	Male	200	58.5
	Female	142	41.5
Age (years)	18–25	51	14.9
	26–35	132	38.6
	36–45	88	25.7
	46 and above	71	20.8
Sector	Banking	130	38.0
	Telecommunications	113	33.0
	Technology	99	29.0
Tenure (years)	Less than 3	86	25.1
	3–7	144	42.1
	8 and above	112	32.7

Table 1. Demographic Profile of Respondents (N = 342)

4.2 Measurement Model Assessment

Confirmatory factor analysis supported a four-factor measurement model (compensation equity, job

satisfaction, employee engagement, organisational commitment). The model demonstrated acceptable fit: $\chi^2/df = 2.14$, CFI = .94, TLI = .93, RMSEA = .058 (90% CI [.048, .067]), SRMR = .063. All standardised factor loadings were statistically significant ($p < .001$) and exceeded .60, providing evidence of convergent validity. Average variance extracted (AVE) values ranged from .51 to .63, and composite reliability (CR) values ranged from .83 to .91, satisfying the thresholds recommended by Fornell and Larcker (1981). Discriminant validity was established, as the square root of each construct's AVE exceeded its correlations with all other constructs.

4.3 Descriptive Statistics and Correlations

Table 2 presents means, standard deviations, and intercorrelations for the study's key variables. Compensation equity was moderately and significantly correlated with job satisfaction ($r = .51$, $p < .001$), employee engagement ($r = .46$, $p < .001$), and organisational commitment ($r = .49$, $p < .001$). Job satisfaction and employee engagement were in turn significantly correlated with organisational commitment ($r = .58$ and $r = .54$, respectively; $p < .001$). These bivariate associations are consistent with the theoretical predictions and provide preliminary support for the hypothesised structural relationships.

Variable	M	SD	1	2	3	4
1. Compensation Equity	3.41	0.74	—			
2. Job Satisfaction	3.56	0.71	.51*	—		
3. Employee Engagement	3.38	0.79	.46*	.53*	—	
4. Organisational Commitment	3.47	0.77	.49*	.58*	.54*	—

Note. ** $p < .001$.

Table 2. Means, Standard Deviations, and Intercorrelations (N = 342)

4.4 Structural Model and Hypothesis Testing

The structural model was estimated following confirmation of measurement model adequacy. Table 3 presents the direct, indirect, and total effects. The overall structural model fit was satisfactory: $\chi^2/df = 2.23$, CFI = .93, TLI = .92, RMSEA = .060, SRMR = .065.

Path	β	SE	t-value	p	95% BC CI
CE → OC (direct)	0.31	0.06	5.17	< .001	[0.20, 0.42]
CE → JS	0.44	0.05	8.80	< .001	[0.34, 0.54]
CE → EE	0.39	0.06	6.50	< .001	[0.27, 0.51]
JS → OC	0.43	0.07	6.14	< .001	[0.29, 0.57]
EE → OC	0.40	0.07	5.71	< .001	[0.26, 0.54]
CE → JS → OC (indirect)	0.19	0.04	4.75	< .001	[0.12, 0.27]
CE → EE → OC (indirect)	0.16	0.04	4.00	< .001	[0.09, 0.24]
CE → OC (total)	0.66	0.05	13.20	< .001	[0.56, 0.76]

Table 3. Direct, Indirect, and Total Effects — Structural Model Results

Note. CE = Compensation Equity; JS = Job Satisfaction; EE = Employee Engagement; OC = Organisational Commitment; β = standardised coefficient; BC CI = bias-corrected confidence interval.

With respect to H01, compensation equity demonstrated a significant positive direct effect on organisational commitment ($\beta = 0.31$, $p < .001$), thereby leading to the rejection of H01. H02 and H03 were similarly rejected: compensation equity significantly predicted both job satisfaction ($\beta = 0.44$, $p < .001$) and employee engagement ($\beta = 0.39$, $p < .001$). H04 and H05 were also rejected, as job satisfaction ($\beta = 0.43$, $p < .001$) and employee engagement ($\beta = 0.40$, $p < .001$) each exerted

significant positive effects on organisational commitment.

With respect to H06, bootstrap analysis revealed significant indirect effects of compensation equity on organisational commitment via job satisfaction (indirect effect = 0.19, 95% BC CI [0.12, 0.27]) and via employee engagement (indirect effect = 0.16, 95% BC CI [0.09, 0.24]). Since neither confidence interval included zero, both indirect effects were statistically significant, leading to rejection of H06. Collectively, the total indirect effect accounted for approximately 53% of the total effect of compensation equity on commitment, indicating partial mediation that is, compensation equity exerts both a direct effect on commitment and a substantial indirect effect channelled through the two mediators.

V. DISCUSSION

5.1 Compensation Equity and Organisational Commitment

The finding that compensation equity exerts a significant positive direct effect on organisational commitment ($\beta = 0.31$) corroborates a substantial body of prior research (Cloutier et al., 2015; Lau & Chong, 2002; Rawlinson et al., 2022) and extends this evidence base to the digitally enabled Nigerian service sector. Consistent with Adams's (1963) Equity Theory, employees who perceive their remuneration as commensurate with their contributions and comparable with relevant referent others appear to develop stronger psychological identification with and attachment to their organisations. The magnitude of this direct effect is comparable to though slightly below those reported in Western contexts, a difference that may reflect the more acute economic pressures facing Nigerian workers, which amplify the perceived costs of inequity beyond levels that can be fully offset by commitment.

5.2 Mediating Role of Job Satisfaction

The significant mediating role of job satisfaction (indirect effect = 0.19) is consistent with the theoretical prediction derived from equity theory that perceptions of compensation fairness generate affective responses specifically, satisfaction or

dissatisfaction that in turn shape motivational orientations and behavioural intentions. This finding replicates and extends Shan et al.'s (2015) Chinese study and Islam et al.'s (2022) Bangladeshi findings to a sub-Saharan African digital workplace context, suggesting that the attitudinal pathway from pay equity through satisfaction to commitment may constitute a cross-culturally robust phenomenon, at least across developing-economy contexts.

Notably, the magnitude of the mediation via job satisfaction (0.19) slightly exceeds that via engagement (0.16), suggesting that the evaluative-affective dimension of employees' responses to compensation equity is somewhat more proximally linked to commitment than the motivational-behavioural dimension captured by engagement. This ordering is theoretically coherent: satisfaction, as a more immediate affective response to working conditions, may act as a faster-acting mechanism through which equity perceptions crystallise into relational orientations, while engagement represents a more cognitively elaborated and sustained motivational investment.

5.3 Mediating Role of Employee Engagement

The significant indirect effect via employee engagement ($\beta = 0.16$) aligns with Saks's (2006) social exchange-based model of engagement, which posits that employees engage as a response to resources invested in them by the organisation of which equitable compensation is a primary example. The present finding extends this framework by demonstrating that the engagement pathway operates in parallel with rather than in lieu of the satisfaction pathway, and that both remain significant even when estimated simultaneously within the same structural model. This has important theoretical implications: it suggests that job satisfaction and employee engagement are not interchangeable mediators but capture distinct psychological processes, a conclusion supported by the discriminant validity evidence from the CFA stage.

5.4 The Digital Workplace as Context

The setting of this study digitally enabled service organisations adds a contextually specific dimension to the findings. In digital work environments, where

employees' perceptions of fairness are frequently shaped by technology-mediated HR processes rather than direct supervisory interaction, the quality of compensation governance is particularly consequential. The digital workplace reduces opportunities for the interpersonal contextualisation of pay decisions, rendering formal compensation structures and their perceived fairness the primary signals of organisational justice. The finding that compensation equity remains a robust predictor of satisfaction, engagement, and commitment in this context supports the contention that digital HRM systems must be designed with fairness and transparency as first-order design principles (Kaur & Sharma, 2021; Morrison & Robinson, 2020).

5.5 Unexpected and Contradictory Patterns

One finding worthy of critical attention is the magnitude of continuance commitment as a component of overall organisational commitment in the sample, which was marginally higher than affective commitment despite the predicted primacy of the latter in responses to equity perceptions. This pattern may reflect the structural labour market realities in Nigeria where limited alternative employment opportunities may sustain organisational attachment on instrumental rather than emotional grounds. This observation does not undermine the primary findings, but it does counsel caution in extrapolating the present model to contexts where labour market mobility is substantially higher. Future research could productively examine whether equity perceptions differentially predict the three components of commitment across varying labour market conditions.

VI. CONCLUSION

6.1 Summary of Key Findings

This study examined the relationship between compensation equity and organisational commitment in digitally enabled service organisations in Nigeria, with a focus on the mediating roles of job satisfaction and employee engagement. Structural equation modelling of data from 342 employees confirmed all six study hypotheses: compensation equity exerts significant direct and indirect effects on organisational commitment, with both job

satisfaction and employee engagement serving as significant partial mediators.

6.2 Scholarly Contribution

The study makes three principal scholarly contributions. First, it advances the theoretical integration of equity theory and social exchange theory by specifying a sequential attitudinal pathway (compensation equity → satisfaction → commitment; compensation equity → engagement → commitment) that is empirically validated in a non-Western, digital economy context. Second, it empirically demonstrates the simultaneous and independent mediating roles of job satisfaction and employee engagement a dual mediation model that has not previously been tested in this context using SEM with bootstrapping. Third, it contributes to the nascent literature on compensation governance in the Nigerian digital economy, where the empirical base remains thin relative to the sector's strategic importance.

6.3 Policy and Practical Implications

For HR practitioners and policy-makers, the findings carry several actionable implications. The significant effect of procedural equity on satisfaction and engagement suggests that organisations should invest not merely in the market competitiveness of pay packages but in the transparency, consistency, and communicative quality of compensation decision processes. In digital work environments specifically, this means leveraging HR information systems to provide employees with real-time visibility into pay-band structures, performance-linked progression criteria, and equity audit outcomes. Organisations should institute regular compensation equity reviews covering both internal and external equity dimensions and create accessible channels through which employees can raise compensation concerns without fear of reprisal.

At the national policy level, the findings support calls for enhanced regulation of pay transparency in Nigeria's formal sector, particularly in high-growth digital economy industries where talent retention is a pressing strategic concern.

6.4 Limitations and Directions for Future Research

Several limitations merit acknowledgement. The cross-sectional design precludes definitive causal inference; longitudinal designs tracking the temporal sequencing of equity perceptions, satisfaction, engagement, and commitment would strengthen causal conclusions. The study's focus on three sectors in Rivers State limits organizational y to other Nigerian regions, sectors, and national contexts. Future research should replicate the model in diverse national settings to assess cross-cultural boundary conditions. Additionally, the study did not examine potential moderators—such as organizational size, management style, or employees' individual differences in equity sensitivity (Huseman et al., 1987) that might condition the strength of the observed relationships. Multi-group SEM analyses examining these moderating effects would constitute a productive direction for future inquiry.

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