

Chapter 2 . Literature Review

This chapter aims to find out, investigate, and explain the definitions and theories of all main variables, such as: (1) implementation of evaluation system (2) implementation of reward-punishment system (3) motivational concept (4) employee satisfaction. Then, This Chapter will show how the hypotheses and research study was developed and tested.

2.1 Definition of Constructs

2.1.1 Implementation of evaluation system

The Implementation of evaluation system includes two systems: both the Year-end performance evaluation system and the special evaluation system.

The year-end performance shall be based on routine evaluations, and routine evaluations shall rate personnel on the basis of four aspects: Taipei: work performance, moral, knowledge, and ability; Hong Kong: basic regulation; Shanghai: moral integrity; ability; attendance, and achievement. Year-end performance evaluations shall assess personnel in the classes of: Taipei: A, B, C, and D; Hong Kong: A, B, C, D, E and F; Shanghai: excellent, competent and not competent.

In Taipei, According to the Civil Servants Performance Appraisal Act, when a civil servant serves over a year, he/she shall be given an annual performance evaluation, while one who serves over half a year but less than a year shall be given an additional performance evaluation. There are four grades of performance evaluation: A, B, C & D. A civil servant who gets A, or B shall get promotion or rewards. A C grade shall get nothing; and a D grade shall be dismissed.

When a Civil Servant has merits or demerits, he/she shall be rewarded or

punished accordingly. A civil servant who gets 2 great merits or 2 great demerits shall be rewarded or dismissed.

The Civil Service Performance Evaluation Act and its enforcement rules explicitly state the specific conditions needed to be assessed as class A or class D. The base pay (or annual merit pay) of persons who are assessed class A in year-end performance evaluations shall be raised one grade, and such persons shall be granted a one-time reward equal to one month's total pay; such persons whose annual merit pay has reached the highest pay rate shall be granted a one-time reward equal to two months' total pay. The base pay (or annual merit pay) of persons who are assessed class B in year-end performance evaluations shall be raised one grade, those persons shall be granted a one-time reward equal to one half month's total pay; those persons whose annual merit pay has reached the highest pay rate shall be granted a one-time reward equal to one month's total pay. Persons who are assessed class C shall retain their original pay rate. Persons who are assessed class D shall be dismissed.

A special performance evaluation may be implemented whenever civil servants are responsible for major merits or demerits. The basic pay(or annual merit pay) of a person who achieved two major merits on one occasion shall be raised by one grade, and those persons shall be granted a bonus equivalent to one month's total pay. A person who receives for two major demerits on one occasion shall be dismissed. Those who are assessed in a year-end performance evaluation or who are to be disciplined may submit an appeal to the Civil Service Protection and Training Commission if they contest the decision.

2.1.2. Implementation of Reward-Punishment System

There are centrally agreed guidelines and procedures for dealing with

disciplinary matters. In ordinary time, when a civil servant who behaves badly shall get a punishment which includes suspension, demotion, degradation, demerit, or admonition; when a civil servant who behaves well shall get a reward which includes praise, merit, bonus. The reward-punishment is also in accordance with evaluation system for HRM (human resource management).

A civil servant works for reward whether that reward is monetary, non-monetary or a combination of the two. The Organization is committed, as part of its wider HR (human resource) strategy, in so far as it is a possible, to develop that mix of rewards which best supports the type of employee behavior required. Furthermore, in developing practice in this area the HRM strategy will provide for consultation with staff so as to develop mechanisms which will be seen as being open, transparent and fair.

2.1.3. Motivational Concept

The HRM strategy recognizes that there are intrinsic rewards which individuals enjoy particularly when they know that they are doing a good job. These intrinsic rewards include feelings of competence, empowerment, achievement, responsibility, accomplishment and independence. While it may be difficult to measure these rewards, they are recognized as being very important, contributing significantly both to job satisfaction and to overall performance.

Motivational concept is a formal merit awards scheme to mark outstanding achievement or exceptional performance in relation to work of the organization or maintenance of standards and continued delivery of service in particularly difficult circumstances.

2.1.4. Employee Satisfaction

To better understand employee attitudes and motivation, there are surveys or ways to determine which factors in an employee's work environment or cause satisfaction or dissatisfaction. These surveys or ways included interviews in which employees were asked what pleased and displeased them about their work. The result of these surveys or ways found that the factors causing job satisfaction or motivation, and developed the motivation theory to explain these results.

2.2. Current System and Practice

2.2.1. The Taipei City Police Department

In accordance with the Civil Service Performance Evaluation Act¹⁰, year-end performance evaluations shall be based on routine evaluations, and routine evaluations shall rate personnel on the basis of the four aspects of work performance, moral, knowledge, and ability. Year-end performance evaluations shall assess personnel among the four classes of A, B, C, and D. The Civil Service Performance Evaluation Act and its enforcement rules explicitly state the specific conditions needed to be assessed as class A or class D. The base pay (or annual merit pay) of persons who are assessed class A in year-end performance evaluations shall be raised one grade, and such persons shall be granted a one-time award equivalent to one month's total pay; such persons whose annual merit pay has reached the highest pay rate shall be granted a one-time award equal to two months' total pay. The base pay (or annual merit pay) of persons who are assessed class B in year-end performance evaluations shall be raised one grade, those persons shall be granted a one-time award equivalent to one half month's total pay; those persons whose annual merit pay has

¹⁰ 呂育誠, “公務人員考績法明定列等人數比例問題之研究” *公務人員月刊*, 89, (Jun, 2003), 頁 31-51.

reached the highest pay rate shall be granted a one-time award equal to one month's total pay. Persons who are assessed class C shall retain their original pay rate. Persons who are assessed class D shall be dismissed.

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2.2.1.1. Rewards and Punishments

Rewards/punishments and evaluations are important management methods, and the two must be closely linked. Evaluation results must be objective for rewards or punishments. Rewards and punishments should correlate evaluations. In other words, evaluations determine rewards and punishments, and rewards and punishments realize the function of evaluating. The following is an overview of rewards and punishments:

2.2.1.2. Rewards

In accordance with the ROC Constitution, the Examination Yuan shall be in charge of the legal system governing the commendation and reward of civil servants. Laws governing the rewards and commendations of civil servants currently include the Commendation Act and its enforcement rules, the Medal Award Act and its

enforcement rules, the Decoration Award Act and its enforcement rules, the Civil Service Performance Evaluation Act and its enforcement rules, the Implementation Guidelines for Granting of Medals and Prize Money to Civil servants, the Regulations for Inspiration of Civil Servants' Morality, Self-cultivation, and Work Potential, and the Working Guidelines for Selection and Commendation of Civil Service Outstanding Contribution Award.

2.2.1.3. Punishment

In accordance with Article 24 of the ROC Constitution, all civil servants who illegally violate the freedom or rights of others shall, except when disciplined in accordance with law, bear criminal and civil liability. The legal obligations of civil servants are accordingly classified as civil, criminal, and administrative. In order to realize disciplinary functions and strengthen civil service discipline, administrative action shall be taken against civil servants who abuse their official duties as stipulated in laws and regulations; that administrative action shall be classified as disciplinary action and punishment; the Judicial Yuan and Examination Yuan shall be in charge of disciplinary action and punishment respectively. The former is imposed in accordance with the Civil Service Disciplinary Act¹¹ after civil servants commit illegal acts, neglect their duties, or engage in other delinquent behavior. The latter refers to punishments imposed by agency heads in accordance with the Civil Service Performance Evaluation Act or other relevant laws and regulations on civil servants who abuse their official duties; such punishments are imposed on the basis of the agency heads' administrative powers of command and supervision.

According to the Civil Servant Performance Evaluation Act, all civil

¹¹ 陳麗娟, *法學概論*, (台北:五南圖書,2002), 頁 281.

servants must participate in an annual performance evaluation within their particular government agency. This process commences at the end of the year for employees who have been in the same position for a period of 12 full months. Agencies that choose to discipline an employee after a mandated committee hearing must register the details of how the committee's decision was implemented with the MOCS¹². In cases of exemplary service, individual government agencies are free to publicly commend or reward employees through programs including the Extraordinary Contribution Medal and the Model Civil Servant Award to encourage similar efforts.

A series of laws and regulations carefully guide the MOCS's role in overseeing the performance evaluation and awards processes of various government agencies. In addition to the Civil Service Performance Evaluation Act, some of the important legal guidelines include the Regulations for Inspiration of Civil Servant's Morality, Self-cultivation and Work Potential, the Regulations for Awarding Personnel Professional Medals.

2.2.2. The Hong Kong City Police Department¹³.

The Hong Kong Police Force has distinguished itself as one of the oldest, yet most modern, police forces in the world.

Formed in 1842 with a total strength of 35, the Force evolved from an extremely broad-based role, embracing such matters as fire-fighting, prisons and immigration, to that of a traditional police service. As at May 1, 2007, the Force had strength of 27063 of which 13.7 percent were women officers. It also had a backup of 4749 civilian staff.

¹² Chia-Cheng Lin, *Government Reform and Human Resources: The Taiwan Experience* (Taipei, Public Personnel Management, 2005), pp1-20.

¹³ Cited at:<http://www.police.gov.hk/hkp-home/english/index.htm>

The Hong Kong Auxiliary Police Force was originally formed in 1914 as a reserve to assist in times of natural disaster or civil emergency. As at March 31, 2007, 3847 volunteer citizens supported the regular force to perform crowd control duties at public events and festivals. The ability to assist during times of emergency is retained.

Personnel and Training sector: The Personnel Wing is responsible for all core human resources management functions, including recruitment, promotion, career development, condition of service, staff relations and welfare matters.

The Police College¹⁴ sets the overall training policy and Coordinates all Force-wide training courses. Recruit and continuation training, criminal investigation training, police driving and traffic training, weapon tactics training and periodic courses on firearms and first aid are provided at the Aberdeen and Fanling campus as the College.

Information technology training, command training, local and overseas management training as well as other specialist courses are also provided by the Police College.

The Hong Kong Government has put in place a series of measures in the course of the Civil Service Reform since 1999. In March 1999, the Government released a Consultation Document on the Civil Service Reform. The main objective was to put forward proposals to restructure the administration of the Civil Service so as to make it more flexible and prepare ourselves to face the changes and increasingly demanding challenges in the years ahead and meet the demands of society. As a result of feedback received during the stage of consultation, the Government has drawn up more detailed proposals in the various policy areas for detailed discussion with the

¹⁴ Cited at: <http://www.police.gov.hk/police/policecollege/english/>

Staff Sides and department/grade management through working groups with staff representatives.

2.2.2.1. Performance-Based Rewards

The Government normally rewards good performance of its staff by promotion or other means such as letters of appreciation and commendations by Heads of Department/Grade (HoDs/HoGs), the Chief Secretary for Administration or the Chief Executive, not related to pay or monetary benefits. In mid-1990s, some kind of team bonus has been devised to reward staff in kind (e.g. supermarket coupons, annual dinner, etc.) on a department-wide basis. Under these schemes, all staff in a department will receive the same amount of reward if certain targets are reached during the financial year.

In March 1999, the Government proposed, in the Civil Service Reform Consultation Document, to progressively introduce elements of a performance-based rewards system into the civil service with a view to providing additional tools to motivate and reward for excellent service. Since then, HoDs/HoGs have been asked to improve the performance management system by introducing, among other thing, new appraisal forms emphasis core competencies, assessment panels and stricter administration of the granting of increments.

Having set the scene, Government decided to test out team-based rewards in the civil service with a view to providing a management tool for departments to identify and reward those outstanding performing teams and, in turn, raises the departments' overall performance standard. Team rewards are chosen as –

- (a) the achievements are relatively more capable of measurement;
- (b) they help to avoid the problem of subjectivity in appraisal; and

(c) they promote the productivity of the team through peer support.

To make a success of performance-based rewards, it is necessary to have a whole-hearted commitment at the senior management levels and a widespread acceptance of the system among staff. There is also a need to consider how to allocate the rewards to officers fairly and equally; to secure buy-in among departments and staff sides and test whether team-based performance rewards can be distributed fairly and equally.

2.2.2.2. Discipline System and Procedures

Disciplinary proceedings in the Civil Service are provided in the Public Service (Administration) Order and the Public Service (Disciplinary) Regulation made by the Chief Executive under Article 48(4) of the Basic Law as well as disciplined services legislation. The disciplinary mechanism was reviewed and modified in early 2000 as part of the Civil service reform, in order to put in place an efficient and effective mechanism to punish misconduct and maintain deterrent effect, while complying with the principles of natural justice. The disciplined forces have also reviewed their disciplinary proceedings practiced under the disciplined services legislation with a view to improving and streamlining the procedures.

2.2.2.3 New Disciplinary Mechanism under the Public Service (Administration) Order

The new disciplinary mechanism has been implemented since 17 April 2000. Its main features include the setting up of a new independent secretariat (Secretariat on Civil Service Discipline) to centrally process formal disciplinary cases, and streamlining the disciplinary procedures.

2.2.2.4. Secretariat¹⁵ on Civil Service Discipline

The Secretariat is headed by a Senior Principal Executive Officer and staffed by 10 Executive Grade officers. It is responsible for processing all disciplinary cases in the Civil Service under the Public Service (Administration) Order on behalf of the disciplinary authority (i.e., the Chief Executive, the Secretary for the Civil Service or Heads of Department, depending on the rank of the officers).

The Secretariat has the following roles and functions:

- (a) advising departments in preliminary investigation and collation of evidence of specific acts of alleged misconduct;
- (b) presenting evidence and witnesses at inquiry hearings;
- (c) providing logistical support to the inquiry officers/committees at inquiry hearings;
- (d) acting as a resource centre on precedent disciplinary cases for consideration by the disciplinary authority on punishments;
- (e) liaising with departments and disciplinary authority on matters relating to the standards, procedures and practices of disciplinary actions; and
- (f) helping departments identify areas vulnerable to misconduct and to find ways to improve their staff management systems.

2.2.2.5. Streamlined Disciplinary Procedures

Changes have been introduced in 2000 to streamline the disciplinary procedures. The changes include dispensing with the invitation of representations

¹⁵ Ming K. Chan, Alvin Y. So, *Crisis and Transformation in China's Hong Kong*, (New York, M.E. Sharpe, 2002) pp.166-184.

from the accused officer before inquiry hearings, using video-tapes and audio-tapes to record inquiry proceedings, and reducing the period for invoking summary dismissal action from 21 to 14 days.

2.2.2.6 Disciplinary Mechanism under the Disciplined Services Legislation

The disciplined services have also taken action to improve the disciplinary process under their respective legislation in the light of present day circumstances, and to provide guidelines and training for those involved in the conduct of disciplinary proceedings.

(1) Any junior police officer who is found guilty by an appropriate tribunal of any of the offences against discipline specified in regulation 3(2) may, subject to regulation 30, be awarded the following punishments- (L.N. 305 of 1982)

(a).caution;

(b).reprimand;

(c).severe reprimand;

(d).forfeiture of not more than one month's pay except in the case of absence without good cause when forfeiture of pay shall extend to cover the period of absence in addition to any other punishment awarded;

(e).reduction in rank;

(f).an order to resign forthwith without salary in lieu of notice; (L.N. 305 of 1982)

(g).compulsory retirement with pension, gratuity or other allowances, without such benefits or with reduced benefits; or (L.N. 305 of 1982)

(h).dismissal. (L.N. 305 of 1982)

2.2.2.7 The Secretary for the Civil Service's Commendation Award Scheme¹⁶

This is another tier of award between the CE's Honors and Awards System and the Commendation Letter Scheme. Through the award, the Secretary for the Civil Service will give recognition to selected civil servants for consistently outstanding performance.

2.2.2.8. Commendation Letter Scheme¹⁷

The scheme aims to commend officers who have made a substantial contribution towards enhancing the efficiency or the image of their departments; or have performed an exceptionally meritorious act warranting special recognition. Civil servants may also be commended for their consistently outstanding service under the Scheme. Commendation letters are issued by the Head of Bureau/Department on the recommendation of a bureau/departmental Commendation Committee.

2.2.3. The Shanghai City Police Department.

2.2.3.1. Introduction

Shanghai is China's largest and greatest commercial and industrial city. With 0.1% of the land area of the country, it supplies over 12% of the municipal revenue and handles more than a quarter of total trade passing through China's ports. Its year 2000 population, according to China's latest census, was 16.74 million and

¹⁶ Cited at:<http://www.csb.gov.hk/english/admin/relations/170.html>

¹⁷ Cited at:<http://www.csb.gov.hk/english/admin/relations/170.html>

represented an increase of 3.4 million from the 1990 size with an average annual growth rate through the decade of the 1990s of 2.2% and a total increase of 25.5%.

As with most cities in China, Shanghai is over bounded in its administrative territory. The city in the year 2000 was composed of 17 urban districts and three counties together occupying 6300 km² of land area. The three counties contain substantial rural land and a number of rural residents who continue to farm for their livelihood. The city has the highest population density of all the first order administrative units in [China](#), with 2657 people per km² in 2000.

The Shanghai Police Force had a strength estimated of 65000 of which 7700 were fire fighters.

2.2.3.2. Civil Servant Evaluation System

The civil service is partly a legal construction. A key task in developing civil service law is to define the scope of civil service status and the rights and responsibilities of civil servants. However, there has been little research on the legal construction of the civil service in the context of communist regimes. The world's largest country, the People's Republic of China (PRC), established its civil service in 1993 when it promulgated the Provisional Regulations on State Civil Servants¹⁸. Twelve years later, on April 27, 2005, the Standing Committee of the National People's Congress (NPC) approved the Bill of State Civil Service Law (CSL), which became effective on January 1, 2006. 1 Communist China's approach to civil service law contradicts some long held assumptions that scholars often make regarding civil

¹⁸ Caroline Haiyan Tong , Jeffrey D. Straussman, Walter D. Broadnax, "Civil service reform in the People's Republic of China: case studies of early implementation" *Public Administration and Development*, Vol. 19, Issue. 2 ,(Jun 1999), pp.193–206.

service elsewhere.

2.2.3.3 Personnel Management

In contemporary public personnel management, it is generally assumed that managerial authority includes the power to nominate, confirm, veto, transfer, rotate, temporarily reassign, evaluate, appoint, and remove personnel. Such managerial authority and power, it is assumed, should rest with the appointing authorities, although civil servants may enjoy significant legal and contractual protections against arbitrary or discriminatory treatment. In China, despite the fact that the NPC appoints all ministers of the State Council, it does not have the power to manage them.

2.2.3.4. Managerial Power

There has been limited information on how personnel management systems actually operate in the PRC because the party carries out these activities very secretly.

Although Articles 59 and 86 of the 1993 Provisional Regulations briefly mentioned the term “managerial power jurisdiction” (*guanli quanxian*) of the state civil service, it was, in fact, misused. This term can be understood properly only in reference to the party cadre personnel management system. The term and its usage have never had common currency within the civil service since the promulgation of the 1993 Provisional Regulations. Managerial power jurisdiction now finds expression in the CSL in Articles 33 (on performance appraisal), 40 (on appointment and removal), 44 (on promotion and demotion), 57 (on discipline), 64 and 67 (on transfer and avoidance), 85 (on resignation and discharge), and 101 (on legal responsibility). This expression is entirely apt in the CSL, given the explicit legal

intention to unify the personnel management system, legalize the principle of party control of cadres, and make specific reference to the party.

2.2.3.5. Current Question

Facing the ever-increasing economic globalization, the Chinese Government and society pay special attention to the opportunities they can offer for knowledge innovation, idea innovation, and the solving of the problems in human resources development and public sector reform. Internationalization, the requirement of global integrated market, combines actual situations both home and abroad, thus promoting countries' own reform and opening-up. In this context, the Chinese Government, as the first step, timely seizes favorable opportunities to further promote reform and opening-up to seek solutions to some remaining problems. And also, in public management training and education, it draws on the experience of new theories, fresh knowledge and new technologies of developed countries in human resources development, conducts in-depth comparative studies on managerial systems of various countries, gradually promotes incentive mechanism and security mechanism for employees, and conducts evaluation of government performance and results in a new round of institutional reform.

The innovation in knowledge and idea results in the innovation in work and research. China's human resources development and public sector reform in recent years have achieved more success.

The problem is that there is a lack of an academically reliable motivation theory originating from public organizations. However, there are motivation theories that have been tested on a variety of organizations. There are many public organizations whose performance problems indicate that there is a need for a

motivation theory which is applicable to evaluation systems of public organizations.

2.3. Maslow’s Hierarchical order of Human Needs¹⁹:

Maslow (1954) believed that people behaved according to their individual unsatisfied needs. Individual’s unsatisfied needs were identified as “an internal state of unbalance or deficiency which has the capacity to energize or trigger a behavioral response”. Maslow (1954) classified human needs running from basic physiological needs to self actualization needs in 5 hierarchies. His model of five hierarchies of needs is an arrangement of needs according to 5 priorities, which assumes that people will first satisfy the basic needs and when the basic needs are met, they will climb up the hierarchy and look for satisfaction at another level. Maslow classified the human needs into the following 5 hierarchies:

Table 1 – Maslow’s Need Hierarchy

Physiological Need	Food Water Sex
Safety Need	Security Protection from pain, fear, Protection from anxiety and disorder
Social Need	Love Belongingness Tenderness
Esteem Need	Achievement Respect Approval
Self actualization Need	Self-fulfillment, Realizing one’s potential Understanding and insight

¹⁹ Marcia Lynn Whicker and Todd W. Areson, *Public Sector Management* (New York. Amazon.com, 1990), p.231.

Physiological need is the fundamental needs that are essential for survival, for example food and water. Safety Need reflects concern on long term survival and protection, for example owning a house for shelter and getting a steady job with pleasant working condition. Social Need includes the need for emotional love, friendship and family. Esteem Need includes the desire for self-respect, self-esteem and respect of others. Self-actualization Need is the need to fulfill the individual's potential with no end-state. Maslow summarized it as "what a man can be, he must be".

Maslow suggested that value change in a specific direction would occur under given conditions. People act to fulfill a number of different needs according to their relative urgency for survival. Top priority is given to the satisfaction of physiological needs as long as they are in short supply.

Once physical and economic security was achieved, the individual would begin to pursue non-material goals. People may fail to give attention to these goals but when at least minimal economic and physical security are present, the need for love, belonging, and esteem become increasingly important; and later, a set of goals related to intellectual and beautiful satisfaction looms large.

McClelland (1987)²⁰ further illustrated that Maslow's theory of lower needs were characterized by deficits which pushed the individual to become active to seek something to bring the individual back into harmony balance.

The higher needs are characterized by growth which pulls the individual towards self actualization. When the lower needs are satisfied, the individual is free to pursue higher needs.

Maslow (1954) described that being able to satisfy lower needs and seek

²⁰ Arvind K Jain, "Corruption: A Review" *Journal of Economic Surveys*, Vol. 15 Issue 1 (Feb 2001) pp. 71-121.

self-actualization leads to greater biological efficiency and many desirable human qualities such as spontaneity, reality orientation, spirituality, ability to distinguish between means and ends, creativity, autonomy, and democratic values.

Maslow's theory that it gains wide acceptance in the mid-twentieth century because it fits in well with the liberal view that poor and oppressed peoples are prevented from functioning at higher levels because poverty and oppression forces them to spend their time to satisfy physiological and safety needs, leaving them no time or energy to develop self-respect or their own potential. In the work place, Maslow needs hierarchies model is interpreted by Steer and Porters (1991)²¹ with the following commensurable features:

Table 2 – Version of Maslow need hierarchies from Steer and Porter (1991).

Physiological Need	Pay Pleasant working condition Cafeteria
Safety Need	Safe working conditions Company benefits Job security
Social Need	Cohesive work group Friendly supervision Professional association
Esteem Need	Social recognition Job title and status Feedback from the job
Self actualization Need	Challenging job Opportunities for creativity Achievement in work Advancement in the organization

²¹ Clay G. Wescott and L. R. Jones, "Managing urban growth in Asia" *Journal of Comparative Policy Analysis: Research and Practice*, Vol. 9, Issue 4, (December 2007) pp. 337 – 49.

In the work place, physiological needs refer to the pay level of the employee. Security needs refer to the job security offered by the organization. Social needs refer to the relationship with co-workers and supervisor. Esteem needs refer to the recognition, status and self-esteem of the employee. Finally, self actualization needs relate to promotion prospect and career path.

2.4. Adams' theory

Equity Theory, also known as Adams' Equity Theory²², attempts to explain relational satisfaction in terms of perceptions of fair/unfair distributions of resources within interpersonal relationships. It was first developed in 1963 by John Stacy Adams, a workplace and behavioral psychologist, who asserted that employees seek to maintain equity between the inputs that they bring to a job and the outcomes that they receive from it against the perceived inputs and outcomes of others (Adams, 1965).

Adams' theory states that employees strive for equity between themselves and other workers. Equity is achieved when the ratio of employee outcomes over inputs is equal to other employee outcomes over inputs (Adams, 1965).

2.5. Fairness Model

The Fairness Model proposes an alternative measure of equity/inequity to the relational partner or "comparison person" of the standard Equity Theory. According to the Fairness Model, an individual judges the overall "fairness" of a relationship by comparing their inputs and outcomes with an internally derived

²² Jiaoli. (Lily) Wang and Xiaodong. (Jack) Jiang, *Motivation Mechanism for Chinese Public Departments*, (Master Dissertation, Kristianstad University, 2005), pp.5-21.

standard. The Fairness Model thus allows for the perceived equity/inequity of the overarching system to be incorporated into individuals' evaluations of their relationships (Carrell and Dittrich, 1978).²³

A pioneering figure in establishing rational choice theory in sociology was George Homans (1961)²⁴, who set out a basic framework of exchange theory, which he grounded in assumptions drawn from behaviourist psychology.

2.6. Distribution Rules: Rules of Social Exchange

Social psychologists have identified a number of allocation rules, and the conditions under which each is applied (Leventhal, 1980)²⁵. For example, according to equity theorists, “human beings believe that rewards and punishments should be distributed in accordance with recipients' inputs or contributions” (Leventhal, 1980, p. 27). This school of thought suggests that all exchanges are based on a notion of a just reward for contribution; we might say, “equal pay for equal work.” Several studies appear to reflect a contributions rule, based on income-earning.

Job satisfaction is a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences (Locke, 1976)²⁶.

Most approaches in studying job satisfaction are grounded in general theories of motivation (Burns, 1984)²⁷. Lawler (1973)²⁸ identified three general

²³ Hsiu-Hua Hu, Wei-Ling Hsu, Bor-Shiuan Cheng. “Reward allocation decisions of Chinese managers: Influence of employee categorization and allocation context”, *Asian Journal of Social Psychology*, Vol. 7, Issue. 2,(Aug 2004) pp. 221-32.

²⁴ Herbert Gintis, Samuel Bowles, Robert T.Boyd, Emst Fehr., *Moral Sentiment and Material interests: The Foundations of Cooperation in Economic Life*(New York, MIT Press 2004), p.379.

²⁵ Zhuang Cai. Peter Wheale. “Creating Sustainable Corporate Value: A Case Study of Stakeholder Relationship Management in China” *Business and Society Review*, Vol. 109, Issue 4, (Dec 2004) pp. 507-47.

²⁶ Chuan-Cheng Wu; Yu-Chen Chiang, “The impact on the cultural diversity to employees' job satisfaction between mainland China and Taiwan: a comparison of Taiwanese invested companies” *The International Journal of Human Resource Management*, Vol. 18, Issue 4, (Apr 2007) pp. 623 – 41.

²⁷ Jude Howell, *Governance in China*,(Taiwan, Rowman & Little field, 2003) p37.

approaches to the conceptualization of satisfaction: fulfillment theory; two-factor theory; and discrepancy or equity theory. Vroom, as the representative of fulfillment theory, pointed out that job satisfaction depends on the extent to which the job provides positively valued outcomes of fulfillment needs (Vroom, 1964). Most approaches measure satisfaction by asking how much of a given factor or outcome a person is receiving. The common factor includes job content, the nature of supervision, promotion, relations with co-workers, working conditions, and financial rewards (Burns, 1984). It is obvious that Materialists will emphasize financial reward in a greater extent than Postmaterialist²⁹. As mentioned above that most approaches of job satisfaction are grounded in the theory of motivation. The theory of motivation (Maslow's need hierarchy) is the basis of Inglehart Postmaterialist theory.

²⁸ B. Guy Peters, Jon Pierre, *Handbook of Public Administration*, (New York, SAGE,2003),p53.

²⁹ Paul R. Abramson, Ronald Inglehart, *Value Change in Global Perspective*, (NY: University of Michigan Press, 1995) p. xi.