Determinants of wage satisfaction

Clare Gertsch

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DETERMINANTS OF WAGE SATISFACTION

A Thesis
Presented to the
Department of Psychology
and the
Faculty of the Graduate College
University of Nebraska

In Partial Fulfillment
of the Requirements for the Degree
Master of Arts
University of Nebraska at Omaha

by
Clare Gertsch
August, 1986
THESIS ACCEPTANCE

Accepted for the faculty of the Graduate College, University of Nebraska, in partial fulfillment of the requirements for the degree Master of Arts, University of Nebraska at Omaha.

Thesis Committee

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30 October 1986

Date
ACKNOWLEDGEMENTS

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ABSTRACT

The role of sensitivity to social comparison information was investigated with regard to perceptions of equity and subsequent satisfaction with pay. Subjects were 64 undergraduate students. A 2 x 2 x 2 factorial design was employed. The three factors were (a) Equity, (b) Adequacy of pay, and (c) Sensitivity to social comparison information. Predicted main effects of equity and adequacy of pay on wage satisfaction were found. A predicted interaction of Equity x Sensitivity to Social Comparison Information was not found. Interpretation of the failure of this prediction focused on the personality scale employed.
Chapter I

INTRODUCTION

Evaluations of outcomes in interpersonal relationships are jointly determined by primitive considerations (the quality of one's own outcomes) and by structural preferences (the equity of the exchange) (Kelley, 1983). Thus, satisfaction with pay (individuals' affective reactions to the wage received for work) may be influenced by the adequacy of pay to meet expenses and perceptions of equity. This dual basis for the evaluation of pay can be accounted for by need fulfillment theories (Alderfer, 1972; Herzberg, 1964; Maslow, 1970) and equity theory (Adams, 1965), respectively.

Need fulfillment theories assume satisfaction is dependent upon the discrepancy between what an environment offers or what an individual attains, and what has been adapted to by the individual. These theories contend that the amount of tension or dissatisfaction generated when needs are not fulfilled is determined by the strength of needs or drives, and the extent to which a person can perceive and utilize opportunities in the situation for the satisfaction of these needs.

Adams's (1965) equity theory posits that inequity exists for an individual whenever one perceives that the ratio of own outcomes and inputs is unequal to the ratio of significant others' outcomes and inputs. Outcomes incorporate such things as pay and job status: rewards received for performing a job. Inputs represent the contributions an individual brings to the job, such as effort.
It should be noted that in a social exchange in the work situation individuals differ in what they regard as appropriate payment for their performance and in their sensitivity to social exchange morality (Levanthal, Michaels, & Sanford, 1972). The personality dimension of sensitivity to social comparison information should influence perceptions of equity. The present study will focus on equity theory, need fulfillment theories, and the personality dimension of sensitivity to social comparison information as determinants of wage satisfaction.

**Equity Theory**

Adams (1965) developed a theory that attempts to explain attitudes and behavior influenced by the norm of equity. The theory is basically a modification and extension of the concept of "distributive justice" (Homans, 1961). Adams defined inequity as follows:

Inequity exists for Person whenever he/she perceives that the ratio of his/her outcomes and inputs and the ratio of Other's outcomes and Other's inputs are unequal. This may happen either (a) when Person and Other are in an exchange relationship or (b) when both are in an exchange relationship with a third party and Person compares himself to Other. Outcomes refer to rewards such as pay or job status which Person receives for performing his/her job. Inputs represent the contributions Person brings to the job, such as age, education, and physical effort. (p. 280)

Weick (1965) proposed that inequity can occur either in an exchange relationship (e.g., a person provides services useful to an employer
from whom he receives compensation) or in a co-acting relationship (e.g., the person and a comparison worker provide similar inputs and both are in an exchange relationship with a third party, the employer). The present study focused on co-acting relationships due to the frequency and importance of comparison with others.

Jaques (1961) studied perceptions and consequences of equity and noted:

If the actual salary bracket for a person's role coincides with equity, he expresses himself as being in a reasonably paid role. If his actual payment bracket has fallen below the equitable bracket, he expresses himself as dissatisfied with the financial recognition for his role. The intensity of his reaction varies with the size of the discrepancy between the actual and equitable bracket. (p. 132)

Klein (1973) states that both inputs and outcomes may have varying utility or value to the parties involved. For example, an employee may feel tenure and experience is deserving of more emphasis in determining rewards than the employing organization attaches to them. If this situation exists, perceived inequity on the employee's part is bound to occur.

It is not the absolute amount of various forms of outcomes that is the key issue; rather, how those outcomes compare to those received by others. The individual's perception of the situation is what matters. If the perceptions are not accurate in light of reality, the manager must work at changing them through effective communication (Klein, 1973). People's threshold for the amount of perceived inequity
with which they can be comfortable before experiencing a significant change in wage satisfaction will vary (Klein, 1973).

Weick and Nesset (1968) distinguished among three comparison conditions of equity: own equity, in which Person has a balanced input-outcome ratio (L/L, low inputs-low outcomes) but is unbalanced in regard to Other (H/L, high inputs-low outcomes); comparison equity, in which Person has an equal input-outcome ratio with Other but both are unbalanced (H/L, H/L); own comparison equity, in which Person has a balanced input-outcome ratio which equals Other's (L/L, H/H). Theoretically this condition would result in the greatest satisfaction with pay for the internal standard of one's own input-outcome ratio would be balanced as well as the external standard of Other's input-outcome ratio.

The definition of relevant inputs and outcomes affects the perception and resolution of inequity. Leventhal and Michaels (1970) extended theoretically and empirically some aspects of this definition process, arguing that the locus of control for Other's behavior affects Person's assessment of Other's inputs. If Person believes Other operates under involuntary constraints, Person is more likely to attribute higher inputs to him.

Equity studies have used the Job Descriptive Index (JDI), designed by Smith, Kendall, and Hulin (1969), to measure overall job satisfaction and specific satisfactions related to work. The JDI contains five separately presented subscales, covering satisfaction with type of work, pay, promotion opportunities, supervision, and co-workers. Each of the 72 items is an adjective
or phrase, and respondents indicate whether it describes the job aspect in question (pay, co-workers, etc.). It is possible to sum across the five subscales to create an overall job satisfaction score (Smith et al., 1969).

In a study conducted by Pritchard, Jorgenson, and Dunnette (1972), it was found naturally occurring underpayment (policy changes resulting in less pay during the work period) results in greater dissatisfaction with pay on the JDI pay scale, but there was no difference for experimentally induced underpayment (inequity payment throughout the work period).

Pritchard et al.'s (1972) research found the effect of inequity on job satisfaction was particularly strong under high-incentive conditions (modified piece-rate payment) as opposed to low-incentive conditions (flat hourly rate). Pritchard et al. (1972) also found the higher the expectancy (subjects assumed a certain level of pay), the better the equity predictions were supported. This implies that, in terms of satisfaction, it is more important that workers under a high expectancy pay system perceive themselves to be equitably paid than it is for workers under a low expectancy pay system.

Pritchard et al.'s (1972) research went beyond confirming the inequity and pay dissatisfaction relationship to indicate that inequity with one input-outcome ratio may generalize to other outcomes. For example, their data indicated that subjects in a condition of pay inequity (overreward or underreward conditions) exhibited lower job satisfaction than equitably paid subjects.
In the event underreward inequity is perceived, one option available to restore equity would be to increase own outcomes. However, this strategy may inadvertently increase inputs as well. For example, a person may raise his outcomes by making his job more attractive (creating a job rotation system) yet this is accomplished at the expense of increasing inputs (effort). The person has successfully aligned his outcomes with those of his comparison person (both now have high outcomes), but he has now thrown their inputs out of alignment: The person makes high inputs, while his comparison makes low inputs. This suggests equity can be difficult to resolve and that oscillation might occur, thus affecting one's experience of equity.

Need Theories

Need theories assume satisfaction is dependent upon the discrepancy between what an environment offers or what an individual attains, and what she has adapted to. Maslow's (1970) need hierarchy theory is a well-known example. Maslow posited that most individuals pursue with varying intensities the following needs: physiological needs, safety needs, belongingness needs, esteem needs, and self-actualization needs. The physiological and safety needs are of importance in this study. The physiological needs are the needs of the body for shelter, food, and water. They are part of a human's strong desire for self-preservation. The two types of security needs are physical and economic, the latter of which concerns this study. People have a basic need to meet their own expectations of an acceptable living standard. Once people reach their economic level,
they want the assurance they will remain there. Without sufficient security-needs fulfillment, anxiety will arise about loss of income due to old age, employment cessation, or other reasons.

The most strategic motivators of on-the-job behavior are the physiological and security needs. For discussion purposes, it is convenient to combine these into a category called "economic needs" and recognize they can be largely satisfied through wages (Maslow, 1954).

Maslow's (1954) theory is based upon two fundamental propositions: (a) unsatisfied needs motivate behavior (deprivation/domination proposition) and (b) as a particular need becomes largely satisfied, the next level of need becomes the primary motivator (gratification/activation proposition). Thus, needs operate in an ascending order of importance.

Maslow's (1954) theory is widely cited but there is little research evidence to support it. No studies have shown all of Maslow's five need categories as independent factors (Centers, 1948; Friedlander, 1963; Schaffer, 1953).

Maslow's gratification/deprivation proposition states the higher the satisfaction with a given need, the lower the importance of the need and the higher the importance of the need at the next level of the hierarchy. However, two longitudinal studies indicate no support for this (Hall, 1968; Lawler, 1972).

The deprivation/domination proposition is partially supported with regard to self-actualization and autonomy needs; but the results do not support the proposition with regard to security, social, and

Alderfer's (1972) modified need hierarchy theory essentially collapsed Maslow's (1954) five hierarchical levels into three and identified existence needs, relatedness needs, and growth needs. Existence needs include those needs required to sustain human existence. Both physiological and safety needs are included. Relatedness needs are concerned with how people relate to their surrounding social environment and includes the needs for meaningful social and interpersonal relationships. Growth needs are the highest need category, including the needs for self-esteem and self-actualization.

Alderfer's (1972) theory differs from Maslow's (1954) in two respects. First, if an individual is continually frustrated in attempting to satisfy a need, lower-level needs may emerge as primary and direct his attention. Secondly, more than one need may be operative or activated at the same time.

Another need theory frequently cited is Herzberg's (1964) two-factor theory which identifies two factors as being related to satisfaction. One of these factors is labeled "motivators," which are mainly involved with aspects of the work itself, including things such as achievement, promotion, recognition, and responsibility. Motivators can lead to satisfaction. The other factor is labeled "hygienes," which involve the context in which the work is performed. This category includes supervision, interpersonal relations, working conditions, company policy, and salary. Hygiene factors can lead to dissatisfaction. Thus, job satisfaction and dissatisfaction result
from different causes; satisfaction depends on motivators while dissatisfaction occurs from hygiene factors (Herzberg, 1964).

According to Herzberg (1964), the organization or individual managers who have traditionally approached the subject of motivation from a solely "hygienic" perspective have been handicapping themselves in several ways. Assuming they have correctly applied the hygiene factors, all they have succeeded in doing in most cases is preventing dissatisfaction. Second, no positive motivation has resulted beyond perhaps the neutral level. Third, it should be recognized that to some degree all managers are limited in their control over wages (one of the most important of all the hygiene factors).

In opposition to Herzberg's suggestions, motivation was not necessarily linked solely to the presence of those factors he labeled as motivational. In one study, equal levels of job involvement existed among managers who expressed primary concern for hygiene factors and those managers who were primarily concerned with motivational factors (Gorn & Kanungo, 1980). In addition, the research of Fein (1974) found that only 8 to 12% of the work force respond to what Herzberg labels as motivators.

Schaffer (1953) notes that for any individual in any given situation the amount of tension or dissatisfaction generated is determined by (a) the strength of his needs or drives and (b) the extent to which he can perceive and utilize opportunities in the situation for the satisfaction of those needs. It is suggested that to understand why a person is dissatisfied with his job one would
have to know the extent to which any of his needs are not being satisfied, and the relative strength of those needs.

Integration of Equity and Need Fulfillment Theories

Need preferences can affect interpretation of inequity studies (Lawler & O'Gara, 1967). Some moderators such as need for money represent an alternative explanation for variation in the dependent variables (satisfaction with pay and overall job satisfaction) and, therefore, must be controlled to assess the role of the inequity explanation. For example, individuals high in need for money may work hard in a piece-rate experiment not as a means of reducing inequity but to satisfy a need for more money. Although it can be argued that those moderators should be equally distributed across experimental conditions, given the relatively small sample size in most studies and the fact that despite random assignment the moderators often are not equally distributed (Goodman & Friedman, 1968), it seems desirable to measure and analyze the effects of the relevant moderators. Lawler (1968) found a significant correlation between perceived need for money and productivity. The need for money tended to correlate more highly with the productivity in the overpaid group than in the equitable paid group. Garland (1973), however, did not find a significant correlation between perceived need for money and productivity.

The power and power-related theories of Blau (1964), Emerson (1962, 1969), Kuhn (1963), and Thibaut and Kelley (1959) deal more adequately with inequity by focusing on two important variables: (a) the value of the resources being exchanged and (b) the presence
or absence of valuable alternatives to the exchange relation. Specifically, if someone finds he cannot do without the resource, i.e., its value is high, and if he finds there is no other source of the goods, he will engage in a disadvantageous exchange rather than no exchange at all. In other words, the situation might determine the extent to which inequity is tolerated.

Goodman (1974) has identified three major classes of referents which are used in the evaluation of pay. These are labeled Other, System, and Self. Self as referent is of interest for it offers us an alternative way to conceptualize adequacy of pay using the components of equity theory. Self referents can refer to how well an individual can fulfill her needs. Individuals develop an ideal input/output ratio relevant to meeting needs which is compared to the present input/outcome ratio. The distinguishing characteristic of the Self referent is that the comparison is specific to that individual. There is no comparison with Other's input/output ratios. Pritchard, Jorgenson, and Dunnette (1972) provide evidence supporting the concept of Self referents.

Equity theory (Adams, 1965) differs from need in that inputs are incorporated in the perception process, the perceived comparison is always based on ratios, and, most importantly, social comparison is directly utilized. Equity theory can be regarded as an interpersonal comparison process, for the significance of an individual's ratio of outcomes and inputs is based on its comparison to significant Other's input-outcome ratio. Need theories, however, are based upon an intrapersonal comparison process, with the focus being on the
discrepancy between the perceived needs and the fulfillment of these needs. Social comparison information is not directly utilized though others may influence what we perceive as needs.

**Personality Characteristics and Sensitivity to Inequity**

Few studies have looked at personality characteristics of individuals and subsequent sensitivity to or reduction of inequity. Lawler and O'Gara (1967) collected data on the California Personality Inventory (CPI) to provide some clues as to the types of individuals who are likely to raise their productivity in order to be able to reduce cognitive dissonance. Those subjects who were low on the measures of poise, ascendance, and self-assurance seemed to be characterized by high productivity, as compared to those who scored high on these measures. The CPI measures of socialization, maturity, and responsibility show a consistent tendency to be related to work quality.

The present study will focus on the self-monitoring construct as a mediating variable in the sensitivity to inequity imposed by comparison with other's input-outcome ratio. The prototypic high self-monitoring individual (Snyder, 1974) is one who, out of a concern for the situational appropriateness of her social behavior, is particularly sensitive to the expression and self-presentation of relevant others in social situations. She uses cues as guidelines for monitoring (that is, regulating and controlling) her own verbal and nonverbal self-presentation. The prototypic low self-monitoring individual is not as vigilant to social information about situationally appropriate self-presentation. The self-presentation and expressive
behavior of low self-monitoring individuals seem, in a functional sense, to be controlled from within by their affective states and attitudes, rather than tailored to fit the situation (Snyder, 1974).

According to the self-monitoring construct, high self-monitoring individuals should be particularly attentive to social comparison information that could guide their expressive self-presentation. When given the opportunity in a self-presentation task, high self-monitoring individuals consult information about the modal self-presentation of their peers more often and for longer periods of time than low self-monitoring individuals (Snyder, 1974). Moreover, given the opportunity to observe another person with whom they anticipate social interaction, individuals high in self-monitoring are more likely than those low in self-monitoring to later remember more accurately information about that person (Berscheid, Graziano, Monson, & Dermer, 1976). The assumption that high self-monitoring individuals are actively investing cognitive time and effort in attempting to understand others is manifested in their keen attention to the subtle interplay between behavior and its context, and their use of this information in inferring the actor's intentions (Kelley, 1973).

Snyder (1974) identifies five hypothetical components of the construct of self-monitoring: (a) concern for appropriateness of social behavior, (b) attention to social comparison information, (c) ability to control or modify self-presentation, (d) use of this ability in particular situation, and (e) cross-situational variability of social behavior. However, the self-monitoring scale devised by Snyder exhibits a stable factor structure that does not correspond to
the five-component theoretical structure he presents (Lennox & Wolfe, 1984). Four of the five components are positively related to social anxiety. Effective social interaction is supposedly the high self-monitor's forte, and social anxiety appears to be incompatible with this. The correlational results, therefore, question the entire theory and indicate the need for a narrower definition of the construct.

Factor analytic studies show that the scale does not measure these five components. Instead, it dependably yields three factors: acting ability, extroversion, and other-directedness. None of these self-monitoring variables shows a significant positive correlation with either public self-consciousness or individuation. It identifies high self-monitors as people who are neither socially anxious nor reluctant to behave in a way that will bring attention to themselves (Lennox & Wolfe, 1984).

In an effort to reconceptualize the self-monitoring construct much more narrowly than Snyder (1974) did, Lennox and Wolfe (1984) took a two-component definition of this construct and operationalized it in the Revised Self-Monitoring Scale. This scale assesses sensitivity to the expressive behavior of others and ability to modify self-presentation. The revised scale is face valid and has significant internal consistency to merit its use (Nunnally, 1978). A 6-point response format is utilized.

The Concern for Appropriateness Scale also emerges from these investigations. It assesses those components that cannot be subsumed by the self-monitoring construct because of their relationships with social anxiety: cross-situational variability and attention to social
comparison information. Cross-situational variability is assessed by statements such as "I tend to show different sides of myself to different people." Attention to social comparison information is assessed by statements such as "It is my feeling that if everyone else in a group is behaving in a certain manner, this must be the proper way to behave."

Subjects in this study were selected from 334 students who completed the Concern for Appropriateness Scale. Selection of subjects was based on individual scores falling in the upper or lower quartile with regard to the total Concern for Appropriateness Scale. The personality characteristics assessed by the sensitivity to social comparison subscale was of interest. However, the cross-situational variability subscale was included in the questionnaire because of its relationship to the sensitivity subscale. Data indicate the appended measures are likely to perform dependably (Lennox & Wolfe, 1984). To increase reliability, both subscales were used. Individuals receiving lower scores on the scale should be influenced by their affective states and attitudes. Individuals scoring high on this scale should invest a great deal of cognitive time and effort in attempting to understand others, and thus be sensitive to the expression and self-presentation of relevant others.

The minimum score among the 334 respondents on the Concern for Appropriateness Scale was 34 and the maximum score was 89. The mean score was 62.0, $SD = 10.2$. The cutoff score for subjects identified as insensitive to social comparison information was 56 and below. The mean score for these subjects was 50.32. The cutoff score for
subjects identified as sensitive to social comparison information was 68 and above. The mean score for these subjects was 74.45. Coefficient alpha for this total scale was 84.

Design and Hypotheses

The present study proposed satisfaction with pay to be a function of equity of payment in relation to relevant others, adequacy of payment to meet expenses, and social comparison. Thus, this study will use a 2 (Equity) x 2 (Adequacy of Pay) x 2 (Sensitivity to Social Comparison Information) factorial design. The following hypotheses are proposed:

A. A main effect of both equity and pay adequacy on satisfaction with pay.
   1. Subjects whose pay is comparable to that of a co-worker's making identical inputs will be more satisfied than subjects whose pay is less than that of co-worker's making identical inputs.
   2. Subjects whose pay exceeds their needs (investment required in the experiment) will be more satisfied than subjects whose pay is inadequate to meet expenses.

B. An interaction between sensitivity to social comparison information and equity on satisfaction with pay, such that individuals sensitive to social comparison information will be more influenced by experimentally induced inequity than by the adequacy of pay to meet needs relative to individuals insensitive to social comparison information.
Chapter II

METHOD

Subjects

Sixty-four university students served as voluntary participants in a 2 (Equity) x 2 (Adequacy of Pay) x 2 (Sensitivity to Social Comparison) factorial design. Subjects were selected by their scores (upper and lower 30%) on Lennox and Wolfe's (1984) Concern for Appropriateness Scale. Volunteers received extra credit in a psychology class for participation.

Manipulations

Perceptions of equity were manipulated by either paying subjects a wage comparable to that of a confederate, or paying subjects a lower wage (offering no justification for the wage discrepancy), given the two were making identical inputs. Adequacy of pay was insured by offering subjects a wage (for making paper chains) large enough to cover their $1 participation fee. Inadequate payment involved offering subjects a wage which did not cover the participation fee.

Four experimental conditions existed:

1. Both the subject and confederate were paid the same wage per chain completed, and enough money was made by each to cover the initial expense of $1.

2. Subject was paid less per chain completed than the confederate, but both made enough money to cover their initial expense of $1.

3. Both the subject and confederate were paid the same wage per chain completed, but neither made enough money to cover their expenses.
4. Subject was paid less per chain completed than the confederate, and neither made enough money to cover their expenses.

Procedure

As volunteers for a separate project, subjects were given a personality questionnaire to complete which included all items from Lennox and Wolfe's Concern for Appropriateness Scale (Appendix A). Subjects scoring at either extreme of the scale (upper or lower quartile) were phoned and invited to participate in a psychology experiment for extra credit. The following conversation took place:

You are invited to participate in a psychology experiment for extra credit. This experiment is unique in that one may either make money or lose money. Participation offers a gamble as to the final outcome of the experiment. Circumstances and the subject's speed in performing a task determine whether money will be gained or lost. It is required that you initially pay $1. You will perform a simple task for which you will be paid. At the conclusion of the task, you may lose up to the entire dollar you invested, or you may earn up to $1 profit.

Upon arriving for the experimental session, the subject and confederate (same sex as subject) were given an informed consent form (Appendix B) to read and sign. The subject was given yellow construction paper and the confederate given blue construction paper with which to make paper chains. The following instructions were handed out to the subject and confederate and read aloud by the experimenter:
The following task represents a corporate simulation of productivity in industry. The study will give individuals the opportunity to earn up to $1. However, one can also lose the entire $1 initially put forth. A risk exists as to whether money will be gained or lost at the conclusion of the task. Each individual will construct either blue or yellow paper chains. There should be five links for each completed chain. When the time period has ended, count the number of completed chains and multiply this number by the price per chain given. Subtracting the $1 you invested from the amount of money made at the conclusion of the task indicates the total amount of money gained or lost.

After the experimenter is assured the subject understands these instructions, the subject and confederate were given a set of instructions on how to construct paper chains, which was also read aloud by the experimenter. The subject believes the task is being timed, although the timing is stopped after the subject and confederate have completed five paper chains. The subject works alongside a confederate who matches the subject in number of chains completed. This controls the subject's perceptions of competency (as compared to the confederate) and thus controls the perceived inputs (effort) exerted in the task.

After the subject and confederate have completed constructing five paper chains, both are given a budget sheet (Appendix D) which explains how they are to be paid for the task. The experimental condition to which the subject has been assigned determines the
information contained in the budget sheet. For example, if a subject was placed in an inadequate payment/inequitable situation, the budget sheet would assign the subject a wage too low per chain completed to offset the $1 participation fee, as well as pay the subject less than the confederate.

The subject and confederate were given a questionnaire (Appendix E) to fill out after being paid for task completion. All 17 items in the questionnaire use a 7-point Likert-type response scale. Manipulation checks assess perceptions of equity, adequacy of pay, and competency with regard to the confederate. Perceptions of task difficulty and interest were assessed along with satisfaction with pay. Pay satisfaction was assessed by six items. These items read as follows: "I feel the amount of money I made was . . . dissatisfying/satisfying, bad/good, displeasing/pleasing, unfavorable/favorable, ungratifying/gratifying, unrewarding/rewarding."

Following completion of the questionnaire, the subjects were asked what they assumed the experimenter was studying. Most subjects felt gambling behavior was being examined. Thus, subjects did not accurately guess the nature of the experiment. Subjects were then carefully debriefed and then dismissed.
Chapter III

RESULTS

Manipulation Checks

Pay adequacy. Two items were used (Questions 9 and 10, Appendix E) in the adequacy of pay scale to measure the extent to which subjects accurately saw themselves in a condition of payment offsetting needs or in a situation of inadequate payment. An alpha coefficient of .821 was found between these two items suggesting that these items were assessing similar perceptions.

The average score of satisfaction for subjects in adequate payment conditions ($M = 5.36, SD = 1.43$) was higher than the average score obtained by individuals in inadequate payment conditions ($M = 2.39, SD = 1.47$). A significant adequacy payment effect was found (Table I). However, a significant equity effect was found as well. Potentially this may be either due to improperly manipulating the independent variables or a failure of the items to assess subjects' perceptions accurately. Due to the fact the independent variables are straightforward and one of the items did not demonstrate an equity effect, it is plausible the questions assessed subjects' perceptions accurately. More importantly, equity accounted for only 2% of the variance, whereas adequacy accounted for 58% of the variance. Thus, subjects accurately perceived payment as sufficient or insufficient to meet needs.

Pay equity. Four items were used (Questions 11 through Question 14) in the equity scale to assess perceptions of payment
Table I  
ANOVA: Manipulation Check of Adequacy of Pay--  
Questions 9 and 10

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<tr>
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<td>141.016</td>
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<td>141.016</td>
<td>83.786**</td>
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<tr>
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<td>13.141</td>
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<td>1</td>
<td>1.563</td>
<td>.928</td>
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<td>.037</td>
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<tr>
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<td>.141</td>
<td>1</td>
<td>.141</td>
<td>.084</td>
</tr>
<tr>
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<td>.766</td>
<td>1</td>
<td>.766</td>
<td>.455</td>
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<td>.063</td>
<td>.371</td>
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<td><strong>Residual</strong></td>
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<td>56</td>
<td>1.683</td>
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<td>251.000</td>
<td>63</td>
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*p < .01.  **p < .001
equity. The first two items (Questions 11 and 12) were exploratory, focusing on equity of payment in relation to the effort invested in the task. These two items were necessary to ensure subjects understood the distinction between task equity and equity in comparison to others. Two additional items (Questions 13 and 14), more directly assessed equity in comparison to the co-worker. As expected, Items 11 and 12 demonstrated a large alpha coefficient ($\alpha = .9372$), as did Items 13 and 14 ($\alpha = .9451$). Subjects did not seem to make a distinction between these two forms of equity, for the alpha coefficient between the initial items and the latter items is large ($\alpha = .8479$).

For the first two items, the mean score of satisfaction for subjects in an equitable situation ($M = 5.11$, $SD = 1.74$) was greater than the mean score of subjects in an inequitable condition ($M = 4.11$, $SD = 1.87$). A significant equity effect was found (Table II). However, a larger adequacy of payment effect was revealed. Equity in relation to task, however, was assessed only for exploratory purposes.

For the last two items, the mean score of satisfaction for subjects equitably paid in relation to their co-worker ($M = 6.21$, $SD = 1.18$) was greater than that for subjects inequitably paid ($M = 2.26$, $SD = 1.26$). A significant equity effect was found (Table III). A smaller but significant adequacy of payment effect was also found. However, adequacy of pay accounted for only 6% of the variance, whereas equity accounted for 62% of the variance. Thus, this scale found subjects accurately perceived payment as equitable or inequitable in relation to their co-worker.
### Table II

**ANOVA: Manipulation Check of Equity in Relation to Task—Questions 11 and 12**

<table>
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<td>60.063</td>
<td>18.065**</td>
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<td>1.891</td>
<td>.569</td>
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<td>.391</td>
<td>.117</td>
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<td>B x C</td>
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<td>.391</td>
<td>.117</td>
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<td><strong>Three-way Interactions</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>A x B x C</td>
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<td>7.563</td>
<td>2.274</td>
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<td>Residual</td>
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* < .01. ** < .001
Table III
ANOVA: Manipulation Check of Equity with Regard to Co-worker--
Questions 13 and 14

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<tr>
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</tr>
<tr>
<td>Adequacy (A)</td>
<td>6.566</td>
<td>1</td>
<td>6.566</td>
<td>4.563*</td>
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<td>Equity (B)</td>
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<td>250.035</td>
<td>173.735**</td>
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<td>Sensitivity (C)</td>
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<td><strong>Two-way Interactions</strong></td>
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<td>A x B</td>
<td>.660</td>
<td>1</td>
<td>.660</td>
<td>.459</td>
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<td>A x C</td>
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<td>.004</td>
<td>.003</td>
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<td>B x C</td>
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<td>A x B x C</td>
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<td>Residual</td>
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<td>63</td>
<td>5.476</td>
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*p < .01.  **p < .001
Combining all four equity items ($\alpha = .8479$) due to the high correlation among the items and in order to increase reliability, it was found satisfaction was greater ($M = 5.66, SD = 1.46$) for subjects in equitable conditions than for subjects in inequitable conditions ($M = 3.19, SD = 1.57$). There was a significant equity and adequacy of payment effect (Table IV). Adequacy of pay accounted for 11% of the variance, whereas equity accounted for 42% of the variance. This total scale somewhat tapped perceptions of equity, though the scale of equity of payment with regard to co-worker was more accurate.

**Competency.** Although competency is not an independent variable of the study, three items (Questions 15 through 17) assessed subjects' perceptions of competency in the task with regard to the co-worker. It was necessary for subjects to perceive their performance as comparable to that of the confederate. It was desired that subjects in inequitable conditions would not distort their perceptions of inputs (competency with regard to the co-worker) and thus justify inequitable payment. Among the three items, coefficient alpha was .8635. Item 15 used a different response scale from Items 16 and 17. Subjects scored a mean of $M = 4.02, SD = .57$ (neutral with regard to competency) for Item 15. Items 16 and 17 used a response scale ranging from 1 (not at all) to 7 (much harder) or (much faster) with regard to the co-worker. The average score on these two items is $M = 2.44, SD = 1.08$. All three items were combined for ANOVA. No significant adequacy or equity effect or Equity x Sensitivity to Social Comparison Information interaction was found with regard to competency (Table V). This supports the assumption subjects should perceive their inputs as comparable to that of a confederate regardless of condition.
Table IV  
**ANOVA: Manipulation Check of Equity--**  
Questions 11, 12, 13, and 14

<table>
<thead>
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<td>Adequacy (A)</td>
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<td>26.587</td>
<td>16.133*</td>
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<tr>
<td>Equity (B)</td>
<td>98.134</td>
<td>1</td>
<td>98.134</td>
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<td>1.196</td>
<td>.726</td>
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<td>.079</td>
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<td>.079</td>
<td>.480</td>
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<tr>
<td>B x C</td>
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<td>1.337</td>
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<td><strong>Three-way Interactions</strong></td>
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<td>1</td>
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<td><strong>Residual</strong></td>
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<tr>
<td><strong>Total</strong></td>
<td>226.632</td>
<td>63</td>
<td>226.632</td>
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*p < .01
Table V

ANOVA: Manipulation Check of Competency with Regard to Co-worker--
Questions 15, 16, and 17

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<tr>
<td>A x B</td>
<td>.444</td>
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<td>.444</td>
<td>.394</td>
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<tr>
<td>A x C</td>
<td>.444</td>
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<td>.444</td>
<td>.394</td>
</tr>
<tr>
<td>B x C</td>
<td>.111</td>
<td>1</td>
<td>.111</td>
<td>.099</td>
</tr>
<tr>
<td><strong>Three-way Interactions</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A x B x C</td>
<td>.111</td>
<td>1</td>
<td>.111</td>
<td>.099</td>
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<td>63</td>
<td>1.021</td>
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Satisfaction with Pay

This study intended to identify those factors leading to satisfaction with pay. Coefficient alpha for all six questions was .9696. Each of the six questions tapping satisfaction with pay revealed a significant adequacy of pay effect, and three of the questions showed a significant effect for equity with an additional question showing a marginal effect. No interaction between equity and sensitivity to social comparison was found for any of the questions.

As predicted in Hypothesis 1, subjects whose pay is comparable to that of a co-worker making identical inputs are more satisfied than subjects whose pay is less than that of a co-worker making identical inputs. The average score of pay satisfaction between individuals in equitable conditions versus inequitable conditions demonstrates this to be true (Table VI). The main effect for equity is significant. An ANOVA composite table for Questions 1 through 6 is found in Table VII. Adequacy of payment to meet needs accounted for 41% of the variance.

It was also hypothesized subjects whose pay exceeds their needs are more satisfied than subjects whose pay is inadequate to meet expenses. The average scores of pay satisfaction reveal individuals are more satisfied in adequate payment conditions versus inadequate payment conditions (Table VI). The main effect for adequacy of payment is very significant (Table VII). Equity of payment with regard to co-worker accounted for 4% of the variance.

An interaction was also hypothesized to occur between sensitivity to social comparison information and equity such that individuals sensitive to social comparison information are more influenced by
Table VI

Average Score of Pay Satisfaction for All Eight Conditions

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<tr>
<td></td>
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<td>Inadequate</td>
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<tr>
<td>Equity</td>
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<tr>
<td>M</td>
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<td>SD</td>
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<td>Inequity</td>
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<tr>
<td>M</td>
<td>4.65</td>
<td>2.88</td>
</tr>
<tr>
<td>SD</td>
<td>1.87</td>
<td>1.26</td>
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<td>Cell n</td>
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Note. The greater the value, the greater the degree of pay satisfaction.
Table VII
ANOVA: Composite of Six Questions Measuring Satisfaction with Pay

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<th>Source of Variation</th>
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<th>Mean Square</th>
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<td>.378</td>
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<td></td>
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<td>.085</td>
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<td>Total</td>
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<td>2.660</td>
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</table>

*p < .05.  **p < .001.
experimentally induced inequity than by the adequacy of pay to meet needs, relative to individuals insensitive to social comparison information. This hypothesis was not upheld by the data. The mean for subjects in adequate or inadequate conditions is more or less the same regardless whether subjects are sensitive or insensitive to social comparison information (Table VI). In addition, the mean for subjects in equitable or inequitable conditions is more or less the same regardless whether subjects are sensitive or insensitive to social comparison information (Table VI). The sensitivity to social comparison information and equity interaction was not significant (Table VII). This interaction accounted for .55% of the variance.

Subjects experienced a greater discrepancy in satisfaction due to conditions of adequacy or inadequacy of pay as opposed to conditions of equity or inequity of pay regardless of scores received on the sensitivity to social comparison scale. However, this does not imply adequacy is more important than equity. These two variables cannot be compared against each other since they utilize different scales. In addition, it is not known how strong the manipulations were with regard to these two variables.
Chapter IV

DISCUSSION

This study was successful in creating conditions suitable for testing the hypotheses. Manipulation checks verified subjects' perceived payment as equitable or inequitable with regard to payment in comparison to a co-worker (confederate). In addition, subjects accurately perceived the situation as providing adequate or inadequate payment to meet expenses.

Based on equity theory research (Adams, 1965), it was hypothesized that individuals receiving a wage comparable to that of a co-worker making identical inputs will be more satisfied than individuals experiencing a disadvantageous wage discrepancy with little justification. Past research had found when an individual's actual salary bracket coincided with equity, he expressed himself as being in a reasonably paid role. If, however, his actual payment was less than the equitable bracket, he expressed dissatisfaction (Jaques, 1965). It is not the absolute amount of various forms of outcomes that is the key issue; but, rather, how those outcomes compare to those received by others (Klein, 1973). Data from this study confirmed that individuals receiving comparable wages are more satisfied than individuals experiencing a disadvantageous wage discrepancy.

It was also hypothesized that individuals whose rate of pay covers expenses are more satisfied than those whose pay does not offset expenses. This hypothesis was based on research of need fulfillment theories which assume satisfaction is dependent upon the
discrepancy between what an environment offers or what an individual attains, and his level of adaptation. These theories posit satisfaction varies directly with the extent to which those needs of an individual which can be satisfied in a job are actually satisfied; the stronger the need, the more closely will job satisfaction depend on its fulfillment (Schaffer, 1953). Data from this study confirm adequately paid individuals are more satisfied than inadequately paid individuals.

It is of interest to note an intrapersonal comparison process (conceptualized in need fulfillment theories) and an interpersonal comparison process (described in equity theory) occur simultaneously in the evaluation of pay. The intrapersonal comparison process may be expressed as a personal comparison between the expected or ideal pay desired and what is actually obtained. The interpersonal comparison process, however, is dependent upon another individual as a basis for comparison. Social comparison information is directly utilized.

These two comparison processes can be regarded as two forms of equity. The discrepancy between the pay expected and the actual pay received influences pay satisfaction. One's pay potentially can fulfill expectations based upon a personal "ideal" or expectations based upon comparison with others' pay.

An interaction between equity and sensitivity to social comparison information was hypothesized to occur, such that individuals receiving high scores on the sensitivity scale should be more influenced by equity than adequacy of payment to meet needs. One possibility for the lack of an interaction may be the use of an inappropriate scale to identify individuals sensitive to social comparison information.
Although Lennox and Wolfe (1984) recommend this scale to assess comparison with others, the questions in the scale pertain exclusively to attitudes and behaviors linked to social situations such as, "If I am the least bit uncertain as to how to act in a social situation, I look to the behavior of others for cues." None of the questions even remotely tapped aspects of a work setting. Perhaps there is a difference in sensitivity toward others in a social setting versus a work setting.

Another potential problem with the sensitivity scale is that the questions seem to pertain to an ability to adapt one's behavior to fit the situation, rather than one's attentiveness to others' attitudes and behaviors. For example, "The slightest look of disapproval in the eyes of a person with whom I am interacting is enough to make me change my approach." Thus, this scale may not accurately discriminate between individuals who demonstrate a stable personality characteristic of comparing oneself to others and those who do not.

The lack of an interaction may also be due to the strong equity manipulation masking any individual differences. In other words, all subjects regardless of their sensitivity to social comparison information would have perceived and responded to conditions of equity or inequity. Another possibility for the lack of an interaction may be that the interaction does not exist. However, this seems unlikely given perceptions of equity are based upon a social comparison process.

Had individuals sensitive to social comparison information been more influenced by equity than adequacy of payment to meet needs, this would have consequences for one's satisfaction with pay. Given that
there are individuals extremely sensitive to others and conditions of equity, it would seem advantageous for companies not to disclose employee salaries if an inequitable payment schedule is utilized.

In the future it would be of interest to find whether differences occur in sensitivity to others in a social versus a work setting. Perhaps the type of setting dictates the degree to which sensitivity to others and equity are perceived as important. It is plausible individuals may be sensitive to others in one type of setting but this does not generalize to other environments. Another scale might be devised to accurately tap attentiveness and degree of comparison to others exclusively in a work setting.
References


Appendix A

Concern for Appropriateness Scale
INSTRUCTIONS

Please print your name at the top of the answer sheet. Fill in a circle on the answer sheet for each statement, according to the following scale. Your responses should reflect your personal beliefs; there are no right or wrong answers.

A  B  C  D  E
Strongly Agree Uncertain Disagree Strongly Agree

1. I tend to show different sides of myself to different people.
2. It is my feeling that if everyone else in a group is behaving in a certain manner, this must be the proper way to behave.
3. I actively avoid wearing clothes that are not in style.
4. In different situations and with different people, I often act like very different persons.
5. At parties I usually try to behave in a manner that makes me fit in.
6. When I am uncertain how to act in a social situation, I look to the behavior of others for cues.
7. Although I know myself, I find that others do not know me.
8. I try to pay attention to the reactions of others to my behavior in order to avoid being out of place.
9. I find that I tend to pick up slang expressions from others and use them as part of my own vocabulary.
10. Different situations can make me behave like very different people.
11. I tend to pay attention to what others are wearing.
12. The slightest look of disapproval in the eyes of a person with whom I am interacting is enough to make me change my approach.
13. Different people tend to have different impressions about the type of person I am.
14. It's important to me to fit into the group I'm with.
15. My behavior often depends on how I feel others wish me to behave.
16. I am not always the person I appear to be.
A  
Strongly Agree  B  Agree  C  Uncertain  D  Disagree  E  Strongly Disagree

17. If I am the least bit uncertain as to how to act in a social situation, I look to the behavior of others for cues.

18. I usually keep up with clothing style changes by watching what others wear.

19. I sometimes have the feeling that people don't know who I really am.

20. When in a social situation, I tend not to follow the crowd, but instead behave in a manner that suits my particular mood at the time.

21. In social situations, I have the ability to alter my behavior if I feel that something else is called for.

22. I am often able to read people's true emotions correctly through their eyes.

23. I have the ability to control the way I come across to people, depending on the impression I wish to give them.

24. In conversations, I am sensitive to even the slightest change in the facial expression of the person I'm conversing with.

25. My powers of intuition are quite good when it comes to understanding others' emotions and motives.

26. I can usually tell when others consider a joke to be in bad taste, even though they may laugh convincingly.

27. When I feel that the image I am portraying isn't working, I can readily change it to something that does.

28. I can usually tell when I've said something inappropriate by reading it in the listener's eyes.

29. I have trouble changing my behavior to suit different people and different situations.

30. I have found that I can adjust my behavior to meet the requirements of any situation I find myself in.

31. If someone is lying to me, I usually know it at once from that person's manner of expression.

32. Even when it might be to my advantage, I have difficulty putting up a good front.

33. Once I know what the situation calls for, it's easy for me to regulate my actions accordingly.
Appendix B

Informed Consent
INFORMED CONSENT

You are invited to participate in an experiment in which participants will be asked to work on a task in which you will be paid. If you decide to participate, $1 will be collected from all subjects. Debriefing (or an explanation of the study) will immediately follow the experimental session. Total time required for completion of participation will not exceed 1 hour.

Your responses to these questions are completely confidential. Your name will not be associated in any way with the information you provide.

No significant risks are involved in this research. The benefits of participation in this study are simply those of having an opportunity to see how a research project of this type is conducted and to learn something about an area of current research interest in psychology. Should you decide to participate in this study, your participation will satisfy one of several options available to you for obtaining extra credit in your psychology course, as described by your instructor.

Your decision whether or not to participate in this study will not affect your relationship with the University of Nebraska. If you decide to participate, you are free to withdraw your consent and to discontinue participation at any time. Furthermore, you have the right to withdraw your data from this study following completion of any stage of the research should you decide to do so. If you have any questions, please ask the investigator now. If you have questions later on, please feel free to contact the experimenter or adviser at the number listed above.

YOU ARE MAKING A DECISION WHETHER OR NOT TO PARTICIPATE. YOUR SIGNATURE INDICATES THAT YOU HAVE DECIDED TO PARTICIPATE HAVING READ THE INFORMATION PROVIDED ABOVE. YOU MAY HAVE A COPY OF THIS FORM TO KEEP.

Signature of Subject ___________________________ Date ____________

Signature of Investigator ___________________________
Appendix C

Instructions for Constructing Paper Chains
INSTRUCTIONS FOR CONSTRUCTING PAPER CHAINS

1) Place the ruler along the longer side of the paper.
2) Mark off every inch. This will result in 11 marks.
3) Draw 11 lines from the top of the paper to the bottom using the marks as guides.
4) Cut the paper along these lines.
5) Use these strips of paper to construct links by gluing the two ends together.
6) Each completed chain should have five links.
Appendix D

Profit/Loss Statements for the Four Conditions of:
(a) Adequate/Equitable Payment,
(b) Inadequate/Equitable Payment,
(c) Adequate/Inequitable Payment, and
(d) Inadequate/Inequitable Payment
PROFIT/LOSS STATEMENT

EXPENSES: $1.00

EARNINGS:

NO. OF BLUE CHAINS COMPLETED _______ AT .30¢ EACH = _______

NO. OF YELLOW CHAINS COMPLETED _______ AT .30¢ EACH = _______

PROFIT/LOSS:

EARNINGS _______

EXPENSES -$1.00

TOTAL = _______
PROFIT/LOSS STATEMENT

EXPENSES: $1.00

EARNINGS:

NO. OF BLUE CHAINS COMPLETED _____ AT .10¢ EACH = _______

NO. OF YELLOW CHAINS COMPLETED _____ AT .10¢ EACH = _______

PROFIT/LOSS:

EARNINGS _______

EXPENSES -$1.00

TOTAL = _______
PROFIT/LOSS STATEMENT

EXPENSES: $1.00

EARNINGS:
   NO. OF BLUE CHAINS COMPLETED ______ AT .35¢ EACH = ______
   NO. OF YELLOW CHAINS COMPLETED ______ AT .35¢ EACH = ______

PROFIT/LOSS:
   EARNINGS ______
   EXPENSES -$1.00
   TOTAL = ______
PROFIT/LOSS STATEMENT

EXPENSES: $1.00

EARNINGS:
   NO. OF BLUE CHAINS COMPLETED ______ AT .15¢ EACH = ______
   NO. OF YELLOW CHAINS COMPLETED _______ AT .15¢ EACH = ______

PROFIT/LOSS:
   EARNINGS ______
   EXPENSES -$1.00
   TOTAL = ______
Appendix E

Questionnaire
Circle the letter which best describes your perceptions.

1. I feel the amount of money I made was . . .
   (a) very dissatisfying
   (b) moderately dissatisfying
   (c) slightly dissatisfying
   (d) neutral or neither
   (e) slightly satisfying
   (f) moderately satisfying
   (g) very satisfying

2. I feel the amount of money I made was . . .
   (a) very bad
   (b) moderately bad
   (c) slightly bad
   (d) neutral or neither
   (e) slightly good
   (f) moderately good
   (g) very good

3. I feel the amount of money I made was . . .
   (a) very displeasing
   (b) moderately displeasing
   (c) slightly displeasing
   (d) neutral or neither
   (e) slightly pleasing
   (f) moderately pleasing
   (g) very pleasing

4. I feel the amount of money I made was . . .
   (a) very unfavorable
   (b) moderately unfavorable
   (c) slightly unfavorable
   (d) neutral or neither
   (e) slightly favorable
   (f) moderately favorable
   (g) very favorable

5. I feel the amount of money I made was . . .
   (a) very ungratifying
   (b) moderately ungratifying
   (c) slightly ungratifying
   (d) neutral or neither
   (e) slightly gratifying
   (f) moderately gratifying
   (g) very gratifying
6. I feel the amount of money I made was . . .

   (a) very unrewarding
   (b) moderately unrewarding
   (c) slightly unrewarding
   (d) neutral or neither
   (e) slightly rewarding
   (f) moderately rewarding
   (g) very rewarding

7. How interesting did you find the task to be?

   (a) very uninteresting
   (b) moderately uninteresting
   (c) slightly uninteresting
   (d) neutral or neither
   (e) slightly interesting
   (f) moderately interesting
   (g) very interesting

8. How difficult did you find the task to be?

   (a) very easy
   (b) moderately easy
   (c) slightly easy
   (d) neutral or neither
   (e) slightly difficult
   (f) moderately difficult
   (g) very difficult

9. To what degree was the rate of pay received adequate to cover your initial investment?

   (a) very inadequate
   (b) moderately inadequate
   (c) slightly inadequate
   (d) neutral or neither
   (e) slightly adequate
   (f) moderately adequate
   (g) very adequate

10. Considering your initial investment, to what degree did the pay you received meet your expenses?

    (a) very insufficient
    (b) moderately insufficient
    (c) slightly insufficient
    (d) neutral or neither
    (e) slightly sufficient
    (f) moderately sufficient
    (g) very sufficient
11. How fair was your pay considering the amount of effort you invested in the task?

(a) very unfair  
(b) moderately unfair  
(c) slightly unfair  
(d) neutral or neither  
(e) slightly fair  
(f) moderately fair  
(g) very fair  

12. How equitable was your pay considering the amount of effort you exerted in the task?

(a) very inequitable  
(b) moderately inequitable  
(c) slightly inequitable  
(d) neutral or neither  
(e) slightly equitable  
(f) moderately equitable  
(g) very equitable  

13. How fair was your pay in relation to your co-worker's payment?

(a) very unfair  
(b) moderately unfair  
(c) slightly unfair  
(d) neutral or neither  
(e) slightly fair  
(f) moderately fair  
(g) very fair  

14. How equitable was your pay in relation to your co-worker's payment?

(a) very inequitable  
(b) moderately inequitable  
(c) slightly inequitable  
(d) neutral or neither  
(e) slightly equitable  
(f) moderately equitable  
(g) very equitable  

15. What was your level of competency in regard to the other subject?

(a) much less competent than the other subject  
(b) somewhat less competent than the other subject  
(c) slightly less competent than the other subject  
(d) neutral or neither  
(e) slightly more competent than the other subject  
(f) somewhat more competent than the other subject  
(g) much more competent than the other subject
Circle the number which best describes your co-worker.

16. How much harder did your co-worker work in relation to you?

\[\begin{array}{ccccccc}
1 & 2 & 3 & 4 & 5 & 6 & 7 \\
\text{NOT} & \text{MUCH} & \text{AT ALL} & \text{HARDER}
\end{array}\]

17. How much faster did your co-worker work in relation to you?

\[\begin{array}{ccccccc}
1 & 2 & 3 & 4 & 5 & 6 & 7 \\
\text{NOT} & \text{MUCH} & \text{AT ALL} & \text{FASTER}
\end{array}\]