AN EMPIRICAL INVESTIGATION OF PAY
AND EMPLOYEE SATISFACTION

by

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ABSTRACT

Compensation costs are among the most significant expenses incurred by organizations. To date, the theory and research on the effectiveness of financial compensation has been limited and has largely been based on subhuman species and on nonrepresentative subjects acting in simulated environments. There have been few tests of the theory in operating organizations. Management approaches to compensation have not been evaluated in terms of higher need satisfaction, need desire, general satisfaction, feelings of equity, job involvement, nor intrinsic motivation. This exploratory study investigated these relationships and examined the interrelationship of factors proposed by E.E. Lawler in a model of the determinants of pay satisfaction.

Data was gathered by questionnaire from 15 junior management and supervisory level employees in one organization.

Salary satisfaction was significantly correlated with opportunities for personal growth and development and with self-fulfillment. Satisfaction with salary was not significantly correlated with general satisfaction. The results indicated that if a salary administration program is to be effective, it must be manageable and understandable to the employees. Employees expect to receive feedback and when they do not they are critical of their supervisors. Similarly, employees expect that when they receive praise from their supervisors for performance well done, it will be translated into salary increases. Where this does not occur, employees are dissatisfied.
In evaluating the equitability of their salaries, participants considered not only their absolute pay levels, but also the relative levels of input and outcome of comparison persons. The results did not support Lawler's hypothesis that female employees would be more satisfied with their salaries than male employees. Data on general satisfaction contradicted Herzberg's dual-theory constructs.

Job involvement factors were found to be highly intercorrelated supporting Lawler's conception of a job involvement factor. The data did not, however, support the existence of an intrinsic motivation factor. Data on need fulfillment and need desire were inconclusive.
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CHAPTER I

INTRODUCTION

Defining job factors and attaching equitable pay to positions is an ongoing problem for many organizations. Considerable energy has been expended by management and researchers in developing methods of job evaluation and salary administration. The job evaluation process provides a basis for judging how much each position contributes to the organizations. Traditional methods of job evaluation include job rankings, job classification, factor comparisons, and point system methods. Often these evaluation procedures have been coupled with salary surveys to develop salary rates. To date, however, there has been almost no systematic investigation of the relationship between these salary administration programs and the effects on employee motivation, job involvement, or employee satisfaction.

The term "pay" is frequently used to refer to money, fringe benefits and other commodities that have financial value which the organization gives to employees in return for their services. In this paper, pay has been considered as salary compensation only. Fringe benefits have been excluded from this study. Salary is the actual dollars that an individual directly receives for his work. Fringe benefits are dollars received indirectly by the employee. Fringe benefits typically include such items as vacation pay, health and accident insurance, time off, club memberships, profit-sharing and reimbursement for educational fees. Fringe benefits can usually be
purchased by the individual if they are not provided by the organization.

**SIGNIFICANCE OF THE PROBLEM**

Payroll expenses are among the most significant costs incurred by organizations. Service organizations, which are highly labour intensive, are increasing in number. Average payroll costs are increasing annually. Ten per cent per year pay increases are not uncommon. Despite the large amounts spent annually, a clear understanding of the relationship between employee satisfaction and pay has not been developed.

Theories and research studies related to the effects of financial compensation have been limited. There have been very few deductions from these theories which have been tested adequately in organizational settings. To date, most of the compensation practices in organizations are based on impressionistic data, characterized by feelings, perceptions, and anecdotal accounts. Academics have attempted to examine the effects of money in laboratory settings but have relied on students as subjects. The generality of the results of these studies is questionable. By the very nature of these laboratory studies, only a limited number of relationships can be examined. Uncontrolled variables, or those not directly under consideration, are assumed to be equal in importance for all test groups. Alternatively, it is assumed that they have no effect at all. In contrast, field studies or correlational studies tend to maximize the volume of information produced but minimize the causality findings from the information. Despite the fact
that there have been in excess of 2,000 studies concerning job satisfaction in the last 30 years, Lawler (1971) stated that "our understanding of the causes of job satisfaction have not substantially increased (p. 205)."

There have been a limited number of attempts to integrate the theory and research on pay. The most recent attempt by Lawler (1971) is only partially tested at this time. Concurrently, leaders of organizations have been very reluctant to accept "unproven" theories and concepts. They have also been reticent to spend organizational resources to critically evaluate whether the results of a particular program or change were valuable.

**PURPOSE**

To date, there is no empirical evidence to demonstrate any relationship between job evaluation programs, salary administration programs, salary compensation satisfactions, and general need satisfaction. Similarly, there have been only limited investigations of the relationship between higher order needs, involvement of individuals in their jobs, and intrinsic motivation. One researcher (Lawler, 1971) presented a model of pay satisfaction which hypothesized the inter-relationship of these factors.

This report makes a contribution to the body of research knowledge by examining a number of the relationships suggested by the model. Specifically, the following considerations will be investigated:

a. The relationship between higher order need satisfactions and general need satisfaction.
b. The concepts of need deficiencies and need desires.
c. The factors related to salary satisfaction.
d. The relationship between satisfaction with elements of a salary administration and satisfaction with salary.
e. The concept of equity and how employees perceive inputs and outcomes.
f. The relationship between job inputs and salary satisfaction.
g. The relationship between job satisfaction, job involvement, and intrinsic motivation factors.

LIMITATIONS OF THE STUDY

This study was conducted in one ongoing organization. Comparative data and control group data were not available. The sample size was very small, consisting of only 15 employees, representing the two lowest levels of management. The subjects knew, by nature of the salary administration study and by their participation, that the results of the job evaluation and salary survey program would directly affect them. As such, the "Hawthorne effect" may have been operating, but it was not controlled. This bias was probably reduced by two factors. First, there was a built-in delay of three months between the completion of the second salary administration study and requesting the employees to participate in completing the research questionnaire. Second, the questionnaire was given as a research questionnaire. Each participant was informed that participation was voluntary and that their responses would not affect the outcome of the previous study. This study must be considered, however, only as an exploratory examination of the relationship between compensation practices and theory. The small sample size and the lack of a priori measures, except as measured by interviews (which are not reported in this paper), limit the generality of the findings.
ORGANIZATION OF THE REPORT

Chapter II outlines the theory and research on satisfaction with compensation. Chapter III outlines the alternative methods of job evaluation, discusses the motivational effect of each, and outlines the nature of the job evaluation and salary administration program conducted in this organization. Chapter IV outlines the research methodology, the results, and discusses the significance of the study results. Chapter V outlines and discusses the conclusions of this study and identifies areas for further research.
CHAPTER II

THEORY AND RESEARCH ON PAY SATISFACTION

Lawler (1971) reported that most psychological research on pay is divided into three areas: the importance of pay; the ability of pay to motivate the employee to work; and satisfaction with pay. Lawler stated that "it is logical to conclude that pay is important because of its association with a number of desired outcomes and that as long as these outcomes are valued, money will be valued (p. 22)." Vroom (1964) similarly stated that money has value when it is associated with other valued outcomes. The principal method by which most people obtain the majority of their money is by working either for themselves or as an employee of an organization.

This chapter reviews the theory and research on pay and employee satisfaction. The specific factors examined include: the role of financial compensation; the meaning of satisfaction; approaches to measuring satisfaction; and the relationship between job satisfaction and other job attitudes. The larger body of literature on manpower economics and management practices relevant to wage and salary practices has been excluded. Similarly, studies and theories related to why employees take jobs, persist in them, or leave them have been excluded.

THE ROLE OF FINANCIAL COMPENSATION

Opsahl and Dunnette (1966) reviewed and evaluated the effects of financial compensation on employee motivation. They reviewed five theories of money: generalized conditioned reinforcer; conditioned
incentive; anxiety reducer; hygiene factor; and instrument for gaining desired outcomes. They concluded that much remains to be learned but that it is probably best to begin to learn and measure the personal, situational, and job parameters and to view money as a symbol. This viewpoint supported Vroom's (1964) cognitive model of motivation in which money acquires valence as a result of its perceived instrumentality for obtaining other desired outcomes. Graen (1969), in an experimental simulation study, concluded that where individuals had put forth superior effort and achieved effective performance, both job satisfaction and job performance were predictable within boundary limits. Beyond these boundary limits, however, satisfaction and job performance were less predictable. He concluded that if the goal is to have employees respond to an organization in an understandable and predictable manner, the organization must be designed in such a way that employees perceive it as an understandable and predictable system. In other words, for financial compensation to be effective in achieving whatever goals, the system of compensation must be understandable and predictable to both management and employees.

THE MEANING OF JOB SATISFACTION

A clear and concise definition of job satisfaction is not readily available. How job satisfaction is defined and measured varies depending upon the particular theoretical framework. Rosen and Rosen (1955) pointed out that three different measures have been used indiscriminately for describing job satisfaction: reports of perceptions; statements of standards; and evaluative items. The authors cited data to
support their hypothesis that the three different measures produced different results.

There are four distinct theories of pay satisfaction: two-factor theory; fulfillment theory; discrepancy theory; and, equity theory. The two-factor theory viewed pay only as a means of eliminating dissatisfaction. Pay, according to this theory, does not provide individuals with satisfaction. Fulfillment theory viewed satisfaction as resulting from the extent to which needs were actually satisfied. Discrepancy theory considered satisfaction to be the difference between what we should receive and what one actually receives. Equity theory relied on individual comparisons to determine satisfaction. Each of these theories is discussed in the following sections.

**Herzberg's Two-Factor Theory**

Herzberg *et al* (1959) postulated that there are two continua, satisfaction and dissatisfaction, which are independent and which are influenced by different sets of reinforcers. In essence, Herzberg argued that motivation and job satisfaction occurred from the job content factors of the position. The absence of these factors results in a lack of satisfaction. Dissatisfaction resulted from hygiene or maintenance factors. These are job context factors, or conditions around which the job was performed. In this formulation, salary was considered to be a dissatisfier. Herzberg *et al*, in the study of accountants and engineers, reported that dissatisfaction with salary was the third most frequently cited dissatisfier, next to dissatisfaction with company policy and supervision. Dissatisfaction with salary was of a
long duration and the degree of dissatisfaction was greater than other dissatisfiers.

House & Wigdor (1967) reviewed the research on the formulation and concluded that whether the research supports the theory depends on the methodology used. Repeated factor analysis studies have failed to demonstrate the existence of two independent factors. A review of Herzberg's own data also leads one to question how he reached his conclusions. Campbell, Dunnette, Lawler, & Weick (1970) stated that the theory "has now served its purpose and it should be altered or respectfully laid aside (p. 38)." This conclusion appears to be appropriate for purposes of this paper.

Fulfillment Theory

Fulfillment theory viewed job satisfaction in terms of the degree to which a job provides the individual with satisfaction. Vroom's (1964) formulation provides the most thorough statement of fulfillment theory's definition of job satisfaction.

Drawing on the work of Edwards (1954), Peak (1955), and Atkinson (1958), Vroom (1964) hypothesized that satisfaction is a function of expectancy multiplied by valence. Expectancy was defined as a momentary belief concerning the likelihood that a particular act will be followed by a particular outcome. Expectancy is an action-outcome association, or a combination of the individual's beliefs of his preferences among outcomes and the degree to which the individual believes these outcomes to be probable. Vroom operationalized expectancies, or type I outcomes as they are frequently called, in terms of probabilities. The strength
of the beliefs range from 1.0, indicating subjective certainty that the act will be followed by the outcome, to 0, indicating the subjective certainty that the act will not be followed by the outcome. These type I outcomes contrast with type II or instrumentality outcomes. Type II outcomes are outcome-outcome associations. Vroom stated that they "range in value from -1, indicating a belief that attainment of the second outcome is certain without the first outcome and impossible with it, to +1, indicating that the first outcome is believed to be a necessary and sufficient condition for the second outcome (p. 18)." Valence refers to affective orientations or preferences toward particular outcomes. Within Vroom's system:

... an outcome is positively valent when the person prefers it to not attaining it. . . . An outcome has a valence of zero when the person is indifferent to attaining or not attaining a particular outcome and it is negatively valent when he prefers not attaining it to attaining it (p. 15).

Vroom distinguishes, however, between the valence of an outcome to a person and its value to the person. As Vroom explained:

... an individual may desire an object but derive little satisfaction from its attainment—or he may strive to avoid an object which he later finds quite satisfying. At any given time there may be substantial discrepancy between the anticipated satisfaction from an outcome (i.e., its valence) and the actual satisfaction that it provides (i.e., its value) (p. 15).

This formulation views job satisfaction only in terms of the degree to which a job provides the person with positively-valued outcomes. No account is taken of how much the person feels he should receive. Lawler (1971) noted that there is considerable research which illustrates that satisfaction is a function of not only how much they feel they receive, but also of how much they feel they should receive.
Some evidence to support this position is presented in the following section.

**Discrepancy Theory**

Locke (1969) viewed job satisfaction as the pleasurable emotional state resulting from the appraisal of one's job as achieving or facilitating the achievement of one's job values. He defined job satisfaction as "a function of the perceived relationship between what one wants from one's job and what it is offering or entailing (p. 316)."

According to this definition, there are three factors involved in the appraisal process: the perception of some aspect of the job; an implicit or explicit value standard; and, a conscious or subconscious judgment of the relationship (discrepancy) between one's perceptions and values. In Locke's formulation, it is the perceived discrepancy that is important, not the actual discrepancy. To determine an individual's satisfaction, one must determine what the individual perceives that he has and what he wants. What he expects or what he feels he should receive are not relevant variables in this formulation.

Locke's formulation is difficult to employ in a situational setting. He focused on individual differences but did not consider job context or situation variables. Viewing satisfaction as an individual evaluation, independent of the situation, is of limited value when attempting to understand satisfaction in a work situation.

Katzell (1964) considered job satisfaction as the verbal expression of an incumbent's evaluation of his job. He theorized that:

a. People differ markedly in degree of job satisfaction.

b. Intra-individual sources of job satisfaction may be accounted for largely in terms of adaptation levels.
c. The amount of satisfaction derived from the attainment of valued conditions varies from value to value.

d. In the case of combinations of stimuli, the hedonic tone of the composite phenomenon varies more or less directly with the hedonic tone corresponding to a single stimuli.

According to this formulation, satisfaction is the difference between what there is and some desired amount. Comparable with other discrepancy theorists, Katzell viewed satisfaction as the difference between the actual amount of stimulus and some desired amount. In quantifying these dimensions, however, Katzell divided this difference by the desired amount of stimulus. Lawler (1971) observed that a discrepancy from what is desired would seem to be equally dissatisfying regardless of how much is desired. This assumption requires testing. It could be equally true, within Katzell's formulation, that there are degrees or levels of perceived dissatisfaction. Katzell's model also indicated that getting more than the desired amount produces less satisfaction than getting the actual amount desired. This does not, for organizational pay studies, present a serious problem as employees seldom, if ever, receive more than they want.

Porter (1961) did not present a formal definition or theory of job satisfaction. From his measuring instruments, however, it is apparent that he favoured the discrepancy viewpoint of satisfaction, regarding satisfaction—dissatisfaction as the difference between what one thinks one should receive and what one actually receives. He asked subjects how much pay there should be for their job and how much there actually is. The difference was interpreted as either satisfaction or dissatisfaction.

There is an important difference in approach to measurement between
Porter, Locke, and Katzell. Porter focused on how much pay there should be for the job, not how much pay the individual desires. This distinction is critical if one wants to examine the employee satisfaction with pay in an organizational situation. Lawler (1971) noted that an individual's satisfaction with the fairness of the pay "seems to be more influenced by what he feels he should receive than by what he aspires to (p. 208)." What an individual aspires to describes his satisfaction with his present pay and position relative to his long-term aspirations.

Conceptually, it is possible that an individual can be satisfied with the fairness of his present pay, but aspires to obtain more. Lawler (1971) stated that both discrepancies must be considered. He proposed two measures: pay satisfaction level; or the discrepancy between a person's present pay and what he feels it should be; and, pay desires satisfaction, or the difference between a person's desired pay level and his perception of his present situation.

Porter & Lawler (1968) viewed motivation, or what they termed "effort," as a function of the value of the reward and the perceived effort-reward probability of obtaining the outcome. The value of the reward was acquired from previous satisfactions, which were the differences between what were perceived to be equitable rewards and the perceived intrinsic and extrinsic rewards received. The probability of obtaining a particular outcome was viewed as a function of previous performance. Expectancy was measured by the relationship between the perceived probability that putting effort into performing will lead to the desired level of performance and the perceived probability that the performance will lead to the outcome.
Porter, Lawler, and Vroom agreed about the factors influencing motivation, but used different terminology and approaches. Vroom's formulation viewed outcomes such as pay as goals. In contrast, Porter & Lawler viewed performance as the goal.

A number of other research studies, including Beer (1966), Kuhlen (1963), Ross & Zander (1957), and Glennon, Owens, Smith, & Albright (1960), conceptualized satisfaction as the difference between a person's fulfillment and the importance of the fulfillment. These discrepancy theorists considered the difference between two perceptions that an individual holds. While Evans (1969) argued that this approach is conceptually meaningless, Lawler (1971) stated that for pay it is also operationally meaningless. To illustrate, Lawler asked "is the person to whom pay is of moderate importance and who receives very little always going to be less satisfied than the person to whom pay is very important but also receives a moderate amount (p. 210)?" Obviously not, because the answer depends on the individual's perception of what his pay should be. In summary, defining pay satisfaction as the difference between the importance of pay and the amount of pay an individual receives is of no value.

To date, the discrepancy theories have not considered some constraints that individuals encounter in their work roles. There can be a significant difference between attempting to perform a particular task or series of tasks and the actual accomplishment or performance of the task. Frequently, however, the only discrepancy considered relevant has been the perceived relationship between performing well and receiving the outcome, such as higher pay (Galbraith & Cummings, 1967). The issue
of whether good performance is always possible has been largely ignored. A comprehensive discrepancy theory should include a measure of an individual's perceived probability of accomplishing the task if he attempts it.

Also, the relationship between performance and pay is oversimplified. In laboratory studies it is possible to establish direct rewards for performance. This is seldom accomplished in industry. Notwithstanding executive claims that compensation is based on merit or performance, the relationship is seldom direct. A large number of intervening variables often compound and/or confuse the relationship. Both Vroom (1964) and Porter & Lawler (1968) stated that individual beliefs about whether performing the act will lead to pay must be considered to understand the impact of pay on the motivation to perform effectively.

Lawler (1965) demonstrated that it is possible for an individual to state that he is receiving more pay than he should receive or more than he wants. Lawler (1971) noted that this point has not been stressed by most discrepancy theorists and that it presents some problems for them. They have not, for example, been clear on how to relate dissatisfaction due to overpayment and dissatisfaction due to underpayment.

Equity Theory

Equity theorists, in considering job satisfaction, differed from discrepancy theorists in both conceptual frameworks and measurements used. A number of the more prominent equity theories are outlined in the following paragraphs.

Jaques (1961) developed a series of 36 propositions outlining his
theory of equity. The theory developed was based on job analysis work in Great Britain. Jaques theorized that there are three interrelated factors which must be in equilibrium to obtain the psychological condition of perceived equity or justice in the work environment. The elements are: time span of discretion, the level of work as measured by the discretion which an individual's job permits him; pay, the actual salary which the job holder receives; and, capacity, the amount of an individual's job-related abilities at any point in time. The actual pay received is compared with an equitable payment or the common amount of payment which individuals with similar time spans feel are appropriate for their tasks. How the comparisons were made was not stated.

Jaques emphasized the importance of social comparisons in determining individuals' perceptions about their jobs. He hypothesized that if the actual salary bracket for a person's role coincides with the equity bracket, the person considers himself satisfied. If the individual's actual pay bracket has fallen below the equitable bracket, the individual considers himself dissatisfied. If the actual payment has risen above the equitable bracket, the individual reacts with a sense of discomfort for being overpaid. Jaques further hypothesized that the intensity of the reaction varies with the size of the discrepancy between the actual and equitable bracket.

Jaques' theory has been severely criticized by other researchers. Vroom (1964) criticized Jaques' work for the lack of empirical evidence offered to support his theory, illustrating that Jaques did not report how he measured satisfaction, who his subjects were, or any quantitative analysis of his data. Gordon (1969) similarly criticized Jaques for his
failure to present the data. He also criticized the clinical-psychological nature of the measurement instruments. Hellriegel & French (1969) criticized the factor measurement and questioned the generality of the findings for other cultures. Lawler (1971) gave Jaques credit for qualitatively showing some of the relationships between variables, but criticized Jaques for not stating how the informal norms developed or how people became unconsciously aware of them. Lawler also criticized Jaques' work because the method of measuring equity was not clearly defined. Most readers assume that Jaques defined equity as the difference between what is seen to be equitable and the person's actual pay. As Lawler pointed out, however, equity could also be interpreted as the ratio of equitable inputs to equitable pay. Goodman (1967) tested some of Jaques' theories, but did not find a strong relationship between time span and management level, nor between time span and satisfaction. He stated, however, that part of the problem may have been due to the difficulties of operationalizing Jaques' concept of time span. Gordon (1969) concluded that while Jaques' theory is similar to some more recently developed theories of equity, it is less inclusive than Adams and has less support in the research literature.

Patchen (1961) hypothesized that individuals make a cognitive relation, as follows:

\[
\begin{align*}
\text{My pay} & \text{ compared to } \text{His (their) pay} \\
\text{My position on dimensions related to pay} & \text{His (their position on dimensions related to pay)}
\end{align*}
\]

(p. 9).

He hypothesized that there are four possible types of comparisons. A perceived consonant comparison exists when the comparer perceives one
side of his relation as congruent with the other. A perceived dissonant comparison is one in which the comparer perceives the ratio of one side of the relation to be incongruent with the ratio of the other side of the equation. An objective consonant comparison exists when the ratio of the comparer's position on dimensions relevant to pay to the other position on these relevant dimensions is congruent to the ratio of earnings. An objective dissonant comparison is one in which the ratio of two persons' positions on dimensions relevant to pay is considered incongruent to the ratio of their earnings. Patchen hypothesized that an individual who perceives a wage comparison to be consonant has little basis to be dissatisfied. He hypothesized that an individual who perceives a dissonant comparison either in his favour or against him would be dissatisfied. Patchen found that people who compared their pay with that of others who earn more were dissatisfied with their pay unless the other person had higher inputs. He also found that very few people chose comparison to others who had less favourable input-outcome ratios than themselves. Patchen concluded that a man's absolute pay level, in itself, made little difference in which direction the individual made his comparison. The relative pay position was found, however, to make the difference. Individuals who were paid relatively low rates chose upward comparisons at their own occupational level significantly more often than did men who received relatively high pay rates. He concluded that it was the relative position and not the absolute pay level which exerted the important influence on whether or not an individual was satisfied with his pay.

Adams' (1965) exchange model of social inequity has received
considerable attention in the research literature. Similar to Patchen, Adams defined inequity as existing whenever an individual perceives that the ratio of his outcomes to inputs and the ratio of others' outcomes to inputs is unequal. Adams focused on the individual's perception of what he is giving and receiving. The individual's perception may or may not correspond to that of an observer's or to reality. In Adams' formulation, however, only the individual's perception is the important dimension. Satisfaction results when equity exists and dissatisfaction results when perceived inequity exists. In other words, satisfaction is determined by the perceived ratio of what one receives from the job to what one puts into the job as compared to the perceived ratio of some other person.

Equity theory postulates that people evaluate the fairness of their own ratio of inputs and outcomes by comparing it with their perceptions of some comparison person. Considerable effort has been devoted to studying how people develop their feelings about what their pay should be. These studies have been reviewed by Lawler (1971) and will not be reviewed in this paper.

Weick (1966) reviewed the concept of equity in the perception of pay. He noted that inequity can be reduced in several ways. These include: altering either inputs or outcomes; perceptually distorting inputs or outcomes; leaving the field; getting the comparison person to change; or, selecting another comparison person. He stated that equity theory is especially appropriate for the study of compensation because effort is assumed to be one of the most tractable inputs and wages are unambiguous, yet tractable, outcomes. Weick went on to identify a number
of conceptual and empirical problems of equity theory. In summary, the problems Weick identified are:

a. It is often difficult to determine whether a given behaviour is an input or an outcome.
b. Even when inputs and outcomes can be distinguished they are often intercorrelated, making it difficult to reduce inequity.
c. Equity theory pays little attention to the fact that individuals can also control their outcomes in order to reduce inequity.
d. As an individual aligns his ratio with one person, he makes it more discrepant with other individuals who may also be comparison persons.
e. When inputs and outcomes are unequal, tension would be expected even if the person's comparison person also had high inputs and low outcomes. In other words, the fact that someone else shares an individual's plight would not be sufficient for the individual to experience equity.
f. An individual may use the external setting, not to resolve the inequity that originated within an organization, but to confirm that inequity does exist.
g. The temporal factor has not yet been incorporated into equity theory, although it may alter both the antecedents and resolutions of inequity.
h. Equity theory does not take account of a sufficient number of social pressures.
i. The strong relationship between a person and his comparison person implies that whatever constraints limit the person's own resolutions, these same constraints will limit how he will construe the comparison person.
j. An individual may adopt a comparison person's pattern of behaviour in order to obtain the same rewards rather than to reduce the inequity.
k. The transfer of learning from one situation of inequity to the next may be limited.

Weick recognized that there are a number of contradictions in the above criticisms. They arise, according to Weick, because of the limiting conditions of the equity phenomena which have not yet been made explicit:

**LAWLER'S MODEL OF PAY SATISFACTION**

Lawler (1971) developed a model of the determinants of pay satisfaction, attempting to draw on the strengths of both discrepancy and
equity theory. The model defines satisfaction as the difference between the perceived pay and the individual's belief about what his pay should be. Lawler hypothesized that when the subject's perception of what his pay is and his perception of what it should be are in agreement, he will be satisfied with his pay. When his pay falls short of what he feels it should be, the individual will be dissatisfied with his pay. When his pay exceeds what he feels it should be, however, he will have feelings of guilt and inequity.

This formulation is very comparable to that presented by Jaques and Adams. However, Lawler measures equity by the difference approach developed by discrepancy theorists. This differs from the traditional ratio approach employed by equity theorists. Drawing from the strengths of equity theory, Lawler emphasized comparisons with other individuals. He argued that the present wage rate is the key influence on an individual's perception of what his pay is, but that his perception is also influenced by his pay history, work history, and his perceptions of what his comparison person receives. Thus, an individual's perception of his pay is influenced not only by how much he receives in absolute amounts, but also by a number of other factors. Perceived job inputs such as skills, ability, and training are considered important. Lawler's model also hypothesized that a person's perception of what his pay should be is influenced by both what he perceives as the comparison persons' pay rates and what he perceives as their inputs. In addition, an individual's perceptions of what his pay should be is hypothesized to be somewhat influenced by other nonmonetary outcomes that he receives from his job. Lawler did not think that this would be a very strong
influence in the majority of cases. However, he observed that in some instances this could be crucial. Unlike other models presented to date, Lawler's model also allows for the possibility that an individual will feel that his pay outcomes exceed what they should. He hypothesized that, where this exists, the individual will have feelings of guilt and discomfort. Lawler hypothesized that individuals who perceive they are underpaid will be dissatisfied.

THE RELATIONSHIP OF JOB SATISFACTION TO OTHER JOB RELATED ATTITUDES

Lodahl & Kejner (1965) explored the meaning of job involvement. In their study, they developed and validated factor-analyzed scales to measure it. Job Involvement was defined as the degree to which a person's work performance affects his self-esteem. They concluded that job involvement is a multi-dimensional attitude that can be scaled with adequate, but not high, reliability. They also concluded that the scale items seemed to be general over different populations. They found that the individual who was highly involved in his job was older, less considerate as a leader, high on initiative and intelligence, and had more interdependent jobs.

Lawler & Hall (1970) tested some of Lodahl & Kejner's job involvement items along with measures of satisfaction and intrinsic motivation. They concluded that higher order need satisfaction attitudes, job involvement attitudes, and intrinsic motivation attitudes should be thought of as separate and distinct kinds of attitudes towards a job. The authors related each of the attitudes to job design factors and to
job behaviours. Satisfaction was related to job design characteristics, such as the amount of control the individual is allowed in his position and the degree to which the position is seen to be relevant to the individual job-holder's valued abilities. Satisfaction was not related to either self-reported effort or performance. Job involvement was similarly related to job characteristics and to self-reported effort. Intrinsic motivation was more strongly related to both effort and performance than either satisfaction or involvement. Intrinsic motivation was less strongly related to the job characteristics measured than either involvement or satisfaction.

SUMMARY

This chapter examined the role of financial compensation, the meaning of job satisfaction, the various approaches utilized for measuring satisfaction, and the relationship between satisfaction and other job attitudes. If financial compensation is to be used effectively by organizations, the system must be understandable and predictable to the employees. Whether or not, however, they will be satisfied is dependent upon how satisfaction is viewed. According to Herzberg's formulation, individuals will never be satisfied by pay; they will only experience the absence of satisfaction. Fulfillment theorists argue that the individual is satisfied to the extent that he achieves positively-valued outcomes. The discrepancy theorists insist and offer evidence that, in addition to achieving valued outcomes, the individual must perceive that he is receiving what he thinks he should achieve. Equity theorists focus on comparisons as a basis for determining
satisfaction. The inputs and outcomes perceived to be held by the person and the other person are compared. An integrated model of the determinants of pay satisfaction (Lawler, 1971) defined pay satisfaction as the difference between the perceived pay and the individual's belief about what his pay should be. While Lawler's model stressed the importance of social comparisons, the method of integrating and resolving input differences and outcome differences is not explicit. In order to test Lawler's model, empirical studies are needed at all stages. This study is aimed at investigating some of these voids and gathering empirical data to examine some of the conceptual issues which Lawler raised.
CHAPTER III

SALARY ADMINISTRATION PROGRAM

This chapter outlines the elements of the job evaluation process, the elements of a salary survey, and the procedures employed to develop an equitable salary administration program for one organization.

JOB EVALUATION

Belcher (1962) defined job evaluation as "a systematic method of appraising the value of each job in relation to the other jobs in the organization (p. 177)." It provides a consistent procedure that sets up and maintains a hierarchy of jobs, attaching to each job a pay rate commensurate with its status in the hierarchy. The general purpose of job evaluation is to provide a measure of the relative contribution of each job in a manner agreeable to all members of the organization. The essential elements of job evaluation are similar for each of the methods of job evaluation. These elements include: gathering of facts regarding duties; responsibilities, and discretion of each job; collecting information regarding essential requirements for successful performance; determining what factor or combination of factors are compensatable in the organization; deciding the relative importance of each of the compensatable factors; selecting or developing a system for the appraisal of jobs according to the factor or factors chosen; and, pricing the job structure in order to arrive at a salary structure. Sibson (1967) noted that the principal measuring techniques that have been devised for determining the relative worth of jobs differ from one another in one of
three areas: what is measured; how the jobs are weighted; and how the jobs are measured. The alternative methods are discussed in the following paragraphs.

The ranking system has been used widely as a method of job evaluation. This procedure ranks one job against another without assigning point values. The evaluator simply compares two jobs, one with the other, and judges which is more difficult. Upon reaching a decision, another job is compared with the first two and a similar decision is made. This process is repeated until all jobs have been ranked from most difficult to least difficult. This procedure is the simplest of job evaluation procedures, is relatively quick, and is inexpensive. The principal limitation of the method is its simplicity. There is a tendency to judge each job on the basis of its dominant characteristics, thereby allowing inconsistencies to develop. When a large number of jobs are considered, these inconsistencies can be multiplicative. The system, though easy to implement, can be very difficult to explain and justify to employees and management.

The classification system or the rating system is a method of measuring a job against a predetermined yardstick whose various divisions evaluate overall job values or job difficulty. The evaluators compare each job with the yardstick and decide which division or grade best describes its characteristics and degree of difficulty. This method is not particularly common even though it is quite inexpensive to install. It encompasses most of the shortcomings of the ranking method, including the difficulty in defining levels of overall job worth in a meaningful way.
The point evaluation system requires that various factors of a group of jobs be selected and defined. Separate yardsticks describing the different degrees of each factor are prepared. The job is then ranked against every yardstick. This procedure is similar to a classification system except that the job is evaluated on a separate scale for each factor and point weightings are assigned to each factor. In evaluating jobs the evaluators study the job duties and compare them with each yardstick; assigning the job the degree which best describes the extent to which the factor is important to the position. The use of fixed, predetermined, defined factors forces the evaluator to consider the same job elements when rating every job. The assignment of point values provides a measure of the job rankings and job rating, or the relative difference in worth. The overall value of the point evaluation system is dependent upon the factors which are selected for use and the accuracy of the point value assigned. Difficulties can be encountered in establishing the correct number of degrees and meaningfully defining the degrees. If these difficulties are overcome, the technique can provide useful comparisons. Overall, this procedure is probably the most widely used in Canada at the present time.

The factor comparison system compares the various factors on a job-by-job basis without defining the various degrees. The evaluators analyze and rank all jobs in terms of one factor. They repeat the process for each of the factors which have been identified. The total points assigned to a job are then totalled for each of the factors in order to measure the job's overall worth. One of the major advantages of this approach is that it does not involve problems of semantics.
encountered in building factor yardsticks and defining the various degrees. This lack of clear definition, however, can be a problem in that it is more difficult to explain to the employees the exact reason why a particular classification was used.

Jaques (1961) suggested that measurement of job level is possible by employing "time span of discretion" as the measurement unit. Jaques defined the time span of discretion as the maximum period of time during which the use of discretion is authorized and expected before a review of that discretion by a supervisor. As noted in Chapter II, however, Jaques' theory has been subjected to severe criticism because he did not include data to support his measurements. Another potential problem of Jaques' approach is that, in practise, the value of job evaluation procedures depends upon its acceptance by the individual job incumbents and their supervisors. Jaques had limited success when he attempted to convince company managers that his time span method was valuable (Belcher, 1962).

Smith & Kendall (1963) developed a job description index for evaluating managerial positions. The procedure involved the identification of appropriate job behaviour factors and the development of job behavioural scales. The scales, developed by a psychometric technique, measured the behavioural dimensions deemed to be most important for successfully optimizing resource allocation. The result was a series of scales based on critical incidents of job performance. The scales included several different dimensions and behaviour patterns which led to success in a given job rather than global measures of job success. This method has great promise for overcoming many of the problems and
potential errors inherent in systems of behaviour observation and rating. The scales are rooted in observable behaviours and the qualities covered by the scales are rigourously defined. The scales "have been shown to be easily and accurately distinguished from one another by raters (Campbell, Dunnette, Lawler, & Weick, 1970, p. 123)." Unlike the previously described job evaluation procedures, however, the job description index measured both the job requirements and the effectiveness of the individual's performance. It may not always be desirable, as was the case in the organization studied, to measure both performance and job requirements simultaneously.

While there are substantial advantages to the use of job evaluation procedures, there are also a number of criticisms which have been levelled against the procedures. Many of these criticisms have been registered by union leaders. Belcher (1962) outlined the major criticisms as including:

a. The job evaluation procedure is not scientific because of the numerous judgments which are used in all systems.
b. Job evaluation procedures are too rigid a device to be used.
c. Job evaluation procedures are merely an attempt to base wages solely upon one set of considerations, i.e., job content.
d. Job evaluation procedures do not take account of supply and demand of workers.

All these criticisms have some merit. It is more constructive, however, to recognize that job evaluation procedures are not perfect and that effort is needed to improve them. Conducting wage and salary surveys and providing a system for periodic review of job responsibilities can reduce the magnitude of these problems.

Lawler's (1971) model of the determinants of pay satisfaction illustrated that employees base their perceptions of what their pay
should be, in part, on the demands of their job. Lawler hypothesized that the more demanding the job, the more pay the employees feel they should receive. One common source of employee pay dissatisfaction is the feeling that the demands of their job have been undervalued and that, as a result, their pay rate has been set too low. Lawler stated that "the objective of any job evaluation procedure is to produce a high level of pay satisfaction at the lowest possible cost (p. 259)."

Accordingly, he identified a number of characteristics which he considered to be essential for a good job evaluation program. First, the job evaluation program should involve the people whose jobs are being evaluated, so that their perceptions can be taken into account. Second, participants must be involved in the decision making process. Third, the procedure must be understandable and creditable if it is to be of any value. According to Lawler, unless these conditions exist, the results of the system, no matter how valid, will not lead to high pay satisfaction. In essence, Lawler argued that the technical features of a plan are not as important as how they are used and who is involved in the decision making process. He stated that "it does not make much difference which of the better known methods is used; what makes a tremendous difference, however, is who uses the method and how (p. 260)."

**SALARY SURVEYS**

Salary surveys are an important tool for establishing what salary rates are required if a high level of pay satisfaction is to be provided. According to equity theory and Lawler's model of the determinants of pay satisfaction, a person's pay satisfaction is influenced by what the
individual perceives his comparison person makes.

Job evaluation is an attempt to provide one measure of equity in compensation. It establishes a basis for equity on the basis of internal organization comparisons. Wage and salary surveys attempt to provide an external measure of equity by determining what other organizations pay for comparable positions. However, organizations provide some insulation from supply and demand forces. Frequently, jobs are different in each organization and jobs differ in terms of their importance to organizational goals. The very fact that job evaluation procedures and salary surveys measure separate aspects of equity suggests the possibility of conflict between the differing measures. The most widely recognized conflict results when the market rate is above the rate dictated by job evaluation. This problem can be partly reduced by employing either the point evaluation system or the factor comparison system for job evaluation. In this way the two measures of equity, i.e., internal ratings and dollars from wage and salary surveys, must be resolved when setting the pay rate. Lawler (1971) noted that no one can argue against an organization's using salary surveys as a method of keeping its salaries roughly comparable to the market conditions and as a way of anticipating pay satisfaction problems and preventing them. He stated, however, that organizations frequently make two mistakes in conducting salary surveys: they base their surveys on comparison jobs that are not comparable; and they conduct salary surveys without employee participation. According to Lawler, the only relevant comparisons are those which the individual perceives to be appropriate comparisons. If these comparisons are not equitable, there should be some counselling and communication
between the employee and the manager to resolve or clarify the differences.

SALARY ADMINISTRATION PROGRAM

The remainder of this chapter outlines the approaches to job evaluation, salary surveys, and establishing equitable compensation which were employed in the organization studied.

Two separate studies were conducted: one for the eight junior management level; and one for the seven supervisory positions. The procedures outlined in the following paragraphs were identical for both studies. The one exception was that, in the study of supervisors, a review meeting was held which gave them the opportunity to ask questions and to understand the rationale and methods used.

The recommendations for supervisors were implemented, in total, within one month of the completion of the study. After nine months not all of the junior management study recommendations have been implemented.

The procedure of job evaluation included developing job descriptions, defining compensatable factors, establishing the relevant weightings or values of the factors, and rating each position on each of the compensatable factors. Each of these procedures is discussed separately in the following paragraphs.

The basic elements of job descriptions were identified and confirmed through a series of interviews and discussions. The following procedure was used:

a. Interviews were conducted with each job incumbent to determine the extent and limits of the position's responsibilities.

b. A review meeting was held with each of the job incumbents to review the tentative job description to ensure that the description was accurate.
c. Tentative descriptions were reviewed with each of the immediate supervisors. Where a lack of agreement existed, the incumbent and supervisor jointly discussed, reviewed, and clarified the position description.

The job descriptions were then utilized for purposes of job evaluation and brief descriptions were developed for purposes of the salary survey.

The detailed job descriptions were reviewed with members of the management committee. The descriptions provided a basis for the evaluation of each of the positions.

After reviewing the job descriptions, the management committee discussed possible compensatable factors for comparing the positions one to the other. After considerable discussion, the factors were established. The factors were designed to measure the relative value to the organization of each of the positions under consideration. These factors and their respective definitions are listed in Table 1 on page 34.

After developing and defining the position factors, the relative weighting of the factors was considered. A precondition established for weighting the factors was that the weighting of each factor be a multiple of five per cent. The weightings of each compensatable factor reflected the relative importance of the particular factor to the organization. The factors and their relative weightings are listed in Table 2 on page 35.

Each member of the management committee was requested to independently rate the importance of each position factor for each position on a 5-point scale. Responses were checked to ensure that there was not more than a 2-point spread on the factor ratings for any position. The close ratings indicated that the scales were reliable. The relative
<table>
<thead>
<tr>
<th><strong>DEFINITION OF COMPENSATABLE FACTORS</strong></th>
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<tr>
<td><strong>POSITION KNOWLEDGE:</strong> Recognizes the technical skills, specific academic and technical training, and experience required to develop the necessary knowledge and skill in order to perform the job satisfactorily.</td>
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<tr>
<td><strong>CONTACTS:</strong> Recognizes the frequency, importance, and consequences of an employee's relationships with personnel both inside and outside the organization.</td>
</tr>
<tr>
<td><strong>SUPERVISION GIVEN TO OTHERS:</strong> Recognizes the nature and extent of advice, direction, and training given to employees reporting directly and indirectly to the position.</td>
</tr>
<tr>
<td><strong>SUPERVISION RECEIVED FROM OTHERS:</strong> Recognizes the degree to which initiative, ingenuity, and independent actions are required to perform the tasks satisfactorily.</td>
</tr>
<tr>
<td><strong>WORKING CONDITIONS:</strong> Reflects the amount of pressures the position is subjected to, the availability of resources to assist in performance of duties, the extent of adverse physical working conditions such as noise and heat, frequency of interruptions, and overtime required to meet the demands of the position.</td>
</tr>
<tr>
<td><strong>COMPLEXITY:</strong> Recognizes the different types of duties performed and their relative difficulty.</td>
</tr>
<tr>
<td><strong>AUTHORITY/RESPONSIBILITY:</strong> Recognizes the extent of accountability entrusted to the position, the extent to which the incumbent can act in the organization's behalf, and the relative direct and indirect costs associated with errors.</td>
</tr>
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</table>
TABLE 2

RELATIVE WEIGHTINGS OF COMPENSATABLE FACTORS

<table>
<thead>
<tr>
<th>Factor</th>
<th>Relative Worth</th>
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<tbody>
<tr>
<td>Position Knowledge</td>
<td>30%</td>
</tr>
<tr>
<td>Contacts</td>
<td>10%</td>
</tr>
<tr>
<td>Supervision Given to Others</td>
<td>15%</td>
</tr>
<tr>
<td>Supervision Received from Others</td>
<td>5%</td>
</tr>
<tr>
<td>Working Conditions</td>
<td>5%</td>
</tr>
<tr>
<td>Complexity</td>
<td>10%</td>
</tr>
<tr>
<td>Authority/Responsibility</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>
importance of each position was determined by averaging the individual manager's ratings for each factor for each position and multiplying this by the factor weightings outlined in Table 2. A review meeting with management, following the analysis of the internal comparisons, resulted in the agreement that the rankings accurately reflected the internal relationships of the positions to each other.

Independent of this job evaluation procedure, a survey of comparable positions in a large number of organizations was conducted. The job descriptions were distributed to the survey participants and information requested on the specific positions which were comparable in their organizations. The organizations surveyed were chosen in part because of the researcher's knowledge of the organizations and, in part, because they were suggested by the job incumbents.

Specific reference was also made to published reports of survey information. In addition, as a check on the findings, a placement agency was requested to state the salary required to attract capable applicants for each of the positions.

The salary survey results, which included means, medians, modes, and ranges, were discussed with the management committee. At this meeting, positions were reviewed in terms of internal relationships and survey market data. Adjustments were then made, within the existing salary structure, to reflect the job evaluation and the market results.

A meeting with the supervisory group only was held. The approach utilized was outlined and opportunities were provided for the job incumbents to ask questions concerning the process or the comparisons which were utilized. Also, where the comparisons which had been suggested by
job incumbents were rejected by the researcher, this was discussed with the job incumbents. This feedback was not provided to the junior management group.

This salary administration program incorporated a number of the factors which Lawler suggested as being important in order to provide for high pay satisfaction. However, job incumbents were not involved in the decision process of deciding the rating or the pay rates for their peers. An attempt was made to have a representative of the job incumbents sit on the committee, but this was rejected by management. Job incumbents were, however, given opportunities at numerous points to make contributions and review the progress of the study. Also, the supervisory group was given an opportunity at the completion of the study to inquire as to the exact nature of the steps which had been taken.

**SUMMARY**

This chapter has outlined the elements of the job evaluation programs, salary surveys, and the salary administration program conducted for the test organization. While this was a study of only one organization, it is believed that the methods used were among the more advanced in terms of pay satisfaction theory, of those currently in use. While the incumbents were not directly involved in the decision making process, they were provided with ample opportunities to make input to the study. In the supervisory group study, incumbents were given feedback and permitted to inquire as to the rationale and procedures and comparisons utilized.
CHAPTER IV

MEASUREMENT OF PAY AND SATISFACTION

This chapter outlines the method and results of the study of incumbents' need satisfactions, need deficiencies and need desires, satisfactions with pay, perceptions of the salary administrative program and satisfaction, equity concept, and the relationship between job satisfaction, job involvement, and intrinsic motivation.

METHOD

This section of the chapter discusses the sample studied, the variables measured, and the procedures utilized.

Sample

The organization studied was a noncommercial enterprise. The organization's objectives focused on service for the benefit of individuals, the community, and the province. The organization employs in excess of 100 persons who are engaged in providing a variety of professional and administrative service activities.

There are eight junior management positions and seven supervisory positions representing the third and fourth levels of management, respectively. The incumbents of each of the jobs report to second- and third-level managers, respectively. The job incumbents range in age from their mid-20's to their early 60's and have been employed in the organization from 3 to 20 years. Four of the junior management positions and five of the supervisory positions are occupied by females.
The junior management group averaged the same level of formal education as the supervisors, i.e., high school plus some university or some technical training. The average age of the junior management group was 42 and they had been with the organization between 5 and 10 years, being in their present position for an average of 8 years. The supervisory group's average age was 37, they had been in the organization between 5 and 10 years, and had been in their present position for an average of 5 years.

The participants in this study were responsible for either a departmental function or series of functions or responsible for the supervision of a clerical staff of five to ten girls. Only four of the participants had university degrees. Others had either technical training, commercial training, or had merely completed high school.

This sample obviously does not represent a cross-section of industrial workers. However, it does have some characteristics that suggest it can be a valuable source of data on compensation structures and design. It was found that there are younger and older workers employed in tasks of comparable nature. In accomplishing their tasks, they are required to interface at frequent intervals. The variables that are being studied, therefore, should be important in this environment.

Variables Measured

Data was gathered by means of a questionnaire, a copy of which is attached as Appendix A of this report. Part A of the questionnaire was designed to measure the participant's satisfaction with the autonomy
and self-actualization need factors, satisfaction with his compensation, and general satisfaction. The items measuring satisfaction of autonomy and self-actualization needs were similar to those originally developed by Porter (1961) and those recently used by Lawler & Hall (1970). For each item, the participants were first asked to rate on a 1 (minimum) to 7 (maximum) scale how much of the factor mentioned in the item (e.g., autonomy, responsibility, etc.) was associated with their position. Second, they were asked to rate on a similar scale how much of the factor they felt should be associated with their job. Satisfaction was measured by comparing the participant's answers to the first part, $\hat{a}$, with his answers to the second part, $b$. Dissatisfaction was considered to exist when $b$ exceeded $\hat{a}$.

Using Lawler's (1971) formulation, the need desire levels were also measured on the same scale by asking a third question, $c$: "How much should there be ultimately?" Satisfaction with the need desire level was measured by comparing the participant's answers to the first part, $\hat{a}$, with his answers to the third part, $c$. Dissatisfaction with need desire level existed when $c$ exceeded $\hat{a}$.

Part B of the questionnaire asked the participants to respond to a number of statements on a 7-point Likert type scale (1 = strongly agree, 7 = strongly disagree). Six of the items used in this section were recommended by Lodahl & Kejner (1965) as the best measures of job involvement. All of the measures were drawn from Lawler & Hall's (1970) factor analysis of items of job involvement and intrinsic motivation. All of the statements were measures of the degree to which good performance resulted in higher order need satisfaction.
Part C of the questionnaire was designed to measure the participant's perceptions of the important factors in his position contributing to the achievement of organizational objectives. Participants' rankings were compared with the rankings of their superiors in the actual salary administration program to obtain a measure of the accuracy of perceptions of the two positional levels.

Part D of the questionnaire requested feedback on the salary administration program which had previously been conducted. The respondents were asked to indicate on a 7-point Likert scale their satisfaction or lack of satisfaction on four specific elements of the salary administration program: procedures; recommendations; evaluations; and, information feedback.

Part E of the questionnaire employed a 7-point Likert scale to evaluate the participant's perceptions of the equity of his salary with whom he considered to be comparable in the organization. The participants were asked to evaluate how much was involved in their job; how much they put into it; and, how much was involved in their comparison job and how much that incumbent put into it. In addition, the participants were asked to assess how much actual difference in salary they perceived there was between themselves and the comparison person and how much difference in salary they thought there should be.

Part E of the questionnaire asked the participants to provide some background information on themselves. The specific information requested was their approximate salary level, time in the present position, total time in the organization, age, and education.
Procedures

The researcher visited each of the individuals and explained to them the purpose of this study. It was strongly emphasized that this was a research study, not an organizational study, and that the individual results would be kept strictly confidential. Employees were informed that a group summary would be given to management. It was also pointed out that participation in this study was voluntary and that questionnaires could be anonymous if they wished. It was also stressed that their participation in this research questionnaire would not affect the results of the previously conducted study. They were asked to be very frank and candid in their expression of opinion. Space was provided at the end of the questionnaire for additional information the subjects wished to include. It is important to note that rapport had previously been established between the researcher and the subjects in that he had a number of dealings with the subjects over a period of approximately 1 year preceding the request for their participation in this research study.

It is expected that the responses given were very candid and are actual expressions of their beliefs. A number of the participants requested the researcher to sit down and discuss their responses to the questionnaire. In these interviews, the subjects were most frank about what they found unsatisfactory about their current situations. The researcher was very careful to point out that there was little that he could do in the situation except to provide a summary of the entire group data to the management of the organization.
RESULTS AND DISCUSSION

This section of the chapter outlines the results from the study of employee satisfactions, involvement, and intrinsic motivation.

Need Fulfillment Deficiencies

The first step in the analysis was to ensure that there was no researcher bias resulting from the data provided. In order to check for this, the researcher calculated the means of the need fulfillment deficiencies for each of the autonomy and self-actualization needs. These results, as reported in Table 3 on page 44, are compared with Porter's (1961) study of lower management need fulfillment deficiencies. Porter's need fulfillment deficiencies were averaged for purposes of comparison. In comparing the results of this survey with those obtained by Porter, it is apparent that there is no researcher bias as evidenced by the comparison of means. While the results are not included in this analysis, the data was also analyzed separately for the junior management and the supervisory groups. Although the sample size is very small, the calculated means were comparable with those reported by Porter (1961).

Comparison of Needs and General Satisfaction

Components of self-esteem and self-actualization needs were correlated along with measures of salary satisfaction and general satisfaction. The correlations are reported in Table 4 on page 45. Self-fulfillment was significantly correlated ($r = .81$) with opportunities for personal growth and development; opportunities for personal
TABLE 3

COMPARISON OF MEAN NEED SATISFACTION DEFICIENCIES

<table>
<thead>
<tr>
<th>Need Factors</th>
<th>Average Lower Management (Porter, 1961)(^1)</th>
<th>Survey Group (Whole)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Autonomy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independent thought</td>
<td>1.46</td>
<td>0.93</td>
</tr>
<tr>
<td>Participation in methods and procedure</td>
<td>1.76</td>
<td>£ 1.93</td>
</tr>
<tr>
<td>Participation in goals</td>
<td>1.15</td>
<td>1.42</td>
</tr>
<tr>
<td><strong>Self-Actualization</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opportunity for growth and development</td>
<td>1.60</td>
<td>1.78</td>
</tr>
<tr>
<td>Self-fulfillment</td>
<td>1.70</td>
<td>1.64</td>
</tr>
<tr>
<td>Worthwhile accomplishment</td>
<td>1.67</td>
<td>1.43</td>
</tr>
</tbody>
</table>

\(^1\)Porter's need fulfillment deficiencies averaged for purposes of comparison.
<table>
<thead>
<tr>
<th>Factor</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>I</th>
<th>J</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>0.33</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>0.39</td>
<td>0.81*</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>0.35</td>
<td>0.51</td>
<td>0.56*</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>0.39</td>
<td>0.45</td>
<td>0.56*</td>
<td>0.41</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>0.66*</td>
<td>-0.05</td>
<td>-0.11</td>
<td>-0.07</td>
<td>0.02</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G</td>
<td>0.14</td>
<td>0.10</td>
<td>0.26</td>
<td>0.52</td>
<td>0.39</td>
<td>0.03</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H</td>
<td>0.81*</td>
<td>-0.08</td>
<td>0.07</td>
<td>0.21</td>
<td>0.09</td>
<td>0.81*</td>
<td>0.20</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>0.56*</td>
<td>-0.05</td>
<td>-0.13</td>
<td>-0.19</td>
<td>0.14</td>
<td>0.41</td>
<td>-0.27</td>
<td>0.84*</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>J</td>
<td>0.79*</td>
<td>0.10</td>
<td>0.11</td>
<td>0.28</td>
<td>0.27</td>
<td>0.73*</td>
<td>0.41</td>
<td>0.86*</td>
<td>0.46</td>
<td>1.00</td>
</tr>
</tbody>
</table>

Letters A to J correspond to statements in vertical column.

* p < .05.
growth and development was also significantly correlated \((r = .81)\) with feelings of worthwhile accomplishment. It was also found that feelings of worthwhile accomplishment were significantly correlated \((r = .66)\) with feelings of self-fulfillment. Feelings of worthwhile accomplishment were also significantly correlated \((r = .73)\) with general satisfaction. These significant correlations indicate that the components are measuring the same construct or factor called self-actualization.

For autonomy needs, it was found that the component "opportunities for independent thought" was not significantly correlated \((r = .41)\) with participation in methods and procedures of the organization. However, participation in determining the methods and procedures for one's own department was significantly correlated \((r = .56)\) with opportunities for independent thought. It was found that there was a significant correlation \((r = .81)\) between participation in determining methods and procedures for the department and setting goals for the department. Opportunities for participation in determining methods and procedures for the organization was significantly correlated \((r = .55)\) with participation in determining methods and procedures for the department. It was also found that the measurement of general satisfaction was significantly correlated with only three variables: opportunities for personal growth and development; feelings of worthwhile accomplishment; and feelings of self-fulfillment.

A breakdown of the junior management group and supervisory group results indicated that the relationship between self-actualization need and general need satisfaction was slightly stronger in the junior
management group than in the supervisory group. This finding supports Porter's (1961) finding that the vertical level of position within management had a slight positive relationship to the degree of perceived satisfaction of high order needs.

Some of the data analysis raises doubts with regard to Herzberg's (1959) formulation. Specifically, it was found that individuals provided, without difficulty, an overall global rating of their general satisfaction. Whether this is a meaningful measure, however, is a separate matter. In the supervisory group, it was also found that the two factors which related most highly with general satisfaction were the praise received from the boss and the opportunity for participation in determining departmental methods and procedures. This appears to contradict Herzberg's formulation which would suggest that praise received from the boss was a "dissatisfier." According to Herzberg's formulation, this factor could not be considered as a source of satisfaction in and of itself.

Need Fulfillment Deficiencies and Need Desires Deficiencies

As outlined in Chapter II, Lawler (1971) hypothesized that conceptually there is a distinction between "need satisfaction level" and "need desires satisfaction." Need satisfaction level was defined as the discrepancy between an individual's present need and what he feels it ought to be; whereas need desires satisfaction was defined as the difference between an individual's desired need level and his perception of his present situation. An attempt was made to obtain measures of need desires and need fulfillment satisfactions in this study.
However, it is not clear, from the data that the two factors are separate and distinct. Table 5 on page 49 summarizes the means and standard deviations for both the need fulfillment deficiencies and the need desires deficiencies. A comparison of the means and standard deviations does not permit us to conclusively say that the two measures are either identical or unique. Only in the measure of general satisfaction need and general satisfaction desire is it possible to conclude with confidence (95 per cent) that there is a significant difference between the two measures. There are two possible explanations for the data: first, the questions may not have measured the difference between the fulfillment deficiencies and need desires deficiencies as expected; or, second, there was not a significant difference between need fulfillment deficiency and need desires deficiency in this research setting because of the sample size limitations. If we accept Lawler's logic, we would have to reject the first proposition and accept the fact that there is not a significant difference between need fulfillment deficiencies and need desires deficiencies in this setting. As indicated above, however, this is far from conclusive.

General Salary Satisfaction

As indicated by Table 4 on page 45, salary satisfaction was not significantly correlated ($r = .46$) with general satisfaction. It was found, however, that general satisfaction was significantly correlated to the self-actualization need factors.

Salary satisfaction was significantly correlated ($\hat{r} = .84$) with opportunities for personal growth and development. Feelings of self-
## TABLE 5

COMPARISON OF NEED FULFILLMENT DEFICIENCIES AND NEED DESIRES DEFICIENCIES

<table>
<thead>
<tr>
<th></th>
<th>Need Fulfillment Deficiencies(^1)</th>
<th>Need Desires Deficiencies(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>Standard Deviation</td>
</tr>
<tr>
<td>Self-fulfillment</td>
<td>1.64</td>
<td>1.21</td>
</tr>
<tr>
<td>Participation in departmental goals</td>
<td>1.42</td>
<td>1.55</td>
</tr>
<tr>
<td>Participation in departmental methods</td>
<td>0.85</td>
<td>1.03</td>
</tr>
<tr>
<td>Participation in organizational methods</td>
<td>1.93</td>
<td>1.21</td>
</tr>
<tr>
<td>Independent thought and action</td>
<td>0.93</td>
<td>0.92</td>
</tr>
<tr>
<td>Worthwhile accomplishment</td>
<td>1.43</td>
<td>1.45</td>
</tr>
<tr>
<td>Praise received</td>
<td>0.86</td>
<td>1.46</td>
</tr>
<tr>
<td>Opportunity for growth and development</td>
<td>1.78</td>
<td>1.72</td>
</tr>
<tr>
<td>General satisfaction</td>
<td>1.71</td>
<td>1.72</td>
</tr>
</tbody>
</table>

\(^1\)Need fulfillment deficiencies measured by B - A.

\(^2\)Need desires deficiencies measured by C - A.
fulfillment were also significantly correlated \((r = .56)\) with salary satisfaction. Salary satisfaction was not significantly correlated \((r = .41)\) with feelings of worthwhile accomplishment.

Interestingly, satisfaction with salary was negatively correlated with a number of variables. The need for praise and salary satisfaction were negatively correlated \((r = -.27)\). Satisfaction with salary was also negatively correlated \((r = -.19\) and \(r = -.15\), respectively\) with opportunities to participate in determining methods and procedures in the organization and within their own department. None of these negative correlations were, however, significant.

The reliability of salary satisfaction was tested from the questionnaire by comparing responses on Question A9 and Question A10. The correlation between these two questions \((r = .75)\) indicated that the two questions were asking substantially the same thing. This significant correlation also indicated that the measure of salary satisfaction can be considered as reliable.

**Salary Satisfaction and the Salary Administration Program**

Table 6 on page 51 summarizes the correlations between salary satisfaction and satisfaction with the components of the salary administration program. It was found that there was a moderate, but not a significant, correlation \((r = .50)\) between satisfaction with the program procedures and salary satisfaction. The junior management group's satisfaction with the procedure corresponded more with their general salary satisfaction than the supervisory group. During interviews with the incumbents it was found that the supervisory group was less able to
<table>
<thead>
<tr>
<th>Factor</th>
<th>Entire Sample</th>
<th>Junior Management</th>
<th>Supervisors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction With Procedures Used</td>
<td>.50</td>
<td>.77</td>
<td>.24</td>
</tr>
<tr>
<td>Evaluation of Position</td>
<td>.32</td>
<td>.46</td>
<td>.07</td>
</tr>
<tr>
<td>Recommendations</td>
<td>.14</td>
<td>.00</td>
<td>.22</td>
</tr>
<tr>
<td>Feedback</td>
<td>-.70*</td>
<td>-.92*</td>
<td>.27</td>
</tr>
</tbody>
</table>

* p < .05.
understand the applicability of the procedure for the entire organization than for their own position. This probably explains the difference in the satisfactions with the way in which the individual's position was evaluated. Supervisors tended to rely on their position as the focal point, whereas some junior management personnel viewed the overall organization as their focal point. As expected, the junior management group's satisfaction with the feedback they received from the organization was significantly, but negatively, correlated ($r = -0.92$) with salary satisfaction. This group received only informal feedback on the evaluation of their positions. They were not given the data on comparable salaries in other organizations, nor were they given data concerning the relative contribution of their position to the organization. In contrast, the supervisory level was given whatever feedback they requested. A weak, but not significant, correlation ($r = 0.27$) was found between satisfaction with the organizational feedback and salary satisfaction. Consistent with Lawler's (1971) hypothesis, these results suggest that involvement in evaluating the position is more important. The procedure of excluding the junior management group probably illustrated only too clearly to them that they were not really involved at all. Neither group was actually involved in the decision making with regard to the evaluation of positions. The relationship between satisfaction with the recommendations and salary satisfaction was predictable. The junior management group saw no relationship between the satisfaction with recommendations and the salary satisfaction. As previously indicated, the majority of the recommendations for them have not been implemented. Consequently, it appears that the junior
management group was neutral in their attitude towards the recommenda-
tions because, after 9 months, they did not see that their salary
satisfaction would be affected by them. In contrast, for the super-
visory group, there was a nonsignificant correlation (r = .22) between
satisfaction with the recommendations and salary satisfaction. It was
expected that this relationship would be stronger. However, only three
individuals experienced any change in salary as a result of this pro-
gram. The individuals whose salaries were unaffected by the program
saw little relationship between their satisfaction with the recommenda-
tions and their salary satisfactions.

A comparison of rankings of individual perceptions of the impor-
tance of position factors with those of the salary administration
committee resulted in substantial agreement. The difference in the
supervisory group rankings and actual rankings was only slightly less
than that of the junior management group. The only factor which was
either consistently under-rated or over-rated was the amount of super-
vision given. Individuals who were generally recognized as having few
supervisor problems tended to under-rate this factor, while individuals
who frequently experienced problems with supervision tended to over-
rate the importance of the factor. This substantial agreement of rank-
ings of the relative importance of the job factors indicated that the
procedure of comparing the relative contributions of positions by means
of job factor ratings had merit in this organization. This is particu-
larly significant in light of the fact that, at the commencement of
the first salary administration program, management claimed that it
would not be possible to compare positions because "each position was
unique."
Equity Comparisons

All but three respondents selected a higher ranking individual in the organization hierarchy than themselves. The three others chose equal comparisons. One of the individuals selecting an equal hierarchy comparison position had just recently been promoted to the organizational level which he had been seeking for a period of time. The other two individuals chose each other as their comparison person. This selection corresponded with the job evaluation results which indicated that the two positions were very comparable. All three of the individuals who chose comparisons at the same level were under age 30 and had been in their present position for 2 years or less. Only one employee who had been with the organization for less than 2 years chose an upward comparison.

Of the 11 individuals who chose upward comparisons, only one reported that the comparison person's inputs were less than his own. Only two of the upward comparisons reported that more was involved in the comparison person's position than in their own position. The eight remaining individuals viewed their input as equal to the comparison person. The three individuals who selected comparison persons at the same hierarchy level reported that their inputs were less, equal to, and more than their comparison person, respectively.

Differences of inputs and differences of salary outcomes were compared. A significant correlation ($r = .68$) was found between inputs and salary outcomes. This supports Patchen's (1961) position that in evaluating equity, individuals will look not at their own absolute pay level, but at the relative level of inputs and outcomes for themselves.
and their comparison person.

**Salary Satisfaction and Inputs**

Classification data was gathered on the participants' current salary, level of job satisfaction, number of years in the organization, number of years in the present position, age, and education. Each of these input factors was correlated with reported salary satisfaction. The results are reported in Table 7 on page 56.

Lawler (1971) reported that there is substantial evidence to show that "other factors equal, the more pay a person receives the more satisfied he will be with his pay (p. 227)." The weak positive correlation ($r = .25$) between current salary and salary satisfaction is consistent with a number of previous research studies. Morse (1953) reported that pay satisfaction was related to the amount of pay received. Locke (1969) found a direct relationship between pay satisfaction and amount of pay. Porter & Lawler (1968) clearly illustrated that with higher pay, individual's perceptions of what their pay actually is will rise, but their perceptions of what it should be does not necessarily rise. Organizational level was found to be negatively correlated ($r = -.41$) with salary satisfaction. This result is not surprising in light of the fact that the organization levels are only one level apart and the fact that there is approximately 25 per cent overlap between the two salary scale levels. Morse (1953) also reported data illustrating that higher level employees are more dissatisfied with their pay than lower level employees. Lawler & Porter (1963) reported that, when managers who earn the same amount are compared,
<table>
<thead>
<tr>
<th>Factor</th>
<th>Correlations of Factors with Salary Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Salary</td>
<td>.25</td>
</tr>
<tr>
<td>Level of Position</td>
<td>-.41</td>
</tr>
<tr>
<td>Time in Organization</td>
<td>-.50</td>
</tr>
<tr>
<td>Time in Present Position</td>
<td>-.54*</td>
</tr>
<tr>
<td>Age</td>
<td>-.36</td>
</tr>
<tr>
<td>Education</td>
<td>-.23</td>
</tr>
</tbody>
</table>

*\( p < .05 \).
higher level managers are more dissatisfied with their pay than are lower level managers.

Data on seniority, as measured by length of time in the organization and length of time in the present position, was also negatively correlated with salary satisfaction. These results are consistent with Morse's (1953) data in which pay satisfaction decreased with both age and length of service. In the organization studied there is only a time difference of 3 to 4 years between the minimum and the top of the range for each of the job levels.

Age was found to be negatively, but not significantly, correlated \( (r = -.36) \) with pay satisfaction. This result is consistent with the prediction of Lawler's (1971) model and is consistent with data reported by Hulin & Smith (1965) in which there was a weak relationship between age and pay satisfaction.

Level of education was negatively correlated \( (r = -.23) \) with salary satisfaction. This finding is consistent with a number of comparable findings reported by Andrews & Henry (1963) and Klein & Maher (1966). Lawler's model predicted that, other things equal, the higher the educational level of the person the greater should be the pay dissatisfaction. The results of this study lend some support to this position.

A comparison of means and standard deviations of salary dissatisfaction for male and female employees was carried out. The null hypothesis that there is no significant difference in salary dissatisfaction between male and female employees could not be rejected. This finding is contrary to results reported by Stockford & Kunze (1950).
Morse (1953) and Hulin & Smith (1964) found that female employees were usually more satisfied with their pay than males. It is probable that the "women's liberation movement" has had an impact in the organization and the expectations of the female employees have subsequently changed.

Job Satisfaction, Involvement, and Intrinsic Motivation

Generally, it is accepted that job design has a significant impact upon the attitudes, beliefs, and feelings of the job holder. Factors have been proposed (Lawler & Hall, 1970) which measure components of job design as they affect the incumbent. Table 8 on page 59 outlines the correlations or relationships between these variables. Since the relationship of need component factors was previously discussed in this chapter, they will not be considered again.

The job involvement factors identified by Lawler & Hall were found to be highly intercorrelated in this research setting. The principal exception was the statement, "I'm really a perfectionist about my work," which was negatively, but not significantly, correlated with the other job involvement factors. The significant correlations indicate that the factors are probably components of the same factor. Some of the factors of job involvement were significantly correlated with other factors, identified by Lawler & Hall as intrinsic motivation factors. Specifically, the statement, "The major satisfactions in my life come from my job," was significantly correlated \( (r = .77) \) with the internal motivation statement, "I get a great sense of personal satisfaction when I do my job well." Similarly, the internal motivation
<table>
<thead>
<tr>
<th>Factor</th>
<th>$A_1$</th>
<th>$A_2$</th>
<th>$A_3$</th>
<th>$A_4$</th>
<th>$A_5$</th>
<th>$A_6$</th>
<th>$A_7$</th>
<th>$A_8$</th>
<th>$A_9$</th>
<th>$A_{10}$</th>
<th>$A_{11}$</th>
<th>$A_{12}$</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEED SATISFACTIONS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>P &lt; .05</strong></td>
</tr>
<tr>
<td>The feeling of self-fulfillment a person gets from being in my position.</td>
<td>$A_1$</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The opportunity, in my job, for participation in setting goals for my department.</td>
<td>$A_2$</td>
<td>0.33</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The opportunity, in my job, for participation in determining methods and procedures for my department.</td>
<td>$A_3$</td>
<td>0.39</td>
<td>0.81*</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The opportunity for independent thought and action in my position.</td>
<td>$A_4$</td>
<td>0.39</td>
<td>0.45</td>
<td>0.56*</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The feeling of worthwhile accomplishment in my position.</td>
<td>$A_5$</td>
<td>0.66*</td>
<td>-0.05</td>
<td>-0.11</td>
<td>0.02</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The opportunities for personal growth and development in my position.</td>
<td>$A_6$</td>
<td>0.81*</td>
<td>-0.08</td>
<td>-0.07</td>
<td>-0.09</td>
<td>-0.07</td>
<td>-0.34</td>
<td>-0.04</td>
<td>0.01</td>
<td>0.57*</td>
<td>0.42</td>
<td>0.16</td>
</tr>
<tr>
<td>JOB INVOLVEMENT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The major satisfaction in my life comes from my job.</td>
<td>$B_1$</td>
<td>0.08</td>
<td>-0.40</td>
<td>-0.15</td>
<td>-0.48</td>
<td>0.24</td>
<td>0.36</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The most important things that happen to me involve my job.</td>
<td>$B_2$</td>
<td>-0.10</td>
<td>-0.23</td>
<td>-0.02</td>
<td>-0.16</td>
<td>-0.25</td>
<td>0.06</td>
<td>0.65*</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I love, eat, and breathe my job.</td>
<td>$B_3$</td>
<td>-0.23</td>
<td>-0.13</td>
<td>0.01</td>
<td>-0.11</td>
<td>-0.32</td>
<td>-0.11</td>
<td>0.61*</td>
<td>0.88*</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am very much involved personally in my work.</td>
<td>$B_4$</td>
<td>-0.54*</td>
<td>-0.25</td>
<td>0.08</td>
<td>-0.26</td>
<td>-0.55*</td>
<td>-0.28</td>
<td>0.31</td>
<td>0.66*</td>
<td>0.97*</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>I'm really a perfectionist about my work.</td>
<td>$B_5$</td>
<td>0.00</td>
<td>-0.18</td>
<td>-0.21</td>
<td>-0.12</td>
<td>-0.06</td>
<td>-0.06</td>
<td>-0.07</td>
<td>-0.34</td>
<td>0.03</td>
<td>1.00</td>
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</tr>
<tr>
<td>Most things in life are more important than work.</td>
<td>$B_{10}$</td>
<td>0.07</td>
<td>0.14</td>
<td>0.05</td>
<td>0.29</td>
<td>-0.25</td>
<td>-0.04</td>
<td>0.01</td>
<td>0.57*</td>
<td>0.42</td>
<td>0.16</td>
<td>0.11</td>
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<tr>
<td>INTRINSIC MOTIVATION</td>
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<tr>
<td>When I do my work well, it gives me a feeling of accomplishment.</td>
<td>$B_6$</td>
<td>0.12</td>
<td>-0.27</td>
<td>-0.17</td>
<td>0.02</td>
<td>0.08</td>
<td>0.23</td>
<td>0.10</td>
<td>0.15</td>
<td>-0.11</td>
<td>0.12</td>
<td>0.13</td>
</tr>
<tr>
<td>When I perform my work well, it contributes to my personal growth and development.</td>
<td>$B_7$</td>
<td>0.01</td>
<td>-0.31</td>
<td>-0.20</td>
<td>-0.06</td>
<td>0.08</td>
<td>0.08</td>
<td>0.56*</td>
<td>0.40</td>
<td>0.28</td>
<td>0.31</td>
<td>0.50</td>
</tr>
<tr>
<td>I feel a great sense of personal satisfaction when I do my job well.</td>
<td>$B_8$</td>
<td>0.23</td>
<td>-0.07</td>
<td>0.21</td>
<td>-0.09</td>
<td>0.24</td>
<td>0.44</td>
<td>0.77*</td>
<td>0.02*</td>
<td>0.43</td>
<td>0.45</td>
<td>0.20</td>
</tr>
<tr>
<td>Doing my job well increases my feelings of self-esteem.</td>
<td>$B_9$</td>
<td>-0.08</td>
<td>-0.12*</td>
<td>-0.32</td>
<td>-0.34</td>
<td>0.04</td>
<td>0.26</td>
<td>0.39</td>
<td>0.16</td>
<td>0.13</td>
<td>0.35</td>
<td>0.09</td>
</tr>
</tbody>
</table>

* $P < .05$.
** Items $A_1$ to $B_{10}$ correspond to statements in the vertical column, and also refer to Questionnaire items, with subscript numbers referring to the questions as stated in Appendix A.
statement, "When I perform my work well, it contributes to my personal
growth and development," correlated significantly ($r = .58$) with the
major satisfaction statement and also correlated significantly ($r =
.63$) with the statement, "The most important things that happen to me
involve my job."

The internal motivation factors identified by Lawler & Hall
were, with one exception, not highly intercorrelated. The internal
motivation factor of personal satisfaction from good performance was
significantly correlated ($r = .70$) with the statement, "When I per­
form my work well, it contributes to my personal growth and develop­
ment." Since none of the other variables were significantly inter­
correlated, it is questionable that these components are measuring
the same factor. These low intercorrelations, coupled with some high
intercorrelations of so-called internal motivation variables with job
involvement variables, are contrary to what was expected from the pre­
vious exploratory research by Lawler & Hall (1970) and Lodahl & Kejner
(1965). It is suggested that more research is needed to examine the
interrelation and/or independence of job involvement and internal
motivation variables.

**SUMMARY**

The sample consisted of 15 position incumbents representing
junior management and supervisory level positions. Of the 15 incumbents,
14 completed the research questionnaire and participated in follow-up
interviews. Measures of need fulfillment, need desire, salary satisfac­
tion, understanding and satisfaction with salary administration
program, job involvement, intrinsic motivation, and equity were obtained.

The data on need fulfillment deficiencies correspond with that reported by Porter (1961). Measures of self-esteem and self-actualization correlated significantly with measures of general satisfaction. Data on need fulfillment and need deficiencies were inconclusive. Salary satisfaction was significantly correlated with opportunities for personal growth and development and feelings of self-fulfillment, but were not significantly correlated with feelings of accomplishment or general satisfaction. Salary satisfaction was negatively correlated with opportunities to participate in determining methods and procedures and length of time in present position. Apart from length of time in present position, no other background factors were significantly correlated with salary satisfaction.

Participants understood the procedures and rationale for the approach which was used in the salary administration program. There was not, however, a significant correlation between satisfaction with the procedures which were used and salary satisfaction. As expected, participants who did not receive formal feedback were critical of not receiving information. This was negatively correlated with salary satisfaction.

All participants chose either upward comparisons or peer comparisons when asked to compare themselves with someone else in the organization. Only younger employees and those who had been in their present positions for only a short period of time chose peer comparisons.

Job involvement factors were highly intercorrelated, but not
highly correlated with either need satisfaction or intrinsic motivation factors. Contrary to Lawler & Hall's (1970) prediction, intrinsic motivation factors were not highly correlated.
CHAPTER V

CONCLUSIONS

This study investigated perceptions of junior management and supervisory level employees in one organization. Specifically, this study investigated: the relationship between higher order need satisfactions and general need satisfactions; the concepts of need deficiencies and need desires; factors related to salary satisfaction; satisfaction with elements of a salary administration program and satisfaction with salary; the concept of equity and how employees perceive inputs and outcomes; the relationship between job inputs and salary satisfaction; and, the relationship between job satisfaction, job involvement, and intrinsic satisfaction. Data gathered was reviewed and evaluated in light of propositions of Lawler's model of pay satisfaction. The major conclusions are outlined in the following paragraphs.

STATEMENT OF CONCLUSIONS

Previously identified components of self-actualization needs were found to be highly correlated with each other. The components of the self-esteem needs were found to be somewhat less highly correlated with each other than were the self-actualization factors. As would be expected, both self-esteem need factors and self-actualization need factors tended to be highly correlated with general need satisfaction although the latter was slightly more highly correlated with it than was the former.

In the supervisory group, it was found that praise received
from the boss was moderately related to general satisfaction. This result, coupled with the fact that individuals had no difficulty rating their overall satisfaction, suggests that Herzberg's dual theory formulation is questionable. Herzberg hypothesized that there is no measure of general satisfaction, merely satisfiers or dissatisfiers. Further, Herzberg hypothesized that job context factors, including praise received from one's boss, cannot be satisfiers, but merely reduce dissatisfaction. The results of this study are consistent with a number of other studies (e.g., Dunnette, 1967; Graen, 1966) that a given factor can cause satisfaction or dissatisfaction. This result supports House & Wigdor's (1967) conclusion that Herzberg's theory is an oversimplification of the relationship between the sources of satisfaction and dissatisfaction.

No definitive conclusion can be reached with regard to differences between need fulfillment deficiencies and need desires deficiencies. It is possible that there is no difference, in this research group, between need deficiency fulfillment and need desires fulfillment. Alternatively, it is possible that the research questionnaire did not measure the need desires levels, as was anticipated. To resolve this question, further study is required and other measurements must be designed to test the validity of these constructs.

Salary satisfaction was highly correlated with opportunities for personal growth and development and less highly correlated with perceptions of self-fulfillment and accomplishment. It was significant, however, to find that there was a negative correlation between general salary satisfaction and praise received from the boss. This
indicated that a number of bosses were not transferring their praise into salary components or results which were evident to the employee. This was a source of salary dissatisfaction. Other data gathered indicated that, in this organization, performance was not considered in determining salary. Performance measures should be tied to compensation in some manageable and operative fashion which is understandable to both the employee and to management. Lawler suggested that compensation programs which are manageable and understandably tied to performance can be effectively used to motivate employees.

Lawler hypothesized that the particular method used for salary administration programs or job evaluation programs was not important. The results of this study do not support or deny this particular proposition. The study results indicate, however, that it is important to communicate to the employee the exact nature of the program, its purpose, methodology, rationale, and results. It was found that the specifics of the method were understood and that the employees were generally satisfied with the procedure and the evaluation of their particular position. They were, however, somewhat indifferent to the recommendations of the salary survey. This indifference is probably due to the fact that, in the junior management group, the study results had not been implemented for all positions. In the supervisory group, the actual level of compensation changed for only three of the seven employees. Whether more effective results can be obtained by involving the employees in the decision process was not investigated. A comparison study of one experimental group involved in the decision process and a control group could help to answer this question.
The data supported Patchen's proposition that, when making equitable comparisons, individuals look at more than their absolute level of pay. In this study, individuals, in determining their salary satisfaction, looked not only at their own absolute pay levels but also at the relative levels of their own inputs and outcomes and those of a comparison person.

With the exception of one input, i.e., sex, all predictions with regard to input made by Lawler's model were substantiated. Specifically, the organizational level of the individual was negatively correlated to salary satisfaction. Similarly, the more seniority the individual had the less satisfied he was with his salary. Age and education were also seen as being significant input variables. The more education and the older the individual the less satisfied he was with his salary. Each of these factors appear to be considered as input factors. Thus, for each of these factors, the more an individual perceives he has, compared with his comparison person, while the outcomes are perceived as equal, the less satisfied he will be with his salary. Lawler hypothesized, however, that females would be more satisfied with their salaries than male employees. The fact that this was not confirmed suggests that these values may be subject to change over time.

The evaluation of job involvement measures and intrinsic motivation measures were inconclusive. It was found that components of the job involvement factor were highly correlated with each other but they were also correlated with intrinsic motivation factors. However, intrinsic motivation factors were not highly intercorrelated with each
other. This area is only in its exploratory stages and much more research is required before a definitive statement can be made.

**NEEDS FOR FURTHER RESEARCH**

A number of important questions are in need of research concerning pay and employee satisfaction. Some of these factors are highlighted in the following paragraphs.

Differences in feelings of overpaid and underpaid employees are in need of examination. Lawler hypothesized that there would be a difference in feeling among individuals in terms of equity depending upon whether they were overpaid or underpaid. This study did not look specifically at the differences in their perceptions and/or feelings.

Some of the data gathered concerning equity theory indicated that there is a strong need to gain an understanding of why individuals' perceptions of what constitutes equity differ from individual to individual. In this regard, attention must be focused on the problems previously outlined which were identified by Weick (1966).

There is also the need for more research in the area of need fulfillment deficiencies and need desires deficiencies. We cannot draw any conclusive statement from the data presented in this study. Conceptually the two factors are quite distinct. The data gathered in this study, however, was inconclusive. Once measures are developed and validated, attention should be focused on determining the way in which individuals make decisions concerning their satisfaction with their present situation *vis-a-vis* satisfaction with their career
expectations.

There is a definite need for more study of the relationships between input factors and monetary and nonmonetary outcome factors. To date, the combining of financial and nonfinancial outcome factors has been largely neglected. Some indirect measures were gathered in this study by means of need desires and need fulfillment deficiencies. This study, coupled with the previous studies which were outlined in Chapter II, give some indication of the direction and relationship of monetary and nonmonetary compensation. The evidence is, however, not conclusive.

Ideally, there should be a longitudinal study to assess and determine how the individual values concerning equity and salary satisfaction change over time. Before and after measures of how individuals perceive forced adjustments to their compensation would be of similar value.
BIBLIOGRAPHY


Lawler, E.E. Managers' perceptions of their subordinates' pay and of their superiors' pay. *Personnel Psychology*, 1965, 18, 413-422.


Morse, N.C. *Satisfactions in the white collar job*. Ann Arbor: University of Michigan, Survey Research Center, 1953.


APPENDIX A

RESEARCH QUESTIONNAIRE
INTRODUCTION

This questionnaire is part of a study on how people view their positions, their compensation, and their work satisfactions.

This is not a study of individuals but of the attitudes of employees as a group. Under no circumstances will your individual answers be made available to anyone in the organization.

On the following pages you will find several different kinds of questions. Specific instructions will be given at the beginning of each part of the questionnaire. There are no "trick" questions. Try to answer all questions as honestly and candidly as possible. Space is provided at the end for additional comments you wish to make.

W.D. (Bill) Mathieson
PART A

In this section, several characteristics or qualities connected with your position are described. For each characteristic, you are asked to give three ratings:

1. How much of the characteristic is there connected with your position?
2. How much of the characteristic do you think should be connected with your position?
3. Ultimately, how much of the characteristic do you think there should be?

Each rating will be on a 7-point scale, like this:

(very little) 1 2 3 4 5 6 7 (a great deal).

The low numbers represent low, or minimum, amounts and the high numbers represent high, or maximum, amounts. Please circle only one number for each scale and please circle one number on all scales.

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<tbody>
<tr>
<td>1. The feeling of self-fulfillment a person gets from being in my position.</td>
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<td></td>
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<tr>
<td>a) How much is there now?</td>
<td>(very little)</td>
<td>1 2 3 4 5 6 7</td>
<td>(a great deal)</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>b) How much should there be now?</td>
<td></td>
<td>1 2 3 4 5 6 7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) How much should there be ultimately?</td>
<td></td>
<td>1 2 3 4 5 6 7</td>
<td></td>
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</table>
2. The opportunity, in my job, for participation in the setting of goals for my department.

   a) How much is there now? (very little) 1 2 3 4 5 6 7 (a great deal)
   b) How much should there be now? 1 2 3 4 5 6 7
   c) How much should there be ultimately? 1 2 3 4 5 6 7

3. The opportunity, in my job, for participation in determining methods and procedures for my department.

   a) How much is there now? (very little) 1 2 3 4 5 6 7 (a great deal)
   b) How much should there be now? 1 2 3 4 5 6 7
   c) How much should there be ultimately? 1 2 3 4 5 6 7

4. The opportunity, in my job, for participation in determining methods and procedures for the organization.

   a) How much is there now? (very little) 1 2 3 4 5 6 7 (a great deal)
   b) How much should there be now? 1 2 3 4 5 6 7
   c) How much should there be ultimately? 1 2 3 4 5 6 7

5. The opportunity for independent thought and action in my position.

   a) How much is there now? (very little) 1 2 3 4 5 6 7 (a great deal)
   b) How much should there be now? 1 2 3 4 5 6 7
   c) How much should there be ultimately? 1 2 3 4 5 6 7
6. The feeling of worthwhile accomplishment in my position.
   a) How much is there now? (very little) 1 2 3 4 5 6 7 (a great deal)
   b) How much should there be now? 1 2 3 4 5 6 7
   c) How much should there be ultimately? 1 2 3 4 5 6 7

7. The praise I receive from my boss when I do good work.
   a) How much is there now? (very little) 1 2 3 4 5 6 7 (a great deal)
   b) How much should there be now? 1 2 3 4 5 6 7
   c) How much should there be ultimately? 1 2 3 4 5 6 7

8. The opportunities for personal growth and development in my position.
   a) How much is there now? (very little) 1 2 3 4 5 6 7 (a great deal)
   b) How much should there be now? 1 2 3 4 5 6 7
   c) How much should there be ultimately? 1 2 3 4 5 6 7

9. The salary for my present position.
   a) How much is there now? (very little) 1 2 3 4 5 6 7 (a great deal)
   b) How much should there be now? 1 2 3 4 5 6 7
   c) How much should there be ultimately? 1 2 3 4 5 6 7
10. The satisfaction with my salary.
   a) How much is there now? (very little) 1 2 3 4 5 6 7 (a great deal)
   b) How much should there be now? 1 2 3 4 5 6 7
   c) How much should there be ultimately? 1 2 3 4 5 6 7

11. Overall, the general satisfaction I get from my present position.
   a) How much is there now? (very little) 1 2 3 4 5 6 7 (a great deal)
   b) How much should there be now? 1 2 3 4 5 6 7
   c) How much should there be ultimately? 1 2 3 4 5 6 7
PART B

In the section below you will see a series of statements designed to measure work attitudes. Use the scale below and circle the appropriate number for each response.

E.G.  It is harder to get to work when it is snowing than when the sun is shining.

(strongly disagree) 1 2 3 4 5 6 7 (strongly agree)

If you think it is much more difficult to get to work when it is snowing, you should circle 7; if you think it is more difficult to get to work when it is snowing, you should circle 6; if you think it is a little more difficult to get to work when it is snowing, you should circle 5. If you think it doesn't matter, you would circle 4. If you strongly disagree that it is harder to get to work when it is snowing, you should circle 1.

There are no right or wrong answers. We are interested only in your opinion about the following statements.

1. The major satisfaction in my life comes from my job.

(strongly disagree) 1 2 3 4 5 6 7 (strongly agree)

2. When I do my work well, it gives me a feeling of accomplishment.

(strongly disagree) 1 2 3 4 5 6 7 (strongly agree)
3. The most important things that happen to me involve my job.
   (strongly disagree) 1 2 3 4 5 6 7 (strongly agree)

4. When I perform my work well, it contributes to my personal growth and development.
   (strongly disagree) 1 2 3 4 5 6 7 (strongly agree)

5. I live, eat, and breathe my job.
   (strongly disagree) 1 2 3 4 5 6 7 (strongly agree)

6. I feel a great sense of personal satisfaction when I do my job well.
   (strongly disagree) 1 2 3 4 5 6 7 (strongly agree)

7. I am very much involved personally in my work.
   (strongly disagree) 1 2 3 4 5 6 7 (strongly agree)

   (strongly disagree) 1 2 3 4 5 6 7 (strongly agree)

9. I'm really a perfectionist about my work.
   (strongly disagree) 1 2 3 4 5 6 7 (strongly agree)

10. Most things in my life are more important than work.
    (strongly disagree) 1 2 3 4 5 6 7 (strongly agree)
PART C

The purpose of this part of the questionnaire is to obtain an understanding of what you think are the important factors in your position which contribute to the organization achieving its objectives.

Below is a list of 7 factors, arranged alphabetically. Rank these 7 factors from 1 to 7 in order of their importance for doing a good job in your present position. (Number 1 is most important and number 7 is least important.)

__________ Accountability (authority for actions and duties)
__________ Complexity - variety of duties and their relative difficulty
__________ Contacts - number, frequency and importance with personnel inside and outside the organization
__________ Knowledge, technical skills and experience required
__________ Supervision given to others
__________ Supervision received
__________ Working conditions - the amount of pressure, availability of resources and disruption to your personal life

PLEASE CHECK: HAVE YOU USED ALL NUMBERS FROM 1 TO 7?
PART D

In this section, there are 5 questions concerning the recent salary administration program.

For the following questions, please circle one number for each of the scales to indicate how satisfied you are with what is described. Low numbers indicate not satisfied and high numbers indicate very satisfied.

1. Recently your position and salary were reviewed. How satisfied are you with the procedure that was used?
   (not satisfied) 1 2 3 4 5 6 7 (very satisfied)

2. How satisfied are you with the recommendations?
   (not satisfied) 1 2 3 4 5 6 7 (very satisfied)

3. How satisfied are you with the way that your position was evaluated?
   (not satisfied) 1 2 3 4 5 6 7 (very satisfied)

4. How satisfied are you with the information and feedback you received from the organization?
   (not satisfied) 1 2 3 4 5 6 7 (very satisfied)

5. How satisfied are you with the total amount of salary you are receiving?
   (not satisfied) 1 2 3 4 5 6 7 (very satisfied)
PART E

In this section, you are asked to compare yourself with someone else in the organization. In selecting a comparison, you should consider all factors included in the job such as responsibility, authority, type and importance of work, amount of supervision given, working conditions, etc., and also how much the individual puts into the job (such as effort, seniority, experience, education, etc.). (It is not necessary that the comparable position be doing the same kind of work.)

1. When considering all factors, who is roughly comparable to you?

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
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2. How much is involved in your job and how much do you put into it? (Circle one number)

(very little) 1 2 3 4 5 6 7 (a great deal)

3. How much is involved in the other job and how much does the individual put into it?
(Circle one number)

(very little) 1 2 3 4 5 6 7 (a great deal)

4. How much actual difference in salary do you think there is between you and the other person?
(Circle one number)

(very little) 1 2 3 4 5 6 7 (a great deal)
5. Do you receive more or less salary than the comparison person?  
   (Check one)  
   __________more   __________less

6. How much difference in salary do you think there should be between you and the other person?  
   (Circle one number)  
   (very little) 1 2 3 4 5 6 7 (a great deal)

7. Should you receive more or less than the comparison person?  
   (Check one)  
   __________more   __________less
PART F

The following information is requested for statistical purposes only.

1. Approximately what is your current salary? $________________

2. Level of your position. (Check one)
   Management ____________
   Supervisory ____________

3. Time in present position. (Check one)
   ______ 0-1 yr. _______ 4-5 yrs.
   ______ 1-2 yrs. _______ 5-10 yrs.
   ______ 3-4 yrs. _______ 10-15 yrs.
   ______ more than 15 yrs.

4. Total time in organization. (Check one)
   ______ 0-1 yr. _______ 4-5 yrs.
   ______ 1-2 yrs. _______ 5-10 yrs.
   ______ 3-4 yrs. _______ 10-15 yrs.
   ______ more than 15 yrs.
5. Age. (Check one)

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<td>45-49</td>
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<td>50-59</td>
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<td>60 or over</td>
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6. Education. (Check highest level attained)

<table>
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<tr>
<td>some high school</td>
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<tr>
<td>high school completed</td>
<td></td>
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<tr>
<td>business or secretarial school</td>
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<tr>
<td>trade school</td>
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<td>some college</td>
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<td>college degree</td>
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<td>some additional graduate work</td>
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<tr>
<td>or equivalent</td>
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<td>Masters degree</td>
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ADDITIONAL COMMENTS YOU WISH TO MAKE

(Please use this space to comment on any aspect of your position, organization, compensation or whatever has not been adequately covered above.)