

# **Preferences and Perceptions of Vertical Pay Inequality and Upward Mobility in the Workplace**

by

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## ABSTRACT

### PREFERENCES AND PERCEPTIONS OF VERTICAL PAY INEQUALITY AND UPWARD MOBILITY IN THE WORKPLACE

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In most workplaces, pay is varied among employees depending on their position or status within the organization. The purpose of this study was to investigate this pay inequality in two different contexts. First, researchers investigated individuals' preferences for pay inequality and considered upward mobility as a possible explanation for strong pay inequality preferences. Second, researchers examined how employees might justify the pay inequality they face in their workplace. In addition, several moderating variables were investigated to determine what might strengthen or weaken the predicted relationships between pay inequality and upward mobility. Past research has studied pay inequality and upward mobility separately but has failed to investigate how they may influence one another. Practical contributions include giving organizations an understanding of how to successfully create dispersed pay systems in their workplaces and contributing to a better understanding of inequality and individuals' preferences or justifications for it in society.

**Keywords:** *vertical pay inequality, upward mobility, self-efficacy, organizational trustworthiness, perceived disadvantage, perceived relative deprivation, system justification*

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## **CHAPTER 1: Introduction**

Workplace inequality is a common issue that many individuals will likely face throughout their careers (Smith, 2002). While many types of inequality exist within workplaces, most research in this area has focused on pay inequality, which is differences in pay within a workplace (Shaw et al., 2002). Pay inequality is common in organizations, as individuals are often paid differently depending on their position, experience, skills, etc. Research has indicated that pay inequality can be beneficial for organizations (Shaw et al., 2002). However, although it may benefit workplaces as a whole, pay inequality can negatively impact individual workers (Bloom, 1999). Based on this information, the current study investigated two research avenues.

### ***1.1. Research Avenue 1***

First, despite the negative individual consequences of pay inequality, research has shown some workers prefer it (Starmans et al., 2017). This study wanted to understand why this might be occurring. If individuals are being paid less than those around them, why would they prefer this? A possible explanation for this preference may stem from workers' perceptions of upward mobility in the workplace. Upward mobility refers to upward hierarchical advancement in an organization, such as a promotion (Laud & Johnson, 2012). This study argued that if workers believe they can move up in their organization, they may, in turn, have preferences for pay inequality. This is because, perhaps individuals believe they too can move up in their workplace and earn more money. The present study aimed to investigate if perceptions of upward mobility influenced individuals' preferences for vertical pay inequality in the workplace. Researchers also evaluated several other factors to see if they, in conjunction with the presence of upward mobility, influenced the degree to which individuals preferred vertical pay inequality. These

factors included one's level of self-efficacy, organizational trustworthiness, relative deprivation, and perceived disadvantage.

### ***1.2. Research Avenue 2***

Second, since pay inequality is so common in workplaces, researchers were interested in how individuals justify or live with this inequality. Another relationship between vertical pay inequality and upward mobility was suggested to investigate this topic. Researchers explored whether perceiving pay inequality would subsequently influence individuals to perceive upward mobility as well, as a justification for the inequality they were experiencing. In other words, to justify the inequality they are facing, individuals might look for reasons as to why this inequality is fair. One possible reason for seeing pay inequality as fair may be the presence of upward mobility. System justification was also studied and served as one potential moderator for this proposed relationship.

### ***1.3. Study Contributions***

This study has many contributions. First, it will act as a stepping stone for future studies. This is the first of several planned studies on this topic within the Judgements and Decision-Making Lab at the University of Guelph. Its primary purpose was to gather information on several different variables and indicate which areas may be worth further investigation.

Additionally, pay inequality and upward mobility have been heavily researched on their own, but few studies have investigated the relationships between these two variables. This study will help to shed light on their possible connection and how organizations can use this knowledge to their advantage. For example, workplaces can continue utilizing unequal pay

systems but ensure employees stay satisfied by making promotions or other forms of upward mobility evident. The results pertaining to the moderating variables also could be informative for organizations, as it may be advantageous to understand what types of individuals prefer pay inequality. Further, the topic of inequality is extremely prevalent in today's society. Individuals often face inequality in several contexts throughout their lives; therefore, this study will help to understand individuals' reactions to inequality and how they may justify it.

## CHAPTER 2: Literature Review

### *2.1. Vertical Pay Inequality*

Pay inequality, also known as pay dispersion, is generally defined as the differences in pay workers receive across organizational levels or jobs (Shaw et al., 2002). This study looked at vertical pay inequality, which is differences in pay across organizational levels (Shaw et al., 2002). This involves individuals higher up in the workplace hierarchy getting paid more than those lower in the hierarchy (Shaw et al., 2002). In an organizational context, this would include a CEO getting paid more than a manager or a manager getting paid more than shift workers. Pay inequality or pay dispersion are used interchangeably throughout this paper, and both refer to the vertical type.

#### *2.1.1 Vertical Pay Inequality on an Organizational Level*

Several studies have investigated the positive impact that vertical pay inequality can have on organizations. Pfeffer and Langton (1993) suggested that increased pay dispersion leads to higher employee effort levels and increased organizational productivity. Additionally, pay dispersion among vertical levels of an organization was found to attract talented and highly skilled managers (Ding et al., 2009). Vertical pay dispersion has also been positively correlated to product and service quality and sales growth (Ding et al., 2009).

Further, Bishop (1987) found that when pay dispersion occurs for legitimate reasons, where those who provide highly valued human capital earn more money than those who provide lower valued human capital, organizations can experience numerous benefits. For example, pay dispersion due to legitimate reasons provides incentives and leads to higher effort input by employees (Bishop, 1987). Additionally, as Ding et al. (2009) suggested, pay dispersion can

attract a highly skilled workforce (Bishop, 1987). Further, pay dispersion reduces the chances that an organization's top performers will quit (Bishop, 1987). Research has also indicated that if pay inequality in a workplace is linked to individual incentives, this is related to higher employee performance (Shaw et al., 2002). In addition to these benefits, pay dispersion can help improve an organization's financial performance, which is usually an organization's ultimate goal (Bishop, 1987).

Based on the literature that has been discussed, it makes sense as to why companies would want to utilize a dispersed pay structure (Bishop, 1987). Its benefits seem to be optimal for organizations and their success.

### *2.1.2. Vertical Pay Inequality on an Individual Level*

Although vertical pay inequality due to legitimate reasons has positive impacts on organizations, it has been found to occasionally have negative implications for individuals. To explain, vertical pay dispersion can instill feelings of inequity in individuals, diminish individual performance, and promote dissatisfaction (Kohn, 1993; Pfeffer, 1994). Also, it is common that pay dispersion amongst a hierarchy can overcompensate those at the top (Bloom, 1999). This causes an unfair advantage and can allow those at the top to gather more of an organization's resources (Bloom, 1999). This can lead to the Matthew Effect, where individuals at the bottom of the hierarchy feel as though more and more is given to those who sit at the top of the hierarchy (Bloom, 1999). This can be highly demotivating for those at the bottom of the hierarchy (Bloom, 1999).

In addition, Nickerson and Zenger (2008) investigated theories regarding social comparison processes and envy. They found that pay differentials in a workplace can cause

individuals to compare themselves to others, creating feelings of relative deprivation (Nickerson & Zenger, 2008). Relative deprivation in past research has been linked to feelings of hostility, aggressive behaviour, and antisocial conduct (Baron, 2003). Other studies have found that pay dispersion reduces employee cooperation (Deutsch, 1985). Moreover, Levine (1991) found that more compressed pay systems, which are the opposite of dispersed pay systems, can foster trust and cohesiveness among employees. Therefore, dispersed pay systems would likely not foster trust or cohesiveness between colleagues.

Pay inequality also negatively impacts individuals, not just within the workplace but within society. For example, income inequality has negative impacts on individual outcomes such as health and well-being (Judge et al., 1998; Wilkinson & Pickett, 2006; 2008; 2009). Several studies have also found that income inequality within society can leave individuals with more stress, obesity, depression, and mental illness (Brunner, 1997; Kahn et al., 1998; Wilkinson & Pickett, 2006).

Despite the negative consequences that vertical pay inequality can have on individuals, there are no obvious, widespread protests from employees (Day & Fiske, 2017). In fact, some employees prefer pay inequality (Starmans et al., 2017). This study sought a possible explanation for this, rooted in individuals' perceptions of upward mobility in the workplace.

## ***2.2. Upward Mobility***

There are multiple directions of mobility in the workplace (Zhou et al., 2021). Upward mobility refers to upward hierarchical advancement in an organization, such as a promotion (Laud & Johnson, 2012). This usually involves moving from a lower-skilled job to a higher-skilled job or being given more job responsibilities (Zhou et al., 2021). An example of upward mobility

could include moving from a position as a secretary to a manager (Zhou et al., 2021). Upward mobility is not to be confused with downward mobility, which occurs when workers move from a higher-skilled job to one with lower skill requirements (Zhou et al., 2021). Organizations may also use lateral mobility, which is a job change within the same skill level (Zhou et al., 2021). For this study, upward mobility is the typology referenced.

Research has indicated that upward employee mobility positively impacts the productivity and competitiveness of an organization (Liljegren & Ekberg, 2008). Mobility can also serve as a motivator for employees as individuals are motivated to obtain upward mobility (Liljegren & Ekberg, 2008). Upward mobility is often linked with feelings of success, and it boosts employees' subjective well-being (Zhou et al., 2021). This well-being includes both one's physical and social well-being, as moving up the occupational ladder increases job resources and gathers more positive perceptions from others both in and out of the workplace (Hadjar & Samuel, 2015). It is important to note that upward mobility in the workplace, that is, obtaining a higher-level job in the workplace, is usually accompanied by an increase in pay (Shaw et al., 2002).

In addition, upward mobility has been found to enhance employee skill utilization and increase one's sense of competence (Deci & Ryan, 2000). This, in turn, satisfies the inherent human need to feel effective (Deci & Ryan, 2000). Upward mobility has also been found to increase employee opportunities for development and enlarge their social network (Zhou et al., 2021). Changing one's job can also increase feelings of autonomy (Swaen et al., 2002). Furthermore, Swaen and colleagues identified that job changes, such as moving up in an organization, may diversify employee tasks, which has numerous benefits for employees (Swaen et al., 2002).

Based on the existing literature, it is evident that upward mobility has positive impacts both on individuals and organizations.

### ***2.3. Connecting Vertical Pay Inequality and Upward Mobility***

While there is little research to suggest a relationship exists between vertical pay inequality preferences and perceptions for upward mobility in the workplace, researchers drew upon general research in this field to explain the hypothesized relationship. Similar to upward mobility that occurs in the workplace, research has examined social upward mobility that occurs on a societal level. Other researchers have argued that people will not protest systems as long as there is evidence that individuals can move from a low to high status (Day & Fiske, 2017). This study argues that these societal findings can be generalized to a workplace setting. According to Chen and Roberts (2010), society and organizations are comparable. This is because they are similar, since organizations are influenced by society and society, in turn, is influenced by organizations (Chen & Roberts, 2010). Nesbit (2010) also argued that capitalist society is structured in such a way that hierarchies are present, which is similar to organizations. Therefore, social mobility in society is comparable to upward mobility in the workplace. Consequently, it follows that people may not protest vertical pay inequality if they believe it is possible to move up in their workplace hierarchy.

Further, research has indicated that in addition to not protesting inequality, individuals may actually have a preference for it (Starmans et al., 2017). Starmans and colleagues (2017) determined that individuals prefer fair inequality over unfair equality. In other words, people prefer fair distributions, not equal ones (Starmans et al., 2017). This finding is also consistent within the workplace, as researchers have determined that individuals believe their organization



is more fair when outcomes (i.e., promotions) are distributed equitably, not equally (Folger & Konovsky, 1989; McFarlin & Sweeney, 1992). Equitable, in this instance, means for valid reasons, such as one's performance, where individuals performing better than their colleagues receive outcomes such as promotions (Folger & Konovsky, 1989; McFarlin & Sweeney, 1992). Other studies have had similar findings. Shaw et al. (2002) determined that organizations can create the appearance of justice in their organization if they link pay dispersion to organizational outcomes, such as promotions. When individuals perceive equitable outcomes in their organization, they are more likely to be satisfied with their pay (Folger & Konovsky, 1989; McFarlin & Sweeney, 1992).

Therefore, based on this literature, if individuals see promotions occurring, they may think that the unequal pay is fair because when individuals are given more responsibility or a higher-skilled job, they are likely getting paid more. Additionally, the existence of upward mobility may suggest to employees that they can be promoted and earn more money. Therefore, this study argues that individuals may prefer vertical pay inequality if they perceive upward mobility, which is a fair or just organizational outcome. Based on this information, the following hypothesis was made:

*H1: One's perception of upward mobility will be positively correlated to one's preference for vertical pay inequality in the workplace.*

In addition to examining the correlation between perceived upward mobility and preference for vertical pay inequality, this study will also investigate four possible moderating variables related to hypothesis 1.

#### ***2.4. Self-efficacy***

Researchers investigated self-efficacy as a possible moderating variable for the proposed relationship between perceived upward mobility and preference for vertical pay inequality. Self-efficacy can be defined as an individual's belief in their ability to execute the necessary behaviours for specific performance attainments (Bandura, 1977). Bandura (1977) found that one's level of self-efficacy impacts if someone will attempt a task, the level of effort put into said task, their persistence to complete the task, as well as their eventual success. Additionally, self-efficacy is often related to one's performance. For example, in academic settings, it has been found that those with high self-efficacy have high performance due to their commitment and perseverance (Pintrich, 2003). Self-efficacy also improves individuals' interpersonal communication abilities (Anghelache, 2019). Further, self-efficacy allows individuals to gain self-confidence (Kanter, 2006). In particular, individuals with high self-efficacy tend to have more confidence in their intuitive decision-making skills and are highly adaptable to novel situations (Leslie & Moilanen, 2010).

Past literature has also applied the concept of self-efficacy to workplace settings. For instance, career self-efficacy refers to an individual's judgement about their ability to perform behaviours related to their career choice, development, and adjustment (Anderson & Betz, 2001; Niles & Sowa, 1992). In relation to one's career, having self-efficacy can motivate employees and give them confidence in their ability to control their own careers (Bargsted et al., 2019). Having self-efficacy in the workplace can also positively affect career growth (Tsai et al., 2017) and predict success in one's job (Choi & Kim, 2013; Penn & Lent, 2019).

In connection with H1, organizations usually base upward mobility (e.g., promotions) on factors like performance (Lemons & Jones, 2001). Performance can be subjectively measured by

those making promotion decisions (Bol & Leiby, 2018). For example, performance is often based on factors like an individual's interpersonal skills, decision-making skills, and professional reputation (Bol & Leiby, 2018), all of which were discussed above and are positively impacted by self-efficacy. Therefore, this study argues that if individuals have high self-efficacy, meaning they believe they have the abilities necessary to move up in their organization, and individuals also perceive that there is upward mobility in their organization, then they may believe they could receive a promotion due to their abilities. Further, as mentioned previously, individuals with high self-efficacy levels often perform better (Pintrich, 2003). If individuals have high self-efficacy, they may know that they are high performers and consequently believe in themselves and their ability to be promoted more than those with low self-efficacy. Because they believe in their ability and performance, they may prefer vertical pay inequality more, since they will receive more pay once promoted, which is an event they believe is likely to happen.

Additionally, self-efficacy has four main sources: past performance, verbal persuasion, emotional cues, and vicarious experience (Lunenburg, 2011). Past performance can increase one's self-efficacy because if they have performed well on tasks within their workplace in the past, they will likely be more confident in themselves and their abilities in the future (Lunenburg, 2011). Vicarious experience could include seeing a co-worker succeed at something (Lunenburg, 2011). Seeing this co-worker succeed may be even more influential to one's self-efficacy if they are in a similar position in the organization (Lunenburg, 2011). Therefore, it is argued that if individuals perceive upward mobility and also have high levels of self-efficacy, this may strengthen their preference for vertical pay inequality. Based on the information reviewed in this section, the following hypothesis was made:

*H1a: Self-efficacy will strengthen the relationship between one's perception of upward mobility and their preference for vertical pay inequality in the workplace.*

## **2.5. Organizational Trustworthiness**

When defining organizations, trust and trustworthiness are often used interchangeably. Trustworthiness refers to the “subjectively perceived point on a continuum at which an individual’s behaviours are perceived as complying with the ethical duties considered to be owed to the person who is making the decision to trust” (Caldwell & Jeffries, 2001, p.6). In other words, trustworthiness is the accumulation of experiences that allow individuals to trust another person, organization, or institution (Caldwell & Clapham, 2003).

In relation to H1, according to Caldwell and Clapham (2003), seven ethical duties can help to portray organizational level trustworthiness. Interestingly enough, most of these duties relate to upward mobility. To explain, in many instances, the perception of upward mobility could increase the amount of organizational trustworthiness individuals have. For example, the first ethical duty is procedural fairness (Caldwell & Clapham, 2003). This duty refers to how much the stakeholders can participate in fair processes and systems associated with an organization’s practices (Caldwell & Clapham, 2003). This can extend to promotion decisions as organizations can ensure that the processes and systems behind these are fair. If they are, and individuals perceive this, this can play a role in creating organizational trustworthiness.

The second ethical duty is competence, which involves having the knowledge and ability to achieve an organization’s desired results (Caldwell & Clapham, 2003). If organizations act competently, this could indicate that they make good decisions about personnel and who to promote within the company. Third is quality assurance, which involves understanding and

adhering to the required quality standards to achieve desired outcomes (Caldwell & Clapham, 2003). These standards could include promotion decisions, as organizations want to ensure they are selecting the right individuals for the right positions to uphold a certain quality within the organization.

The next ethical duty is interactional courtesy, which refers to the courtesy and respect shown to members performing organizational duties (Caldwell & Clapham, 2003). If an organization respects individuals and their abilities, this should extend to promotions and ensuring that employees are given the job titles, responsibilities, and pay they deserve. The fifth ethical duty is responsibility to inform (Caldwell & Clapham, 2003). This refers to the responsibility organizations have to communicate with stakeholders interested in the organization's outcomes or objectives (Caldwell & Clapham, 2003). These stakeholders could include the employees themselves. Organizations can clearly communicate the standards or expectations for promotions to their employees. The sixth duty, legal compliance, refers to how laws are followed and understood within an organization (Caldwell & Clapham, 2003). Lastly, financial balance refers to an organization's ability to achieve efficiency and their effectiveness in accomplishing desired results (Caldwell & Clapham, 2003). Organizations can achieve efficiency and effectiveness by selecting the best employees for promotions or more job responsibilities.

Overall, if organizations can perform the above ethical duties, this can emulate trustworthiness to their employees, which may increase employee preference for vertical pay inequality. This is because employees will know they can trust their organization to make the right decisions regarding the promotions they perceive are occurring. Therefore, the pay inequality that corresponds with different positions may be seen as fair and just.

In addition to these discussed duties, there are other aspects related to trustworthiness within organizations. One such aspect is legitimacy of authority, which refers to the idea that the authority figure is a suitable decision-maker and, therefore, should have the power to make decisions for the group as a whole (Tyler & Degoven, 1995). Individuals' organizational trustworthiness can be formed when employees believe authority figures are honest and competent in decision-making. In the instance of promotions, applying this logic, if individuals trust their organization and see decisions being made about promotions, they may prefer pay inequality because they know their organization will make fair and just decisions. In a study by Tyler and Degoven (1995), researchers investigated people's support for authorities during a water shortage crisis. They found that when authorities used fair decision-making procedures, people were more willing to support these authorities (Tyler & Degoven, 1995). Compared to a workplace, one could argue that if employees trust their organizations because they act in fair and just ways, they may prefer or be more content with pay inequality, which is something brought forth by organizations. Based on the information reviewed in this section, the following hypothesis was made:

*H1b: Organizational trustworthiness will strengthen the relationship between one's perception of upward mobility and their preference for vertical pay inequality.*

## ***2.6. Relative Deprivation and Perceived Disadvantage***

Two additional moderating variables that were investigated in relation to H1 are relative deprivation and perceived disadvantage. These constructs are very similar, with perceived

disadvantage being a more elaborate extension of relative deprivation. These variables were measured separately and are explained in the following section.

Personal relative deprivation is defined as “resentment stemming from the belief that one is deprived of a desired and deserved outcome compared to some referent” (Crosby, 1976, as cited in Callan et al., 2015). According to relative deprivation theory, individuals compare themselves to others in their workplace, which can have numerous negative effects (Smith et al., 2012). This could include lower well-being (Ellaway et al., 2004; Luttmer, 2005; Walker, 1999), increased physical stress, and poor physical health (Walker & Mann, 1987; Eibner & Evans, 2005; Pham-Kanter, 2009). Additionally, feelings of relative deprivation cause people to be absent from work (Geurts et al., 1994). Due to these negative consequences, those who feel personal relative deprivation often try to reduce these feelings through various means, such as self-improvement (Hafer & Olson, 1993; Olson et al., 1995; Zoogah, 2010) or delinquency (Agnew, 2001; Crosby, 1976; Greenberg, 1993; Niehoff & Paul, 2000). In some instances, individuals might even try to disengage from these feelings by denying or devaluing them (Crosby, 1984; Olson & Hafer, 2001; Tougas & Beaton, 2008).

In this study, researchers believed that individuals with feelings of relative deprivation may not prefer pay inequality. This is because, even if individuals perceive upward mobility, that is, there are promotions occurring, they will not believe they can achieve this and do not prefer that others earn more money. They may feel they will be deprived of some outcomes (i.e., upward mobility) and subsequently not prefer pay inequality. Based on this, the following hypothesis was made:

*H1c: Perceived relative deprivation will diminish the relationship between one's perception of upward mobility and their preference for vertical pay inequality.*

Perceived disadvantage is a very similar concept to relative deprivation. According to Stirin et al. (2012), when one has a perceived disadvantage, they believe that their position offers them a worse chance of winning than other individuals' positions. Perceived disadvantage is a related yet separate construct to self-efficacy. Specifically, Stirin et al. (2012) believe that perceived disadvantage is related to external efficacy, which is an "individual's beliefs about available outside resources – inanimate or human – that are important for achieving success" (Eden, 2001, as cited in Stirin et al., 2012) and their perception that these resources may hinder or aid their performance. In other words, this is one's beliefs about their tools, guidance, support, equipment, working conditions, or starting position (Stirin et al., 2012). This differs from Bandura's concept of self-efficacy, which is decidedly internal in focus (Stirin et al., 2012). To reiterate, it is the belief in one's own capabilities, not their resources. Therefore, perceived disadvantage can encapsulate both internal self-efficacy (one's own capabilities) and external efficacy (one's resources) (Stirin et al., 2012).

In a study by Stirin et al. (2012), researchers created a game scenario focused on external efficacy, which involved telling participants they were in an advantaged or disadvantaged position. Although this was an experiment, researchers believed it accurately portrayed real competitive settings where individuals may see themselves as advantaged or disadvantaged compared to others. When individuals were told they had an advantage, this improved their performance. In contrast, when individuals were told they had a disadvantage, their performance decreased. Perceived disadvantage is therefore seen as detrimental to performance, and it is



difficult to overcome even when one has high internal efficacy. Additionally, since losses loom larger than gains, having a perceived disadvantage had a more significant impact on the outcome of the game than a perceived advantage did (Stirin et al., 2012).

In the current study, based on the literature reviewed, researchers believed that individuals with high perceived disadvantage will prefer vertical pay inequality less. This is because they already believe they are at a disadvantage and have likely performed poorly in the past and believe they will continue to do so. They may not believe they can attain upward mobility because of this disadvantage they see themselves having, whether due to a lack of internal or external efficacy. Based on the above information, it was hypothesized that:

*H1d: Perceived disadvantage will diminish the relationship between one's perception of upward mobility and their preference for vertical pay inequality.*

### **2.7. Additional Relationship**

This study also investigated a relationship between one's perception of vertical pay inequality and their perception of upward mobility. This differs from H1, as it involves one's perception of pay inequality rather than their preference for it. In other words, do employees see themselves getting paid differently than their colleagues? If so, researchers believed this perception may subsequently impact their perception of upward mobility.

Based on the literature reviewed in previous sections, it is evident that pay inequality is extremely common in workplaces, yet individuals often do not rebel against the system (Day & Fiske, 2017; Starmans et al., 2017). In the context of this study, it was hypothesized that perhaps the perception of pay inequality, that is, seeing others getting paid more than oneself, may lead to

the perception of upward mobility as a justification for this pay inequality. Researchers believed that system justification theory may serve as a possible explanation for the aforementioned relationship.

System justification refers to the “process by which existing social arrangements are legitimized, even at the expense of personal and group interest” (Jost & Banaji, 1994, p. 2). This theory highlights the psychological and social need to permeate the status quo with legitimacy and view it as something that is fair, good, desirable, natural, and inevitable (Jost & Banaji, 1994). System justification is when individuals have a motive to justify or defend said status quo, and people often use several different means in an attempt to bolster the legitimacy of whatever system is in question (Jost & Banaji, 1994). If individuals perceive pay inequality, system justification suggests they have a motive to justify it, perhaps by perceiving upward mobility so the unequal pay system is seen as fair or desirable.

System justification draws on cognitive dissonance theory (Jost & Banaji, 1994). To explain, deprived individuals often develop strong needs to justify their situation, in order to reduce dissonance (Jost & Banaji, 1994). In this instance, individuals may need to justify the pay system to reduce dissonance (Wicklund & Brehm, 1976). Additionally, individuals further bolster weak justifications for inequality to rationalize the status quo (Haines & Jost, 2000). In fact, individuals facing inequality might misremember explanations for their position and believe these explanations are more legitimate than they actually are (Haines & Jost, 2000). Therefore, whether upward mobility truly exists or not, individuals in this study might believe this is a more legitimate reason for pay inequality than it actually is.

For the current study, individuals who perceive themselves as deprived might justify that promotions are available. Hence, the unequal pay makes sense, but this explanation of

promotions might not be legitimate depending on the organization. Additionally, having an explanation (such as available promotions) for status differences in groups (i.e., pay inequality) can lead disadvantaged members to express more positive affect regarding their situation (Jost et al., 2004). In other words, to feel OK about their situation, individuals might weakly justify the pay inequality by believing there are promotions available. Studies suggest that groups facing higher social and economic inequality compared to other groups, will have higher system justification levels (Callan et al., 2015). This is supported by evidence from several studies that suggest that members of disadvantaged groups usually exhibit strong support for system justification (Jost et al., 2004). It makes sense that those who are negatively impacted by unequal systems feel the need to justify, rationalize, or explain away the injustice (Wicklund & Brehm, 1976).

Based on the information reviewed in this section, the following hypotheses were made:

*H2: One's perception of vertical pay inequality will be positively correlated to their perception of upward mobility in their workplace.*

*H2a: System justification will strengthen the relationship between one's perception of pay inequality and their perception of upward mobility.*

## **2.8. Significance and Gaps**

To reiterate, vertical pay inequality has been deemed extremely beneficial for organizations yet harmful for individual employees (Bishop, 1987; Pfeffer, 1994). Despite the negative consequences of vertical pay inequality, H1 argues that individuals may prefer pay inequality if they perceive upward mobility in their workplace. This relationship is hypothesized

to be impacted by an individual's level of self-efficacy, organizational trustworthiness, relative deprivation, and perceived disadvantage. H2 argues that one's perception of pay inequality will be related to their perception of upward mobility, as individuals will look for reasons to justify the pay inequality they are experiencing. Available promotions could act as a justification.

System justification will also be studied in relation to H2.

The research surrounding H1 is important, as past research suggests that organizations will likely want to retain a dispersed pay structure due to its benefits, including increased financial performance (Bishop, 1987). This study will provide organizations with knowledge about how to utilize dispersed pay systems while keeping employees from being against such a system. For example, if our hypotheses are correct, workplaces can increase preferences for vertical pay inequality by emphasizing possibilities for upward mobility. This could also work to eliminate some of the negative individual consequences of vertical pay inequality. Instead of feeling dissatisfied or feeling like the pay distribution is inequitable (Kohn, 1993; Pfeffer, 1994), individuals may instead prefer the unequal pay distribution if they know they can earn more money once they are promoted, since promotions are available and they determine they could receive one.

Additionally, the existing literature has not examined upward mobility as a possible variable that may influence employees' preferences for vertical pay inequality, so this study will fill this gap. This study will also add to the existing literature by investigating self-efficacy, organizational trustworthiness, relative deprivation, and perceived disadvantage as possible moderating variables that may work to strengthen or weaken the relationship between perceptions of upward mobility and preferences for vertical pay inequality.

Additionally, with H2, researchers believed that perceiving vertical pay inequality will lead to perceiving upward mobility as a justification for the inequality that employees may be experiencing. This hypothesized relationship is significant, as it may help explain how individuals come to justify the inequality they are experiencing. As noted earlier, inequality is extremely prevalent in workplaces (Smith, 2002); therefore, research is necessary to determine how individuals handle this inequality. This research is also important as it will add to the literature on system justification and pay inequality, as very few studies have investigated both variables together.

Further, this research will act as a stepping stone for future research. Researchers can pull the findings from different variables or relationships reported on and continue to pursue research in this area in the future.

## CHAPTER 3: Present Study

### Method

#### *3.1 Design*

This study used a quantitative approach through correlation, regression, and T-tests. Researchers utilized self-report survey data, made available through Prolific, and this resulted in numerical data. This survey included demographic questions and other close-ended questions that were answered using Likert scales. The questions were based on scales discussed below in the Materials section.

#### *3.2 Participants*

Participants were recruited via convenience sampling using Prolific. This study recruited 321 participants; however, three were removed for not passing the attention check, and 18 were removed as they did not complete more than 14% of the survey. After removing these participants, the sample was left with 300 individuals. The software used for collecting participants, Prolific, allowed researchers to select eligibility criteria. Accordingly, participants were required to be 18 or older and speak fluent English. At the time of the study, participants must also have been working in a full-time position within an organization. These eligibility criteria were created so that participants could understand the study and to ensure they had full-time job experience and therefore ample time to create preferences and perceptions within their workplace. There was no preference for gender, race, socioeconomic background, career type, or level of education.

Due to the language restrictions on the study, only individuals from Canada, The United States, Australia, the United Kingdom, and New Zealand were allowed to participate. The

sample included 162 individuals who identified as male, 136 as female, and one individual who preferred not to specify. The ages of participants ranged from 20 to 67, with a mean age of 38.67. The selected sample was meant to be generalizable to the larger population of individuals who work in organizations with hierarchical structures. However, due to the limitations of needing fluent English speakers, the sample was not less ethnically diverse than researchers hoped.

Through funding from the SHARC, participants were compensated about \$2.50 USD (£2) for their participation upon completing the study.

### **3.3. Materials**

The complete survey can be found in Appendix A. The survey began with a consent form which outlined the purpose of the study, gave researchers' contact information, obtained consent, etc. Because Prolific allowed for screening criteria prior to the study, there was no need to ask questions to ensure participants qualified. Participants then answered several demographic questions. The rest of the survey consisted of scales to measure each variable of interest. These scales are explained below and can be found in Appendix A.

***Preference for vertical pay inequality.*** There is no widely accepted scale to measure preference for vertical pay inequality. Instead, questions were pulled from 3 different scales. This included Schmalor's (2018) Subjective Inequality Scale, Pratto et al.'s (1994) Social Dominance Orientation Scale, and Choi's (2014) Workplace Social Dominance Orientation Scale. Each scale had specific questions that applied to this study; however, other questions in each scale did not apply. Therefore, researchers chose to only use the questions that did apply. For example, Schmalor's scale included questions regarding all different types of inequality, such as pay and

power (Schmalor, 2018). Consequently, it was not feasible to use questions not applicable to the current study, so only questions about pay inequality were utilized. An example of a question that was included reads, “At my workplace, the variance in pay should be minimal.” Participants answered on a 5-point Likert scale (1=strongly disagree, 5=strongly agree) based on how much they agreed with each statement. Reliability of the three scales calculated together was  $\alpha = .638$ .

***Perception of vertical pay inequality.*** This variable was measured in 2 different ways, as researchers were unsure of how to capture this variable. First, participants were asked to estimate salaries at their workplace. They indicated the highest-paid individual’s salary, the lowest-paid individual’s salary, and their own salary. Second, they were asked a general question regarding their perception of vertical pay inequality and if they see it existing in their organization. However, this question was included in another scale, as researchers did not want questions about salary to influence participants’ answers to this question. Participants answered this question on a 5-point Likert scale (1=strongly disagree, 7=strongly agree) based on how much they agreed with the statement.

***Preference for upward mobility.*** This variable was not explicitly related to any hypothesis; however, researchers thought it might be interesting to measure. There is also no widely accepted scale for preference for upward mobility in the workplace. To measure this variable, researchers adapted and reworded questions from the Perceived Societal Mobility Scale by Day et al. (2017) and work by Sagioglou et al. (2023). Participants answered on a 7-point Likert scale based on how much they agreed with each statement (1=strongly disagree, 7=strongly agree). A sample item reads, “How easy or difficult do you believe it should be for



you to get a better position in your company?” Several questions had to be reworded from their original form to apply specifically to one’s workplace rather than society as a whole. Reliability for this scale was calculated to be  $\alpha = .489$ .

***Perception of upward mobility.*** To measure perceived upward mobility, the same questions were used that measured preference for upward mobility. These questions were reworded to measure one’s perception rather than preference. For example, to measure preference, the question read, “How easy or difficult *do you believe it should be* for you to get a better position in your company?” To measure perception, this question instead read, “How easy or difficult *is it* for you to get a better position in your company?” These sample questions highlight the difference between what participants want versus what they see occurring at their organization. All questions were reworded similarly to mirror perceptions rather than preferences. Participants answered on a 7-point Likert scale based on how much they agreed with each statement (1=strongly disagree, 7=strongly agree). Reliability for this scale was calculated to be  $\alpha = .5$ .

***Self-efficacy.*** To measure self-efficacy, this study used Avallone et al.’s (2007) Work Self-Efficacy Scale. Reliability in this study was calculated to be  $\alpha = .863$ . An example of a question reads, “When thinking of future work, how well can you achieve assigned goals?” Participants again answered on a 5-point Likert scale related to their employment (1=very poorly, 5=very well).

***Organizational trustworthiness.*** This variable utilized two scales, including Pearce et al.'s (1994) Organizational Trustworthiness Scale and Cummings and Bromiley's (1996) Organizational Trust Inventory. Both scales had good reliability and were selected to capture all facets of organizational trustworthiness. An example sample item from this variable read, "In general, the personnel policies at my workplace seem to encourage cooperation amongst employees." Participants ranked how much they agreed with each statement using a 5-point Likert scale (1=strongly disagree, 5=strongly agree). Reliability was calculated to be  $\alpha = .909$ .

***Personal relative deprivation.*** This variable was measured using the Personal Relative Deprivation scale by Callan et al. (2011). An example sample item reads, "At work, I feel privileged compared to other people like me." Participants answered on a 7-point Likert scale (1= strongly disagree, 7=strongly agree) based on how much they agreed with each statement. Reliability was calculated to be  $\alpha = .774$ .

***Perceived disadvantage.*** This variable utilized a Perceived Disadvantage Scale that is a work in progress by Mishra (2022). This scale has 12 questions, and participants were asked to answer on a 7-point Likert scale based on how much they agreed with each statement in regard to their workplace (1=strongly disagree, 7=strongly agree). For example, a sample item reads, "At work... seeing other people's achievements makes me resent them." Questions inquired about topics that are thought to make up one's level of perceived disadvantage, such as envy, self-esteem, and distributive justice. Reliability for this scale was calculated to be  $\alpha = .882$ .

***System justification.*** System justification was measured using Jost's (2005) System Justification scale. This scale was adapted and reworded to fit a workplace setting rather than society as a whole. For example, an original question read, "In general, I find society to be fair." This question was reworded for the purpose of this study to read, "In general, I find my workplace to be fair." Participants answered on a 7-point Likert scale (1=strongly disagree, 7=strongly agree) based on how much they agreed with each statement. Reliability for this study was calculated to be  $\alpha = .903$ .

***Attention check/debrief.*** The survey also included 2 attention check questions and a debrief that outlined the purpose of the study and contact information for the researchers once again in case any participants had questions.

### ***3.4 Procedure***

After scale selection, the survey was created via Qualtrics and pilot-tested several times. It was then uploaded to Prolific in May of 2023. The survey was made available for one month, however, 321 participants were gathered within the first 24 hours, so it only needed to be left up for one day. Before beginning the survey, participants read the consent form and instructions. The consent form had participants indicate that they agreed to utilize their answers for this study. The instructions then briefed participants on the survey they would complete. See Appendix A for the consent form and set of instructions that were given to participants.

Once participants consented and read the instructions, they were prompted to complete the survey. The complete survey can be found in Appendix A. Asking questions about one's feelings regarding inequality and what they think about themselves potentially could have made

individuals upset or uncomfortable. This was offset by participants knowing the study was anonymous, so no one would know how they answered questions. Further, if participants felt uncomfortable, they could exit the study at any time without completing it. Once they completed the survey, participants were compensated through Prolific. Participants were also given a debrief form that gave details about the study's purpose (see Appendix B). Additionally, they were given contact information for Alexandra Curran and Sandeep Mishra in case they had any concerns or follow-up questions. Participants were also provided with the contact information for the Research Ethics Officer at Guelph (see Appendix B).

## **CHAPTER 4: Results**

This study investigated vertical pay inequality, upward mobility, and several other variables relating to these topics. Researchers created seven hypotheses and also looked at the relationships between several demographic variables and these hypotheses.

### ***4.1. Data Cleaning***

If a participant did not answer a question, their score was calculated by omitting it, as each individual had an average score for each variable. This was done using SPSS software and was not predicted to significantly affect results due to sample size. Further, as stated earlier, several participants answered a small portion of the questions or did not finish the survey. These individuals were removed, and 300 participants remained after data cleaning.

### ***4.2. Statistics and Data Analysis***

Internal consistency was calculated for each variable, as several scales were created by combining existing scales. The descriptive statistics for each variable can be found in Table 1.

**Table 1. Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
Preference for pay inequality	246	1.25	4.38	2.8130	.55807
Preference for upward mobility	239	2.25	6.38	4.7924	.55118
Perception of pay inequality	247	6	12	9.55	1.550
Perception of upward mobility	237	2.50	5.75	4.0464	.70266
Self-efficacy	248	2.40	5.00	4.1165	.51410
Organizational trustworthiness	232	1.65	4.75	3.3971	.64380
Relative deprivation	220	6.00	11.00	8.4618	1.04116
Perceived disadvantage	240	1.00	5.67	2.8396	1.02353
System justification	247	6.00	11.63	9.2515	1.16175

### 4.3. Hypothesis Testing

#### 4.3.1. Hypothesis 1

Hypothesis 1 investigated if one's perception of upward mobility was positively correlated to one's preference for vertical pay inequality within the workplace. To answer hypothesis 1, a Pearson product-moment correlation was run to determine the relationship between perception of upward mobility and preference for pay inequality. There was a positive correlation between perceived upward mobility and preference for pay inequality, which was statistically significant ( $r = .243$ ,  $n = 188$ ,  $p < .001$ ), Table 2.

**Table 2. Correlation matrix**

		1	2	3	4	5	6	7	8	9
1. Perception of Pay Inequality	Pearson Correlation	1	-.227**	-.317**	.032	-.494**	-.547**	.205**	.326**	-.074
	Sig. (2-tailed)		.001	<.001	.657	<.001	<.001	.007	<.001	.302
	N	247	196	189	192	183	247	174	198	197
2. Preference for Pay Inequality	Pearson Correlation	-.227**	1	.243**	-.098	.166*	.234**	-.163*	-.128	.086
	Sig. (2-tailed)	.001		<.001	.177	.023	<.001	.032	.077	.229
	N	196	246	188	192	186	196	175	192	199
3. Perception of Upward Mobility	Pearson Correlation	-.317**	.243**	1	.155*	.390**	.467**	-.193*	-.271**	.187**
	Sig. (2-tailed)	<.001	<.001		.035	<.001	<.001	.012	<.001	.009
	N	189	188	237	184	178	189	167	184	194
4. Preference for Upward Mobility	Pearson Correlation	.032	-.098	.155*	1	.238**	.078	.077	-.021	.100
	Sig. (2-tailed)	.657	.177	.035		.001	.282	.322	.782	.166
	N	192	192	184	239	178	192	166	184	195
5. Organizational Trust	Pearson Correlation	-.494**	.166*	.390**	.238**	1	.738**	-.316**	-.362**	.342**
	Sig. (2-tailed)	<.001	.023	<.001	.001		<.001	<.001	<.001	<.001
	N	183	186	178	178	232	183	165	179	184
6. System Justification	Pearson Correlation	-.547**	.234**	.467**	.078	.738**	1	-.288**	-.383**	.344**
	Sig. (2-tailed)	<.001	<.001	<.001	.282	<.001		<.001	<.001	<.001
	N	247	196	189	192	183	247	174	198	197
7. Relative Deprivation	Pearson Correlation	.205**	-.163*	-.193*	.077	-.316**	-.288**	1	.505**	-.161*
	Sig. (2-tailed)	.007	.032	.012	.322	<.001	<.001		<.001	.033
	N	174	175	167	166	165	174	220	167	176
8. Perceived Disadvantage	Pearson Correlation	.326**	-.128	-.271**	-.021	-.362**	-.383**	.505**	1	-.312**
	Sig. (2-tailed)	<.001	.077	<.001	.782	<.001	<.001	<.001		<.001
	N	198	192	184	184	179	198	167	240	195
9. Self-efficacy	Pearson Correlation	-.074	.086	.187**	.100	.342**	.344**	-.161*	-.312**	1
	Sig. (2-tailed)	.302	.229	.009	.166	<.001	<.001	.033	<.001	
	N	197	199	194	195	184	197	176	195	248

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

#### 4.3.2. Hypothesis 1a

Hypothesis 1a examined whether self-efficacy would strengthen the relationship between one's perception of upward mobility and their preference for vertical pay inequality in the workplace. A moderation

analysis using multiple regression was conducted to predict preference for vertical pay inequality from the interaction between perception of upward mobility and self-efficacy. These variables

**Table 3. Model Summary: Self-efficacy**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.276 <sup>a</sup>	.076	.064	.54421

a. Predictors: (Constant), perceived upward mobility, interaction between perceived upward mobility and self-efficacy

statistically significantly predicted preference for vertical pay inequality,  $F(2,147) = 6.074$ ,  $p = .003$ ,  $R^2 = .076$ , Table 3.

#### 4.3.3. Hypothesis 1b

Hypothesis 1b investigated whether organizational trustworthiness would strengthen the relationship between one's perception of upward mobility and their preference for vertical pay inequality. A moderation analysis using multiple regression was conducted to predict preference for vertical

pay inequality from the interaction between perception of upward mobility and organizational trust. These variables did not statistically significantly predict preference for vertical pay inequality,  $F(2, 134) = 2.336$ ,  $p = .101$ ,  $R^2 = .034$ , Table 4.

**Table 4. Model Summary: Organizational Trustworthiness**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.184 <sup>a</sup>	.034	.019	.53898

a. Predictors: (Constant), interaction between perceived upward mobility and organizational trustworthiness, perceived upward mobility

#### 4.3.4. Hypothesis 1c

Hypothesis 1c investigated whether perceived relative deprivation would diminish the relationship between one's perception of upward mobility and their preference for vertical pay inequality. A moderation analysis using multiple regression was conducted to predict preference for vertical pay inequality from the interaction between perception of upward mobility and perceived relative deprivation.

**Table 5. Model Summary: Relative Deprivation**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.311 <sup>a</sup>	.097	.082	.56353

a. Predictors: (Constant), interaction between perceived upward mobility and relative deprivation, perceived upward mobility



These variables statistically significantly predicted preference for vertical pay inequality,  $F(2,124) = 6.656, p = .002, R^2 = .097$ , Table 5.

#### 4.3.5. Hypothesis 1d

Hypothesis 1d investigated whether perceived disadvantage would diminish the relationship between one's perception of upward mobility and their preference for vertical pay inequality. A moderation

analysis using multiple regression was conducted to predict preference for vertical pay inequality from the interaction between perception of upward mobility and perceived disadvantage. These variables statistically significantly predicted preference for vertical pay inequality,  $F(2,138) = 7.101, p = .001, R^2 = .093$ , Table 6.

**Table 6. Model Summary: Perceived Disadvantage**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.305 <sup>a</sup>	.093	.080	.54267

a. Predictors: (Constant), interaction between perceived upward mobility and perceived disadvantage, perceived upward mobility

#### 4.3.6. Hypothesis 2

Hypothesis 2 investigated if one's perception of vertical pay inequality was positively correlated to one's perception of upward mobility within the workplace. To answer hypothesis 2, a Pearson product-moment correlation was run to determine the relationship between perception of pay inequality and perception of upward mobility. There was a negative correlation between perceived upward mobility and preference for pay inequality, which was statistically significant ( $r = -.317, n = 189, p < .001$ ), Table 2.

#### 4.3.7. Hypothesis 2a

Hypothesis 2a investigated whether system justification would strengthen the relationship between one's perception of vertical pay inequality and their perception of upward mobility. A moderation analysis using multiple regression was conducted to predict perception of upward mobility from the interaction

between perception of pay inequality and system justification. These variables statistically significantly predicted preference for vertical pay inequality,

$F(2,186) = 11.474, p < .001, R^2 = .110$ , Table 7.

**Table 7. Model Summary: System Justification**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.331 <sup>a</sup>	.110	.100	.67244

a. Predictors: (Constant), perceived pay inequality, interaction perceived pay inequality and system justification

#### 4.4. Additional Results

In addition to the analyses run for the hypotheses, researchers also ran several other tests to study correlations between variables and group differences based on demographic factors such as gender, employment, number of kids, education, marital status, etc. Notable results are discussed below.

##### 4.4.1. Correlations

Several interesting correlations were found that were not initially areas of focus for researchers. For example, there was a negative correlation between perceived pay inequality and preference for pay inequality, which was statistically significant ( $r = -.227, n = 196, p = .001$ ), Table 2. Perceived pay inequality also had a statistically significant negative correlation with organizational trustworthiness ( $r = -.494, n = 183, p < .001$ ), Table 2. Further, there was a

positive correlation between perceived pay inequality and both perceived disadvantage and relative deprivation. These results were statistically significant ( $r = .326$   $n = 198$ ,  $p < .001$ ) ( $r = .205$ ,  $n = 174$ ,  $p = .007$ ), Table 2.

Additionally, relative deprivation and perceived disadvantage, two similar variables, had a statistically significant positive correlation ( $r = .505$ ,  $n = 167$ ,  $p < .001$ ), Table 2. These two variables were found to have a negative correlation with organizational trustworthiness, and both these findings were statistically significant ( $r = -.362$   $n = 198$ ,  $p < .001$ ) ( $r = -.316$   $n = 165$ ,  $p < .001$ ), Table 2.

Self-efficacy also had notable results. Researchers found that self-efficacy negatively correlated with perceived disadvantage and relative deprivation. These results were statistically significant ( $r = -.312$ ,  $n = 195$ ,  $p < .001$ ) ( $r = -.161$ ,  $n = 176$ ,  $p = .033$ ), Table 2. There was also a positive correlation between self-efficacy and organizational trustworthiness, and this result was found to be statistically significant ( $r = .342$   $n = 197$ ,  $p < .001$ ), Table 2.

#### 4.4.2. Group Differences

*Employment length.* An independent t-test was run to determine if participants with less than two years and over two years of experience at their workplace had differences with regard to each variable. This study found that participants who worked for less than two years at their workplace had significantly higher levels of organizational trustworthiness ( $3.58 \pm .61$ ) compared to participants who had worked for more than two years at their workplace ( $3.34 \pm .65$ ),  $t(230) = 2.495$ ,  $p = 0.013$ , Table 8.

**Table 8. Independent Samples Test: Employment Length**

		Levene's Test for Equality of Variances		t-test for Equality of Means							
		F	Sig.	t	df	Significance		Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
						One-Sided p	Two-Sided p			Lower	Upper
Organizational Trustworthiness	Equal variances assumed	.466	.495	2.495	230	.007	.013	.24226	.09709	.05096	.43356
	Equal variances not assumed			2.571	100.235	.006	.012	.24226	.09421	.05535	.42917

*Union/non-union.* An independent t-test was run to determine if there was a difference between participants who were or were not part of a labour union. This study found that participants who were part of a labour union had significantly lower levels of organizational trustworthiness (3.16 +/- .72) compared to participants who were not part of a labour union (3.47 +/- .60),  $t(230)=-3.082$ ,  $p = 0.02$ , Table 9.

**Table 9. Independent Samples Test: Union/Non-union**

		Levene's Test for Equality of Variances		t-test for Equality of Means							
		F	Sig.	t	df	Significance		Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
						One-Sided p	Two-Sided p			Lower	Upper
Organizational Trustworthiness	Equal variances assumed	4.311	.039	-3.082	230	.001	.002	-.30273	.09823	-.49628	-.10919
	Equal variances not assumed			-2.809	77.070	.003	.006	-.30273	.10779	-.51737	-.08810

*Gender.* An independent t-test was run to determine if there was a gender difference among variables. This study found that male participants had significantly lower levels of organizational trustworthiness (3.26 +/- .63) compared to female participants (3.56 +/- .63),  $t(229)= -3.563$ ,  $p = < 0.001$ , Table 10.

**Table 10. Independent Samples Test: Gender**

		Levene's Test for Equality of Variances		t-test for Equality of Means							
		F	Sig.	t	df	Significance One-Sided p	Significance Two-Sided p	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
										Lower	Upper
Organizational Trustworthiness	Equal variances assumed	.007	.934	-3.563	229	<.001	<.001	-.29610	.08310	-.45985	-.13235
	Equal variances not assumed			-3.563	222.957	<.001	<.001	-.29610	.08310	-.45985	-.13234

## CHAPTER 5: Discussion

### 5.1. Hypothesis 1

Results suggested that individuals' perceptions of upward mobility are positively correlated to their preferences for vertical pay inequality ( $r = .243, n = 188, p < .001$ ), Table 2, as was predicted by researchers. This finding indicates that individuals who see upward mobility occurring at their workplace might also have strong preferences for vertical pay inequality. This result is consistent with past research, as Day and Fiske (2017) found that individuals will not protest unequal systems if there is evidence that they can move up within the system.

Additionally, as mentioned previously, people tend to prefer fair distributions, not equal ones (Starmans et al., 2017). Shaw et al. (2002) determined that organizations can seem fair or just if they can link unequal pay to organizational outcomes, such as promotions. When individuals perceive equitable outcomes in their organization, they are more likely to be satisfied with their pay (Folger & Konovsky, 1989; McFarlin & Sweeney, 1992). In the context of this study, individuals may see vertical pay inequality as fair, be more satisfied with it, or even prefer it if they see equitable organizational outcomes occurring alongside it. These outcomes could be any form of upward mobility, such as promotions. Previous research has not specifically investigated the relationship in hypothesis 1, but this finding is consistent with what literature suggests about society and how individuals come to prefer inequality.

### 5.2. Hypothesis 1a

Results suggested that self-efficacy did help to strengthen the already existing positive relationship between preference for pay inequality and perception of upward mobility,  $F(2,147) = 6.074, p = .003, R^2 = .076$ , Table 3. This finding was consistent with what was predicted by

researchers, and it suggests that individuals with high self-efficacy are likely more accepting of pay inequality or have stronger preferences for it when there is also upward mobility within an organization. Similar to hypothesis 1, this hypothesis was something that had yet to be explicitly researched in previous literature. However, as mentioned previously, research on self-efficacy in the workplace has found that vicarious experience, which is influenced by one's past performance, can increase one's level of self-efficacy (Lunenburg, 2011). Therefore, if individuals have performed well at work in the past, their confidence in themselves will be higher in the future. Organizations usually base upward mobility (e.g., promotions) on factors like performance (Lemons & Jones, 2001). Performance itself is measured by those making promotion decisions based on factors like interpersonal skills, professional reputation, or decision-making skills (Bol & Leiby, 2018). These measurement variables are all positively impacted by self-efficacy (Anghelache, 2019; Leslie & Moilanen, 2010; Choi & Kim, 2013; Penn & Lent, 2019). Therefore, this study's results suggest that when individuals have high self-efficacy, meaning they believe in their abilities in the workplace and perceive promotions occurring, they will be more likely to prefer vertical pay inequality than those with low self-efficacy.

### ***5.3. Hypothesis 1b***

Results suggested that organizational trustworthiness did not strengthen the relationship between perception of upward mobility and preference for pay inequality,  $F(2, 134) = 2.336, p = .101, R^2 = .034$ , Table 4. This relationship is not what researchers predicted, and it indicates that organizational trustworthiness does not play a significant role in forming the relationship between individuals' preferences for pay inequality and their perceptions of upward mobility.

Similar to the other hypotheses, no past research studied the exact relationship this study did. However, research did suggest organizational trustworthiness would allow employees to feel like their organization was competent and made correct decisions, perhaps regarding promotion decisions (Caldwell & Clapham, 2003). Therefore, researchers believed this trust, coupled with perceiving upward mobility, may create a stronger preference for pay inequality. This was not the result; thus, more research is warranted to investigate this relationship and see how organizational trustworthiness may be related to one's preferences regarding pay dispersion.

#### **5.4. Hypothesis 1c**

Results suggested that perceived relative deprivation did diminish the relationship between one's perception of upward mobility and preference for vertical pay inequality,  $F(2,124) = 6.656, p = .002, R^2 = .097$ , Table 5. This was consistent with what researchers predicted, suggesting that those individuals who feel deprived at work will see upward mobility occurring but not prefer pay inequality. Based on previous research, one can infer that this may be because of the resentment and dissatisfaction individuals with perceived relative deprivation have (Crosby, 1976; Olson et al., 1986; Walker & Smith, 2002). These individuals may feel deprived of desired outcomes, such as promotions (Crosby, 1976; Olson et al., 1986; Walker & Smith, 2002), and consequently not prefer the pay inequality, as they already feel deprived and likely will not think they can receive available promotions. This could be due to their lack of resources or personal capabilities (Stirin et al., 2012). Therefore, this study's results suggest that individuals with relative deprivation who perceive upward mobility will have less preference for vertical pay inequality than those who do not have feelings of relative deprivation.



### **5.5. Hypothesis 1d**

Results suggested that perceived disadvantage would diminish the relationship between one's perception of upward mobility and preference for vertical pay inequality,  $F(2,138) = 7.101$ ,  $p = .001$ ,  $R^2 = .093$ . This finding is consistent with researchers' predictions. Further, while no study had investigated this exact relationship, Stirin et al. (2012) stated that when one has a perceived disadvantage, they believe that their position offers them a worse chance of winning than other individuals' positions. When individuals feel disadvantaged, they perform poorer than those who feel they have advantages (Stirin et al., 2012). Therefore, this study's finding makes sense, as individuals who see themselves at a disadvantage might not believe they have the tools or resources necessary to get available promotions (Stirin et al., 2012) and may not prefer pay inequality. Researchers suggest that individuals with perceived disadvantages who perceive upward mobility will have less of a preference for pay inequality than those with less or no perceived disadvantages.

### **5.6. Hypothesis 2**

Results suggested that perception of vertical pay inequality was negatively correlated to perception of upward mobility ( $r = -.317$ ,  $n = 189$ ,  $p < .001$ ). This was not the expected relationship, as researchers hypothesized a positive correlation. The initial prediction was made based on the concept of system justification, which is when individuals legitimize existing social arrangements at the expense of their own interests (Jost & Banaji, 1994). In the context of this study, system justification was hypothesized to be used by individuals who perceive pay inequality and justify it by perceiving a fair organizational outcome, such as upward mobility. This study's findings did not support hypothesis 2, as researchers instead found that perceiving

pay inequality lowered individuals' perceptions of upward mobility. This was the opposite relationship to what researchers expected to find. More research on this topic is warranted to help identify variables, other than upward mobility perceptions, that individuals use to justify pay inequality.

### **5.7. Hypothesis 2a**

Results suggested that system justification strengthens the relationship between one's perception of vertical pay inequality and their perception of upward mobility,  $F(2,186) = 11.474$ ,  $p < .001$ ,  $R^2 = .110$ . However, with the negative correlation found in H2, this result is not what researchers predicted, as system justification strengthens the negative relationship between perception of vertical pay inequality and perception of upward mobility. This likely means that perceiving upward mobility is not something individuals are using to justify pay inequality. As mentioned previously, more research is warranted in this area to determine what individuals use to justify unequal pay systems. System justification could still play a role in justifying pay inequality, as frequently deprived or disadvantaged individuals can develop strong needs to justify their situations (Jost & Banaji, 1994). Therefore, it is possible that if system justification is occurring, individuals are just using something other than upward mobility to justify the pay inequality. However, it is also possible that some individuals do not feel constantly deprived or disadvantaged and, therefore, do not develop the need to justify pay inequality.

### **5.8. Additional Results**

#### *5.8.1. Correlations*

This study found perceived pay inequality had a negative correlation with preference for pay inequality and organizational trustworthiness ( $r = -.227, n = 196, p = .001$ ) ( $r = -.494, n = 183, p < .001$ ). This meant that the more individuals perceived pay inequality, the less they preferred this pay inequality and the less they trusted their organization. With regard to preference for pay inequality, it makes sense that perceiving pay inequality leads to less of a preference for it due to its negative individual consequences. As mentioned previously, pay inequality in the workplace can be extremely demotivating (Bloom, 1999). Comparing oneself to others and their pay can create antisocial conduct and feelings of hostility (Baron, 2003). There are also negative consequences on one's health, as income inequality leaves individuals with increased mental illness, stress, depression, and obesity (Brunner, 1997; Kahn et al., 1998; Pickett et al., 2006). If individuals experience these outcomes due to pay inequality, it is likely that they will not have strong preferences for it. Further, in regard to organizational trustworthiness, past research has indicated that trustworthiness is rooted in believing organizations are fair and just (Caldwell & Clapham, 2003). If individuals see people getting paid differently, this may, in some cases, lower their trust in their organization, as they may feel like this is not a fair or just system.

In addition, researchers noted a positive relationship between perceived pay inequality and both perceived disadvantage and relative deprivation ( $r = .326, n = 198, p < .001$ ) ( $r = .205, n = 174, p = .007$ ). Past research would support this correlation, as perceived disadvantage and relative deprivation involve individuals feeling deprived or disadvantaged (Crosby, 1984; Tougas & Beaton, 2008; Stirin et al., 2012). The concept of vertical pay inequality involves individuals at the top of the workplace hierarchy getting paid more than those at the bottom (Shaw et al., 2002). This often leads to those at the top getting unfair advantages over those at

the bottom, as they can gather more of an organization's resources (Bloom, 1999). Therefore, based on this research, it makes sense that individuals who perceive pay inequality also have feelings of relative deprivation and perceived disadvantage.

Continuing the discussion on relative deprivation and perceived disadvantage, these two variables were found to have a statistically significant positive correlation ( $r = .505, n = 167, p < .001$ ). Again, these are related concepts, and perceived disadvantage is often seen as an extension of relative deprivation. Both concepts involve feeling like one has some sort of disadvantage; therefore, it makes sense that these topics were positively correlated (Crosby, 1984; Tougas & Beaton, 2008; Stirin et al., 2012). Organizational trustworthiness was negatively correlated to both perceived disadvantage and relative deprivation ( $r = -.362, n = 198, p < .001$ ) ( $r = -.316, n = 165, p < .001$ ). Studies have found that mistrust often develops when individuals feel threatened or disadvantaged (Ross, 2011). Therefore, it follows that developing trustworthiness would be negatively correlated to perceived disadvantage and relative disadvantage, where individuals feel like they are disadvantaged compared to other individuals (Crosby, 1984; Tougas & Beaton, 2008; Stirin et al., 2012).

There was also a negative correlation between self-efficacy and both relative deprivation and perceived disadvantage ( $r = -.161, n = 176, p = .033$ ) ( $r = -.312, n = 195, p < .001$ ). Past research has indicated that individuals with feelings of relative deprivation can experience psychological distress because they deny or devalue having a disadvantage (Crosby, 1984; Tougas & Beaton, 2008). This causes individuals to avoid challenging situations to prevent feeling distressed, which means they cannot handle challenges and will likely have low self-efficacy (Suh & Flores, 2017). This research supports the idea that self-efficacy would be negatively correlated to relative deprivation. Regarding perceived disadvantage, Stirin et al.

(2012) determined it was a concept similar to self-efficacy. It encapsulates both self-efficacy (one's own capabilities) and external efficacy (one's resources) (Stirin et al., 2012). Having a perceived disadvantage means that individuals would have low self- and external efficacy (Stirin et al., 2012). The results make sense, as individuals who do not believe in their own capabilities, meaning they have low self-efficacy, would therefore have high perceived disadvantage.

Self-efficacy also had a positive correlation with organizational trustworthiness, which was statistically significant ( $r = .342$   $n = 197$ ,  $p < .001$ ). Self-efficacy and organizational trustworthiness have been correlated in previous studies (Zhao et al., 2022). In particular, individuals with high levels of organizational trust tend to be more cooperative and perform better at work (Brown et al., 2014). Because of this, individuals also have an improved sense of self-efficacy at work, so the two concepts go hand in hand (Bandura, 2011; Dirks & Ferrin, 2001).

### *5.8.2. Group Differences*

This study found that participants who had less than two years of experience at their current workplace had higher levels of organizational trustworthiness (3.58 +/- .61) than those with more than two years of experience (3.34 +/- .65),  $t(230)=2.495$ ,  $p = 0.013$ . This finding is interesting, as previous literature indicates trust is an evolving affect (Young, 2006). In other words, it involves emotions and assessments that develop and change over time (Young, 2006). This information implies that trust can be built over time, but it can also change over time. In the context of this study, it is evident that participants' level of trust in their organization negatively changed over time. Perhaps they witnessed poor predictability and consistency in their organization as time went on, and this negatively impacted their ability to trust (Huemer, 2014).

In addition, this study found that participants who were associated with a labour union had significantly lower levels of organizational trustworthiness (3.16 +/- .72) compared to participants who were not associated with a labour union (3.47 +/- .60),  $t(230) = -3.082$ ,  $p = 0.02$ . This finding is consistent with past research, as many individuals within unions often question the union's integrity and lack trust and confidence in their unions (Frangi et al., 2017).

With regard to gender, men had lower levels of organizational trustworthiness (3.26 +/- .63) compared to female participants (3.56 +/- .63),  $t(229) = -3.563$ ,  $p < 0.001$ . This finding was surprising and unlike past research. Women tend not to benefit from workplace policies that should promote equity between men and women (Reichheld et al., 2023). For example, performance-based compensation is not usually beneficial for women (Reichheld et al., 2023). Women are often still paid less than their male counterparts with the same performance evaluation (Reichheld et al., 2023). Therefore, historically, women have less trust in their organizations than men (Reichheld et al., 2023). This study's result might have occurred due to the small sample size. Perhaps male participants from Prolific have less organizational trust for some specific reason unrelated to gender, but more research is warranted to confirm these results.

## **CHAPTER 6: Contributions**

### ***6.1. Theoretical***

This study sought to contribute to multiple research areas from a theoretical lens. First, literature has yet to be published on the relationships between vertical pay inequality and upward mobility. This study may be among the first to explore these relationships and may act as a new research avenue. Again, since inequality is so common in the workplace, it is essential to understand individuals' preferences and perceptions surrounding it. This study created hypotheses based on societal inequality, but establishing if these relationships exist in a workplace setting is also important.

Further, in addition to the relationships between pay inequality and upward mobility, this study investigated several other factors to see how common workplace variables such as self-efficacy can impact one's preferences and perceptions. Further, topics like system justification, perceived disadvantage, and relative deprivation have not been studied much in a workplace context; therefore, this study will contribute to the lack of research in these areas. For example, system justification is typically studied in a societal context. This study broadened this research variable to a workplace context.

### ***6.2. Practical***

Practically speaking, organizations can use this information to increase employee satisfaction in the workplace. As mentioned earlier, vertical pay inequality benefits organizations (Bishop, 1987). Because of this, organizations would likely want to retain this pay structure. In order to do this but also make sure employees are satisfied, this study's results would suggest making upward mobility salient. This could include making promotions evident and available for

employees. Employees may, therefore, have stronger preferences for pay inequality if they know they have opportunities to move up and earn more money in the future. Additionally, by making upward mobility evident, organizations can perhaps alleviate some of the negative consequences of an unequal pay structure. Finding ways to increase employee preference for pay inequality may decrease feelings of inequity and dissatisfaction with the pay system.

Moreover, with the knowledge that self-efficacy can strengthen the relationship between perceived upward mobility and preference for vertical pay inequality, organizations can also work to increase the self-efficacy of employees. This could be through encouragement when employees perform their tasks well or through workshops to increase self-efficacy. Knowing that relative deprivation and perceived disadvantage weaken the relationship between perceived upward mobility and preference for vertical pay inequality suggests that organizations should find ways to remove these feelings in their employees. Again, perhaps setting clear role standards and increasing individuals' confidence would allow employees to experience less of these negative feelings and prefer unequal pay systems more.



## CHAPTER 7: Limitations and Future Directions

While this study contributed several significant theoretical and practical contributions, future research must address some limitations. First, this study was restricted to countries where English was the first language. Therefore, the resulting sample could have been more diverse and may not accurately reflect the general population. The sample was not truly random due to the language restrictions and the software used, as only individuals having a Prolific account could participate. Future research should gather a more broad, representative sample by not having language/geographical restrictions. This may provide a more accurate picture of society's preferences and perceptions regarding the workplace.

Additionally, while self-report surveys help gather information, this type of data could be more reliable. For example, while individuals could report perceiving pay inequality, researchers do not know if their perceptions are entirely accurate. Future research should consider using one organization as a case study where perceived pay inequality can be confirmed or denied. This would be one way to confirm the accuracy of the data received.

However, self-report data also means that participants could answer to make themselves look desirable. An attempt was made to offset this issue by communicating to participants that their information would remain anonymous. There was also no identifying information asked of participants. However, personal variables measured, such as self-efficacy or organizational trust, rely on accurate participant accounts and are not verifiable. Moreover, questions from the survey were close ended, meaning participants could only answer given the selection of choices by the researchers. Perhaps future research using case studies could utilize a mix of open and close-ended questions to gather a better understanding of participants' opinions and experiences.

In addition, the survey itself was set up in a way where preference for upward mobility was measured separately from perception of upward mobility. These two variables were measured in almost an identical way with slightly different wording. After looking at participants' responses, it was evident to researchers that some individuals skipped the entirety of the preferences or perceptions for upward mobility as they likely thought these were repeat questions and must have thought it was an error. Future studies should make the differences in these questions more evident to participants or display these scales side by side to make the differences in participants' preferences vs. perceptions evident.

Further, some ethical concerns for this study could be viewed as potential limitations. For example, asking individuals about their pay and other aspects of their work life may seem intrusive, and participants may feel uncomfortable giving this information. Again, this study was kept anonymous through Prolific, so no individual was identified by their name. This hopefully offset participant concerns about the intrusive questions.

The last limitation is the impact of the COVID-19 pandemic. As a result, many participants may work from home and may not accurately perceive their organization or how they feel about it. Again, the idea of future research could offset this. In the future, fewer people will be working from home. Future research could also make in-person work a requirement for participants looking to participate.

In addition to the future research directions already mentioned, many of the hypothesized relationships were studied for the first time. More research is warranted to establish confidence in these results and fully understand the relationships researchers found to be present. Future research should also investigate other variables to see how they might strengthen or weaken the relationships between pay inequality and upward mobility. For example, other than self-efficacy,

what variables in conjunction with perception of upward mobility will increase preferences for vertical pay inequality in the workplace? Further, more research surrounding hypothesis 2 should be investigated. If individuals do not perceive upward mobility as a justification for pay inequality, what are they using to justify being paid less or more than others in the workplace? This would be an interesting and worthwhile avenue for future research to explore.

## CHAPTER 8: Conclusion

This study investigated the relationships between vertical pay inequality and upward mobility in the workplace. Using a sample of working individuals from Prolific, survey research found that individuals' preferences for vertical pay inequality were positively impacted by their perceptions of upward mobility. Additionally, individuals with high self-efficacy and perceptions of upward mobility had stronger preferences for pay inequality. On the other hand, individuals who perceived upward mobility but had feelings of relative deprivation or perceived disadvantages had weaker preferences for pay inequality. Further, a negative relationship between perception of upward mobility and perception of vertical pay inequality was found, and this result was not one that researchers predicted. More research is warranted to see how individuals may justify the inequality they experience regarding pay in the workplace.

As mentioned numerous times throughout this paper, inequality in the workplace is widespread, so it is important to know individuals' preferences and perceptions surrounding this topic. This is because workplace inequality can negatively affect individuals in the workplace (Kohn, 1993; Pfeffer, 1994) and outside of work in their day-to-day lives (Judge et al., 1998; Wilkinson & Pickett, 2006; 2008; 2009). Therefore, knowing more about how people perceive and justify it is essential to better understand and eliminate these negative consequences. Organizations can use the information from this study to find ways to alleviate the negative consequences of pay inequality. It is unlikely that pay inequality would ever be abolished in organizations due to its positive benefits for workplaces (Bishop, 1987; Ding et al., 2009; Pfeffer & Langton, 1993; Shaw et al., 2002). However, knowing how to make employees more content with the pay system is important for employee satisfaction and overall well-being. This study was also among the first to study these relationships between pay inequality and upward

mobility. Hopefully, more research can be conducted to analyze these important but understudied topics further.

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## APPENDICES

### Appendix A – Full survey

# Preferences and Perceptions of Vertical Pay Inequality and Upward Mobility at Work - Final Copy

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Start of Block: Consent

#### **Q427 PARTICIPANT CONSENT FORM**

Below is a brief overview of the research to be conducted with your assistance, if you choose to participate. The total time for participation is approximately 20 minutes.

**PROJECT TITLE:** Competition at Work: Preferences and Perceptions of Vertical Pay Inequality and Upward Mobility in the Workplace

**PRIMARY RESEARCHER:** Sandeep Mishra, Ph.D., Gordon S. Lang School of Business and Economics, University of Guelph, sandeep.mishra@uoguelph.ca, 519-824-4120 ext. 56872  
**ADDITIONAL RESEARCHERS:** Alexandra Curran, Master's Student, MSc Management, University of Guelph, acurra03@uoguelph.ca

**INVITATION TO PARTICIPATE:** You are invited to participate in a psychological research study conducted by Alexandra Curran and supervised by Dr. Sandeep Mishra.

**PURPOSE OF THE STUDY:** The purpose of this study is to explore individual differences in preferences and perceptions of pay inequality and upward mobility (the ability to move up or be promoted) in workplaces. Additional variables will also be measured including 1) one's confidence in their abilities, 2) how much one trusts their organization, 3) the comparisons one makes with others in their organization and 4) how one may come to acknowledge or accept a disadvantaged position.

**PROCEDURES:** The study consists of an online survey with multiple choice questions about your preferences and perceptions of your workplace. Should you agree to participate, the survey should take approximately 20 minutes to complete. After completing the study, you will be provided with compensation as a thank-you for your time.

**POTENTIAL RISKS AND DISCOMFORT:** It is possible that you may experience undesirable emotions or be reminded of unpleasant memories when answering questions relating to the workplace. These potential discomforts are not expected to exceed what you would typically experience on any given day. You may feel the desire to answer questions in a way that

showcases yourself positively; however, we ask that you answer questions as honestly as possible. You may choose to skip any question you do not wish to answer.

**POTENTIAL BENEFITS TO PARTICIPANTS AND SOCIETY:** There are no direct benefits of this study to the participants. There are no direct benefits of this study to society; however, research findings may indirectly contribute to society through further understanding of the individual differences in preferences and perceptions of pay inequality and upward mobility in the workplace.

**CONFIDENTIALITY AND DATA STORAGE:** NO personal information (i.e. name, address, date of birth, etc.) will be accessible to the researchers at any point. Your Prolific ID will be used only to provide compensation and demographic information (i.e., age, employment status, etc.) and then will be deleted from the final data file. In keeping with principles of open and accessible science, completely anonymized data files will be made publicly available on the Open Science Framework (<http://osf.io>). Data from this study will be used for an undergraduate thesis and for publication and dissemination in scientific outlets. Contact information for the researchers is available in this form and in the debrief form if you would like to request access to the results of the study upon completion. Please note that confidentiality cannot be entirely guaranteed while data are in transit over the internet.

**RIGHT TO WITHDRAW:** Participation is entirely voluntary. If you agree to participate, you are free to withdraw participation at any time without consequence by simply exiting the web browser. Data will only be stored once you complete and then submit the survey. You will be required to complete and submit the survey in order to qualify for compensation. After submitting the survey, your data cannot be discarded due to the anonymous nature of the study.

**RIGHTS OF RESEARCH PARTICIPANTS:** The current research project was reviewed by the University of Guelph Research Ethics Board for compliance with federal guidelines for research involving human participants. If you have any questions regarding your rights and welfare as a research participant in this study (REB # 22-07-004), please contact: Manager, Research Ethics; University of Guelph; reb@uoguelph.ca; 519-824-4120 ext. 56606. You do not waive any legal rights by agreeing to take part in this study.

**QUESTIONS OR CONCERNS:** If you have any questions, please feel free to ask a member of the research team. We encourage you to reach out to Alexandra Curran or Dr. Sandeep Mishra if you have any questions during participation. Any specific questions regarding the study can be answered by contacting the researchers using the contact information at the top of this form. The final results will be made available online on the Open Science Framework (<http://osf.io>) following the completion of data collection, analysis, and write-up of results. A link to the page that will host the results will be provided at the end of the study.

**CONSENT:** Continuing to the survey indicates that you 1) have read and understood the description provided and 2) consent to participate in this study.

**FUNDING SOURCE:** Sharc

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Q429 We encourage you to print or save a copy of this consent form, for your own records.

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**Consent to Participation:** By continuing to the survey, I confirm that I have read the above Participant Consent Form and agree to take part in this study.

- Yes, I confirm that I have read the above consent form and I agree to take part in this study. (1)
- No, I do not agree to take part in this study. (2)

*Skip To: End of Survey If Consent to Participation: By continuing to the survey, I confirm that I have read the above Parti... = No, I do not agree to take part in this study.*

End of Block: Consent

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Start of Block: Demographics

Q457 Please type your unique Prolific ID below:

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#### Commitment Request

We care about the quality of our survey data. For us to get the most accurate measures of your opinions, it is important that you provide thoughtful answers to each question in this survey. Do you commit to providing thoughtful answers to the questions in this survey?

- I can't promise either way (1)
- Yes, I will (2)
- No, I will not (3)

*Skip To: End of Survey If We care about the quality of our survey data. For us to get the most accurate measures of your op... = No, I will not*

*Skip To: End of Survey If We care about the quality of our survey data. For us to get the most accurate measures of your op... = I can't promise either way*

## Empl\_Length

How long have you been employed in your current place of work?

- Less than two years (1)
- Two years or more (2)

Ethnicity Which category/categories best describes your ethnic background? Select all answers that apply. You may select more than one response.

- White/European (1)
- Black/African/Caribbean (2)
- Hispanic, Latino, or Spanish (3)
- South Asian (e.g., East Indian, Pakistani, Sri Lankan, etc.) (4)
- East Asian (e.g., Chinese, Korean, Japanese, etc.) (5)
- Southeast Asian (e.g., Vietnamese, Cambodian, Laotian, Filipino, Thai, etc.) (6)
- West Asian (e.g., Middle Eastern, Persian, etc.) or North African (7)
- Indigenous (e.g., Navajo, Mayan, Métis, Cree, etc.) (8)
- Not listed (please specify): (9)
-

MarStat What is your current marital status?

- Single, never married (1)
  - Currently dating, not in a relationship (2)
  - In a relationship, not cohabiting (3)
  - Cohabiting or married (4)
  - Divorced or separated (5)
  - Widowed (6)
  - My relationship status is not listed here (please specify): (7)
- 

NumKids How many children do you have?

---

Education Which of the following best describes your *highest* level of education?

- Some high school (1)
- Completed high school (2)
- Some college/university (3)
- Apprenticeship training and trades (4)
- Completed college/university (5)
- Some graduate education (e.g., graduate, professional, doctoral, etc.) (6)
- Completed graduate education (e.g., graduate, professional, doctoral, etc.) (7)



PIIncome What is your personal income before taxes (in \$USD)?

- Under \$10,000 (1)
- \$10,000-\$30,000 (2)
- \$30,001-\$50,000 (3)
- \$50,001-\$75,000 (4)
- \$75,001-\$100,000 (5)
- Greater than \$100,000 (6)

HIIncome What is your household income before taxes (in \$USD)?

- Under \$10,000 (1)
- \$10,000-\$30,000 (2)
- \$30,001-\$50,000 (3)
- \$50,001-\$75,000 (4)
- \$75,001-\$100,000 (5)
- Greater than \$100,000 (6)

Union

Are you a part of a labour union associated with your job?

- Yes (1)
- No (2)

**Public/private**

Do you work in the private sector or public sector?

Private sector (1)

Public sector (2)

**Family-owned**

Do you work for a family-owned business?

Yes (1)

No (2)

**Manage directly**

Do you manage people directly?

Yes (please indicate how many people) (2)

---

No (8)

**Work unit**

How many people are within your immediate unit at work?

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**Days team**

Approximately how many days a month do you work in a team within your organization?

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**NOC [NOC Code Link](#)**

Please click on the above "NOC Code Link". This will take you to a Government of Canada website. Once on the website, under "Version" select NOC 2021 Version 1.0. Under "Enter your job title" type in your job title. Select "Search". Under "Unit Group" select the job title closest to your own. The number before this job title is your NOC code. Please type your generated NOC code below:

---

## End of Block: Demographics

## Start of Block: Self-efficacy

Q402 Please answer the following statements related to your employment.

SEQ1 Thinking of future work, how well can you...

	Very poorly (1)	Poor (2)	Acceptable (3)	Well (4)	Very well (5)
achieve assigned goals (8)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
respect schedules and work deadlines (9)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
learn new work methods (10)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
concentrate all of your energy on work (11)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
finish your assigned work (12)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
collaborate with other colleagues (13)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
work with people of diverse experiences and ages (16)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
have good relationships with direct superiors (17)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
behave in effective ways with clients (18)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>





much effort I  
put in. (32)

End of Block: Perceived Disadvantage

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Start of Block: Hierarchical Position

Q59 Workplaces can be categorized as *vertical* or *horizontal*.

A **vertical organization** has a structure with power emanating from the top down. There's a well-defined chain of command with a vertical organization, and the person at the top of the organizational chart has the most power. Employees report to the person directly above them in the organizational structure. Each person is responsible for a specific area or set of duties.

A **horizontal organization** has a less-defined chain of command. Employees across lines have similar input into how the organization is run. Instead of each person having clearly defined duties, employees may work in teams, with everyone on the team having input. Employees may perform many different functions and may report to several supervisors, rather than a single boss. Project managers or team leaders report to a team of supervisors, with members of each team being essentially equal in terms of power.

Q58 Please rank your organization based on how vertical or horizontal you believe it is.

- Very horizontally organized (4)
  - 5 (5)
  - 6 (6)
  - 7 (7)
  - 8 (8)
  - 9 (9)
  - Very vertically organized (10)
- 

Q454 Think of this ladder as representing the company you currently work for. At the top of the ladder are the people holding the highest positions. At the bottom are the people holding the

lowest positions.

Q448 Where would you place your self on the ladder in your company?

- 10 (1)
- 9 (2)
- 8 (3)
- 7 (4)
- 6 (5)
- 5 (6)
- 4 (7)
- 3 (8)
- 2 (9)
- 1 (10)

End of Block: Hierarchical Position

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Start of Block: Perceived pay inequality

Q61 In the following section you are required to estimate the annual salary of employees in various positions in your workplace. Although information regarding pay is usually kept confidential, please try to make the most accurate guess possible. Your guess should be based on annual base salary only.

Q62 Please estimate the average annual salary of employees who work in the lowest level position in your workplace (in \$USD).

---

Q63 Please estimate the average annual salary of employees who work in the highest level position in your workplace (in \$USD).

---

Q447 What is your average annual salary (in \$USD)?

---

End of Block: Perceived pay inequality

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Start of Block: Preference for pay inequality

Q65 Please indicate your level of agreement with the following statements about your workplace.

	Strongly disagree (1)	Disagree (2)	Neither agree or disagree (3)	Agree (4)	Strongly agree (5)
Income should be distributed more evenly in my workplace. (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is appropriate that a few people at the top of my workplace hierarchy get paid extremely well in comparison to those below them. (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My workplace should strive to make incomes as equal as possible. (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
At my workplace, some people deserve a salary significantly greater than any other organizational member. (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>







Q449 How easy or difficult is it for you to get a better position in your company?

- Very easy (1)
- Easy (2)
- Somewhat easy (3)
- Neither easy or difficult (4)
- Somewhat difficult (5)
- Difficult (6)
- Very difficult (7)

Q450 How likely is it in general to be promoted in your company?

- Very likely (1)
- Likely (2)
- Somewhat likely (3)
- Neither likely or unlikely (4)
- Somewhat unlikely (5)
- Unlikely (6)
- Very unlikely (7)

End of Block: Perceived upward mobility

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Start of Block: Preference for upward mobility

Q492 Please indicate your level of agreement with the following statements about your preference in your workplace.

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor	Somewhat agree (5)	Agree (6)	Strongly agree (7)
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disagree  
(4)

I think it should not be too difficult for people to change their position in my organization.  
(8)

I think there should be a lot of opportunities for people to move up the organizational ladder. (22)

I think it should be common for people who are motivated enough to go "from rags to riches" in my organization.  
(23)

I think that most people should end up staying at the same organizational level for their entire lives in my organization.  
(24)

These days, it should be easy to improve one's position in my

organization.  
(27)

In my opinion  
it should be  
easy to move  
up in my  
organization.  
(28)

      

Q493 How easy or difficult do you believe it *should be* for you to get a better position in your company?

- Very easy (1)
- Easy (2)
- Somewhat easy (3)
- Neither easy or difficult (4)
- Somewhat difficult (5)
- Difficult (6)
- Very difficult (7)

Q494 How likely *should it be*, in general, to be promoted in your company?

- Very likely (1)
- Likely (2)
- Somewhat likely (3)
- Neither likely or unlikely (4)
- Somewhat unlikely (5)
- Unlikely (6)
- Very unlikely (7)

End of Block: Preference for upward mobility

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Start of Block: Organizational trustworthiness

Q86 Considering the context of your work environment, rate how much you agree with each statement below.

	Strongly disagree (1)	Somewhat disagree (2)	Neither agree nor disagree (3)	Somewhat agree (4)	Strongly agree (5)
The personnel policies at my workplace suggest that my organization has confidence in its employees. (6)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In general, my organization's personnel practices seem to reflect a distrust of employees. (7)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My organization's personnel	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

policies encourage favouritism. (8)

In general, the personnel policies at my workplace seem to encourage cooperation amongst employees. (9)

The personnel policies at my organization seem to work against the creation of "team spirit". (10)

The performance appraisal system at my workplace seems to make it more difficult to achieve my goals. (26)

Performance measurement practices at my organization seem to create mistrust and resentment among employees. (12)

My organization's pay policies encourage cooperation. (13)

I think the people in my organization tell the truth in negotiations.  
(14)

I think that my organization meets its negotiated obligations to our department.  
(15)

In my opinion, my organization is reliable. (16)

I think that the people in my organization succeed by stepping on other people.  
(17)

I feel that my organization tries to get the upper hand.  
(18)

I think that my organization takes advantage of my problems.  
(19)

I feel that my organization negotiates with me honestly.  
(20)

I feel that my organization will keep its word. (21)





operates as  
it should.

(9)

My  
workplace  
needs to be  
radically  
restructured.

(10)

My  
workplace  
is the best  
workplace  
in the world  
to work in.

(11)

Most  
policies at  
my  
workplace  
serve the  
greater  
good. (12)

At my  
workplace,  
everyone  
has a fair  
shot at  
wealth and  
happiness.

(13)

My  
workplace  
is getting  
worse every  
year. (14)

My  
workplace  
is set up so  
that people  
usually get  
what they  
deserve.

(15)





when I see  
how  
prosperous  
other  
people like  
me seem  
to be. (18)

When I  
compare  
what I  
have with  
what  
others like  
me have, I  
realize that  
I am quite  
well off.  
(19)

I feel  
dissatisfied  
with what  
I have  
compared  
to what  
other  
people like  
me have.  
(20)

End of Block: Perceived relative deprivation

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Start of Block: Attention Check

Q431 Research in decision making shows that people, when making decisions and answering questions, prefer not to pay attention and minimize their effort as much as possible. Some studies show that over 50% of people don't carefully read questions. If you are reading this question and have read all other questions, please select the checkbox marked "other" and type in "personality" in the textbox below. Do not select "workplace". Thank you for participating and taking the time to read through the questions carefully!

Attn\_Chk What was this study about?

- Workplace (1)
- Decision-making (2)
- Disadvantage (3)
- Other (4) \_\_\_\_\_

End of Block: Attention Check

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## **Appendix B – Debrief Form**

“Preferences and Perceptions of Vertical Pay Inequality and Upward Mobility in the Workplace”

(REB #22-07-004)

Thank you for participating in this study! If you are interested in the final results of the data collected from this study, please e-mail Alexandra Curran ([acurra03@uoguelph.ca](mailto:acurra03@uoguelph.ca)) or Sandeep Mishra ([sandeep.mishra@uoguelph.ca](mailto:sandeep.mishra@uoguelph.ca)) and we will be happy to send you a summary of our research findings. If you have any concerns about the research please contact: Manager, Research Ethics; University of Guelph; [reb@uoguelph.ca](mailto:reb@uoguelph.ca); 519-824-4120 ext. 56606.

Purpose of this Study: We are looking to investigate the relationship between pay inequality and upward mobility in the workplace. We expect that people who believe it is possible to move up their organization’s hierarchy will prefer pay inequality. We also evaluated specific variables, such as one’s trust in their organization or their perceived disadvantage and expected that these factors may strengthen individuals’ preferences for pay inequality. Additionally, we expect that individuals who perceive pay inequality in their workplace may also perceive upward mobility and this could be strengthened by one’s belief in a just system. Understanding which factors influence individuals’ preferences and perceptions in the workplace are helpful for organizations so that they can strive to create a pay/promotion system that employees understand and agree with.

Your answers have been submitted. Thank you again for your participation!

Please copy and paste this code into Prolific for compensation: CFZKIEMD