Salary and Decision Making: Relationship Between Pay and Focus on Financial Profitability and Prosociality in an Organizational Context[1]

Jennifer M. Jordan[2]
Faculty of Economics and Business
University of Groningen
Groningen, The Netherlands

This investigation examined the relationship between organizationally based financial incentives and a focus on profit vs. prosociality during decision making. Participants were 84 managers from a Fortune 200 corporation. Managers read a vignette containing a dilemma and freely generated issues that they considered important in resolving the dilemma. These responses were coded for their inclusion on 3 dimensions: financial profitability, well-being of nonpowerful stakeholders, and legal culpability. The results demonstrated that salary level predicted an increased focus on the dimension related to financial profitability and decreased focus on the dimensions of prosociality and legal concerns. Implications of these findings and future directions for research are discussed.

Economics teaches us that incentives are powerful motivators of behavior. In the real world, incentives discourage us from participating in communally harmful activities like pouring toxic chemicals into the environment, cheating on our taxes, and selling dangerous pharmaceuticals. Incentives can also decrease our participation in positive behaviors, like volunteering time at nonprofit organizations, buying fresh fruits and vegetables, and driving hybrids instead of exclusively gas-powered vehicles. Individuals may be less likely to volunteer for a nonprofit cause when the time would lead to financial rewards in their jobs, purchase fruits and vegetables when such foods cost significantly more (and may be more scarce) than processed foods, and drive hybrid vehicles when they are immediately more costly (and also more scarce) than are traditional gas-powered vehicles. Likewise, in the laboratory, incentives change how cooperative or competitive people are toward their fellow players (for a review, see Dawes, 1980).

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[2]Correspondence concerning this article should be addressed to Jennifer Jordan, Faculty of Economics and Business, University of Groningen, Dept. HRM/OB, Postbus 800, 9700 AE Groningen, The Netherlands. E-mail: j.jordan@rug.nl

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In a world where managers' ethics-related conduct is coming under increased scrutiny, the question of how financial incentives affect decision making is particularly cogent. Pay is one type of financial incentive. Numerous scholars (e.g., Deckop, Merriman, & Gupta, 2006; Elms, Berman, & Wicks, 2002; Harris, 2006; Harris & Bromley, 2007; Sanders & Hambrick, 2007) have criticized incentive-based pay system as drivers of unethical or organizationally unfavorable decision making. The present investigation examines the relationship between individuals' organizational pay level and focus during decision making. I propose that higher pay levels will lead to decision making that is more focused on financial profitability and less focused on prosociality.

The Meaning of Pay

Incentive-based pay systems are almost ubiquitous in U.S. organizations. Most organizations report using some form of pay in exchange for individual performance (Lawler & Jenkins, 1992). Financial compensation is an important influence—perhaps the most important influence—on employees' behavior on the job (Jenkins, Mitra, Gupta, & Shaw, 1998). Compensation not only influences behavior on the job, but it also influences what job an individual decides to accept (Feldman & Arnold, 1978; Zedeck, 1977). For prospective members of an organization, pay is a signaling device for an organization's policy and character (Cable & Judge, 1994).

For managers, pay is perceived as both a reinforcer (or motivator) and an indicator of performance (Das, 2002). Salary level is interpreted as information about one's worth to the organization (Gardner, Van Dyne, & Pierce, 2004; Kuvaas, 2006) and a symbol of one's success (Das, 2002). Where an employee is within his or her organization's horizontal wage-dispersion scale—which is the dispersion within a single organizational level or core group (Cowherd & Levine, 1992)—indicates his or her value to the organization (Bishop, 1987), and consistently relates to actual performance (Jenkins et al., 1998). Pay also serves as a feedback mechanism that signals to the individual how he or she is performing and meeting expectations (Locke & Latham, 1990). In equity theory, pay is perceived by the recipient as satisfactory given a match between his or her input and received rewards. Inequalities in this formula lead to negative effects, such as turnover (Summers & Hendrix, 1991) and reduced output quality (Cowherd & Levine, 1992).

While pay can have numerous positive benefits for the worker, it can also function to increase competition among workers (Kirkcaldy & Furnham, 1993) and reduce cooperative behaviors (Jones & George, 1998). Thus, pay,

particularly pay tied to performance, increases behaviors that are rewarded with greater pay, and reduces behaviors that do not lead to greater increases in pay or that lead to decreases in pay (Das, 2002).

Despite an existing body of literature on the meaning of pay (Das, 2002) and on the implications of pay for corporate strategy, design, and performance (cf. Balkin & Gomez-Mejia, 1990), there is a paucity of work on how monetary incentives relate to individual decision making in an organizational setting. The present study attempts to contribute to this research domain by demonstrating that when other, relevant job-related factors are controlled for, salary level affects what factors an individual prioritizes during decision making.

Money and Behavior

The positive and negative effects of pay highlighted by previous research have also been echoed by research examining the effects of money primes on self-sufficiency and communal orientation. For example, researchers have found that the mere prime of the concept of money affected self-sufficient cognition and reduced prosociality (Vohs, Mead, & Goode, 2006). In a series of studies, Vohs et al. demonstrated that priming individuals with money versus no money or low money affected the amount of help they gave to others. In these studies, priming techniques ranged from having participants unscramble words to make phrases such as "a high-paying salary" and "she received a raise," as well as asking participants to imagine a future with abundant finances or a future with strained finances.

Vohs et al. (2006) also used primes that were more consistent with the mere idea of money, and not necessarily having or earning money, such as placing play money in participants' eyesight while they completed a variety of tasks. The authors found that in comparison to those not given a money prime or given a low-money prime, individuals primed with money were less willing to code data sheets for a researcher, to explain directions to a confused co-participant, and to donate funds to a student group. They were also more likely to desire leisure activities that were self-focused, rather than communally oriented. From these results, the authors concluded that simply priming the concept of money led to an enhanced focus on individualistic pursuits, at the expense of "communal motivations" (p. 1156). However, it is important to note that several of their studies used primes that included concepts related to pay, salary, or having large or small amounts of money. Although not directly related to the relationship between salary level and decision making, the previously reviewed research is cogent to the current investigation because it suggests that concepts related to economic

incentives and self-sufficiency (i.e., money) affect individuals' prosocial-related behavior.

Hypotheses

If pay serves as a reinforcer (Das, 2002), I hypothesize that receiving greater amounts of such a reinforcer will lead to greater amounts of behavior that is consistent with the reinforced behavior (i.e., focus on the organization's financial profitability) and to lesser amounts of behavior that is inconsistent with the reinforced behavior (i.e., focus on prosocial outcomes). Friedman (1970) introduced the oft-cited tenet that a manager's main responsibility is to contribute to shareholder wealth. I do not judge what is or is not responsible behavior in the corporate domain; however, I do acknowledge that, consistent with Friedman's proposal, financial gain is the emphasized and rewarded focus in most for-profit organizations. In support, Agle, Mitchell, and Sonnenfeld (1999) found that values that were profit-maximization firm-centered were more salient to executives than those that were entities of a more "expanded stakeholder view of the firm" (e.g., governments, communities). The researchers considered profit-maximizing values to be part of the more traditional production function view of the firm. Thus, if salary level serves as a reinforcer of desired behavior, I predict that within a managerial context, individuals who receive higher salaries will be more likely to focus on financial profitability in decision-making situations.

> *Hypothesis 1*. Salary level will be positively related to the priority given to financial profitability-related issues in decision making.

Conversely, issues related to human well-being but not tied directly to shareholder wealth are unlikely to be reinforced by higher pay in the corporate domain. Financial incentives have been found to reduce individuals' consideration of important stakeholders who are not tied to proximal financial gain (Elms et al., 2002). Financial incentives shape behavior—and not always in a way that is considered desirable by standards of concern for human well-being. As mentioned previously, studies have found that simply priming people with higher amounts of money led them to be less helpful to others (Vohs et al., 2006). And a framework related to private income and expenditure can lead to more self-serving behavior than can a non-economic framework (Frank, Gilovich, & Regan, 1993; Frank & Schulze, 2000). Thus, I hypothesize that individuals who receive larger amounts of money for the work they do (i.e., higher salaries) will be less concerned with the

well-being of individuals who do not directly benefit themselves nor their organizations.

> *Hypothesis 2*. Salary level will be negatively related to the priority given to issues related to the well-being of non-powerful individuals in decision making.

A concern for legal constraints is a primary facet that binds organizations and their leaders to treat others fairly and judiciously, even if these actions may be contrary to enhancing the individual's financial compensation or the organization's bottom line. Financial incentives have been found to increase individuals' willingness to participate in behaviors that are self-serving, but in opposition to a specified set of rules (Schweitzer, Ordonez, & Douma, 2004). Given that pay is a type of financial incentive (Das, 2002), I predict that individuals who receive higher amounts of money for the work they do (i.e., higher salaries), will be less concerned with the legal culpability of the decisions that they make.

> *Hypothesis 3*. Salary level will be negatively related to the priority given to issues related to legal culpability in decision making.

Method

Participants

The present sample was used as part of a larger study on decision making. Participants were 84 business managers (60 male, 20 female, 4 did not indicate their gender) who were members of a large enterprise software corporation based in the Eastern U.S. There were 138 individuals contacted, and 61% logged in to the website and completed either all or some of the study-related tasks. These individuals were stationed across the country and were at the middle levels of their organizations' management hierarchy.

Of the sample, 71% were male and 82% were Caucasian. On average, 97.6% held a bachelor's degree or its equivalent, were approximately 40 years of age ($M = 39.8$, $SD = 8.2$) and had spent 11.7 years ($SD = 7.4$) in their current profession. Because of concerns with preserving participants' anonymity, my institutional review board restricted me from collecting exact salary values or years that the individual had been with the current organization. Thus, both of these variables were operationalized as categorical variables, with 19 levels for salary and 7 levels for years with the current employer.

Table 1

Means and Correlations for Study Demographics

Variable	*M*	*SD*	1	2	3	4	5
1. Gender	1.75	0.44	—				
2. Age	39.78	8.17	−.06	—			
3. Education	3.02	0.15	−.10	.09	—		
4. Salary	3.28	1.55	−.03	.62**	.26*	—	
5. Years with employer	3.75	1.75	.00	.25*	.07	.42**	—
6. Years in profession	11.47	7.26	.10	.57**	.19	.31**	.12

Note. $N = 72$ to 77 (pairwise). Gender: 1 = female, 2 = male.
*$p < .05$. **$p < .01$.

Salary levels ranged from *less than $50,000* ($n = 7$) to *over $800,000* ($n = 0$). However, no individuals in the current sample reported earning more than $300,000. Most of the participants earned between *$80,000–$100,000* ($n = 25$) and *$100,000–$120,000* ($n = 16$). As for years with the current employer, the values ranged from *less than 1 year* (n = 7) to *more than 12 years* ($n = 4$). The sample was distributed relatively equally across the remaining values (*1–3 years*, $n = 17$; *3–5 years*, $n = 13$; *5–7 years*, $n = 7$; *7–9 years*, $n = 17$; *9–12 years*, $n = 11$). There were 6 participants who were excluded from analyses because 5 did not complete all of the study-related materials and 1 asked to have his or her data removed. Table 1 contains the descriptive statistics for and correlations between the independent variables of sex, age, education, salary, years with the current employer, and years in the profession.

Procedure

Participants completed all materials via the Internet from their offices so that they would be in similar environments when completing the study. After logging on, participants were asked to read a vignette, complete a related task, and answer several demographic questions.

Measures

Decision-making vignettes. The decision-making instrument was vignette based. It instructed participants to put themselves in the role of a corporate

committee member. One vignette was randomly assigned to each participant. Participants were told that the committee was meeting to discuss the dilemma and to freely generate three to five issues they would bring to this meeting for consideration when deciding what action to take and to indicate why they believed each issue was important to making a decision about the outcome.

The vignette remained visible during completion, and participants had an unlimited amount of time to access, browse, and read the vignette while generating their responses. Participants were unaware of the actual objectives of the investigation and were told that it was a study on decision making in organizations.

Vignette selection. Using an 8-point Likert-type scale ranging from 1 (*not all*) to 8 (*very much so*), 36 MBA students and 10 doctoral students in the liberal arts rated eight original vignettes. These vignettes were adapted from existing business cases (e.g., Bollier, Hansen, & Weiss, 1991; Cott & Gilson, 1994). Participants rated the vignettes on their inclusion of the following attributes: (a) ease of understanding; (b) technical complexity; (c) realism; (d) seriousness of consequences; (e) familiarity; and (f) overall quality.

I also wanted the vignettes to be related to both the strategy of the organizational environment and issues related to human well-being and ethics. Thus, I asked a randomly selected group of participants ($n = 24$) how much the vignette contained strategic, technical, or profit-focused issues in business. A second group ($n = 22$) was asked how much the vignette contained moral, ethical, or human well-being issues. In order to be included in the measure, the vignette had to receive a moderately high (i.e., 6 or greater) and equivalent (based on *t*-test statistics) rating on the inclusion of both dimensions. The vignette also had to receive high ratings on ease of understanding, realism, seriousness of consequences, and overall quality; and moderate ratings on technical complexity and familiarity.

The three vignettes chosen involved healthcare coverage for retired employees (healthcare vignette), the distribution of drugs to a population unable to afford them (drug vignette), and the possibility of lead poisoning in factory workers (lead vignette). These were the only vignettes of the original eight that met the necessary criteria. The lead vignette appears in the Appendix.

Scoring vignette responses. Two trained coders scored participants' responses based on their inclusion of the following dimensions: (a) financial profitability (FP); (b) well-being (financial, physical, or emotional) of the nonpowerful individuals involved (WBN); and (c) legal culpability (LC). The coders used an 8-point scale ranging from 1 (*almost entirely*) to 8 (*not at all*).

Responses coded high on the dimension of FP were those that included decisions or actions that would either serve or detract from the fiscal well-being of the target organization. Also included were responses that men-

tioned profit-promoting strategies. An example of a response that received a high score on FP is "High cost: The cost of the new equipment has already had an impact on profitability. The cost of replacement and cleanup should be evaluated in detail."

Responses coded high on WBN were those that mentioned decisions or actions affecting the well-being of individuals who were not members of the organizations' top management team nor of stakeholders who directly impacted the financial profitability of the company (e.g., central suppliers, customers). An example of a response that received a high score on WBN is "The health of the employees: Most importantly, this needs to be a determining factor for humanitarian reasons. The health of the employee as it relates to their work is the moral and ethical responsibility of the employer."

Lastly, responses coded high on LC were those that mentioned decisions or actions that could result in legal liability for the target organization. An example of a response that received a high score on LC is "Liability concerns: The legal implications associated with poor work conditions and poisoned workers is tremendous. Knowledge that there might be some association between faulty equipment and sick employees could be very damaging."

Participants' scores on this task were calculated by first reverse-scoring ratings assigned to each issue on the three dimensions so that a higher rating corresponded to a greater importance or involvement of the dimension in the response. Dimension averages were then calculated by summing the coders' averaged ratings across each of the participants' responses and then dividing by the number of issues (between 3 and 5) that the individual nominated. A higher score indicates greater inclusion of a given dimension in the response.

Results

Coders' Ratings

Coders' ratings were highly convergent. Using Cronbach's alpha, average interrater reliability was .96, and the average correlation between the coders' ratings across the three dimensions was .94. Based on this high convergence, individual coders' scores were averaged together in all subsequent analyses.

Salary Differences on Individual Dimensions

The investigation examined the effects of salary level on inclusion of the dimensions of FP, WBN, and LC in participants' open-ended responses using hierarchical linear regression. In Step 1, the dimension was predicted by

salary level, operationalized as a continuous variable. In Step 2, the control variables of gender, age, educational level, years with the current employer, and years of professional experience were entered. The results of these analyses are presented in Table 2.

Using a continuous measure of salary, Hypothesis 1 was not supported. Salary accounted for only 2% of the variance in FP ($\beta = .16$), $t(68) = 1.29$, $p = .20$. While Model 2 explained an additional 8% of the variance, this increase was not statistically significant, $F_{change}(5, 63) = 1.20$, $p = .32$.

In contrast, Hypotheses 2 and 3 were supported. Salary accounted for 9% of the variance in WBN ($\beta = -.29$), $t(68) = -2.54$, $p < .05$. Model 2 explained an additional 4% of the variance, which was not statistically significant, $F_{change}(5, 63) = 0.60$, $p = .71$. Likewise, salary level accounted for 6% of the variance in LC ($\beta = -.24$), $t(68) = -2.04$, $p < .05$). While Model 2 explained an additional 11% of the variance, this increase was not statistically significant, $F_{change}(5, 63) = 1.70$, $p = .15$.

Dichotomous Salary Difference

I also examined the ability to predict scores on the individual dimensions using a dichotomized salary variable. In the current sample, salary consisted of eight levels, with 3 (i.e., $80,000–$100,000) being the median score. Thus, I dichotomized the sample by splitting it at those participants with a score below the 3 salary level ($n = 44$) and those with a score above the 3 salary level ($n = 29$). This split gave us two groups: one that received salaries below $100,000, and one that received salaries above $100,000.

As was done previously, I conducted hierarchical linear regressions to examine the effects of dichotomized low and high salary on the inclusion of the dimensions of FP, WBN, and LC. In Step 1, the dimension was predicted by the two-level salary variable. In Step 2, the control variables of gender, age, educational level, years with the current employer, and years of professional experience were entered. The results of these analyses are presented in Table 3.

Using the dichotomous predictor variable, Hypotheses 1, 2, and 3 were supported. Salary accounted for 7% of the variance in FP ($\beta = .26$), $t(68) = 2.25$, $p < .05$. Model 2 explained an additional 8% of the variance. However, this increase was not statistically significant, $F_{change}(5, 63) = 1.20$, $p = .10$. For Hypothesis 2, dichotomized salary level accounted for 11% of the variance in WBN ($\beta = -.33$), $t(68) = -2.91$, $p < .01$. And the variance explained by Model 2 was an additional 4%, which was not statistically significant, $F_{change}(5, 63) = 0.62$, $p = .68$. Lastly, dichotomized salary level accounted for 9% of the variance in LC ($\beta = -.30$), $t(68) = -2.62$, $p = .01$.

Table 2

Hierarchical Regression Analysis for Variables Predicting FP, WBN, and LC

Variable	β	*SE*	*t*	R^2
Model predicting FP				
Step 1				
Salary	0.16	0.14	1.29	.02
Step 2				
Salary	0.06	0.19	0.34	
Gender	–0.07	0.47	–0.53	
Age	–0.15	0.04	–0.86	
Educational level	0.17	1.27	0.16	
Years with employer	0.16	0.13	1.19	
Years in profession	0.21	0.03	1.44	.11
Model predicting WBN				
Step 1				
Salary	–0.29	0.15	–2.54*	.09*
Step 2				
Salary	–0.42	0.22	–2.53*	
Gender	0.06	0.53	0.50	
Age	0.21	0.04	1.23	
Educational level	–0.08	1.42	–0.60	
Years with employer	0.40	0.14	0.28	
Years in profession	0.01	0.04	0.04	.13
Model predicting LC				
Step 1				
Salary	–0.24	0.08	–2.04*	.06*
Step 2				
Salary	–0.14	0.11	–0.88	
Gender	0.19	0.28	1.59	
Age	0.05	0.02	0.30	
Educational level	–0.13	0.74	–1.06	
Years with employer	–0.26	0.08	–2.01	
Years in profession	0.05	0.02	0.37	.17

Note. FP = financial profitability; WBN = well-being of the nonpowerful; LC = legal culpability.
*$p < .05$.

Table 3

Hierarchical Regression Analysis for Variables (Including Two-Level Salary) Predicting FP, WBN, and LC

Variable	β	*SE*	*t*	R^2
Model predicting FP				
Step 1				
Two-level salary	0.26	0.40	2.25*	.07*
Step 2				
Two-level salary	0.25	0.47	1.79	
Gender	–0.09	0.47	–0.73	
Age	–0.23	0.04	–1.44	
Educational level	0.14	1.21	1.12	
Years with employer	0.12	0.15	1.27	
Years in profession	0.19	0.03	1.29	.15
Model predicting WBN				
Step 1				
Two-level salary	–0.33	0.44	–2.91**	.11**
Step 2				
Two-level salary	–0.41	0.54	–2.91**	
Gender	0.09	0.53	0.73	
Age	0.16	0.04	1.00	
Educational level	–0.10	1.37	–0.80	
Years with employer	–0.05	0.13	–0.40	
Years in profession	0.05	0.04	0.32	.15
Model predicting LC				
Step 1				
Two-level salary	–0.30	0.24	–2.62*	.09*
Step 2				
Two-level salary	–0.33	0.27	–2.47*	
Gender	0.22	0.27	1.88	
Age	0.11	0.02	0.75	
Educational level	–0.11	0.70	–0.92	
Years with employer	–0.27	0.07	–2.35*	
Years in profession	0.09	0.02	0.62	.23**

Note. FP = financial profitability; WBN = well-being of the nonpowerful; LC = legal culpability.
*$p < .05$. **$p < .01$.

While Model 2 explained an additional 14% of the variance in LC, this increase was only marginally significant, $F_{change}(5, 63) = 2.34$, $p = .05$.

Discussion

The results of this investigation support the hypotheses that salary level affects focus on issues that directly serve organizational financial well-being, as well as those that are related to prosociality and legal constraints. As predicted, I found that in comparison to their lower salary-receiving counterparts, individuals who received higher salaries were more likely to focus on issues related to financial profitability and were less likely to focus on issues related to well-being of the non-powerful and legal culpability.

While the naturalistic study design does not allow one to assign and manipulate variables randomly, it does allow one to examine the relationship of variables in relevant contexts. In the current investigation, I used actual middle-level managers from a large, Fortune 200 corporation. The results are consistent in directionality with those found by Vohs et al. (2006). However, I extended their priming of the mere concept of money to examine how a more personalized economic concept—namely, one's salary level—affects his or her prioritizing of prosociality-related versus financial-profitability-related dimensions in domain-relevant decision making. Taken together, research on salary level and behavior in the workplace and Vohs et al.'s findings suggest that when pay is linked to financial profitability objectives in an organization, one may expect a decreased focus on prosocial-related issues (e.g., well-being of non-powerful stakeholders) and an increased focus on financial-profitability-related issues.

Implications

The findings of the present study have several important implications for the ways corporations structure their compensation plans. The benefits and decrements of performance-based pay systems, also known as *merit pay* (Pearce, Stevenson, & Perry, 1985), are frequently cited topics in management practice and scholarship (cf. Barkema & Gomez-Mejia, 1998; Jenkins et al., 1998). The results of the current investigation suggest that while performance-based compensation systems may benefit the organization by leading employees to focus more on how outcomes can enhance the organization's fiscal position, such systems may not benefit stakeholders who are not central to the financial profitability of the organization.

The results also indicate that the focus on profitability that is related to receiving higher salary levels decreases the focus that individuals place on

issues related to the legal culpability of decisions. This effect may explain some of the recent illegal behavior in the corporate world (e.g., Enron, WorldCom). Such scandals involved highly paid executives who appear to have believed that they were immune to the potential negative consequences of their illegal actions, including jail time and substantial litigation at the expense of the organization, its shareholders, and its non-share-owning stakeholders.

These findings are consistent with the theory that organizational incentives serve to shape individual behavior. Some of this behavior can be perceived as beneficial to the organization (e.g., greater shareholder value), while some of this behavior can be perceived as detrimental to the organization (e.g., lack of concern for low-powered stakeholders and for legal obligations), if not proximally, then more distally.

Finkelstein and Boyd (1998) found that executive compensation is directly related to managerial discretion. In high-discretion environments, individuals have greater impact on the organizational outcome because other behavioral restraints are less intrusive. Thus, based on the current investigation's findings, executives who receive higher pay—and thus may have more latitude in organizational decision making—are likely to be making decisions that enhance the financial profitability of the organization, but ignore issues related to legal culpability and the well-being of stakeholders lower down the hierarchy. Again, this effect may be beneficial for the proximal goals of the organization, but its more distal benefits are questionable.

Study Limitations

The current investigation is not an experimental study in which I was able to manipulate individuals' salaries and examine how salary level would affect focus during decision making. That being said, I controlled for factors that were potentially related to salary level (e.g., age, gender, prior experience). In addition, because the data are correlational, I cannot draw any conclusions based on the directionality of the findings. For example, I cannot conclude if providing financial rewards makes people focus more on financial-related issues at the expense of issues that affect human well-being and legal culpability or if focusing on financial-related issues at the expense of human well-being and legal culpability increases one's financial compensation. Indeed it may not be an either–or relationship, but rather a continuous loop in which focus on financial profitability leads to financial rewards, which in turn reinforces one's focus on financial profitability and encourages such behavior in the future.

I only examined decision making within the business domain. Thus, it is unknown if these results would generalize if managers were given problems in

non-business domains, such as those concerning family or community. This is a question for future empirical investigation.

Finally, I examined managers in a single organization. Thus, I cannot be certain that the current findings would generalize to managers in other corporations or industries, as well as to non-Fortune 200 organizations. The implications for extending this investigation beyond the current industry or specific organization are discussed later.

I should be clear that I do not claim that the relationship between incentives and increasing behavior that is consistent with those incentives is unique to the corporate domain. There is ample evidence that incentives—both financial and non-financial—are strong drivers in all domains, as well as outside of the human species. However, the incentives do not always need to be monetary in nature. For example, in conjunction with the introduction of systems such as the No Child Left Behind Act (which makes student test scores a source of rewards or sanctions for teachers), teachers may put a disproportionate amount of emphasis on "teaching to the test." Based on meaningful incentives, teachers may pressure students (consciously or non-consciously) to perform well on a test at the expense of mastering other skills that might be equally important to their learning experience, but that are not being tested. Likewise, in research-based academia, in which financial compensation and job stability are tied to peer-reviewed publications, the process of collecting data for, writing, and submitting these publications is likely to be foremost on faculty members' minds, over and above other responsibilities (e.g., teaching, organizational service).

Future Directions

There are several potential future directions for this investigation, some of which would study the effects of salary level on organizational decision making within a laboratory setting and others of which would study the effects of salary level on decision making in a variety of organizational field contexts. An existing body of work has investigated the effect of pay on motivation within the laboratory context (e.g., Boal & Cummings, 1981; Deci, Benware, & Landy, 1974). However, these investigations have not examined the effects of pay level on the content of decision making. For example, a laboratory paradigm could give participants either a low or high amount of money in exchange for their participation. These individuals could then be asked to complete an anagram or word-search task in which they would have to unscramble or search for words related to either finance (e.g., "dollar") or prosociality (e.g., "helpfulness"). Based on the findings of the current investigation, one would suspect that individuals who are

compensated with higher monetary values would be more likely to find words related to economic themes, whereas those who are compensated with lower monetary values would be more attuned to words related to prosociality.

Future investigations could also examine the robustness of these findings beyond the managerial level and industry of the current organization. One might predict that the relationship between salary level and focus during decision making extends to other levels of the organizational hierarchy, including members of the top-management team. It would be informative to investigate if executives who receive higher levels of compensation are also more likely to prioritize financial profitability and relatively to ignore issues that affect low-powered stakeholders.

This research could be extended beyond the current industry into industries in which financial profit versus human well-being are emphasized to varying degrees. For example, one could examine if the relationship between salary level and focus on prosociality extends to pharmaceutical or medical corporations, where issues related to human well-being are relatively central to the industries' daily activities and products.

Focus can be operationalized in various ways. In the current investigation, I operationalized focus via coding individuals' open-ended responses to fictitious vignettes. Other methods for measuring focus during decision making could be through peer or supervisor ratings of the individual or via examining behaviors or initiatives that the individual has pioneered at the organization.

Salary is an important aspect of one's job (Feldman & Arnold, 1978; Zedeck, 1977). How salary level affects individuals' decision making has meaningful implications for the ways organizations compensate their employees, as well as the objectives on which they base their incentive systems. Not only does high corporate pay elicit criticism from the public—which believes that it is unethical to have such large discrepancies between the upper and lower organizational echelons—but perhaps high pay exacerbates the psychological distance between the highly paid and the more meagerly paid by leading the former to discount the latter in decision making. In a world in which the corner office is becoming increasingly scrutinized and transparent, and in which the stakeholder view of the firm is increasing in popularity (Freeman, 1984), how pay level affects decision making is a topic that deserves greater attention for the distal success of the organization and for the well-being of all stakeholders, and not just those stakeholders that lead directly to short-term profit.

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Appendix

Lead Vignette

Some Mysterious Cases

Within the last month, seven employees have shown up at the Mattalus Materials, Inc. plant with similar symptoms. They are experiencing fatigue, abdominal pain, abnormally high blood pressure, and muscle weakness in the feet and hands. These are symptoms characteristic of many illnesses and disorders, but are also classic signs of lead poisoning. The lead levels in all seven employees' blood are tested. Results come back showing normal levels on six of the seven tests, with one of the tests indicating lead levels that are slightly above the normal range. But this is not immediate cause for concern, since these tests are only 80% reliable.

Background on Mattalus Materials

The majority of Matttalus' revenues come from lead smelting. Smelting is the process that extracts lead from its raw form, where it is combined with other minerals and ores. This process results in a pure form of lead, ready to be used for a variety of different manufacturing and chemical purposes.

The Mattalus plant is located on the outskirts of Mayfair, a small town. The town is inhabited by many families and elderly people, many of whom have lived in Mayfair all their lives; 97% of Mattalus' employees live there.

During the last fiscal year, Mattalus did not do so well. Its profits were down, and the outlook for the current year is not much better. If Mattalus is not able to meet its projected earnings for the year, the share price is bound to fall, leading to disappointing results for both the corporation and its shareholders.

Mattalus has always had exemplary scores on all employee safety and health inspections. All employees must go through a rigorous training program on safe lead handling practices and must wear state-of-the-art protective gear. Mattalus has not had a single reported case of lead poisoning in its 15-year history.

A New Lead Transport System

A little over 2 months ago, Mattalus installed new machinery to transport the ore from the unloading quays to the smelting floor of the factory. These machines are the most modern equipment available and are considered to be the gold standard in the industry. The entire installation process cost Mattalus $3 million and required that the plant be shut down for 1 month. Mattalus lost over $1 million in revenue during this time, but the new equipment is faster and more energy efficient, leading to potentially greater future revenues. After extensive analysis from expert consultants, it was decided that the money and lost production time required for the installation of this new system would be worth it.

This new transport system has only been available to the lead-processing industry for a little over 6 months. Tests conducted on this new machinery by the American Association of Lead Processing indicated that no lead dust is distributed into the air during the transport process from the quay to the factory, but since it has been in use for so few months, there are no "real-world" data from which to extract. After the seven employees fall ill, Mattalus decides to have the lead levels in the air of the entire plant tested. Unfortunately, it will take 1 month to have these tests completed and the results sent back to the Mattalus executives. If the factory is contaminated with lead, many more employees could potentially be sick by the time the results are returned.

If Mattalus decides to replace the new transport system, this will require the plant to be shut down for 3 months, resulting in about $4 million in lost revenue, $3 million to have a new system installed, plus Mattalus would completely lose the money it spent to have the current system installed. Without any information indicating that the current system is faulty, the executives can see no good reason why it should be replaced.

Mattalus decides to consult with its legal advisory board. The board tells Mattalus that since it had all seven employees tested for lead poisoning and all tests came back normal, the corporation would not be held responsible for not shutting down the plant before the environmental tests are completed.