

**Effects of Compensation Systems on Job Search Decisions:
An Application of Person-Organization Fit**

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Running Head: COMPENSATION SYSTEMS AND JOB SEARCH

This paper has not undergone formal review or approval of the faculty of the ILR School. It is intended to make results of Center research, conferences, and projects available to others interested in human resource management in preliminary form to encourage discussion and suggestions.

Abstract

Past research has demonstrated the importance of pay level in job search and choice processes. Compensation policies other than pay level may have important effects on applicant attraction, yet there has been little research examining this possibility. The role of person-organization fit in job search and job choice decisions has also been supported. Because pay systems define an organization's expectations and culture, they may be an important organizational attribute for individuals to compare with their needs and values; thus the corresponding level of fit between compensation policies and individuals' dispositions may affect subsequent job search and choice decisions. Using several research methods and a sample of individuals currently involved in the interviewing process, this study examines both the main and interactive effects of various pay system attributes on job search. Resulting analyses primarily supported the hypotheses, suggesting that many facets of pay systems may have important effects on individuals' job search and choice decisions.

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Effects of Compensation Systems on Job Search Decisions:

An Application of Person-Organization Fit

Pay is an important job factor (Jurgensen, 1978), and has substantial implications for applicant attraction and subsequent job choice decisions (Rynes, 1987; Rynes, Schwab, & Heneman, 1983). Research on the relationship between compensation systems and job search and choice has typically examined the effects of relative pay level (Gerhart & Milkovich, 1992). However, compensation systems include other important attributes in addition to pay level. Other components of pay systems may have important effects on the value individuals place on organizational inducements. For instance, it is acknowledged that pay systems act as signaling devices to applicants, providing information about less visible organization attributes (Gerhart & Milkovich, 1992; Rynes & Miller, 1983; Turban & Keon, 1993). Rynes (1987) suggested that "compensation systems are capable of attracting (or repelling) the right kinds of people because they communicate so much about an organization's philosophy, values, and practices" (p. 190).

Thus, while various pay system characteristics are expected to affect applicant attraction directly, such that the majority of applicants in a targeted selection pool interpret them similarly, certain types of individuals may attach different meanings and values to pay plans. Pay level, for instance, positively affects most individuals' job choices, but other aspects of pay systems may cause certain types of applicants to be more or less attracted to organizations. Self-selection in to or out of the hiring process is an important factor for organizations to consider because the types of individuals attracted to an organization may have subsequent implications for the composition of that organization (Schneider, 1987). Furthermore, certain business and human resource strategies appear to require certain types of employees. Organizations can save resources (e.g., selection costs) by designing pay systems which attract the right kinds of people (Rynes, 1987).

Applicant self-selection based on compensation policies is consistent with the tenants of person-organization fit. It has been widely claimed that applicants make job search and choice decisions based on their personalities, and their perception of the match between their personalities and organizational culture (Bretz, Ash, & Dreher, 1989; Chatman, 1989; Judge & Bretz, 1992;

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Schneider, 1987; Turban & Keon, 1993). Although applicants can acquire information about an organization's culture through a number of sources including interviewers or product reputation, these sources of information may be subtle and variable. Human resource systems, on the other hand, are relatively stable and are often observable to applicants. As an integral part of human resource systems, compensation policies are relatively stable sources of information reflecting organizational culture. Furthermore, Judge and Bretz (1992) suggested that job choice based on fit may only operate when information about organizational values is salient to applicants. Because pay systems are important and observable to job seekers, they are likely to be salient and may be especially important in job search and choice decisions based on fit (Rynes, 1987; Turban & Keon, 1993). Several researchers have made reference to the relationship between individual differences, compensation systems, and person-organization fit (Bretz et al., 1989; Miceli & Lane, 1991). Turban and Keon (1993) recently supported the interactive relationship between performance-based pay systems and individuals' needs for achievement. However, there is a lack of systematic empirical research on the relationship between total compensation systems and job search and choice decisions.

Strategic compensation decisions

Compensation and human resource managers make many pay system decisions which potentially affect job seekers' impressions of the organization. However, as Milkovich and Newman (1990) suggested, only those pay system decisions affecting the success of the business are considered strategic. Accordingly, although other researchers (e.g., Gomez-Mejia & Balkin, 1992) have assembled more exhaustive lists of compensation decisions, the pay attributes chosen for investigation in the present study are based on the five strategic decisions cited by Gerhart and Milkovich (1992) and Milkovich & Newman (1990). These include external competitiveness, internal pay structure, individuals differences/employee contributions, benefits, and alternatives to traditional systems (Gerhart & Milkovich, 1992). An effort was made to include at least one pay attribute from each of these strategic choices because it appears fitting to begin systematic research on the effects of pay systems on job search and choice with the most consequential pay decisions.

Hypotheses

One way to examine the direct effects of different compensation policies on job search and choice decisions is to systematically assess the degree to which applicants' willingness to pursue positions depends on pay system attributes. The relative weight applicants place on various pay system attributes provides an indication of the importance of those pay policies in the job search and choice process. Furthermore, examining these pursuit intentions relative to individuals' dispositions allows an assessment of the fit between individual differences and pay systems. It is expected that compensation systems will have general effects on applicants (e.g., pay level will be positively associated with job search for more individuals). However, some characteristics of pay systems may be more attractive to some individuals than to others. Accordingly, the overall effects of compensation systems on applicant job search and choice are hypothesized, then the degree to which the valence of these systems may depend on the dispositional characteristics of individuals is hypothesized. The pay attributes used in this study appear with their manipulations in Table 1. Each attribute is considered in turn.

 Insert Table 1 About Here

Pay Level

It is generally accepted that higher levels of pay relative to the market will attract greater quantities of applicants (Rynes & Barber, 1990; Yellen, 1984). Some empirical evidence also supports the hypothesis that pay is particularly effective for motivating job application and acceptance decisions (Lakhani, 1988). Rynes et al. (1983) found that pay level acted as a hurdle in job choice decisions, where non-pecuniary job factors affected decisions only if a predetermined level of pay was offered. Gerhart and Milkovich (1990) suggested that pay levels might have their most direct effects on employee attraction. Similarly, Jurgensen (1978) found pay to be ranked as the most important factor of position attributes when social desirability was controlled. Consistent with past research, pay level is expected to positively affect job choice.

H1: Pay level will positively influence the probability of actively pursuing a position with an organization.

Pay level probably is attractive to most individuals because it offers them a corresponding level of purchasing power, and is therefore expected to be an important factor in job search and choice decisions. However, pay level may be more important to some applicants than to others (Bretz & Judge, 1992). A personality dimension that might moderate the relationship between pay level and applicant attraction is materialism, or the importance one attaches to worldly possessions. Richins and Dawson (in press) suggested that materialistic individuals place high value on material acquisitions and the means to acquire possessions. Because level of pay directly affects individuals' ability to acquire worldly possessions, more materialistic applicants would be expected to place greater importance on level of pay when evaluating jobs than those low in materialism. Wachtel and Blatt (1990) found that materialists required a higher income to live what they perceived as a comfortable life. Similarly, Richins and Dawson found that materialistic individuals desired a larger income, and placed greater emphasis on financial security. Thus, although it is expected that pay level will be valued by most individuals, it is also expected to be more salient to materialistic job seekers than to those who value materialistic possessions less.

H2: Highly materialistic applicants will be more attracted to positions with a higher pay level than applicants with lower materialism.

Flexible Benefits

Gerhart and Milkovich (1992) suggested that benefits account for 28% of total compensation costs, but also noted that benefits accrue variable value to individuals. Flexible benefits plans may be beneficial to both employers and employees because they allow choice among different types of benefits. Employees can choose less expensive benefits with greater personal value, improving employee satisfaction while at the same time saving organizational resources. McLaughlin, Robinson, and Anderson (1991) suggested that flexible benefits help attract and retain employees because they reduce tax liability and increase take home cash. Barber, Dunham, and Formisano (1992) found that the implementation of a flexible benefits plan positively

affected benefit satisfaction, and to a lesser degree, job satisfaction. In accordance with past theory and research, it is expected that flexible benefits will positively influence individuals' decisions to pursue a position.

H3: Flexible benefits will positively influence individuals' decisions to actively pursue a position with an organization.

While a large number of organizations are turning to flexible benefits, benefits choices may not be seen as a positive situation to all employees. Employees may be overwhelmed with the responsibility to choose between benefits alternatives, and there may be a considerable time investment to learn about the benefits offered and design a package that best suits them. Some support for this claim derives from the fact that organizations are employing computerized expert systems to aid employees when choosing their benefits packages (Sturman & Milkovich, 1992).

If some individuals desire flexible benefits more than others, it appears important to understand the characteristics that cause these differences. A personality characteristic which may influence job seekers' evaluation of flexible benefits is locus of control (LOC) (Rotter, 1966). LOC concerns the degree to which individuals believe that they control events in their lives (internal LOC) or that the environment, luck, or chance controls events (external LOC) (Rotter, 1966). In the present context it appears that job seekers with an internal LOC might be more attracted to an organization in which they control their outcomes. Those who desire control may be more willing to invest the time and energy required to make benefits choices, while those who feel control is beyond their ability may consider the investment an aggravation. Supporting this argument, Miceli and Lane (1991) suggested that individuals' need for control may affect their benefits preferences. Individuals with an internal LOC are expected to be more attracted to environments involving choice and control than those who feel their choices are bound to be ineffective.

H4: Applicants with an internal locus of control will be more attracted to flexible benefits than those with an external locus of control.

Evaluative focus: Individual or Group-Based

Evaluative focus concerns whether performance evaluation and subsequent rewards are based on the individual or the group. Whether an organization rewards individual or group performance presumably sends signals to applicants concerning teamwork expectations and organizational culture. Applicants may use these signals to compare organizations and to evaluate their desire to be evaluated as an individual or as part of a team. In the present study, it is expected that in general job seekers prefer individual-based pay plans. Expectancy theory may help provide the rationale. Expectancy theory postulates that the attractiveness of an alternative will increase as the links between personal efforts, results, and outcomes become more direct. Individual-oriented pay systems appear to create this motivating state more than group-based systems because job performance and subsequent rewards are more associated with individual contributions, leading to higher contingencies between individual contributions and rewards. Consistent with the predictions based on expectancy theory, Bretz and Judge (1992) found that job applicants preferred individual-based incentive systems. Furthermore, when studying U.S. applicants, this hypothesis is consistent with international researchers (e.g., Hofstede, 1980) who have suggested that the United States is the most individualistic society in the world (rated 91 on a scale ranging from 5 to 91 and with a mean of 44).

H5: Individual-oriented pay systems will positively influence individuals' decisions to actively pursue a position with an organization.

Just as countries place different values on individualism and collectivism, variance is expected to exist between job seekers within a country. In fact, individualism versus collectivism has been viewed as a dispositional construct. Individualists prefer to work alone, and place value on personal goals, autonomy, and privacy (Wagner & Moch, 1986). Collectivists desire high levels of interaction, have a high degree of reliance on others, and have a cooperative disposition (Bretz et al., 1989). Furthermore, collectivists derive satisfaction from group accomplishment (Earley, 1989), and feel individuals should be willing to make sacrifices for the sake of the work group (Wagner & Moch, 1986). This personality characteristic is directly related to pay systems'

evaluative focus. Pay systems which emphasize results produced through group interdependence and which distribute rewards based on group performance demand a cooperative work effort, while those which reward individuals for their performance tend to demand a more individual effort. Collectivists would appear to desire evaluation on group achievement, and fit best in a group-based reward environment, while individualists would be expected to desire evaluation and rewards for their individual performance, such as those provided through individual merit pay.

Bretz et al. (1989) and Bretz and Judge (1992) offered empirical support for the relationship between collectivism and group-based pay. Bretz et al. (1989) tested the hypothesis that individuals with greater needs for affiliation would be more attracted to group-based reward systems, finding only limited support. While there may be several explanations for this weak support, the authors suggested that need for affiliation may not have been the construct best suited to explain individuals' propensity toward group-based reward systems. Based on this suggestion, Bretz and Judge (1992) developed a two-item team orientation scale which measured desire for a group-based pay system (e.g., "members of a team should get the same rewards"). Although scores on this measure were related to the attractiveness of organizations with a team-based pay systems, there is some question whether the authors examined the relationship between team orientation and desire for organizations with group-based pay, or simply correlated two measures of desire for group-based pay. The present paper extends Bretz and Judge's (1992) findings with a general personality scale, providing a fuller examination of the relationship between personality and attractiveness of organizations' pay systems.

H6: Applicants with high individualism will be more attracted to an individual-based versus a group-based pay plan than those with high collectivism.

The characteristic of self-efficacy also appears relevant to individuals' propensity toward individual versus group pay systems. Perceived self-efficacy is concerned with judgments of how well one can execute courses of action (Bandura, 1982). Bandura also proposed that self-efficacy judgments influence choice of activities and environmental settings in that people avoid activities they believe exceed their capabilities, but undertake those that they judge themselves capable of

managing. Expectancy theory predicts that situations will have more expected value when expectancy (the link between action and accomplishment) is higher. Accordingly, individuals with more confidence in their personal ability (e.g., high self efficacy) may perceive greater expectancy in their actions, and be more attracted to pay systems which link their individual behavior with rewards. Thus, if applicants feel they are more productive than others, they may want their performance to be evaluated and rewarded individually since a group evaluation would generally lower their outcomes to the mean. Conversely, individuals with low self-efficacy may be more attracted to pay systems which reward group performance because they can profit from improvements in group productivity regardless of their own contribution, a concept commonly referred to as free riding (Cooper, Dyck, & Frohlich, 1992).

H7: Applicants with high self-efficacy will be more attracted to an individual-based versus a group-based pay plan than those with low self-efficacy.

Pay Stability

In the context of agency theory, making employees' pay contingent on organizational outcomes is an obvious means of aligning agents' interests with those of principals (Eisenhardt, 1989). As Gerhart and Milkovich (1992) noted, however, agents are typically more averse to financial risks than principals because agents are less able to diversify their risks. Furthermore, while contingent pay systems may make rewards partly dependent upon employees' performance, pay may also be subject to factors beyond employees' control, such as government policies and economic climate. These factors mitigate the instrumentalities of the reward system, making it less attractive according to expectancy theory. Thus, it is expected that job seekers will prefer fixed over variable pay. This hypothesis is also consistent with research that has found consistent negative relationships between risk judgments and attractiveness judgments (Weber, Anderson, & Birnbaum, 1992).

H8: Fixed pay will positively influence the probability of actively pursuing a position with an organization.

Because pay is generally recognized as important, the possibility of losing a portion of it is expected to be meaningful to most individuals. However, it is not expected that all individuals' are equally averse to the potential downside risk inherent in contingent pay systems. Rynes (1987) and Olian and Rynes (1984) asserted that while little research was available on the topic, contingent pay systems would be expected to attract different types of applicants. Weber et al. (1992) suggested that while ratings of risk and attractiveness appeared inversely related, the two judgment tasks also showed systematic differences, and that risk evaluation is subject to individual differences. One characteristic which is theoretically related to contingent pay is risk adversity. Gomez-Mejia and Balkin (1989) found that employees with a low willingness to take risks were more likely to experience withdrawal cognitions if they worked for a firm utilizing variable compensation. Furthermore, Maehr and Videbeck (1968) suggested that uncertainty may actually be motivational to a risk-inclined individual, and that a risk-taker can be expected to respond to unpredictable incentives differently from a low-risk person. Thus, risk adversity is expected to influence individuals' preference for a fixed versus contingent pay system.

H9: Applicants with high risk aversion will be more attracted to a fixed-pay versus a contingent pay system than those with low risk aversion.

Pay Base

In some organizations where flexibility is valued, employees are cross-trained to continuously develop their knowledge of different positions. To promote learning and progression through different positions, skill-based pay (SBP) may be adopted. Contrasted with traditional job-based pay, where employees are compensated according to the value of the position they occupy, SBP systems reward employees for gaining proficiency in various positions within the organization. Ledford (1991) suggested that SBP encourages a high-commitment work force, and tends to be used in organizations with high levels of employee involvement. Especially because SBP is a new way to structure the employment relationship, individuals may consider it a direct signal of an organization's culture and expectations.

It is expected that job based pay is currently more desirable to most job seekers than skill-based pay due to the uncertainty and additional investment SBP is likely to represent. Although SBP is an increasingly popular pay choice among employers, it is not familiar to most applicants. In a pilot study it was found that understanding of skill-based pay systems was the lowest of the pay policies employed in the present study. Furthermore, it is not likely that job seekers would have worked under a SBP system in the past, while it is quite likely that they would have considerable experience with a job-based pay system. SBP, then, is likely to represent a more uncertain situation to most applicants. Ambiguity, like risk, is generally avoided because it adds to the total uncertainty of the situation (Einhorn & Hogarth, 1985). Also, as described above, SBP plans demand greater employee commitment and energy. Success in the position into which employees were hired may be inadequate to receive additional rewards because employees are expected to continually learn new knowledge and skills. The conditions of a less certain but more demanding environment are expected to appear undesirable to most applicants.

H10: Job-based pay will positively influence the probability of actively pursuing a position with an organization.

Although in general applicants are expected to prefer job-based pay over SBP, all types of individuals may not equally prefer a job-based pay system, and those organizations with SBP might attract different types of applicants than a traditional pay system. Growth need strength might be a relevant construct in understanding individuals' differential responses to SBP.

Hackman and Oldham (1975) described growth need strength (GNS) as an individual difference concerning desire to obtain "growth" satisfaction from work. The GNS scale assesses individuals' responses to jobs with high motivating potential (high-involvement) positions, and is thought to moderate the relationship between job dimensions, employees' psychological states, and job outcomes. A SBP system is much like a position with high motivating potential, with high skill variety, task identity, task significance, autonomy, and feedback. Thus, it is expected that those individuals with high GNS will be more attracted to a skill based pay system than those with low GNS.

H11: Applicants with high growth need strength will be more attracted to a skill-based versus a job-based pay system than those with lower growth need strength.

The characteristic of self-efficacy also appears relevant to individuals' attraction to skill-based pay systems. As discussed in reference to individual-based pay, perceived self-efficacy is concerned with judgments of how well one can execute courses of action (Bandura, 1982). Employees working under skill-based pay systems are rewarded only for skills they are capable of using, and pay raises follow new additions of skills. While job-based pay plans also suggest performance contingencies, SBP places significance on continuous personal improvement and maintained proficiency. These environmental characteristics appear more suitable for individuals who have high belief in their abilities. SBP plans are generally thought to create more challenging work environment for individuals, and a large body of efficacy literature suggests that those with a strong sense of efficacy exert greater effort to master challenges (Bandura, 1982). In fact, Tosi and Tosi (1986) suggested that employees with low ability levels will be less satisfied with SBP than those with higher ability levels.

H12: Applicants with high self-efficacy will be more attracted to a skill-based pay plan than those with low self-efficacy.

Method

Setting, Subjects, and Procedure

Data were collected from engineering and hotel administration students approaching graduation at a large Northeastern university. Eighty-eight percent of respondents were interviewing for jobs at the time of survey distribution. Surveys assessed within-subjects data (consisting of a policy capturing section) and between-subjects data (consisting of personality scales and biographical information). Finally, surveys elicited subjects' responses to a number of questions about companies for which they were eligible to interview. The survey took approximately one hour to complete. The target sample included 360 students from 2 schools (engineering and hotel administration), consisting of 6 majors (electrical engineer, chemical engineer, operations research, computer science, materials engineer, and hotel administration), and

3 degrees (bachelor of arts, bachelor of science, and masters). The study was conducted with the support of the colleges' placement centers, and all respondents completed informed consent forms. Confidentiality of individuals' responses were assured, and participation was voluntary. All participants received \$10; participants completing the survey one week after distribution were entered into a lottery worth \$100. One hundred seventy-one usable surveys were returned (48%). Non-respondent data (major, degree, gender, and college) was collected and compared to respondents, and there were no significant differences between respondents and non-respondents. Thus, it appears that the sample of respondents was representative.

Respondents' ages ranged from 19 to 29 years with an average of 21.2 years ($SD = 1.25$ years). Seventy-one percent of respondents were men, and 75% were Caucasian. Work experience ranged from 0 to 11 years, with an average of 1.17 years ($SD = 1.65$ years). Grade-point averages ranged from 2.0 to 4.0, with a mean of 3.11 ($SD = 0.45$). Seventy-seven percent of the respondents were senior undergraduates, and 14% were graduate students. Twenty-four percent of respondents majored in electrical engineering, 22% in hotel administration, 22% in mechanical engineering, 15% in operations research, 13% in chemical engineering, and 4% in computer science.

Research Design and Measures

An experimental design was employed to assess the between-subjects variables. Specifically, participants studied a series of positions defined by their compensation system attributes, and then indicated their interest in pursuing positions with those characteristics. The importance of each pay system attribute was assessed with regression equations, where the magnitude of the standardized beta weights represented the policy decisions used to evaluate the stimuli. This design is known as policy capturing and has been used to study a variety of decision making processes, including job choice (Judge & Bretz, 1992; Rynes et al., 1983; Zedeck, 1977). Policy capturing is an alternative to direct estimation techniques, which give little indication of how rankings are used in actual decision making, demand greater self-insight than is likely to be possessed by decision makers, and are frequently criticized for eliciting responses subject to social

desirability (Jurgensen, 1978; Schwab, Rynes, & Aldag, 1987). Policy capturing obviates these problems because individuals are placed more fully into the decision-making role, evaluating holistic positions rather than stating preferences for specific position factors. Also, the level of experimental control in the policy capturing design facilitates causal inferences, enabling researcher to better assess the effects of the within-subjects factors.

The five within-subjects factors in the present study (see Table 1) include pay level, a job factor with established importance in the job search and choice process, and the four other compensation policy decisions previously discussed. When conducting research on job search and choice, level of pay must be realistic if correct interpretations of independent variables' effects are to be drawn (Judge & Bretz, 1992; Rynes et al., 1983). Rynes et al. (1983) found that applicants utilize a non-compensatory process of job choice decisions, where a threshold level of pay must be obtained before other factors are important. In the present study, average starting pay levels were calculated for each individual (by major and degree; e.g., electrical engineers with bachelors degrees) on the basis of placement office records of recent salary offers. Standard deviations were also calculated for each group. To check the realism of these standard deviations, weighted deviances were calculated based on the 75th and 25th percentiles from the individual means. Both techniques yielded similar estimates (e.g., $SD = \$3,923$ and $\$3,987$ using the two respective techniques). The standard deviation was added to and subtracted from each individuals' mean to calculate the respective high and low pay level manipulations (e.g., for bachelors students in computer science the average pay level was $\$40,120$, the high pay condition was $\$44,120$, and the low pay condition was $\$36,120$).

Table 1 also shows the four remaining compensation attributes employed in the study. The compensation system attributes were chosen based on the five strategic decisions cited by Gerhart and Milkovich (1992). These include external competitiveness (e.g., pay level), internal pay structure (e.g., pay hierarchy), employee contributions (e.g., individual vs. group contribution), benefits (flexible vs. fixed), and alternatives to traditional systems (pay-at-risk, skill-based pay). Pay structure, concerning the number of pay levels and the rate of progression through a pay

hierarchy, was not considered relevant to the purposes of this study because the target population had very little full-time work experience. Pay structure is more pertinent to job seekers who have held full time positions and have had the opportunity to receive raises and work up (or across) a pay structure. In fact, a pilot study conducted to assess the relevance of the six compensation attributes suggested that respondents were significantly less familiar with pay structure and rated it as significantly less important to them ($p < .01$) than the other attributes.

Dichotomous conditions were used to define the four remaining variables (Hoffman et al., 1969). Each of the five variables' manipulations is listed in Table 1. The manipulations were derived from Gerhart and Milkovich (1992), Milkovich and Newman (1990), and Gomez-Mejia and Balkin (1992). The gains-to-loss ratio in the contingent pay condition was based on evidence that employees charge organizations (in the form of pay premiums) to accept a portion of the risk that the organization would otherwise bear (Gerhart & Milkovich, 1992). The percentage of variability was adapted from research conducted by Drankosky and Judge (1992) which suggested that variable pay plans affecting lower to middle management contained 15% below-base loss and 25% above-base gain.

The pay system variables were completely crossed, creating every possible combination and permitting assessment of the importance placed on each factor by respondents (Hoffman et al., 1968). Furthermore, to assess the degree of reliability between the scenarios, four replicate scenarios were utilized. The resulting 36 scenarios were presented in random order. To further minimize order effects, each pay variable was randomly presented within each scenario.

The dependent variable, "How likely is it that you would actively pursue interviewing with this organization?" was the defined probability of pursuing interviewing with an organization. Subjects responded to a 7-point Likert scale anchored by 1 = highly unlikely to 7 = highly likely. The overall reliability of this variable for the four duplicated scenarios was .90. Desire to pursue interviewing was chosen over job choice as a dependent variable because most participants were currently involved in the interviewing, or job search process, while few had yet made job choices. Also, policy capturing has been criticized because participants often must rate an unrealistically

large number of scenarios. It is more realistic to pursue 36 jobs or companies (via interviews) than to receive and decide between 36 job offers. Thus, employing job search as a dependent variable was thought to enhance the validity of the study. However, job search is critical to, and is in many ways representative of, job choice. Job search precedes choice logically, and there are opportunity costs in eliminating positions from further pursuit. In this study, "job search" encompasses job evaluation and choice in the context of antecedents, outcomes, and implications (Schwab, 1987).

Organization Pursuit Data

To further examine the effects of compensation policies on job search and choice decisions, and to assess the degree to which the policy capturing results generalize beyond an experimental setting, the present study elicited information about the organizations for which respondents were currently interviewing. Rynes (1991) has lamented that previous studies on job search and choice have concentrated primarily on contrived search and choice situations. In the present study, individuals indicated their willingness to pursue the organizations with which they were currently eligible to interview, and their beliefs about each organizations' pay systems. Consistent with Rynes (1991) and Rynes et al. (1983), information obtained about actual organizations might be expected to have greater external validity than experimental data where characteristics are assigned to fictitious organizations. Surveys were created to ensure that each respondent answered questions only about those organizations relevant to his or her interviewing possibilities. Individuals indicated their desire to pursue interviewing with various companies (e.g., "rate the degree to which you would actively pursue obtaining a position with Air Products") on a likert scale where 1 = very little and 5 = very much. Respondents were also asked to provide their perceptions of how those companies paid their employees (e.g., "I believe Air Products has a group-based reward system"). Responses were on a 5 point likert scale where 1 = strongly agree and 5 = strongly disagree. Participants indicated their willingness to pursue the organizations prior to answering the pay questions to avoid priming effects, although this does make consistency

effects possible. However, Bretz and Judge (1992) found little evidence of such effects in their job choice study.

Between-Subjects Measures

Consistent with Salancik and Pfeffer (1978), the order of the survey may prime respondents and distort the data obtained on later survey sections. In the present study, the order of the survey was systematically mixed, and then instituted as a control variable to ensure that potential priming effects would not influence the effects of other variables in the analyses.

Measures for each personality characteristic were chosen based on past research which suggested adequate reliabilities and validities. The constructs and their measures are described below.

Materialism. Materialism was assessed using Richins and Dawson's (in press) 17-item measure. The measure has exhibited high reliabilities in past research and assesses the importance a person places on possessions and their acquisition as a necessary conduct to reach desired states (e.g., "Some of the important achievements in life include acquiring material possessions"). In the present study the reliability estimate for this scale was .85.

Individualism / collectivism. The construct of individualism / collectivism was assessed with a combination of scales. Erez and Earley (1987) created a four-item measure of collectivism based on Hofstede's (1980) conceptualization, and Earley (1989) later modified the scale. Items on the scales were utilized in the current study. Items were also adapted from Steers and Braunstein's (1976) Manifest Needs Questionnaire (MNQ), a measure with specific reference to work settings. Finally, items were slightly adapted from Wagner and Moch's (1986) work-based measure of collectivism. The resulting reliability estimate of the 11-item composite scale created for this study was .74.

Self-efficacy. Self-efficacy was assessed with Sherer et al.'s (1982) general self-efficacy scale. Sherer et al.'s 17-item scale measures general self-efficacy (e.g., "When I make plans, I am certain that I can make them work") with acceptable reliability and construct validity. This scale appears appropriate for measurement of efficacy as an individual trait, and has been used as such in past research. The overall reliability estimate for this scale was .84.

