RELATIONSHIPS AMONG SELF-EFFICACY, PAY SATISFACTION, AND EQUITY SENSITIVITY·

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This study examined the impact of self-efficacy and equity sensitivity on overall pay satisfaction and its three sub-dimensions -- satisfaction with pay level, benefits, and pay structure/administration. Results from 254 employees at an electronics company support proposed hypotheses that self-efficacy is negatively related to and equity sensitivity is positively related to pay satisfaction and its three sub-dimensions. Positive moderation effects of equity sensitivity were also found for overall pay satisfaction, pay-level satisfaction, and benefits satisfaction. Implications, future research directions, and limitations are discussed.

Key words: self-efficacy, pay satisfaction, equity sensitivity.

Ⅰ. INTRODUCTION

Compensation has long received considerable attention from researchers and practitioners alike because of its enormous impact on individuals both inside and outside the organizational boundary (Heneman & Judge, 2000; Rynes & Gerhart, 2000). Theoretically, compensation has been regarded as one of the key variables in basic behavioral theories such as the equity theory and the expectancy theory (Adams, 1963; Porter & Lawler, 1968; Vroom, 1964). In the equity theoretic framework, the allocation of rewards is considered to directly affect individuals' perceptions of fairness. Adams (1963) suggested that if individuals do not perceive equity in the ratio of inputs (such as effort) and outputs (such as compensation) in comparison with others' ratios, their behavior will be geared toward restoring equity. In the expectancy theory (Porter & Lawler, 1968; Vroom, 1964), individuals are assumed to make decision based on expectancy (whether efforts will bring about performance), instrumentality (whether performance will be rewarded), and valence (value of the rewards). In this framework, compensation

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is not only important as a means of living but also as a symbol of recognition. Numerous other theories of human behavior viewed compensation as an important antecedent. Examples include procedural justice theory (Greenberg, 1990), agency theory (Eisenhardt, 1989), and prospect theory (Kahneman & Tversky, 1979), among others. Using these and other theories, researchers have found that compensation affect individuals' behaviors such as decisions to join certain organizations, work motivation, job satisfaction, justice perceptions, employee turnover, and retirement among others (Banker, Lee, Potter, & Srinivasan, 1996; Barber & Bretz, 2000; Heneman & Judge, 2000; Bartol & Locke, 2000). Practitioners also paid much attention to compensation partly because payrolls account for a considerable share of the total costs and partly because compensation strategies directly affect recruiting, work motivation, and performance.

One of the key variables that increase theoretic and practical significance of compensation is satisfaction with pay because employees satisfied with their pay could show more positive attitudes towards work and the organization than those who are not satisfied with their pay. Also those with low pay satisfaction could be easily tempted to job offers from the outside. If these individuals leave the organization, they move with valuable firm-specific competences and all the investments put into them in the form of on-the-job- and off-the-job training. Given the importance of pay satisfaction, numerous studies were conducted to understand this construct and its consequences. A seminal work by Heneman and Schwab (1985) clearly identified the construct, its three dimensional structure, and a survey instrument called the Pay Satisfaction Questionnaire (PSQ). Their study and others' studies established that pay satisfaction is composed of satisfaction with pay level, benefits, and pay administration. Also researchers have found that pay satisfaction is positively related to organizational commitment, and negatively related to absenteeism and employee turnover (Heneman, 1985; Motowidlo, 1982).

These and subsequent studies shed light on the pay satisfaction construct itself and its consequences. However, we still don't know much about how individuals in organizations determine that their pay level is adequate considering their jobs, efforts, and performance. In other words, what processes are used by individuals to assess the level of satisfaction with pay level, benefits, or pay administration? One of the most widely used theory to answer this question was the equity theory, which suggests that individuals compare their input-output ratios with those of others

(Adams, 1963). If people perceive inequity in this consideration, they will take actions to restore equity. The expectancy theory established the critical role of compensation in work motivation, but did not directly discussed how satisfaction with pay is determined.

Even after reviewing the equity theory and other basic theories in human behavior, we are still left with the need to understand how people form opinions on pay satisfaction based on their own effort, performance, and pay. That is, when individuals don't have information about comparable others' compensation, how do they determine the level of pay satisfaction for themselves? This is an important area to study because of a fundamental need to understand how people evaluate pay satisfaction based on information about their work effort and performance. This line of research questions can be significantly aided by the theoretic and empirical studies in self-efficacy, self-esteem, and self-worth. Among these, we chose self-efficacy as a focal variable in this study because it is more occupation focused and task related than the other variables.

Recent studies have found that self-efficacy serves as a primary determinant of behaviors and attitudes at workplace (Lindsley, Brass, & Thomas, 1995; Mitchell, Hopper, Daniels, George-Falvy, & James, 1994). Self-efficacy, a central component of social cognitive theory, is task-specific self-confidence (Bandura, 1997, 1986). The relationship between self-efficacy and performance received much attention from researchers and a large body of literature has consistently found that self-efficacy is positively related to ambitious goal-setting behavior, work motivation, effort level, and performance level in both work and non-work settings (Harrison, Rainer, Hochwarter, & Thompson, 1997; Karl, O'Leary, & Martocchio, 1991).

Since individuals with higher self-efficacy yield higher performance than those with low self-efficacy, they expect to receive commensurate compensation for the performance. Such high expectations combined with imperfect compensation systems in most organizations tend to make high-performance individuals to have low satisfaction with pay (Dreher, 1981; Motowidlo, 1982; Shank, 1986). If self-efficacy is positively related to performance and performance, in turn, is negatively related to pay satisfaction, what would be the relationship between self-efficacy and pay satisfaction? This is an important research question and only limited evidence exists regarding this relationship. Researchers emphasize the importance of studies on the relationship between self-efficacy and attitudes (e.g., Riggs & Knight, 1994), but

there were only a few studies on the relationship between self-efficacy and job satisfaction (e.g., O'Neill & Mone, 1998; Riggs & Knight, 1994). And the relationship between self-efficacy and pay satisfaction remains understudied. A notable exception is Kim and Kim (2001), but more studies are needed in this area using different samples. This research question has a practical significance for organizations because individuals with higher self-efficacy and performance usually have greater probability of getting better outside job offers than those with lower self-efficacy and performance. If these individuals are not adequately compensated and, therefore, have low pay satisfaction, they will be more likely to leave the organization for better pay than those with lower performance. Since human resources are one of the most important sources of competitive advantage (Pfeffer, 1994), managing pay satisfaction of high performers is a great challenge for organizations.

Individuals with high self-efficacy, however, are not all same in their evaluations of pay adequacy due to differences in their attitudes regarding what the equitable' level of pay is. That is, differences in people's equity sensitivity can lead to different outcomes in pay satisfaction even though they had similar levels of self-efficacy and pay. Some people prefer their outcome-input ratio to be better than those of others. These are the people who want to get better paid than others who have similar level of self-efficacy or performance. They derive satisfaction when they get a better deal than comparable others. On the other hand, some people prefer their outcome-input ratio to be less than those of others. These are the people who derive satisfaction by giving or contributing more than claiming their share of rewards. Therefore, the latter group of individuals are more likely to view their pay favorably than the former group of people. This moderation effect of equity sensitivity is theoretically noteworthy because it could increase our ability to explain variances in pay satisfaction. The moderation effect of equity sensitivity will be the main contribution of this paper.

THEORY AND HYPOTHESES

Self-efficacy, performance, and pay satisfaction

Self-efficacy is an important construct in understanding individual behaviors and attitudes in the work environment (e.g., Bandura, 1977; Gist, 1987). It is the central component in the social cognitive theory that explains both the competency develop-

ment and regulation of action. According to Bandura (1986), self-efficacy is people's judgments of their capabilities to organize and execute courses of action required to attain designated types of performances (p. 391). Focusing more on specific tasks, Mitchell et al. (1994) explained that self-efficacy clearly refers to what a person believes he or she can do on a particular task (p. 506).

Self-efficacy received considerable attention from researchers because it directly affects human thought, motivation, and action (Bandura, 1977). People's judgments on their own capabilities are mostly based on their experiences or other people's evaluations. Therefore, it is quite possible that those with higher self-efficacy will set higher goals and show higher performance. A large body of literature on self-efficacy consistently found that self-efficacy is positively related to goal setting, learning, effort level, and performance level (e.g., Bandura, 1997; Gist, 1987; Harrison, Rainer, Hochwarter, & Thompson, 1997; Mone & Baker, 1992; Wood & Locke, 1987).

Whereas self-efficacy is positively associated with performance, performance is found to be negatively associated with pay satisfaction (Dreher, 1981; Motowidlo, 1982; Shank, 1986). Equity theory (Adams, 1963) suggests that individuals expect to be compensated for their contributions. In comparing their inputs (effort, performance, etc.) and outcomes (pay, recognition, etc.), individuals expect to receive commensurate compensation for the performance. Investigating the relationship between performance and pay satisfaction, researchers consistently found a negative relationship because of the gap between employees' expectations and pay (Dyer & Theriault, 1976; Motowidlo, 1982). Also pay dissatisfaction is amplified partially because the pay-for-performance link is not tight enough in most organizations (Gerhart, Milkovich, & Murray, 1992). Merit pay is found to be ineffective in tying individual performance to compensation because of ineffectiveness in performance appraisals and relatively small pay differentials between high and low performers (Campbell et al., 1998; Milkovich & Newman, 1998). Other individual incentives such as competency-based pay are applicable to a small segment of employees only (Gerhart, Minkoff, & Olsen, 1995).

These arguments suggest that highly self-efficacious individuals would show good performance, but are likely to perceive pay inequity and low pay satisfaction. In a study on the relationship between self-efficacy and job satisfaction, Mone (1994) found a negative relation because high self-efficacy and performance were not met with the commensurate rewards that create job satisfaction (p. 297). A negative relationship

found between self-efficacy and job satisfaction due to inadequate rewards further suggests a similar relationship between self-efficacy and pay satisfaction. Although the relationship between self-efficacy and pay satisfaction was previously studied in Kim & Kim (2001), we present hypotheses on self-efficacy and pay satisfaction and its sub-dimensions before the hypotheses on the moderation effect of equity sensitivity because we are using a different sample. Therefore, the following hypothesis is suggested:

Hypothesis 1: Self-efficacy will be negatively related to pay satisfaction.

Pay satisfaction is a multidimensional construct, composed of pay-level satisfaction, benefits satisfaction, and pay-structure/administration satisfaction (Miceli & Lane, 1991). Therefore, the relationship between self-efficacy and pay satisfaction can be extended to these dimensions in pay satisfaction. First, pay-level satisfaction is the most important sub-dimension, usually explaining about 50% to 60% of the total variance in pay satisfaction: Each of the other sub-dimensions explains between 5% and 20% of the total variance (e.g., Heneman, Greenberger, & Strasser, 1988). Those high in self-efficacy yield high performance and these high performers tend to expect higher levels of pay than those they have received from the organizations. This can make them to perceive inequity in pay level and, therefore, low pay-level satisfaction. These arguments suggest the following hypothesis:

Hypothesis 2: Self-efficacy will be negatively related to pay-level satisfaction.

Second, benefits are another important component in pay satisfaction. In most organizations, benefits are not linked tightly to performance level (Gerhart, Milkovich, & Murray, 1992). Instead, organizations tend to provide employees in the same ranks with same level of benefits regardless of performance. Therefore, individuals with high self-efficacy and high performance receive similar number and level of benefits as those with low self-efficacy and low performance if they are in the same ranks. Then those high in self-efficacy are likely to experience dissatisfaction with benefits level. Hence,

Hypothesis 3: Self-efficacy will be negatively related to benefits satisfaction.

Finally, pay structure/administration is the third dimension in pay satisfaction. Pay structure/administration refers to a system of pay differentials among jobs and

across hierarchy in an organization. Individuals with high self-efficacy and high performance are likely to be dissatisfied with their pay grades and the differences in pay along the pay hierarchy. That is because individuals high in self-efficacy are likely to face pay limits that they do not think to be high enough to compensate for their effort or performance. They then will be dissatisfied with the pay grades they are in and also dissatisfied with higher pay received by those who are higher in pay hierarchy, but are not necessarily performing better. Therefore, we propose the following hypothesis:

Hypothesis 4: Self-efficacy will be negatively related to pay-structure/administration satisfaction.

Equity sensitivity and pay satisfaction

Equity theory suggests that individuals compare the ratio of inputs and outcomes relative to the same ratio of others (Adams, 1963). Then, if individuals do not consider the ratio to be fair or equitable, they take actions to equate the ratios such as reducing inputs or trying to increase outcomes. Although equity theory was once considered as one of the most important motivation theories (Weick, 1966), researchers questioned whether individuals would take actions suggested by the equity theory to equate the outcome-input ratios when there is inequity (Major & Deaux, 1982). However, from the early 1980s, equity theory regained its popularity among researchers and was used as theoretical basis for research in survivor guilt (Brockner et al., 1986), organizational justice (Greenberg, 1990), etc. mostly because of the development of the equity sensitivity construct. Numerous studies found that equity sensitivity increases explanatory power of equity theory in a variety of theoretical contexts.

Equity sensitivity is concerned with how individuals react to situations perceived to be equitable or inequitable. Individuals differ in their equity sensitivity and researchers suggest three different types. First, *entitled* individuals (or entitleds) were defined as those who prefer their outcome-input ratio to be better than those of others. Entitled are those who are satisfied when they get a better deal than comparable others. Contrary to entitleds, *benevolent* individuals (or benevolents) are those who prefer their outcome-input ratio to be less than those of others. These are the people who prefer to be giving out rather than receiving from others: they feel more satisfied with being donors or givers than being recipients (Greenberg & Westcott, 1983; Huseman et al., 1985). In between these two groups are individuals who are

more balanced. They don't try to get a better deal or try to be givers : they try to avoid both overreward and underreward and seek to balance their outcome-input ratio.

Since benevolents derive satisfaction by giving out rather than receiving from others while entitleds derive satisfaction by getting a better deal, other things being equal, benevolents could have higher tendency to be satisfied with their pay than entitleds. From these discussions, we suggest the following hypothesis:

Hypothesis 5: Pay satisfaction will be higher among benevolent individuals than entitled individuals.

Equity sensitivity is likely to be related with the sub-dimensions of pay satisfaction. That is, benevolents will be more satisfied with sub-dimensions of pay satisfaction than entitleds because of their tendency to derive satisfaction from giving out rather than claiming more. Since the three sub-dimensions of pay satisfaction satisfaction with pay level, benefits, and pay structure/ administration represent distinctive facets of pay satisfaction, we propose hypotheses regarding the relationship between equity sensitivity and them. To avoid re-iteration of theoretical arguments above, we propose the following hypotheses:

Hypothesis 6: Pay-level satisfaction will be higher among benevolent individuals than entitled individuals.

Hypothesis 7: Benefits satisfaction will be higher among benevolent individuals than entitled individuals.

Hypothesis 8: Pay-structure/administration satisfaction will be higher among benevolent individuals than entitled individuals.

Theoretically, the equity sensitivity construct supplement equity theory in a meaningful way and recent empirical studies accordingly found that the equity sensitivity construct increases explanatory power of equity theory. O'Neill & Mone (1998), for example, found that equity sensitivity moderates the relationship between self-efficacy and job satisfaction.

We propose that equity sensitivity moderates the relationship between self-efficacy and pay satisfaction in the following manner. Those low in self-efficacy and with a greater sense of entitlement (A1 in Figure 1) are likely to be frustrated with the compensation they receive for their efforts, relative to benevolents who are low in self-efficacy (B1). That is because the

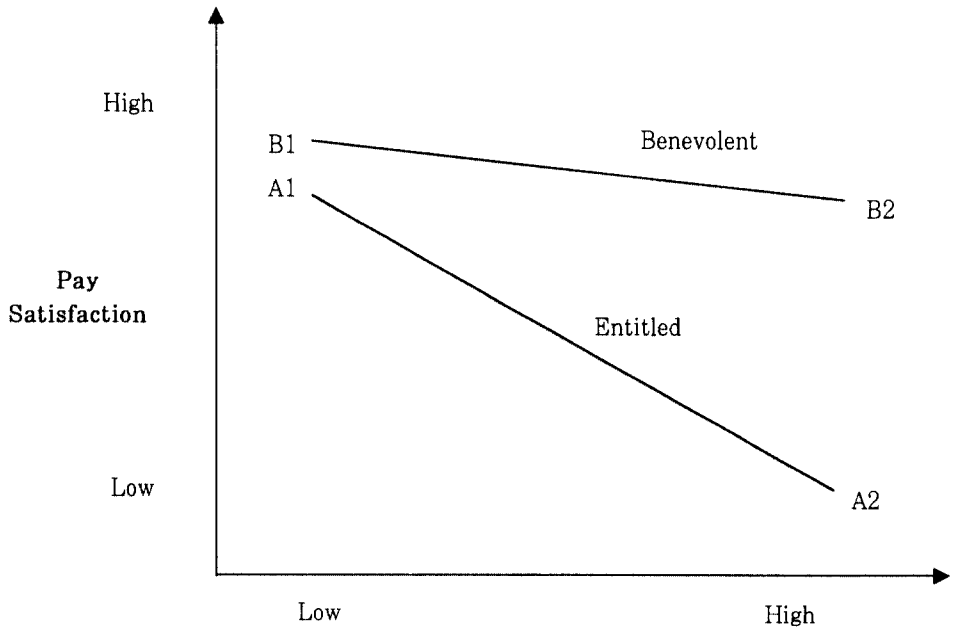

FIGURE 1. Equity Sensitivity as a Moderator of Self-efficacy and Pay Satisfaction.

latter is more willing to be satisfied with the outcome-input ratio than the former is. Thus benevolents with low self-efficacy will be more satisfied with pay than entitleds with low self-efficacy. Figure 1 graphically presents these and the following arguments.

As for benevolents with high self-efficacy (B2), we expect that they are accustomed to better performance and more positive reinforcements than their low self-efficacy counterparts. Hence they may have higher expectations and relatively less pay satisfaction than low self-efficacy benevolents. O'Neill & Mone (1998) indirectly support this in a study of 242 workers where they found that benevolents with high self-efficacy had lower job satisfaction than benevolents with low self-efficacy probably because of higher expectations of the former group that were not properly met. Similarly, entitleds high in self-efficacy will have lower level of pay satisfaction than entitleds low in self-efficacy. However, in this case, we expect that the degree of decline in pay satisfaction will be larger than that in the benevolents' case because entitleds seek their outcome-input ratio to be better than those of others whereas benevolents prefer their outcome-input ratio to be less than those of others. Hence, we propose the following hypothesis:

Hypothesis 9: The negative relationship between self-efficacy and pay satisfaction is stronger among entitled individuals than benevolent individuals.

Equity sensitivity may also be related to the three sub-dimensions of pay satisfaction (pay level, benefits, and pay structure/administration) at a theoretical level. First, pay level satisfaction is an important element of the overall pay satisfaction because of its central role in total compensation. Other things being equal, benevolents will have greater pay-level satisfaction than entitleds because of the former's willingness to accept a worse outcome-input ratio than the ratio of others.

Then we propose that equity sensitivity moderates the relationship between self-efficacy and pay-level satisfaction in a manner similar to the case of the relationship between self-efficacy and pay satisfaction. For simplicity's sake, we do not repeat theoretical arguments regarding the moderation effects of equity sensitivity in the relationship between self-efficacy and the sub-dimensions of pay satisfaction. Hence, we propose the following hypotheses:

Hypothesis 10: The negative relationship between self-efficacy and pay-level satisfaction is stronger among entitled individuals than benevolent individuals.

Hypothesis 11: The negative relationship between self-efficacy and benefits satisfaction is stronger among entitled individuals than benevolent individuals.

Hypothesis 12: The negative relationship between self-efficacy and pay-structure/administration satisfaction is stronger among entitled individuals than benevolent individuals.

METHOD

Sample

The data were collected from 254 out of 328 employees at an electronics company in Korea. This company is a supplier of electronic devices to major Korean companies such as Samsung Electronics, Inc. This company suffered from the 1997-98 recession due to the Asian financial crisis just like other Korean companies, but has recovered from the crisis since mid-1999. The response

rate was 77.4%. The sample consists of 155 males (61%) and 99 females (39%). The mean age was 35.7 and 72% of the respondents were currently married.

This company has long been using a compensation system, called *Hobong* system, where individuals' pay increases according to the years of service and somewhat superficial performance appraisal. After the Asian financial crisis in the 1997-98 period, this company adopted the U.S.-type merit pay system, which was commonly labeled as *Yunbong* system or annual pay' system in Korea. Under this new pay system, employees were appraised in two areas: performance and competence (which includes work-related attitudes). After formal evaluation of employees in these two areas, employees were assigned a rating from S (Superb), A (Excellent), B (Good), C (Mediocre), and D (Poor). Another key difference of the new pay system from the previous one was streamlining of the various types of benefits and allowances. Before, more than 25 kinds of benefits and allowances were paid to the employees, which caused considerable administration burden. Under the new system, the company minimized the number of benefits and allowances paid to the employees and incorporated those eliminated ones into the regular pay.

Although this company put in considerable efforts into designing and implementing the merit pay system, the new pay system was suffering from some typical problems found in those adopted in most other Korean companies. Some of the most important problems were: questionable validity and reliability of evaluation criteria and lack of confidence in the integrity of the evaluation system on the part of raters and ratees alike. In fact, these are the problems most often cited as problems of the merit pay system in the U.S. and other western countries (Campbell, Campbell, & Chia, 1998). This company has continuously been improving the pay system based on employees' suggestions and self-initiated investigations.

Measures

The dependent variable, pay satisfaction, was measured using the 18-item Pay Satisfaction Questionnaire (PSQ) developed by Heneman and Schwab (1985). Item responses could range from 1 to 7 and were anchored as follows: 1 = strongly disagree, 2 = disagree, 3 = disagree somewhat, 4 = neutral, 5 = agree somewhat, 6 = agree, and 7 = strongly agree. Mean scores were used to measure pay satisfaction and other scales used in this study. The actual scales are included in the Appendix. Reliability coefficient

(Cronbach's alpha) for pay satisfaction was .90. This 18-item scale also taps three aspects of pay satisfaction: pay-level satisfaction, benefits satisfaction, and pay-structure/administration satisfaction. Table 1 reports results of factor analysis that reveal three subscales of pay satisfaction. Reliability coefficients (Cronbach's alphas)

Table 1
Factor Analysis Results for the Pay Satisfaction Questionnaire (PSQ)

Items		Level	Benefits	Structure/ administration
1.	My take-home pay	.89	.12	.21
2.	My benefit package	.32	.76	.14
3.	My most recent raise	.78	.33	.30
4.	Influence my supervisor has on my pay	.58	.05	.42
5.	My current pay	.92	.25	.26
6.	Amount the company pays toward my benefits	.21	.84	.22
7.	The raises I have typically received in the past	.61	.42	.28
8.	The company's pay structure	.17	.14	.86
9.	Information the company gives about pay issues of concern to me	.21	.35	.59
10.	My overall level of pay	.79	.41	.30
11.	The value of my benefits	.24	.90	.19
12.	Pay of other jobs in the company	.66	.31	.43
13.	Consistency of the company's pay policies	.41	.26	.66
14.	Size of my current salary	.84	.33	.29
15.	The number of benefits I receive	.18	.89	.27
16.	How my raises are determined	.61	.38	.49
17.	Differences in pay among jobs in the company	.29	.23	.82
18.	How the company administers pay	.42	.38	.56
Eigenvalues		10.72	1.63	1.20
% Total variance		59.56	9.06	6.67
Note: Highest loading for each row is underlined. N = 254.				

were .90 (pay-level satisfaction), .89 (benefits satisfaction), and .88 (pay-structure/ administration satisfaction).

Self-efficacy was measured using the 10-item scale developed by Riggs and Knight (1994). This scale captures the general and task-specific aspects of self-efficacy and has been found to be reliable (Riggs & Knight, 1994). Reliability coefficient (Cronbach's alpha) was .86. Equity sensitivity was measured using a 5-item scale developed by Huseman et al. (1985). The actual items are presented in the last section of the Appendix. To measure individuals' equity sensitivity, we gave these five questions to the respondents and asked them to allocate 10 points per question between each pair of possible responses. Scoring is done by adding up points assigned to the benevolent responses (suggested in the Appendix). Possible scores for benevolents range from 0 to 50. The reliability coefficient (Cronbach's alpha) was .92. All the scales used in this study were translated to Korean and then translated back to English to make sure that they were translated correctly.

Control variables used in this study include age, gender, marital status, education, tenure, department, rank, and pay level. Education level was measured using the following four response categories: (1) finished high school or less, (2) some college or finished junior college, (3) finished college, and (4) some graduate work or above. The mean was 2.88 and the modal education category was finished college. The mean tenure was 7.5 years. Departments the sample was drawn from were marketing (23%), finance (27%), human resources & planning (20%), and production (29%). Employees in the sample were senior managers (15%), managers (21%), senior associates (27%), and associates (37%). Finally, pay level (annual salary) was measured using eight response categories ranging from (1) less than $10,000, (2) between $10,000 and $20,000 to (8) $70,000 or above. The mean was 3.05 and the modal salary category was between $30,000 and $40,000.

RESULTS

The means, standard deviations, and correlations for all scales and control variables are reported in Table 2. Self-efficacy was negatively and significantly correlated with pay satisfaction and its three subscales. Equity sensitivity was positively and significantly correlated with pay satisfaction and its three subscales.

Hierarchical regression analyses were used to analyze the data and the results are reported in Table 3 (DV = overall pay

Table 2

Descriptive Statistics and Correlations

	Variable	Mean	s.d.	1	2	3	4	5	6	7	8	9	10	11	12	13
1	Overall pay satisfaction	3.35	1.12													
2	Pay-level satisfaction	3.31	1.20	.84**												
3	Benefits satisfaction	3.47	1.18	.76**	.60**											
4	Pay-structure/admin. satisfaction	3.44	1.11	.72**	.74**	.61**										
5	Age	35.7	5.97	-.13	-17*	-.01	-.04									
6	Male	.61	.54	.24**	.15	.03	.29**	.62**								
7	Married	.72	.47	-.08	-.06	-.01	.03	.57**	.35**							
8	Education	2.88	.89	.03	-.04	-.03	.04	.51**	.57**	.39**						
9	Tenure	7.52	6.02	-.13	-.12	-.02	-.01	.72**	.08	.45**	-.21**					
10	Department	2.56	.85	.02	.04	-.04	.03	.06	.03	.04	.03	.05				
11	Rank	2.85	.81	.25**	.23**	.28**	.26**	.46**	.42**	.44**	.40**	.28**	.04			
12	Pay level	3.05	1.25	.18*	.29**	.22**	.23**	.58**	.45**	.41**	.43**	.25**	.05	.38**		
13	Self-efficacy	4.68	1.04	-.31**	-.33**	-.24**	-.17*	.41**	.24**	.23**	.24**	.17*	.02	.36**	.19*	
14	Equity sensitivity	29.26	6.48	.54**	.49**	.39**	.52**	.04	.21**	.11	.16*	-.08	.03	.40**	.13	.04

N=254. *p < .05. **p < .01.

Table 3
Hierarchical Regression Results

	Overall Pay Satisfaction			Pay-level Satisfaction			Benefits Satisfaction			Pay Structure/Admin. Satisfaction		
	Step 1	Step 2	Step 3	Step 1	Step 2	Step 3	Step 1	Step 2	Step 3	Step 1	Step 2	Step 3
Variable	b	b	b	b	b	b	b	b	b	b	b	b
Step 1	-.26*	-.25*	-.25*	-.31**	-.27**	-.26**	-.18*	-.18*	-.15*	-.13	-.10	-.08
Age	.24**	.16	.13	.14	.12	.11	.11	.10	.08	.25**	.17	.11
Male	.11	.10	.10	.13	.10	.09	.07	.05	.05	.03	.02	.02
Married	.02	.02	.02	.06	.05	.05	.05	.05	.02	.04	.02	.01.
Tenure	.15	.13	.15	.10*	.08	.07	.16	.15	.15	.17	.14	.13.
Pay level					*	*	*	*	*	*	*	*
Step 2												
Self-efficacy (SE)		-.25**	-.23**		-.19**	-.15**		-.17**	-.16**		-.15**	-.12**
Equity sensitivity (ES)		.15**	.14**		.16**	.12**		.09*	.05*		.02*	.02*
Step 3												
SE x ES			.03**			.02**			.02**			.00
R-square change	.25**	.06**	.05**	.24**	.05**	.04**	.19**	.04**	.04**	.17**	.04**	.03
Overall F for equation			8.62**			8.45**			7.65**			5.96 **

Note: b is the standardized regression coefficient.

For each step above, department, rank, and education were included as dummy variables.

N=254. *p < .05. **p < .01

satisfaction, pay-level satisfaction, benefits satisfaction, and pay-structure/administration satisfaction). In each regression equation, control variables (including dummy variables) were entered in the first step, self-efficacy and equity sensitivity were entered in the second step, and the interaction term was entered in the last step. The reasons for using hierarchical regression analyses are to examine whether the main effects of self-efficacy and equity sensitivity significantly increase pay satisfaction and its sub-dimensions, and whether the interaction of self-efficacy and equity sensitivity provides additional explanatory power in the next step.

Self-efficacy

Hypotheses 1 to 4 were tested in the second step of the hierarchical regressions. In this step, self-efficacy and equity sensitivity were newly introduced in addition to all the control variables in the first step. Across all the equations, self-efficacy was negatively and significantly related to the overall pay satisfaction and its sub-dimensions. Therefore, hypotheses 1 to 4 were strongly supported: self-efficacy led to dissatisfaction with pay in general, pay level, benefits, and the structure/administration facet of pay.

Equity sensitivity

In step 2, equity sensitivity was positively and significantly related to the overall pay satisfaction and its sub-dimensions. Therefore, hypotheses 5 to 8 were strongly supported. In step 2, male lost its significance while the significance level and the coefficients of all the other control variables did not noticeably change. The reason for male being not significant anymore may be due to its significant correlations with both self-efficacy and equity sensitivity. That is, self-efficacy and equity sensitivity seem to have taken away the effects of being male in explaining pay satisfaction and its sub-dimensions.

In step 3, the interaction term of self-efficacy and equity sensitivity was included to examine whether the negative relation between self-efficacy and pay satisfaction gets stronger for the entitled individuals than for the benevolent individuals. The interaction term was positively and significantly related to the overall pay satisfaction, pay-level satisfaction, and benefits satisfaction. In these cases, incremental R-squares were in the .04 to .05 range and significant at $p < .01$. However, the interaction term of self-efficacy and equity sensitivity was not significantly related to pay-structure/administration satisfaction. Therefore, hypotheses 9, 10 and 11 were supported while

hypothesis 12 was not. In step 3, the significance level and the coefficients of the other variables did not change noticeably from the previous step.

DISCUSSION

This study sought to advance knowledge concerning the relationship between self-efficacy and pay satisfaction and the moderating role of equity sensitivity. Only limited past research has examined the relationship between self-efficacy and workplace attitudes, and there is a sever dearth of research on how self-efficacy and equity sensitivity together affect pay satisfaction. Using hierarchical regressions, we found that self-efficacy and equity sensitivity significantly increases our ability to explain variances in pay satisfaction and its sub-dimensions. Specifically, self-efficacy is negatively associated with the overall pay satisfaction and its three sub-dimensions, i.e. satisfaction with pay level, benefits, and pay structure/administration. This means that those with higher self-efficacy are more frustrated with their pay and sub-dimensions of it perhaps because, with their above-average performance, they expect to receive more from the organization than what they received. Equity sensitivity is positively related to satisfaction with pay and its sub-dimensions. This means that benevolent individuals are more satisfied with pay than entitled individuals as hypothesized.

Through the next step of hierarchical regressions, we found that equity sensitivity moderated most of the relations between self-efficacy and pay satisfaction: The negative relationship between these two constructs was stronger among entitleds than benevolents. Same moderation effects were found in the relationship of self-efficacy with pay-level satisfaction and benefits satisfaction. This means that, as self-efficacy increased, entitled individuals grew more dissatisfied with their pay than benevolent individuals as hypothesized. To assess the nature of interaction term of self-efficacy and equity sensitivity, we calculated and plotted the relation between self-efficacy and pay satisfaction at high and low levels of equity sensitivity (i.e., using one standard deviation above and below the mean). The plot of the results looked just like the one presented in Figure 1, confirming our hypothesis that the negative relation between self-efficacy and pay satisfaction was stronger for entitleds than benevolents.

The negative relationship found in this study between self-efficacy and pay satisfaction may provide clues for better understanding

inconsistent relationships reported in past research between self-efficacy and job satisfaction. While some studies report positive relationships between self-efficacy and job satisfaction (e.g., O'Neill & Mone, 1998), others report no significant relationships between the two constructs (Riggs & Knight, 1994), and still others report negative relationships (e.g., Carter, 1991; Mone, 1994). Since pay satisfaction, an important component of job satisfaction, was found to be negatively related with self-efficacy in this study, research on the relationships between self-efficacy and job satisfaction could be aided by studies on the relationships between self-efficacy and other sub-dimensions of job satisfaction. However, due to the limits in the sample in this study (i.e., the fact that the sample was drawn from just one company in Korea), it is not possible to generalize our results at this point. More studies with different samples are needed before making a reliable conclusion. Nevertheless, a negative relationship found between self-efficacy and pay satisfaction has implications for research on the relationship between self-efficacy and job satisfaction. That is, a further study on the relationship between self-efficacy and the sub-dimensions of job satisfaction will contribute in better understanding the impact of self-efficacy and job satisfaction. Then a comprehensive model explaining the relationships among self-efficacy, job satisfaction, and its sub-dimensions could be developed.

Also future research is needed regarding the interaction effect of self-efficacy and equity sensitivity on pay-structure/administration satisfaction. This was the hypothesis that was not supported in this study and a further examination is needed to fully explain the insignificant relationship found here. The reason for the insignificant relationship may be that there is simply no interaction effect here. However, we think this explanation is not so persuasive because equity sensitivity is concerned with comparing own outcome-input ratio with those of others and pay structure/administration is directly related to the equity sensitivity construct. Another reason for the insignificant relationship may be due to limits in our sample. A further study with a different sample would shed more light on this.

Findings of this study have several meaningful managerial implications. First, organizations need to carefully manage self-efficacious employees because their job satisfaction is not necessarily high and their pay satisfaction can be low. Since self-efficacious employees tend to demonstrate better performance than the average employees, they may experience more temptation and have credentials to look for job

opportunities outside if they are not satisfied with their pay. Second, regression results suggest that age is negatively related to satisfaction with pay in general, pay level, and benefits. Although age is not necessarily positively related with job performance, senior workers tend to accumulate precious implicit and explicit knowledge more than junior workers. Then satisfied senior workers will be more likely to utilize their knowledge in work settings and transfer their knowledge to junior workers. Therefore, organizations need to better manage their senior workers' pay satisfaction.

A possible limitation of our findings is common-methods bias. While there is no reason to suspect that there would be distortions in self-reports of demographic status or family status, there may be more distortions in individuals' responses on items related to self-efficacy and pay satisfaction. We interviewed 32 randomly selected employees one-on-one after our survey questionnaires were collected to ask whether they felt any need to hide or distort information about themselves in completing the questionnaire. Eight employees were selected for each of the four ranks represented in our sample. Twenty-nine employees out of the 32 said they felt comfortable with giving out their information because they themselves mailed the questionnaires back to us and believed in the integrity of the research team. Also they said they found questionnaire items not threatening nor personal.

In summary, this study offers some initial understanding of how self-efficacy and equity sensitivity operate together to influence pay satisfaction. This study increases our knowledge of social cognitive theory by examining the impact of one aspect of personality (self-efficacy) on pay satisfaction and a moderation effect of another personality dimension (equity sensitivity). Few previous studies have examined how self-efficacy, equity sensitivity, and pay satisfaction are related to one another. Empirical findings of this study suggest that self-efficacy is negatively related to pay satisfaction while equity sensitivity is positively related to it. Also equity sensitivity was found to moderate the relationship between self-efficacy and pay satisfaction. Such advances of the theory are meaningful to those attempting to understand and better predict employee behaviors and attitudes.

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APPENDIX

Items for the Scales Used

Pay Satisfaction
(Heneman and Schwab, 1985)

1. My take-home pay.
2. My benefit package.
3. My most recent raise.
4. Influence my supervisor has on my pay.
5. My current pay.
6. Amount the company pays toward my benefits.
7. The raises I have typically received in the past.
8. The company's pay structure/administration.
9. Information the company gives about pay issues of concern to me.
10. My overall level of pay.
11. The value of my benefits.
12. Pay of other jobs in the company.
13. Consistency of the company's pay policies.
14. Size of my current salary.
15. The number of benefits I receive.
16. How my raises are determined.
17. Differences in pay among jobs in the company.
18. How the company administers pay.

Self-Efficacy (Riggs and Knight, 1994)
Items marked with an asterisk were reversed scored.

1. I have confidence in my ability to do my job.
2.* There are some tasks required by my job that I cannot do well.
3.* When my performance is poor, it is due to my lack of ability.
4.* I doubt my ability to do my job.
5. I have all the skills needed to perform my job very well.
6.* Most people in my line of work can do this job better than I can.
7. I am an expert at my job.
8.* My future in this job is limited because of my lack of skills.
9. I am very proud of my job skills and abilities.
10.* I feel threatened when others watch me work.

Equity Sensitivity (Huseman et al, 1985)

The questions below ask what you'd like for your relationship to be with any organization for which you might work. On each question, divide 10 points between the two choices (choice A and choice B) by giving the most points to the choice that is most like you and the fewest point to the choice that is least like you. You can, if

you'd like, five the same number of points to both choices (for example, 5 points to choice A and 5 points to choice B). And you can use zeros if you'd like.

Just be sure to allocate all 10 points per question between each pair of possible responses.

In any organization I might work for:

1. If would be more important for me to:
   _____ A. Get from the organization
   _____ B. Give to the organization

2. It would be more important for me to:
   _____ A. Help others
   _____ B. Watch out for my own good

3. I would be more concerned about:
   _____ A. What I received from the organization
   _____ B. What I contributed to the organization

4. The hard work I would do should:
   _____ A. Benefit the organization
   _____ B. Benefit me

5. My personal philosophy in dealing with the organization would be:
   _____ A. If I don't look out for myself, nobody else will
   _____ B. It's better for me to give than to receive

Scoring: Sum the points allocated to the benevolent response (i.e., items 1B, 2A, 3B, 4A, 5B). Possible score range 0-50.

자기 효능감과 급여 만족도의 관계 및 공정성 민감도의 조절 효과

김성수*

Abstract

본 연구는 자기 효능감(self-efficacy)과 공정성 민감도(equity sensitivity)가 급여 만족도(pay satisfaction)와 그 세부 구성요소 (급여 수준 만족도, 복리후생 만족도, 급여 구조/정책운영 만족도)에 미치는 영향을 연구하였다. 연구를 위하여 전자제품 제조회사 사원 254명에게 설문조사를 행하였으며 이들로부터 수집한 자료를 회귀 분석한 결과 자기 효능감은 급여 만족도와 그 세부 구성요소에 부정적인 영향을 미치며 공정성 민감도는 긍정적 영향을 미치는 것이 확인되었다. 아울러, 자기 효능감과 급여 만족도, 급여 수준 만족도, 복리후생 만족도의 관계에 있어서 공정성 민감도는 조절효과를 갖는 것이 확인되었다. 본 연구의 이론적 의미, 실무적 의미와, 한계에 대해서도 논의하였다.

주요 단어: 자기 효능감, 급여 만족도, 공정성 민감도.

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