Impact of Employee Mobility and Employee Performance on the Allocation of Rewards Under Conditions of Constraint

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We advanced and tested a multiple-motive model of resource allocation. In this model we identified important instrumental, social-emotional, and group maintenance goals, and asserted that rational managers will sometimes allocate reduced rewards to employees with constrained mobility. Consistent with predictions, managers allocated greater salary funds to more deserving employees: those with high competence and dedication. However, allocations also differed as a function of employee mobility. This effect was strongest among competent employees, whose membership was most desirable. Furthermore, the tendency to allocate lesser rewards to low-mobility employees was particularly pronounced under conditions of low reward availability and low labor availability. These effects were not mediated by changes in perceptions of the competence of low-mobility employees. The findings are discussed as a form of rational selective exploitation: The rational manager's need to attend to employee mobility, particularly under conditions of reward or labor constraint, may erode equity.

Every social system has rewards and resources that are used to achieve group goals and satisfy individual needs. How do group managers divide rewards among individual members? One answer has been provided by equity theory, which proposes that managers allocate resources to recipients in proportion to the usefulness of their contributions to the group (Adams, 1965; Cohen & Greenberg, 1982; Walster, Berscheid, & Walster, 1973). Indeed, numerous studies of the process of reward allocation have confirmed the assertion in equity theory that the outcomes of allocations are typically commensurate with individual inputs (Carrell, 1978; Freedman, 1978; Lane & Messe, 1971; Leventhal & Michaels, 1969; Podsakoff, 1982).

However, in recent discussions of the process of reward allocation, the comprehensiveness of equity theory has been questioned. First, it has been argued that equity theory deals primarily with the impact of a single allocation standard, the equity norm, when many other normative factors may also influence allocations. Numerous theorists have discussed alternative allocation rules, including norms of equality, reciprocity, need, or equal opportunity (Deutsch, 1975; Elliott & Meeker, 1986; Leventhal, 1976). Second, it has been proposed that equity theory is primarily a normative account of allocation processes and that it is not concerned with the use of important instrumental goals of allocation decisions such as the minimization of conflict, the motivation of employees, the maximization of group productivity, or the maintenance of stable group membership (Greenberg & Cohen, 1982; Greenberg & Leventhal, 1976; Leventhal, 1976; Rohrbaugh, McClelland, & Quinn, 1980). Third, the explanatory power of equity theory has been described as unidirectional: although it accounts for the process by which allocation systems move from inequitable to equitable, the theory does not explain how allocation systems become inequitable in the first place (deCarufel, 1981; Greenberg, 1981; Homans, 1976). As Adams and Freedman (1976) have noted, "The model guiding research has taken the production of inequity, in any of several forms, as an antecedent condition. . . . This dominant focus of the research appears to have inhibited discussion of the instrumental uses of inequity" (p. 47).

Consistent with these lines of reasoning, recent work on allocation processes has tended to adopt a multiple-motive approach, allowing that allocation decisions may frequently be driven by considerations other than satisfying a strict equity rule (cf. Greenberg & Cohen, 1982; Freedman & Montanari, 1980; Leventhal, 1976). If allocations are indeed frequently based on multiple motives, and if decisions motivated by the various rules may be less than perfectly colinear, then decision making on the basis of one or more of the alternative rules may lead to an erosion of equity. To extend our understanding of allocation processes, we must identify important alternative rules and specify the conditions under which they are operative. In this article we contribute to this goal by developing and testing several predictions concerning the impact of reward constraint and labor-pool limitations on allocators' tendencies to attend to employee inputs and employee mobility.

Multiple-Motive Model of Reward Allocation

We begin with a discussion of the context in which group rewards are allocated. First, it is assumed that managers are mo-
tivated to achieve at least three important goals: (a) to promote the group’s instrumental goals, or get the job done; (b) to promote the group’s social-emotional welfare, or maintain high member satisfaction and morale; and (c) to maintain stable group membership, with a special emphasis on retaining highly skilled, competent members. Second, it is assumed that the manager does not always possess adequate resources to simultaneously reward “deserving” group members and retain essential employees. Third, it is assumed that the supply of highly competent members is frequently limited. And fourth, it is assumed that members are (a) differentially competent, or differentially skilled at the primary task by which the group defines itself and succeeds or fails; (b) differentially dedicated, or differentially willing to engage in undesirable tasks necessary to the attainment of group goals; and (c) differentially mobile, or possessing alternatives to current group membership that vary in attractiveness.

Given this context, we can advance several hypotheses about the allocation of rewards among individual members. First, we would expect that the manager normally allocated greater rewards to more highly competent and dedicated employees, whose contributions to group goals are greater, while allocating lesser rewards to less competent and less dedicated employees. This allocation rule implies equitable distribution of rewards, a rule that is widely believed to foster high levels of task performance and member satisfaction. Indeed, a substantial body of evidence supports equity theory’s assertion that managers frequently follow this allocation rule (Carrell, 1978; Leventhal & Michaels, 1969; Leventhal & Whiteside, 1973) and that individuals are more satisfied with equitable allocations than with alternative standards of distribution (Greenberg, 1986; Ilgen, Mitchell, & Frederickson, 1981; Leventhal, Weiss, & Long, 1969). Thus, under normal circumstances, we would expect managers to adopt the equity rule as one basis for allocations. To do so is both just and rational; to do so promotes both instrumental and social-emotional goals.

However, rewarding superior member performance is not the only motive for allocation decisions. Managers are also likely to use available rewards as a means of maintaining stable group membership. As Leventhal (1976) suggested, the allocator’s use of rewards to control group membership should be strongly influenced by members’ mobility, or access to attractive alternatives; the greater the attractiveness of a member’s alternatives, the more his or her relationship with the group is threatened. The manager may attempt to prevent members from leaving the group by increasing their rewards, trying to overcome the appeal of attractive alternatives. Thus, the manager is likely to allocate greater rewards to members with greater mobility and lesser rewards to those with limited mobility. This prediction is congruent with research by Landau and Leventhal (1976), who found that managers allocate higher rewards to employees who receive more attractive alternative offers. However, this effect was mediated by changes in administrators’ perceptions of the inputs of these employees. We intend to demonstrate that managers allocate lesser rewards to employees with reduced mobility, despite recognition of their deservedness.

Furthermore, given that the supply of competent group members is frequently limited, the manager is especially likely to use available rewards to induce competent members to maintain group membership. Because managers should be less concerned about the loss of membership among less competent employees, they should be relatively more impervious to their mobility; the manager is less likely to care if a high-mobility, low-competence employee leaves the group. Thus, employee competence and employee mobility should interact in influencing allocations. The manager’s tendency to reward members with greater mobility should be most marked among highly competent members.

Unfortunately, the full and simultaneous satisfaction of all group goals, social-emotional, instrumental, and maintenance, is likely to be limited under some circumstances. Specifically, when the manager must attempt to accomplish group goals under conditions of constrained rewards or restricted labor pool, or both, we would expect allocation rules to shift somewhat (cf. deCarufel, 1981; Greenberg, 1981; Ross & Ellard, 1986). Under such circumstances, the manager must become concerned about the competitiveness of the organization’s rewards relative to alternative organizations and may be forced to balance actions promoting the group’s social-emotional welfare and instrumental goals against the goal of maintaining desired group membership. There are two primary threats to membership that may concern the manager. First, the manager may fear employee turnover when the rewards offered by the group fall below the employee’s internal standard for evaluating allocations. This standard is probably based on what the employee has experienced in the past in that group, what is available in competing groups, and his or her own absolute standard for appropriate compensation. Second, the manager may fear employee turnover when the supply of qualified members is low. Under such circumstances, the manager realizes that it would be difficult to replace employees who leave and recognizes that attractive alternative job offers may be more readily available. Therefore, when rewards are constrained or when the labor pool for competent members is restricted, managers must become increasingly concerned about threats to membership and have little choice but to pay increased attention to employee mobility, particularly among competent group members.

Thus, when the squeeze is on, the rational manager must make hard decisions about the most effective short-run use of available resources and is likely to respond by focusing more strongly on employee mobility, particularly among competent group members. One incidental consequence of this tendency may be the unintentional slighting of a subset of the group—competent members with low mobility—who receive lower rewards than they would under conditions of plenitude. This relative erosion of equity may be unintentional and unavoidable, and it may be effected with the full intention of later redress. Nevertheless, employees whose mobility is restricted, even for reasons having nothing to do with competence (e.g., partners in dual-career couples, home owners, employees with school-age children, employees with elderly parents in the area), can expect to receive a portion of the available reward pool that is less than what they would likely receive under conditions of plentiful rewards and unrestrained labor pool. In accordance with the preceding lines of reasoning, we tested the following hypotheses:

Hypothesis 1: Employee competence will affect salary alloca-
tions, with more competent employees receiving higher salary increases.

Hypothesis 2: Employee dedication will affect salary allocations, with more dedicated employees receiving higher salary increases.

Hypothesis 3: Employee mobility will affect salary allocations, with more mobile employees receiving higher salary increases.

Hypothesis 4: Employee mobility will interact with employee competence, with salaries being the most strongly influenced by mobility among highly competent employees.

Hypothesis 5: Employee competence, employee mobility, and reward availability will interact, with the tendency to differentially allocate on the basis of mobility among competent employees being the most marked under conditions of greatest reward constraint.

Hypothesis 6: Employee competence, employee mobility, and labor availability will interact, with the tendency to differentially allocate on the basis of mobility among competent employees being the most marked when the supply of competent employees is the most constrained.

Hypothesis 7: Managers will differentially allocate on the basis of mobility despite recognition that differential mobility does not imply differential competence; the tendency to attend to mobility will not be mediated by changes in perceived inputs.

Experiment 1

Experiment 1 was designed to test Hypotheses 1 through 5 of the model. Undergraduate subjects were asked to act as general managers of a baseball team and to allocate rewards to eight employees who differed in competence, dedication, and mobility. Managers operated under one of five levels of reward constraint.

Method

Subjects. Subjects were 140 students from the University of Kentucky who volunteered to participate in partial fulfillment of the requirements for introductory psychology. A total of 14 men and 14 women were randomly assigned to each of five reward-availability conditions.

Design. The experiment was a $5 \times 2 \times 2 \times 2$ factorial design: Five levels of reward availability were manipulated as a between-subjects factor (very low, moderately low, average, moderately high, or very high). Levels of employee competence (high or low), dedication (high or average), and mobility (high or low) were manipulated within subjects. Sex of subject and employee list (Form A or B) were two additional factors that were not expected to affect allocations.

Procedure. Subjects were asked to act as general manager of a baseball team and were told that as managers they needed to hire good employees, keep employees satisfied and motivated, hang on to their strongest employees, and develop an effective support staff. They were told that it was time for contract renewal for eight employees and that they were to determine what percentage of the available salary pool each employee was to receive. Subjective reward availability was manipulated through variations in the amount of salary available to distribute. Subjects were told that their funds were sufficient to provide salary increases of a specified percentage (on average 3, 6, 9, 12, or 15%), which was described in relation to what was typical for those employees in previous years (very low, low, average, high, or very high, respectively). This amount was described as "grossly inadequate, somewhat inadequate, adequate, somewhat more than adequate, or tremendous." Subjects were asked to divide 100 points among the employees, indicating what percentage of the available funds each should receive.

The eight employees differed along three dimensions: competence, dedication, and mobility. Competence was manipulated through variations in the ability and performance of each employee. For example, "H is a very skillful first baseman. He hits very well and has good mobility around the bag" versus "L, a center fielder, is not that great a player. He has a mediocre batting average and commits a lot of fielding errors." Dedication was manipulated through variations in the willingness of each employee to go the extra mile for the group. For example, "He's a really dedicated team member; always willing to shag flies for other guys when they need him" versus "He's an average sort of guy, neither more nor less dedicated to the team than other players are." Employee mobility was manipulated through variations in the probability that each employee would find an alternative job offer attractive; all employees had alternative offers, but these offers were described as more or less appealing. For example, "R has received a contract offer from another team, and may accept that offer since they are located near his off-season home" versus "Another team has offered S a contract, but he just bought a home in this area so he's not likely to leave." The employee descriptions were developed by creating statements regarding individuals who differed in competence, dedication, and mobility—12 competence statements, 12 for dedication, and 12 for mobility. A total of 17 male and 15 female undergraduates provided pretest ratings of these statements, indicating the degree to which (a) each competence statement described a competent employee (1 = not at all, 9 = extremely), (b) each dedication statement described a dedicated employee (1 = not at all, 9 = extremely), and (c) each mobility statement described an employee likely to turnover (1 = not at all likely to adopt alternative, 9 = extremely likely to adopt alternative). Each statement was rated, independent of other attributes an employee might possess (e.g., competence statements were rated independent of information about dedication or mobility). On the basis of these data, we selected 4 statements for each level of each independent variable: 4 descriptions of highly competent employees ($M = 7.34, SD = 0.92$) and 4 of low-competence employees ($M = 3.25, SD = 1.18$); 4 descriptions of highly dedicated employees ($M = 7.34, SD = 1.46$) and 4 of average-dedication employees ($M = 5.08, SD = 0.86$); and 4 of high-mobility employees ($M = 6.90, SD = 1.56$) and 4 of low-mobility employees ($M = 3.00, SD = 1.60$). There were no significant sex differences in perceived competence, dedication, or mobility for the statements chosen to manipulate each variable. A composite employee was created by randomly selecting a high-competence statement, a high-dedication statement, and a high-mobility statement. Without replacement of statements, the next employee—high competence, high dedication, low mobility—was created. Once eight employees—a full factorial design—were selected, the

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1 We manipulated high versus average employee dedication because when we wrote descriptions of low-dedication employees, they sounded so unsavory that we feared that our subject-managers might unilaterally react against those workers.

2 We varied mobility in this manner because in past research (Landau & Leventhal, 1976), in which mobility was manipulated through variations in the objective attractiveness of an alternative job, mobility may have been confounded with perceived competence. That is, in that research, it is likely that subject-managers perceived that employees with superior job offers were also more competent. Here, all employees possessed equally attractive alternatives but varied in likelihood of accepting those alternatives for reasons unrelated to quality of job or individual competence.
employee descriptions were randomly ordered. Two forms of employee list (Forms A and B) were created to ensure that no idiosyncratic combination of statements might account for the obtained findings.

Results

To test predictions regarding the determinants of reward allocation, we performed a four-factor analysis of variance (ANOVA), with one between-subjects factor (reward availability) and three within-subjects factors (employee competence, dedication, and mobility). The percentage of the salary-pool subjects allocated to each employee as a function of each factor is presented in Figure 1. Consistent with Hypotheses 1 and 2, the analyses revealed significant main effects for employee competence, \( F(1, 135) = 564.67, p < .001 \), and dedication, \( F(1, 135) = 54.34, p < .001 \); subjects allocated higher percentages of the salary pool to employees who were more competent and to employees who were more dedicated (see Figure 1A). Furthermore, the analysis revealed a significant main effect of mobility, \( F(1, 135) = 62.59, p < .001 \); subjects recommended higher allocations to employees with greater mobility (Hypothesis 3; see Figure 1A). There was also a significant interaction of employee competence with employee mobility, \( F(1, 135) = 37.88, p < .001 \). Tukey's honestly significant difference (HSD) multiple comparison test revealed that variations in mobility significantly affected resource allocations among highly competent employees, but not among less competent employees (Hypothesis 4; see Figure 1B). Finally, the three-factor interaction of reward availability, employee competence, and employee mobility was significant, \( F(4, 135) = 4.10, p < .004 \). Consistent with predictions, multiple comparison tests revealed that among the high-competence employees, mobility significantly affected reward allocations, given very low, moderately low, and average reward availability, but not given moderately high or very high reward availability (Hypothesis 5; see Figure 1C). Among low-competence employees, mobility did not significantly influence allocations at any level of reward availability. The analysis also revealed a marginally significant interaction of reward availability with mobility, \( F(4, 135) = 2.38, p < .054 \), with the tendency to allocate better outcomes to employees with greater mobility being significant under conditions of very low, moderately low, and average reward availability, but not given moderately high or very high reward availability. Although not predicted, this finding is consistent with the spirit of the present model. No other effects were significant.

A five-factor analysis performed to assess the impact of subject gender revealed one further significant effect: Sex and employee competence interacted, \( F(1, 130) = 7.35, p < .006 \). Although the competence main effect was significant for both men and women, men differentiated more on the basis of competence; women were relatively kinder to incompetent employees.

Experiment 2

Experiment 1 provided consistent support for predictions. However, it is possible that allocation standards apply differentially in different organizational settings; it may be that allocation norms in the competitive world of sports more strongly sanction attention to employee mobility. Experiment 2 replicated Experiment 1 in another organizational setting, academe, as expected, a five-factor analysis including form (Form A or B) as an independent variable revealed only 1 significant effect out of 16 effects involving the form factor. Thus, our findings do not appear to be linked to a particular idiosyncratic combination of statements regarding employee competence, dedication, and alternative quality.
which differs from that of professional sports on a variety of dimensions and thus provides a good test of the generalizability of these predictions. Except for differences in employee descriptions, Experiment 2 was identical to Experiment 1. Subjects were asked to act as chair of a university department and allocate percentages of the salary pool to eight employees, who differed in competence, dedication, and mobility. Managers operated under one of five levels of reward constraint.

Method

Subjects. Subjects were 140 students from the University of Kentucky who volunteered to participate in partial fulfillment of the requirements for introductory psychology. A total of 14 men and 14 women were randomly assigned to each of five reward-availability conditions.

Procedure. The design and procedure were identical to those in Experiment 1. First, managers' goals were similarly described: hire good employees, keep employees satisfied and motivated, hang on to strong employees, and develop an effective support staff. Second, reward availability was manipulated as in Experiment 1: very low, moderately low, average, moderately high, or very high, as previously described. Third, eight employee descriptions that differed from one another in competence, dedication, and mobility were pretested and developed, as in Experiment 1. For example, for competence, "Q is a very skillful methodologist who designs tightly controlled, precise laboratory experiments" versus "R is not a very strong researcher or theoretician. His thinking tends to be confused and his research program lacks direction"; for dedication, "S is a very devoted faculty member—the sort who never misses a meeting even when the meeting is a relatively trivial one" versus "P is no more or less loyal to the department than other faculty members are"; and for mobility, "J has been offered a position at a university where a good friend and colleague is located, and may be interested in the offer" versus "L has received a job offer from another university, but is unlikely to accept that position because his wife's career is established here." As in Experiment 1, the 12 competence, 12 dedication, and 12 mobility statements were independently pretested by 16 male and 16 female undergraduates. On the basis of these data, we selected 4 statements for each level of each independent variable: 4 descriptions of highly competent employees (M = 7.44, SD = 0.97) and 4 of low-competence employees (M = 2.94, SD = 0.94); 4 descriptions of highly dedicated employees (M = 7.73, SD = 0.83) and 4 of average-dedication employees (M = 5.17, SD = 0.72); and 4 of high mobility employees (M = 6.53, SD = 1.71) and 4 of low mobility employees (M = 3.96, SD = 1.87). There were no significant gender differences in ratings of the statements. Two lists of composite employees were created, following the Experiment 1 procedure.

Results

A four-factor ANOVA, with one between-subjects factor (reward availability) and three within-subjects factors (employee competence, dedication, and mobility), was performed to test model predictions. The percentage of the salary-pool subjects allocated to each employee as a function of each factor is presented in Figure 2. Consistent with Hypotheses 1 and 2, the analyses revealed significant main effects for employee competence, F(1, 135) = 523.46, p < .001, and dedication, F(1, 135) = 66.47, p < .001; subjects allocated higher percentages of the salary pool to employees who were more competent and to employees who were more dedicated (see Figure 2A). The analysis also revealed a significant main effect of mobility, F(1, 135) = 155.29, p < .001, with greater resources being allocated to employees with greater mobility (Hypothesis 3; see Figure 2A). Furthermore, there was a significant interaction of employee competence with employee mobility, F(1, 135) = 14.25, p < .001, with variations in mobility significantly affecting reward allocations among highly competent employees, but not among less competent employees (Hypothesis 4; see Figure 2B). However, the three-factor interaction of reward availability, employee competence, and employee mobility was not statistically significant, F(4, 135) = 1.52, p < .201 (Hypothesis 5; see Figure 2C). Instead, mobility significantly affected allocations among high-competence employees at all levels of reward availability, from very low to very high; allocators consistently attended to group maintenance goals, not just when rewards were scarce. Among low-competence employees, mobility did not significantly influence allocations at any level of reward availability.

The analysis also revealed an unexpected interaction between employee competence and dedication, F(1, 135) = 63.46, p < .001; subjects allocated significantly greater rewards to more dedicated employees among highly competent employees, but not among low-competence employees. The three-factor interaction of reward availability, employee competence, and employee dedication was also significant, F(4, 135) = 2.46, p < .048, with the tendency to differentially allocate on the basis of dedication among highly competent employees being significant only under conditions of low and very low rewards. No other main effects or interactions were significant.

A five-factor ANOVA was performed to assess the impact of sex on reward allocations. First, the three-factor interaction of sex, employee competence, and employee mobility was marginally significant, F(1, 130) = 3.72, p < .056: Men made significantly different allocations on the basis of mobility for both competent and incompetent employees, whereas women made significantly different allocations on the basis of mobility among high- but not among low-competence employees. Second, there were a number of gender effects involving the dedication factor: The two-factor interaction of gender with employee dedication was significant; women, but not men, significantly differentiated on the basis of employee dedication, F(1, 130) = 5.24, p < .024. Also, the Gender × Employee Competence × Employee Dedication interaction was significant, with the previously noted interaction being especially pronounced among highly competent employees; that is, women allocated significantly greater rewards to dedicated employees of both low and high competence, but this effect was stronger among high-competence employees, F(1, 130) = 8.11, p < .005. As no other main effects or interactions were significant.

The 140 participants in Experiment 2 were new subjects, not the same as those who participated in Experiment 1.

As expected, a five-factor analysis including form (Form A or B) as an independent variable revealed only 1 significant effect out of 16 effects involving the form variable. Thus, our findings do not appear to be linked to a particular idiosyncratic combination of statements regarding employee competence, dedication, and alternative quality.
agers allocated greater rewards to highly mobile competent employees than to competent employees with low mobility. In Experiment 1, this tendency to differentially allocate on the basis of mobility among competent employees was especially acute under conditions of constrained rewards. However, in Experiment 2, this three-way interaction was not significant.

Instead, in Experiment 2, managers differentially allocated on the basis of mobility among highly competent employees, regardless of reward availability. This may have occurred because of the implicit assumptions undergraduates hold about the availability of highly qualified faculty. If participants assume that highly competent faculty members are rare, and if Hypothesis 6 of the model has merit, then these findings are congruent with the proposed model. Recall that Hypothesis 6 predicts that managers differentiate on the basis of mobility among competent employees not only when rewards are constrained but also when the labor pool is constrained. If undergraduates assume that excellent faculty members are scarce, then to make allocation decisions so as to maintain stable membership regardless of reward availability is not surprising; they must always work to retain their most prized employees because very competent faculty members are rare.

Experiment 3 was designed to explore the validity of this line of reasoning and to provide a direct test of the prediction that both resource constraint and labor constraint induce tendencies to emphasize the goal of maintaining group membership. Subjects in Experiment 3 were asked to act as chair of a university department and to allocate salary to four different faculty members who differed with respect to competence and mobility. Managers operated under one of three levels of reward availability and one of three levels of labor availability.

**Method**

**Subjects.** Subjects were 163 female students from the University of North Carolina at Chapel Hill who participated in partial fulfillment of the requirements for introductory psychology. In all, 17 to 19 subjects were randomly assigned to each of nine experimental conditions.

**Design.** The experiment was a 3 x 3 x 2 x 2 factorial design: Three levels of reward availability (very low, average, or very high) and three levels of labor availability (very low, average, or very high) were manipulated as between-subjects factors, and employee competence (high or low) and mobility (high or low) were manipulated as within-subjects factors. Employee list (Form A or B) was an additional factor that was not expected to affect allocations.

Because Experiments 1 and 2 both demonstrated that managers reward high dedication, and because this is a less central feature of the present model, we eliminated it from Experiment 3. Also, we simplified the design by manipulating three rather than five levels of reward constraint and labor-pool constraint.

All of the participants in this experiment were women because during the semester in which this project was conducted, the departmental subject pool was composed of far more women than men. Because in Experiments 1 and 2 the main predictions of the present model were upheld for both women and men, it seemed that the use of an exclusively female subject population would not threaten the validity of our findings in Experiment 3. Thus, we were afforded the luxury of following the needs rule by recruiting only female participants.
Procedure. The procedure was similar to that of Experiment 2: First, managers' goals were described in the same fashion. Second, the manipulation of resource availability was identical to that of Experiment 2, except that just three of the five levels were used: the very low, average, and very high reward availability conditions. Third, the same employee descriptions were used, except that all information regarding employee dedication was eliminated from the descriptions; one description of a high-competence, high-mobility employee was randomly selected, one description of a high-competence, low-mobility employee was randomly selected, and so on.

Experiment 3 manipulated labor availability through variations in descriptions of the number of good faculty available in the field (very few, an average number, or a lot of really good faculty), and this condition was explained in terms of number of persons in the postwar baby boom who pursued graduate education (a very small, average, or tremendous number of PhDs were awarded in this area). This condition was described as one in which the demand for faculty was greater than, equal to, or less than the supply—i.e., in which very good faculty were nearly impossible to replace, could be replaced with not too much difficulty, or could easily be replaced.

Results

A four-factor ANOVA with two between-subjects factors (reward availability and labor availability) and two within-subjects factors (employee competence and employee mobility) was performed. The percentage of the salary-pool subjects allocated to each employee as a function of each of these factors is presented in Figure 3. Consistent with Hypothesis 1, employee competence significantly influenced allocations, \( F(1, 145) = 804.63, p < .001 \); more competent employees received larger percent-ages of the salary pool (see Figure 3a). Furthermore, the analysis revealed a significant main effect of mobility, \( F(1, 145) = 6.28, p < .013 \); subjects recommended higher allocations to employees with greater mobility (Hypothesis 3; see Figure 3a). There was also a significant interaction of competence with mobility, \( F(1, 145) = 45.31, p < .001 \); variations in mobility significantly affected allocations among highly competent employees, but not among less competent employees (Hypothesis 4; see Figure 3b). As in Experiment 2, the three-factor interaction of reward availability, employee competence, and employee mobility was not significant, \( F(2, 145) = 1.31, p < .273 \), although the means were in the predicted direction in the present study (Hypothesis 5; see Figure 3c). The three-factor interaction of labor availability, employee competence, and employee mobility was marginally significant, \( F(2, 145) = 2.55, p < .082 \), and multiple comparison tests revealed that among high-competence employees, mobility significantly affected allocations given low labor availability, but not given average or high labor availability (Hypothesis 6; see Figure 3d). Among low-competence employees, mobility did not significantly influence allocations at any level of labor availability. The analysis also revealed a significant interaction of labor availability with employee mobility, \( F(2, 145) = 8.33, p < .001 \); mobility significantly affected allocations under conditions of very low labor availability, but not given average or high labor availability. Although it was not predicted, this finding is consistent with the essence of the present model.\(^8\) No other effects were significant.

Experiment 4

Experiments 1, 2, and 3 provided good support for the present model. However, it remains to be demonstrated that differential allocations on the basis of mobility are not substantially mediated by changes in perceived deservedness (Hypothesis 7). To demonstrate that managers are, in fact, paying increased attention to the goal of maintaining group membership and decreased attention to the maintenance of equitable allocations, it is necessary to demonstrate that competent employees with low mobility are perceived as being equal in competence to their counterparts with high mobility. This task is especially important in light of Landau and Leventhal's (1976) finding that the differential rewards allocated to employees with good and poor alternatives were accompanied by changes in managers' perceptions of their competence. It would be reasonable for subject-managers to assume, as in the Landau and Leventhal study, that employees who have been offered attractive alternative jobs are indeed more competent. Under these circumstances, the allocation of higher rewards to members with greater mobility—who are perceived as being more competent—i.e., congruent with equity theory. To demonstrate that such allocations are a deviation from equitable allocations, we must demonstrate that low-mobility employees are perceived as being equally deserving.

In Experiments 1, 2, and 3, all employees had alternative job offers, so none should have been perceived as being more competent than others. Furthermore, we manipulated mobility through variations in likelihood of adopting an alternative offer not for reasons having to do with the attractiveness of the job, but for personal reasons—spousal employment, attachment to a particular region, and so on. Nevertheless, it is important that we demonstrate that our mobility manipulation did not exert unintended effects on perceived competence. Thus, in Experiment 4, subjects rated the competence of each employee from Experiments 1 and 2 on the basis of full employee descriptions.

Method

Subjects. Subjects were 32 students from the University of Kentucky who participated in partial fulfillment of the requirements for introductory psychology. A total of 16 men and 16 women rated the baseball players and faculty members.

Design and procedure. The experiment was a 2 x 2 x 2 factorial design: Level of employee competence (high or low), dedication (high or average), and mobility (high or low) were within-subjects factors. Sex of subject, employee list (Form A or B), and order of ratings (rated baseball players or faculty members first) were additional factors that were not expected to affect competence judgments. Subjects in Experiment 4 simply rated the competence of the employee descriptions used in Experiments 1 and 2 (1 = not at all, 9 = extremely).

Results

Separate ANOVAS were performed on the baseball player and faculty member judgments. Perceived competence as a function

\(^8\) As expected, a five-factor analysis including form (Form A or B) as an independent variable revealed only 1 significant effect out of 16 effects involving the form factor. Thus, our findings do not appear to be linked to a particular idiosyncratic combination of employee statements.
Figure 3. Experiment 3 results: competence and mobility main effects, Competence X Mobility interaction, Reward Availability X Mobility interaction among high competence employees, Labor Availability X Mobility interaction among high competence employees.

Discussion

The present research provided very good support for a number of predictions derived from the multiple-motive model outlined earlier. Consistent with Hypotheses 1 and 2, and congruent with group instrumental and social-emotional goals, we found that managers allocated greater rewards to employees whose contributions were greater—highly competent and highly dedicated employees. Also, consistent with Hypothesis 3, and congruent with the group maintenance goal, in all three experiments, managers allocated greater rewards to employees with greater mobility.

Most important, Hypothesis 4 received strong support. As predicted, the manager's tendency to use rewards as a means of maintaining group membership is especially strong among highly competent employees. In all three experiments, highly competent employees with greater mobility received a greater share of the available rewards than did competent but entrapped employees. Also important, and consistent with Hypothesis 7, this effect occurs despite managers' recognition of equivalent deservedness on the basis of competence, as demonstrated in Experiment 4. Indeed, this allocation phenomenon might be termed rational selective exploitation. It appears that managers are highly motivated to retain competent employees and are frequently willing to do what is necessary to ensure their continued membership in the organization, such as offering
Figure 4. Experiment 4 results: main effects of competence, dedication, and mobility on judged competence.

mobile competent employees high salary allocations, while acting on the assumption that such inducements are unnecessary among competent employees with low mobility. In some sense, this departure from equitable allocations might be thought of as one in which rewards flow from the pockets of deserving but entrapped employees into the pockets of deserving mobile employees. In light of the fact that employees may be entrapped for reasons that have nothing to do with their competence, but derive instead from personal attributes such as having a professional partner or school-age children, it is important that in future research we examine the impact of short- and long-term rational selective exploitation allocations on the morale of entrapped but competent employees (cf. Olsen & Ross, 1984).

Hypothesis 5 received partial support. In Experiment 1, as predicted, the tendency of managers to offer higher rewards to competent employees with high mobility was especially marked under conditions of reward scarcity. However, in Experiments 2 and 3, in which the employee group was a set of faculty members, managers differentially allocated on the basis of mobility among competent employees regardless of reward availability. We reasoned that this effect might have occurred because of additional complications involving Hypothesis 6, which asserted that the tendency to differentially allocate on the basis of mobility among highly competent employees would be most marked under conditions of low labor availability. This prediction was supported in Experiment 3. Indeed, in Experiment 3, labor availability more powerfully influenced allocation tendencies than did reward availability; the results of this experiment suggest that labor-pool constraint is a sufficient condition for the relative emphasis of group maintenance goals, whereas reward constraint increases attention to group membership only when the condition of labor-pool constraint exists as well. However, such speculation regarding the relative importance of each form of constraint is clearly speculative. It could be that the Experiment 3 findings resulted from differentially powerful manipulations of reward and labor scarcity, or it could be that reward and labor constraint are differentially important in different organizational settings (e.g., professional sports vs. academe). Such matters remain to be explored in future research. It is also possible that allocators follow a multiplicative model, such that if employee competence is very low, or the supply of talented employees is high, or there are plentiful resources to reward employees for all forms of contribution to the group, then allocators may be generally insensitive to the risk of employee turnover. This, too, remains to be explored in future research.

We also observed some gender differences in reward allocations. In Experiment 1, men differentiated more on the basis of employee competence than did women; women were relatively kinder to incompetent employees. In Experiment 2, men differentiated on the basis of employee mobility among both high- and low-competence employees, whereas women differentiated on the basis of mobility among competent, but not among incompetent, employees. Also, in Experiment 2 women differentiated more on the basis of employee dedication than did men, especially among competent employees or under conditions of plentiful rewards, or both; that is, women were particularly likely to reward high dedication among competent employees, especially when they had plentiful rewards to do so. In general, the picture we obtain of gender differences in allocation is one in which men more than women attend to issues concerning competence, whereas women more than men attend to issues concerning dedication. Numerous prior investigations have observed gender differences in allocations; women characterized showed greater sensitivity to interpersonal rewards and norms of equality, whereas men showed greater self-interested behavior (Austin & McGinn, 1977; Kidder, Bellettarie, & Cohn, 1977; Lane & Messe, 1971; Leventhal & Lane, 1970). In
a larger sense, we can characterize the behavior of women as more communal, or focused on social-emotional matters, the behavior of men being more agentic, showing a greater emphasis on task-related and instrumental matters. That being the case, it makes some sense that men differentiate more on the basis of competence, whereas women evidence a willingness to take into consideration effort expenditure and the more interpersonal quality of employee dedication.

Experiment 2 also revealed the unexpected finding that managers allocate greater rewards to dedicated employees only when those employees are also highly competent. This result suggests the intriguing hypothesis that high ability is the precondition for rewarding effort expenditure; perhaps employees get credit for loyalty and dedication only when they also contribute to the group’s primary instrumental goals. This possibility should be examined in future research.

Summary and Conclusions

The primary weakness of this work is that it examined allocation processes in a relatively artificial setting among a relatively unrepresentative group of allocators (i.e., college students). In future work it will be important that we extend the generalizability of our findings by exploring the validity of model predictions among real allocators in a diversity of real allocation settings. Of course, in real-world settings it will be more difficult to untangle the effects of various employee attributes, especially given that in actual employment settings competence and mobility are likely to be partially confounded. The primary strength of the present work is that it did untangle the causal effects of several employee attributes, particularly competence and mobility. This work fairly thoroughly examined several of the most basic assertions of the present model and thus serves as an important initial test of these predictions.

The present work extends our understanding of the reward allocation process by highlighting the existence and functional value of multiple allocation standards and by specifying the conditions under which we are likely to observe deviations from equitable allocations. From this point of view, deviations from the equity standard may be understandable, and the conditions under which systems become relatively less equitable become apparent. As Leventhal (1976) has pointed out, managers have any number of goals that they must pursue simultaneously and that may influence their allocation decisions. And almost inevitably, pursuit of some goals may lead to less equitable allocations. In this article we have demonstrated how such an outcome can result from the need to maintain stable group membership, but the theoretical implication of this demonstration is more general: Managerial pursuit of any goals other than equity per se may lead, whether inadvertently or deliberately and instrumentally, to a decline in equity. For example, given high intragroup conflict, allocators may allow equity to deteriorate by attending increasingly to member communication skills; given low member motivation, allocators may allow equity to deteriorate by attending increasingly to member effort expenditure. This suggests that the present model is but one of a large class of models—all of which are based on managerial pursuit of goals other than equity—that account for movements away from pure equity in reward allocation. Also important, we would not characterize this class of models as inequity theories because they do not imply that the manager is pursuing inequity as a goal, but that in the pursuit of some other value inequity may result. This suggests that research should be directed to an analysis of managerial goals, other than those identified herein, to assess how their pursuit, in a manner parallel to that posited by the present model, interacts with the equitable allocation of resources and leads to an erosion of equity.

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REWARD ALLOCATIONS

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