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Gender Differences In Pay Satisfaction And Pay Expectations

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The existence of a significant wage gap for men and women is longstanding and clearly acknowledged by researchers in a variety of academic disciplines (Becker, 1975; Blau and Kahn, 1994; England *et al.*, 1988). In spite of these differences in pay, women do not report high levels of pay dissatisfaction (Crosby, 1982; Sauser and York, 1978; Smith *et al.*, 1969). What factors account for the absence of pay dissatisfaction and lower pay expectations of women? This study examines and extends the work of Major and Konar (1984) which seeks to explain pay expectations and pay satisfaction of men and women. Prior research concerning this model has typically been based on full-time college students who have little or no full-time work experience. The subjects of the present study have extensive work experience following college and were employed full-time at the time data were collected. This allows us to directly test for the impact of work history on pay satisfaction and pay expectations.

This study examines the pertinent literature on equity theory (Adams, 1965) and social comparison theory (Jacques, 1961) as it relates to pay satisfaction and pay expectations. Furthermore, the work of Adam Smith (1937) pertaining to compensating differentials is integrated into our conceptual development of those factors which impact employees' pay satisfaction and pay expectations. We present formal hypotheses on the effects of employees' educational background, work history, family situation, and satisfaction with their current job on their pay satisfaction and pay expectations. The sample and measures used in this study are explained in the methods section. We conclude the paper with an analysis of the results and a discussion of our findings. Implications of our findings

for future research and practitioners are discussed along with the strengths and weaknesses of the study.

Literature Review and Hypotheses

It is well documented that in the United States labor force, men earn more than women. Bureau of Labor Statistics (BLS) data show that in 1997 white women working full-time had weekly earnings equal to approximately 75 percent of the weekly earnings of white men. The figures were lower for black and Hispanic females (Bureau of Labor Statistics, 1997). The gender differential in pay has decreased somewhat during the past two decades; in 1979 the weekly earnings of white females were about 62 percent of white male weekly earnings (Bureau of Labor Statistics, 1994).

Despite this pattern of lower earnings among women, field studies of pay satisfaction have found that women are not less satisfied with their pay than men (Crosby, 1982; Sauser and York, 1978; Smith *et al.* 1969). Consistent with this finding, when pay level has been controlled, women have reported higher pay satisfaction than men (Sauser and York, 1978). Since it is assumed that pay satisfaction depends on whether pay received equals pay expected (Lawler, 1971, 1981), it follows that if women have lower pay expectations, women will be satisfied with lower pay. Jackson and Grabski (1988) and Major and Forcey (1985), as well as Tromski and Subich (1990), have observed that women have lower pay expectations and perceive lower levels of compensation to be fair.

Possible Causes of Pay Satisfaction and Pay Expectations

Major and Konar (1984) investigated possible causes of gender differences in pay expectations among a sample of graduate and undergraduate students. Consistent with earlier studies, females had lower entry-pay expectations and lower career peak-pay expectations. The proposed explanations for these differences in pay expectations were that women might differ from men in career paths, job inputs, comparison standards and job facet importance.

With regard to career path, men and women may select different fields of study in school and may enter different occupations and industrial sectors. Milkovich and Newman (1996) point out that women are more likely to study the social sciences and the humanities, while men are more likely to study engineering and business. The latter academic majors are associated with higher entry-level salaries. Further, Milkovich and Newman point out that men are more likely to enter occupations, as well as industries with higher rates of compensation.

Job inputs as a determinant of fair pay have been considered primarily from an equity theory perspective. Relevant job inputs include training, education, experience, and hours worked. While equity theory formulations focus on comparing a ratio of one's outcomes and inputs to a relevant other (Adams, 1965), Jacques (1961) argues that employees may formulate pay expectations based on job characteristics alone, and ignore what other employees are making. The research findings are mixed. Hills (1980) found no support for the idea that individuals use an internal,

self-evaluation to determine the fairness of pay. However, in a more direct test of Jacques' theory, Berkowitz *et al.* (1987) found that respondents' satisfaction with their pay was related to what they felt they deserved, regardless of what others were paid. Along this line of reasoning, Major and Konar (1984) suggest that gender differences in job inputs may explain part of the gender differences in pay expectations. Women may have lower job inputs and thus believe they actually deserve less. Because the Major and Konar sample consisted of college students, the measures of job inputs available for them to study were limited. Alternately, our sample consists of individuals with an average of 5 years of work experience since college. As a result we have a number of objective measures of job inputs available (e.g., labor market experience, hours worked per week, number of people supervised).

Importance of Selected Job Facets

Major and Konar also investigate the proposition that pay expectations and satisfaction may be mediated by gender differences in the importance of selected job facets. In particular, they suggest that because pay and advancement may be less important to women, they may be more satisfied with a given amount of compensation. We will investigate the impact of importance attached to pay and one's career. Another possibility suggested by Bass and Barrett (1972) is that men are more commonly the primary source of income for a family. Following this logic, gender differences in perceived financial need of the family may account for part of the gender differences in pay satisfaction and pay expectations.

Sources of Pay Comparisons

The importance of social comparisons in establishing perceptions of fair pay is supported both theoretically and conceptually (Adams, 1965; Lawler, 1971; Crosby, 1976). Empirical findings are less consistent. For example, Scholl *et al.* (1987) found that occupational equity, system equity and self-equity were significant predictors of pay satisfaction, while Berkowitz *et al.* (1987) reported that social comparisons added virtually nothing. The inconsistencies of the findings may be due, in part, to both measurement problems and the choice of the referent others. For example, Berkowitz *et al.* (1987) measured social comparisons as number of times a respondent compared himself/herself to another person. This measure tells us little about how one felt or about the information received from the comparison person.

Recent work by Shah (1998) utilizes a social network framework to classify social referents as one of two types—cohesive or structurally equivalent. The distinction between the two is as follows: "Cohesive actors are individuals with close interpersonal ties, or friends. Structurally equivalent actors are individuals who share a similar pattern of relationships with others and thus occupy the same position in a network" (Shah, 1998: 249). Equity theory studies often utilize structurally equivalent relevant others as comparison sources (e.g., co-workers). While structural equivalents certainly possess relevant information (Shah, 1998), cohesive referents (e.g., friends) are seen as more open and likely to provide personal or confidential information (Jehn and Shah, 1997; Roloff, 1987).

A potential source of information that has generally been overlooked in equity theory and social comparison theory is an employee's spouse. We classify one's spouse as a cohesive referent. A potential drawback of making comparisons with one's spouse is that dissimilar comparisons may create hard feelings (Wheeler and Miyake, 1992). We anticipate that spousal earnings will be negatively related to pay satisfaction and positively related to pay expectations, and that gender differences in spousal earnings will account for part of the differences in pay satisfaction and pay expectations of men and women.

Hypothesis 1: When differences in career paths, job inputs, career and pay importance, family financial need and spouse's earnings are controlled for, gender differences in pay satisfaction and pay expectations are reduced.

Compensating Differentials

Research focusing on the Major and Konar explanations for gender differences in pay satisfaction and pay expectations has typically used college students as subjects (Major and Konar, 1984; Jackson *et al.*, 1992; McFarlin *et al.*, 1989). Jackson *et al.* (1992) and McFarlin *et al.* (1989) acknowledge that the Major and Konar model may not be equally valid for members of the labor force who have significant work experience. Consequently, we investigate the effects of perceptions regarding selected characteristics of one's current job. Over two hundred years ago, Adam Smith (1937) suggested that workers consider the sum of the advantages and disadvantages of different jobs in making decisions about work, and that one is attracted to those opportunities that offer the greatest net advantage. Smith argued that employers adjust compensation to counterbalance the disadvantages and disagreeableness of specific types of employment. For example, if a job is insecure, more compensation is necessary to achieve a given level of pay satisfaction than when a job is secure. Among the factors discussed by Smith were the agreeableness of employment, security of employment and the probability of success. Milkovich and Newman (1996) note there is limited research to support Smith's theory. However, the findings of Berkowitz *et al.* (1987) support the notion that facets of job satisfaction can serve as substitutes for each other.

Hypothesis 2: When differences in satisfaction with facets of one's job (interesting job, pleasant environment, job security/fringe benefits, friendly co-workers, advancement opportunities, and a supportive work environment) are controlled for, gender differences in pay satisfaction and pay expectations are reduced.

The Impact of Turnover Intentions and Salary

The importance of current pay as a predictor of pay satisfaction and pay expectations also deserves attention. While no theoretically compelling argument exists, several research studies (Berkowitz et al., 1987; Dyer and Theriault, 1976; Ronan and Organt, 1973; Schwab and Wallace, 1974; Sweeney *et al.*, 1990) have found pay satisfaction to be significantly related to current income. As noted by Sweeney *et al.*(1990), the failure of early studies (e.g., Major and Konar, 1984) to include current pay as a predictor of pay satisfaction and pay expectations may have produced some misleading relationships among the remaining predictor variables. Lawler and Porter (1963) investigated the re-

lationship between current salary and perceptions of what pay "should be." Among a sample of vice presidents as well as a sample of lower-level managers, perceptions of what pay should be increased in a concave fashion with increasing pay. Accordingly, we will investigate the impact of current pay on gender differences in pay expectations. Finally, the impact of anticipated turnover on gender differences in pay expectations is investigated. Hom and Griffeth (1995) completed a meta-analytic study of the causes and correlates of turnover. Their conclusion, based on 15 studies of the relationship between gender and turnover, is that men are more likely to quit than women.

Borjas (1984) reports the results of an investigation of the effects of turnover on earnings. The study is based on the National Longitudinal Surveys of Young Men (age 14 to 24 in 1966) and mature men (age 45 to 59 in 1966). Data were collected for four two-year periods between 1966 and 1975. There were 8,153 young men and 7,408 mature men studied. Among young white men the average inflation adjusted percent change in pay per two-year period for stayers, voluntary quits and involuntary separations was +10%, + 13%, and +9%, respectively. Among mature white men the figures for stayers, voluntary quits, and involuntary separations was +4%, +3%, and −0.5%, respectively. A similar pattern was observed among black males.

Because previous research, as noted by Hom and Griffeth (1995), suggests that men have a higher incidence of voluntary turnover and because voluntary turnover appears to be associated with larger pay increases in compensation than received by those who do not leave, we investigate whether intention to leave accounts for part of the gender differences in pay expectations.

Hypothesis 3: When differences in current salary and intention to quit one's current job are controlled for, gender differences in pay expectations are reduced.

Method

Sample

This investigation analyzes data amassed by the National Opinion Research Center (NORC) for the Graduate Management Admissions Council (GMAC) during 1985. The data set is comprised of a random sample of first-year graduate students from colleges and universities offering programs leading to an MBA or MBA-equivalent degree. Of the one hundred schools contacted, 91 participated in the study. Schools accredited by the International Association for Management Education as well as nonaccredited schools were sampled. Students received the surveys from representatives of the participating schools and returned them directly to NORC in a pre-addressed, stamped envelope.

A total of 2,054 responses were received from a random sample of 2,794 full-time and part-time students, resulting in a 73.5% response rate. Given our interest in studying pay satisfaction, we limited our analysis to respondents who were currently employed full-time and had more than 12 months of work experience since graduating from college. This reduced the number of respondents for our analysis to 721. Mean substitutions for missing data were used in cases where only data for one variable was missing. Cases were eliminated if data were missing for more

than one variable. The final sample was comprised of 716 respondents.

Typical Respondent

Respondents ranged in age from 21 to 53, and had been in the workforce as little as 12 months to as long as 29 years. A total of 359 individuals were employed as business professionals and managers, 172 were engineers, 22 worked as teachers, social service, or as health care professionals, 33 were in sales and 130 were categorized as working in either blue-collar or clerical positions. The modal respondent was a 28-year old male (62%) who works in an organization employing between 2,000 and 5,000 workers, has worked 5 years since college, has changed jobs once since graduation and has worked for 3.5 years with his or her current employer.

Measures

Respondents provided information regarding their college major, current job title, current salary, spouse's salary, industry of employment, months of employment since graduation from college, months of employment with their current employer, hours worked per week, the dollar amount of the annual budget supervised, and number of employees supervised. Respondents were also asked if they intended to work for their current employer after receiving their MBA. College majors were grouped in the following categories: business, engineering, physical science and health-related majors, and social science, humanities and other majors. Current job titles were categorized as follows: business, engineering, social and health service/teaching, and blue-collar/clerical jobs. Industry of employment was categorized as manufacturing and other.

Pay satisfaction, operationalized as pay level, was measured by a single item, "We would like to know how true you feel each item is of your current or most recent employment: The pay is good." Responses ranged from "very true" to "not at all true." This item was initially developed in 1969 for a research project conducted by the Survey Research Center of the Institute for Social Research (ISR) at the University of Michigan entitled "Quality of Employment Survey." Sweeney *et al.* (1990) used this item when measuring pay level in a study of pay satisfaction. As an indicator of construct validity, Sweeney *et al.* (1990) found comparable results when using the above single-item measure and a three-item measure developed by Andrews and Withey (1976). Salary was measured by asking "What are your current earnings before taxes (including salary, bonuses, and commissions)." Spouse's income was assessed by asking a similar question, "What are your spouse's earnings before taxes (including salary, bonuses, and commissions.)" Expected salary was measured with the following question, "There is a 50% chance my earnings will be above _____ for my first job after graduation." Single-item measures assessed the importance attached to pay ("How important is it that your pay is good?"), the importance of one's career ("How important is your career and work?"), and the soundness of one's family financial situation ("So far as you and your family are concerned, would you say that you are pretty well satisfied with your present financial situation?"). Managerial responsibilities were

measured with two questions: "How many persons do you directly supervise?" and "What is the total annual budget over which you have primary managerial responsibility?".

Thirty-four items were used to measure six facets of job satisfaction. These items were initially developed for use in the 1972-1973 Quality of Employment Survey (Quinn *et al.*, 1975), and were coded on a scale from one (not at all important) to four (very important). A factor analysis of the Quality of Employment Survey data by Kalleberg (1977) revealed the existence of six factors: interesting work, pleasant environment, job security and fringe benefits, friendly co-workers, advancement, and supportive environment. Analysis of the current data confirmed the findings of Kalleberg (1977). Consistent with Kalleberg (1977), scales were formed using the mean of the unweighted scores on component items. Alpha coefficients for the scales were greater than .70, except for the pleasant environment variable (.66) and the two-item job security/fringe benefit variable (.40).

Results

Table 1 reports the correlation coefficients for the variables included in the analysis. Mean scores for males and females for noncategorical variables and significance level of t-tests of gender differences for these measures are listed in Table 2. Gender is not related to pay satisfaction, but is related to expected salary ($p<.001$) and to expected percent change in salary ($p<.01$). As anticipated, based on BLS salary data, men report significantly higher salaries than women. Further, men report higher pay expectations than women. Using a $p<.10$ level of significance, women attached greater importance to their career and reported greater satisfaction with their family financial situation.

Gender differences in college major, job title, industry of employment, and intention to leave one's current employer after one's MBA studies were also assessed. In each case gender was significant. Women were underrepresented among those with a major in engineering and overrepresented among those with a major in the social sciences, humanities and other category (chi-square = 16.85, df = 3, $p < .001$). Women were underrepresented in engineering jobs and overrepresented in service/teaching jobs (chi-square = 29.05, df = 4, $p < .001$). With respect to industry of employment, women were underrepresented in manufacturing (chi-square = 37.77, df = 1, $p < .001$). Regarding intention to change employers, women were overrepresented among those intending to leave and underrepresented among those intending to stay (chi-square = 23.40, df = 2, $p < .001$).

As noted above, the bivariate analysis finds no relationship between gender and pay satisfaction. When current salary is introduced into regression analysis of gender and pay satisfaction, consistent with earlier research, we find both salary and gender to be significantly related to pay satisfaction. This indicates that when controlling for salary women were more satisfied with their pay than were the men. The partial beta coefficients and level of significance for salary and gender are +.45, $p < .001$ and - .11, $p = .004$, respectively. The variance in pay satisfaction explained (R^2) by salary and gender is .18.

Table 1
Intercorrelations for Study Variables

	Variable	Mean	Standard Deviation	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
1.	Pay Satisfaction	2.99	.82	-																					
2.	Expected Salary	42,019	14,698	27																					
3.	Expected Percent Change	39.20	41.40	-26	11	-																			
4.	Salary	31,494	11,937	42	80	-37	-																		
5.	Gender	.66[a]	.47	-03	26	08	22	-																	
6.	Company Size	6.90[b]	2.88	19	21	-09	21	11	-																
7.	Industry	.44[c]	.50	13	20	-10	20	23	17	-															
8.	Months in Labor Force	68.81	53.70	08	40	-11	48	12	02	00	-														
9.	Length of Service	51.76	46.20	10	22	-09	33	00	03	-07	54	-													
10.	Hours/Week	43.54	5.93	11	26	-06	27	06	10	04	05	-03	-												
11.	Amount Budget	199,221	371,875	05	21	-03	21	13	01	-02	17	08	18												
12.	Number Supervised	2.23	1.61	-02	14	-01	14	06	-04	-17	21	18	22	36	-										
13.	Importance Career	6.11	.83	-04	06	09	02	-07	-03	-09	-02	-02	05	01	01	-									
14.	Importance Pay	3.55	.59	02	06	06	02	03	08	-04	-02	-06	-03	05	-04	07	-								
15.	Financial Situation	2.17	.70	41	18	-05	22	-07	16	02	00	04	04	-01	-01	-08	-09	-							
16.	Spouse Salary	7,654	12,464	-10	09	-03	07	-10	-01	01	08	14	-03	-05	00	01	-13	07	-						
17.	Interesting Job	3.17	.56	33	15	-04	15	05	-07	02	06	07	07	07	02	12	03	17	-12	-					
18.	Pleasant Environment	2.90	.47	21	-04	06	-04	-06	-04	02	-06	-01	-23	-07	-15	10	00	11	-10	32	-				
19.	Security/Fringes	3.20	.67	35	01	-08	03	-05	25	-02	-14	05	-04	-02	-07	-04	-06	23	-04	24	30	-			
20.	Friendly Co-workers	3.29	.52	25	-03	00	-03	-03	06	07	01	00	01	-05	-06	05	08	15	-15	47	37	31	-		
21.	Advancement	2.66	.74	34	08	-02	06	06	11	02	-08	-09	08	09	09	+06	00	22	-10	53	21	36	49	-	
22.	Supportive Environment	3.11	.54	32	03	-04	05	-01	00	01	04	01	01	-01	-02	03	05	14	-10	63	42	34	66	60	-

Notes
a. Gender 1 = male; 0 = female.
b. Company size: The number of employees on the checklist for the "mean option" was 2,001 to 5,000.
c. Industry: 1 = Manufacturing; 0 = Other
d. r = +/-12 ~ .001 level of significance with 716 subjects and r = +/-10 ~ .01 level of significance

Table 2
T-test of Study Variables by Gender

VARIABLES	Males Mean	Females Mean	Significance
Pay Satisfaction	2.97	3.02	
Expected Salary	44767.26	36602.24	.001
Current Salary	33309.46	27780.85	.000
Expected Percentage Change in Salary	.41	.34	.01
Months in Labor Force	73.54	59.75	.001
Length of Service in Current Organization	51.77	51.75	
Hours Worked per Week	43.80	43.04	
Amount of Budget	233390.56	132923.26	.001
Number of Employees Supervised	2.30	2.09	
Importance of Career	6.07	6.19	.10
Importance of Pay	3.53	3.56	
Satisfaction with Financial Situation	2.13	2.23	.10
Spouse's Salary	6799.21	9401.86	.01
Interesting Job	3.19	3.13	
Pleasant Work Environment	2.88	2.94	
Security/Fringe Benefits	3.17	3.11	
Friendly Co-workers	3.28	3.31	
Advancement Opportunities	2.69	2.60	
Supportive Work Environment	3.11	3.12	

Table 3 reports the multiple regression analyses pertaining to the hypotheses being investigated. We find no support for the proposition that differences in career paths, job inputs, spouse's salary, career and pay importance and family financial situation account for gender differences in pay satisfaction. The partial beta coefficient for gender is -.11, which is identical to that observed when only current salary and gender are entered in the regression analysis of pay satisfaction (see regression model #1). Gender differences in pay satisfaction appear to be independent of work history and one's family situation. Inclusion of these variables does, however, result in a significant increase in variance explained in comparison to that observed when only salary and gender are entered (R^2 of .19 compared to .34). With respect to specific measures introduced in regression model #1 (presented in Table 3), the coefficient for the blue-collar/clerical job category was positive and significant (business jobs were the reference category for the dummy variable analysis of job title). In addition, family financial situation was positively related to pay satisfaction, while months in the labor force and spouse's salary were negatively related to pay satisfaction.

Hypothesis 1 predicted that gender differences in pay expectations will be accounted for, in part, by differences in career paths, job inputs, career and pay importance, family and financial need and spouse's earnings. The regression analysis lends some support to this hypothesis. While the simple correlation between gender and expected salary change is +.26 (see Table 1), the partial beta associated with gender is +.17 when measures pertaining to career paths, job inputs, career and pay importance and family financial situation are considered (see regression model #3). The coefficients for measures significantly related to expected salary were, with two exceptions, all positive. Only employment in the service/teaching and blue-collar/clerical job categories had negative coefficients. The variables with significant positive coefficients are: engineering job, industry (employment in manufacturing versus all other industries), months in the labor force, hours of work, amount of budget, career importance, pay importance, and family financial situation (see regression model #3).

When the variables specified in hypothesis 1 are entered into the analysis of expected percent change in salary, the partial beta for gender is +.11 (see regression model #6). This exceeds the simple correlation between gender and expected percent change in salary = .08, see Table 1). Based on these findings, women appear to have lower expectations for pay than do men. This change is in the opposite direction implied by hypothesis 1. Other variables significantly related to expected percent change in salary are months in the labor force, length of service and family financial situation, all with negative coefficients.

Regression model #2 pertains to hypothesis 2. There is no support for the proposition that differences in satisfaction with selected facets of one's job account for gender differences in pay satisfaction. The partial beta associated with gender remains significant and increases somewhat (beta = -.12). Alternatively, introduction of the measures of satisfaction with selected job facets does significantly increase the proportion of var-

Table 3
The Relationship of Pay Satisfaction, Expected Salary and Expected Percent Change In Salary With Gender and Possible Explanatory Variables

	Pay Satisfaction		Expected Salary			Expected Percent Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Variable	Beta	Beta	Beta	Beta	Beta	Beta	Beta	Beta
Major								
Engineering	.05	.06	-.03	-.02	-.01	.00	.00	.01
Physical Science/Health	.01	-.03	-.03	-.03	.00	.05	.04	.00
Other	.05	.03	-.01	-.03	-.01	.03	.03	.01
Job Title								
Engineering	.01	.02	.09[a]	.11[b]	.02	-.09	-.09	-.03
Service/Teaching	-.03	.00	-.08[a]	-.07[a]	-.04	-.06	-.06	-.08[a]
Sales	.06	.05	.05	.05	.01	.00	.00	.01
Blue-Collar/Clerical	.11[c]	.11[c]	-.08[a]	-.07[a]	-.05[a]	-.06	-.06	-.07
Industry	.05	.04	.13[c]	.13[c]	.04	-.05	-.06	.00
Months in Labor Force	-.09[a]	.04	.33[c]	.35[c]	.11[b]	-.10[a]	-.11[a]	.06
Length of Service	.05	.03	.06	.05	-.04	-.11[a]	-.09	-.01
Hours per Week	-.01	.00	.19[c]	.20[c]	.06	-.07	-.06	.06
Amount/Budget	.01	-.00	.09[b]	.08[b]	.01	-.04	-.03	.00
Number Supervised	-.04	-.03	.04	.04	.03	.05	.04	.03
Importance/Career	-.02	-.04	.10[c]	.09[a]	.06[b]	.04	.04	.07
Importance/Pay	.05	.07[a]	.08[b]	.10[b]	.06[b]	.05	.04	.07
Financial Situation	.32[c]	.23[c]	.18[b]	.16[c]	.03	-.09[a]	-.09	.00
Spouse's Salary	-.16[c]	-.12[c]	.07	.08[a]	.11[c]	.07	.07	.07
Interesting Job		.12[b]		.06	.02		-.06	-.01
Pleasant Environment		.06		.05	.01		.05	.07
Security/Fringes		.19[c]		.04	.00		-.07	-.06
Friendly Co-workers		-.06		-.13[b]	-.02		.07	-.01
Advancement		.09[a]		.06	.06[a]		.07	.12[a]
Supportive Environment		.09		-.04	-.04		-.07	-.05
Salary	.40[c]	.38[c]			.69[a]			-.41[c]
Undecided					.05[c]			.07
Leave					.16[c]			.17[c]
Gender	-.11[b]	-.12[b]	.17[c]	.16[c]	.11[b]	.11[b]	.11[b]	.18[c]
R^2	.34[c]	.45[c]	.37[c]	.39	.65[c]	.08[c]	.09[c]	.20[c]
Changes in R^2		.11[c]		.02	.28[c]		.01	.11[c]
F	18.35[c]	21.39[c]	22.58[c]	17.79[c]	51.32[c]	2.58[c]	2.52[c]	5.97[c]

a. $p \leq .05$
b. $p \leq .01$
c. $p \leq .001$

iance in pay satisfaction that is explained. The variance in pay satisfaction explained increases from .34 to .45. The specific job facet satisfaction measures found to be significant are interesting job, security/benefits and advancement opportunities. Increases in satisfaction with any of the job facet measures is associated with increased pay satisfaction. The results pertaining to expected salary also provide no support for hypothesis 2. When measures of satisfaction with job facets are introduced to the analysis of expected salary, the partial beta associated with

gender declines from +.17 to +.16. Similarly, the results regarding expected percent change in salary do not support hypothesis 2. When measures of satisfaction with job facets are added to the analysis of expected percent change in salary, the partial beta associated with gender does not change (beta = .11, see regression #7).

Hypothesis 3 predicted that gender differences in pay will be accounted for, in part, by differences in current salary and intention to quit one's current job. Results shown in Table 3 provide modest support for hypothesis 3. When current salary and turnover intentions are added to the regression analysis, the partial beta coefficient associated with gender declines from .16 to .11 (see regression models #4 and #5). Clearly, the dominant variable in the regression analysis of expected salary is current salary (partial beta = .69). Note that with the inclusion of current salary, all career path and job input variables, except blue-collar/clerical job and months in the labor force, found significant in regression models 3 and 4 cease to be significant. Alternatively, spouse's salary increases in magnitude and continues to be significant. Both coefficients associated with turnover intentions are significant. Being undecided about leaving and definitely planning to leave are both positively related to expected salary (+.05 and +.16, respectively).

The findings regarding expected percent change in salary pertaining to hypothesis 3 are counter to what was expected (model #8). The coefficient for gender increases from +.11 in model #7 to .18 in regression model #8. Men expect even greater percent increases in salary following their MBA studies when the effects of current salary and turnover intentions are considered. Current salary has the strongest relationship with expected percent change in salary (beta = -.41). Definitely, intending to leave one's current employer has a significant positive relationship with expected percent change in salary. With respect to the remaining variables entered into model #8, only satisfaction with advancement is significant (beta = .12).

Discussion and Conclusions

Implications for Research

Our findings indicate that significant gender differences in pay satisfaction and pay expectations exist after controlling for variables identified in earlier studies of pay satisfaction and pay expectations. No support is observed for the hypothesis that differences in career path, job inputs, spouse's earnings, career and pay importance, and family financial situation account for gender differences in pay satisfaction. There is some support for the hypothesis that these factors account, in part, for gender differences in expected absolute earnings in a job following completion of the MBA. However, when pay expectations are measured as "percent change in earnings," the findings are counter to our hypothesis. When variables being investigated are entered, the partial coefficient for gender effects increases. Regarding our second hypothesis, there is no support for the proposition that differences in satisfaction with selected facets of one's job account, in part, for gender differences in pay satisfaction and pay expectations.

There is some support for our third hypothesis that differences in current

salary and intention to quit account, in part, for gender differences in expected absolute salary. Alternatively, when the measure of pay expectations is percent change in salary, the findings are opposite those hypothesized; that is, the coefficient for gender increases. Men expect even larger percentage increases in salary.

The primary focus of this study was to test the validity of the Major and Konar model with a sample of experienced members of the labor force. The findings provide no support for the hypothesis that differences in career paths, job inputs, comparison standards and job facet importance account for gender differences in pay satisfaction. There is some support for the hypothesis that these factors account for part of the gender differences in absolute pay expectations. However, all variables, with the exception of career path and job inputs, cease to be significant when current salary and turnover intentions are introduced to the analysis. Finally, in the analysis of expected percent change in salary, there is no support for the hypothesis that these variables account for gender differences. In summary, our results provide very little support for the Major and Konar model when the subjects have appreciable amounts of labor market experience.

In our judgement, future research addressing pay satisfaction and pay expectations of the labor force should include a measure of estimated earnings of others in general and a measure of estimated earnings of others of the same gender employed in one's current job as well as in the job to which one aspires. Evidence from other sources suggests these may be critical variables to include in studies of gender differences in pay satisfaction and pay expectations. First, McFarlin *et. al* (1989) found estimates of same gender earnings in the job to which one aspires to be more related to expected starting salaries among a sample of college students than estimates of earnings for the job in general (without specifying gender). Second, BLS data reporting 1993 annual earnings by occupation for those with a college degree show that the female-to-male earnings ratio in selected business occupations ranged from .72 to .86. The average earnings ratio of women to men for all business occupations in 1993 was .78 (Bureau of Labor Statistics, 1993). Evidence of the tendency to use a same-gender comparison in estimating average or going rates of pay for one's current job or for the job to which one aspires, coupled with labor force data revealing substantial gender differences in pay even when stratified by occupation, suggests these are important variables which will help account for gender differences in pay satisfaction and pay expectations.

Although not the focus of the current study, the data reported here make clear the importance of current salary in accounting for pay expectations. The beta coefficient for salary in the analysis of expected salary and in the analysis of expected percent change in salary was .69 and -.41, respectively. Clearly when studying pay expectations of experienced members of the labor force, current salary is the dominant variable. When it is not included, many career path and job input variables are found to be significant, but are not significant when the effects of salary are considered.

Our findings suggest that spouse's salary and family financial situation

are important to include in studies of pay satisfaction and pay expectations among experienced members of the labor force. The data pertaining to spouse's salary suggest this is an important variable both in one's estimate of appropriate pay in one's current job, and in estimating the expected salary in a future position. Conversely, one's assessment of the family financial situation appears to be related to pay satisfaction. Since this variable is significant when both spouse's salary and one's current salary are included in the analysis, it is making a unique contribution to explaining pay satisfaction beyond family income.

While not a central part of the study, our findings regarding the impact of spousal salary on pay satisfaction have potential implications regarding equity theory formulations. As postulated by Adams (1965), an individual determines whether or not a situation is equitable by comparing a ratio of one's own outcomes to inputs with the ratio of outcomes to inputs of a relevant comparison other. As equity theory is discussed in the context of explaining perceptions of pay fairness and satisfaction in compensation textbooks (e.g., Milkovich and Newman, 1996), it is implied that the point of comparison is a co-worker employed by the same organization or an employee in a similar job at another organization. Because spouse's salary makes a significant contribution in most of our analyses, future research in the area of pay satisfaction and pay expectations may find it fruitful to include a measure of estimated earnings of one's significant other or close friend.

Finally, our findings support the validity of Adam Smith's compensating differentials hypothesis. The data suggest that when a job is more interesting, has greater job security and better benefits and opportunities for advancement, one is more satisfied with a given level of compensation. These findings also lend support to the employer of choice pay strategy described by Milkovich and Newman (1996). This strategy suggests that by providing a work environment that is intrinsically rewarding and secure, an employer can be in a strong position to attract and retain labor and achieve higher levels of job satisfaction than would otherwise be observed with a given level of direct compensation.

Managerial Implications

Women appear to be more satisfied than men with a given level of compensation. Given the increased number of women in the work force, it may be necessary for organizations to re-examine their current practices for attracting and retaining qualified employees. A second practical application involves support for the compensating differentials theory or the employer of choice pay strategy. By providing interesting work, good benefits and job security along with opportunities for advancement, an employer can expect higher pay satisfaction with a given level of direct compensation.

A third finding which has clear implications for managers is the importance of current salary in explaining pay satisfaction and pay expectations. Current salary dominates the findings. All other variables considered in the current investigation have, by comparison, a modest relationship with pay satisfaction and pay expectations. One may react to this suggestion by stating that it is so obvious that

it is not necessary to point it out. We agree that the importance of current salary in accounting for satisfaction and pay expectations should be obvious. However, this relationship is seldom emphasized in compensation textbooks. Hence, we suggest it is appropriate to point out to managers that current salary dominates pay satisfaction and pay expectations.

Strengths and Limitations

A major strength of this study lies in the sample. Existing research on gender and pay satisfaction has relied primarily on information gathered from undergraduate students regarding their expectations for their first job after graduation. The data used in this study capture information from individuals from all corners of the United States who are currently working full-time. Generalizability of the study is strengthened by the fact that respondents come from a variety of industries and firms differing in size. The nature of the sample, however, poses several limitations to the study as well. The data were collected from first-year MBA students throughout the United States. While the sample is very representative of MBA students, it is not entirely representative of the total workforce. The sample focuses on college educated workers who are highly career focused. Generalizability to other segments of the workforce is limited. Additionally, the use of several single-item measures raises the usual concerns.

The importance of social referents in determining pay satisfaction is well documented. Previous studies of pay satisfaction have used co-workers (structural equivalents) as the primary referent group. Given our reliance on a secondary data source, direct comparisons to earlier studies is not possible. As noted earlier, Shah (1998) categorizes social referents as either cohesive or structural equivalents. While we have no measure of a structural equivalent comparison person, we were able to construct a measure of a cohesive social referent. Spouse's salary was shown to be negatively related to pay satisfaction and positively related to expected salary. Future studies should include measures of both structural equivalents and cohesive referents in order to determine their overall impact.

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