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Pay openness movement: Is it merited? Does it influence more desirable employee outcomes than pay secrecy?

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ABSTRACT

Organizations are currently moving toward increased pay openness in the workplace; thus, it is important to determine the influence pay communication practices (pay secrecy and pay openness) have on employee outcomes and whether the increase in pay openness is merited and more beneficial for organizations. The purpose of this article is to analyze pay communication's influence on workplace deviance and organizational citizenship behaviors (OCBs). Specifically, pay secrecy practices are hypothesized to influence employees to engage in less OCBs and more workplace deviance. Informational justice and distributive justice perceptions are included as mediators. Pay secrecy leads to greater workplace deviance as well as less OCBs and justice perceptions and thus, inferring the pay openness movement is merited. A Pay Communication scale was developed and validated for this study. Practical implications, limitations, and future research directions are provided.

KEYWORDS

pay communication; pay secrecy; pay openness; workplace deviance; organizational citizenship behaviors; informational justice; distributive justice

Pay communication is an important organizational practice, especially since compensation has been indicated by employees to be a significant job factor (Gerhart & Rynes, 2003; Opsahl & Dunnette, 1966), and it represents many different things to them (e.g., a determinant of social status: Andersson-Straberg, Sverke, & Hellgren, 2007; an indication of organizational value: Lawler, 1971; a self-esteem booster: Goodman, 1974). However, organizations vary in their utilization of pay communication practices, with practices ranging from the usage of a pay secrecy policy as well as the amount of pay information organizations present to employees (Gomez-Mejia & Balkin, 1992; Milkovich & Newman, 2005).

In the past, the majority of U.S. organizations have favored pay secrecy over pay openness practices (Balkin & Gomez-Mejia, 1985; Hrnext.com Survey, 2001; Lawler, 1981; Scott, Sperling, McMullen, & Wallace, 2003). However, the usage of pay secrecy practices in the workplace has been steadily decreasing for the past few decades. For instance, pay secrecy practices were utilized by 75% of organizations in 1985 (Balkin & Gomez-Mejia, 1985), decreased to 36% in 2001 (Hrnext.com Survey, 2001), and then further reduced to 23% in 2010 (IWPR & Rockefeller Survey of Economic Security, 2011).

This recent trend of moving away from pay secrecy (and toward pay openness) practices is due to several reasons. First, pay information is more easily attainable on the Internet through websites such as Salary.com and Glassdoor.com (Ledford, 2014). Second, Millennials are entering the workforce and bringing their attitudes regarding comfortableness with sharing personal information on social media networks to the workplace (Lytle, 2014). Third, politicians have been proposing bills that demonstrate the value of pay openness. For instance, President Barack Obama signed an executive order in April 2014 prohibiting federal contractors from punishing employees for discussing pay information or inquiring about pay information. Also, Louisiana Governor John Bel Edwards had the Louisiana Equal Pay Act passed in April 2016 as well as stating that “We must also end the archaic and discriminatory practice of pay secrecy.” Finally, recent news articles have discussed the benefits of pay openness in the workplace (e.g., Bacharach, 2012; Lally, 2016; Lytle, 2014).

Despite this current movement toward pay openness in the workplace, there is little known about pay communication and employees' reactions to the specific practices utilized by their organization. Since many companies have moved toward greater pay openness,

it is essential to determine whether pay openness produces favorable employee outcomes and pay secrecy influences undesirable employee behaviors. There have been several studies analyzing pay communication's impact on task performance (e.g., Bamberger & Belogolovsky, 2010; Belogolovsky & Bamberger, 2014; Belogolovsky, Bamberger, Alterman, & Wagner, 2016; Futrell & Jenkins, 1978); however, there is a gap in the literature examining pay communication's influence on other employee behaviors that are beneficial or detrimental to an employees' performance as well as on an organization's overall well-being, productivity, and success, such as organizational citizenship behaviors (OCBs) and workplace deviance.

Since employee task performance has been shown to be influenced by pay communication practices, OCBs and workplace deviance may be influenced as well since these constructs encompass employee performance to some extent and similar to employee performance may either contribute or hinder organizational performance and functioning (Lee & Allen, 2002; Motowidlo & Van Scotter, 1994). For instance, OCBs are nonrequired, extra-role positive work behaviors that may increase an individual employee's performance as well as the performance of a coworker and the organization (e.g., showing up to work and putting forth effort, following the organization's rules, and putting forth voluntary effort to engage in altruism). On the other hand, workplace deviance is also related to employee performance but through negative work behaviors (e.g., withholding effort on the job, absenteeism, and sabotaging equipment), which deteriorate employee performance and harm the organization's success and proper functioning. Understanding pay communication's influence on these employee outcomes is important because the results will help organizations determine which pay communication practices should be utilized to potentially increase employee engagement in OCBs (which is desired by organizations) and reduce employee participation in workplace deviance (which is viewed as unfavorable by organizations). This research ultimately assists organizations in choosing the better pay communication practice, so its efforts are more successful in increasing desirable employee behavior (e.g., OCBs) and decreasing unfavorable employee behavior (e.g., workplace deviance), which lead to better employee and organizational performance and functioning (Dunlop & Lee, 2004).

Therefore, the primary purpose of this article is to answer Marasi and Bennett's (2016) call for a better understanding of pay communication's influence on employee outcomes by analyzing pay communication's relationship with workplace deviance and OCBs (based on social exchange theory). Specifically, it is argued that pay secrecy practices influence employees to engage in

higher levels of workplace deviance and lower levels of OCBs. Conversely, the level of engagement in OCBs is expected to increase while workplace deviance is anticipated to decrease under greater pay openness conditions. Further, informational justice and distributive justice are expected to mediate the relationship pay communication has with both workplace deviance and OCBs (following the organizational justice framework and fairness heuristic theory). The second purpose of this article is to develop and validate a Pay Communication scale. It is necessary and essential to the pay communication literature (as well as future research) to substantiate a Pay Communication scale for two reasons. First, there is not currently a pay communication measure that has been properly developed and validated. Most of the measures were created for specific studies (all except Noy's scale: Noy, 2007), with the items being generated by the researcher(s) rather than being developed using proper methodology. A few of the measures are not generalizable beyond the study they were designed for due to the specificity of the items. Second, with the advancements in the pay communication literature demonstrating there are two aspects of the pay communication construct (e.g., organizational restriction and employee restriction: Marasi & Bennett, 2016), a pay communication scale that encompasses both aspects is needed to match and correspond with the current literature.

Literature review

Pay communication refers to the organizational practice that determines if, when, how, and which pay information (e.g., pay ranges, individual pay levels, and the entire pay structure) is conveyed to employees (referred to as the organizational restriction aspect) and whether discussions involving pay information are permitted amongst employees and potentially outsiders (referred to as the employee restriction aspect: Marasi & Bennett, 2016). Thus, there are two aspects that comprise pay communication: organizational restriction and employee restriction (Marasi & Bennett, 2016). Pay communication practices differ among organizations through variations in the amount and type of pay information provided to or withheld from employees (organizational restriction), as well as the allowance or restriction of pay discussions among employees (employee restriction). Therefore, pay communication practices (including its two aspects) exist along a continuum and appear in a variety of forms (Burroughs, 1982; Colella, Paetzold, Zardkoohi, & Wesson, 2007; Lawler, 1981; Lawler & Jenkins, 1992; Patten, 1978). The two

extremes (and commonly acknowledged practices) of the pay communication continuum are complete pay secrecy and complete pay openness, with varying levels of pay communication practices residing between the extremes. The extent to which a pay communication practice is utilized depends on the needs and strategic goals of the organization.

Pay openness (at the extreme) is an organizational practice that involves the organization distributing all pay information to employees on a regular basis, usually at specific time intervals (such as annually or quarterly) or upon request. Additionally, employees are allowed to discuss their personal pay information with other organizational members and outsiders. On the other hand, pay secrecy (at the extreme) is an organizational practice that prohibits management from distributing and communicating any pay information to employees (Bamberger & Belogolovsky, 2010; Belogolovsky & Bamberger, 2014; Colella et al., 2007; deCarufel, 1986), and usually involves the adoption of a pay secrecy policy that discourages or forbids employees from discussing their personal pay information with other organizational members and potentially outsiders (Bamberger & Belogolovsky, 2010; Belogolovsky & Bamberger, 2014; Bierman & Gely, 2004; Burroughs, 1982; Colella et al., 2007; Gely & Bierman, 2003; Thompson & Pronsky, 1975). A pay secrecy policy is usually the most detectable pay communication practice by employees and is expressed either in writing (such as in employee manuals) or verbally (such as during employee orientation or an employee meeting). Organizations may attempt to obtain compliance with a pay secrecy policy by compelling employees to sign a pledge stating they will not discuss pay information with other organizational members and outsiders or by having policy violators suffer disciplinary consequences, such as termination (Gomez-Mejia & Balkin, 1992). The pay secrecy policy intensifies as the policy becomes more concrete (e.g., written rather than verbal) or the repercussions for violations of the policy become more severe (e.g., termination rather than verbal warning). However, the usage of a pay secrecy policy violates the National Labor Relations Act (NLRA), except for employees categorized as managers, since wages (or pay information) are a collective bargaining issue. Therefore, it is unlawful for organizations to utilize (whether conveyed in writing or verbally) or punish nonmanagerial employees for violating illegitimate pay secrecy policies, whether the employees are unionized or non-unionized.

A variety of pay communication practices (such as mild pay secrecy or moderate pay openness) reside

along the continuum between the extremes. For instance, one point on the continuum (representing a mild pay secrecy practice) may involve employees being provided with only their personal pay information, as well as the pay range and pay average for their current pay grade, and no mention of an “official” pay secrecy policy. However, a different continuum point (representing a moderate pay openness practice) may involve employees being supplied with their personal pay information, as well as the pay ranges and pay averages for their pay grade and the adjacent pay levels in the pay structure.

Hypotheses and theory development

Workplace deviance is defined as purposeful, norm-violating behaviors which have the potential to harm the organization and/or its members (Robinson & Bennett, 1995). These employee behaviors include absenteeism, employee theft, withdrawal of job effort, and harassment in the workplace. It is important to understand the antecedents of workplace deviance since it is estimated to cost U.S. organizations millions of dollars annually (Case, 2000; Harris & Ogbonna, 2006; Murphy, 1993), leading the U.S. Department of Commerce to believe it causes about a third of organizational bankruptcies in the U.S. Additionally, prior research suggests that a majority of employees have participated in some form of workplace deviance (Harper, 1990; Harris & Ogbonna, 2002; Marasi, Bennett, & Budden, 2018; Slora, 1991), with nearly all organizations having suffered from one of the costliest and harmful deviant acts, employee theft (Case, 2000; Coffin, 2003; Kennedy, 2016). For these reasons, identifying the causes of workplace deviance is imperative for organizations’ well-being and success.

OCBs are described as extra-role behaviors that are neither required nor directly rewarded by the organization, yet still contribute to the organization’s overall effective functioning and success (Organ, 1990). These employee behaviors are characterized by altruism, sportsmanship, conscientiousness, and courtesy, and include behaviors such as helping coworkers, volunteering for extra duties, and offering ideas to improve organizational functioning (Organ & Ryan, 1995; Podsakoff & MacKenzie, 1997). Prior research indicates that OCBs are related to a variety of positive workplace outcomes that lead to organizational success, including enhanced organizational performance, coworker and managerial productivity, and overall organizational effectiveness (Podsakoff & MacKenzie, 1997).

As previously mentioned, pay communication practices have been shown to influence employee task

performance (e.g., Bamberger & Belogolovsky, 2010; Belogolovsky & Bamberger, 2014; Belogolovsky et al., 2016). Since workplace deviance and OCBs encompass employee performance to some extent, it is expected that pay communication practices will also influence these constructs. Therefore, pay communication practices may positively or negatively influence employee behavior that relates to their performance, such as OCBs and workplace deviance. It is important to identify which pay communication practices (e.g., pay secrecy or pay openness) influence workplace deviance and OCBs and to what extent (e.g., increase or reduce engagement in these behaviors) to ensure employee performance is good and constructive, leading to organizational success and proper functioning.

Social exchange theory argues that an individual's feelings and behaviors will match those of the original source (Blau, 1964). The theory posits that in an exchange relationship both parties engage in multiple interactions that create commitments and expectations of reciprocity (Emerson, 1976). Over time, the relationship between the two parties evolves into a trusting relationship such that future interactions will be of a similar manner. Additionally, social exchange theory claims an individual will believe an ongoing relationship with the original source is personally beneficial to him- or herself when the perception of positive interactions is high and trust that the positive interactions will continue in the future and thus, will respond in kind by being cooperative. However, when an individual perceives to experience of negative interactions with the original source, distrusts the other party, or decides that the relationship is disadvantageous, then he or she will respond or mirror the original party's response in a similarly bad manner. Therefore, employees' actions are given and offered in reciprocation to that of the employing organization for expected future relations and returns. Following social exchange theory, pay communication's two main forms (pay secrecy and pay openness practices) have different implications for the reciprocation of workplace deviance (negative) and OCBs (positive) actions toward the organization.

Pay secrecy conditions are expected to lead employees to recognize negative interactions on the employing organization's part because the organization is not providing pay information to employees (organizational restriction) and forbidding employees from discussing their pay with other employees (employee restriction). Additionally, the employee restriction aspect tends to be a legal issue in the U.S. as nonmanagerial employees have the right to discuss their employment conditions (e.g., pay information) with other organizational members due to compensation being a collective bargaining

issue protected by the NLRA. This may present a problem for employees in the U.S. (regardless of whether employees know a pay secrecy policy is unlawful) as they believe they have the right to free speech (due to the First Amendment to the U.S. Constitution) and take any intrusion on this privilege as a personal threat. Therefore, pay secrecy practices challenge and encroach on employees' freedom and privileges to bargain collectively by prohibiting them from discussing their personal pay information with other employees (employee restriction). Also, human instincts tell us that the connotation of a "secret" is negative in that something is wrong, bad, or problematic and consequently, should have detriments (Frijns, Finkenauer, Vermulst, & Engels, 2005; Kelly, 2002). Therefore, when organizations do not voluntarily distribute pay information to employees, the concealment may lead employees to believe that something is wrong with the compensation system (e.g., discrepancies exist in the pay structure), in that if the pay structure was satisfactory and there was nothing to hide then pay information would be shared (organizational restriction). Therefore, since employees perceive organizations to be violating their freedoms and right to bargain collectively as well as attribute the hiding of pay information due to the belief that the pay structure is inequitable, employees are likely to respond in kind by engaging in negative behaviors of their own, such as participating in workplace deviance and/or withholding cooperative and positive work behaviors (e.g., OCBs).

On the other hand, pay openness practices represent favorable dealings as the organization demonstrates it is dedicated to employees in several ways. First, organizations provide employees with pay information (organizational restriction) and permit employees to discuss their pay information with other organizational members and outsiders (employee restriction). This transparency shows that the organization is not intruding on the employees' protected rights by providing pay information (given the pay information is accurate and of quality, and the amount of pay information conveyed to the employees is suitable). Also, the openness suggests that there are no problems or discrepancies in the pay structure (given the reasons for any pay differentials are explained and comply with the organization's methods for determining pay). Employees are likely to view the openness or transparency positively and believe that the relationship is and will remain beneficial. Therefore, employees will reciprocate the favorable conduct and treatment by behaving cooperatively, such as by engaging in OCBs, and thereby creating a mutual and continuing exchange of benefits (Colquitt, LePine, Piccolo, Zapata, & Rich, 2012). Additionally, since

employees believe the relationship is advantageous and desire to keep it, they are likely not to participate in workplace deviance.

In support of these arguments, previous research has found pay secrecy conditions to negatively impact task performance (Bamberger & Belogolovsky, 2010; Belogolovsky & Bamberger, 2014), while pay openness conditions have been linked to higher levels of employee performance (Futrell & Jenkins, 1978). Therefore, it is expected that employees experiencing pay secrecy conditions may be less likely to participate in extra-role behaviors that go beyond their regular job duties (e.g., OCBs) since they have lower task performance in general and are not fully contributing to their regular job duties, which may be due to them engaging in different forms of workplace deviance (e.g., withholding effort). On the other hand, pay openness conditions are anticipated to influence employees to engage in more OCBs, as they have higher performance levels and are putting forth more effort in their regular job duties and thereby are most likely not engaging in workplace deviance.

Based on the pay communication scale's design, higher overall averages represent higher levels of pay secrecy (whereas lower overall averages indicate higher levels of pay openness), and therefore, pay communication practices are expected to be positively associated with workplace deviance and negatively related to OCBs (in that as pay secrecy increases OCBs will decrease or as pay openness decreases OCBs will also decrease). Thus, pay secrecy (rather than pay communication) is used for wording in the hypotheses. The following hypotheses are presented:

Hypothesis 1: Pay secrecy (relative to pay openness) is positively related to workplace deviance.

Hypothesis 2: Pay secrecy (relative to pay openness) is negatively related to organizational citizenship behaviors.

Mediators

Perceptions of informational justice and distributive justice may serve as mediators for the relationship between pay communication and both workplace deviance and OCBs. Informational justice refers to the amount, quality, and timing of information provided to employees that explain the procedures used to determine outcomes (Bies, Martin, & Brockner, 1993; Greenberg, 1993a). According to the organizational justice framework (Colquitt, 2001; Colquitt, Conlon, Wesson, Porter, & Ng, 2001), perceptions

of informational justice are likely to prevail when the information is accurate, complete, and given in a timely manner. Pay openness conditions result in perceptions of informational justice since the organization is providing complete and accurate information to employees in a timely manner (organizational restriction) and allowing employees to discuss their pay information with other employees (employee restriction) and thereby allowing employees to receive pay information from the organization and other organizational members.

Consequently, the theoretical basis for the framework is violated under pay secrecy conditions since employees are not provided with complete or accurate pay information or are not given the pay information in a timely manner. This results from organizations not providing any pay information to employees throughout their tenure with the organization (organizational restriction). Additionally, since employees are not allowed to discuss their pay information with other organizational members (employee restriction), they cannot receive complete, accurate, or timely pay information from other organizational members. Therefore, pay secrecy conditions create informational injustice perceptions. Perceptions of injustice are likely to cause employees to feel anger and tension (Homans, 1961), which, in turn, may lead them to engage in deviant behaviors to restore justice and/or not participate in desirable behaviors (e.g., OCBs) since they are feeling unfairly treated. For instance, informational justice perceptions have been shown to increase OCBs (e.g., Colquitt et al., 2001; Liao & Rupp, 2005); whereas, informational injustice perceptions have yielded greater levels of workplace deviance (e.g., Greenberg, 1990, 1993a; Jones, 2009). Therefore, perceptions of informational justice are expected to mediate the relationship between pay communication (pay secrecy) and both workplace deviance and OCBs. Thus, the following hypotheses are presented:

Hypothesis 3a: Perceptions of informational justice mediate the relationship between pay secrecy (relative to pay openness) and workplace deviance.

Hypothesis 3b: Perceptions of informational justice mediate the relationship between pay secrecy (relative to pay openness) and organizational citizenship behaviors.

Distributive justice refers to the fairness perceptions associated with the outcomes distributed by the organization, in this case, pay (Colquitt, 2001; Colquitt et al., 2001; Greenberg, 1990). Distributive justice perceptions are determined by employees' comparisons of

their personal outcomes to the outcomes of referent others. As previously mentioned, pay secrecy prevents employees from knowing the outcomes (or pay) of other organizational members. Thus, pay outcome inferences are based on a guessing game in which pay estimations are mainly derived from innuendo and gossip (deCarufel, 1986) and tend to result in inaccurate pay estimations. In support of this, previous studies have demonstrated that employees experiencing pay secrecy are inclined to overestimate peers' and subordinates' pay (Lawler, 1965a, 1965b, 1967, 1972; Mahoney & Weitzel, 1978; Milkovich & Anderson, 1972), leading the employees to have negative and inequitable pay comparisons and perceptions of distributive injustice. Pay openness practices have also been argued to promote fairness perceptions regarding outcomes (e.g. pay) by providing adequate pay information (Greenberg, 1990; Lytle, 2014). However, pay openness practices are most likely to influence positive distributive justice perceptions when pay is in fact equitable. Therefore, there is the possibility that pay openness practices may lead to distributive injustice perceptions when pay is unequal or unfair. Nevertheless, organizations that utilize pay openness practices probably have an equitable pay structure to avoid potential conflict and pay discrimination lawsuits. Also, organizations that have a pay structure that is (or appears to be) inequitable or unfair are less likely to use a pay openness approach due to various issues (e.g., conflict among coworkers), and are more likely to hide the inequitable pay structure with a pay secrecy approach.

Following equity theory (Adams, 1965), employees may experience an equitable or inequitable (either underreward or overreward) balance when comparing their inputs to outcomes ratio to that of a referent other. According to the theory, when an employee considers his or her ratio to be equitable to that of a referent other, the employee will experience distributive justice perceptions and experience, at a minimum, contentment with the organization for having an equitable compensation system. These feelings may develop more positively into satisfaction and lead employees to participate in desirable behaviors (e.g., engage in OCBs and withdraw from workplace deviance) since they are satisfied with the compensation system. However, when comparison ratios result in employees perceiving they have an underreward inequity or receive less outcomes than the referent other, this leads them to have perceptions of distributive injustice, which in turn causes the employees to experience anger and relative deprivation (Homans, 1961; Jaques, 1961). These feelings lead employees to engage in a variety of methods to restore justice, such as equalizing (or rebalancing)

their pay outcome perceptions. These different techniques used to counteract or compensate for the perceived inequity or injustice are likely to be selfish and potentially harmful behaviors, such as workplace deviance (e.g., Ambrose, Seabright, & Schminke, 2002; Cohen-Charash & Spector, 2001; Greenberg, 1990; Skarlicki & Folger, 1997; Zoghbi-Manrique-de-Lara, 2010). For instance, employees may steal to increase their outcomes or reduce their work effort to decrease their inputs to balance the comparison and make the inequity equivalent (e.g., Greenberg, 1990, 1993a). Therefore, perceptions of distributive justice are expected to mediate the relationship between pay communication and both workplace deviance and OCBs.

As previously mentioned, pay secrecy conditions tend to cause employees to overestimate their peers' and subordinates' pay (Lawler, 1965a, 1965b, 1967, 1972; Mahoney & Weitzel, 1978; Milkovich & Anderson, 1972), leading employees to have negative and inequitable pay comparisons and perceptions of distributive injustice. Additionally, perceptions of distributive justice have been found to increase OCBs (e.g., Cohen-Charash & Spector, 2001; Colquitt et al., 2001; Greenberg, 1993b); whereas, distributive injustice has demonstrated to increase workplace deviance (e.g., Ambrose et al., 2002; Cohen-Charash & Spector, 2001; Hershcovis et al., 2007). Therefore, pay secrecy conditions are expected to lead to perceptions of distributive injustice, which influences more workplace deviance and less OCBs. Thus, distributive justice perceptions are anticipated to mediate the relationship between pay communication and both OCBs and workplace deviance. The following hypotheses are presented:

Hypothesis 4a: Perceptions of distributive justice mediate the relationship between pay secrecy (relative to pay openness) and workplace deviance.

Hypothesis 4b: Perceptions of distributive justice mediate the relationship between pay secrecy (relative to pay openness) and organizational citizenship behaviors.

Although pay communication (or pay secrecy) may have implications for distributive justice based on prior research, informational justice perceptions may play a factor in employees determining whether they have distributive justice or injustice perceptions. For instance, under pay secrecy conditions an employee cannot generate accurate and timely pay comparisons due to the organization not providing employees with pay information (organizational restriction) and not allowing employees to discuss their pay with other organizational members (employee restriction).

Fairness heuristic theory (Lind, 2001) explains how informational justice may mediate the pay communication–distributive justice relationship, which influences workplace deviance and OCBs. Fairness heuristic theory argues that when specific inferences about a fairness dimension cannot be identified (e.g., distributive justice) then other justice perceptions will assist in making inferences (e.g., informational justice), even when the other justice dimension does not pertain to or relate to the missing fairness dimension judgment (Lind, 2001). Therefore, when the most pertinent information is unavailable (e.g., pay information for a referent other), the missing fairness judgment (e.g., distributive justice) is determined by a heuristic substitute that is based on less relevant information that is available (e.g., informational justice). Although the organizational justice framework argues that distributive justice perceptions are not possible under pay secrecy conditions since pay information is unavailable and accurate pay comparisons cannot be generated, fairness heuristic theory suggests distributive justice perceptions can be created in a different manner. Thus, fairness heuristic theory demonstrates how perceptions of informational justice are likely to influence distributive justice perceptions in that when informational justice is viewed as being unfair (or fair) then distributive justice will also be perceived to be unfair (or fair), as the employees use the knowledge they have in one justice dimension to account for and formulate their perceptions of justice in the other dimension regardless of an actual association between the two. As previously argued, informational justice is expected to have a negative relationship with pay secrecy due to information not being accurate, complete, or timely, and therefore, the expected perceptions of informational injustice will create distributive justice perceptions that are also negative under pay secrecy conditions. Thus, since fairness heuristic theory argues that distributive justice is dependent upon informational justice, informational justice is anticipated to mediate the relationship between pay communication and distributive justice. Additionally, distributive justice is expected to mediate the relationship pay communication and informational justice have with workplace deviance and OCBs. Therefore, informational justice and distributive justice (which is expected to be influenced by informational justice) are both expected to mediate the relationship between pay communication and workplace deviance as well as OCBs. Thus, the following hypotheses are presented:

Hypothesis 5: Perceptions of informational justice mediate the relationship between pay secrecy (relative to pay openness) and perceptions of distributive justice.

Hypothesis 6a: Perceptions of informational justice and distributive justice mediate the relationship between pay secrecy (relative to pay openness) and workplace deviance.

Hypothesis 6b: Perceptions of informational justice and distributive justice mediate the relationship between pay secrecy (relative to pay openness) and organizational citizenship behaviors.

Method

Measures

Pay communication

The level of pay communication (pay secrecy or pay openness) was analyzed using a 17-item scale developed and validated specifically for this study. The scale measures pay secrecy and pay openness along a continuum, with pay secrecy being represented by higher overall scores and pay openness being characterized by lower overall scores. Specifically, the scale measures employees' perceptions of the pay communication practices they are experiencing in the workplace, including views of organizational policies and actions (e.g., pay secrecy policy and whether pay information is provided to employees). The Pay Communication scale has two subdimensions: Employee Restriction and Organizational Restriction. Refer to [Appendix A](#) for an overview of the scale items and subdimensions. Although the scale development process yielded two subdimensions that are empirically separate aspects of pay communication, the two subdimensions are highly correlated (as demonstrated below in the explanation of the scale development process) and together allow for a holistic approach to analyze the pay communication construct (or pay communication perceptions) to be analyzed. Since the purpose of this study is to analyze the entire construct of pay communication and its influence on workplace behaviors, the overall Pay Communication scale was utilized for hypotheses testing, rather than the individual subdimensions or aspects. The scale was measured using a 7-point Likert-type scale ranging from 1 (*strongly disagree*) to 7 (*strongly agree*). Seven of the items were reverse coded. Examples of the scale's items are "I am provided my job's pay range" and "My organization makes it clear that pay should not be discussed under any circumstances." The coefficient alpha for this scale is .94.

Three multistage studies were conducted independently from this study to properly develop and validate the Pay Communication scale. Study 1, Instrument

Development, involved two stages. In stage 1, Item Generation, a large, inclusive pool of items about pay communication practices was generated by 24 Society for Human Resource Management (SHRM) members as well as the lead researcher, which resulted in 79 items. For Item Refinement, stage 2 of study 1, 11 PhD academics in the management discipline with an emphasis in human resource management rated and reviewed each of the items based on three criteria involving the degree to which each item has consistency with the pay communication description (either pay secrecy or pay openness), generalizability to a wide variety of organizations and occupations, and clarity and conciseness (requests for editing of items or item deletion were allowed in this portion). Items that received a mean score of 3.0 or less on any of the three rating criteria or were requested to be deleted by the judges were eliminated from further analysis. This stage yielded 42 items for further analysis.

Study 2, Scale Evaluation, also comprised two stages. The sample consisted of 306 participants and was recruited using an online survey panel, Qualtrics. Once the participants completed the survey of the remaining 42 items, the researchers analyzed the data in two stages. The Item Selection Process stage (stage 1) involved evaluating the items based on item-total correlations and variances. Items demonstrating high inter-item correlations with other items in the same subcategory were selected to be included in the subdimensions since a scale should consist of highly inter-related items (DeVellis, 2012). Additionally, items with low variances (below 1.5) were eliminated since they do not allow differences between the participants to be established (DeVellis, 2012). This process resulted in 38 items remaining in the analyses. Stage 2 involved conducting an exploratory factor analysis. Items were evaluated on their interrelationships (factor weights and factor loadings) using a principal axis factor analysis with direct oblique rotation. A factor weight of .40 was used as the minimum cutoff. Due to prior research demonstrating pay communication being comprised of two aspects (employee and organizational restrictions: Marasi & Bennett, 2016), the maximum number of factors allowed for items to load on was two as each item should either load on the employee restriction or the organizational restriction factor. Items were only allowed to load on one factor with the minimum difference between weights for an item on different factors having to be more than .10. Items not meeting the requirements were eliminated from the analyses, which resulted in 24 items remaining for further analyses. Refer to Table B1 in Appendix B for an overview of the item loadings on the two factors.

Two stages comprised Study 3, Scale Validation. There were 611 participants for this study and they were recruited from an online survey organization, Amazon's Mechanical Turk. The remaining items from Study 2 were evaluated by the researchers in the two stages after the participants completed the survey with the remaining 24 items. In stage 1, Dimensionality, a confirmatory factor analysis (CFA) using Amos 24 was conducted to evaluate the fit of the measurement model (e.g., the relationship between the items and the subfactors), to establish convergence for each subfactor (based on the items), and to cross-validate the dimensionality of the scale by comparing the two-factor model to the one-factor model. First, a CFA was performed on each subfactor (or first-order latent variables) of the Pay Communication construct as proposed in the EFA solution from Study 2. Each independent analysis showed that each subfactor demonstrated reliability by having a suitable Cronbach's alpha coefficient above .90 (Hair, Black, Babin, & Anderson, 2010). Additionally, the fit indices for each subfactor measurement model indicated that each subfactor demonstrated a good fit (Hair et al., 2010).

Second, three methods were used to establish convergence for each subfactor: the factor loadings (with each item having at least a .50 loading on a subfactor), the average variance extracted or AVE (with each subfactor having an AVE of at least 50%), and the reliability of each subfactor by means of Cronbach's alpha coefficients (with each subfactor having a minimum of .70). Three items in the first factor and four items in the second factor did not meet the minimum factor loading of .50, yielding 17 items remaining. Of the 17 remaining items, 16 have a factor loading higher than .70 and one item has a factor loading above a .50 (Hair et al., 2010). The elimination of these seven items produced a better fit to the subfactor models (refer to Table C1). As shown (refer to Appendix C), both subfactors have an AVE above 70% and a Cronbach's alpha coefficient above .90. Thus, each subfactor exhibits its own convergence.

For the final step in the Dimensionality stage, a second-order CFA was conducted to determine whether the Pay Communication construct was better represented by the two-factor model or one-factor model (where pay communication is a first-order latent variable). As shown in Table C1 (refer to Appendix C), the two-factor model demonstrates a better fit for the pay communication variable than the one-factor model. Additionally, there is a significant correlation of .41 between the subfactors ($p < 0.001$). Therefore, the two subfactors demonstrate a convergence on a common underlying construct (Lages, Lages, & Lages, 2005),

which further suggests a second-order model accounts for the data better than a first-order model (or one-factor model). Based on these results, the two-factor model displays a better fit.

The second stage of Study 3, Convergent and Discriminant Validity, involved establishing convergent validity and discriminant validity for the overall Pay Communication scale. For convergent validity, the scale was compared with Noy's (2007) POPS scale, Mulvey and colleagues' (Mulvey, LeBlanc, Heneman, & McInerney, 2002) Pay Knowledge Scale, and Day's (2006) Pay Communication scale. However, none of these scales has been independently analyzed for construct validity and only Noy's (2007) scale was properly developed, but they are the only pay communication measures available to establish convergent validity since they are the only scales that can be generalized to multiple organizations and occupations. Since Day's (2006) and the Mulvey and colleagues' (2002) scales have pay openness representing the higher scale points, their correlations with the Pay Communication scale developed for this study should be negative (as pay secrecy represents the higher scale points for this scale). The results show that the Pay Communication scale is significantly correlated with the other pay communication measures ($p < .01$), and thus, evidence of convergent validity is provided for the overall Pay Communication scale (refer to Table C2 in Appendix C).

Discriminant validity for the overall Pay Communication scale developed in this article was established by comparing it with a modified adaptation of Huselid's (1995) High Performance Work Practices (HPWP) measure, which consists of two subdimensions: Employee Skills and Organizational Structures, and Employee Motivation. Huselid's (1995) HPWP scale was utilized for discriminant validity because it analyzes organizational work practices that are dissimilar from pay communication practices. Therefore, Huselid's (1995) HPWP scale is expected to have low, yet most likely still significant, correlations with the Pay Communication scale due to both scales encompassing organizational practices. Discriminant validity was determined using the correlation comparison method and by comparing the shared variance (e.g., the square of the correlation) among the Pay Communication scale and Huselid's (1995) HPWP scale to each of the scales' AVE. The results of the correlation comparison between the Pay Communication scale and Huselid's (1995) HPWP scale show that the overall HPWP scale and its two subdimensions are significantly correlated with the Pay Communication scale and both of its subfactors, except in one correlation (refer to

Table C2 in Appendix C). However, with the exception of those regarding the Organizational Restriction subfactor, the correlations are substantially smaller than the correlations that the Pay Communication scale has with the majority of the other pay communication measures. The larger correlations between the HPWP scale (and its subdimensions) and the Organizational Restriction subfactor are expected since they both measure different organizational practices. The comparison of the shared variance among the Pay Communication scale and Huselid's (1995) HPWP scale to each of the scales' AVE is shown in Table C3 (refer to Appendix C). As shown, the squared correlation of each pair (the Pay Communication scale or a subfactor and the HPWP scale or a subdimension) was lower than the AVE for each of the constructs involved, and therefore, evidence of discriminant validity is provided for the Pay Communication scale. Thus, the Pay Communication scale demonstrates construct validity.

Workplace deviance

The extent to which the participants engaged in deviant behaviors in the workplace was measured with an adapted version of Bennett and Robinson's (2000) scale, which consisted of 28 items. Item examples include "Put little effort into my work" and "Said something hurtful to someone at work." The items were measured using a 7-point Likert-type scale with points of 0 (*never*), 1 (*once a year*), 2 (*twice a year*), 3 (*several times a year*), 4 (*monthly*), 5 (*weekly*), and 6 (*daily*). The coefficient alpha produced for this scale is .91.

Organizational citizenship behaviors

The degree to which participants engaged in OCBs was analyzed using a modification of Williams and Anderson's (1991) 14-item scale. The nature of the items was adapted to allow the participants to self-report the behaviors. Examples of the items include "Gave advance notice when unable to come to work" and "Helped others who had heavy workloads." The items were measured using a 7-point Likert-type scale matching that of workplace deviance, with scale points being 0 (*never*), 1 (*once a year*), 2 (*twice a year*), 3 (*several times a year*), 4 (*monthly*), 5 (*weekly*), and 6 (*daily*). The coefficient alpha generated for this scale is .70.

Informational and distributive justice

Participants' perceptions of justice were measured with Colquitt's (2001) distributive justice and informational justice scales. Distributive justice was measured with four items, with item examples being "Does your pay reflect the effort you have put into your work?" and "Is your pay appropriate for the work you have completed?"

Informational justice was measured with five items, with examples of the items including “Has your supervisor communicated details about pay procedures in a timely manner?” and “Has your supervisor been candid in his/her communications with you when discussing pay procedures?” Both of the justice scales were measured using a 5-point Likert-type scale with points of 1 (*never*), 2 (*to a small extent*), 3 (*somewhat*), 4 (*to a large extent*), and 5 (*always*). The coefficient alpha is .94 for distributive justice and .87 for informational justice.

Control variables

Age and gender were controlled for based on previous research showing that males (Hershcovis et al., 2007) and younger employees (Berry, Ones, & Sackett, 2007; Ng & Feldman, 2008) tend to engage in higher levels of deviant behaviors. Gender was measured categorically: female = 0, male = 1. Age was measured in categorical years: 1 = 18–19 years, 2 = 20–29 years, 3 = 30–39 years, 4 = 40–49 years, 5 = 50–59 years, 6 = 60–68 years. Dummy variables were generated to control for age.

Sample and procedure

Participants were recruited using a third-party online survey organization, Amazon’s Mechanical Turk. Those who completed the anonymous survey were compensated directly by the online survey organization. Participants consented to complete the research survey voluntarily and then were given instructions to answer the scale items and demographic questions. There were several prescreening items used during the data collection process, such as that the participants had to be at least 18 years old, reside in the United States, and be currently employed (due to the pay communication scale referring to the participants’ perceptions of their current employers’ pay communication practices). Seven instructed response items were also used to ensure participants were paying attention and responding to each question accurately (e.g., “Mark slightly agree for this item”). Participants who did not meet all of the requirements of the prescreening items or missed one of the instructed response items were

excluded from the sample. The participants were completely anonymous to the researchers. Given the conditions of how Mechanical Turk works, a response rate cannot be identified.

There were 611 participants. The majority of the participants were female (57.9%), Caucasian (73.6%), working full-time (81.5%), and possessed at least a bachelor’s degree (70.5%). Also, for most of the participants there was no labor union involvement for their job or any jobs in their organization (73.3%). The participants’ ages ranged from 18 to 68 years, with more than 40% of the participants being in their twenties and one-third of the participants (33.4%) being in their thirties. The mean age was 34 years. Most of the participants indicated they had been with their current employer for one to five years (55%) and were classified as an “employee” with no managerial duties (62.2%).

Results

Table 1 shows the correlations, means, standard deviations, and coefficient alphas for the scales used in this study. For all analyses, each independent variable (e.g., pay communication, informational justice, and distributive justice) was mean centered to minimize the effects of nonessential ill conditioning (e.g., multicollinearity among the variables) for better result interpretation (Cohen, Cohen, West, & Aiken, 2003).

Common method variance

The existence of common method variance (CMV) is a potential problem with survey data. Therefore, multiple procedural remedies were utilized in the design to reduce or eliminate the bias, such as counterbalancing or randomizing question order of the variable scales in the survey, reducing evaluation apprehension (informing participants that there are no right or wrong answers and therefore, all items should be responded to as honestly as possible), and guaranteeing anonymity for all participants (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). Additionally, Harman’s single-factor

Table 1. Descriptive statistics, means, standard deviations, reliabilities, and correlations.

Variable	M	SD	1	2	3	4	5	6	7
1. Gender	1.58	.49	—						
2. Age	3.00	1.13	.09*	—					
3. Pay communication	3.76	1.44	.07 [†]	.05	.94				
4. Informational justice	3.20	1.03	-.11**	-.01	-.45**	.87			
5. Distributive justice	2.76	1.18	-.18**	-.02	-.34**	.67**	.94		
6. Organizational citizenship behaviors	4.10	.76	-.18**	.08*	-.02	.09*	-.01	.70	
7. Workplace deviance	.96	.78	.16**	-.23**	.11**	-.13**	-.07 [†]	-.12**	.91

Note. N = 611. Cronbach’s alpha coefficients (reliabilities) are shown on the diagonal in boldface. Control variables were measured by self-reports and categorical variables.

[†] p < .10; * p < .05; ** p < .01.

test (Brewer, Campbell, & Crano, 1970; Harman, 1960) and the correlational marker technique (Lindell & Whitney, 2001) were conducted and neither method demonstrated signs of CMV's presence. Thus, this study most likely does not suffer from CMV.

Confirmatory factor analysis

A CFA using Amos 24 was conducted to demonstrate discriminant validity of the latent variables included in the theoretical model (refer to Figure 1 for the overall model). To prevent the parameter estimates from exceeding that needed for sample size ratio, three parcels were created using the domain-representative approach for the following constructs: pay communication, workplace deviance, and OCBs. The domain-representative approach involves creating parcels by combining items from the subdimensions into each parcel. This approach to parceling accounts for multidimensionality by having each parcel represent the different subdimensions and results in "better stability and fit" as well as "acceptable estimates of all parameters" (Little, Cunningham, Shahar, & Widaman, 2002, p. 168). All items were used as indicators for distributive justice and informational justice to avoid having only one or two parcels per construct, which would result in an underidentified model (Kline, 2011). Results suggested that this model had a good fit: chi-squared = 418.07, $df = 125$, $p < .01$; confirmatory fit index (CFI) = .96; incremental fit index (IFI) = .96; root mean square error of approximation (RMSEA) = .06. Additionally, this model had a better fit compared to the alternate four-factor model (chi-squared = 1061.31, $df = 129$, $p < .01$; CFI = .89; IFI = .89; RMSEA = .11), three-factor model (chi-squared = 2606.52, $df = 132$, $p < .01$; CFI = .70; IFI = .70; RMSEA = .18), two-factor model (chi-squared = 3047.70, $df = 134$, $p < .01$;

CFI = .65; IFI = .65; RMSEA = .19), and one-factor model (chi-squared = 4544.78, $df = 135$; $p < .01$; CFI = .46; IFI .47; RMSEA = .23).

Tests of hypotheses

We tested the model shown in Figure 1 using structural equation modeling (SEM) in Amos 24. The same parcels and indicators used for the latent variables in the CFA were also used in the structural model. Therefore, all of the items for distributive justice and informational justice were used as indicators, and the remaining three constructs used three parcels each (e.g., pay communication, workplace deviance, and OCBs). The structural model provided a good fit to the data: chi-squared = 549.46, $df = 221$, $p < .01$; CFI = .97; IFI = .97; RMSEA = .05. The standardized path coefficients from Amos is shown in Figure 1.

Hypothesis 1 predicted pay secrecy to be positively related to workplace deviance. The direct relationship between pay secrecy and workplace deviance is significant and positive ($b = .07^{**}$, not shown in Figure 1), indicating that higher levels of pay secrecy results in greater workplace deviance. Therefore, Hypothesis 1 is supported. Pay secrecy was predicted to negatively influence OCBs in Hypothesis 2. The direct relationship between pay communication and OCBs was not significant ($b = -.02$, not shown in Figure 1). Therefore, Hypothesis 2 is not supported.

Hypotheses 3a and 3b involve informational justice mediating the relationships between pay secrecy and both workplace deviance and OCBs. Informational justice was expected to mediate the pay communication–workplace deviance relationship in Hypothesis 3a. As shown in Figure 1, Hypothesis 3a is supported as the pay communication to informational justice path was significant ($b = -.40^{**}$) and the path from

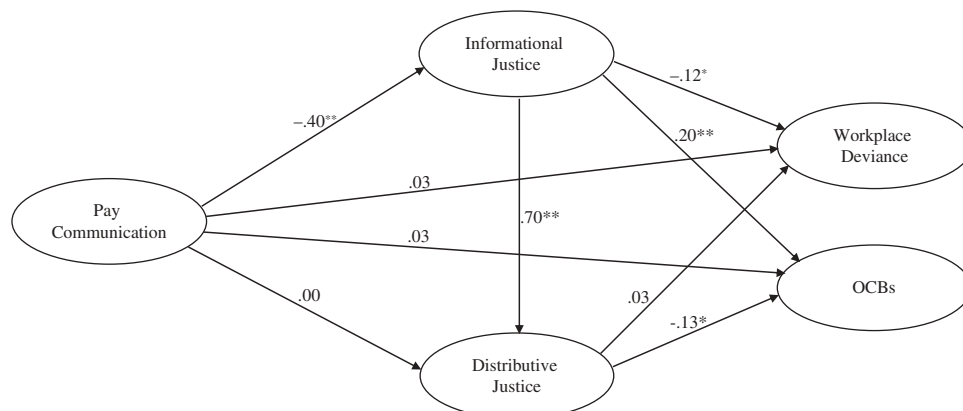


Figure 1. Structural equation modeling results with standardized path loadings. $N = 611$. * $p < .05$. ** $p < .01$.

informational justice to workplace deviance was significant ($b = -.12^*$). The extent of the mediation was analyzed. Since the direct relationship between pay communication and workplace deviance is significant ($b = .07^{**}$, not shown), but the relationship decreases to become nonsignificant with the presence of the mediator ($b = .03$), this demonstrates that informational justice fully mediates the relationship between pay communication and workplace deviance (Hair et al., 2010).

Informational justice was anticipated to mediate the relationship between pay communication and OCBs in Hypothesis 3b. Since the direct relationship between pay communication and OCBs is not significant, tests of mediation are generally not warranted. However, multiple scholars have argued that inconsistent mediation occurs when “at least one mediated effect has a different sign than other mediated or direct effects in a model” and tends to be “more common in multiple mediator models where mediated effects have different signs” (MacKinnon, Fairchild, & Fritz, 2007, pp. 200–201; e.g., Blalock, 1969; Davis, 1985; MacKinnon, Krull, & Lockwood, 2000). Inconsistent mediation results from the mediator acting as a suppressor variable (Ludlow & Klein, 2014). Additionally, the mediator is significantly correlated with the causal or independent variable. Therefore, a test of mediation involving pay communication and OCBs is warranted as the criteria of a mediated effect does have a different sign and there is a significant correlation between the independent variable and the mediator. As shown in Figure 1, informational justice did significantly mediate the relationship as the path from pay communication to informational justice was significant ($b = -.40^{**}$) and the path from informational justice to OCBs was significant ($b = .20^{**}$), and therefore, Hypothesis 3b is supported. Therefore, inconsistent mediation occurred (Ludlow & Klein, 2014; MacKinnon et al., 2007).

Hypotheses 4a and 4b proposed distributive justice to mediate the relationship between pay communication and both workplace deviance and OCBs. Specifically, Hypothesis 4a anticipated the pay communication–workplace deviance relationship would be mediated by distributive justice; whereas, Hypothesis 4b proposed the pay communication–OCBs relationship would be mediated by distributive justice. As shown in Figure 1, distributive justice did not mediate the relationships as the relationship from pay communication to distributive justice was not significant ($b = .00$), and therefore, Hypotheses 4a and 4b are not supported.

Informational justice was also predicted to mediate the relationship between pay communication and distributive justice in Hypothesis 5. This hypothesis was supported, as the paths from pay communication to

informational justice ($b = -.40^{**}$) and then to distributive justice ($b = .70^{**}$) are significant. The extent of the mediation was analyzed by testing the direct path between pay communication and distributive justice with and without informational justice in the model as the mediator. The results show that pay communication has a significant relationship with distributive justice when informational justice is not in the model ($b = -.28^{**}$, not shown), but the path becomes nonsignificant when informational justice is in the model ($b = .00$). Thus, informational justice fully mediates the pay communication–distributive justice relationship.

Hypotheses 6a and 6b proposed that both informational justice and distributive justice, respectively, would both mediate the relationship between pay communication and both workplace deviance (H6a) and OCBs (H6b). The path from distributive justice to workplace deviance was not significant ($b = .03$), and therefore, Hypothesis 6a is not supported.

As previously mentioned, inconsistent mediation warrants testing for Hypothesis 6b. Since the paths from pay communication to informational justice ($b = -.40^{**}$), then to distributive justice ($b = .70^{**}$), and then to OCBs ($b = -.13^*$) were all significant, Hypothesis 6b is supported. Therefore, inconsistent mediation occurred. To establish further support for informational justice and distributive justice having inconsistent mediation on the relationship between pay communication and OCBs, hierarchical regression analysis was used to examine the overall relationship. The results of the regression are significant (refer to Table 2) and thus, informational justice and distributive justice together have inconsistent mediation on the pay communication–OCBs relationship. However, since the effect level for informational justice increased after the inclusion of distributive justice as a predictor in the model ($b = .12^{**}$; $b = .19^{**}$, respectively) and distributive justice is not significantly correlated with OCBs without the presence of informational justice ($b = .01$, not shown), distributive justice is acting more as a suppressor variable than informational justice (Ludlow & Klein, 2014). This type of suppressor variable is “a useful determining variate without causal connection with the dependent variate” (Mendershausen, 1939, p. 99). Essentially, this means that distributive justice removes extraneous variation in informational justice and therefore, strengthens the relationship between informational justice and OCBs (thus, making the relationship more valid) since distributive justice is not correlated with OCBs, but is related to the other predictor variables, informational justice and pay communication (Ludlow & Klein, 2014). Additionally, this situation regarding a third variable being a suppressor and increasing “the magnitude of the relationship” is possible (MacKinnon et al., 2000, p. 174).

Table 2. Results of hierarchical regression analysis for Hypothesis 6b.

Variable	Organizational citizenship behaviors							
	Model 1		Model 2		Model 3		Model 4	
	ΔR^2	β	ΔR^2	β	ΔR^2	β	ΔR^2	β
Step 1: Control variables	.04**							
Gender		.18**		.18**		.19**		.18**
Age		.07 ¹		.07 ¹		.07 ¹		.07 ¹
Step 2: Main effect			.01					
Pay communication			-.04		.02		.01	
Step 3: First mediation					.01**			
Informational justice					.12**			.19**
Step 4: Second mediation							.01*	
Distributive justice								-.10*
Total R^2					.06			
Total F value					7.15**			
(df regression, residual)					(5, 605)			

Note. $N = 611$. Standardized beta coefficients are shown. ΔR^2 is based upon variables included in each step.

¹ $p < .10$; * $p < .07$; ** $p < .01$.

Discussion

Since earlier research has emphasized the relevance of positive and negative discretionary work behaviors in influencing organizational productivity and success (Dunlop & Lee, 2004), OCBs and workplace deviance are important outcome variables for pay communication researchers to consider and have not been previously investigated. This study shows how a common organizational practice, the pay communication practice utilized by a company (or how the manner in which organization's share pay information or permit discussions about pay information), influences employee outcomes. This study contributes to the underdeveloped pay communication literature in several ways.

First, the findings show that greater levels of pay secrecy conditions have a negative influence on employee behavior by increasing employee participation in workplace deviance, while reducing engagement in OCBs. Alternatively, employees experiencing greater levels of pay openness conditions have a positive influence through engagement in more OCBs and less deviant behaviors. Overall, the results of this study suggest that the movement toward pay openness in the workplace may be merited. Therefore, the current trend of increasing pay openness in the workplace appears to be more beneficial to organizations and their success than the usage of pay secrecy conditions. Organizations utilizing greater pay openness conditions experience more altruistic behaviors from their employees, which ultimately further helps the organization be more productive and successful. Additionally, the usage of a pay openness approach not only weakens employees' participation in workplace deviance but also reduces the expenses associated with the deviant acts (e.g., costs of stolen merchandise or decreased effort) and the

monitoring of preventing deviant behaviors (e.g., video surveillance).

Additionally, the discovery of the significant mediating effects of informational justice and distributive justice assists both researchers and organizations in understanding why certain pay communication practices may lead employees to engage in negative behaviors (workplace deviance) or to withhold positive behaviors (OCBs) by influencing employee attitudes, which harm both coworkers and organizational success. Specifically, pay secrecy conditions lead to perceptions of informational injustice and distributive injustice. It is understandable that perceptions of injustice would influence employees' participation levels in desirable or deviant behaviors and therefore, it may be more beneficial for organizations to utilize a more open pay communication approach to reduce these negative perceptions.

Although the hypothesis for distributive justice being a mediator for the relationships between pay communication and the outcomes (e.g., workplace deviance and OCBs) was not supported due to the path from pay communication and distributive justice not being significant, it should be noted that the relationship between pay communication (pay secrecy) and distributive justice has a significant path when informational justice is not included in the model ($b = -.28^{**}$). This finding offers support for earlier studies demonstrating that employees tend to overestimate their peers' and subordinates' pay and underestimate their superiors' pay in pay secrecy conditions (Lawler, 1965a, 1965b, 1967, 1972; Mahoney & Weitzel, 1978; Milkovich & Anderson, 1972). Therefore, pay secrecy conditions influence employees to experience distributive injustice. However, since informational justice mediates the

pay communication–distributive justice relationship, the misestimations (or perceptions of distributive injustice) appear to be founded on a guessing game, innuendo, and/or gossip, as suggested by deCarufel (1986). This mediated relationship is not surprising, as employees cannot properly determine pay equity or generate accurate ratio comparisons with a referent other and determine whether distributive justice is present in their current situation without correct pay information (or informational justice). Thus, pay openness influences justice perceptions positively (e.g., informational justice and distributive justice), which in turn influences a reduction in workplace deviance participation and an enhancement in OCBs.

Additionally, distributive justice as a suppressor variable for informational justice can be explained theoretically. Following the organizational justice framework, informational justice and distributive justice are two of the four dimensions of organizational justice and have been shown to be correlates (Colquitt, 2001; Colquitt et al., 2001). Therefore, organizational justice theory provides a foundation for how distributive justice is a suppressor variable for informational justice. Since they are correlates, distributive justice clarifies the relationship between informational justice and OCBs, thereby making the informational justice–OCBs relationship more valid. Therefore, this situation (e.g., distributive justice being correlated with the other predictor variables, informational justice and pay communication, but not with the dependent variable, OCBs) has been recommended as a good design strategy since irrelevant variance is being suppressed in informational justice and the relationship between informational justice and OCBs is being enhanced (Ludlow & Klein, 2014).

A final but important contribution of this research is the development and validation of a pay communication scale. Since there is currently not a substantiated measure, the Pay Communication scale validated in this study is an essential contribution that can assist scholars in conducting future research involving pay communication. The main purpose of the scale development process was to create a scale that measured pay communication perceptions on a continuum (from complete pay secrecy to complete pay openness) and encompassed the two aspects of pay communication: employee restriction and organizational restriction. The Pay Communication scale substantiated as part of this study is a major contribution and enticement for future scholars to pursue research in pay communication, allowing both aspects (employee

restrictions and organizational restrictions) to be investigated together or separately.

Practical implications

Organizations should consider the impact the pay communication approach they are utilizing has on employee outcomes, such as workplace deviance and OCBs, as these behaviors ultimately affect organizational outcomes, such as profitability and overall success. The results suggest that moving toward a pay openness approach may be advantageous for organizations as well as employees. Pay openness appears to engender positive attitudes in employees, such as perceptions of informational justice and distributive justice, which may result in organizations being more profitable as employees tend to participate in more OCBs, which may, in turn, increase employee productivity (and ultimately, organizational productivity). Also, the positive attitudes that seem to result from a more open pay communication approach appear to decrease employees' engagement in workplace deviance, which may consequently reduce losses to the organization (both in capital from sabotage and theft, and in productivity from slacking), as well as the organization's costs of monitoring or deviant behavior reduction mechanisms (e.g., video surveillance).

Another practical implication of this study is the percentage of participants admitting to engaging in workplace deviance. Interestingly, the participants of this study were rather honest, as 98.5% of the sample indicated they engaged in at least one deviant act within the past 6 months of the study being conducted. This extreme honesty, which is most likely due to the complete anonymity guaranteed to all participants, helps researchers and organizations better understand the amount of deviant behaviors occurring in the workplace. This is an important finding as this study suggests nearly all employees engage in deviant behaviors. This level of workplace deviance engagement is similar to that of other studies (e.g., Marasi, Bennett, & Budden, 2018). Thus, the prevalence and extreme costs of workplace deviance suggest it is essential for organizations to find ways to reduce the enticement for participating in deviant acts, and utilizing a more open pay communication approach appears to be a method to do so.

However, it should be noted that the pay communication approach chosen and used is based on the organization's needs and strategic goals. A specific pay communication approach is affected by multiple factors that make the chosen approach at times advantageous or

detrimental to organizations and employees (Colella et al., 2007; Gely & Bierman, 2003). Therefore, a pay openness approach may not be the right approach for every organization. Some organizations may need to utilize a pay secrecy approach or some level of pay secrecy in their pay communication approach for strategic reasons. For instance, an organization utilizing a pay-for-performance system may prefer a pay secrecy approach since these systems fail in pay openness conditions as pay allocations shift toward equality rather than reflecting performance levels (Bartol & Martin, 1989; Gomez-Mejia & Balkin, 1989; Leventhal, Michaels, & Sanford, 1972). However, a pay secrecy approach allows management to allocate more appropriate pay increases to employees based on performance levels rather than providing a narrow range of pay increases to employees in order to avoid conflict or have to explain their actions (Bartol & Martin, 1989; Belogolovsky & Bamberger, 2014; Gomez-Mejia & Balkin, 1992; Lytle, 2014) as well as evade negative reactions from employees who receive lower pay raises or bonuses (Gomez-Mejia & Balkin, 1992; Leventhal et al., 1972). Additionally, an organization facing high turnover may utilize an approach that leans more toward the pay secrecy extreme since this makes poaching more difficult (Colella et al., 2007) and reduces employee mobility, which in turn decreases organizational turnover and costs associated with recruiting, selecting, and training new employees (Danziger & Katz, 1997).

Limitations and suggestions for future research

Although tremendous efforts were taken to strengthen the methodology of this study, there are potential limitations as well as numerous suggestions for future research. The first limitation is that the research design is cross-sectional and therefore, causal inferences are not warranted. However, it would be very beneficial for future research to investigate the causal relationship that pay communication has with workplace deviance and OCBs, as well as other employee and organizational outcomes. Causal inferences could be acquired by analyzing employees' behaviors and attitudes before, during, and after their employing organization changes the pay communication approach being utilized from a form of pay secrecy to a version of pay openness or vice versa. This type of investigation would be very advantageous to scholars and practitioners.

The data collection being based on self-reports is another potential limitation. However, the nature of the constructs being measured (e.g., perceptions of pay communication practices, attitudes toward justice, and participation in workplace deviance) require the use of self-report data since employees are the only ones who can accurately

respond to items pertaining to their own perceptions, attitudes, and behaviors. For instance, with the pay communication scale it is more relevant to measure employees' pay communication perceptions rather than the actual pay communication approach utilized by the organization, since employees may not be fully aware of all pay communication features the organization has implemented. Additionally, employees tend to keep their engagement in deviant behaviors secret from other organizational members (Spector, 1992), thereby making self-report data necessary and appropriate as it generally provides a more accurate assessment of workplace deviance (given that the participants are being truthful in their engagement levels of workplace deviance, which was the case in this study).

Another potential limitation is the possibility of this study suffering from social desirability bias. However, the guarantee of anonymity to all participants and the finding of 98.5% of the sample indicating they engaged in at least one type of deviant behavior in the past 6 months demonstrate that social desirability is unlikely to be an issue in this study.

The lack of utilizing procedural justice in the model is also a potential limitation and avenue for future direction. However, pay levels are the biggest concern for employees (Day, 2006) rather than pay processes as employees do not have a good understanding of pay processes (Mulvey et al., 2002). Therefore, procedural justice is of a less concern than informational and distributive justice regarding pay communication. Additionally, meta-analytic results show distributive and informational justice have higher correlations with different forms of workplace deviance (e.g., withdrawal, theft, and organizational retaliatory behaviors) than procedural justice, and all three justice dimensions have similar correlations with OCBs (Colquitt et al., 2001). Also, previous pay communication research shows procedural justice failed to have an influence on employee task performance (Bamberger & Belogolovsky, 2010), despite meta-analytic results demonstrating procedural justice to have a much higher correlation with performance than the other justice dimensions (Colquitt et al., 2001). Thus, procedural justice was not included in the model since it did not properly work as expected (based on meta-analytic results) in a prior pay communication study, and distributive justice and informational justice are expected to have a greater influence on the outcome variables (e.g., workplace deviance and OCBs) and both are to be of a bigger concern regarding pay. However, a future direction is to examine the role procedural justice has with pay communication practices.

The external validity of the results is another limitation of this study. The findings may not be

generalizable to countries other than the United States since the sample was comprised of only U.S. residents. Consequently, another future path may involve generalizing these findings to countries other than the U.S. Even though labor laws may differ between countries, employee compensation and the organizational pay practices (e.g., pay communication practices) used in different countries may resemble that of the United States, especially in developed countries. Therefore, it may be beneficial to conduct an international study analyzing the relationship pay communication has with workplace deviance and OCBs.

The Pay Communication scale design is another potential limitation. The scale measures employees' perceptions of pay communication practices experienced in the workplace rather than actual pay communication practices used by the organization, actual employee behavior (e.g., discussing pay information with others), or how pay information is disseminated (e.g., available online, provided in an annual document, or given orally by management). Therefore, some forms of pay communication may not be included in the Pay Communication scale (e.g., employee behavior). However, employees' perceptions of pay communication practices used may be a better method for analyzing pay communication since employees may not know what pay communication practices are actually used in their organization, resulting in a potential data collection issue. Although organizations could be contacted directly about their pay communication practices, they may not provide truthful information regarding their pay communication practices, such as whether a pay secrecy policy is being used (whether formal or informal), since restricting employees from discussing pay violates the NLRA, potentially causing issues in the data collection process, data analyses, and explaining the results.

A final path for future research is to examine other outcomes pay communication may influence. Specifically, envy, organizational commitment, and organizational identification are potential outcomes that should be examined in future studies. Since the Pay Communication scale has two subdimensions (organizational restriction and employee restriction), it may be worthwhile for future researchers to examine which pay communication aspect or subdimension influences specific employee attitudes and behaviors. Additionally, an examination of moderating variables that are within the organization's control (e.g., disciplinary procedures) should be conducted to demonstrate how they impact the relationship between pay communication practices and employee outcomes, such as potentially further minimizing workplace deviance as well as other employee outcomes.

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Appendix A

Pay Communication Scale
Employee Restriction ($\alpha = .96$)

- (1) An employee could be fired for discussing pay information at my organization.
- (2) My organization does not allow employees to discuss their own pay with coworkers.
- (3) My organization enforces the policy/rule that forbids employees from discussing their pay with each other.
- (4) My organization has a policy forbidding employees from discussing pay information with coworkers.
- (5) My organization has a rule to not share pay information with other employees.
- (6) My organization is very strict in regard to employees not talking about pay.
- (7) My organization makes it clear that pay should not be discussed under any circumstances.
- (8) My organization suggests individual pay information should be kept private.
- (9) My organization verbally expresses a pay secrecy policy/rule with employees.
- (10) There is a statement in my organization's employee handbook/manual stating employees should not discuss their pay with coworkers.

Organizational Restriction ($\alpha = .91$)

- (1) I am provided my job's pay range. (R)
- (2) I know about the different types, sizes, and/or frequencies of pay increases presently available. (R)
- (3) I know whether my pay is above, below, or equal to the average pay for my job. (R)
- (4) My organization has a solid pay structure/model that I understand. (R)
- (5) My organization makes it clear how pay is determined for my job. (R)
- (6) My organization makes the entire pay structure/model available. (R)
- (7) My organization provides employees with information about how pay is determined. (R)

Appendix B

Scale Development and Validation Results for Study 2

Table B1. Principal axis factor analysis, oblimin rotation (Stage 2).

Item	Factor loadings	
	Employee restriction	Organizational restriction
1. An employee could be fired for discussing pay information at my organization.	.76	
2. Employees are well informed about pay policies at my organization.		.57
3. I am provided my job's pay range.		.73
4. I am provided the pay average for every job in my organization.		.59
5. I know about the different types, sizes, and/or frequencies of pay increases presently available.		.75
6. I know whether my pay is above, below, or equal to the average pay for my job.		.59
7. My organization distributes pay ranges for every job in the organization.		.68
8. My organization does not allow employees to discuss their own pay with coworkers.	.85	
9. My organization does not have a policy, procedure, or unwritten standard on discussing pay information.	.53	
10. My organization does not provide employees with the procedures used to establish pay.		.61
11. My organization enforces the policy/rule that forbids employees from discussing their pay with each other.	.79	
12. My organization has a policy forbidding employees from discussing pay information with coworkers.	.85	
13. My organization has a rule to not share pay information with other employees.	.86	
14. My organization has a solid pay structure/model that I understand.		.82
15. My organization is very strict in regard to employees not talking about pay.	.87	
16. My organization makes it clear how pay is determined for my job.		.81
17. My organization makes it clear that pay should not be discussed under any circumstances.	.93	
18. My organization makes the entire pay structure/model available.		.78
19. My organization provides employees with information about how pay is determined.		.81
20. My organization requires employees to sign a contractual agreement stating they will comply with the pay secrecy policy by not discussing their individual pay information with coworkers.	.63	
21. My organization suggests individual pay information should be kept private.	.65	
22. My organization verbally expresses a pay secrecy policy/rule with employees.	.83	
23. There are no negative consequences for discussing pay at my organization.	.71	
24. There is a statement in my organization's employee handbook/manual stating employees should not discuss their pay with coworkers.	.80	

Note. Numbers shown are dominant factor loadings. *N* = 306.

Appendix C

Scale Development and Validation Results for Study 3

Table C1. Pay communication model fit indices.

Measurement model	χ^2	df	CFI	NFI	GFI	RMSEA	AVE	Cronbach's α
Employee Restriction subfactor	401.41	35	.94	.94	.88	.13	72%	.96
Organizational Restriction subfactor	128.63	14	.96	.95	.94	.12	71%	.91
One-factor model	2999.50	119	.70	.69	.52	.20	77%	.94
Two-factor model	843.42	118	.93	.91	.86	.10	77%	.94

Note. The two-factor model represents the overall Pay Communication scale. *N* = 611.

Table C2. Correlations between pay communication, similar measures, and dissimilar measures.

Comparison measure	Observed correlations		
	Employee restriction	Organizational Restriction	Pay Communication (overall)
Noy's POPS scale	.94**	.49**	.89**
Noy's Policies and Rules subfactor	.93**	.44**	.87**
Noy's Enforcement subfactor	.91**	.45**	.86**
Noy's Organizational Norms subfactor	.78**	.54**	.81**
Mulvey's Pay Knowledge scale	-.34**	-.84**	-.63**
Day's Pay Communication scale	-.17**	-.72**	-.46**
Huselid's HPWP scale	-.09*	-.57**	-.33**
Huselid's Employee Skills and Organizational Structures subdimension	-.11**	-.56**	-.34**
Huselid's Employee Motivation subdimension	-.04	-.44**	-.23**

Note: *N* = 611.

* *p* < .05; ** *p* < .01.

Table C3. Squared correlations and average variance extracted for pay communication and dissimilar measures.

Comparison measure	Squared correlations			
	Employee restriction	Organizational Restriction	Pay Communication (overall)	
	AVE	72.4%	70.8%	76.6%
Huselid's HPWP scale	40.2%	.01	.32	.11
Huselid's Employee Skills and Organizational Structures subdimension	40.5%	.01	.31	.12
Huselid's Employee Motivation subdimension	39.4%	.00	.19	.05

Note. Numbers in boldface indicate average variance extracted (AVE) for that construct. *N* = 611.