

'Industrial relations' employee satisfaction dependent on more than relative pay

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A new study in the journal *Industrial Relations* reveals that employee well-being is dependent upon the rank of an individual's wage within a comparison group, as opposed to the individual's absolute pay.

Gordon D.A. Brown, Jonathan Gardner, Andrew J. Oswald, and Jing Qian asked undergraduates to rate how satisfied they would be with wages they might be offered for their first job after college. Subjects expressed feelings about each potential wage in the context of a set of other wages. Researchers also analyzed data from 16,000 employees who reported on workplace satisfaction.

Employees did not care solely about their absolute level of pay. Workers were more concerned with their income relative to the salary levels around them in their workplace. Individuals were not just influenced by relative income but by the rank-ordered position of his or her wage within a comparison set.

Source: Wiley

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