WHEN A WOMAN RECEIVES THE HIGHEST PAY: EXPLORING HOW GENDER
SIMILARITY AND PAY STATUS CONTEXTS INFLUENCE OTHERS’
REACTIONS

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ABSTRACT OF THE DISSERTATION

When a woman receives the highest pay:

Exploring how gender similarity and pay status contexts influence others’ reactions.

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Despite the persistent gender pay gap, there have been emerging cases where women with superior performance receive the highest pay within their workgroups or organizations. However, limited theory and empirical evidence have been provided to help us understand the potential effects of this phenomenon on others in the workgroup. Building on the relational demography and pay comparison literature, I suggested that gender similarity to the highest paid member is positively related to other workgroup member’s work-related outcomes, and this relationship becomes stronger when the highest paid member is female than when it is male. Moreover, I proposed that pay status contexts, such as pay dispersion and consistency of women receiving the highest pay over time, would further moderate this asymmetrical effect. The hypotheses were tested using a sample of 597 sales employees within 50 workgroup from a large regional bank in China, but received little empirical support, in part due to restricted variance on the outcome variables in this sample. Theoretical and practical implications and future directions are discussed.
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INTRODUCTION

Given increasing workforce diversity (i.e., Toossi, 2015) coupled with greater effort at both the societal (i.e., the Equal Pay Act) and organizational (i.e., unconscious bias training, pay transparency, and use of pay for performance) levels to ensure pay equity, more and more women are recognized and rewarded for their performance, irrespective of their gender (Merluzzi, 2016). One consequence has been and will continue to be an increasing number of cases where women with outstanding performance receive the highest pay within their workgroups. Recent studies have even found that women with high potential may receive pay premiums in pro-diversity contexts, because they are perceived to be more valuable for achieving organizational diversity goals than men with comparable qualities (Leslie, Manchester, & Dahm, 2017). However, given the gender status norms and the persistent gender pay gap at the societal level, other workgroup members may react to a female receiving the highest pay differently than to a male receiving the highest pay. This speculation is not unreasonable given the existing research on backlash effects (Rudman & Phelan, 2008), role congruity (Eagly & Karau, 2002) and lack of fit (Heilman, 1983, 2001; Heilman, Wallen, Fuchs, & Tamkins, 2004). Moreover, the relational demography perspective (Tsui, Egan, & O'Reilly III, 1992; Tsui, & O'reilly, 1989; Riordan, 2000; Tonidandel, Avery, Bucholtz, & McKay, 2008) suggests that workgroup members’ reactions may vary depending on their similarity to the highest paid member. It is possible that men who feel that their superior status is being challenged by women within the organizations may reduce their identification with the organization and job performance accordingly (Bendersky & Hays, 2012; Chattopadhyay, Tluchowska, & George, 2004; Sherif, Harvey, White, Hood,
& Sherif, 1961). To date, limited theory and empirical evidence addressing the ramifications of women receiving the highest pay have been provided by prior work. Considering the increasing trend of pay equity and diversity management within the organizations, this omission could be particularly problematic and costly. Both researchers and managers stand to benefit from understanding how important work outcomes of other workgroup members, such as their organizational identification and job performance, may be influenced when people with lower social status receive the highest pay.

This study aims to advance our understanding on how and when other workgroup members react to a female member receiving the highest pay. Drawing from the pay comparison and relational demography literature (Tsui, et al., 1992; Tsui, & O'Reilly, 1989), this study suggests that gender similarity to the highest paid member (whom I refer to as the target throughout the paper) is positively related to other workgroup members’ (whom I refer to as to the actor) organizational identification, which in turn influences their job performance. Moreover, I theorize that these relationships may vary depending on the target gender and the salience and consistency of pay status.

On the one hand, relational demographers have long suggested the degree of (dis)similarity to one’s workgroup or one’s leader influences an individual’s work-related outcomes (i.e., Avery, McKay, & Wilson, 2007; Chatman & Spataro, 2005; Jehn, Chadwick, & Thatcher, 1997; Riordan, 2000; Riordan & Shore, 1997; Tsui et al., 1992; Tsui, & O'Reilly, 1989). But this body of research has largely ignored the potential effects of similarity to the highest paid member. On the other hand, pay comparison literature suggests that workgroup members who have similar jobs and work closely
together tend to consider each other as important pay referents (Kulik & Ambrose, 1992), and actively seek pay information to judge their relative standing to one another. Since the highest paid member is regarded as someone having superior pay status and high levels of abilities (Correll & Ridgeway, 2006), members prefer and react more favorably to organizational settings where their in-group status is enhanced through the highest paid in-group member.

Moreover, although relational demography scholars have proposed that (dis)similarity effects may be stronger for one group than the other, the findings have been inconsistent and sometimes even conflicting with each other (Joshi, Liao, & Roh, 2011). For example, some studies suggested that (dis)similarity effects were stronger for men: men are more sensitive to being different than women, because men have historically been in the majority and enjoyed higher status in organizations (e.g., Chattopadhyay, 1999; Pelled, Eisenhardt, & Xin, 1999; Tsui et al., 1992). On the contrary, some studies suggested an opposite pattern of results: women are more sensitive to being different since threats to one’s identity are more commonplace to women (e.g., Avery et al., 2008; Chatman & O’Reilly, 2004; Liao, Joshi, & Chuang, 2004). Given the inconsistent findings, studies that explore the contextual factors to reconcile these inconsistent findings have been called for (Tonidandel, Avery, Bucholtz, & McKay, 2008). Answering this call, I explore how the degree of status inconsistency associated with target, as well as the salience and consistency of pay status, influence the effects of gender similarity to the highest paid member. As suggested by status inconsistency perspective (Bacharach, Bamberger, & Mundell, 1993; Lenski, 1954), although both gender and pay can create status hierarchies and performance expectations, they are not
always consistent with each other. Compared to a male member receiving the highest pay, the status inconsistency associated with a female member receiving the highest pay (i.e., low gender social status but high pay organizational status) as well as the violation of negative stereotypic expectation is likely to draw more attention and elicit stronger reactions from other workgroup members.

Compared to social status based on gender, which has been stratified and institutionalized in society, organizational status derived from pay is relatively fluid, and thus may vary in how salient and stable it appears to be to workgroup members (Berger, Rosenholtz, & Zelditch, 1980; Nadler, Harpaz-Gorodeisky, & Ben-David, 2009). The salience and stability may serve as contextual factors that likely affect the magnitude of the actors’ reactions to high-paid females. When pay is widely dispersed among workgroup members, which means members vary significantly in their pay levels, pay status becomes more salient. Also, when women have consistently received the highest pay over time, their pay status is likely to be perceived as more stable. In this study, I further explore how pay dispersion and consistency over time influence the degree to which other members pay attention to who gets the highest pay, and how they interpret and react to it. For example, when men clearly and consistently observe women receiving the highest pay within the workgroup, they are more likely to pay attention to and process the information. They may, for example, perceive women as having capabilities to compete for organizational resources, and feel that their social status is being challenged by women’s pay status, which in turn reduces their identification with the organization and job performance (Bendersky & Hays, 2012; Chattopadhyay et al., 2004; Sherif et al., 1961).
Figure 1 depicts the overall research model. I first discuss the importance of considering the highest paid member as the target of similarity effects, and examine the relationship between gender similarity to the highest paid member (the target) and other workgroup member’s (the actor’s) organizational identification. Then, I discuss the status inconsistency associated with women receiving the highest pay, and investigate how the target’s gender influences this relationship. Next, given that pay status is likely interpreted within the context of pay patterns within the workgroup and over time, I explore how pay dispersion and consistency over time may moderate the interactive effects of gender similarity and target gender on the actor’s organizational identification. Finally, I examine the mediating role of organizational identification in influencing the actor’s job performance.

The present study aims to make three contributions. First, by integrating the pay comparison and relational demography literature, this study suggests the importance of considering similarity to the highest paid member who has superior organizational-derived pay status in influencing other members’ organizational identification and job performance. Prior relational demography literature has explored targets who have superior organizational-derived status and are influential to others, such as leaders (i.e., Epitropaki & Martin, R, 1999; Tsui & O’reilly, 1989) and recruiters (i.e., Goldberg, 2005). I hope that this study will encourage relational demographers to incorporate multidisciplinary perspectives, and continue to broaden the scope of similarity effects by exploring targets who have been understudied in the relational demography literature. Second, this study answers a recent call by diversity scholars to explore contextual factors in explaining the conflicting findings of asymmetrical effects of demographic
(dis)similarity (Joshi et al., 2011; Tonidandel et al., 2008). By taking into account the status inconsistency (i.e., gender status versus pay status), as well as pay status contexts (i.e., salience and stability of pay status), this study aims to contribute to our understanding on how effects of similarity to the highest paid member may vary depending on the contexts. Third, this study also addresses a recent call by compensation scholars to investigate the role of workforce characteristics in explaining employees’ reactions to pay differences (Shaw, 2014). Pay comparison scholars have struggled with the inconsistent findings on how pay differences influence members’ work outcomes. Although several contingencies, such as relative pay standing and task interdependence, have been proposed (i.e., Bloom, 1999; Kepes, Delery, & Gupta, 2009; Shaw, Gupta, Delery, 2002), one important contingency, workers’ demographic characteristics, has been overlooked. This omission is especially problematic given the increasingly diverse workforce. By taking account of the highest paid member’s gender and gender similarity, this study points out the potential values of considering demographic characteristics and relational demography in explaining the effects of pay comparison on the increasingly diverse workforce.
THEORETICAL BACKGROUND AND HYPOTHESES

Gender Similarity to the Highest Paid Workgroup Member

Pay is of great importance to both organizations and individuals. Organizations strategically design and implement their pay systems in order to attract, motivate, and retain valuable human capital (Gerhart & Rynes, 2003). For individuals, pay not only provides means of living, but also sends important signals or information cues that enable them to make sense of the social structure surrounding them (Frank, 1985; Schaubroeck, 1996; Thierry, 2001). When pay is distributed unequally among members of a workgroup, it can create a status hierarchy or modify an existing one (Berger, Fisek, Norman & Wagner, 1985; Correll & Ridgeway, 2006). For example, expectation state theory suggests that the differential social rewards can create variances in pay status and performance expectations (Correll & Ridgeway, 2006). People tend to use pay information as a basis to infer others’ abilities and skills, referred as “illusions of skills” by Kahneman (2011). For example, experiments conducted by Harrod (1980) and Stewart and Moore (1992) showed that differential pay levels allocated to participants can lead to differences in performance expectations and influence among participants during their interaction, even when there is no necessary or explicit connection between level of ability and level of rewards. Undoubtedly, this tendency is more prominent in organizational contexts where pay-for-performance practice is adopted and performance becomes the basis for the pay decisions. Being the recipient of the highest pay confers superior status relative to others in the workgroups (Frank, 1985), and the person will tend to be perceived by other members as someone possessing superior abilities and skills (Belogolovsky, Bamberger, Alterman, & Wagner, 2016).
Workgroup members actively seek pay information about each other to judge whether they are fairly treated, how much they are valued by the organization, and their relative positions in the workgroup (Akerlof & Yellen 1990; Frey, Schaffner, Schmidt, & Torgler, 2013). As relevant to the present research, this means that members have this information available to some extent to make status inferences. In a workgroup environment where members have similar jobs and work closely together, members tend to consider each other as important pay referents due to the availability of information and the relevance of the referent for comparison (Kulik & Ambrose, 1992). The total pay, including both base pay and performance-based pay, may be used by workgroup members to do pay comparison. Research has found that horizontal pay comparison (i.e., compare with someone with similar jobs) is more influential on members’ work-related outcomes than vertical pay comparison (i.e., compare with someone across organizational hierarchies, i.e., supervisors or subordinates) (Gupta, Conroy, & Delery, 2012). Workgroup members form impressions of each other’s pay, based on any available pay information, or daily observation and conversation (Belogolovsky et al., 2016). Even pay secrecy policies, explicit or tacit, cannot effectively constraint members from discussing pay (Day, 2012). Within the workgroup, members may pay particular attention to the highest paid peer. One reason is that the highest paid member provides information about the possible maximum rewards available in the workgroup and how to perform better at the job. Workgroup members seek it out for informational purposes or may be motivated by the self-improvement strivings (Collins, 1996; Harris, Anseel, & Lievens, 2008; Taylor, Neter, & Wayment, 1995). Status asymmetries also suggest that the social visibility and attractiveness of members located at the top end of status hierarchy (i.e.,
superior pay status) tend to grab the attention of those lacking this attribute (Kelley, 1951; Magee & Galinsky, 2008). But even if assumed that workgroup members seek pay information and have some ideas about who receives the highest pay, why would gender similarity to the highest paid member matter in influencing their work-related outcomes? The relational demography perspective provides us with some potential answers.

Over the last few decades, a main stream of diversity research has moved beyond examining simple demographic effects, which investigate how the individual’s demographic characteristics influences outcomes, and compositional demography effects, which investigate how unit- or workgroup- level demographic composition influences outcomes, to exploring relational demography effects. The relational demography perspective, which draws from several established theories, such as social identification and self-categorization theories, similarity attraction paradigm, and tokenism, suggests that the degree to which an individual is similar to his/her workgroup or leaders influences his/her work-related outcomes, such as commitment, absenteeism, and turnover intentions, the likelihood of being discriminated, organizational citizenship behavior, workgroup cohesiveness, and workgroup performance (i.e., Avery, McKay, & Wilson, 2008; Avery et al., 2007; Chatman & Spataro, 2005; Chattopadhyay, 1999; Elfenbein & O’Reilly III, 2007; Harrison, Price, Gavin, & Florey, 2002; Jehn et al., 1997; Riordan, 2000; Riordan & Shore, 1997; Tsui, et a., 1992; Tsui, & O’Reilly, 1989).

According to social identity (Tajfel & Turner, 1985) and self-categorization theories (Turner, 1987), people tend to categorize themselves and others based on easily observable demographic characteristics. Gender has been found to be one of the most influential characteristics that serves as a basis of category identification (Rothbart &
Taylor, 1992; Tajfel & Turner, 1985; Turner, 1987). People classify those of the same gender as their in-groups and those of the opposite gender as out-groups, and the in-group is generally favored over the out-group to “protect, enhance, preserve, or achieve a positive social identity” (Tajfel, 1982:24). Maintaining one’s social identity and viewing this identity positively are the overarching goals of social identity.

However, previous research on relational demography primarily focused on similarity to workgroup or leaders, and ignored how similarity to other important targets, such as the highest paid member, may influence workgroup members’ work-related outcomes. Since the highest paid member is regarded as someone having superior pay status who is important to the organization and/or has high levels of abilities, other workgroup members who regard themselves as in-group members may perceive that the image of their in-group is enhanced within the organization due to the symbolic value and superior status of the highest paid member. They are likely to perceive that the organization values the particular gender category that they belong to, which increases their feeling of being acknowledged in the organization and belongingness to it. Moreover, in-group members may feel that they share the glory of this successful other (i.e., they bask in the reflected glory) (Cialdini, Borden, Thorne, Walker, Freeman, & Sloan, 1976), and to some extent experience the success of the target as their own success (Shah, Kruglanski, & Thompson, 1998). As a result, they may feel a stronger sense of recognition within an organization where they feel this shared success (Albert, Ashforth, & Dutton, 2000; Dutton et al., 1994). Also, in-group members may feel inspired by the success of similar others, and experience increased self-efficacy due to having a positive role model (Lockwood & Kunda, 1997). This is also consistent with the upward social
comparison literature, which suggests that when people make upward social comparison with in-group members (i.e., upward assimilative comparison), they are guided by the sentiment of “that could be me” (versus the sentiment of “that should be me” for upward contrastive comparison) (Cuddy, Fiske, & Glick, 2007; Park & Westphal, 2013). As members become more optimistic about themselves doing well within the organization in the future, their belongingness to and ties with the organization are also likely to be strengthened, and they become more identified with the organization (Hackett & Betz, 1981; Shah et al., 1998).

Organizational identification is important for organizational functioning, and has been theoretically and empirically linked to a variety of work-related outcomes, such as job satisfaction, well-being, intention to stay, organizational citizenship behavior, and job performance (e.g., Ashforth, Harrison, & Corley, 2008; Dukerich, Golden, & Shortell, 2002; Olkkonen & Lipponen, 2006; Riketta, 2005; van Dick, Christ, Stellmacher, Wagner, Ahlswede, Grubba, Hauptmeier, Höhfeld, Moltzen, & Tissington, 2004; van Dick, Grojean, Christ, & Wieseke, 2006; van Knippenberg, & van Schie, 2000).

Organizational identification concerns the perceptions of “oneness” with an organization (Ashforth & Mael, 1989). As Harquail (1998: 225) said, organizational identification “engages more than our cognitive self-categorization and our brains, it engages our hearts.” A member with strong organizational identification is someone who feels acknowledged in the organization and experience a strong sense of belonging (Smidts, Pruyn, & Van Riel, 2001), and as a result, he/she is more likely to act consistently with the interests of the organization. Theories of social identity suggest that people tend to identify with the organizations that build their self-esteem and maintain a positive self-
identity (Ashforth et al., 2008; Pratt, 1998). Factors related to perceived status of the organization, such as performance, attractiveness, prestige, and external image, have been traditionally studied as the main antecedents of organizational identification (Bartels, Pruyn, De Jong, & Joustra, 2007; Carmeli, Gilat, & Waldman, 2007; Dukerich et al., 2002; Dutton, Dukerich, & Harquail, 1994). Recently, scholars have proposed that not only the status of the organization, but also employees’ own status within the organization may influence their identification with the organization (Fuller, Hester, Barnett, Frey, Relyea, & Beu, 2006; Tyler, & Blader, 2003). Empirical evidence suggest that employees are more likely to identify with organizations that respect them, support them, and offer opportunities for their growth (Ashforth et al., 2008; Edwards, & Peccei, 2010; Fuller et al., 2006; Wiesenfeld, Raghuram, & Garud, 2001). As argued above, when workgroup members perceive their in-group receiving the highest pay, they are likely to experience enhanced status, organizational support, and opportunities for growth, all of which contribute to enhanced organizational identification. Taken together, I propose:

**Hypothesis 1**: Gender similarity to the highest paid member is positively related to other workgroup members’ organizational identification.

**Status Inconsistency of a Woman Receiving the Highest Pay**

Drawing on the status inconsistency literature (Bacharach et al., 1993; Lenski, 1954), I further propose that the relationship between gender similarity to the target and the actor’s organizational identification is influenced by the target’s gender. Specifically, I expect that the effects of gender similarity to be stronger when there is some degree of status inconsistency associated with the target, in this case, a woman receiving the
highest pay. In other words, I expect asymmetrical effects across sex of the actors: the effect of gender similarity is more positive for female actors than for male actors; the effect of gender dissimilarity is more negative for male actors than for female actors.

The asymmetrical effects of demographic (dis)similarity have been proposed and empirically examined in the prior literature, with a focus on similarity to workgroup co-workers or leaders. In her classic work of tokenism, Kanter (1977) found that women who occupied minority or “token” positions were subjected to stereotyping, social isolation, and performance pressures. Counter to Kanter’s implied assumption of symmetrical effects of tokenism on both men and women, Williams’s (1992) work suggested that the experience of being dissimilar with coworkers is very different for men and women; although women in male-dominated jobs generally experience a “glass ceiling,” meaning they are constrained by barriers to promotion, men in female-dominated jobs tend to experience a “glass escalator” where they encounter advantages in moving up to positions regarded as more legitimate and prestigious for men. Since then, a body of research on relational demography has suggested that the effects of (dis)similarity on actors may not be symmetrical, depending on the group to which an actor belongs. However, the findings of the asymmetrical effects have been inconsistent (e.g., Avery et al., 2008; Chatman & O’Reilly, 2004; Chattopadhyay, 1999; Liao et al., 2004; Pelled et al., 1999; Tsui et al., 1992). Given the conflicting empirical results as well as theoretical rationales used, scholars have suggested exploring individual differences or contextual factors that determine whether effects will be stronger for one group than another (Tonidandel et al., 2008). In this and the following section, I explore how contextual factors, such as the degree of status inconsistency associated with target, as
well as the salience and consistency of pay status, influence the effects of gender similarity to the highest paid member.

Status refers to the relative social position associated with certain characteristics (DiTomaso, Post, & Parks-Yancy, 2007). Research has found that status stimulates skill expectations such that high-status individuals are generally assumed to be more competent and intelligent than are low-status individuals (Berger et al., 1980; Bunderson, 2003). Although status has long been a primary research focus, the traditional use of a single unidimensional status hierarchy to measure status had not been questioned until the emergence of the status inconsistency literature in the 1950s. The status inconsistency approach proposes that each individual has a profile of standings on different dimensions of status, and that to the extent that a person’s position on one status dimension is different from the same person’s standing on another dimension, some degree of status inconsistency is present (Lenski, 1954). Status can be derived from different sources, such as individual demographic characteristics (i.e., gender, race, or age) or organizational achievements (i.e., pay or leadership positions) (Bacharach et al., 1993). Both socially-significant characteristics (i.e., gender) and rewards may influence performance expectations and status hierarchies among the workgroup members (Correll & Ridgeway, 2006).

Individual demographic characteristics, although they are objective, are socially interpreted to have status implications within social entities. Individuals perceive and make sense of these attribute differences through cognitive processes such as status ordering or stereotyping. Gender is one of the most influential status characteristics. Men are generally considered as having higher social status than women (DiTomaso et al.,
widely shared beliefs for men and women at work include expectations that men are more competent than women. Even women, who are disadvantaged by the status belief, accept as a social fact, that men are socially evaluated as better than their own gender (Ridgeway, Boyle, Kuipers, & Robinson, 1998; Ridgeway & Erickson, 2000). Women are stigmatized as being less capable, which makes the burden of proving themselves as competent and deserving more challenging for them than for men. A rich body of studies has documented the unfavorable experiences that women tend to encounter at workplace, including but not limited to receiving fewer resources, opportunities, and rewards (i.e., Dreher & Cox, 1996; Greenhaus & Parasuraman, 1993; Heilman, 2001, 2012; Landau, 1995).

Besides demographic characteristics, organization-derived achievements, such as pay, are also important sources of status information. When pay is unequally distributed, it creates a status hierarchy or modifies positions in an existing hierarchy (Correll & Ridgeway, 2006). For workgroup members, pay sends important signals or information cues that enable them to make sense of the social structure of their workgroup (Frank, 1985; Schaubroeck, 1996; Thierry, 2001). Receiving the highest pay confers one’s superior status relative to others in the workgroups because it signals one’s importance to the organization, as well as his/her ability, especially in the pay-for-performance context.

However, it is possible that someone’s pay status in the organization is not consistent with his or her gender status ranking in the society as a whole. When a female member receives the highest pay within the workgroup, there are conflicting status orderings and performance expectations between her demographic characteristics (i.e., gender) and organization-based achievements (i.e., pay). Social cognitive theory suggests
that cognitive processing differs depending on whether information is consistent or inconsistent with what is expected (Fiske & Taylor, 1991). Generally, information that is inconsistent with expectations instigates greater attributional processing than information that is consistent with expectation, as perceivers attempt to reconcile the inconsistent information (Hastie, 1984). When a male member receives the highest pay within the workgroup, it is consistent with others’ expectation that individuals with higher social status (i.e., men) are more capable and competent than those with lower social status (i.e., women). Since no expectation is violated, others are more likely to take it for granted and react as if this is what should have happened.

By contrast, when a woman receives the highest pay, she apparently breaks one of the core stereotypes, perceived incompetence, and violates performance expectation that people tend to hold toward women (Fiske, Cuddy, Glick, & Xu, 2002). This inconsistent information is likely to raise her salience in the eyes of other workgroup members, and instigate their explanatory processing in an attempt to make sense of the incongruity. This explanatory processing likely has different consequences depending on the perceiver’s gender similarity with the highest paid member. Given the persistent gender status differences existing at the societal level, women are likely to benefit more from identifying with someone successful (Ely, 1994, 1995), such as a female highest paid member in this study. The presence of high-paid women signals the compatibility between female gender and organizational success. Female members who observe an ingroup member receiving the highest pay are more likely to feel that women are valued and supported in this organization, and that their gender status is enhanced with this organization. In return, they respond with enhanced feeling of identifying with the
organization (Albert et al., 2000; Blau, 1964; Dutton et al., 1994; Rhoades & Eisenberger, 2002). In addition, due to lower performance expectations associated with the female gender role, women tend to have lower expectations of personal efficacy than men (Hackett & Betz, 1981). The success of other women is likely to serve as a positive role model for women within the workgroup, and boost their self-esteem and self-efficacy (Ely, 1994, 1995). Perceiving the organization as supportive for and fair to women may also reduce women’s concerns about performance evaluation bias toward them (Greenhaus & Parasuraman, 1993). Together, the increased expectancy (effort to performance link) and instrumentality (performance to pay link) are likely to increase female members’ beliefs about themselves doing well (and being paid well for it) in the future within this organization, which enhances their loyalty to the organization (Vroom, 1964). For male members, on the other hand, the presence of an outgroup member receiving the highest pay and gaining status means lowering their own status rank in the organization hierarchy (Bendersky & Hays, 2012; Chattopadhyay, et al., 2004; Sherif et al., 1961). Given that men have been traditionally better paid than women, men may perceive the organization where the highest paid member is a woman as not maintaining (and enhancing) their gender status, and thus as less of a fit for them, which reduces their identification with this organization.

It is worth noting that status inconsistency theory, to some degree, may also be applied to a man receiving the lowest pay. Although both a man receiving the lowest pay and a woman receiving the highest pay have inconsistent status, several theories suggest that the latter is more salient. Social cognitive theory suggests an information processing bias where people are more sensitive to inconsistent information about people in a lower
social status group (e.g., women) because they are expected to be all alike (Sekaquaptewa & Espinoza, 2004). Moreover, in contrast to the drive to identify with successful others (i.e., basking in reflected glory), people are less likely to identify with the unsuccessful others to avoid any negative association (i.e., cutting off reflected failure) (Snyder, Lassegard, & Ford, 1986). Also, considering the relevance of the current social movement on pro-diversity, I choose to focus on women receiving the highest pay in this research.

Based on the above logic, I hypothesize that the effects of gender similarity on other workgroup members’ work outcomes are likely to be stronger when the highest paid member is female than when it is male.

**Hypothesis 2:** Target gender will moderate the relationship between gender similarity with the target and the actor’s organizational identification such that the relationship will be significantly more positive when the target is female than male.

Compared to gender status which has been rooted and institutionalized within the society, pay status within the workgroup emanates from conditional advantages and is relatively fluid (Berger et al., 1980; Nadler et al., 2009). As a result, status ordering associated with pay may not always be salient or stable, which may influence workgroup members’ attention to and interpretation of status inconsistency associated with the highest paid member. Pay status cues will become more salient in a particular workgroup when members differ significantly on the pay levels. For example, in a workgroup where members have similar levels of pay, members are less likely to notice pay status
differences, and may not react much even though a woman is technically receiving the highest pay. Or in a workgroup where women have only occasionally received the highest pay over a period of time, others are likely to hold attribution bias by attributing women’s success to luck rather than women’s abilities and effort, which may reduce their reactions given attributions to luck. In the next section, I further explore these two factors that capture the salience and stability of pay status. Specifically, I develop hypotheses about how the magnitude of pay variation in the workgroup and the consistency of women receiving the highest pay over time influence others’ attention to and interpretation of a woman receiving the highest pay.

**Moderating Roles of Pay Dispersion and Consistency Over Time**

**Pay Dispersion.** Pay dispersion, in this study, refers to the differences or variation in pay levels among the workgroup members who are holding similar jobs. Workgroups within an organization may vary in terms of the pay dispersion level due to various factors, such as differences in pay policies (different mixture of individual-based and team-based performance pay), and performance heterogeneity among members (Conroy & Gupta, 2016). The magnitude of pay dispersion reflects the degree of differential treatment among the workgroup members. As pay dispersion increases, it signals more substantial costs to members who are on the lower end of the pay distribution, which motivates members to pay more attention to figure out where they stand and why. Moreover, as the magnitude of pay distribution increases, the status ordering derived from pay becomes clearer and more salient to workgroup members, which likely trigger behaviors accordingly. Empirical studies on pay dispersion support that the effects of member’s relative pay standing on his or her fairness perceptions and
behaviors are likely to be stronger as the level of pay dispersion increases (i.e., Bloom, 1999; Shaw & Gupta, 2007; Trevor & Wazeter, 2006). For example, poor performers who are low on relative pay standing (i.e., lower pay status) are more likely to feel unfairly treated and quit when pay dispersion is large than small (Shaw & Gupta, 2007). The concept of just noticeable difference in the pay literature also suggests that some levels of pay difference are needed in order to evoke meaningful responses from members; otherwise, it may go unnoticed (Mitra, Gupta, & Jenkins, 1997; Mitra, Tenhiälä, & Shaw, 2016).

A pay status is salient if it differentiates actors (Berger et al., 1980; Correll & Ridgeway, 2006). When pay is widely dispersed among the workgroup members, the differentiation among members in terms of their pay levels becomes clearer, which makes pay status more salient to members than when dispersion is low. As social cognitive theory suggests, extreme social stimuli (i.e., a large pay difference) are more salient for the observer’s attention than moderate stimuli (i.e., a slight pay difference) (Fiske & Taylor, 1991). When pay dispersion is large, the perceived prestige and glory associated with the highest paid member is also likely to be increased. Members are more likely to be motivated to pay attention to figure out who receives the highest pay, and be more responsive to the situation (i.e., Bloom, 1999; Shaw & Gupta, 2007; Trevor & Wazeter, 2006). The large pay dispersion increases the likelihood that other female members notice and are motivated by the success of a high-paid woman, increasing the positive effects of gender similarity on their organizational identification, whereas men are more likely to process the same information (i.e., about a high-paid woman) as their social status ordering being challenged by the pay status and reduce their identification
with the organization. On the contrary, if a workgroup has an extremely small level of pay dispersion, which means members within it having very similar levels of pay, pay status is less salient in this context, and members are less likely to pay attention to who gets the highest pay (Fiske & Taylor, 1991). For example, when a female member receives only slightly higher pay than other workgroup members, others may fail to notice this slight difference and unlikely pay any particular attention to the highest paid member. As a result, they are less likely to be affected in either a positive or a negative way due to their gender (dis)similarity with the highest paid member.

Taken together, I propose a three way-interaction among gender similarity to the highest paid member (the target), gender of the target, and the level of pay dispersion on other workgroup members’ (the actor) organizational identification. Specifically:

**Hypothesis 3:** Pay dispersion level will moderate the interactive effect of gender similarity to the target and target gender on the actor’s organizational identification, such that the interactive effect will become significantly stronger (with women’s reactions to the target being female becoming more positive and men’s reactions more negative) as the level of pay dispersion increases.

**Consistency over time.** Also, how consistently women receive the highest pay over time may influence workgroup members’ interpretation of and reactions to it. Social psychologists suggest that people make causal explanations regarding whether others’ achievements are due to the stable internal factors, such as their abilities or efforts, or to the unstable external factors, such as luck or helping from others, and that the causal attributions they make can influence their attitudes and behaviors toward others.
Previous studies have shown that people tend to attribute the achievement of individuals with lower social status (i.e., women) to external factors, whereas attributing that of individuals with higher social status (i.e., men) to internal factors (Foschi, 2000; Greenhaus & Parasuraman, 1993; Heilman & Haynes, 2005; Swim & Sanna, 1996). Specifically, when women perform well on a job, coworkers or leaders tend to discount their performance by attributing it to good luck or help from others, rather than their abilities or efforts. However, this attribution bias is likely to be reduced if the consistency of information increases. Attribution theory suggests that people interpret behaviors on the basis of three sources of information, including consistency (the extent to which behaviors are the same over time), distinctiveness (the extent to which behaviors occur toward just one particular entity or toward all entities), and consensus (the extent to which others behave similarly) (Kelley, 1973). Consistency has found to have stronger impact than distinctiveness or consensus information (Major, 1980). As the consistency of information over time increases, people tend to attribute events more strongly to internal factors than external factors. Thus, when women have constantly received the highest pay within the workgroup (i.e., consistency over time), the attribution bias toward women is likely to be reduced, and more credit is given to their abilities, which may influence how others react to it.

If women only occasionally receive the highest pay, this occasional event might be subject to attribution bias (Greenhaus & Parasuraman, 1993), and thus makes the pay status of the woman receiving the highest pay questionable or unpredictable. For other women, if they perceive the superior pay status for women targets as unstable given the random fluctuations, they are less likely to be influenced by gender similarity with the
highest paid member (Deaux & Farris, 1977). For men, their attribution bias toward women is likely to be persistent if women have only received the highest pay on rare occasions. Under this situation, men hardly feel their established social status being challenged by the random event, and thus are less likely to be influenced. By contrast, in a workgroup where it has always been women who receive the highest pay, women are more likely to perceive the success of in-groups due to their abilities rather than luck, and perceive the pay status for women as stable. Also, an in-group receiving the highest pay consistently over time strengthens women’s perceptions of the organization as a supportive environment for them, which results in reciprocal increases in their identification with the organization. In this case, men are more likely to view women as having stable and organizationally-supported capabilities to compete for resources, and as real threats to their established social status ordering (Chattopadhyay et al., 2004; Sherif et al., 1961). As a result, men are less likely to perceive the organization as a good fit for them, which reduces their identification with the organization.

Based on the above reasoning, I hypothesize:

**Hypothesis 4:** The consistency of women receiving the highest pay over time will moderate the interactive effect of gender similarity to the target and target gender on the actor’s organizational identification, such that the interactive effect will become significantly stronger (with women’s reactions to the target being female becoming more positive and men’s reactions more negative) as the consistency over time that women receive the highest pay increases.
Gender Similarity and Job Performance: Organizational Identification as Mediator

Gender similarity to the highest paid member is likely to positively impact workgroup members’ job performance. When an in-group receives the highest pay, it sends positive signals to other members from the same social status groups. The success of similar others is likely to increase their own self-efficacy in performing well within the organization, which has a positive effect on their motivation and individual performance (Hackett & Betz, 1981). This is also consistent with expectancy theory of motivation (Vroom, 1964) that an individual’s expectancy that his or her effort will lead to intended performance determines whether he or she will engage in certain behaviors. As argued above, these positive signals and perceived opportunities for growth derived from in-group receiving the highest pay also influence members’ organizational identification. Organizational identification may play a mediating role in the relationship between gender similarity to the highest paid member and workgroup members’ job performance.

There has been established literature suggesting that individuals with high organizational identification tend to be greater contributors to their organizations. Organizational identification reflects the psychological merging of self and the organization (Ashforth & Mael, 1989; Pratt, 1998). Members who identify strongly with the organization perceive themselves as having strong ties with the organization, being sufficiently recognized by it, and experiencing a strong sense of belonging to it (Smidts et al., 2001). The more members identify with an organization, the more likely they take the organization’s perspective as self-defining (van Knippenberg & Sleebos, 2006). As a result, members tend to devote more effort on behalf of the organization, and are intrinsically motivated to contribute to the organization and act in its best interests.
(Albert et al., 2000; Dutton et al., 1994). The heightened effort and motivation are likely to contribute to increased job performance.

Supporting these arguments, a growing body of empirical studies and meta-analysis has shown that organizational identification is positively related to individual work-related behaviors, such as job performance (e.g., Riketta, 2005; van Dick et al., 2006; van Knippenberg, & van Schie, 2000). Taken together, I propose that gender similarity to the highest paid member is positively related to the actor’s organizational identification, and in turn to positively influence the actor’s job performance.

**Hypothesis 5**: Organizational identification will mediate the positive relationship between gender similarity to the target and the actor’s job performance.

**Hypothesis 6**: The interactive effect of gender similarity, target gender, and pay dispersion on the actor’s job performance will be mediated by the actor’s organizational identification.

**Hypothesis 7**: The interactive effect of gender similarity, target gender, and consistency of women receiving the highest pay over time on the actor’s job performance will be mediated by the actor’s organizational identification.
METHODS

Sample and Procedure

The data used in this study were collected as part of a larger data collection. The sample consisted of all the full-time sales employees from a large bank in Eastern China. The sales job is one of the core jobs within the bank. Although the sales job titles and responsibilities vary, such as credit card managers, financial account specialists, and financial product sales, they are considered as the same level jobs within the company’s hierarchical structure. These sales employees work in the workgroup setting, and part of their pay is based on both their individual and workgroup performance (i.e., sales of financial products). The bank provided a list of all employees, along with their actual pay information from archival personnel data, including the annual base pay and performance-based pay for 2013 to 2015.

At the end of 2015, paper-and-pencil surveys were sent to 1,321 employees (92 workgroups) to collect their demographic characteristics (e.g., gender), work-related background (e.g., organizational tenure) and work-related outcomes (e.g., organizational identification). Surveys were administered in Chinese. The procedure of translation-back translation was followed to ensure the accuracy of translation (Brislin, 1990). Respondents were assured of the anonymity of their responses and the opportunity to receive feedback. There was no cash incentive for participating in this research project. In total, 1,183 employees returned their surveys. Face-to-face interviews with the workgroup supervisors were conducted to collected information about members’ job performance. Neither the sales number of financial products nor the performance ratings conducted by the organization for the pay decisions was accessible for this study. Finally,
data collected from workgroup members and their corresponding supervisors were matched. After deleting the missing data, complete responses include 760 sales employees in 58 workgroups. For 8 workgroups, there were multiple members, including both male and female, receiving the identical highest pay. Because it is hard to categorize the target gender, these 8 workgroups (and the corresponding 102 members) were removed from the final analyses. Also, since this study focuses on the reactions of the actor, rather than those of the target, only members who were not the highest paid ones were included in the final analyses for the outcomes of interest. As a result, the final sample had 597 members (not including the highest paid members) within 50 workgroups. Of these employees, approximately 42 percent were female, 57 percent had bachelor degree or higher, the average age of the respondents was 34.08 years old (S.D. = 7.07), and the average organizational tenure was 8.54 years (S.D. = 6.77). The average workgroup size was 13, ranging from 4 to 20 members.

Measures

Gender of the highest paid member. All the sales employees’ pay information, including their base salary and performance-based pay, was gathered from the company’s archival personnel data. Members within each workgroup were ranked using a decreasing order based on their total pay in 2014, and as a result, the highest paid member was identified for each workgroup. A dummy variable was created for each workgroup to indicate the gender of the highest paid member in 2014 (1 = female, 0 = male). Among the 50 workgroups, 23 workgroups have women receiving the highest pay in 2014.
Gender similarity to the highest paid member. Members reported their demographic characteristics, including gender. A dummy variable, gender similarity, was created for all the members except the highest paid ones within the workgroup to indicate whether the actor and the target were of the same gender (1 = similar, 0 = dissimilar).

Organization identification. Organization identification was measured using the 5-item scale used in the Smidts’s et al., paper (2001). Members were responded on a 7-point Likert scale (1 = strongly disagree, 7 = strongly agree). Sample items include “I feel strong ties with this organization” and “I experience a strong sense of belonging to this organization.” The internal consistency reliability estimate (Cronbach’s alpha) for organization identification was 0.77.

Job performance. Job performance was measured using the 5-item scale developed by Williams and Anderson (1991). At the end of 2015, supervisors were asked to evaluate their subordinates’ performance on a 7-point Likert scale, ranging from strongly disagree (1) to strongly agree (7). A sample item is “Fulfills responsibilities specified in job description.” The internal consistency reliability estimate (Cronbach’s alpha) for individual performance was 0.80.

Pay dispersion. Pay dispersion was measured using the coefficient of variation, a commonly used measure of pay inequality in applied psychology, human resources, and strategic management (e.g., Fredrickson, Davis-Blake, & Sanders, 2010; Shaw & Gupta, 2007; Trevor, Reilly, & Gerhart, 2012). Coefficient of variation for each workgroup was calculated by dividing the standard deviation of all workgroup members’ total pay in 2014 by the mean of their total pay in 2014. A larger coefficient of variation indicates
greater pay dispersion.

**Consistency over time.** Pay data from the year 2013 to 2015 was used to calculate consistency of women receiving the highest pay within the workgroup over time. A continuous variable, `consistency_women`, was created for each workgroup to count how many times the highest paid member was female. The possible values for this variable range from 0 to 3. A value of 3 in `consistency_women`, for example, indicates that for all three years from 2013 to 2015, women received the highest pay within the workgroup. Pay data in 2015 was included to calculate consistency because pay is quite evenly distributed throughout the year, and members are likely to be aware of who getting the highest pay through the monthly payments, rather than noticing it suddenly at the end of the year.

**Control variables.** To reduce potential confounding effects, I controlled for several variables known to correlate with various employee outcomes. Because of the multilevel data structure, this study featured two types of control variables. At the individual level, this study controlled for members’ education (1= Bachelor degree or higher, 0 = middle school or high school), organizational tenure (in years), marital status (1 = married, 0 = not married), and the total pay in 2014, because previous research suggested that these variables are related to members’ work-related outcomes (e.g., Tsui et al., 1992). At the workgroup level, this study controlled for workgroup size (Talacchi, 1960), gender composition (operationalized as percentage of female members in the workgroup) (Gonzalez & DeNisi, 2009), manager’s gender (Joshi, Liao, & Jackson, 2006), and shared perceptions of pay knowledge within the workgroup (Belogolovsky et al., 2016). Because there was no explicit policy about pay secrecy or pay transparency at
the surveyed organization, shared pay knowledge within the workgroup was used to
indicate the climate of pay openness among the workgroup members. Shared pay
knowledge was measured using two items adapted from the definition of pay secrecy and
pay communication (e.g., Bamberger & Belogolovsky, 2010): “I don’t know how much
other team members are paid (R)”, and “Other team members do not know how much I
am paid (R)” (7-point scale, from 1 = strongly disagree to 7 = strongly agree).
Aggregation tests were conducted to see if the individual members’ responses could be
aggregated to reflect workgroup-level shared pay knowledge (James, 1982; James,
Demaree, & Wolf, 1993). The data showed a high within-group agreement (Rwg = .95)
and an adequate between-group reliability (ICC[1] = .18, ICC[2] = .75), supporting
aggregating individual ratings to the workgroup level.

**Analytical Strategy**

Given the nested nature of the data (597 sales employees are nested within 50
workgroups), the hypotheses were tested using hierarchical linear modeling, which
allowed me to examine relationships across different levels by simultaneously estimating
both within and between workgroup variances of the variables of interest (HLM;
Raudenbush & Bryk, 2002). Model testing followed sequential steps and standard HLM
practices (Hofmann, Griffin, & Gavin, 2000). To examine the moderated mediation
hypotheses (Hypotheses 6 and 7), also known as the first stage moderation model
(Edwards & Lambert, 2007), I used the procedure introduced by Bauer, Preacher, and Gil
(2006). This method accounted for the nested structure of the data and produced
estimates of random indirect effects (i.e., indirect effects allowed to vary across level 2
units). It allowed me to estimate the two paths simultaneously which were needed for
computing an indirect effect: the path $a$ linking gender similarity to organizational identification, and the path $b$ linking organizational identification to job performance while controlling for gender similarity. Therefore, this procedure provided a more accurate estimate of the standard error of the product term by considering the covariance of the error terms of these two paths. All explanatory variables, except dummy coded ones, in the models are grand mean centered. Due to the concern that grand-mean centering of explanatory variables may create spurious cross-level interaction effects, I also conducted robust checks for the cross-level interactions using group-mean centering of explanatory variables (Hofmann & Gavin, 1998).

**RESULTS**

Table 1 shows the means, standard deviations, and correlations for the individual-level variables used in the study. Table 2 shows the means, standard deviations, and correlations for the workgroup-level variables used in the study. As shown in Table 1, gender similarity to the highest paid member has an extremely low correlation with either organizational identification ($r = -.01, ns$) or supervisor-rated job performance ($r = .02, ns$). Organizational identification was positively correlated with job performance ($r = .25, p < .01$). As shown in Table 2, the percentage of women in the workgroup ($r = -.36, p < .01$) and shared pay knowledge ($r = -.44, p < .01$) were negatively correlated with pay dispersion. Target gender was positively related to consistency of women receiving the highest pay over time ($r = .90, p < .01$). This high correlation was an artifact of how the consistency variable was constructed. Even if the year 2014 was not included in the consistency measure, the correlation between target gender and consistency was still .78.
To evaluate the appropriateness of using of HLM for analyzing the hypotheses, I first ran unconditional means models that included organizational identification and job performance as the dependent variables and workgroup membership as the independent variable (Hofmann et al., 2000). The results showed that there was significant between-workgroup variance in organizational identification ($\tau_{00} = 0.08, \chi^2(49) = 128.16, p < .01$) and job performance ($\tau_{00} = 0.03, \chi^2(49) = 82.51, p < .01$). Estimating such null models produced information for the estimation of the intraclass correlation coefficient (ICC), which indicates the proportion of between-workgroup variance relative to total variance for organizational identification and job performance, and represents the amount of variance potentially explainable by level 2 variables. The results indicated that 11.59 percent of the variance in organizational identification and 5.36 percent of the variance in job performance existed between workgroups, respectively. Thus, there is adequate variance across levels of analysis to support the use of HLM to test the hypotheses.

Because significant between-workgroup variance existed, I proceeded with further analyses. Results showed that several control variables were significantly related to organizational identification. Specifically, employees who are married ($\gamma = 0.33, p < .01$) have higher organizational identification. Also, employees within the workgroups with lower percent of female coworkers ($\gamma = -0.53, p < .01$), and higher level of shared pay knowledge ($\gamma = 0.37, p < .01$), have stronger organizational identification.

Hypothesis 1 proposed a positive relationship between gender similarity with the highest paid member (the target) and other workgroup member’s (the actor’s) organizational identification. As shown in Model 2 of Table 3, gender similarity was
negatively related to organizational identification, but the coefficient was not significant ($\gamma = -0.04, \text{ns}$). Thus, Hypothesis 1 did not receive support.

Hypothesis 2 predicted that target gender would moderate the effect of gender similarity on actor’s organizational identification such that the effect will be significantly stronger when the highest paid member is female rather than male. As presented in Model 3 of Table 3, the interaction between the target’s gender and gender similarity did not significantly predict the actor’s organizational identification ($\gamma = 0.06, \text{ns}$). Therefore, Hypothesis 2 was not supported.

Hypothesis 3 suggested that pay dispersion level would moderate the interactive effect of target gender and gender similarity on the actor’s organizational identification, such that the interactive effect will become significantly stronger as the level of pay dispersion increases. Results in Model 4 of Table 3 show that the three-way interaction among pay dispersion, target gender, and gender similarity on the actor’s organizational identification was not significant ($\gamma = 1.06, \text{ns}$). Therefore, Hypothesis 3 was not supported. Similarly, Hypothesis 4 was not supported, as I did not find any significant three-way interactive effect among consistency over time, target gender, and gender similarity on the actor’s organizational identification ($\gamma = -0.15, \text{ns}$). Even using the alternative consistency measure that did not include the year 2014, the results were still similar. Therefore, Hypothesis 4 was not supported.

Because the first requirement of mediation, a significant relationship between the independent variable (gender similarity) and the mediator (organizational identification), was not met, Hypotheses 5, 6, and 7 regarding the mediation model were not supported.
**Additional Analyses**

Given the non-significant findings of the mediating role of organizational identification, I tested the main effect, two-way interaction, and three-way interaction models directly on the outcome of job performance. As shown in Table 4, gender similarity was not related to job performance measured as supervisor ratings ($\gamma = 0.00$, ns). The results suggested that the interaction between gender similarity and target gender was significantly related to job performance ($\gamma = -0.27$, $p < .05$). However, given the lack of significant between-workgroup variance in level 1 slope ($\tau = .01$, $\chi^2(45) = 32.55$, ns), and the lack of improvement in model comparison (model 2 versus model 3), this finding is unlikely to be interpreted as meaningful. Moreover, the results showed that neither of the three-way interactions were significant ($\gamma = -1.35$, ns, and $\gamma = -0.47$, ns, respectively).

Given the pay for performance context, I also used performance-based pay in 2015 as an alternative indicator of job performance. The results of the null model showed that there was significant between-workgroup variance for performance-based pay ($\sigma_0 = 0.10$, $\chi^2(49) = 97.93$, $p < .01$), indicating 5.92% of variance residing between workgroups. Counter to my prediction, as shown in Table 5, the results found that gender similarity was negatively related to job performance measured as performance-based pay ($\gamma = -0.23$, $p < .05$). Moreover, the two-way interaction between gender similarity and target gender was not significantly related to performance-based pay in the following year ($\gamma = 0.01$, ns), and neither of the three-way interactions were significant ($\gamma = -1.76$, ns, and $\gamma = -0.11$, ns, respectively).
GENERAL DISCUSSION

Despite the general pattern of gender pay gap, there have been emerging cases of women with superior performance receiving the highest pay within their workgroups or organizations. This is partly attributed to the current social movement of gender pay equality and pro-diversity initiatives. However, it is still not known how people react to women receiving the highest pay in terms of their work-related outcomes. In this study, my aim was to contribute to our understanding on this phenomenon, and explore how gender similarity and pay status contexts may influence people’s reactions to women receiving the highest pay.

Implications for Theory and Practice

To date, the relational demography studies have been dominated by investigations of the effects of demographic (dis)similarity to the workgroup or the leaders. This study expands the scope of relational demography targets, and point out the possibility that similarity to the highest paid member within the workgroup, who enjoys relatively superior status derived from pay, may also influence other workgroup members’ work-related outcomes. However, at least using conventional (supervisor-rated) performance, these expectations were not supported. Using an alternative performance measure (performance-based pay) the results were counter to my prediction, suggesting that the relationship between gender similarity to the highest paid member and workgroup members’ job performance indicated by performance-based pay in the following year was negative, rather than positive. Several theoretical and practical reasons may explain these unexpected findings. For example, as suggested by Chattopadhyay, Tluchowska,
and George in their theoretical paper (2004), social competition can be a strategy used to enhance social identity. It is possible that for members who are out-groups of the highest paid member, they strive to perform better to gain higher pay status in the future and enhance their in-group status. If these are true, we may expect that different logic and theory apply to different outcomes, and as a result, the directions and magnitude of gender (dis)similarity effects may vary depending on the outcomes of interest. For example, gender dissimilarity to the highest paid member may reduce other workgroup member’ attitudinal outcomes, such as intention to stay, while at the same time it may increase (or at least not negatively affect) their performance, particularly given that performance is the basis for the future pay in the context of this study. Future research is encouraged to further develop and clarify theories, and provide empirical evidence. But nevertheless, this study points out the possibility of other important targets besides the workgroup average and leaders for relational demographers to take into consideration.

Moreover, although not the focus of this study, findings also provide supportive evidence for the compositional demography perspective, which focuses on how workgroup-level demographic composition influences outcomes. The results suggest that as the proportion of women within the workgroup increases, workgroup members’ organizational identification and manager-rated job performance decrease. This is consistent with the results of Chatman’s and O’Reilly’s (2004) study. They found that women in female-dominated workgroups, even though they feel committed and cooperative due to similarity attraction, still have higher intention to leave homogeneous workgroups than men in male-dominated workgroups, because of the different status associated with these workgroups. Findings from Chatman’s and O’Reilly’s study also
demonstrate my previous point that different theories may be needed for and applicable to different outcomes. More broadly speaking, all of the simple demography, compositional demography, and relational demography perspectives are complementary and beneficial for advancing our understanding on the diversity topics.

This study answers to the recent call on exploring what individual differences or contextual factors may explain the asymmetrical effects of demographic (dis)similarity (Tonidandel et al., 2008). Unlike gender status which has been institutionalized in the society, organizational-derived status, such as pay status, can be quite fluid. Focusing on the situational features of pay status, this study takes a multi-level perspective to explore how pay status salience and consistency over time may serve as contextual factors in influencing members within it. This study also contributes to the dialogues in the effects of pay differences, which have been mixed (Shaw, 2014). Some scholars, taking the motivational and economic perspective, suggest that large pay differences motivate employees to increase effort levels, which in turn contribute to higher performance; while others, emphasizing psychological fairness, propose that large pay dispersion may cause perceptions of inequity, and thus decrease individual performance. Recently, scholars have started to recognize that pay dispersion may be either good or bad for employee outcomes; its effects depend on contingencies, such as relative pay standing, interdependence, and pay basis (Bloom, 1999; Kepes et al., 2009; Shaw et al., 2002). However, one possibly important contingency, workforce characteristics, has been largely overlooked, and studies that explore the potential effects of pay dispersion have been called for (Shaw, 2014). Given that most of workgroups and organizations are heterogeneous in terms of members’ characteristics, this study addresses the recent call,
and explores how pay dispersion as a pay status context may influence members’ work-related outcomes.

**Limitations and Future Directions**

As with most research, this study has some limitations. One limitation of this study concerns the overall high ratings on the outcomes of interest with little variation. For example, organizational identification reported by members and job performance rated by supervisors, in this study, have means of 5.89 and 5.98 respectively, on a 7-point scale. This tendency of leniency error is not uncommon in performance ratings (Spence & Keeping, 2011), but this may limit statistical power to find significant effects. The overall high organizational identification may also be due to the fact that the sampled organization is considered as a good company to work for, especially for core employees. Moreover, under the pay for performance context, it is possible that some employees who are not identified with the organization still work hard, hoping to receive higher pay in the future. If so, gender similarity to the highest paid member may not necessarily have similar effects on the actor’s attitudinal and behavior outcomes. Future studies are encouraged to collect a broader array of outcomes, including both attitudinal and behavioral, and both subjective and objective, across different organizations/industries.

Second, the sample used in this study was collected from a regional bank in China. The gender pay gap is a persistent phenomenon, although it varies to some degree across different occupations and countries. It is highly likely that how people react to women receiving the highest pay depends on the occupational norms and national cultures in which they are embedded. For example, I expect actors’ reactions to women
receiving the highest pay to be stronger for the male-dominated jobs than for the female-dominated jobs. It is also possible that people in more Feminine cultures have different reactions compared to those in more Masculine cultures (Hofstede, Hofstede, & Minkov, 2010). On the one hand, the sample used in this study includes financial service sales employees whose jobs are relatively gender neutral, which provides a relatively conservative test. On the other hand, China, like the U.S., scores relatively high on the national cultural dimension of Masculinity. According to Hofstede et al (2010), Masculinity values are 66 for China and 62 for U.S. on a 100-point scale. Thus, we need to be cautious in interpreting the findings, especially when applying them to countries with different Masculinity values. Besides contextual factors, individual differences, such as the actor’s social dominance orientation, which refers to the degree to which one desires in-groups to dominate and be superior to out-groups (Pratto, Sidanius, Stallworth, & Malle, 1994) and the target’s propensity of “queen bee” syndrome, where women who are individually successful in male-dominated environments may oppose other women's movement (Ellemers, Heuvel, Gider, Maass, & Bonvini, 2004; Staines, Tavris, & Jayaratne, 1974), may also influence others’ reactions to women receiving the highest pay within the workgroups or organizations. Future research exploring contextual factors and individual differences are strongly encouraged, which may help to advance our understanding on this topic.

Third, there are many other demographic characteristics besides gender represented in this study. My underlying logic, to some degree, may also be applicable to these other lower social status groups, such as racial minorities and certain age groups. Compared to the binary (gender) status ordering, however, I expect the cases for
race/ethnicity and age to be more complicated. The stereotype content model (Fiske et al., 2002) suggests different combinations of stereotypic warmth and competence toward different groups, may be associated with distinct emotions. For example, people tend to pity some racial minorities (e.g., Hispanics) who are perceived as high warmth with low competence, while envying others (e.g., Asians) who are perceived to be high competence with low warmth (Fiske et al., 2002). Therefore, it is possible that people may react differently when the highest paid person belongs to one racial minority versus another. In terms of age, its relationship with status may be curvilinear rather than being generally assumed linear. Being too old or being too young may be associated with discrimination and bias from others at workplace, and with being perceived as less competent. While the U.S. Age Discrimination in Employment Act of 1967 (ADEA) protects applicants and employees who are 40 years and older from discrimination based on age, many states have laws that protect younger workers from age discrimination. Moreover, the prime age for one job might be different from that for another job, and the actual age might be very different from the perceived one, both of which add additional layers of difficulty to the research (Avery et al., 2007; Shore, Cleveland, & Goldberg, 2003). My study is the first step, and I strongly encourage future studies to explore this topic on other lower social status groups who also tend to receive lower pay.

Fourth, although this study focuses on the reactions of the actors, it is also important for us to understand the potential consequences on the target. Besides the financial gains, women who receive the highest pay may also face some unexpected penalties. For example, research on backlash effects (Rudman & Phelan, 2008), role congruity theory (Eagly & Karau, 2002), and lack of fit model (Heilman, 1983, 2001;
Heilman et al., 2004) suggests that gender stereotypes and the expectations about both what women are like (descriptive) and how they should behave (prescriptive) can result in perceived lack of fit between female gender and leadership and devaluation of female leaders’ performance; as a result, female leaders may be penalized for disconfirming gender stereotypes. More research is needed to investigate whether similar pattern applies to female highest paid members, and if so, what organizations can do to mitigate these backlash effects.

**Conclusion**

In summary, this study was designed to explore how gender similarity and pay status contexts influence workgroup members’ reactions to women receiving the highest pay within the workgroup. It points out the need for more research on understanding the current initiatives on gender pay equality and pro-diversity initiatives and their potential yet unintended consequences. It is still too early to draw any definitive conclusion, but this study is one step in that direction.
REFERENCES


### Table 1
Means, Standard Deviations, and Correlations for Variables at the Individual-Level

<table>
<thead>
<tr>
<th>Variables</th>
<th>Means</th>
<th>S.D.</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
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<td>-</td>
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</tr>
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<td>0.00</td>
<td>0.02</td>
<td>0.25**</td>
<td>(0.80)</td>
</tr>
</tbody>
</table>

Note. $N = 597$ for the individual-level data. Coefficient alphas are presented in parentheses.

* $p < .05$

** $p < .01$
### Table 2

<table>
<thead>
<tr>
<th>Variables</th>
<th>Means</th>
<th>S.D.</th>
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<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
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<td>-0.40**</td>
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Note. *N = 50 for the workgroup-level data.*

* *p < .05
** *p < .01*
Table 3

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<th>Predictor Variables</th>
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<td>Tenure</td>
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<td><strong>Level-2</strong></td>
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<tr>
<td>Pay Dispersion</td>
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<tr>
<td>Consistency</td>
<td></td>
</tr>
<tr>
<td><strong>Cross-level interaction</strong></td>
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<td>Gender Similarity * Target Gender</td>
<td>0.06</td>
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<tr>
<td>Target Gender * Pay Dispersion</td>
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</tr>
<tr>
<td>Gender Similarity * Target Gender * Pay Dispersion</td>
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</tr>
<tr>
<td>Gender Similarity * Consistency</td>
<td></td>
</tr>
<tr>
<td>Target Gender * Consistency</td>
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<tr>
<td>Gender Similarity * Target Gender * Consistency</td>
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<tr>
<td>Deviance ($df$)</td>
<td>1382.56(11)</td>
</tr>
<tr>
<td>-----------------</td>
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</tr>
<tr>
<td>Decrease in deviance ($\Delta df$)</td>
<td>3.08(3)</td>
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</table>

Note. $N = 597$ at the individual level; $N = 50$ at the workgroup level. Unstandardized regression coefficients were reported. Model 4 and 5 were compared to Model 3.
* $p < .05$
** $p < .01$
Table 4

Results of Hierarchical Linear Modeling Analyses Predicting Job Performance (Supervisor Rating)

<table>
<thead>
<tr>
<th>Predictor Variables</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
<th>Model 5</th>
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<td>0.18*</td>
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<td>0.19*</td>
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<tr>
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<td>-0.00</td>
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<tr>
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<td>0.00</td>
<td>0.00</td>
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<td>Gender Similarity</td>
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<td><strong>Level-2</strong></td>
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<td>Size</td>
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<td>0.00</td>
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<td>-0.58**</td>
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<td>-0.02</td>
<td>-0.04</td>
<td>-0.02</td>
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<td>0.32**</td>
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<td>0.32**</td>
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<td>Pay Dispersion</td>
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<td>1384.53(11)</td>
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<td>1379.26(20)</td>
<td>1375.97(20)</td>
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<td>-------------</td>
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<td>-------------</td>
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</tr>
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<td>4.63(4)</td>
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</tbody>
</table>

Note. N = 597 at the individual level; N = 50 at the workgroup level. Unstandardized regression coefficients were reported. Model 4 and 5 were compared to Model 3.
* p < .05
** p < .01
Table 5

Results of Hierarchical Linear Modeling Analyses Predicting Job Performance (Performance-based Pay)

<table>
<thead>
<tr>
<th>Predictor Variables</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
<th>Model 5</th>
</tr>
</thead>
<tbody>
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<td><strong>Level-1</strong></td>
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</tr>
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<td>0.22**</td>
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<td>-0.00</td>
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<td>-0.03*</td>
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<td>-0.10</td>
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<td>0.44**</td>
<td>0.33**</td>
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<tr>
<td>Pay Dispersion</td>
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<td>Decrease in deviance (Δdf)</td>
<td>26.99(3)**</td>
<td>0.03(2)</td>
<td>6.20(4)</td>
<td>1.19(4)</td>
<td></td>
</tr>
</tbody>
</table>

Note. *N* = 597 at the individual level; *N* = 50 at the workgroup level. Unstandardized regression coefficients were reported. Model 4 and 5 were compared to Model 3.

* *p* < .05

** *p* < .01
Figure 1

Research Model

Worxgroup level

Gender of the highest paid member

- Pay dispersion
- Consistency of women receiving the highest pay over time

Organizational Identification

Job Performance

Individual level

Gender similarity to the highest paid member