

Out of Office, Out of Mind? Remote Workers Care Less About Co-Workers' Wages

INTRODUCTION

The nature of Working From Home (WFH) has been closely studied prior to the pandemic (e.g., Allen et al., 2020); however, given that WFH prior to COVID-19 was typically reflective of employee and employer preferences, it is unclear whether the Mandatory Work From Home (MWFH) that was abruptly forced upon employees and organizations has resulted in a different kind of work experience (Kniffin et al., 2020). Consequently, it is valuable to deepen and broaden our understanding of the effects of both voluntary and mandatory WFH for employees and employers, particularly in light of expectations that there will be a permanent increase in remote work that persists beyond the pandemic.

Given the expectation that working from home will become a new normal for many positions even after the pandemic, it is important to know if employee preferences – in relation to fundamental aspects of organizational life such as compensation preferences – are different when working from home instead of a location nearby co-workers (e.g., an office setting). Our study focuses on the dimension of performance-based pay in light of prior research (e.g., Frank, 1984) suggesting that relative distance or proximity among co-workers tends to influence Pay-For-Performance (“PFP”) attitudes, and given the significant consequences that PFP can have on employee well-being depending on how it is administered (e.g., Pierce & Dahl, 2020).

Hypothesis Development

Based partly on a pilot study we conducted with a similar but smaller sample, we anticipated that people who have been WFH before COVID-19 would have more favorable PFP attitudes than MWFH employees based on the assumption that people who have a longer tradition of working from home would care less about co-workers' wages.

Hypothesis 1: People who have been voluntarily Working From Home before COVID-19 will be more favorable to Pay-for-Performance than workers who have been mandated to Work From Home in relation to COVID-19.

Applying the same rationale with the assumption that (i) people who have long been working from home would show more favorable views of PFP compared with (ii) “essential” workers who continued working relatively close to co-workers while shutdowns were imposed elsewhere, we focused our second hypothesis on those two groups.

Hypothesis 2: People who have been voluntarily Working From Home before COVID-19 will be more favorable to Pay-for-Performance than workers who do not Work From Home.

In addition to the two hypotheses that we pre-registered, additional measures in the current study included respondents' job insecurity, organizational commitment, and personality traits.

Materials and Methods

Participants and Procedures. We recruited a total sample of 732 adults in the United States at least 23 years of age via Prolific who indicated that they either (i) were voluntarily working from home prior to COVID-19 (“VWFH”), (ii) were mandated to work from home in relation to the COVID-19 pandemic (“MWFH”), or (iii) were not working from home during early stages of the pandemic (“No WFH”). After applying the systematic exclusion criteria that are specified in our preregistration (via aspredicted.org), our analyses are based on a sample of 516 working adults

(262 women, 254 men; average age = 36.7, $SD = 11.2$) who passed several attention checks, authenticated their employment status into one of the three groups (VWFH, MWFH, or No WFH), and reported working at least 20 hours per week. Further, for anyone in the MWFH group, they must have worked from home for at least 4 weeks but fewer than 15 weeks since the study was conducted 15 weeks after the earliest lockdown measures went into place. After applying these criteria, 164 participants reported voluntary pre-pandemic “VWFH” status; 162 reported “MWFH” status, i.e., they started working from home as a result of the COVID-19 pandemic; and, 190 reported having “No-WFH” status since they continued to work in an office or other kind of workplace during the COVID-19 pandemic.

Measures

Employment Status. In addition to being recruited through focused sampling within Prolific based on the platform’s internal screening, respondents were asked to authenticate their WFH status: I work from home—and always did before COVID-19; I work from home—and rarely did before COVID-19 (less than 1 day a week); and, I am still commuting to work—even during the COVID-19 pandemic. Anyone who self-reported a WFH status different than the status provided by Prolific’s screening was not included in our analyses.

Pay-for-Performance Attitude. Adapted from Heneman, Greenberger, and Strasser (1988), participants rated their agreement (1 strongly disagree, 5 strongly agree) with four statements about their own employer and ratings were averaged to form an index score ($M = 3.08$, $SD = 1.03$, $\alpha = .827$). An illustrative statement is “The best workers get the highest pay raises.”

Job Insecurity. Adapted from Oldham, Kulik, Stepina, and Ambrose (1986), participants used a seven-point scale (1 very-inaccurate, 7 very-accurate) to rate ten statements and ratings were averaged to form an index score ($M = 4.69$, $SD = 1.308$, $\alpha = .910$).

Personality. Participants completed the Ten Item Personality Inventory (TIPI) (Gosling, Rentfrow, & Swann, 2003) to assess participants’ Big Five personality traits.

Demographic Characteristics. Participants were asked to indicate their gender, age, and ethnicity as well as their current annual salary, total household income, and their highest level of formal education.

Results

Contrary to Hypothesis 1, there was no significant difference in PFP attitudes when comparing the two groups of people working from home (VWFH and MWFH). As shown in Table 1, though, and consistent with Hypothesis 2, WFH employees (VWFH and MWFH combined) rated PFP more favorably than those who do not WFH and this finding is robust across each of the specifications.

Conclusion

COVID-19 has warranted much closer attention to the challenges and opportunities associated with remote work. In our study, we show that people who are not working in proximity with others tend to show more favorable attitudes to PFP and lower concern with respect to how much they are paid vis-à-vis other workers. Our findings should help employers to better understand and address employee preferences and needs associated with WFH. Our study also contributes to research on the importance of proximity for how individuals and organizations structure compensation systems. Further, on a broader scale, our findings suggest that – with workers caring less about co-workers’ wages – the dislocation of work from consolidated to remote settings has the potential to be an unexpected contributor to deepening inequality.

Table 1. Hierarchical Regressions predicting PFP preferences

	Model 1	Model 2	Model 3	Model 4
WFH pooled versus no WFH	.25** (.09)	.25* (.010)	.25** (.09)	.33*** (.09)
Age	-	.00 (.00)	-.01 (.00)	.00 (.00)
Dummy Male	-	.11 (.09)	.04 (.09)	.03 (.09)
Dummy European / European American	-	-.07 (.10)	-.06 (.10)	-.10 (.10)
Socioeconomic Class	-	.09 (.06)	.07 (.06)	.01 (.06)
TIPI Extraversion	-	-	0.15* (.06)	0.15* (.06)
TIPI Agreeableness	-	-	-.04 (.04)	-.03 (.04)
TIPI Conscientiousness	-	-	-.02 (.05)	-.00 (.05)
TIPI Emotional Stability	-	-	-.13*** (.04)	-.10** (.04)
TIPI Openness	-	-	-.10** (.04)	-.10* (.04)
Job Insecurity	-	-	-	-.16*** (.04)
Adjusted R^2	0.012	0.015	0.102	0.133
F for change in R^2	7.29**	1.39	10.79**	18.87**

*** $p < .001$, ** $p < .01$, * $p < .05$

References

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