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## Psychological Influences on Referent Choice\*

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## **Psychological Influences on Referent Choice\***

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The nature of contemporary work environments, ones characterized by instability and uncertainty, may create increased needs on the part of individuals for comparative information (Lamertz, 2002). Individuals use social comparisons for managing both uncertainty and environmental change, and for making critical decisions about one's job (van den Bos, 2001). In this article, we investigate one aspect of social comparisons: to whom do individuals compare themselves? We examine personal and situational variables thought to influence the referents individuals choose for fairness judgments. As such, our article is a response to the need for "a greater focus on referent standards [that] may eventually help to explain the mixed results concerning the relation between various justice components (e.g., procedural, inter-

actional) and OCBs [organizational citizenship behaviors]" (Ambrose and Kulik, 1999: 246).

Relatively little research has focused on how individuals choose among available referent standards. Perhaps one reason for the paucity of research is the inherent complexity associated with cognitive choice models. Compared to measuring affective or behavioral outcomes, psychological processes may have been perceived as incomprehensible, unimportant, or difficult to measure. Yet given the likelihood of continued societal instability, changing employee expectations, and shifts in organizational policies, we believe there may be value in attempting to better understand psychological influences underlying individuals' referent choices.

We begin by discussing what is cur-

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rently known about referent selection. With social comparison theory as the underlying theoretical framework, equity, social cognition, and psychological climate concepts are also proposed as determinants of self- and other-referent choice. We initially concentrate on comparisons that involve self-referents and other-referents and present theoretical arguments to support the role of self-efficacy and equity sensitivity as antecedents to choices involving these individuals. This discussion is followed by an examination of the effects of psychological climate perceptions on self- and other-referent selection. Next, we examine conceptual differences between self-referents and other-referent choices and system-referent choice from a psychological contract perspective. We conclude with a discussion of practical implications and opportunities for empirical work.

#### **WHAT IS CURRENTLY KNOWN ABOUT REFERENT SELECTION**

Most literature on referent selection can be categorized along two basic schemas: identification of the types of referents that exist and examination of the outcomes that result from referent selection. While identifying various referent types, several studies have sought to expand Goodman's (1974) original classification of three primary comparison target groups: comparisons involving oneself (self-referents), comparisons involving other individuals (other-referents), and comparisons involving the employee and the organization (system-referents). Studies have identified a multitude of potential referents, primarily drawn from the outcomes being examined, including pay refer-

ents (Hills, 1980), referents linked with one's occupation, education, age and job (Abraham, 1999; Scholl *et al.*, 1987), and referents derived from an employee's social network (Shah, 1998). Despite these efforts, the same broad referent categories proposed by Goodman remain relatively unaltered, with very few studies attempting to examine system-referents.

Taking a distributive justice approach, several studies examined referent selection by examining individuals' reactions to pay outcomes (Lee and Martin, 1991; Major and Testa, 1989; Ronen, 1986), attitudes and behaviors related to job satisfaction, intentions to stay and promotions (Ronen, 1986), working conditions, job complexity, security and supervisory behavior (Ambrose and Kulik, 1988; Oldham, Kulik, Ambrose, Stepina and Brand, 1986; Oldham, Kulik, Stepina and Ambrose, 1986; Stepina and Perrewé, 1991). Although each study focused on a different aspect of referent selection group membership, and stability of referent choice, results overall tended to show that individuals react to inequitable distribution of outcomes contingent on the comparison targets selected.

From a conceptual perspective, two studies developed formal models and theorized about the antecedents of referent selection. Goodman's (1977) simplified process model described referent selection as a process in which some event initiates a search process that results in various outcome/input ratios. The outcome portion of the ratio is comprised of inducements, which can represent a variety of organizational outcomes, including compensation, promotions, and workplace attitudes. Inputs typically consist of the knowledge,

skills, abilities and effort that are required by the position (Goodman, 1974, 1977). For example, if I work 40 hours per week (input), I receive a wage of \$400 (outcome). Individuals evaluate all outcome/input ratios, determining which ones are most appropriate based on examination of the available information and the relevance or attractiveness of potential referents. Comparisons between one's own ratio and the referents' ratios are made, which result in psychological reactions. These reactions vary, depending on fairness determinations from input/outcome ratio comparisons with a referent.

Kulik and Ambrose (1992) subsequently theorized about personal characteristics (e.g., age, gender, race) and situational characteristics (e.g., proximity, changes in procedures, job facet) thought to influence referent selection. An important extension to Goodman's model was the theoretical contribution of availability and relevancy determinations on referent selection. It was proposed that referent choices were influenced by judgments of similarity, attractiveness and usefulness, and determinations of referent relevance as a mediator prior to referent selection. It was never specifically theorized as to how these various determinations would be made or measured. Subsequent work, however, describes these experiences as precursors to general fairness judgments from which a host of other cognitions and pro-social behaviors follow (e.g., trust, acceptance of authority, self-esteem) (Lind *et al.*, 2001).

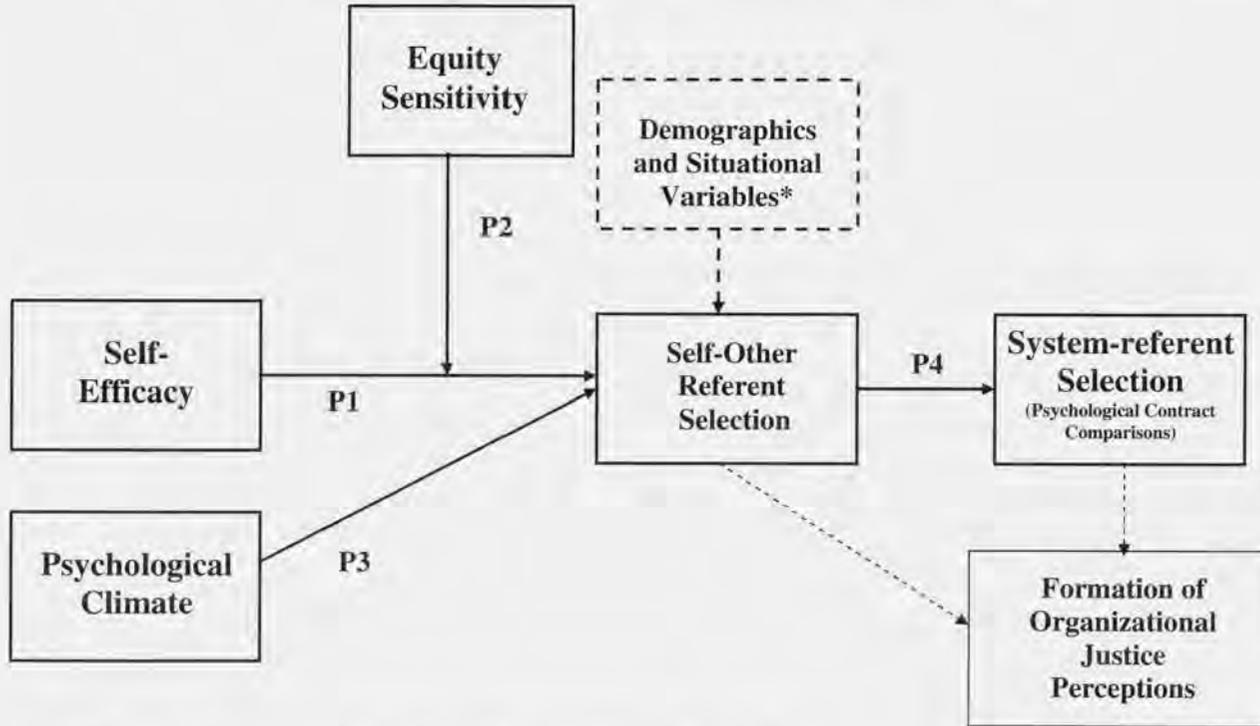
More recent research has focused on different demographic groups in advancing knowledge about fairness determinations (e.g., Farh *et al.*, 1997; Parker *et al.*, 1997; Sweeney and

McFarlin, 1997). Demographics such as age and gender have been found to be useful for explaining some workplace comparisons and behaviors (Kulik and Ambrose, 1992). However, a limitation of this work and existing models of referent selection is the lack of consideration for the role of individual differences in selecting referents. Although some referent outcomes may be influenced by demographics (e.g., training for younger workers that may have less experience than older workers), managers may find these differences less useful for organizational activities involving employee communication, project planning or skill-based training of their workforce. In fact, reliance on such demographic features could result in claims of illegal discrimination.

A cognitive approach to comparison activities has not been completely overlooked. Recently, Ambrose and Kulik (2001) used a categorization approach to examine the crucial role individual cognitions play in understanding why individuals are likely to view organizational procedures as more or less fair than their colleagues or peers. Expanding this notion, we argue that individual cognitions influence choices about which referents (e.g., oneself, colleagues, peers) individuals use for determining workplace fairness. We suggest that self-efficacy levels, equity sensitivity preferences, and psychological climate perceptions help determine the attractiveness, similarity, usefulness and relevance of available referent choices (see Figure 1).

We consider the potential influence of these variables for several reasons. First, social cognitive theory suggests that self-regulation of future behavior is likely to be influenced not

Figure 1. Illustration of Psychological Influences on Referent Selection



\*These are variables we acknowledge and incorporate by reference herein as referent choice influences based on prior models of referent selection (see Goodman, 1974; Kulik and Ambrose, 1992).

only by direct experience, but also by observing other individuals (Bandura, 1997). By integrating self-efficacy judgments with referent comparisons (e.g., with oneself or with others), we provide a more specific and measurable mechanism for identifying the relevance and utility determinations identified in the models of referent selection described above. Next, in making fairness judgments (e.g., "Am I under-rewarded/over-rewarded?" or "Have I been treated fairly?"), comparative standards or referents are required (Adams, 1965). The equity sensitivity construct has extended general equity theory principles by suggesting that individuals have differential tolerances for under-reward or over-reward situations (Huseman *et al.*, 1987; King *et al.*, 1993). We believe that perceptions of fairness, and the mechanisms individuals choose for reducing any tension that accompanies judgments of unfairness, are likely to be influenced by the perceived capability for effectively altering their equity ratio (see Adams, 1965). Therefore, we believe that justice determinations will rely, to a large extent, on an individual's equity sensitivity orientation, and how that orientation influences referent choices before determinations of fairness (or unfairness) are made.

The dynamic nature of today's organizations suggests that individuals' workplace goals are not independent of the social context. In fact, the work environment provides a host of cues that are used by employees in order to interpret the events they encounter when determining subsequent attitudes and behaviors (Salancik and Pfeffer, 1978). Psychological climate examines the social context of the work environment from the perspec-

tive of individual perceptions (Brown and Leigh, 1996). What we believe makes psychological climate useful for understanding referent choice is the focus on individual employee perceptions, their experiences, and how they describe their organization (Köys and DeCotiis, 1991). Through psychological climate perceptions, we are able to narrow the organizational frame of reference to the context perceived to be most relevant to each individual.

### **Self-efficacy and Self-other-referent Choice**

The two most familiar types of referents described in early research are self-referents and other-referents (Goodman, 1974, 1977; Kulik and Ambrose, 1992). Because it does not specifically involve comparisons with a person, the third referent type—system-referents—is defined and discussed later in the article. Self-referent selection involves comparing one's current outcome/input ratio with ratios in the past, the future, or some ideal the individual has in mind. Other-referent selection involves ratio comparisons with some other person.

In addition to several different types of referents being available for comparisons in the workplace, a key assumption of Goodman's work (1974, 1977) and the work of others is that individuals use multiple referents for various comparisons, and that the referent(s) chosen will depend on the outcomes being considered (Hills, 1980; Ronen, 1986). Goodman also asserts that these referents may change over time. In attempting to address the issue of multiple referents, several empirical studies to date have asked individuals

to identify the referents they use by focusing on their primary referent (Goodman, 1974; Oldham, Kulik and Ambrose *et al.*, 1986; Oldham, Kulik and Stepina *et al.*, 1986; Stepina and Perrewé, 1991). This approach, however, constrains individuals by asking them to focus only on primary referents, and ignores how cognitions might allow multiple referents to be influential in different fairness situations.

From among a wide range of work-related influences, we propose that self-efficacy may be helpful in understanding more specifically how individuals determine which referents are perceived to be most relevant and useful (Kulik and Ambrose, 1992; Mowday, 1991). In the current context, we consider generalized self-efficacy to be the most relevant for extending our understanding of referent choice. As a more broad form of self-efficacy than original conceptualizations, generalized self-efficacy is defined as the capability "to mobilize the motivation, cognitive resources, and courses of action needed to exercise general control over events in one's life" (Judge *et al.*, 1998: 19). Empirical research has consistently reported the significant role of self-efficacy in predicting job satisfaction, personal goals, performance, and learning (e.g., Bandura, 1997; Judge *et al.*, 1998; Mone, 1994; Wood and Bandura, 1989). Similarly, Bandura (1997) suggests that social comparison assists individuals in performing and mastering tasks by observing and making comparisons with those thought to be similar to oneself. As children learn appropriate ways of behaving in school, so, too, employees may observe similar others to gain mastery in learning job facets, make ethical decisions, form justice percep-

tions, and perform a host of other workplace activities. We argue that the choice of referents at any given time is likely to be influenced by one's self-efficacy.

For example, Jones (1986) reported that newcomers with high self-efficacy tended to use themselves to interpret situations involving organizational roles before seeking assistance from others. This behavior may be due, in part, to highly efficacious individuals viewing their own past experiences as more relevant and useful sources for information and comparative standards. We propose that individuals with high self-efficacy choose more self-referents as their standard for comparison than other-referents. The logic behind this assertion is that highly efficacious individuals tend to set higher goals (Locke and Latham, 1990), believe themselves capable of reaching these goals, and are motivated to persist longer in activities than those with low self-efficacy (Bandura, 1986, 1997). As a result, high self-efficacy that results from increased mastery of tasks typically results in higher performance (Mone and Kelly, 1994). Because of their persistence and desire to achieve high performance, future goals and past experiences may be perceived by highly efficacious individuals as more relevant and useful for comparisons than other individuals who may or may not be performing as well and may not have the same goals. This does not mean that highly efficacious individuals would not, on occasion, choose a very high performer against whom to gauge performance standards. Rather, for these individuals, selection of referent targets may be more highly motivated by personal performance standards and goal achievement, which is best com-

pared internally or via self-referents. This suggests the following proposition:

*P1a: Individuals with high self-efficacy select more self-referents than other-referents.*

For less efficacious individuals, comparisons with oneself may pose a threat to overall self-esteem (Ashford and Cummings, 1983; Northcraft and Ashford, 1990). The lack of confidence in performing job tasks by less efficacious individuals results in fewer internal attributions about their capability to affect certain outcomes than are made by more efficacious individuals (Mone and Kelly, 1994). Individuals with low self-efficacy may also perceive an inability to set and achieve high personal or organizational goals or to reach a certain level of performance that would come more easily to highly efficacious employees. For some employees, low self-efficacy could also result in uncertainty about their role or status in the organizational structure, as well as a variety of other job-related issues. For example, many individuals who are less confident resort to comparisons with other individuals perceived to be inferior (Wood, 1989). Since many comparisons result from a desire to reduce uncertainty (Gibbons and Buunk, 1999), we suggest that low self-efficacy individuals are likely to engage in comparisons more often with other-referents (and less often with self-referents) in order to gather as much external, and perhaps more perceptually credible, information than one has internally.

We are not suggesting that individuals with low self-efficacy do not set goals and attempt to achieve them. However, a lack of confidence in their capabilities may result in the motivation and goals of less effica-

cious individuals being related more towards maintaining self-esteem rather than in achieving high performance (Wood, 1989). This may be especially true for those individuals who have attempted and failed at certain tasks. Subsequent justice perceptions are likely to be influenced by whether one's self-esteem has been threatened (or maintained) rather than whether his/her performance has been fairly acknowledged and rewarded. With these arguments in mind, we propose the following:

*P1b: Individuals with low self-efficacy select more other referents than self referents.*

### **EQUITY SENSITIVITY, SELF-EFFICACY AND SELF-OTHER-REFERENT CHOICE**

As a subset of social comparisons, equity comparisons involve choosing referents for use in fairness determinations (Goodman, 1974). Augmenting our previous discussion of self-efficacy as influential in selecting referents, we propose a moderating role for equity sensitivity in that relationship. Because of its utility for understanding fairness judgments, equity sensitivity has resurrected interest in equity theory research (Huseman *et al.*, 1987). By definition, equity sensitivity suggests that individual equity judgments can fall anywhere along a continuum of outcome/input ratios. At one end are benevolent individuals, who are viewed as tolerating situations of under-reward. They typically derive more satisfaction from making a valuable contribution to the organization than from any outcomes they may receive (King *et al.*, 1993). Entitleds, at the other end, are more focused on receiving organizational outcomes than on the contributions

they make to the organization and are more tolerant of over-reward situations (Miles *et al.*, 1994). Lastly, those individuals between benevolents and entitleds are called equity sensitives, and are those individuals referred to in traditional equity research.

We propose that the type of referent chosen will vary depending both on one's level of self-efficacy and one's sensitivity to equity. More specifically, we argue that low self-efficacy individuals who are benevolent (hereafter termed LEBs) use information from comparisons with others in order to support their view of the world (Wood, 1989). Similar to the main effect arguments above for less efficacious individuals, by making more comparisons with other individuals, LEBs are able to deflect primary focus away from themselves and their relative lack of confidence. And it accommodates their less efficacious nature by allowing them to select those friends or others who provide a comparative standard that ensures maintenance of self-esteem. This also enables them to successfully maintain the sense that they are making valuable contributions to the organization, which is the primary motivation for one who is benevolent. For example, in cases in which a downward comparison is made (Wood, 1989), the feeling of being superior to someone else cognitively justifies continued employment while also protecting his/her self-esteem. The rationalization is that LEBs are giving to the organization, and what they are giving is more than others. This rationalized comparison is also tied to their benevolent motives. In cases in which downward comparisons are not made, LEBs might compare with others perceived to be similar to

themselves and, in this similarity, see themselves as giving more to the organization than they might actually be contributing.

We believe that LEBs select more other-referents primarily to avoid the anxiety caused by using oneself as the comparative standard. In preferring to give more than they receive, LEBs need to be able to see their contributions as worthwhile, valuable and furthering the goals of the organization. Consistently using oneself as the comparative standard, the fear of failure or inability to accomplish tasks will not further organizational goals and, therefore, will not be seen as a contribution to the firm. In addition, more frequent use of a self-referent places the focus on oneself, which is not typically sought by those more focused on giving than receiving. In the case of LEBs, comparing with other-referents perceived to be similar to oneself may stimulate continued effort at their existing level of skill mastery, thus reinforcing the attitude that they are making a valued contribution to the firm. These arguments suggest the following:

*Proposition 2a: Equity sensitivity moderates the relation between self-efficacy and self-referent and other-referent choice such that benevolent individuals with low self-efficacy select more other referents than entitled individuals with low self-efficacy.*

Relative to benevolent individuals, less efficacious individuals who are entitled (hereafter termed LEBs) would be more concerned with receiving organizational outcomes than with maintaining the organizational relationship. Distributive justice theory supports the argument that the concern of these individuals over the perceived fairness of outcome distribution is likely to override their concern with organizational processes

(McFarlin and Sweeney, 1992) and the relational aspect of organizational life. Viewing things from a more transactional perspective (Morrison and Robinson, 1997), LEEs may avoid comparisons with other individuals in order to focus on the outcomes they want (and expect) to receive. The entitlement attitude of these individuals may offset the need to reduce the uncertainty associated with being less efficacious. We propose that this causes LEEs to engage more often in comparisons involving themselves. By relying more often on internal standards that they can perceptually manipulate and completely control, these individuals can cognitively justify the outcomes they are receiving (e.g., current salary level, continued employment). The more often this comparison is made, the more often LEEs can maintain overall self-esteem (Gibbons *et al.*, 1994). Comparisons here might be made between their current poor performance and past performance that may have been the same or worse (Wood, 1989). This justifies their receipt of the current level of organizational rewards. Therefore, LEEs may be able to convince themselves that they deserve more than others regardless of what they are receiving. Thus, the most similar and, therefore, more relevant and useful referent comes from making comparisons more often based on their own personal standards—those in the past, the future or some cognitive ideal. Based on the above arguments, we offer the following proposition:

*Proposition 2b: Equity sensitivity moderates the relation between self-efficacy and self-referent and other referent choice such that entitled individuals with low self-efficacy select more self-referents than benevolent individuals with low self-efficacy.*

In considering the relationship between highly efficacious benevolent individuals (hereafter termed HEBs), we argued above that the strong, positive correlation between high self-efficacy and past performance (Gist, 1987) makes a self-referent more prevalent as a basis for comparative standards. We believe that this is especially true if one is also highly benevolent. Bandura and Schunk (1981) have argued that increased self-efficacy develops from a sense of personal causation, and that high self-efficacy leads to more self-administered rewards (Gist, 1987). This use of self-administered rewards suits HEBs' nature, since benevolent individuals are more concerned with giving to the organization rather than ensuring that they are getting a better deal than their co-workers (Huseman *et al.*, 1985, 1987). We argue that the confidence HEBs possess gives them the confidence to use their own personal standards as the standard for comparison in considering what they have done for the organization in the past and what they can do in the future to advance organizational goals and objectives. We observe this type of benevolence in the organizational citizenship behaviors performed by some workers (Konovsky and Organ, 1996). The discretionary nature of the behaviors in these examples suggests a greater concern for helping the organization than for receipt of personal rewards or entitlements. Such behavior may also manifest itself in the social exchange between the individual and the organization when one engages in development activities. Such activities are one way to reciprocate for benefits previously bestowed by the organization (or a supervisor) (Maurer *et al.*, 2002), and are likely viewed as a way to increase

one's own mastery for helping the organization. McLoughlin and Carr (1997) observed a similar occurrence when the higher tolerance for under-reward situations characteristic of benevolents caused them to spend more of their own free time working for the organization. Highly efficacious benevolent individuals who view their organization with such loyalty and altruistic tendencies are confident in their ability to give to the organization, with less concern for receiving back from it (Huseman *et al.*, 1987). Therefore, we propose:

*Proposition 2c: Equity sensitivity moderates the relation between self-efficacy and self-referent and other referent choice such that benevolent individuals with high self-efficacy select more self-referents than entitled individuals with high self-efficacy.*

For highly efficacious individuals who are entitled (hereafter termed HEEs), a transactional picture emerges once more (Morrison and Robinson, 1997). The combination of high self-efficacy and an outcome-focused orientation causes these individuals to be more concerned with making sure that the organization is properly rewarding them relative to other individuals (i.e., "What's in it for me?"). Comparing job facets (i.e., inputs) that lead to extrinsic rewards (e.g., higher pay outcomes) is more easily accomplished through comparisons with other individuals (Kulik and Ambrose, 1992). Shah (1998) found that, even in situations in which individuals reported a high degree of knowledge about their job, they still observed other individuals for job-relevant information (performance, referent and technical information). Particularly in the case of performance information, we suggest that HEEs do so to gauge others' outcome/input ratios and assess their performance gains relative to others.

Renn and Fedor (2001) found that individuals high in self-efficacy believed they had more control over determinants of their work performance leading to increased quantity and quality of work. We argue that if there is an interaction with an entitled orientation, social comparisons would focus more towards receipt of outcomes, since uncertainty about their capabilities is much diminished. Contrary to LEEs, HEEs would not feel threatened by comparisons with other individuals. On the contrary, hard-driving, competitive individuals may engage in more upward comparisons based on assumptions of similarity (Wood, 1989) or goal achievement (Locke and Latham, 1990). As a result, HEEs can set and achieve even higher performance goals, reap even greater organizational rewards, and satisfy their preference for entitlement. These arguments suggest the following proposition:

*Proposition 2d: Equity sensitivity moderates the relation between self-efficacy and self-referent and other-referent choice such that entitled individuals with high self-efficacy select more other referents than benevolent individuals with high self-efficacy.*

## **PSYCHOLOGICAL CLIMATE AND SELF-OTHER-REFERENT CHOICE**

Psychological climate is defined as how employees perceive and interpret their organizational environment (Brown and Leigh, 1996). These perceptions and the complex cognitive representations of the environment that they embody have a strong influence on attitudes and behavior (Brown and Leigh, 1996; Koys and DeCotiis, 1991). This is particularly likely to be the case in comparative situations (Klein, 1989). Interestingly, however, existing theory on referent choice has focused on objec-

tive environmental factors and not on individual perceptions about the constraints or opportunities perceived by employees. Unlike organizational climate, which focuses on the organizational unit of analysis, what makes psychological climate particularly salient for examining referent selection is its multidimensional focus on how employees uniquely perceive, interpret and describe whatever situation they consider to be their organizational environment (Brown and Leigh, 1996). Psychological climate also addresses the issue of proximity since it focuses on those experiences that are most proximal to each individual which prior research has suggested is important for referent selection (Kulik and Ambrose, 1992; Shah, 1998). By examining perceptual differences related to psychological climate, we may obtain a clearer picture of the environmental influences that make certain referent selections more useful and relevant than other-referent selections.

In an environment perceived to be positive and open, individuals are more likely to trust each other and communicate freely (Strutton *et al.*, 1993). They are also likely to believe that supervisors and top management are respectful of them (Koys and DeCotiis, 1991) and will treat them fairly (Naumann and Bennett, 2000) in exchange for the general work and service they provide (Das and Teng, 2002). When employees view organizational procedures and policies as fair, they are likely to have a more positive view of the organization (McFarlin and Sweeney, 1992). Even when outcomes are perceived as inequitable, negative attitudes and behavior are decreased when employees believe there is open communication and when the input they provide is

considered valuable to the process (Williams, 1999). Therefore, when the psychological climate of the organization is perceived to be supportive, employees may feel comfortable making more comparisons with a wide range of other-referents.

Employees develop a sense of community within their work environments when it is perceived to be positive (Naumann and Bennett, 2000). They are also likely to find available sources of information from peers and other co-workers to be more appropriate (Kulik and Ambrose, 1992), and a potential standard for determinations about workplace fairness. Additionally, in an environment perceived to be positive, comparative information is not only proximal, it is most likely to be considered useful and highly relevant, since it comes directly from one's own organization.

In a climate perceived to be positive, we may also see comparisons with others outside the company increase in frequency, but for very different reasons. A study of health care providers suggests that in a positive climate, increased actions were taken by employees to extend themselves outside of their own organization, and began effectuating industry-level changes (see Strutton *et al.*, 1997). Thus, the positive perceptions of their own work climate improved inter-organizational relationships, as well as intra-organizational relationships. Extending those results, we propose that employees in climates perceived to be positive may feel comfortable comparing their situation with that of employees in other organizations, thereby increasing even more the frequency of other-referent choices, relative to self-referent choices. Motives for doing so may stem from the pride they feel in their

firm, and a desire to illustrate to other employees how much the firm cares about them. Accordingly:

*Proposition 3a: In a psychological climate perceived to be positive, individuals choose more other-referents and fewer self-referents.*

Climates perceived to be negative can be described as lacking supportive managers or co-workers, but include micro-management or over-regulation of behavior. In such climates, individuals are more distrustful of co-workers and management (Strutton *et al.*, 1993) and role expectations and work situations are unclear and inconsistent (Brown and Leigh, 1996). This results in greater uncertainty for individuals. However, in this situation, using others in the organization as a comparative standard may do little to reduce one's own uncertainty (Strutton *et al.*, 1995), particularly if others demonstrate similar feelings of uncertainty. The risks associated with feedback under these conditions decreases the perceived value of comparing with others (VandeWalle *et al.*, 2000), since information-seeking is more risky when trust between individuals is low. Thus, individuals in an environment in which they do not trust their managers or co-workers will seek less help or information from them for job-related problems (e.g., role clarity issues) (Strutton *et al.*, 1993), seeing them as less accurate sources for comparison. Under these conditions, using such information as a comparative standard for determining one's own behavior fulfills fewer similarity and usefulness needs, when compared to internal evaluative standards. This is particularly true when the feedback from others is negative and inconsistent with perceptions we

hold about ourselves (Sedikides and Green, 2000).

Although formal roles may help individuals interpret the structure and norms for information access (Goodman, 1974), in an environment perceived to be negative, information from others about one's role and organizational norms may be difficult to gauge or trust. Supervisors and colleagues may avoid answering employee questions, fueling the proliferation of a perceptually negative work environment. Here, hoarding information in order to hold on to power (Johnson, 1996) may make the search for comparative information from others a fruitless endeavor. Although friendship ties might lead to some other-referent choices (Shah, 1998), when the work environment is tense and expectations are unclear, the need for self-preservation may outweigh the friendship bond. Self-referent choices would become much more reliable and more prevalent. And, although individuals outside the organization might, on occasion, also be a source for information, similarity and relevance criteria are never as reliable or strong as with oneself as the comparative standard (a self-referent). Lastly, a self-referent will always be more proximal than any other-referent. Based on these arguments, we propose the following:

*Proposition 3b: In a psychological climate perceived to be negative, individuals choose more self-referents and fewer other-referents.*

To date, examination of system-referents has not been commonplace. We believe there is considerable theoretical overlap with psychological contract research, and we draw on this research to develop a better understanding of this particular referent choice.

### SYSTEM-REFERENT CHOICE

With system-referent choice, the equity ratio involves comparisons between inputs and outcomes (O/I ratio) rendered by the individual and the O/I ratio promised by the organization (Goodman, 1977). Goodman describes system-referents as "... the system comparison examines what was promised in the past to what is experienced in the present" (1977: 110). This definition suggests that system-referent comparisons are not likely to involve direct comparisons with some individual but, rather, with the organization.

Rousseau (1989) and colleagues examine a virtually identical exchange between employees and employers from a psychological contract perspective. When an offer of employment is made by the organization and accepted by the individual, an exchange obligation is created that results in expectations relative to inputs and outcomes (Rousseau, 1989). This is typically the point at which one's psychological contract begins to take shape. Employees then evaluate fulfillment of their psychological contracts based on organizational messages and social cues that they interpret from within the work environment (Rousseau, 1995; Salancik and Pfeffer, 1978).

In considering social comparison terminology relative to psychological contracts, we see the initial system-referent being created when an offer of employment is made by the organization and accepted by the applicant. If an offer of employment is not forthcoming or is not accepted by the applicant, no system-referent exists with that organization. If the exchange relationship is established, however, we see the initial creation of a system-ref-

erent. Due to the similarity between theoretical definitions of system-referents and creation of a psychological contract, we argue that they are fundamentally the same phenomena. In other words, a system-referent can be a psychological contract. Both involve an exchange opportunity and individual perceptions about the outcome/input ratios promised by the organization.

The nature of these two constructs has been hinted at in previous research on psychological contracts and distributive justice. "From an equity theory perspective, individuals try to find an equitable balance between what they receive from the organization and their own contributions" (Kickul, 2001: 291). Accordingly, the lack of theoretical advancement of system-referent theory may be explained by insufficient construct definition of system-referents early on, and the more recent shift in research to a focus on psychological contracts.

Despite creation of a system-referent, a social comparison has yet to occur between the employee and the organization. Similar to self-referents and other-referents, a system-referent can exist without ever being chosen as a comparative standard. Therefore, until a comparison is made that involves consideration of the exchange obligation between the employee and the organization, it cannot be assumed that a system-referent comparison has been made, or will ever be made. In other words, employees may contemplate promises perceived to have been made to them during the interview process or interpret social cues during the new employee orientation process that indicate the existence of the psychological contract (Salancik and

Pfeffer, 1978). However, until a comparison is made between such perceived promises and their fulfillment (or lack of fulfillment) by the organization, actual comparisons involving a system-referent have yet to occur.

Since system comparisons are made less frequently than other-referent comparisons (Goodman, 1977), we believe that some event or activity typically brings this standard for comparison to an individual's conscious mind. Absent this, referent choices might be confined to oneself or someone else, completely bypassing considerations about one's employment contract, as indicated by the dotted lines in Figure 1 (presented earlier). Louis and Sutton (1991) describe three trigger conditions that cause a cognitive shift from the unconscious into one's conscious attention. Of those three conditions, one is particularly salient for the current discussion—perceiving a discrepancy between what is expected and what is actually observed. We believe that comparison activities involving self- and/or other-referents provide an important opportunity to become consciously aware of potential discrepancies in one's psychological contract.

To illustrate the above influences, newcomers have a particular need to reduce the uncertainty associated with their new roles, and they actively seek out information necessary to perform their jobs (Morrison, 1993). By comparing information obtained from a variety of sources (e.g., colleagues, boss), they make judgments about performance expectations and work roles. These newcomers may then compare their current ratio of outcomes and inputs with what they perceive the organization to have promised at the time of hire. In this

case, an other-referent comparison has increased the occurrence of an individual also evaluating his or her employment contract. We are not asserting that individuals never consider their employment relationship without prior selection of a self-referent or other-referent. Indeed, there may be other activities that trigger a switch from an unconscious use of mental schema to conscious consideration requiring the need for comparative information. However, in the absence of some serendipitous act (e.g., a revised employment contract arriving unexpectedly in the mail), we believe that social comparisons with oneself or some other individual provide one mechanism by which individuals will be triggered to engage in system-referent comparisons. From these arguments, we offer our final proposition:

*Proposition 4: Self-referent and other-referent choices are positively correlated with system-referent selection.*

## SUMMARY AND DISCUSSION

Much research has demonstrated that workers are influenced by—and behave differently as a result of—social comparisons with various targets. However, relatively little research has examined how individuals choose among these referents for comparison activities. The goal of this article was to investigate how different cognitive antecedents influence the referents that are used for equity judgments in the workplace. Specifically, we proposed that individuals with high self-efficacy select more self-referents and those with low self-efficacy select more other-referents. We also proposed that equity sensitivity moderates this relationship such that benevolent individuals with low self-ef-

ficacy and those with high self-efficacy select more other-referents and self-referents, respectively. Entitled individuals with low and high self-efficacy were proposed to select more self-referents and other-referents, respectively. Psychological climate perceptions were also proposed to influence the referents individuals choose. Finally, by integrating social comparison theory with a psychological contract framework, we argued that comparisons involving a system-referent are positively correlated with self-other-referent choice. Through our in-depth examination of these relationships, we attempted to contribute not only to social comparison theory, but also to cognitive process theories as equity theory, social cognitive theory and psychological contract theory.

One of the most significant challenges facing existing and future social information processing research is identifying the type of referents people choose (Miner, 1980; Salancik and Pfeffer, 1978). Despite these challenges, understanding the effects of referent choice comparisons is necessary for several areas of organizational inquiry. First, scholars and managers are constantly seeking to understand and explain strategic management issues such as CEO compensation, turnover and overall compensation patterns (e.g., Finkelstein and Hambrick, 1996). Such work relies centrally upon the relative comparisons that CEOs and others make concerning compensation and rewards. As long-term employment opportunities are no longer guaranteed, employees actively seek more referent information from their organization and from co-workers in an attempt to reduce uncertainty about the continuation of their jobs (Flan-

nery *et al.*, 1996). And, in a turbulent labor market, consistent layoffs may compel even more comparison activities, as rumors of plant shutdowns and the shifting of jobs overseas creates uncertainty about one's job security.

From a theoretical perspective, our work is potentially valuable for several reasons. First, because referent targets are a key component in all social comparisons, a greater understanding of the comparisons that are made augments our general understanding of many social exchanges. Second, several questions of interest pertain to the boundary conditions involved in choice activities. Beyond influencing broad relevancy determinations, the situational criteria examined in prior studies failed to capture or adequately describe the constraints and limitations that influence one's ability to select an appropriate referent. By focusing on several key psychological antecedents to referent choice, we sought to account for differences between individuals that might provide a useful mechanism for generalizing to a broader context. In addition to the antecedents considered here, future research might examine how attributions influence the similarity and relevance determinations that motivate individuals to choose various referents over others, and the effect of attributions on psychological climate perceptions.

Third, we advance not only social comparison and equity theories, but we also contribute to current thinking on psychological contracts. Most work in the area of psychological contracts has focused on fairness judgments resulting in perceptions of breach or violation. Yet very little research has explored the antecedents influencing system-referent choices

that result in these responses. This article took a closer look at both system-referents and psychological contracts and discovered a theoretical overlap not yet considered in scholarly research.

From a practical perspective, understanding more about the workplace comparisons provides additional knowledge for managers, human resource professionals and others charged with attracting, developing and retaining their organization's human capital. From a succession planning perspective, being able to better understand what motivates employees who tend to rely more on their own abilities, learn from their past experiences, and follow internally-set standards can help managers develop plans to nurture career paths that result in valuable employees being promoted into key leadership positions. By understanding the cognitive antecedents that influence an employee's referent choices, managers may have more tools available for better identifying those individuals capable of assuming critical roles as organizational change agents when industry forces call for employee downsizing, implementation of a new technology, or spearheading innovative product developments. In addition, since the organizational grapevine has been found to be both quicker and, in many cases, just as reliable as formal communications (Karanthanos and Auriemmo, 1999), managers may be able to ascertain

which employees are considered more credible and reliable sources of information, and use the grapevine to their advantage. By pinpointing those employees who may be more likely to "follow the crowd" with other-referent selections, managing the organizational grapevine may mean more effective management overall. Managers may also find it useful for better understanding the referents new recruits are using in order to match them with appropriate mentors, to determine potential shadows for job training, and to identify suitable peers to assist in effective socialization into the organization's culture.

It has been suggested that certain employee groups may be more prone to litigious behavior depending on the comparisons that are made and the relative deprivation some employees experience based on membership in certain groups (see Feldman *et al.*, 1997). And, with an ever-increasing contingent workforce, employers may find it necessary to devote greater effort in attempting to understand the referent choices most appropriate for an employee population that may not always feel like a part of the organization. By understanding the cognitive elements that precede such equity judgments in the workplace, managers may be able to redirect organizational resources towards addressing the fairness issues before they result in costly consequences, including the loss of valuable talent.

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