

Partnering Up (and Down): Examining When and Why People Prefer Collaborating With Higher Paid Peers (and Lower Paid Subordinates)

Kevin M. Kniffin¹ and John Angus D. Hildreth²

¹ Charles H. Dyson School of Applied Economics and Management, SC Johnson College of Business, Cornell University

² Samuel Curtis Johnson Graduate School of Management, SC Johnson College of Business, Cornell University



Emerging trends toward greater pay transparency and more freedom in teaming decisions intersect to highlight a potential conflict. Extant research suggests that visible pay disparities should adversely affect collaborations, particularly with higher paid partners, but we challenge this thesis and present three preregistered studies demonstrating that visible salary disparities can positively affect collaboration with higher paid peers in teaming decisions. In Studies 1 and 2, people chose to collaborate with higher rather than lower paid peers unless explicitly told that their potential collaborators' knowledge, skills, abilities, and experience were similar, suggesting that pay was viewed as a signal for competence. In Study 3, the preference for working with higher paid peers was replicated even when the decision-makers were familiar with their potential coworkers. In contrast to teaming decisions, in a fourth preregistered study (Study 4) focused on hiring decisions, people were *less* likely to hire a candidate with a higher (vs. lower) pay history for a subordinate position on their team. Taken together, the studies demonstrate that visible pay disparities affect collaboration and selection decisions but in different ways: People tend to show a bias in favor of higher paid peers as collaboration partners, while they show an aversion to hiring people with higher pay histories as subordinates.


Public Significance Statement

The emerging trends toward greater pay transparency and more self-selected teaming within organizations call for attention to how the trends intersect with each other. The current research highlights how visible pay disparities can influence teaming and hiring decisions in ways that organizations may neither expect nor condone. Specifically, when salaries are known, higher paid employees appear to be favored as teammates and disfavored as prospective subordinates.

Keywords: collaboration, pay transparency, salary disparity, teaming, selection

Supplemental materials: <https://doi.org/10.1037/amp0001397.supp>

Eduardo Salas served as action editor.

Kevin M. Kniffin  <https://orcid.org/0000-0002-2272-7919>

Data, analytics code, and materials have been made publicly available on Open Science Framework at https://osf.io/rxmtc/?view_only=0e4c211140a3426989f8d5b947f0eb22. The authors have no conflicts of interest to disclose. The authors gratefully acknowledge the feedback from participants in the 2020 International Association for Conflict Management conference and 2022 Academy of Management Annual Meeting as well as helpful communications with Peter Bamberger, J. Adam Cobb, John Doris, Samir Nurmohamed, Brad Rickard, Suzanne Shu, Ingo Weller, Vivian Zayas, and

seminar participants at Cornell University.

This work is licensed under a Creative Commons Attribution-Non Commercial-No Derivatives 4.0 International License (CC BY-NC-ND 4.0; <https://creativecommons.org/licenses/by-nc-nd/4.0>). This license permits copying and redistributing the work in any medium or format for noncommercial use provided the original authors and source are credited and a link to the license is included in attribution. No derivative works are permitted under this license.

Kevin M. Kniffin played a lead role in project administration, writing—original draft, and writing—review and editing and an equal role in conceptualization and methodology. John Angus D. Hildreth played a lead role in formal analysis

continued



Kevin M. Kniffin

Pay transparency has garnered increasing attention in recent years as a potential solution to rising income inequality and the persistent gender pay gap (Obloj & Zenger, 2022; Ramachandran, 2011). Less attention has been paid to the impact of pay transparency on coworker dynamics, more generally. Given that coworkers are commonly not paid identical wages (Abowd & Kramarz, 1999; Cobb, 2016; DiNardo et al., 1996; Groshen, 1991) and that people tend to care about their coworkers' wages as a salient workplace characteristic (e.g., Cullen & Perez-Truglia, 2022), it is timely and important to understand how known disparities in pay influence coworkers' dynamics. Here, we focus on the effects of pay transparency on coworkers' preferences for collaborating with their higher and lower paid peers. This focus is critical in light of the parallel trend toward greater coworker discretion in teaming decisions (Edmondson, 2013; Ketkar & Workiewicz, 2022; Luciano et al., 2018; Valentine & Edmondson, 2015).

Extant theory and empirical research suggest that known disparities in pay should have a negative effect on coworkers' preferences for collaborating with higher paid peers. First, evidence rooted in social comparison theory has demonstrated that people tend to prefer to have relatively "more" than their peers (e.g., Festinger, 1954; Frank, 1984), including pay (Thierry, 2001). Evidence from a series of pilot studies that we conducted suggests that people assume that being paid higher than their peers would afford them

greater authority over shared projects. Second, research by psychologists (e.g., Evers et al., 2023), anthropologists (e.g., Boehm, 1993), and economists (e.g., Kuziemko et al., 2014) have highlighted that people tend to avoid situations where others might dominate them, suggesting that people should be averse to being paid less than their peers. Indeed, pay has been found to affect individual motivation and self-esteem (Gardner et al., 2004) as well as mental health (e.g., Dahl & Pierce, 2020). Thus, extant research suggests that known pay disparities should substantially curb (or increase) coworkers' preferences to work with their higher (or lower) paid peers.


Prior research on coworker teaming decisions has identified numerous potential influences, including familiarity, homophily, liking, predictability, and competence (e.g., Hinds et al., 2000; Kraut et al., 1988); however, a consideration of the effects of pay transparency and salary disparity on teaming decisions has been missing. The current research aims to address this gap in the research literature. Drawing on signaling theory (Spence, 1973), and in contrast to the predictions of extant research, we argue that known salary disparities should have a positive rather than negative effect on decisions to collaborate with higher paid coworkers.


Signaling theory (Bangerter et al., 2012; Kirmani & Rao, 2000; Spence, 1973) proposes that people make inferences about an individual's actual ability based on competence signals such as their education level or work experience. Moreover, people continue to use such "competence signals" in their subsequent evaluations of individuals even when more objective information about their abilities is available (Berger et al., 1972; Cialdini, 1993). An individual's pay is an important signal from the organization (Milkovich & Milkovich, 1992; Thierry, 1998, 2001) that we argue can act as a competence signal, with those who are paid more being evaluated as more competent than those who are paid less, consistent with Thierry's (2001) reflection theory of compensation. We further argue that people generally assume that pay disparities are just (Adams, 1963, 1965), reflecting an individual's actual contributions to an organization, and that they stand to benefit from working with those they judge to be more competent through subsequent social exchanges (P. M. Blau, 1964).

Thus, our first hypothesis that people will prefer to work with higher (vs. lower) paid coworkers, without information on their knowledge, skills, abilities, and experience (KSAE), contributes a new perspective to the literature on pay transparency and salary disparities, highlighting a potential

and an equal role in conceptualization, methodology, writing—original draft, and writing—review and editing.

 The data are available at https://osf.io/rxmtc/?view_only=0e4c211140a3426989f8d5b947f0eb22.

 The experimental materials are available at https://osf.io/rxmtc/?view_only=0e4c211140a3426989f8d5b947f0eb22.

 The preregistered design and analysis plan are accessible at https://aspredicted.org/4KM_FRF, https://aspredicted.org/blind.php?x=NB1_Q4T, https://aspredicted.org/JZL_VXS, https://aspredicted.org/SK7_9SQ.

Correspondence concerning this article should be addressed to Kevin M. Kniffin, Charles H. Dyson School of Applied Economics and Management, SC Johnson College of Business, Cornell University, Warren Hall 111, Ithaca, NY 14853, United States. Email: kmk276@cornell.edu



John Angus D. Hildreth

benefit of pay disparities in a literature that predominantly focuses on costs (F. D. Blau & Kahn, 2017; Siegel & Hambrick, 2005). It also contributes to the literature on teaming decisions, introducing an important but overlooked influence on partner selection. Our second hypothesis is that people's preferences for working with higher (vs. lower) paid coworkers will be substantially mitigated when people are informed that the KSAEs of higher and lower paid coworkers are similar contributes to relevant literatures by explaining when and why salary disparities act as a magnet rather than a drag on collaboration decisions.

Problems With Pay Disparities

The downstream consequences of pay disparities have been closely studied since Festinger's (1954) observation that individuals tend to be sensitive to their relative standing within relevant communities and tend to make social comparisons. Researchers have studied (a) organizational-level outcomes of within-firm salary disparities (e.g., Bloom, 1999; Yanadori & Cui, 2013), (b) individual-level motivational and performance consequences of being paid less than one's peers (Bamberger & Belogolovsky, 2017; Shaw, 2015), and (c) the boundary conditions to these effects such as the level of interdependency among potential collaborators (Trevor et al., 2012). An underlying motivation for research on the consequences of pay disparities has centered on its potential to create negative disruptions among coworkers (e.g., Evers et al., 2023; SimanTov-Nachlieli, & Bamberger, 2021).

Research on the consequences of salary disparities among coworkers is poised to become increasingly important as pay transparency becomes more common (Bamberger, 2023). Extant research on salary disparities has tended to be narrowly focused on either public or high-profile organizations where

pay information is available and salary disparities are transparent (e.g., state employees, Card et al., 2012; professional sports leagues, Bloom, 1999; Trevor et al., 2012), thus limiting the scope of research in this area. However, as pay transparency becomes increasingly common across different types of organizations, there will be growing interest in the consequences of salary disparities on a broader range of workplace dynamics. Recent research by SimanTov-Nachlieli and Bamberger (2021), for example, found that employees tend to react more negatively to being paid relatively low wages when the pay structure is transparent, and research by Bennedsen et al. (2019) found that pay transparency helped to reduce gender pay gaps. The current research aims to contribute to this body of research by focusing on the influence of visible salary disparities on coworkers' collaboration preferences.

Problems With Partner Selections

The allocation of coworkers to teams can be made by others (other-selected), by the coworkers themselves (self-selected), by random assignment, or by algorithm. Historically, organizational teaming decisions have typically been other-selected, where organizational leaders who are responsible for project teams decide the composition of those teams (Hackman, 2002; Mathieu et al., 2017). In educational settings, for example, it is common for students to be assigned to project teams either via random assignment as an attempt to generate fair distributions of talent and interest (e.g., Twyman & Contractor, 2019) or, increasingly, via novel technological tools that assign students into teams via algorithm to help ensure within-team diversity (Gómez-Zarà et al., 2020). The use of randomization and algorithm-based tools to form teams is intended to avoid the influence of various factors upon how other- or self-selecting teams often form. In relation to our focus, we note that self-selected partnering (or teaming) is also becoming increasingly popular (Edmondson, 2013; Lee & Edmondson, 2017; Luciano et al., 2018; Valentine & Edmondson, 2015).

Self-selected teaming occurs in a range of contexts such as self-organizing project teams (Bailey & Skvoretz, 2017; Zhu et al., 2013), entrepreneurial teams (Lazar et al., 2020; Vissa, 2011), and science teams (Hall et al., 2018; Jones, 2021; Leahey, 2016; Milojević, 2014). In addition, numerous companies have integrated such teaming, including the software company Valve (Puranam & Håkansson, 2015). As self-selected teaming becomes more prevalent and fluid (as the National Research Council, 2015, has described for academic researchers), it is increasingly important to understand the processes underlying such team formation and the consequences of self-selected teaming for the individuals, their teams, and their broader organizations. Indeed, the importance of team composition is already well-documented (e.g., Bell, 2007; Bell et al., 2011, 2018), and one potentially problematic consequence of self-selected teaming is that self-selection is not typically subject to

the same kind of extensive training and guidelines that inform “other-selected” teaming decisions, where managers are often held accountable for their selection decisions. Given the importance of selection decisions (i.e., selection is a main focus for the field of industrial and organizational psychology), it is important to understand how any biases (e.g., relating to pay disparities) might influence the formation of self-selected teams.

One might assume that competence should predominate the selection of collaborators for any common project; however, signaling theory predicts that many situations involve noisy or weak signals, making it difficult for observers to accurately assess a person’s true competence, let alone their own (Gignac & Zajenkowski, 2020; Kruger & Dunning, 1999). For example, people infer competence from a range of individual characteristics and interpersonal behaviors from displays of dominance or nonconformity (Anderson & Kilduff, 2009)—regardless of individuals’ actual competency—and the signals to which individuals allocate attention can vary depending on the individual’s psychological state.

Beyond competence, several additional factors have been found to influence self-selected teaming decisions, including proximity, homophily (or similarity), liking, and predictability (e.g., Hinds et al., 2000; Kraut et al., 1988). The role of proximity in self-selection decisions is well-established with early studies showing the nontrivial fact that people who are already frequently interacting with each other are relatively more likely to team up with each other (e.g., Hagstrom, 1965; Kraut et al., 1988). For example, Kraut et al. (1988) found that project teams commonly form via informal events such as eating or drinking with each other (i.e., events that are more likely to happen when people are working nearby others rather than far from them).

Self-selected teaming decisions are also influenced by homophily or “the love for similar others” given that people who share similar “values, beliefs, interests, and other characteristics” (Acharya & Pollock, 2013, p. 1397) are more likely to connect and work with each other (Fischer, 2009; McPherson et al., 2001). Indeed, studies of race, ethnicity, and gender in relation to how coworkers interact are prime examples of ways in which researchers have studied the relevance of homophily (e.g., Bacharach et al., 2005; Ibarra, 1992). Prior research also demonstrates the liabilities of homophily as ethnic- and gender-diverse teams tend to outperform homogenous teams in controlled experimental settings (e.g., Levine et al., 2014; Woolley et al., 2010).

Independent of the effects of proximity and homophily, individuals’ decisions to self-select into teams have also been shown to be influenced by individuals’ liking of each other (Kraut et al., 1988) and their perceptions, at least, of the others’ predictability and competence (Hinds et al., 2000). Missing from this discussion of self-selected collaborator selections, though, has been the role of salary disparities, a gap that we address in the current research.

Pay Transparency as a Solution for Better Selections

One reason why individuals might express a preference to work with a higher paid partner (vs. a lower or equal-paid partner) is that they believe the higher paid partner has greater instrumental social value to them, that is, that collaborating with the higher paid partner will reap some reward. In this view, it is the perception of the collaborator’s instrumental social value that matters rather than reality (Leary et al., 2014; Ridgeway, 1984). This belief is predicated on three main underlying assumptions: first, that a coworker’s higher pay is rational, reflecting a fair evaluation of the individual’s value by others (e.g., the organization) as well as a just distribution of rewards (Adams, 1965; Greenberg, 1990); second, that the higher paid coworker’s value reflects competencies that are potentially useful to the individual’s own goals; and third, that the higher paid partner is willing to use those competencies to the benefit of the individual in achieving their own goals (P. M. Blau, 1964; Griskevicius et al., 2009; Ridgeway, 1987).

These assumptions are reasonable in light of past research on distributive justice, halo effects, and human cooperation. First, research on distributive justice finds that individuals who perceive that they are underpaid relative to others are more likely to address the situation by reducing their efforts, attempting to increase their reward, or exiting the organization (Colquitt et al., 2001). Thus, without other information, individuals may assume that coworkers’ continued involvement in an organization reflects their satisfaction with the distribution of rewards. Second, research on “halo effects” (Cooper, 1981; Thorndike, 1920) highlights how positive evaluations of a target in one domain can spill over to evaluations of the target in other domains—through the enactment of heuristics (Kahneman, 2003)—especially when the target entity’s status is high (Pitsakis et al., 2015). Thus, even if the higher paid coworker’s value (as reflected in their pay) relates to competencies in domains that are irrelevant to an individual’s goals, the individual may still believe that the value is relevant. Third, without information on the reputation of a coworker, individuals often assume good intentions of others. Indeed, research on human cooperation and reciprocal altruism suggests that individuals are inclined to trust and cooperate with others, including strangers, conditional on those others cooperating too (e.g., Fehr & Fischbacher, 2003, 2004). Likewise, decades of experimental research using Trust Games highlight that people tend to initially cooperate with unfamiliar others (Johnson & Mislin, 2011).

If one or more of these assumptions do not hold, then an individual is less likely to perceive their coworker as having instrumental social value and will be less likely to select a higher paid partner. For example, if the individual has explicit knowledge of their potential partner’s actual competence and concludes that such competence is either irrelevant to their own goals or no different from their own

level of competence, then the individual will be less attracted to work with a higher paid partner.

Overview of Studies

We present four studies (and two Supplemental Material studies) that examine the relevance of salary as a factor in partner selection with a focus on identifying when and why people prefer collaborating with higher paid peers. Given that pay transparency and self-selected teaming are emergent trends that seem likely to pose an intersecting conflict when one draws upon extant theorizing, our main focus is aligned with calls for research on teamwork that addresses the gap that is common between practical and theoretical motivations (Salas et al., 2018).

Study 1

The primary aim of Study 1 was to test the hypotheses using a naturalistic context in which participants made consequential decisions on teaming with a peer who was paid more or less than themselves. We used an auction methodology widely used in experimental economics that has been shown to elicit reliable and realistic decisions (e.g., Rickard et al., 2011; Smith, 1976).

Method

The study preregistration is accessible at https://aspredicted.org/4KM_FRF.

Participants and Procedure

A total of 189 doctoral trainees from highly ranked doctoral programs in the field of economics in the United States ($M_{\text{age}} = 26.63$, $SD = 2.65$; 53 females, 121 males, 15 did not report) participated in the study and were asked to bid for actual work. To assess participants' decisions about teaming up, they were asked whether they would prefer to work independently or dependently and, if dependently, their preference for working with a higher or lower paid coworker. Participants were told in Part 1 of the study:

Please indicate the hourly rate—in USD—for which you would be willing and able to work for 5 hr to review a new Working Paper (WP).

Bidding is invited on a scale between \$10 and \$100 per hour since the range is much larger than the range of variation among research universities in the United States.

Please note that the lowest-bidder will be selected for the 5-hr of work and will be paid the amount that is the second-lowest bid (i.e., the lowest bidder will be paid slightly more than the actual lowest bid).

Participants were then informed:

Please note that you will be asked (soon) whether—if you are hired for the work—you would like to work independently vs. dependently (with another reviewer) since the winning bidder won't be forced to work with another person.

More immediately, assuming that your bid is not the lowest and assuming that you would still be interested to work 5 hr on the paper review, please indicate which of the following co-workers with whom you would prefer working:

More specifically, the two options at the end of Part 1 of the study were:

Econ PhD student whose average pay rate is 10% HIGHER [/LOWER] than your average pay rate.

After making their "Part 1" decision, participants then read the following brief text in Part 2 of the study before being prompted to make the selection decision again:

Assuming that you and the other co-workers have Knowledge, Skills, Abilities, and Experiences that are functionally equivalent.

The auction was then implemented, and the winning (lowest bid) participant completed the work and was paid according to the auction design.

Measures

Choice of Partner

The dichotomous measure *ChoseHigherPaid* was coded 1 if the participant chose to work with a higher paid coworker and 0 if they chose to work with a lower paid coworker (Part 1: 65% [122 out of 189], Part 2: 49% [92 out of 189] chose higher paid).

Bid Amount

Participants' average bid was \$53.84 per hour ($SD = \26.55).

Results

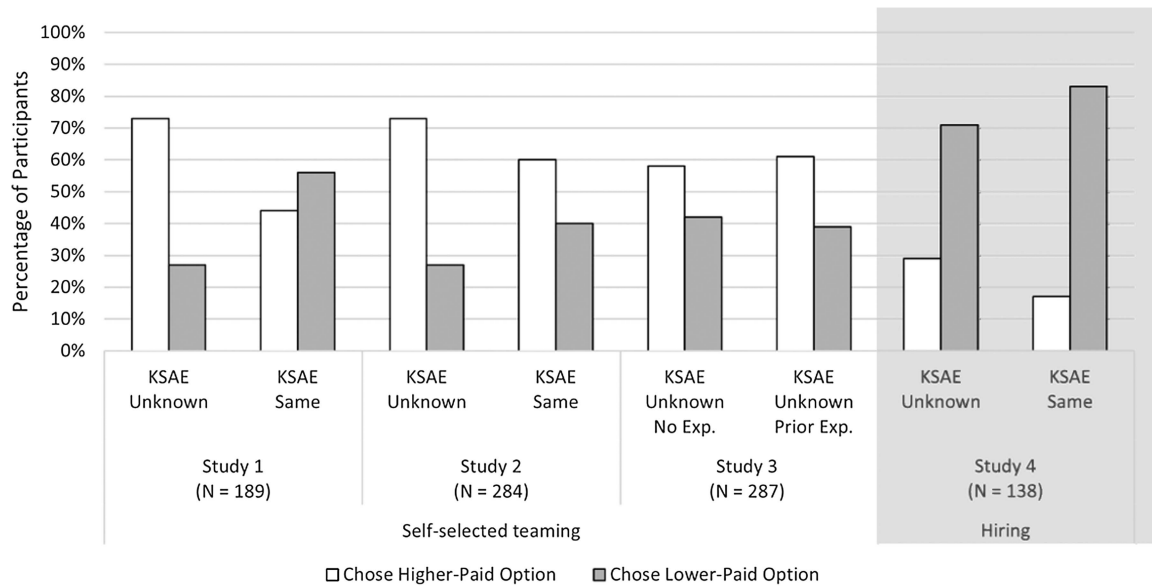
In support of Hypothesis 1 (see Figure 1), a binomial test found that the proportion of participants who chose the higher paid coworker in Part 1 (65%) was significantly higher than would be expected if participants were indifferent (50%) between potential coworkers ($p < .001$).

In support of Hypothesis 2, a binomial test found that the proportion of participants who chose the higher paid coworker after being told the two coworkers' KSAE were similar (49%) was no longer significantly different than would be expected if they were indifferent ($p = .771$). Moreover, a McNemar test confirmed that the proportion of participants who chose the higher paid candidate reduced significantly between Parts 1 and 2, $\chi^2(1, N = 189) = 18.3, p < .001$.

In summary, in the absence of information about coworkers' competencies, a significantly greater proportion of people selected to work with a higher paid coworker than with a lower paid coworker, but this preference disappeared when told that coworkers' KSAEs were similar—

Figure 1

Relative Selection of Higher Paid Workers as Collaborators in Studies 1, 2, and 3 and Subordinates in Study 4



Note. The knowledge, skills, abilities, and experience of the two coworkers were either “Unknown” or explicitly stated to be the “Same.” KSAE = knowledge, skills, abilities, and experience; No Exp. = no prior experience of working with the coworkers; Prior Exp. = prior experience of working with the coworkers.

suggesting that pay acts as a signal for competence in teaming decisions.

Study 2

The primary aim of Study 2 was to replicate Study 1’s findings with a different paradigm and population (e.g., to address potential floor effects with the relatively young Study 1 sample).

Method

The study preregistration is accessible at https://aspredicted.org/blind.php?x=NB1_Q4T.

Participants and Procedure

A total of 284 participants were recruited via Prolific. Records for those who failed attention checks were removed (consistent with preregistered methodology), leaving a sample size of 171 participants ($M_{\text{age}} = 42.1$, $SD = 11.1$; 87 females, 80 males, four did not report). All participants were presented with the same basic vignette (Part 1), with the names of their potential coworkers (Alex and Pat) randomly assigned to the higher or lower paid role. The names in the vignette were selected because they were most commonly identified by a separate sample of working adults who we asked to identify a name that is neither masculine nor feminine to provide gender-neutral stimuli in the study:

You work for a large manufacturing company, Widget Corp., where you work on short-term projects that look at ways to improve the manufacturing process for different products the company makes.

This morning, after you reported your findings and recommendations for your latest project, your manager briefly described two new projects you could work on and asked you to choose which project you’d like to work on by the end of the day.

The projects are similar in terms of the work and time involved. The only differences being the product you will focus on and the person you would primarily be working with. You don’t know much about the people you would be working with except their earnings, which were made public following a new Company transparency policy that was implemented last year.

On Project Chi, you would work with Alex who earned a higher salary as you last year. On Project Sigma, you would work with Pat who earned a lower salary than you last year.

Participants were asked to choose which project they wanted to work on before answering a set of questions. Then, in Part 2 of the scenario, participants were informed:

Before confirming to your supervisor which project you want to work on, you have a further discussion with your supervisor about the projects.

You find out that *the two co-workers (Alex and Pat) both have the SAME Knowledge, Skills, Abilities, and Experiences AS YOU.*

After your further discussion, your supervisor asks you to confirm which project you want to work on.

On the subsequent screen, participants completed the same set of choice measures that they completed at the end of Part 1 of the scenario.

Measures

Choice of Partner

After reading each of Parts 1 and 2 of the scenario, participants were asked to choose between the two projects, and the dichotomous measure *ChoseHigherPaid* was assessed—coded 1 if the participant chose the project involving the higher paid coworker and 0 if they chose the project involving the lower paid coworker (Part 1: 73% [124 out of 171]; Part 2: 60% [103 out of 171] chose higher paid).

Preference for Partner

After reading each part of the scenario, participants were also asked the extent to which they wanted to work with each coworker (“I want to work with Alex [Pat]”) using a 7-point scale (1 = *strongly disagree*, 7 = *strongly agree*; Part 1_{Higher Paid}: $M = 5.33$, $SD = 1.73$; Part 1_{Lower Paid}: $M = 4.50$, $SD = 1.361$; Part 2_{Higher Paid}: $M = 4.95$, $SD = 1.86$; Part 2_{Lower Paid}: $M = 4.85$, $SD = 1.64$). The alternative choice measure *PreferenceHigherPaid* was then assessed by subtracting the Likert score for the lower paid coworker from the score for the higher paid coworker (Part 1: $M = 0.83$, $SD = 2.96$; Part 2: $M = 0.09$, $SD = 3.00$).

Exploratory Measures

Participants reported the KSAE they assumed their chosen coworker had after Part 1 using a four-item measure: “The co-worker I chose is likely more knowledgeable than me,” “The co-worker I chose is likely more skillful than me,” “The co-worker I chose likely has more ability than me,” and “The co-worker I chose likely has more experience than me” (1 = *strongly disagree*, 7 = *strongly agree*; $M = 5.03$, $SD = 1.42$; $\alpha = .969$).

After reading Part 1, participants completed a four-item measure of *positive dispositions* toward their chosen coworker: “How likable do you think (the co-worker you chose) is?” “How friendly do you think (the co-worker you chose) is?” “How comfortable would you be working with (the co-worker you chose)?” “How smoothly would your interactions with (the co-worker you chose) go?” (1 = *not at all*; 9 = *a great deal*; $M = 7.15$, $SD = 1.14$, $\alpha = .924$). We also assessed two subscales relating to *likeability* (first two questions), $M = 6.93$, $SD = 1.28$, $r_s(171) = .935$, and *ease of working with* (last two questions), $M = 7.15$, $SD = 1.14$, $r_s(171) = .897$. In addition, participants completed the seven-item Chance dimension of Stroebe et al.’s (2015) Five-Dimensional Belief in a Just Treatment Scale ($M = 3.51$, $SD = 1.28$) after reading Part 1.

Results

In support of Hypothesis 1, a binomial test found that the proportion of participants who chose the relatively

higher paid coworker after reading Part 1 (73%) was significantly higher than would be expected if participants were indifferent between potential coworkers (50%), $p < .001$. Figure 1 illustrates this difference. In further support of Hypothesis 1, a paired-samples t test of the difference in preferences for the relatively higher (vs. relatively lower) paid coworker after reading Part 1 revealed that the mean difference was significantly greater than zero ($M = 0.83$, $SD = 2.96$), $t(170) = 3.68$, $p < .001$, 95% CI [0.38, 1.28].

Consistent with the premise that higher pay is associated with greater perceived KSAE, participants who chose to work with the higher paid coworker after reading Part 1 rated their partner’s KSAE ($M = 5.76$, $SD = 0.92$) significantly higher than those who chose to work with the lower paid coworker ($M = 3.11$, $SD = 1.20$), $t(67.4) = 13.7$, $p < .001$, 95% CI [2.27, 3.04].

In support of Hypothesis 2, a McNemar test confirmed that the proportion of participants who chose the relatively higher paid teammate reduced significantly between reading Parts 1 and 2, $\chi^2(1, N = 171) = 13.8$, $p < .001$. In further support of Hypothesis 2, a paired-samples t test revealed that the preference to work with the relatively higher paid (vs. lower paid) coworker after reading Part 2 was significantly lower than it was after reading Part 1, $t(170) = 5.67$, $p < .001$, CI_{95} [0.48, 0.99]. This change in preferences reflects both a reduced preference to work with the higher paid coworker, $t(170) = 5.16$, $p < .001$, 95% CI [0.39, 0.98], and an increased preference to work with the lower paid coworker, $t(170) = -4.20$, $p < .001$, 95% CI [-0.52, -0.19]. Additional exploratory analyses are reported in Supplemental Material.

Robustness Check

Study 2 Supplemental was run with 190 different participants who read the same scenario except the names of the coworkers were replaced with Brett and Sam rather than Alex and Pat, and results are consistent with Study 2 (see Supplemental Material).

In summary, Study 2 replicated the key findings of Study 1 using a different methodology with a sample of working adults from diverse occupations.

Study 3

The primary aim of Study 3 was to replicate the findings of Studies 1 and 2 using actual coworkers and to examine whether prior experiences affected their preferences.

Method

The study preregistration is accessible at https://aspredicted.org/JZL_VXS.

Participants and Procedure

A total of 375 participants with experience in workgroups were recruited via Prolific. Records for those who failed attention checks or were unable to identify four coworkers (see below) were removed (consistent with preregistered methodology), leaving a sample size of 287 participants ($M_{\text{age}} = 42.1$, $SD = 11.1$; 116 females, 167 males, four did not report). Participants were asked to name four coworkers in their organization who had a role comparable with their own role with whom they would like to work if given the option—including two coworkers with whom they had not yet collaborated (the “No Prior Experience” pair) and two with whom they had collaborated (the “Prior Experience” pair).

All participants were presented with the same basic vignette (about one of the pairs of coworkers they had named), which was randomly assigned to be either the No Prior Experience or Prior Experience pair. To enhance realism further, prospective teammates were noted as having “comparable” KSAE (rather than the “same” KSAE as specified in Study 2’s design):

NOW, let’s assume that your organization is going to implement a new set of policies whereby (a) everyone’s salary will be known within the organization (i.e., pay transparency will be adopted); (b) employees will have more freedom to select co-workers with whom to work on projects; and (c) more projects will be implemented that involve people from different departments within the organization.

Let’s assume further that you discovered that one of the two co-workers [Randomly selected name from relevant pair of co-workers] you noted on the previous page is paid more than you and the [other name from relevant pair of co-workers] is paid less than you.

With the understanding that the upcoming project will be focused in a new area for the organization and the two co-workers you noted have comparable Knowledge, Skills, Abilities, and Experience in relation to the new focal area—with WHICH co-worker would you like to work first on an upcoming workgroup or project team.

Participants were asked to select one of the coworkers before being presented with the same vignette for the other pair of coworkers’ names (i.e., “No Exp.” or “Prior Exp.” in Figure 1).

Measures

Choice of Partner

After reading each version of the scenario, participants were asked to choose between the coworkers, and the dichotomous measure *ChoseHigherPaid* was assessed—coded 1 if the participant chose the project involving the higher paid coworker and 0 if they chose the project involving the lower paid coworker (No Prior Experience: 58% [167 out of 287]; Prior Experience: 61% [175 out of 287] chose higher paid).

Results

In support of Hypothesis 1, a binomial test found that the proportion of participants who chose the relatively higher paid coworker from among the No Prior Experience coworkers (58%) was significantly higher than would be expected if participants were indifferent between potential coworkers (50%), $p = .007$. Similarly, the proportion who chose the relatively higher paid coworker from among the Prior Experience coworkers (61%) was also significantly higher than indifference ($p < .001$). A McNemar test examining whether the proportion of participants who chose the higher paid coworker varied as a function of Prior Experience (or No Prior Experience) with the pairs of coworkers revealed that there was no evidence that the proportions differed significantly, $\chi^2(1, N = 287) = 0.480$, $p = .488$.

In summary, Study 3 replicated the key findings of Studies 1 and 2 in relation to actual coworkers and confirmed that prior experience working with the coworkers did not affect the preference for working with the higher paid coworker.

Study 4

The aim of Study 4 was to test the generalizability of the teaming results from Studies 1 to 3 in a different context: hiring.

Method

The study preregistration is accessible at https://aspredicted.org/SK7_9SQ.

Participants and Procedure

A sample of working adults with hiring experience—overseeing an average of 97 hires—participated in the study. Records for 18 workers who failed to complete the study or pass a basic attention check were removed (consistent with preregistered methodology), leaving a sample size of 138 participants ($M_{\text{age}} = 40.13$, $SD = 8.83$; 65 females, 73 males). All participants were presented with the same basic vignette (Part 1):

Given that you have experience with hiring and management. ... Please ASSUME that you are being asked to choose between one of two new candidates for a subordinate position (i.e., for a new employee who will report to you).

Assuming further that [your group has] flexibility to hire either candidate with no adverse impact on [your group’s] overall budget, which of the following would you hire?

The two choices that participants were given were presented in randomized order across the full sample:

- candidate with a salary history that is higher than yours
- candidate with a salary history that is lower than yours

Then, participants were informed in Part 2:

Regarding the scenario involving two candidates to become the new subordinate employee. ... Please assume that you have also learned that both candidates have the SAME Knowledge, Skills, Abilities, and Experiences as each other. Which of the following would you hire?

The two choices presented after Part 1 of the scenario were again presented in the same (randomized) way after Part 2.

Measures

Choice of Employee

After reading each of Parts 1 and 2, participants were asked to choose between two candidates, and the dichotomous measure *ChoseHigherPaid* was assessed—coded 1 if the participant chose the higher paid candidate and 0 if they chose the lower paid candidate (Part 1: 29% [40 out of 138]; Part 2: 17% [24 out of 138] chose higher paid).

Results

Twenty-nine percent chose the candidate with a relatively higher salary history after reading Part 1, which was significantly lower than what would be expected if they were indifferent to hiring either candidate ($p < .001$). Notably, when participants were told that the two candidates had the same KSAE, only 17% chose the candidate with the relatively high salary history, which was again significantly lower than would be expected if they were indifferent to hiring either candidate ($p < .001$). A McNemar test confirmed that the proportion of participants who chose the higher paid candidate reduced significantly from Part 1 to Part 2, $\chi^2(1, N = 138) = 8.04, p = .005$.

Robustness Check

Study 4 Supplemental was run with 85 doctoral trainees from a prominent urban doctoral university in the United States who read the same scenario except the context was changed to hiring candidates for their research lab—and findings were consistent with Study 4.

Transparency and Openness

All studies are preregistered replications of pilot studies. Data, analytics code, and research materials for each study have been made publicly available on the Open Science Framework at https://osf.io/rxmtc/?view_only=0e4c211140a3426989f8d5b947f0eb22. Descriptive statistics and correlations for each of

the studies are included in the Supplemental Material, and the open data files include each sample's demographic information. Links for each study's preregistered design, sampling approach, and analytic plan are noted above.

Discussion

The findings of this research demonstrate that people tend to prefer to collaborate with higher versus lower paid coworkers, without information on their partners' relative knowledge, skills, abilities, and experience, and that this preference is substantially mitigated when participants are aware that their higher and lower paid potential collaboration partners have similar KSAE. In Study 1, doctoral students in the field of economics bid for review work in an actual auction and expressed a significantly greater preference to collaborate with higher paid peers on the work than with lower paid peers; however, this preference disappeared when told that their peers would have similar KSAE. In Study 2, workers expressed the same preference to collaborate with a higher versus lower paid coworker in a naturalistic scenario, and, again, this preference disappeared when told that their potential collaboration partners had similar KSAE. Moreover, consistent with the hypothesis that pay signals competence, those who chose to collaborate with the higher paid coworker initially rated their coworkers' KSAE significantly higher than those who chose to collaborate with the lower paid coworker. Study 3 further tested the robustness of this preference for higher paid teammates and found that it persists even among coworkers who have real-world experiences with each other.

In Study 4, we observed a different context where salary transparency is important—hiring decisions. While the context of self-selected teaming considered in Studies 1, 2, and 3 is increasingly common, most selection decisions are still made by others in positions of responsibility such as human resources representatives and project supervisors (Boss et al., 2023). In Study 4, we observed that people with hiring experience tended to favor candidates with a history of pay that is lower than their own—perhaps reflecting the belief that salary differences should correspond to organizational rank or the recognition that higher salaries are associated with greater costs that may not be warranted or affordable. Study 4 shows a boundary for the preference for people with higher pay in Studies 1–3. Indeed, Study 4 shows the opposite preference and, more generally, highlights the influence of pay on decision making.

Theoretical Contributions

By focusing on the emergent trends toward more collaboration among coworkers and greater pay transparency, this research advances theorizing regarding the formation of partnerships and teams as well as the varied ways in which salary disparities influence coworkers' interactions. With regard to the formation of collaborative relationships,

prior research has focused on the importance of variables such as liking and proximity (e.g., Kraut et al., 1988) for understanding why certain coworkers collaborate with each other, whereas we have highlighted the increasingly visible variable of one's relative salary. While our findings indicate that people tend to assume a positive correlation between one's relative salary and KSAE, it is notable that relative salary is important in Studies 1, 2, and 3 for the initial Part 1—mimicking situations where signals of others' competencies are noisy (Anderson & Kilduff, 2009). In sum, this research expands the scope for theorizing about the myriad factors that influence employee interest to select and team up with specific coworkers.

With regard to the ways in which salary disparities influence coworkers' interactions, extant theories from multiple disciplines (e.g., anthropology, Boehm, 1993; economics, Kuziemko et al., 2014; psychology, Anderson et al., 2015) support the prediction that people will tend to avoid collaborating with higher paid coworkers for reasons including a fear of low status and a potential loss of control. Contrary to these predictions that employees would tend to be repelled by the prospect of working with a higher paid coworker, our studies show when and address why employees tend to prefer collaborating with a higher paid coworker.

These results may have implications for how employees are paid. Prior work from both management (Shaw, 2015) and economics (Frank, 1984) has focused on employer reluctance to pay employees their marginal products for fear of alienating or offending other employees, but our findings suggest that this fear may be misplaced. In situations where employees have discretion over collaboration partners, we find that rather than being averse to working with higher paid peers, employees are often attracted to working with them. Thus, while pay disparities may adversely impact other organizational outcomes, employers may have more flexibility than they realize when it comes to fostering collaborations among coworkers.

In these ways, we contribute new perspectives to the kind of "status processes" that Driskell et al. (2018) identified as important for further study. Consistent with research in other contexts (Dugas et al., 2016), our studies suggest that people appear willing to sacrifice within-team status in the short term when they anticipate that it will lead to longer term benefits. In relation to signaling theory, our studies contribute insights by showing varied ways that people use pay differences as markers of KSAE. Future research should consider what other characteristics people infer from pay signals beyond KSAEs (e.g., Zhang et al., 2020 highlight hierarchical position) and what other means people might use to more accurately assess the KSAEs of potential peer collaborators beyond pay.

Practical Implications

Recent trends toward more teamwork across work domains and toward greater pay transparency with or without company support (e.g., via websites that crowdsource and publish

employee pay information for a given organization) highlight the need for organizations to understand the impact of pay transparency on teaming decisions, particularly in the presence of salary disparities among potential teammates. While companies may anticipate pay transparency impeding employees' willingness to work with those paid more than themselves, we find evidence that salary disparities can actually function as a magnet for collaboration with higher paid coworkers. Thus, our studies add to prior research that identifies the potential benefits of pay transparency (Baker et al., 2019).

This research also answers recent calls for greater attention to the psychological relevance of employee pay (Kniffin & Hanks, 2018) as well as the impact of pay disparity on employees' physical health and mental well-being (e.g., Dahl & Pierce, 2020). Our examination of the effects of salary disparities on teaming decisions also aligns with recent studies that indicate that focusing too closely on individuals' "passions" (irrespective of concerns about pay) can exacerbate extant inequalities because passion tends to be a privileged concern that can draw attention away from material factors such as pay (e.g., Cech, 2021; Siy et al., 2023).

Limitations and Future Research Directions

There are several strengths of the current research including the use of experimental designs that allow for causal inference, sample sizes based on power analyses of pilot studies, preregistration of hypotheses and related analytic plans, mixed methods that include an auction design from experimental economics that was implemented and had real-world consequences for those who took part, different sample populations, and the assessment of numerous potential mechanisms and third variables; however, there are also limitations that warrant future study.

In Table 1, we identify a range of areas that future research should address based on the limitations and findings of the current set of studies. For example, for industrial and organizational psychologists, it would be valuable to examine broader ramifications of the preferences that we find as well as conditions when the preferences might change. For social and personality psychologists, studies that focus on individual and demographic differences would help assess potential differences among groups and go beyond the measures we examined (and described in the Supplemental Material). For cognitive psychologists, there are reasons (noted in Table 1) to anticipate varied outcomes of regulatory changes and macroeconomic cycles on the degree to which people are attentive to pay disparities. More generally, our findings suggest that cross-disciplinary collaborations might be influenced by pay differences among prospective collaborators given the patterns of pay differences that exist across fields (Kniffin et al., 2020).

Table 1*Key Areas for Future Research Directions With Preliminary Indications and Implications*

Area	Future research question	Preliminary indication and implication
Industrial and organizational psychology	Does self-selected teaming contribute to inequalities from underrepresented groups (e.g., race, gender)?	Given the evidence that extant pay disparities are correlated with other forms of bias (e.g., Obloj & Zenger, 2022), the bias in favor of higher paid coworkers might exacerbate other forms of bias.
	Are there floor or ceiling effects beyond which the effects of pay discrepancy no longer affect preferences for collaboration partners?	An exploratory study we conducted did not show any significant correlation between preferences for working with higher paid peers and the size of the pay discrepancy (from 10% to 100% higher paid). Future research should examine the robustness of these findings, particularly where pay levels vary more widely.
	What organizational factors might moderate people's preferences for higher paid peers in teaming decisions?	Pilot studies we conducted suggest that people tend to favor higher paid peers when they expect to learn generalizable skills from the higher paid peers.
Social and personality psychology	Do individual or demographic differences of the decision maker or coworking target affect the relationship between knowledge of pay disparities and subsequent teaming decisions?	Exploratory analyses of our studies examining the effects of raters' gender showed mixed effects. Future research should examine this relationship more specifically and consider other moderating factors such as age, rank, and tenure in the organization as well as differences in these factors between actor and target.
	Does the size of a team or one's relative position in the team hierarchy influence the preference for working with higher paid peers?	While there is evidence that large teams (e.g., from baseball; Bloom, 1999) perform better when pay is less disparate, the more basic question of team members' preferences warrants study as teaming becomes more popular and most workers are free agents.
Cognitive psychology	Why are individuals motivated to team up with those who are higher paid than themselves?	Our studies suggest that individuals are motivated to get ahead and are willing to sacrifice their status in the shorter term to gain the KSAEs needed for higher status in the longer term. Future research should test this assumption with longitudinal studies and identify other reasons why people team up with higher paid peers.
	What factors prompt people to use (or disregard) the heuristic of pay as equivalent to KSAE, and what differentiates people who do not apply it?	It would be helpful to understand why a minority of Study 4's participants persistently favored higher paid subordinates. Do they expect to benefit from working with subordinates they expect are more competent? Do they prioritize longer term learning benefits?

Note. KSAE = knowledge, skills, abilities, and experience.

Conclusion

Trends toward greater pay transparency and self-selected teaming among coworkers call for closer attention to the influence that known pay disparities have on the formation of collaborative partnerships. Answering this call with the current research, we predicted and found that—contrary to extant theorizing—pay disparities tend to elicit greater interest to collaborate with higher paid coworkers in the context of self-selected partnerships because people tend to assume that higher pay signals greater competence. In hiring contexts, though, we found that people tend to prefer to “partner down” and hire lower (rather than higher) paid subordinates in contrast with the focal context for our studies where we show that people prefer to “partner up” in teaming decisions.

References

- Acharya, A. G., & Pollock, T. G. (2013). Shoot for the stars? Predicting the recruitment of prestigious directors at newly public firms. *Academy of Management Journal*, 56(5), 1396–1419. <https://doi.org/10.5465/amj.2011.0639>
- Adams, J. S. (1963). Toward an understanding of inequity. *Journal of Abnormal Psychology*, 67(5), 422–436. <https://doi.org/10.1037/h0040968>
- Adams, J. S. (1965). Inequality in social exchange. In L. Berkowitz (Ed.), *Advances in experimental social psychology* (pp. 267–299). Academic Press.
- Anderson, C., Hildreth, J. A. D., & Howland, L. (2015). Is the desire for status a fundamental human motive? A review of the empirical literature. *Psychological Bulletin*, 141(3), 574–601. <https://doi.org/10.1037/a0038781>
- Anderson, C., & Kilduff, G. J. (2009). Why do dominant personalities attain influence in face-to-face groups? The competence-signaling effects of trait dominance. *Journal of Personality and Social Psychology*, 96(2), 491–503. <https://doi.org/10.1037/a0014201>
- Bacharach, S. B., Bamberger, P. A., & Vashdi, D. (2005). Diversity and homophily at work: Supportive relations among white and African-American peers. *Academy of Management Journal*, 48(4), 619–644. <https://doi.org/10.5465/amj.2005.17843942>
- Bailey, J. L., & Skvoretz, J. (2017). The social-psychological aspects of team formation: New avenues for research. *Sociology Compass*, 11(6), Article e12487. <https://doi.org/10.1111/soc4.12487>
- Abowd, J. M., & Kramarz, F. (1999). The analysis of labor markets using matched employer employee data. In O. Ashenfelter & D. Card (Eds.), *Handbook of labor economics* (pp. 2629–2710). North-Holland.

- Baker, M., Halberstam, Y., Kroft, K., Mas, A., & Messacar, D. (2019). *Pay transparency and the gender gap* (No. w25834). National Bureau of Economic Research.
- Bamberger, P. (2023). *Exposing pay*. Oxford University Press. <https://doi.org/10.1093/oso/9780197628164.001.0001>
- Bamberger, P., & Belogolovsky, E. (2017). The dark side of transparency: How and when pay administration practices affect employee helping. *Journal of Applied Psychology*, 102(4), 658–671. <https://doi.org/10.1037/apl0000184>
- Bangerter, A., Roulin, N., & König, C. J. (2012). Personnel selection as a signaling game. *Journal of Applied Psychology*, 97(4), 719–738. <https://doi.org/10.1037/a0026078>
- Bell, S. T. (2007). Deep-level composition variables as predictors of team performance: A meta-analysis. *Journal of Applied Psychology*, 92(3), 595–615. <https://doi.org/10.1037/0021-9010.92.3.595>
- Bell, S. T., Brown, S. G., Colaneri, A., & Outland, N. (2018). Team composition and the ABCs of teamwork. *American Psychologist*, 73(4), 349–362. <https://doi.org/10.1037/amp0000305>
- Bell, S. T., Villado, A. J., Lukasik, M. A., Belau, L., & Briggs, A. L. (2011). Getting specific about demographic diversity variable and team performance relationships: A meta-analysis. *Journal of Management*, 37(3), 709–743. <https://doi.org/10.1177/0149206310365001>
- Bennedsen, M., Simintzi, E., Tsoutsoura, M., & Wolfenzon, D. (2019). *Do firms respond to gender pay gap transparency?* (No. W25435). National Bureau of Economic Research. <https://doi.org/10.3386/w25435>
- Berger, J., Cohen, B. P., & Zelditch, M., Jr. (1972). Status characteristics and social interaction. *American Sociological Review*, 37(3), 241–255. <https://doi.org/10.2307/2093465>
- Blau, F. D., & Kahn, L. M. (2017). The gender wage gap: Extent, trends, and explanations. *Journal of Economic Literature*, 55(3), 789–865. <https://doi.org/10.1257/jel.20160995>
- Blau, P. M. (1964). *Exchange and power in social life*. Wiley.
- Bloom, M. (1999). The performance effects of pay dispersion on individuals and organizations. *Academy of Management Journal*, 42(1), 25–40. <https://doi.org/10.2307/256872>
- Boehm, C. (1993). Egalitarian behavior and reverse dominance hierarchy. *Current Anthropology*, 34(3), 227–254. <https://doi.org/10.1086/204166>
- Boss, V., Dahlander, L., Ihl, C., & Jayaraman, R. (2023). Organizing entrepreneurial teams: A field experiment on autonomy over choosing teams and ideas. *Organization Science*, 34(6), 1997–2525. <https://doi.org/10.1287/orsc.2021.1520>
- Card, D., Mas, A., Moretti, E., & Saez, E. (2012). Inequality at work: The effect of peer salaries on job satisfaction. *American Economic Review*, 102(6), 2981–3003. <https://doi.org/10.1257/aer.102.6.2981>
- Cech, E. (2021). *The trouble with passion: How searching for fulfillment at work fosters inequality*. University of California Press.
- Cialdini, R. B. (1993). *Influence: The psychology of persuasion*. Collins.
- Cobb, J. A. (2016). How firms shape income inequality: Stakeholder power, executive decision making, and the structuring of employment relationships. *Academy of Management Review*, 41(2), 324–348. <https://doi.org/10.5465/amr.2013.0451>
- Colquitt, J. A., Conlon, D. E., Wesson, M. J., Porter, C. O., & Ng, K. Y. (2001). Justice at the millennium: A meta-analytic review of 25 years of organizational justice research. *Journal of Applied Psychology*, 86(3), 425–445. <https://doi.org/10.1037/0021-9010.86.3.425>
- Cooper, W. H. (1981). Ubiquitous halo. *Psychological Bulletin*, 90(2), 218–244. <https://doi.org/10.1037/0033-2909.90.2.218>
- Cullen, Z., & Perez-Truglia, R. (2022). How much does your boss make? The effects of salary comparisons. *Journal of Political Economy*, 130(3), 766–822. <https://doi.org/10.1086/717891>
- Dahl, M. S., & Pierce, L. (2020). Pay-for-performance and employee mental health: Large sample evidence using employee prescription drug usage. *Academy of Management Discoveries*, 6(1), 12–38. <https://doi.org/10.5465/amd.2018.0007>
- DiNardo, J. E., Fortin, N. M., & Lemieux, T. (1996). Labor market institutions and the distribution of wages, 1973–1992: A semiparametric approach. *Econometrica*, 64(5), 1001–1044. <https://doi.org/10.2307/2171954>
- Driskell, J. E., Salas, E., & Driskell, T. (2018). Foundations of teamwork and collaboration. *American Psychologist*, 73(4), 334–348. <https://doi.org/10.1037/amp0000241>
- Dugas, M., Bélanger, J. J., Moyano, M., Schumpe, B. M., Kruglanski, A. W., Gelfand, M. J., Touchton-Leonard, K., & Nociti, N. (2016). The quest for significance motivates self-sacrifice. *Motivation Science*, 2(1), 15–32. <https://doi.org/10.1037/mot0000030>
- Edmondson, A. C. (2013). *Teaming to Innovate*. Wiley.
- Evers, E. R. K., O'Donnell, M., & Inbar, Y. (2023). Arbitrary fairness in reward and punishments. *Journal of Experimental Psychology: General*, 152(4), 956–967. <https://doi.org/10.1037/xge0001300>
- Fehr, E., & Fischbacher, U. (2003). The nature of human altruism. *Nature*, 425(6960), 785–791. <https://doi.org/10.1038/nature02043>
- Fehr, E., & Fischbacher, U. (2004). Social norms and human cooperation. *Trends in Cognitive Sciences*, 8(4), 185–190. <https://doi.org/10.1016/j.tics.2004.02.007>
- Festinger, L. (1954). A theory of social comparison processes. *Human Relations*, 7(2), 117–140. <https://doi.org/10.1177/00187267540070202>
- Fischer, I. (2009). Friend or foe: Subjective expected relative similarity as a determinant of cooperation. *Journal of Experimental Psychology: General*, 138(3), 341–350. <https://doi.org/10.1037/a0016073>
- Frank, R. H. (1984). Are workers paid their marginal products? *The American Economic Review*, 74, 549–571.
- Gardner, D. G., Van Dyne, L., & Pierce, J. L. (2004). The effects of pay level on organization-based self-esteem and performance: A field study. *Journal of Occupational and Organizational Psychology*, 77(3), 307–322. <https://doi.org/10.1348/0963179041752646>
- Gignac, G. E., & Zajenkowski, M. (2020). The Dunning–Kruger effect is (mostly) a statistical artefact: Valid approaches to testing the hypothesis with individual differences data. *Intelligence*, 80, Article 101449. <https://doi.org/10.1016/j.intell.2020.101449>
- Gómez-Zarà, D., DeChurch, L. A., & Contractor, N. S. (2020). A taxonomy of team-assembly systems: Understanding how people use technologies to form teams. *Proceedings of the ACM on Human–Computer Interaction*, 4(CSCW2), Article 181. <https://doi.org/10.1145/3415252>
- Greenberg, J. (1990). Organizational justice: Yesterday, today, and tomorrow. *Journal of Management*, 16(2), 399–432. <https://doi.org/10.1177/014920639001600208>
- Griskevicius, V., Tybur, J. M., Gangestad, S. W., Perea, E. F., Shapiro, J. R., & Kenrick, D. T. (2009). Aggress to impress: Hostility as an evolved context-dependent strategy. *Journal of Personality and Social Psychology*, 96(5), 980–994. <https://doi.org/10.1037/a0013907>
- Groschen, E. L. (1991). Sources of intraindustry wage dispersion: How much do employers matter? *The Quarterly Journal of Economics*, 106(3), 869–884. <https://doi.org/10.2307/2937931>
- Hackman, J. R. (2002). *Leading teams*. Harvard Business School Press.
- Hagstrom, W. (1965). *The scientific community*. Basic Books.
- Hall, K. L., Vogel, A. L., Huang, G. C., Serrano, K. J., Rice, E. L., Tsakraklides, S. P., & Fiore, S. M. (2018). The science of team science: A review of the empirical evidence and research gaps on collaboration in science. *American Psychologist*, 73(4), 532–548. <https://doi.org/10.1037/amp0000319>
- Hinds, P. J., Carley, K. M., Krackhardt, D., & Wholey, D. (2000). Choosing work group members: Balancing similarity, competence, and familiarity. *Organizational Behavior and Human Decision Processes*, 81(2), 226–251. <https://doi.org/10.1006/obhd.1999.2875>
- Ibarra, H. (1992). Homophily and differential returns: Sex differences in network structure and access in an advertising firm. *Administrative Science Quarterly*, 37(3), 422–447. <https://doi.org/10.2307/2393451>

- Johnson, N. D., & Mislin, A. A. (2011). Trust games: A meta-analysis. *Journal of Economic Psychology*, 32(5), 865–889. <https://doi.org/10.1016/j.joep.2011.05.007>
- Jones, B. F. (2021). The rise of research teams. *The Journal of Economic Perspectives*, 35(2), 191–216. <https://doi.org/10.1257/jep.35.2.191>
- Kahneman, D. (2003). Maps of bounded rationality: Psychology for behavioral economics. *The American Economic Review*, 93(5), 1449–1475. <https://doi.org/10.1257/000282803322655392>
- Ketkar, H., & Workiewicz, M. (2022). Power to the people: The benefits and limits of employee self-selection in organizations. *Strategic Management Journal*, 43(5), 935–963. <https://doi.org/10.1002/smj.3349>
- Kirmani, A., & Rao, A. R. (2000). No pain, no gain: A critical review of the literature on signaling unobservable product quality. *Journal of Marketing*, 64(2), 66–79. <https://doi.org/10.1509/jmkg.64.2.66.18000>
- Kniffin, K. M., & Hanks, A. S. (2018). The trade-offs of teamwork among STEM doctoral graduates. *American Psychologist*, 73(4), 420–432. <https://doi.org/10.1037/amp0000288>
- Kniffin, K. M., Hanks, A. S., Qian, X., Wang, B., & Weinberg, B. A. (2020). *Dissertators with distantly related foci face divergent near-term outcomes* (Working paper 27825). National Bureau of Economic Research (NBER). <https://doi.org/10.3386/w27825>
- Kraut, R., Egido, C., & Galegher, J. (1988). *Patterns of contact and communication in scientific research collaboration* [Conference session]. Proceedings of the 1988 ACM Conference on Computer-Supported Cooperative Work, Oregon, Portland, United States.
- Kruger, J., & Dunning, D. (1999). Unskilled and unaware of it: How difficulties in recognizing one's own incompetence lead to inflated self-assessments. *Journal of Personality and Social Psychology*, 77(6), 1121–1134. <https://doi.org/10.1037/0022-3514.77.6.1121>
- Kuziemko, I., Buell, R. W., Reich, T., & Norton, M. I. (2014). "Last-place aversion": Evidence and redistributive implications. *The Quarterly Journal of Economics*, 129(1), 105–149. <https://doi.org/10.1093/qje/qjt035>
- Lazar, M., Miron-Spektor, E., Agarwal, R., Erez, M., Goldfarb, B., & Chen, G. (2020). Entrepreneurial team formation. *The Academy of Management Annals*, 14(1), 29–59. <https://doi.org/10.5465/annals.2017.0131>
- Leahey, E. (2016). From sole investigator to team scientist. Trends in the practice and study of research collaboration. *Annual Review of Sociology*, 42(1), 81–100. <https://doi.org/10.1146/annurev-soc-081715-074219>
- Leary, M. R., Jongman-Sereno, K. P., & Diebels, K. J. (2014). The pursuit of status: A self-presentational perspective on the quest for social value. In J. T. Cheng, J. L. Tracy, & C. Anderson (Eds.), *The psychology of social status* (pp. 159–178). Springer. https://doi.org/10.1007/978-1-4939-0867-7_8
- Lee, M. Y., & Edmondson, A. C. (2017). Self-managing organizations: Exploring the limits of less-hierarchical organizing. *Research in Organizational Behavior*, 37, 35–58. <https://doi.org/10.1016/j.riob.2017.10.002>
- Levine, S. S., Apfelbaum, E. P., Bernard, M., Bartelt, V. L., Zajac, E. J., & Stark, D. (2014). Ethnic diversity deflates price bubbles. *Proceedings of the National Academy of Sciences of the United States of America*, 111(52), 18524–18529. <https://doi.org/10.1073/pnas.1407301111>
- Luciano, M. M., DeChurch, L. A., & Mathieu, J. E. (2018). Multiteam systems: A structural framework and meso-theory of system functioning. *Journal of Management*, 44(3), 1065–1096. <https://doi.org/10.1177/0149206315601184>
- Mathieu, J. E., Hollenbeck, J. R., van Knippenberg, D., & Ilgen, D. R. (2017). A century of work teams in the *Journal of Applied Psychology*. *Journal of Applied Psychology*, 102(3), 452–467. <https://doi.org/10.1037/apl0000128>
- McPherson, M., Smith-Lovin, L., & Cook, J. M. (2001). Birds of a feather: Homophily in social networks. *Annual Review of Sociology*, 27(1), 415–444. <https://doi.org/10.1146/annurev.soc.27.1.415>
- Milkovich, G., & Milkovich, C. (1992). Strengthening the pay–performance relationship: The research. *Compensation and Benefits Review*, 24(6), 53–62. <https://doi.org/10.1177/088636879202400611>
- Milojević, S. (2014). Principles of scientific research team formation and evolution. *Proceedings of the National Academy of Sciences of the United States of America*, 111(11), 3984–3989. <https://doi.org/10.1073/pnas.1309723111>
- National Research Council. (2015). *Enhancing the effectiveness of team science* (N. J. Cooke & M. L. Hilton, Eds.). The National Academies Press.
- Obloj, T., & Zenger, T. (2022). The influence of pay transparency on (gender) inequity, inequality and the performance basis of pay. *Nature Human Behaviour*, 6(5), 646–655. <https://doi.org/10.1038/s41562-022-01288-9>
- Pitsakis, K., Souitaris, V., & Nicolaou, N. (2015). The peripheral halo effect: Do academic spinoffs influence universities' research income? *Journal of Management Studies*, 52(3), 321–353. <https://doi.org/10.1111/joms.12119>
- Puranam, P., & Håkansson, D. D. (2015). Valve's way. *Journal of Organization Design*, 4(2), 2–4. <https://doi.org/10.7146/jod.20152>
- Ramachandran, G. (2011). Pay transparency. *Penn State Law Review*, 116, 1043–1080.
- Rickard, B. J., Liaukonyte, J., Kaiser, H. M., & Richards, T. J. (2011). Consumer response to commodity-specific and broad-based promotion programs for fruits and vegetables. *American Journal of Agricultural Economics*, 93(5), 1312–1327. <https://doi.org/10.1093/ajae/aar042>
- Ridgeway, C. L. (1984). Dominance, performance, and status in groups: A theoretical analysis. In E. J. Lawler (Ed.), *Advances in group processes* (pp. 59–93). JAI Press.
- Ridgeway, C. L. (1987). Nonverbal behavior, dominance, and the basis of status in task groups. *American Sociological Review*, 52(5), 683–694. <https://doi.org/10.2307/2095603>
- Salas, E., Reyes, D. L., & McDaniel, S. H. (2018). The science of teamwork: Progress, reflections, and the road ahead. *American Psychologist*, 73(4), 593–600. <https://doi.org/10.1037/amp0000334>
- Shaw, J. D. (2015). Pay dispersion, sorting, and organizational performance. *Academy of Management Discoveries*, 1(2), 165–179. <https://doi.org/10.5465/amd.2014.0045>
- Siegel, P. A., & Hambrick, D. C. (2005). Pay disparities within top management groups: Evidence of harmful effects on performance of high-technology firms. *Organization Science*, 16(3), 259–274. <https://doi.org/10.1287/orsc.1050.0128>
- SimanTov-Nachlieli, I., & Bamberger, P. (2021). Pay communication, justice, and affect: The asymmetric effects of process and outcome pay transparency on counterproductive workplace behavior. *Journal of Applied Psychology*, 106(2), 230–249. <https://doi.org/10.1037/apl0000502>
- Siy, J. O., Germano, A. L., Vianna, L., Azpeitia, J., Yan, S., Montoya, A. K., & Cheryan, S. (2023). Does the follow-your-passions ideology cause greater academic and occupational gender disparities than other cultural ideologies? *Journal of Personality and Social Psychology*, 125(3), 548–570. <https://doi.org/10.1037/pspi0000421>
- Smith, V. L. (1976). Experimental economics: Induced value theory. *The American Economic Review*, 66, 274–279.
- Spence, M. (1973). Job market signaling. *The Quarterly Journal of Economics*, 87(3), 355–374. <https://doi.org/10.2307/1882010>
- Stroebe, K., Postmes, T., Täuber, S., Stegeman, A., & John, M. S. (2015). Belief in a just world? Demystifying just world beliefs by distinguishing sources of justice. *PLOS ONE*, 10(3), Article e0120145. <https://doi.org/10.1371/journal.pone.0120145>
- Thierry, H. (1998). Compensating work. In P. J. D. Drenth, H. Thierry, & C. J. de Wolff (Eds.), *Handbook of work and organizational psychology* (pp. 291–319). Psychology Press.
- Thierry, H. (2001). The reflection theory on compensation. In M. Erez, U. Kleinbeck, & H. Thierry (Eds.), *Work motivation in the context of a globalizing economy* (pp. 149–166). Erlbaum.

- Thorndike, E. L. (1920). A constant error in psychological ratings. *Journal of Applied Psychology*, 4(1), 25–29. <https://doi.org/10.1037/h0071663>
- Trevor, C. O., Reilly, G., & Gerhart, B. (2012). Reconsidering pay dispersion's effect on the performance of interdependent work: Reconciling sorting and pay inequality. *Academy of Management Journal*, 55(3), 585–610. <https://doi.org/10.5465/amj.2006.0127>
- Twyman, M., & Contractor, N. (2019). Team assembly. In K. Hall, A. Vogel, & R. Croyle (Eds.), *Strategies for team science success* (pp. 217–240). Springer. https://doi.org/10.1007/978-3-030-20992-6_17
- Valentine, M. A., & Edmondson, A. C. (2015). Team scaffolds: How mesolevel structures enable role-based coordination in temporary groups. *Organization Science*, 26(2), 405–422. <https://doi.org/10.1287/orsc.2014.0947>
- Vissa, B. (2011). A matching theory of entrepreneurs' tie formation intentions and initiation of economic exchange. *Academy of Management Journal*, 54(1), 137–158. <https://doi.org/10.5465/amj.2011.59215084>
- Woolley, A. W., Chabris, C. F., Pentland, A., Hashmi, N., & Malone, T. W. (2010). Evidence for a collective intelligence factor in the performance of human groups. *Science*, 330(6004), 686–688. <https://doi.org/10.1126/science.1193147>
- Yanadori, Y., & Cui, V. (2013). Creating incentives for innovation? The relationship between pay dispersion in R&D groups and firm innovation performance. *Strategic Management Journal*, 34(12), 1502–1511. <https://doi.org/10.1002/smj.2071>
- Zhang, L. L., George, E., & Chattopadhyay, P. (2020). Not in my pay grade: The relational benefit of pay grade dissimilarity. *Academy of Management Journal*, 63(3), 779–801. <https://doi.org/10.5465/amj.2016.1344>
- Zhu, M., Huang, Y., & Contractor, N. S. (2013). Motivations for self-assembling into project teams. *Social Networks*, 35(2), 251–264. <https://doi.org/10.1016/j.socnet.2013.03.001>

Received September 15, 2023

Revision received June 23, 2024

Accepted June 26, 2024 ■