An Analysis of the Acceptance of Low pay

By

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ABSTRACT

The aim of this research is, through empirical analysis, to understand the acceptance of low pay and low paid employment. The research is the first of its kind to look at people in low paid jobs through the framework of acceptance. The study builds upon the economic arguments of need and the psychological explanations of satisfaction by attempting to capture the effects of both. In doing so, the research employs new ways of looking at why people stay in low paid employment thus contributing towards advancement in pay research.

The research was carried out in two phases. First, a review of literature was conducted that looked at both the economic and psychological explanations of acceptance. Second, an empirical analysis was undertaken based on a guiding proposition that was informed by the literature review and two preliminary studies. The empirical study tackles two difficult problems: namely, having to first define and measure the concept of acceptance and then collect data in the sensitive area of pay. The study uses a rough measure of acceptance that of 'not searching for a better job'. This is supplemented by data on extended effort, which is seen as additional evidence of acceptance. Information on pay and opportunity is collected through self-descriptive means using a questionnaire. Based on the understanding of the research question, a proposition was created that guided the study:

‘The acceptance of low pay is conditioned by the need to extend labour supply and by low horizons engendered by perceived self evaluation and perceived opportunity’

A questionnaire was distributed through trade unions by post and distributed by hand to occupations identified as low paid by the Low Pay Commission (1998). The resulting sample represented three major occupations including hotel, transport & communications and retail. In all 267 complete questionnaires were received and used in the study.

The portrait of the ‘working poor’ which emerged during the study was of extended hours and low pay. The levels of pay were so low as to make individual differences hard to locate. The sample was working hard to maintain its income. There was evidence of limited aspirations in the unconfident perception of opportunities and in the low levels of target earnings, which were lower than national averages by occupational group. Although there was circumstantial evidence that organisational variables were at work, satisfaction levels were so extreme as not to differentiate the sample. Even though the measure was rough some differences were found between those searching and those not searching for a better job. From the results some key variables that influence the acceptance of low pay were identified as working in combination. These were multiple jobs, low perceived opportunities and limited horizons.

In short although the results were too extreme to differentiate the sample in important respects, the study justifies the central proposition of examining pay through the concept of acceptance. The use of ‘searching for a better job’ as a methodological concept requires further investigation.
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LIST OF ABBREVIATIONS

HBAI- Household Below Average Income survey
JDI- Job Descriptive Index
LFS- Labour Force Survey
MSQ- Minnesota Satisfaction Questionnaire
NES- New Earnings Survey
NMWC- National Minimum Wage Commission
ONS- Office of National Statistics
PSQ- Pay Satisfaction Questionnaire
SMES- Short Money Ethics Scale
Transcom- Transport and communication workers
CHAPTER 1
INTRODUCTION

The hunger and thirst for knowledge, the keen delight in the chase, the good
humoured willingness to admit that the scent was false, the eager desire to get on with
the work, the cheerful resolution to go back and begin again, the broad good sense,
the unaffected modesty, the imperturbable temper, the gratitude for any little help that
was given -- all these will remain in my memory though I cannot paint them for
others. [Unknown]

1.1 Introduction

The aim of this research is, through empirical analysis, to understand the acceptance
of low pay and low paid employment. Why people stay in low paid employment is a
complex issue which involves both external structural factors and internal processes.
This aim is endeavoured to be accomplished by first understanding the meaning of
pay for the low paid and second by identifying the factors that influence the
acceptance of low paid employment.

The chapter is structured as follows. Section 1.2 provides a research overview by
identifying the insufficiencies in earlier research and describing the main issues that
need to be addressed. Section 1.3 puts the study in perspective with research in the
fields of economics and psychology. Section 1.4 goes on to provide the rationale for
the study followed by section 1.5 which identifies the research aims and objectives.
The chapter concludes with section 1.6 which defines the research process.
1.2 Research overview

This study attempts to understand why people accept low pay jobs. The research is the first of its kind to look at people in low pay through the framework of acceptance. It makes an effort to establish the need to look at people in low pay through the eyeglass of acceptance. Studies of low pay have often focussed on the economic determinants of rates of pay and subsistence or needs. Similarly, psychology has focussed on pay satisfaction and the apparent contradiction between low pay and job satisfaction. The research attempts to broaden the study of low pay by concentrating on both the economic and psychological factors that adhere to the acceptance of a situation. To this end the research uses new ways of looking at why people stay in low paid employment. In addition by tackling some difficult problems associated with pay research, the study makes a contribution towards methodological advancement in the field.

Within the boundaries of this study there are a number of large issues which have to be addressed. The research boundary for this study can be divided into five broad areas. First, to understand the facts of low pay, what is low pay and who is in low paid jobs through an analysis of the economics literature on low pay. Second, to appreciate the meaning of pay for those in low pay by means of exploring it from the wider perspective of theories of satisfaction and perception of opportunities. Third, to identify the key variables that influence the acceptance of low paid jobs. Fourth, to develop an understanding of how personal horizons are constructed. And last, to identify ways in which the concept of acceptance could be measured and then create propositions that can be used for analysis. All the above require the study to search for a working concept of ‘acceptance’. At the outset it is acknowledged that the
construction of a working definition will require contributions from economics, psychology and other disciplines.

1.3 The study in perspective

Low pay is a well rehearsed subject in research. The study of why people are in low paid employment can be broadly divided into two groups—economic and psychological. Economic theories on low pay confine themselves to markets, and pay as the sole or principal factor in the functioning of the markets. The economics literature explains low pay through utility maximisation. Economists in general, are not too sympathetic to the low paid. According to them market forces create low paid jobs and secondary markets are essentially unstable. To an extent this is seen as a reflection of the people who inhabit these markets. Low pay is credited to the characteristics of the job and the person. Low pay and income inequality are also accredited to low bargaining power, lack of skills and the ability to accumulate skills. Hicks (1963, as described in Sloane and Theodossiu, 1994) states that low paid labour ‘is often badly paid, not because it gets less than its worth, but because it is worth so appallingly little’.

Psychologists accept that pay is important, but there are other factors like pay satisfaction and job satisfaction which are more significant to people at work. Two theories are used to explain people’s satisfaction with low pay. The distributive justice theory states that judgements of earnings fairness involve individual differences related to considerations of merit and need (Alver and Rossi, 1978). It proposes that peoples’ feeling of underpayment is unrelated to earnings level and a sense of ‘who should get what’ has a normative structure leading to satisfaction with low pay. The
reference group theory on the other hand, states that individuals select referents with whom they make pay comparisons (Brown, 2001). Their satisfaction is thus caused by positive or negative comparisons with these significant others rather than the actual earnings level. These two theories are employed to understand people’s satisfaction with low pay. What is to an extent, understated in the psychological approaches is what are the behavioural implications of levels of, and types of satisfaction. To understand why people accept anything it is necessary to see how they perceive alternatives which in the case of employment are other job opportunities.

1.4 Rationale of the research

1.4.1 The importance of pay

Pay is one of the principal components of the employment relationship. For management, pay remains one of the most potent tools for the management of employee performance (Kessler as discussed in Towers (ed) 2003). Recent literature is concerned with income inequality and has noted that it has been steadily rising over the past decade (Hamermesh et al, 1996), especially in the U.S. and U.K. There now seems to be an increase of in-work poverty and strong dependence on social security benefits to such an extent that the expression ‘working poor’ has now entered the literature (Sharif, 2000). Although the low paid have been studied it is usually at the macro level using secondary data. This study takes a micro approach using primary data in order to explore beyond the stark figures.

Within the literature of work, pay research is enmeshed within the literature on satisfaction. Pay is an important outcome that employees derive from work. Heneman (1985) stated that employee pay satisfaction can be a more important facet of job satisfaction to many employees than satisfaction with other facets such as work,
co-workers and supervision. Although there are arguments in research whether pay motivates and the extent of its relevance in comparison with other work and individual variables, there is a general agreement that pay definitely causes dissatisfaction. There is a theme within the literature which argues that the salience of pay is independent of feelings attached to it (Tang 1995)

Level of pay is an important aspect of pay satisfaction research. Henemann (1985) and Lawler (1971) among others acknowledged the multi-dimensionality of pay satisfaction and identified amount of pay as a key variable. However, researchers have not always found a straightforward linear relationship between pay level and pay satisfaction. Some researchers have even reported findings on the contrary. Cappelli and Shearer (1988), for example found that lower paid workers express higher satisfaction than higher paid workers, which was supported by Brown and McIntosh (1998). They suggest that the low paid are different from others and in spite of pay level being an important dimension of pay satisfaction, there is something else which causes them to be satisfied with low pay. The economists' suggestion that limited aspirations leads to satisfaction with low pay is lacking, as evidence suggests that a decrease in labour income leads to an increase in labour supply (negative forward falling labour supply) (Sharif, 1986). Riley and Szivas (2001) suggest that low pay is not seen as low by the receivers themselves. This however does not have an empirical backing. The insufficiencies in explaining the acceptance of low pay along with the importance of looking at low pay provide the rationale for the study.

The study of low pay will have direct significance in many areas. Firstly, it will help to identify the people who receive low pay and their surrounding circumstances. The Low Pay Commission (1998) stated that certain people like women, young people and
ethnic minorities are more prone to be low paid than others. Secondly, an understanding of the factors causing people to remain in low pay will help in creating an appreciation of the factors that maintain low pay and aid in the formulation of policies supporting those affected. Thirdly, an understanding of why people stay in low paid jobs will contribute towards research and policies related to the minimum wage. Fourth, an awareness that incidences of low pay are as recurrent in the West as they are in developing economies means that pay research into low pay will benefit across economies.

1.4.2 The role of acceptance in understanding low pay

The study is interested in understanding why people stay in low paid jobs. The economic theories take a view that market economies produce low paid jobs and these are associated with low levels of human capital and that unless individuals can increase their human capital they have to accept low paid jobs. From the employees perspective on the market, this means that horizons will be determined by perceptions of opportunities related to self-descriptions of skill and knowledge. This, it is suggested, leads to limited horizons. The psychological theories, in general, take a satisfaction perspective. In this view, individuals adjust to menial jobs and find satisfaction through a trade-off process (Shapira, 1981). Alternatively, they argue that high labour turnover is the response to low satisfaction. However, neither perspective addresses the more important holistic question of why people stay on in low pay.

1.4.3 The problem of acceptance

As the research is interested in identifying and understanding the people staying in low paid employment, it was decided to look at low pay through the framework of acceptance. This concept is problematic. It could be argued at the simplistic level
that people stay in a job because they cannot find a better one. In other words, acceptance is proved by lack of mobility. Whilst there is a case to be made for inertia and simple habit, the psychological processes that lead to either internal acceptance or conflict between the current situation and some idealised notion of better prospects have to be accounted for in any definition of acceptance. Separating the locus of influence is at the heart of the problem. The symptoms look the same from the outside. The term acceptance was coined during the current research as it encompasses a broad spectrum from tolerance to satisfaction. The dictionary definition of acceptance, to an extent captures the inner conflicts it implies. Acceptance can be defined as the act of agreeing to the terms of an offer. Acceptance is in a sense acknowledging how things are without judgement, negativity, anger or blame (Russell, www.innserself.com).

Notwithstanding all the limitations on the behavioural aspects of acceptance, the study used a behavioural measure to assess acceptance. This measure is simplistic but useful in differentiating individuals. The measure is searching or not searching for a better job. These concepts are explained in detail in the methodology. By looking through the framework of acceptance the research should be able to better explain why people stay in low paid jobs.

1.5 Research aims and objectives

As stated previously, the aim of this research is to understand the acceptance of low paid jobs. The broad aim is to highlight that the acceptance of low pay is unique and separate from other circumstances. The research is designed around a working definition of acceptance of low pay as not searching for another job. In recognizing the idea of not searching as an indicator of acceptance, the study extends the concept
to include additional behaviour that might intervene in the process of not searching and that is working extra hours.

The guiding proposition of the study is:

*The acceptance of low pay is conditioned by the need to extend labour supply and by low horizons engendered by perceived self-evaluation and perceived opportunity.*

**Research objectives**

1. What are the key external factors that influence the acceptance of low pay?
2. What are the psychological processes involved in the acceptance of low pay?
3. Is there a difference between those who are searching and those who are not searching for a new job?

The first two objectives are addressed through the literature on economics of low pay and the psychology of satisfaction. The third objective is attempted to be accomplished empirically by using the theoretical framework of the working definition of acceptance, which as stated earlier is, searching or not searching for another job.

**1.6 The research process**

Having introduced the rationale of the study and the research objectives, this section discusses the structure of the research. Figure 1.1 is an outline of the process.

The process described in figure 1.1 was constructed after two pilot studies were conducted on specific issues.
Figure 1.1: The research process

- Literature review of the economics of low pay
- Literature review of the satisfaction of low pay

**Definition of research problem - acceptance of low paid jobs**

**Defining acceptance and subsequently defining the measure of acceptance**

**The variables that influence the acceptance of low pay identified**

**Generating the guiding proposition and the theoretical framework**

'That the acceptance of low pay is conditioned by the need to extend labour supply and by low horizons engendered by perceived self evaluation and perceived opportunity'

**Designing the empirical research**

**Data collection, analysis and interpretation**

**Revisiting the proposition and the theoretical framework**

**Deductions, discussions and guidance for future research**
Following the introductory chapter, chapter 2 looks at the economics of low pay. The chapter will define low pay in economic terms and provides ways of measuring it. It will also introduce the key economic theories of pay, identifying specific theories that explain the creation and maintenance of low pay. The chapter will conclude with summarising the key variables identified throughout the course of the chapter that could explain the acceptance of low pay.

Chapter 3 extends the literature review by focussing on the psychological research of low pay. Theories of pay satisfaction and motivation are described in relation to the acceptance of low paid jobs. The psychological explanations as to why people stay in low paid employment are discussed through general models of pay and specific theories that explain satisfaction with low pay. The purpose of the chapter is to first identify the key variables that could affect the acceptance of low pay and second to point out deficiencies in current research on low pay.

Chapter 4 describes the methodological approaches used in this research. It begins by discussing the objectives of the research, the findings from the literature review and the preliminary studies which lead to the development of the research hypotheses. It then highlights the problems associated with measuring pay and goes on to describe the development of the survey instrument, sample design and the methods of data analysis.

Chapters 5, 6 and 7 present the findings of the data analysis. Chapter 5 describes the sample and relates it to the traditional characteristics of low paid workers. Chapter 6 presents the various measures used in the study including questions on earnings, hours worked, perception of opportunities, target income, pay satisfaction and job satisfaction. It characterises the sample through these measures while simultaneously
looking at the inter relationships between them. Chapter 7 presents the final section on findings beginning with the findings on perceived opportunities. It then searches for factors that influence the acceptance of low pay by bringing together the descriptive statistics and measurement statistics in a way that builds towards evaluating the guiding proposition.

The penultimate chapter, chapter 8 reviews the findings by revisiting the proposed theoretical framework in light of the empirical findings. Finally chapter 9 discusses the emergent themes and limitations faced by the researcher and provides directions for future research. It also revisits the concept of acceptance and the idea of searching/not searching for a better job before concluding the research.
CHAPTER 2

THE ECONOMICS OF LOW PAY

The problem with money is that too much of it is going around-------- to other people
[Eli Khamarov]

2.1 Introduction

This chapter looks at the economics of low pay. Although acceptance of low pay itself has psychological connotations, it is necessary to first understand the concept of pay in terms of how it is measured, what causes low pay and the characteristics of the low paid. Any attempt to understand how the acceptance of low pay works will have to begin with an understanding of what low pay is and what the circumstances of the low paid are.

The importance of studying pay cannot be stressed enough. Pay gets people to work even though other factors might make them stay. Human sciences have always criticised economists for taking a maximisation approach whereby workers are seen as groups of people motivated by money and opportunity with an aversion to expend effort (Lazier, 2000). Nevertheless human resource researchers agree that there exists some universal link between pay and intention to work (Arnold, Cooper and Robertson, 1998). Consequently, in order to understand the acceptance low pay, it is necessary to understand the creation and maintenance of low pay in the economic market.
After decades of humanitarians devaluing its worth to labour, pay has once again entered the arena of work. Interestingly, it was the humanitarian demand of a minimum wage that brought earnings back to the forefront of labour studies (Pettinger, 1999).

This chapter aims to present the economic literature on low pay. The chapter has four broad objectives. First, to familiarise the reader with the term low pay, second to introduce the various economic theories and models related to low pay, third to understand the process of creation and maintenance of low pay, and fourth to identify key issues in the area of low pay research. To this end, the chapter will summarise the existing literature in this area, critically evaluate them and identify gaps, fallacies and failures in previous work in order to justify the current research.

In order to achieve the objectives listed above, this chapter is organised as follows. Section 2.2 provides a rationale for looking at low pay. Section 2.3 goes on to look at definitions of low pay by looking at ways of measuring low pay. Section 2.4 then discusses economic research in the field of low pay by looking at the main theories that explain the reasons for people being in low pay including the classical economic theories and ideas of subsistence and income inequality. It also summarises the key research ideas related to low pay. Section 2.5 examines the role of pay for the workers from an economic perspective. Section 2.6 describes the wage setting in low pay sectors by describing the process of creation and maintenance of low paid jobs. Section 2.7 and section 2.8 characterise the low paid jobs and individuals in low pay respectively. Section 2.9 summarises the key issues and discusses the future of low pay research. Section 2.10 concludes the chapter by summarising the key ideas and
isolating the important economic variables that appear to influence the acceptance of low pay.

2.2 Rationale for looking at low pay

Pay and low pay are old rehashed subjects. As long as people continue to work, pay will continue to be researched. The recent interests are the results of many different factors. The function of pay and work for individuals is under question (Furnham, 2000). Rapid rise and fall of industries (like information technology), loss of pay security as available in traditional jobs, changing geography of the world through creation of a single European Union are some of the reasons for the current interest in pay. Moreover, low pay is not confined to the developing countries. U.K. for example, has the third highest percentage of its population with incomes below 60 percent of the median of all EU countries (European Community Household Panel, Eurostat, 2001), and nearly 12 million households living in poverty (Social Trends, 2001, Office of National Statistics).

Pay remains one of the most potent tools for the management of employee performance available to practitioners. According to Kessler (as discussed in Towers (ed) 2003), although pay is just one form of reward alongside non-monetary extrinsic rewards such as fringe benefits and intrinsic rewards in the form of, for instance ‘interesting’ and ‘fulfilling’ work, it is a central concern of most employees and a key pillar of the employment relationship.

Low pay has a meaning only when there is high pay. Economists often look at low pay in reference to income inequality. The level of wage inequality is an important
indicator of the performance of an economy (Lucifora, 1998). The increase in the wage gap between those who earn the most and those who earn the least, and the changing allocation of jobs across families and households, have been the primary causes of the increase in the gap between the rich and the poor. Inequality has been steadily rising over the past decade (Hamermesh et al, 1996), especially in the U.S. and the U.K., and thus is a subject of much debate. According to Schmitt (as discussed in Freeman and Katz, 1995), the distribution of wages has been rising dramatically over the 1990's. For example, in the United Kingdom, the percentage wage gap between the 90th percentile, and the 10th percentile rose from 177 to 222 percent between 1984 and 1994. As Gosling et al (1997) observed, the rich are getting richer and the poor have nowhere to go. This has led to a substantial degree of in-work poverty and dependence on social security benefits. It has also created a need to analyse the low paid separate from the whole population.

Understanding the dynamics of low pay from the economic perspective is important for five main reasons. Firstly, it will help to identify the people who receive low pay and inform on whether anything can be done about it. For example, Asplund et al (as discussed in Gregg, 2000), found that people start further away from the low pay bench mark in the UK and USA and cross it less often compared to other western countries. Also low pay is largely concentrated in certain occupations and industries. In the U.K., for example, kitchen porters, bar staff, cleaners, fishmongers are among the lowest paid (New Earnings Survey, 2000). Secondly, the dynamics of pay differentials might explain the underlying reasons for their existence. A report by the Rowntree Foundation (The Rowntree Foundation Inquiry into Income and Wealth, 1995, as discussed in a research paper by the Low Pay Unit, 2002) found that
inequality grew faster in the U.K. than in any other industrialised nation except New Zealand during the 80s and early 90s, resulting in the widest gap between the rich and poor since the formation of the welfare state. Thirdly, the introduction of a statutory wage floor in the U.K. and in many developed economies makes it important to study people in low paid jobs. Fourthly, awareness that incidences of low pay are as recurrent in the western economies as it is in developing economies as seen from examples above will further the understanding of the concept of low pay. Finally, the current healthy economy on the brink of a world-wide recession makes it crucial to understand the function of pay not only for sustenance but also for survival.

2.3 Low pay defined and measured

2.3.1 Defining low pay

Pay is the price of labour determined by the intersection of labour demand and supply curves within the external market. Pay can be defined as wage per unit of time multiplied by unit times worked. It is measured in terms of direct monetary payments to employees before tax (Ehrenberg and Smith, 2000). Total compensation on the other hand consists of earnings plus employee benefits. In legal terms, pay is the consideration provided by the employer for the work done by the worker (Simpson, as discussed in Towers, 2003). Hicks (1932, as discussed in Sapsford and Tzanatos, 1993) states that 'the theory of the determination of wages in a free market is simply a special case for the general theory of value. Wages are the price of labour that in the absence of control is determined, like all prices, by supply and demand.'
2.3.2 Measuring low pay

The term low pay does not find much favour within the economic literature. Economic theories are based on the assumption of resource scarcity. Also, positive economics typically assumes that people are motivated by rewards and thus people will always feel that they need more income. In this context, employees are defined as underpaid if their wage is below the market equilibrium (Ehrenberg & Smith, 2000). There is no agreed measure of what constitutes 'low pay'. It is generally defined in relative terms, in other words, people are considered low paid if they have wages below a certain quartile of the distribution.

According to Gosling et al (1997), the term low pay refers to wages that fall below some cut offs. There are different ways of arriving at the cut offs. Bain (1999) stated that there are three methods of establishing what comes within low pay. The first method is based on a formulaic approach which includes the 10th and 20th percentiles of the wage distribution in a given economy, or those below half male median full time hourly earnings among others. Although this method is a useful way of effectively building in an automated mechanism for uprating the level, some consider it a mistake to ignore economic and social circumstances (Bain, 1999). The second approach is that of basing the cut off on labour statistics of the country. For example, the New Earnings Survey and the Labour Force Survey provide estimates of low pay based on wage distribution within the U.K. using this method. The Low Pay Unit (in the U.K.) in 2001/2002 used 2/3rds of male median earnings as a threshold figure when campaigning for a living wage (Low Pay Unit, 2002). A third approach, which has been adopted by the National Minimum Wage in the U.K. is a combination of median earnings and broader socio-economic circumstances of the society. This includes demography, existing tax systems, budget, pay differentials, business costs,
competitiveness, inflation, employment and public sector finances. The national minimum wage (NMW) is expressed as an hourly rate of pay, increased to £4.20 in October 2002 for workers aged 22 or over and £3.60 for those between 18-21 years (see appendix for details). The rates are reviewed by the government after listening to recommendations by the Low Pay Commission. Following the Low Pay Commission’s recommendations, published in March 2003, the adult national minimum wage increased to £4.50 per hour from October 2003. The rate for 18-21 year olds rose to £3.80 per hour. The Government has also provisionally accepted that the rates should increase to £4.85 and £4.10 per hour respectively from October 2004 (Department of Trade and Industry website).

Stewart and Swaffield (1997, as discussed in Gregg, eds) provide a review of some commonly used definitions of low pay. These include setting a low pay threshold as the rate of hourly earnings below which 10 per cent of all full time employees fall, half male median earnings and half average earnings of all full time employees among others. The Council of Europe’s Decency Threshold is set at 68% of average earnings of full time employees.

Within research, there is equal diversity in the low pay cut off chosen by various researchers. Different studies use different formulaic approaches and it is necessary to be careful when comparing results from different studies. Keese, Puyomyen and Swaim (1998), Sloane and Theodossiu (1996) have used two-thirds of male median earnings, McKnight (1998) uses the European Decency Threshold of 68 percent of the mean, while Asplund, Bingley and Westergard-Nielsen (1997) and Eriksson (1998) define low paid as those in the lowest quintile of the earnings distribution. The lack of uniformity of approach across literature will complicate comparison of studies. Also
as the choice of low pay threshold is subjective the results from any research will be influenced. In March- May 2000 for example, when a minimum wage was in place, Dickens and Manning (2002 as discussed in Harkness, 2002) estimated that it directly affected 6-7 percent of workers. Harkness (2002) points out that this result is dependent on the definition of low pay and a wider definition will identify more low paid workers than conservative ones. For the purpose of this research the guidelines of the National Minimum Wage Commission will be used.

2.4 Low pay research

2.4.1 Introduction

Economists take a harsh view of low pay. Low pay is credited to the characteristics of the job, the individual and the demands in the market. Ryan (1990, as discussed in Bowen et al 1990), suggests that ‘skilled workers will be found in low paid jobs if they lack bargaining power or if their employers either lack economic rent in their product markets are averse to sharing it with them’. The following sub sections describe the main theories in relation to low pay, introduce the idea of subsistence and income inequality, and discuss the main area of interest in relation to research on low pay.

2.4.2 Theories of low pay

The conventional economic approach describes wage as the product of relative demand and supply. The supply of labour or labour force participation- the choice of whether or not to work or seek market work- is based on the comparison of market opportunities and the benefits of staying at home (Hamermesh et al, 1996). The guiding principle of all economic theories is the idea of profit maximisation- people are rational and have clear objectives to strive towards the goal of improving their
current positions. Thus their desire to work and the number of hours they want to work will be influenced by the wage rates. If income increases while wages are held constant, desired hours of work will go down (income effect), while vice versa will lead to an increase in work incentives (substitution effect). An increase in non-labour income or wage rates of an individual will lead to steeper indifference curves and an increase in the reservation wage of that person. The reservation wage is defined as the value of leisure if the individual is not working (Ehrenberg and Smith, 2000) and thus it is the value placed on lost leisure time and the wage below which a person will not work.

Economists do not provide explanations for any difference from this behaviour. Instances of negative relation between wage rates and the quantity of labour supplied within the poor are characterised as perverse economic behaviour or low target income behaviour without an understanding the causes behind it (Berg, 1961, Dunn, 1971). Economists accept that the choice to participate in labour is dependent on the reservation wage, i.e., will be different for the poor as opposed to the non poor, however, they do not look at the working poor when explaining worker behaviour (Sharif, 2000).

Classical economic theory of labour demand states that individual employers’ demand schedules are downward sloping (Hammemesh et al 1996). As the wage an employer pays drops, hiring additional workers becomes profitable. If wage rates rise, businesses either reduce their employment or close down resulting in a drop in labour demand. When the wage of one group in an organisation increases, the employers react by substituting capital or the hours of workers in other groups to compensate for
the more expensive group. As wage is considered to be the natural price of labour, many economists are extremely wary of exerting external influence on the labour market. Accordingly wage subsidies, changes in minimum wage rates, union imposed wage increases are all felt to affect the quantity of labour the employers will want to employ. They also contend that any increase in minimum wages will reduce employment. Where substitution of capital for labour is not feasible, the introduction of a non universal minimum wage (in this case a different wage for under 21 yrs), will lead to reduced employment of the affected group and greater employment of those workers who become relatively cheaper (Brown and Crossman, 2000). This prediction holds true regardless of the precise magnitude of the parameters that determine the shape of the supply and demand curves.

Classical economists feel that a rise in unemployment will quickly lead to falls in the level of real wages. This reaction will increase the demand for labour and reduce its supply, so allowing a return to equilibrium. A change in the market conditions consequently will make the competitive labour market to move towards equilibrium through a process of workers and employers revising the wages they seek and offer.

2.4.3 Subsistence

The theory of subsistence plays a key role in maintaining wages. Subsistence is a standard of living that allows for satisfaction of the minimum basic needs of life. So, it is an absolute minimum relative to the social concept of physical and customary necessities in a given community at a given time. In other words, subsistence is relative. The Physiocrats’ “iron law of wages” states that wage is determined by the minimum subsistence level of workers (Sharif, 1986). The efficiency wage theory states that wage rates fulfil two functions, balancing labour supply and demand, and
the function of motivating workers (Sloman, 1997). The efficiency wage theory states that the wage rate should be sufficient to maintain workers’ physical efficiency (Liebenstein, 1957 as discussed in Sharif, 1986). If real wages are reduced in times of surplus labour, then those workers already in employment may become more despirited and less productive. Therefore, even in the face of abundant labour and widespread underemployment, the wage rates do not go below a certain minimum.

2.4.4 Income inequality

Classical economists attribute the origin of income inequality to human characteristics including physical and mental ability, accumulated human capital, the type of industry, nature of job and inheritance (Hammermesh et.al. 1996). The maintenance of low pay is consequently attributed to accumulated skills and differences in the ability to accumulate it, which can be due to differences in education, training and ability. Dispersion in the amount of schooling achieved by members of the workforce for example, may cause a dispersion of earnings.

The economists maintain that the accumulation of human capital and experience by current workers will eventually push them upwards creating a vacuum in the lower level, which is filled by new inexperienced workers (Sloman 1997). The existence of knowledgeable and experienced workers as well as less knowledgeable and inexperienced workers create an imbalance in pay level within a single industry.

The economic causes of income inequality are varied. Riley and Szivas (2001) have given an in-depth analysis of the factors determining and maintaining low pay. They range from the nature of industry, nature of job, level of skill and human capital required, to seasonality, minimum wage legislations, and geographical region among
others. Income inequality is strongly related to incidences of low pay. Keese, Puyomyen and Swaim (1998, as discussed in Asplund, Sloane and Theodossiou 1998) found that countries which had higher income inequality, had higher incidences of low pay.

Other factors like changes in demography and labour supply and demand, international trade and skill based technological change are said to cause the increasing wage inequality between skilled and unskilled workers. It needs to be mentioned that income inequality specifically affects the unskilled labourers as the dependence on skills based technology increases. An in-depth analysis identifying the low wage earners and the causes for the same will be done at a further stage in this chapter.

On the other hand, completely different reasons are cited for differences in pay between industries. The economists attribute low pay in certain industries to the low bargaining power of those industries, low demand for the industry’s product or the reluctance of the management to share the economic benefits equally with workers. Lucifora (1998) found that the effects of trade unions, the structure of collective bargaining and the existence of wage regulations additionally influence the wage differences between industries. Riley and Szivas (2001) also argue that industrial norms play a significant role in keeping the pay rates down. Industrial structure according to them is the context in which the influence of competition and bureaucratic imperatives operate on pay levels and pay differentials.
2.4.5 Low Pay literature

Low pay literature can be broadly divided into three streams. First, there are numerous studies that aim to identify the factors causing low pay. Adam Smith (1910) in his masterpiece 'The Wealth of Nations' originally discussed causes of labour wages, which still hold true to day. Smith's view is the basic principle of labour economics—wage is the natural price of labour and the masters have an advantage under ordinary circumstances, except when there are labour shortages. Smith (1910) also suggested that there are five principal circumstances that lead to inequalities in wage rates. These five include agreeableness or disagreeableness of the employments themselves, the easiness or cheapness or difficulty or expense of learning them, the constancy or inconstancy of employment in them, the small or great trust that must be reposed in those who exercise them and the probability or improbability of success in them. In other words, a combination of the employers attempt to push wage rates down and the characteristics of the job lead to the creation and maintenance of low pay. Interestingly, he did not comment about worker attributes which subsequent writers have attributed low wage rates to. For example, Hicks (1963) asserted low paid labour 'is often badly paid, not because it gets less than it's worth, but it is worth so appallingly little.' The essence of this approach is that the reasons causing low pay are related mainly with the characteristics of the workers themselves and their low skills and productivity levels.

Current researchers attempt to identify and explore specific factors leading to low pay. Thus there are those like McKnight (1998 as discussed in Sloane et al (ed)), Stewart and Swaffield (1999, as discussed in McKnabb and Whitfiel, 2000), Stewart and Swaffield (1997, as discussed in Gregg 2000 eds) who identify factors determining
both the incidence and duration of low wage employment. They found that the people in low pay often get stuck in low pay and the lack of human capital—education, training and work experience are the main determinants of the incidence and duration of low wage employment. Webb et al (1996), Sloane and Theodossiu (1994), Jarvis and Jenkins, (1997), Cappellari and Jenkins (2002) have identified specific factors that cause workers to be low paid. These include nature of job, nature of industry and worker attributes. There has been a special interest in identifying specific sections of society that have more chances to be low paid such as women (Boheim et al 1999, as discussed in Cappellari and Jenkins, 2002), Harkness, (2002), Corti et al (1995 as discussed in Asplund, Sloane and Theodossiu, 1998) work shifts (Kosituk, 1990, as discussed in Harkness, 2002), age (Elias and Blanchflower (1989 as discussed in Asplund, Sloane and Theodossiu, 1998) and nature of work—part time or full time among others. Sachdev and Wilkinson (1998 as discussed in Almond and Kendall, 2001) have identified the categories vulnerable to lower rates of pay. At the industry level, retail, hotel and catering and distribution trades and services have traditionally received most attention (Robson et al, 1997 as discussed in Almond and Kendall, 2001; Derek Adam-Smith et al, 2003, Brown and Crossman, 2000). Besides, surveys like the Office of National Statistics and the New Earnings Survey provide details to identify categories vulnerable to lower rates of pay. The aim of these studies is to identify the factors without trying to give causal explanations or exert influences. As Alfred Marshal (1890) said, ‘it is not the economist’s business to tell the brewer how to brew beer’.

The second area of interest income mobility is related to the first. The economists’ interest in low paid is with reference to their movement in the earnings cycle. Stewart
and Swaffield (1999 as discussed in McKnabb and Whitfield, 2000), Stevens (1999 as discussed in Cappellari and Jenkins 2002) among others identify the causes of low pay and the chances of coming out of low pay. The general view is that the degree of upwards earnings mobility is low. Sloane and Theodossiu (1998 as discussed in Asplund, Sloane and Theodossiu, 1998), McKnight (1998 as discussed in Asplund, Sloane and Theodossiu, 1998), Jarvis et al (1997) among others have documented low income transition rates for different worker groups. Atkinson et al (1992) summarised the literature identifying key factors influencing income mobility. These include tenure- longer tenure in low paid jobs increases the chances of remaining low paid, age- it is more difficult for older people to come out of the cycle and gender- women are more prone to be low paid jobs. Although the literature identifies different factors associated with low pay there is no attempt to look at their relationships (McKnabb and Whitfield (2000). Thus in spite of identifying the key factors there has been no attempt made to look at the way in which these factors interplay. This provides additional rationale for undertaking this research.

There has been some attempt by economists to try to provide causal explanations for the low paid remaining so. Attributions to the characteristics of the workers, nature of the job and their limited aspirations are said to be the main reasons (McKnight, 1998, Stewart and Swaffield, as discussed in Gregg eds 1997, McKnabb and Whitfield, 2000). Low paid are more prone to remain low paid. Dickens (2000) found that there is considerable immobility within the earnings distribution from one year to the next, specially in the lower ends of the wage spectrum. Dickens found that 48% of the males in the bottom decile of the hourly earnings distribution in 1993 were still there in 1994. The results showed that many of the low paid workers dropped out of
employment and only 20% actually moved up the pay cycle. This idea of low pay-no pay cycle is supported by others including Lucifero (1998); Stewart (1999 as discussed in Dickens et al 2000) and Sloane and Theodossiou (1994). In addition, Stewart (1999 as discussed in Dickens et al 2000) found that 42 per cent of those who were in low paid work will enter low pay again, compared to 14 per cent of those who were highly paid.

However, conventional economic theory does not offer complete solutions to explain worker behaviour. Many researchers including Drakopolous and Theodossiou (1997), Brown and McIntosh (1998), Clark and Oswald (1996) and Lazear (2000) have highlighted drawbacks of the economic literature, which largely takes a macro economic perspective ignoring the satisfaction variables. Clark and Oswald (1996) for example, admit that relative deprivation is not the norm in economics and they found contrary evidence in their study. Moreover, as Pfeffer (1997) observes, some of the assumptions made by economists like maximisation and opportunism are not likely to be true in most settings with normal human beings, yet managers are encouraged to operate as though these implicit assumptions are always universally true. McKnabb and Whitfield (2000) defend the economic position explaining that assumptions are made only about marginal behaviour. In other words, there is a lack of research explaining normal worker behaviour with reference to low pay.

The third stream of literature is relatively new. It looks at the statutory minimum wages. The National Minimum Wage Act 1998, came into force in the U.K. in April 1999, setting a legally backed minimum rate of pay applicable across the whole labour force. The research in this field is quite diverse and ranges from looking at the
The view that a higher minimum wage necessarily reduces employment was not always held strongly by economists. Lester (1964, as discussed in Card and Krueger, 1995) believed that minimum wage could increase employment in some instances. The ‘social economic revisionists’ believed that a number of non economic factors such as fairness and ability to pay will influence wage setting and employment. It would generate a range of indeterminity within which wages could vary with little effect on employment. However, traditional economists’ are always cautious of exerting external influence in the market believing that distorting the price of one type of input will result in substitution of a cheaper alternative, in this case lower employment (Crossman and Brown, 2000). However, most researchers agree that the introduction of the minimum wage has not resulted in the expected shocks (Low Pay Commission Report, 2000, Robinson, 2002, Derek Adam Smith et al, 2003, Metcalf, 1999). Within the low paid sectors, the informal character of employment combined with the discretion which firms enjoy over pay setting decisions have mediated the introduction of the minimum wage (Derek Adam-Smith et al, 2003).
The economic literature is quite broad and wide ranged. It identifies the people who are more prone to be low paid, their demography and their movements within the wage cycle. Although there is a lot of research looking at who stays low paid, there is a lack of research that identifies the circumstances surrounding the low paid. Sharif (2000) states that while studies of the supply behaviour of workers in general have been widely reviewed, those focussing on the labour supply of the working poor have eluded proper documentation and deserve attention. Also, as previously identified, there is not much economic research looking at the inter-relationship between the various factors affecting low pay.

2.5 The role of pay

Although both economists and psychologists agree that pay is important for employees, they hold different views in relation to the importance placed on pay. Unlike psychologists economists contend that pay is the most important object in a working man’s life. Economists are guided by the basic theory of positive economics whereby people respond favourably to benefits and respond negatively to costs (Ehrenberg and Smith, 2000), and the theory of rationality that dictates that workers are rationale and strive towards utility maximisation of happiness. Happiness is attained by making choices such as whether to work, accept overtime, acquire education or have leisure etc., based on an individuals’ desire to maximise utility. In other words, people work to get paid and pay is important as it helps to attain happiness. Economists espouse this idea and thus use pay as the main tool to motivate the otherwise work avoiding employees. Pay systems have been devised that match pay to performance like piece rate incentives (Ehrenberg and Smith, 2000). Paying a relatively higher wage than the market or efficiency wages is also employed as it
motivates and retains the right kind of workforce and benefit plans have been
designed to improve worker utility (Borjas, 2000).

Economic theorists have a different standpoint from the psychologists regarding the
pay satisfaction cycle. The ‘efficient wage theory’; suggests that effort is determined
by the level of wages and that an individual tends to work ‘efficiently ‘, i.e., less hard
than someone else receiving the same rewards (Kornhauser et al, 1954). Consequently, in order to get more for less, the employers pay premium wage to get
maximum returns. Classical pre Keynesian wage theories assert that under given fixed
labour supply, a central equilibrium wage rate emerges where supply and demand
equate, controlled by economic forces that push and pull when wage rates go up or
down (Wootton, 1964). Keynesians on the other hand, disagreed with the simple
notion of elastic- demand schedule for labour. They believe the wage theory to be
circular and an increase in the general level of wages is seen as a cure of
unemployment (Wootton,1964)

Workers are lazy according to economists and aim to subsist. Poor men are generally
idle in cheap years and industrious in dear ones according to classical economics.
According to Clark and Oswald (1996) acceptance of pay is relative, and the degree of
relativity is subjective. People’s acceptance of pay can be explained by herd
behaviour up to a certain extent. Clark and Oswald (1996) note that herd behaviour
can be seen extensively in financial markets as well as labour markets where
individuals look to others to decide whether to join a union, and how large a pay rise
to demand. Therefore economists explain the behavioural acceptance of low pay in
terms of the need of the individuals and social comparisons that they make.
The traditional view of economics of profit maximisation does not allow for so-called unscientific explanations of satisfaction as a cause of pay acceptance. However, a small but growing body of literature attempts to understand factual behaviour at the workplace. Brown and McIntosh (1998) identified groups that are prone to be satisfied with their job. They found that low earners are more satisfied than high earners. Capelli and Shearer (1988) also found lower paid groups to be more satisfied than those higher up. Clark and Oswald (1996) found workers' reported satisfaction levels to be inversely related to their comparison wage rates. The acceptance of existence of non-economic factors that cause different behaviours at work has developed into a new stream of economics. Personnel economics for example aims to use the tools of economic principles to provide causal explanations of many issues including the price-effort relationship (Lazear, 2000).

It is important to understand the difference between the acceptance of pay for the low paid as opposed to the high paid. An individual will accept an amount of pay and come to work if the income exceeds their reservation wage. Therefore, the labour force participation will depend on comparing market opportunities and the benefits of staying home (Hamermesh, et al., 1996, Borjas, 2000, Ehrenberg and Smith, 2000). This explanation however, does not sufficiently explain the working behaviour of the poor who do not have a reservation wage to fall back on. Traditional economists attributed the forward falling supply curve of this group to limited aspirations and subsistence mentality of the working poor. This in itself is contradictory to the traditional economic tenet of utility maximisation. Sharif (1991) argued that the subsistence behaviour of the working poor means that they will increase their effort with a decrease in income. The idea of subsistence behaviour and its meanings are
extremely important as they highlight the difference and show the need to study the low paid poor separately from the other groups.

2.6 Wage setting in low pay sectors

Following any influences of collective bargaining or wage floors the wage rate falls at the natural intersection of demand and supply. From Adam Smith (1910) to current researchers (Sharif, 1991, Hammermesh, 1996, McNabb and Whitfield, 2000) economists state that low wages are created as employers push wage rates down to the least minimum needed for subsistence. The employers maintain low pay as they aim to achieve profit maximisation. The characteristics of the job and the nature of the industry aid them by providing either a large workforce, or low skill requirements within the job as in the case of the tourism industry (Cullen, 1997). Additionally as Sharif (2000) notes that in most labour dependent economies, the reserve army of unemployed labourers maintains low pay.

Just as a host of factors combine together to create low pay, a multitude of factors assist in maintaining low pay. Riley and Szivas (2001) list the major factors that keep the pay down within the tourism industry. These include occupational choice, attractiveness of the job, transferability of skills, accumulation of human capital over time, weak internal labour markets and availability of local market which in turn lead to a cultural norm of a said industry being low paid or high paid, and the industry maintaining the status quo.

People are attracted to low pay because of limited occupational choice and compensatory factors (Riley and Szivas, 2001). A combination of personal and social
factors contribute to shaping an individual’s choice of work along with their present or future orientation to accept trade offs. Compensatory factors might include ease of learning, attraction and low skill requirements among others. Reservation wages might also directly influence an individual’s choice to undertake low paid jobs. As Borjas (2000) observes, there is some evidence suggesting that poorer families have a higher discount rate or discounts receipt of future income, as returns to education are far off, leading to them acquiring less schooling. The length of unemployment also has a direct effect on the asking rate, as the longer a person has remained in unemployment, the more they will compromise on their starting rate. Consequently, workers also accept low pay as they do not have the resources to fight to increase wage rates.

It is debatable as to whether workers are aware of their limited occupational choice. Economics bases its assumption on the fact that workers are completely aware of alternate choices available even though some research has proven otherwise (Lazear, 2000). Limited occupational choice for example is partly based on accrued human capital. For example, for the workers to accept low pay based on their experience in tourism, they should be aware that skills do not dramatically increase with time. The researcher did not come across any research addressing this issue.

2.7 Characteristics of low wage jobs

In the UK, The Low Pay Commission Report and the Office of National Statistics, identify particular sectors of the society as being low paid (1998). They identified retail, textile, hospitality and healthcare industries as specifically low paying sectors of the economy (see appendix 2). They found that more than half of low paid work is
concentrated within these industries and that the concentration is disproportionately high in comparison with employment in these industries. This accounted for around 1.2 million workers out of 4.3 million workers who earned less than £3.50 per hour (The National Minimum Wage Commission, 1998).

The size of the organisation is a key factor with smaller firms more prone to employing low paid workers. The likelihood of being low paid is also affected by whether the person is working within the private, public or voluntary sector. According to the NMW Commission, the private sector has a higher proportion of low-paid employees than the public sector. London and the South East of England are identified as having the highest incidences of low pay compared to other regions in the U.K.

Within industries, pay is very low in specific groups. In hotels and restaurants for example, the New Earnings Survey (as discussed in Thomas and Townsend, 2001) shows that in 1997 hourly earnings for men were 75% of the average of all sectors, and for women 83%. They state that the majority of low earners are women, and young people. A major factor for the prevalence of low pay among women and young people is the working patterns of these workers many of whom are part time or at home workers. The National Minimum Wage Commission (1998) further found that low pay is highly occurring in bars and restaurants in comparison to larger hotel establishments. The Low Pay Unit further classify the bar staff as being the least paid in the U.K.
2.8 Characteristics of the low paid

The low paid are often characterised to be working extremely long hours, holding more than one job (Sharif, 2000). Within the U.K, the number of people with second jobs increased by 68 per cent between 1984 and 2001 (Office of National Statistics, 2001). Sethi and Semic (2002) suggested that men and women in traditionally low paid jobs may have a second job to supplement their income. Multiple job holding or moonlighting is commonly assumed to be caused by hours constraint on the primary job that limits the primary job’s earnings capacity and causes economic hardships (Kimmel and Conway, 2001; Avrett, 2001). Furthermore, the average moonlighter receives lower wages, works longer hours and is poorer than the average worker and taking a second job is often not enough to raise a moonlighter’s income to that of the average worker (Kimmel and Conway, 1998).

From the employees’ perspective, the likelihood of being low paid is influenced by many factors (see appendix 3). Gosling et al (1997) identify the type of people who are more prone to be low paid using the British Household Panel Survey data. They identified gender, job type, tenure, qualifications, job specific skills and absence from job time as important factors causing low pay. Women employees are seen to be the most vulnerable. Some groups such as ethnic minority workers and young people are also more prone to be low paid. The probability is further increased by certain employment patterns such as part time and casual work. Low pay according to the Minimum Wage Commission (1998) is particularly prevalent in casual and seasonal work. Also, part time workers are more prone to low pay due to their job often being low skilled. Men are generally found to be either students or towards retirement while women are more evenly distributed along the age distribution.
Before its introduction, the Low Pay Commission (LPC) estimated that that the NMW would affect around 2 million workers (9% of the total workforce). Since then the LPC has revised its estimate of the number of workers affected to 1.5 million in February 2000 and 1.3 million in March 2001. This constitutes around 5.4% of workers: 5.3% of adults and 6.6% of young workers. The difficulty in accurately predicting the numbers affected is due to limitations in the official survey data. The Office of National Statistics (ONS) identified 330,000 people as being employed in low paid jobs in the U.K., in 2002, which came down to 260,000 in 2003.

The overall pattern of low pay is not straightforward. Many factors frequently combine to increase the chances of a particular worker being low paid as in the case of women part time workers. Eventhough particular sections are identified as being in low paid jobs, there are problems in generalising across the sections. For example, tourism has been identified with some highly paid jobs including airlines and cruise liners as well as some of lowest paid jobs like working in bars and restaurants.

Asplund et al (as discussed in Gregg, 2000), show that differences exist in wage distributions across countries. According to them, USA, Canada, UK and New Zealand have the highest extent of relative low pay and increases in inequality over the last twenty years. Among industrialised nations, Britain has the highest deterioration of the low paid in the bottom decile (Dickens et al 2000).

A study of the wage systems in other countries shows that most European Countries and countries of the OECD (Organisation for Economic Co-operation and Development) have had minimum wage systems for years (The National Minimum
Wage Commission, 1998). Minimum wages in Australia, Canada, France, Japan, Portugal, New Zealand, Spain and the USA are set by statute. Belgium and Greece have a hybrid system in which the minimum wage is set through a national agreement between the social partners, but is legally binding in the private sector, while the public sector has its own arrangements (see appendix 4 for details).

2.9 Issues and future of low pay

2.9.1 Issues

Given the extent of low pay incidences in Britain, there have been remarkably few British empirical analysis of the problem (Sloan and Theodossiou, 1994). This can be partly attributed to the methodological issues in measuring low pay. As discussed in section 2.3, there is no common agreement on how to measure low pay. Problems of comparisons arise as low pay can be defined as an absolute figure or as a relative concept focusing either on wage distribution or on the dispersion of earnings. Moreover, collecting information on pay is itself problematic as earnings may vary because of differences in pay system administrations like piece rate, hourly or monthly (Atkinson et al, 1992). Sloan and Theodossiou (1998 as discussed in Asplund, Sloane and Theodossiou 1998) express uncertainty about the unit for measuring pay- hourly, weekly, monthly; full time or part time workers stating that the resulting information would be strongly influenced by the choices made.

Economists largely believe low pay to be the result of the position of the labourer within the economy that is best left on its own. However, this view is largely based on abstract theoretical reasoning rather than on systematic empirical studies. Card and Krueger (1995) state that economic textbooks rarely cite any evidence for the
hypothesised negative impact of the minimum wage. Moreover, according to them, although many models of the labour market have been developed, much of what occurs in that market remains a mystery to the economists. Furthermore, many features of the labour markets are at odds with simple models presented in introductory textbooks.

Economists state that they are not in the business of finding causal attributes to worker behaviour. Yet they attribute the negative relation between wage rates and the quantity of labour supplied within the working poor on perverse economic behaviour or limited aspirations even when they are observed to input long working hours (Sharif, 2000). Given the extent of long hours input by the low paid, there definitely is a case for distress selling of labour rather than perverse economic behaviour.

Although the economic research on low pay identifies different factors associated with low pay, there is no attempt to look at the relationships between the factors (McKnabb and Whitfield, 2000). A multivariate analysis into the causes of pay is seen as essential in order to get a holistic understanding of the pay process. Behaviour is explained only in marginal terms not in normal terms ignoring normal rational behaviour. Given that the low paid are right at the bottom of the wage distribution, putting in extremely long hours, it is important to understand both their normal and marginal behaviour.

The idea of subsistence disapproves the classical approach of limited aspirations and perverse economic variable. The introduction of subsistence in low pay through wage determination leads to a need of understanding the concept of subsistence itself. As discussed previously in section 2.4.3, subsistence is a standard of living that allows
for satisfaction of the minimum basic needs of life, both physical and customary (Sharif, 1986). In other words, it can be contended that the meaning and level of subsistence in U.K. is different from the meaning of the same in a developing country like for example India, and consequently, it might be argued that subsistence may be prevalent in the South East of England as it is in the states of India. Therefore, the understanding of low pay and subsistence becomes necessary whatever the economy.

The wage cycle is quite different for the low paid as compared to the highly paid. As shown by Dickens et al (2000) and Stewart (1999 as discussed in Dickens et al, 1999)), there is difference in the movement across earnings distributions of the low paid and the high paid. This supports the theory by Sharif (1986) that the economic behaviour of the low paid is different to some extent in comparison to the high paid. Given this and also the gaps in the economics literature alongwith a need for empirical research looking at low pay, any study which focuses on this subject would be a contribution to the overall understanding of the low paid.

2.9.2 Future of low pay

The future of low pay is important. The Henley Centre (as discussed in Furnham, 2000), proposes that working hours will reduce drastically, 25 hour- three to four day weeks. Changes in the work force consequently means that fortunate workers of the future will have more benefits, however the unfortunate will have increasing insecurity and will fall into the employment underclass having lower bargaining power over pay. Although a prediction, current technological advances support this notion of fewer workers and so it looks as if low pay is here to stay. Definitions of low pay thus become relevant to concerns of low pay in the modern world. Moreover,
as the world prepares itself to enter a recession, the issues of subsistence and low pay take on a new meaning and importance for both the academia and the industry.

2.9.3 Summary of issues

The previous sections 2.9.1 and 2.9.2 highlighted some ideas that need further understanding in the economics literature. This section lists some specific questions that arise out of this chapter. Firstly, the circumstances surrounding the low paid are different from the others. Sharif (2000) pointed that the people in low paid jobs often work extremely long hours while the Low Pay Commission (1998), Eurostat (2000) among others identified that they often fall in specific categories like gender, age, and occupation. Their unique circumstances make it imperative that they should be looked at separately. Secondly, although economics provide some answer as to how rational choices are made, it does not sufficiently explain what the major variables involved are in making the choice. Are the decisions based on alternative costs and benefits or do they follow some rational interpretation of market prospects? Furthermore, although economics helps a great deal in understanding why people choose low paid jobs in terms of their personal characteristics, market characteristics, job characteristics and trade offs, there is something lacking. If people are doing the job because they do not have another option, then they should be unhappy. But research in hospitality and other low paid industries have reported high levels of satisfaction. In fact, research by the CEPR (Brown and McIntosh, 1998) found that those who were low paid were happier than high paid people. Therefore, research needs to address this issue of what makes people stay in their low paid jobs. Finally, an area that has been largely ignored is the effect of pay levels on pay acceptance and the relationship between the worker and the pay levels. Research shows that the
constituents of pay for low income are somewhat different to that of high income. The Household Below Average Income study (HBAI, 2000/01) for example identified that benefits were the main source of income for the bottom quintile whereas earnings were the main source for the other four quintiles increasing along the distribution (HBAI, 2000/01). Consequently, it is important to understand the meaning of pay for the low paid as opposed to the high paid. Since these questions require some understanding of human psychology as well as market dynamics the search needs to go into and beyond the scope of economics bringing in human sciences to better understand this process.

2.10 Summary

This chapter looked at the economics of low pay. It provided definitions and a rationale for researching into why people stay in low paid jobs. Overall, it found that there are no accepted definitions of low pay but some common approaches of defining low pay like formulaic methods or methods that take into consideration broader socio economic circumstances.

It was found that the people in low pay displayed similar characteristics including working long hours and holding multiple jobs. Traditionally certain people are more likely to be low paid, women and young people, people working in the hospitality industry, among others were found to be at the receiving end of low pay. Low pay is seen to be the result of individual and occupational circumstances. The economists mainly attribute the cause of low pay to physical and mental ability, accumulation of human capital, type of industry and nature of the job.
The study found that the traditional view of utility maximisation is still upheld by modern economists to explain worker behaviour. Low pay and income inequality were explained by various organisational, employee and work related factors. Economists attribute the maintenance of low pay to characteristics of the job, accumulation of skills, limited aspirations of employees and the easily available large external labour market all leading to the employers having a stronger bargaining power. The kind of jobs offering low pay are ones often associated with low skills which do not allow the accumulation of skills over time. This in turn leads to a lack of bargaining power by the employees and also a lack of opportunities. Consequently, these people in low pay stay on in low pay and find it more difficult to cross over. The lack of reservation wages and alternative incomes further force people to continue to accept low pay.

Economists are unanimous in stating that pay is the most important appeal and what brings people to work. However, except for the few theorists looking at subsistence, there is not much research on the importance of pay for the low paid as opposed to the highly paid. Moreover, economists largely ignore the importance of the meaning of pay beyond its relevance to getting people to work. They do accept however that maximisation might not always be the case even if they continue to assume so. Therefore, understanding economic performance on its own is neither interesting nor complete. According to Oswald and Clark (1996) the relevance of economic performance is that it is a means to an end, which is the enrichment of mankind’s feeling of well being. The next logical step would be thus be to understand the psychological arguments of why people stay in low pay.
This chapter has summarised the literature on the economies of the low paid and raised some important issues for research. It has identified the people who accept low pay, the circumstances surrounding them and why they remain in low pay. The next chapter looks at satisfaction with earnings and attempts to understand the psychological contentions as to why people are and stay on in low pay.
CHAPTER 3
SATISFACTION AND LOW PAY

Anything can be money: stones, iron, gold, tobacco, silver, shells, cigarettes, copper, paper, nickel, etc. What makes these things money is not what they are, but what they are used for. The value of money is the value people attribute to what they want to exchange, no more, no less. [Milton Friedman]

3.1 Introduction

The aim of chapter three is to review the psychological arguments of why people stay in low paid jobs. In this second literature review chapter, the focus is on pay satisfaction. In this regard, the chapter has four main objectives. First, to introduce the concept of pay satisfaction through the major theories and models. Second, to describe the specific theories concerning satisfaction with low paid jobs. Next to identify the key factors that appear to influence the acceptance of low pay and point out any deficiencies in current research. And last to summarise the chapter and provide the groundwork for a theoretical framework.

This chapter is designed along the lines of the objectives that are discussed above. The chapter is divided into ten sections. Section 3.2 first identifies the role of pay and its importance to both employees and employers at work and then introduces the concept of pay satisfaction. Section 3.3 summarises the key areas of interest in relation to pay satisfaction research. Section 3.4 looks at the relationship between level of pay and pay satisfaction. Section 3.5 describes in detail the main theories of pay satisfaction and their drawbacks in explaining satisfaction with low pay. Section 3.6 identifies two specific theories that attempt to explain how people could be satisfied with low pay.
Section 3.7 outlines the two main models in research that conceptualise the process of satisfaction with pay. Section 3.8 describes the various issues and identifies gaps within pay satisfaction research. Section 3.9 briefly discusses the relationship between pay and job satisfaction. Section 3.10 summarises the key findings of the chapter.

The next section firstly discusses the importance of pay and then introduces the concept of satisfaction with pay.

3.2 Pay and satisfaction with pay

3.2.1 Introduction

Since man began bartering livestock around 9000 BC (Glyn, D, 1996), the face of money has come a long way but its value remains the same. Money received in return for work done or pay, continues to play an important part in people’s lives. Opsahl and Dunnette (1966) state that people everywhere seem to behave as if money were a prime goal.

This section first looks at the relevance of pay from both the organisational and employee perspectives. It then introduces the concept of pay satisfaction.

3.2.2 Importance of pay at work

Pay is crucial from an organisational perspective as it accounts for a major fraction of organisational expenditure. According to Shaw et al (1999), compensation costs are estimated to account for between 10 to 50 percent, and in some cases 90 percent of an organisation's operating expenses. Moreover, pay is one of the most significant techniques available to practitioners for managing employees. Kessler (2003) states that pay is a central concern and a key pillar of the employment relationship. Brown et al (2003 as discussed in Edwards, eds, 2003) agree suggesting that it is not only a core
element, but it is also the most conspicuous aspect of the employment relationship and thus of fundamental interest to the employers.

Furthermore, pay is immediately related to the other factors of organisational significance including job satisfaction, motivation, and performance among others. Henemann (1992) found a strong positive relationship between pay and performance, which has been supported by other researchers (Opsahl and Dunette, 1966; Lawler, 1971). Lawler (1971) believes that pay can be used to make employees feel satisfied with their job, motivate them, gain their commitment to the organisation, and keep them in the organisation. Peck, (1984) additionally states that pay is one of the main management techniques employed to improve performance and the first priority of compensation systems is to tie pay to performance. In short, it may be contended that pay is an extremely crucial factor for both employees and employers at work.

As pay serves many functions to individuals and organisations, their attitudes toward and their reactions to pay through acceptance are essential in understanding overall behavioural reactions to the organisation. However, most psychological theories according to Tang (1995) ignore the contribution of pay as related to work attitude and behaviours. It is essential according to Katz and Kahn (1966) to focus on the psychological issues concerned with pay as any knowledge gained is likely to contribute to the understanding of human behaviour at work.

3.2.3 What is pay satisfaction?

Pay can be defined as the sum total financial compensation that an individual receives for work done (Ehrenberg and Smith, 2000). Pay satisfaction can simply be described as satisfaction with pay (Heneman, 1985). Locke, (1969) suggests that pay
satisfaction is a function of comparison between the perceived amount of pay that one wants to receive and the actual amount received, and when congruence exists between the two, pay satisfaction results. In other words, a person’s satisfaction with the fairness of the pay for his job is determined by what he wants from his job and what he perceives he is being offered. Both ‘what he wants’ and what ‘he is being offered’ are hypothesised to be influenced by personal (e.g. experience) and environmental (e.g. job characteristics) variables.

Other researchers have argued that pay satisfaction is determined by what one expects to receive rather than what one wants (Lawler, 1971, Heneman and Schwab 1985). They view pay satisfaction as a discrepancy between how much pay one feels one should receive and how much one feels is actually received. This approach combines the idea of discrepancy along with Adam’s (1965) equity theory of social comparisons and has found significant support within literature (Miceli et al, 1991, Brown, 2001, Blau, 1994, Summer and DeNisi, 1990, Rice et al, 1991)

3.3 Pay satisfaction research

3.3.1 Introduction

The section summarises the research on pay satisfaction. It looks at three broad areas occupying the interest of pay satisfaction researchers. These include the causes of pay satisfaction, the consequences of pay satisfaction and ways of measuring pay satisfaction.

3.3.2 Causes of pay satisfaction

The first group of research looks at the causes of pay satisfaction. Numerous studies have examined how pay satisfaction relates to a number of variables. The results of
these studies are varied. Studies on background and individual characteristics (e.g. age, education and tenure) suggest that they are inconsistent predictors of pay satisfaction (Shaw et al, 1999, Dreher, Ash and Bretz, 1988; Heneman, Greenberger and Strasser, 1988, Judge, 1993, Phillips, Rice and McFarlin, 1990, Ronan and Organet, 1973, Huber, Seybolt and Venemon, 1992, among others). Research in gender differences has been inconclusive. While some researchers found that men valued pay more highly than women (Crosby, 1982, Jackson and Grabski, 1988, Major and Konar, 1984), others found no significant difference between men and women in the importance placed on pay (Keaveny and Inderriden, 2000, Mottaz, 1986).

The idea of discrepancy as discussed earlier is another focus of interest. Pay satisfaction research uses discrepancy or fairness models, eg. Henemann, (1985); Lawler, (1971) to understand the causes. These models consider pay satisfaction to be the result of discrepancies between (a) an individual’s own inputs and pay level, and (b) other individuals’ input and their pay levels. Some studies provide empirical support to these suggestions with respect to pay satisfaction (e.g. Rice et al 1990, Sweeny, McFarlin and Inderrieden, 1990, Folgor and Konovsky, 1989). This idea of discrepancy strongly influences equity theory which is discussed in section 3.5.7. Another theory partially influenced by the idea of discrepancy is the reference group theory. The reference group theory suggests that pay satisfaction is caused by comparisons with referents. According to Blau (1994) pay referents are an important predictor of pay level satisfaction. Brown (2001) identified five referents that could have implications of inequity for pay level satisfaction including market,
organisational, financial, social and historical referents. This theory will be discussed in depth in section 3.6.3.

Perceptions of procedure and distribution of pay is said to have a positive effect on pay satisfaction (Tremblay, Sire and Balkin 2000). Research on the theory of distributive justice looking at the amount and form of compensation, suggests that feeling underpaid is affected by a sense of what level of pay is just and fair (Alves and Rossi, 1978). The sense of distribution is strongly influenced by social norms of who should be paid what. Theories of procedural justice argue that the way compensation is distributed influences pay satisfaction. Perceptions of procedural justice (procedures to determine compensation) are said to explain a large portion of the variance in pay satisfaction by some researchers (Dyer and Theriault, 1976; Weiner, 1980). Whether the method of pay distribution is seen to be fair and correct and how closely it matches performance are said to have an effect on satisfaction with earnings. Pay for performance plans and piece rate incentives are two methods of pay administration that are built on the idea of procedural justice.

In sum, despite extensive research, few stable predictors of pay satisfaction have been identified. There have been many studies adding on or disputing the inter relationship between different variables. However, there is a lack of studies that actually looks at the whole picture of pay satisfaction since Lawler (1971) first proposed a model of the determinants of pay satisfaction.

3.3.3 Consequences of pay satisfaction

Pay is an important outcome that employees derive from work (Lawler, 1971). Although there are arguments in the field of psychology whether pay causes
satisfaction, the extent of its relevance in combination with other work and individual variables is undisputed. Heneman (1985) stated that employee pay satisfaction can be a more important facet of job satisfaction to many employees than satisfaction with other facets such as work, co-workers and supervision.

Whether or not pay causes satisfaction, according to research on pay satisfaction, it definitely causes dissatisfaction (McGregor, 1960, Lawler, 1981, Tang, 1995). The consequences of pay dissatisfaction can be broadly divided into two outcomes, first employees' physical and psychological health (depression, life satisfaction and somatic complaints), and second, employee behaviours and intentions (job search intent, performance, absenteeism and turnover). In relation to the physical consequences, Shaw and Gupta (2001) found a strong relationship between pay fairness perceptions and life satisfaction, depression and somatic complaints. They suggest that unfair pay perceptions will result in greater psychological and physical problems when money is badly needed by an employee. In other words, the higher the financial need the more pay is central to the employees, suggesting that discrepancies of pay satisfaction could be stronger for the low paid.

The behavioural consequences of pay satisfaction are inconclusive (Heneman and Schwab, 1985, Lawler, 1971, Quinn et al, 1974). The behavioural outcomes of pay dissatisfaction have found more consensuses. Some of the key behavioural consequences of pay dissatisfaction identified within literature include subsequent employee behaviours like absenteeism (Cotton and Tuttle, 1986; Weiner, 1980), pro-union voting behaviour (Heneman and Sandver, 1983) and turnover (Lawler, 1971, Heneman, 1985).
3.3.4 Measures of pay satisfaction

The final group of studies in the field of pay satisfaction look at ways of measuring the concept. Given the importance of pay satisfaction in organisational life, much research has been devoted to try and measure this difficult concept. There are three main scales that measure pay satisfaction. The first is the Minnesota Satisfaction Questionnaire (MSQ) developed by Weiss, Dawis, England and Lofquist (1967) which is designed to measure an employee's satisfaction with his or her job. The long form MSQ measures satisfaction on 20 five-item scales (Not Satisfied..Somewhat Satisfied..Satisfied..Very Satisfied..Extremely Satisfied). A shorter version is also developed consisting of 20 items from the long-form MSQ that best represent each of the 20 scales.

The second instrument is the Job Descriptive Index (JDI), developed by Smith, Kendall, and Hulin (1969). The Job Descriptive Index (JDI) measures five important aspects of job satisfaction including: satisfaction with the work itself, satisfaction with pay, satisfaction with opportunities for promotion, satisfaction with supervision, and satisfaction with co-workers. The full-length JDI subscales contain either 9 or 18 items, with an overall total of 72 items. Each item is very short—a descriptive word or phrase, to be answered with a yes or no.

The third main measure of pay satisfaction is the Pay Satisfaction Questionnaire (PSQ) designed by Henemann and Schwabb (1985). This was the first major measure which looked exclusively at pay satisfaction rather than combining it with job satisfaction in general. Henemann and Schwabb (1985) argued that the predominant models of pay satisfaction (Dyer and Theirault, 1976; Lawler, 1971) are multi-dimensional in nature and thus challenged the efficacy of using a uni-dimensional
measure of pay satisfaction. They defined the dimensions of pay satisfaction as pay level, raises, benefits and structure & administration based on initial factor analysis which was supported in future studies (Judge, 1993, Huber, Seybolt and Venemon, 1992). They designed the 18 item PSQ on a five point likert scale (Very dissatisfied.......Very satisfied) to assess these five dimensions. Since its introduction, the PSQ has been used in many studies and successfully validated as a tool for measuring pay satisfaction. (Ash, Bretz and Dreher, 1990; Carraher, 1991; Carraher and Buckley, 1991; Heneman, Greeberg and Strasser, 1988; Judge, 1993; Lance and Scarpelloe, 1989; Mulvey, Miceli and Near, 1991; Buckley and Carraher, 1996, among others).

In regard to the effectiveness of these three instruments for measuring pay satisfaction, Henemann and Scwabb (1985) and Blau (1994) argue that the JDI and MSQ are deficient in capturing the satisfaction variance of the total compensation system, and are only making inferences about pay level satisfaction. The suggestion is that uni dimensional concepts capture only the pay level satisfaction. This knowledge could be important when designing the questionnaire for this research. The next section describes the nature of relationship between pay levels and pay satisfaction.

3.4 Level of pay and pay satisfaction

Level of pay has frequently been positively related with pay satisfaction (Heneman, 1985, Lawler, 1971, Tang, 1985, Giles and Barrett, 1971, Porter, Greenberger and Heneman, 1990). An increase in pay level for an individual will lead to an increase in pay satisfaction. However, studies have found that lower paid workers express higher satisfaction than higher paid workers (Cappelli and Shearer (1988), Brown and McIntosh (1998)). According to Maslow (as discussed in Buchanan and Huczynski
2001) after a level of pay is reached other factors become more relevant, and after this point increases in pay levels might not automatically lead to increase in satisfaction.

3.5 Theories explaining pay satisfaction

3.5.1 Introduction

There are numerous theories within the fields of psychology and economics that can be invoked to describe people's reaction to pay. Economic theories and psychological theories correspond in their outlook that linking pay to performance should increase performance, but disagree on the extent of importance that should be placed on pay. Economists would list pay as the one and only reason for coming to work, while psychologists would place pay among a host of personal and work variables. The two fields also disagree in what are the causes of satisfaction with pay. Heneman (1992) observes that while economic theories emphasise on the opportunity costs to the employment decisions, psychological theories give priority to the attractive outcomes to individuals as a major incentive. The following sections identify and elaborate on the major psychological theories explaining pay satisfaction.

3.5.2 Herzberg's Two factor theory

On the basis of an extensive study involving engineers and accountants Herzberg et al (1959) classified job factors into motivators and hygiene factors. The motivators when fulfilled will lead to satisfaction, while the hygiene factors when satisfied will not. The suggestion is to focus more on the motivators and redesign jobs in order to achieve job enrichment.

Pay according to Herzberg et al (1959) is both a motivator and a hygiene factor. As Lawler (1971) observes, pay is a satisfier only as long as it is necessary to fulfil the
basic requirements. Once a level of pay is achieved, it becomes a hygiene factor and no longer leads to satisfaction. This line of reasoning might not be completely justified as the amount of money required increases with increasing pay creating a higher requirement for pay. Thus current wage increases could be used to motivate people to seek the next wage increase.

3.5.3 Maslow's theory of hierarchy of needs

Maslow (as discussed in Buchanan and Huczynski 2001) posited a 'hierarchy of human needs' based on two groupings: deficiency needs (physiological needs) and growth needs (psychological needs). Within the deficiency needs, each lower need must be met before moving to the next higher level. Once each of these needs has been satisfied, if at some future time a deficiency is detected, the individual will act to remove the deficiency.

According to Maslow, an individual is ready to act upon their growth needs if and only if their deficiency needs are met. At subsistence level this means that people are more focused on attaining their basic physiological requirements and thus more focused on pay. Their satisfaction is consequently guided by the fulfilment of their deficiency needs that require money rather than their growth needs. Maslow's theory suggests that pay is extremely significant for people at the lower end of the pay scale compared to those at the upper end.

3.5.4 Expectancy theory

Expectancy theory is a cognitive theory which argues that human behaviour is directed by the conscious expectations that people have about their behaviour leading to the achievement of desired goals (Buchanan and Huczynski, 2001). In other words,
behaviour depends on the outcomes that an individual values, and the expectations that a particular type of behaviour will lead to those outcomes. Consequently, according to Heinemann (1992) and Vroom (1964) pay under expectancy theory is likely to lead to satisfaction when

- Performance is accurately measured in order to enable the employees to perceive a direct link between effort-performance(expectancy) and performance-rewards (instrumentality)
- Increased pay is a valued outcome for employees to perceive positive valence for their output.
- The relationship between pay and performance is clearly defined to ensure that performance is seen as instrumental to pay increase by the employees.
- Opportunities to improve performance exists
- Expectancy and valence must exist within the employee

However, expectancy theory has been criticised on various grounds. Firstly, it does not effectively account for all kinds of organisational situations. Kennedy, Fossum and White (1983, as discussed in Heinemann, 1992) note that expectancy theory seems to work well on individuals rather than groups. It does not account for group norms, for example, which influences productivity significantly (Buchanan and Huczynski, 2001). Secondly, it does not make allowances for the external conditions that may play a role in pay satisfaction. Economic considerations do influence pay satisfaction according to Hulin et al (1985, as discussed in Judge and Watanbe, 1993) who argue that in periods of labour over supply, employees will perceive their inputs less valuable as there are others present in the market willing to contribute their inputs for a similar or lesser rate of output. Finally, the theory does not specify how people
learn what is appropriate behaviour in different stimulus situations. According to Lawler, (1971), expectancy theory does not explain how people develop their beliefs about the consequences of behaving in a certain manner nor does it explain how people develop their response stimulus subjective probabilities. Why do some people for example, believe that if they perform well, there is a high probability of a pay rise, while others believe there is a very little chance of a pay rise under similar circumstances?

3.5.5 Equity theory

Adam’s (1965) equity theory unlike its predecessors suggests that satisfaction besides being influenced by pay- performance relation of the individual employee, is also affected by the pay- performance relation of significant others. If an individuals’ output/ input ratio is perceived to be lower than another’s’ then that individual may feel under rewarded and work towards equating it with the compared individuals.

Equity theory is an important instrument to understand pay satisfaction. It makes prediction concerning four different pay inequity situations. Lawler (1971) states that an individual can be overpaid, underpaid, piece rate or hourly, and reactions will differ accordingly. For example, if an individual feels underpaid within piece rate incentives, he will react by reducing the quality (thus producing low quality goods in large numbers), whereas if he feels underpaid in hourly system, he may decrease output.

Equity theory also has its share of criticisms. Similar to most other psychological theories, equity theory does not take the external situation into consideration to account for individual motivation. For example, perception of available opportunities...
and the chances of getting them could influence pay satisfaction. Hulin et al (1987) found a significant relationship to exist between turnover and availability of jobs. The theory also does not account for the presence of incomplete information an individual might possess and make decisions based on them. Beach (1997) argues that individuals rarely have complete knowledge and tend to satisfice based on available facts.

### 3.5.6 Drawbacks of major theories

This section has provided an in depth description of the major theories that can be used to understand pay satisfaction. These theories identified ways in which pay can cause satisfaction either through comparisons, needs, as a satisfier, or in the form of expectations.

The theories however do not sufficiently provide an understanding into the pay satisfaction process. The theories did not take external factors like perceived opportunities as possible influences on pay satisfaction. Also none of the theories attempt to explain the satisfaction of pay for people in low paid jobs. As Maslow (as discussed in Buchanan and Huczynski, 2001) observes, people whose deficiency needs are fulfilled will act differently from those whose deficiency needs are not fulfilled. Thus people in low paid jobs will behave differently from other groups, but the theories do not sufficiently look into the satisfaction of pay in reference to whether the job is low paid or not.

Thus far the research has come up with many theories explaining pay satisfaction. It found some conflict in terms of definitions, causes and consequences, the theoretical underpinnings and the measurement of the concept. The next section identifies two theories that can be invoked in order to explain satisfaction with low pay.
3.6 Satisfaction with low pay

3.6.1 Introduction

The previous section identified the main psychological theories that can be used to explain pay satisfaction. It identified the lack of research that looks specifically at satisfaction with low pay. This section identifies two theories that could be used to explain the satisfaction with low pay.

According to the research on pay level satisfaction, pay satisfaction increases with increase in pay level. However, some studies have found otherwise. Cappelli and Shearer (1988) for example found that lower paid workers express higher satisfaction than higher paid workers, which was supported by Brown and McIntosh (1998).

3.6.2 Theory of distributive justice

According to the theory of distributive justice, the sense of underpayment is shaped by the process of social comparisons (Mirowski, 1987). This theory is similar to the idea of ‘herd behaviour’ which is used by economists to explain acceptance of pay and pay rises (Clark and Oswald, 1996). Berger et al (1972) suggest that feelings of underpayment are unrelated to the level of earnings, and related to what is fair and just. Alves and Rossi (1978) found empirical evidence that such a framework of fairness exists in the American population and there are generally agreed upon principles underlying popular judgements concerning the fairness of distribution of earnings. This would suggest that people are satisfied with low pay when they see it as fair and in line with what their job should get. However, others are not so sure arguing that the evidence of awareness of what is just and fair is sparse and mixed (Mirowsky, 1987, Stolte, 1983). Given the lack of research in this area an empirical
analysis looking into the relationship between the acceptance of individual pay and the average pay of occupation would be helpful.

3.6.3 Reference group theory

The reference group theory states that the consequences of inequity can vary depending on the nature of inequity. Based on the Equity theory (Adams, 1965), which suggests that inequity prompts individuals to try and resolve the inequity, it argues that the sense of inequity arises from comparisons with referents (Brown, 2001). Adams (1965) stated that individuals select referents that are similar to the comparer on one or more personal attributes. Blau (1994) identified five major referents or comparison points: social, historical, market, organisational and financial referents which were found to affect pay level satisfaction. The satisfaction with low pay could be explained if people compare themselves favourable to their significant referents. However, there is a lack of empirical research that looks at people in low pay. Similar to the theory of distributive justice, an empirical study that takes the idea of references as a cause of satisfaction with low pay would contribute to the understanding of acceptance of low paid jobs.

So far, the chapter has identified the research on pay satisfaction and described theories that could be used to explain pay satisfaction in general and pay satisfaction for the low paid in specific. It needs to be mentioned that comparison and a sense of fairness are given as key reasons for satisfaction with low pay along with fulfilment of needs and level of earnings. Although there is a lack of a holistic framework, these theories combine together and contribute towards the understanding of why people are in low pay. The next section provides a conceptual framework of satisfaction with pay by describing the main models of pay satisfaction.
3.7 Models of pay satisfaction

3.7.1 Introduction

Satisfaction with pay has been a concern of many writers. Many studies have looked at how pay satisfaction relates to a number of variables. Although various theories in the field of organisational behaviour have been discussed above, most studies looking at pay satisfaction are criticised for a lack of conceptual framework that provides a holistic understanding of pay satisfaction. This section describes the two main models of pay satisfaction.

3.7.2 Lawler’s pay satisfaction model

The first model of pay satisfaction was proposed by Lawler (1971) (see appendix 5a). Lawler (1971) defined pay satisfaction as a function of two perceptions, what an individual perceives they are paid and their perception of the amount they should be paid. It is a natural extension of the pay satisfaction theory proposed by Locke (1968), that a person’s satisfaction with the fairness of the pay for their job is determined by what they want from their job and what they perceives they are being offered. Dissatisfaction is caused when the amount an individual receives is less than what the individual feels s/he should receive. Lawler hypothesised that employees’ perceptions of how much pay they should receive is a function of five factors (1) perceived personal job inputs (2) perceived job demands (3) perceived non monetary outcomes (4) perceived inputs and outcomes of referent others and (5) wage history. The employees’ perception of what they are being paid is hypothesised to be a function of the actual pay rate, wage history and perceived pay of referent others.

This model borrows from both from expectancy theory and Adam’s equity theory/social comparison theory. Lawler went beyond earlier discrepancy models (eg
Katzell, 1965; Locke, 1968) and incorporated notions from equity theory like social comparison into his model. In addition, he also specified the factors influencing the perception of pay. According to Lawler (1971) level of pay will strongly influence the perception of pay received. Moreover, level of past pay will also determine their satisfaction with current pay. The amount of job input, the nature of job and difficulty of performing job will all influence their perception. Also, if they have lower non monetary outcomes like benefits, convenience of shifts etc, then they will expect to receive a higher level of pay. Finally, their social comparisons with significant others will determine their extent of perception.

Heneman and Schwab (1985) extended the Lawler model (1971) in finding empirical support for the proposition that compensation satisfaction has mutiple dimensions (as discussed) and developed their Pay Satisfaction Questionnaire. Miceli and Lane (1991) presented three detailed models of the antecedents of each of the three pay satisfaction dimensions- pay level satisfaction, pay system satisfaction and pay benefit satisfaction.

3.7.3 Dyer and Theriault’s pay satisfaction model

The second model of pay satisfaction is a modification of Lawler’s (1971) original model and was designed by Dyer and Theriault (1976) (see appendix 5b). They altered the model in several ways. First, they introduced ‘perceived adequacy of pay system administration’ to the model, arguing that employees may be dissatisfied with their pay because it is not being administered according to their expectation. Research by Goodman (1974) and Schwab and Wallace (1974) supported this proposition. They also changed the social comparison process (perceived inputs and outputs of others) from being a separate explanatory variable to becoming a dimension of personal job
inputs, job demands and pay levels of referent others inside and outside the organisation, as social comparison theory underlies Lawler's entire model of pay satisfaction. Finally, in addition to the variables proposed by Lawler for 'pay one should receive', they identified suggested cost of living, financial need and financial conditions of employer as significant variables. Weiner (1980) compared the two models in relation to the addition of the pay administration variable. Dyer and Theriault's (1976) model was found to account for significantly more variance than Lawler's model. There is a lack of research that analyses the impact of the other modifications in detail.

Lawler (1971) and Dyer and Theriault (1976) designed models explaining overall pay satisfaction. While Lawler (1971) feels 'perceived amount of pay received and perceived amount of pay should receive' determine pay satisfaction, Dyer and Theriault (1976) define pay satisfaction as a function of equitable pay as well as perceived adequacy of pay system administration. Also importantly Dyer and Theriault (1976) have included circumstances (needs, cost of living, financial conditions) as a determinant of 'pay should receive'.

However, neither model includes market opportunities, which has been identified in this research to influence satisfaction. There is a lack of studies looking at the impact of perceived opportunities on earnings satisfaction. There are some studies looking at extreme situations. Discouraged worker hypothesis holds that looking for work in conditions of general unemployment becomes so disheartening that people who would ordinarily enter the work force would not do so (Hamermensh et al 1996). Under such conditions of reduced labour demands, the jobs are likely to be less attractive, less paid and more costly to search. So peoples' perception of their job as
well as their pay will be influenced by what is available outside. Related to this is the idea of job security.Brittan (2000, Aug 31, Financial Times), found that fear of job loss as an important reason as to why many countries are able to sustain relatively low levels of unemployment, as workers who have jobs hesitate to press for more pay for fear of the possible employment consequences. Research (Brockner et al, 2001; Astrachan, 1995) found that people who survived redundancies reported low level of job security. Given that people take into consideration what is available to them in extreme conditions; it is interesting that there is a lack of studies looking at the relationship between perceived opportunities and pay satisfaction under normal economic circumstances. Also low pay in itself is an extreme condition and perception of available opportunities should play a role in explaining pay satisfaction.

3.8 Issues in pay satisfaction

3.8.1 Level of pay

Level of pay is an important aspect of pay satisfaction. However, there is a lack of studies looking at pay satisfaction based on pay levels (Heneman, 1985). Porter, Greenberger and Heneman (1990) suggested that the relationship was not straightforward. They conducted an extensive study drawing upon theoretical arguments including theories of economics, political science, psychology and psychophysics. Their findings and comparisons to past studies made them conclude that there is a need to test for all theoretical relationship between pay satisfaction and actual pay for any one set of data. Relationships would be influenced by the situation and would not be a simple straightforward correlation. Any study looking at the satisfaction of the low paid would thus definitely contribute to the general pay satisfaction literature.
3.8.2 Conceptualising pay satisfaction

One of the major issues related to conceptualising pay satisfaction is the difficulty in identifying and defining it. There are debates about the dimensionality of pay satisfaction, the components that form a part of it and the ways of identifying it. Carraher and Buckley (1996) suggest that the influences of individual differences in experiences, expectations and abilities along with cognitive complexity (Kelly, 1955) make it difficult for establishing clear definitions of the construct. Thus despite extensive research the concept of pay satisfaction itself remains vague with new boundaries forever being established. Locke (1976) criticises the attitude of researchers who draw on Hume’s ‘correlation without explanation’, leading to observing sequences of actions but not attempting to identify the characteristics of the entities which made these actions possible. An unavoidable effect of the repeated use of this strategy of ‘correlation without explanation’ is scientific uncertainty, past findings repeatedly contradicted by later findings. For example, Locke has listed contradictory findings to that of Herzberg in his article (Locke, 1976), and Sloane and Williams (1996) have obtained results contradictory to Festinger’s theory of cognitive dissonance in relation to satisfaction of overpaid workers.

Another concern under the same heading is the ambiguity of the interrelation between major concepts and pay satisfaction. The relationship between job satisfaction and pay satisfaction is vague at best. Buchanan and Huczynski (2001) speak of fulfilling employee need satisfaction and improve work motivation through job enrichment with no mention of pay satisfaction in their entire book on Organisational Behaviour. Is pay a part of job satisfaction? Economists swear by pay, while psychologists are not so sure. The effect of pay satisfaction on turnover is also not clear. The only agreement among researchers is that pay is important and it causes dissatisfaction,
which in turn has many behavioural consequences like turnover, job search, global satisfaction, sickness, and absenteeism among others.

3.8.3 Pay satisfaction and its relationships with other variables

The inter relationships between the different variables of pay satisfaction is another source of debate. Weiner (1980) criticises the lack of empirical studies attempting to look at the relationship between determinants and consequences of pay satisfaction variables and states that those that do are atheoretical and test single or series of variables. Deckop (1992) for example, listed causes and consequences of organisational and career pay satisfaction but accepted that the model is an outcome, in that the rationale for the distinction is the presumed differences in response that depends on the source of pay satisfaction.

3.8.4 Problems of measuring pay satisfaction

Even though there is a difficulty in identifying pay satisfaction, it has been measured in numerous studies with different degrees of success. Operationally specific definitions looking at pay satisfaction in relation to level of pay, pay systems, career or organisational pay satisfaction among others are created by the researchers and used for the purpose of their research resulting in a lack of a common scale of comparison. As Deckop (1992) observes, most of the attempts to measure pay satisfaction have not been based on specific conceptual models of pay satisfaction. Despite Lawler's (1971) focus on pay fairness satisfaction, both the JDI and MSQ pay subscales include items that measure fulfilment of assorted pay desires, not just perceptions related to pay fairness like for example items 'barely live on income',
income adequate for normal expenses’ in JDI and ‘the chance to make as much money as my friends’ in MSQ (Deckop 1992).

The Pay Satisfaction Questionnaire (PSQ) is one model that has developed from a theoretical model, which has been validated by other researchers (Heneman, Greeberg and Strasser, 1988; Judge, 1993). However, there are criticisms of the measure as being too ambiguous as to which frame of reference respondents should use. Examples include ‘My current salary’, ‘My most recent raise’ and ‘the value of my benefits’. Deckop (1992) argues that the wording of these statements leaves open the choice of referent to the individual and the results will provide no clues to the reasons behind the choices.

3.8.5 Using self reported figures

Another issue is the reliability of using self reported figures (Oppenheim, 1992). Satisfaction is an individual feeling and all measures are self-reported. Given the conflicting theories surrounding pay satisfaction, and the debates surrounding ‘what causes pay satisfaction’, the results of any research will influence its theoretical arguments. Brown and MacIntosh (1998) suspect that in the case of job satisfaction due to the use of self-reported variables, the results although backed by theory and measurements are not completely foolproof. This argument might apply to pay satisfaction as well. Their position that it is impossible to control the level of influence of factors such as mood on the day of answering questions, whether the employee has decided to quit the job due to other reasons and what job rating scales mean to each individual among others could apply to measures of pay satisfaction as well.
3.9 The relationship between job satisfaction and pay satisfaction

Researchers agree that pay is an important aspect of job satisfaction. Heneman and Schwab (1985) found pay to be an important dimension of job satisfaction. Measures of job satisfaction (Job Descriptive Index, Minnesota Satisfaction Questionnaire, Dunham et al, 1977) always include pay as a key factor.

However, research is inconclusive on the specific role of pay in job satisfaction. The specific relationship between pay and job satisfaction is disputed. On one hand, some researchers argue that pay satisfaction is immediately related to organisational factors job satisfaction, motivation, and performance (Katz and Kahn, 1966, Heinemann, 1992, Opsahl and Dunette, 1966; Lawler, 1971). On the other hand, other researchers suggest that pay satisfaction may not necessarily be an active part of job satisfaction. Herzberg et al (1959) classified pay as both a motivator and hygiene factor and suggested that pay is a satisfier only as long as it is necessary to fulfil the basic requirements, and once a level of pay is achieved, it becomes a hygiene factor and so does not influence job satisfaction. Riley et al (1998) also found that people working in menial jobs in tourism separate feelings of pay from feelings about their job, thus detaching their pay satisfaction with their overall job satisfaction. In sum, researchers agree that pay is an important part of job satisfaction but disagree on the exact position of pay within job satisfaction.

3.10 Summary

This chapter has looked at the behaviour of the low paid from a psychological perspective. It has described the key psychological theories explaining why people are in low paid jobs. The chapter tried to understand the meaning of pay for the low paid by looking at theories that explain the satisfaction of pay.
It began by emphasising the importance of pay for the employer and the employee. The chapter then introduced the concept of pay satisfaction as a discrepancy between what one expects to receive and what one is receiving. The key research interests in the field of pay satisfaction included causes, consequences and measurement of pay satisfaction. It was found that feelings of underpayment are more stable over time. It was also found that unfair pay perceptions would result in greater psychological and physical problems when money is badly needed by an employee.

The chapter summarised the key theories explaining satisfaction with pay, and the models of pay satisfaction, while drawing attention to lack of the research that holistically conceptualises pay satisfaction. Two theories have been suggested in this chapter to explain why people are satisfied with low pay. The theory of distributive justice suggested that feeling underpaid is affected by social comparisons similar to pay referents (Mirowsky, 1987, Alves and Rossi, 1978) and so there is a sense of fairness of who should get what that causes satisfaction. Reference group theory on the other hand, proposed that people are satisfied when their pay compares favourably to a host of factors (Blau, 1994). Consequently for people to be satisfied with low pay they should have a low horizon that is created by either a sense of what they should receive or what their comparisons are receiving.

It is important to point out that all major theories ignore the role of perceived opportunities as a factor causing pay satisfaction. There has been some research looking at the role of external opportunities in periods of economic uncertainties. The findings show a definite relationship between perceived opportunities and pay satisfaction. Given that low pay is in itself an extremity, perception of opportunities should play a significant part in people’s satisfaction with their pay.
The previous chapter, Chapter 2, suggested low skills and limited aspirations as causes for people being in low pay. This chapter proposes that pay is important but there are other factors including perception of opportunities, comparisons and a sense of what is fair that are equally important in making people accept their low pay. The next chapter on methodology builds upon these suggestions and establishes a theoretical framework to understand the acceptance of low paid employment.
The man who gets the most satisfactory results is not always the man with the most brilliant single mind, but rather the man who can best co-ordinate the brains and his talents [W. Alton Jones]

4.1 Introduction

This chapter discusses the methodological approach used in this research. Haart (2003) describes methodology as a system of methods and rules to facilitate the collection and analysis of data. Riley et al (2000) describe it as the most important component of the written dissertation. A clear and cogent methodology will inform on the logic of the research as well as justify the procedure taken to achieve the objectives. This chapter firstly, provides a starting point for choosing an approach made up of theories, ideas, concepts and definitions of the topic. It then goes on to discuss the second part of the methodology focussing on the research instrument, the structure of the sample and the chosen method of data analysis.

The aim of this research as previously identified is to understand the acceptance of low paid jobs. The broad aim is to highlight that acceptance of low paid jobs is unique and separate from other circumstances. The research is designed around a working definition of acceptance of low paid employment as not searching for another job.

The proposition which guides this research is based on the theoretical findings and the pointers from the preliminary studies. It is proposed that

The acceptance of low pay is conditioned by the need to extend labour supply and by low horizons engendered by perceived self-evaluation and perceived opportunity
Before embarking on describing the methodology, it is important to briefly discuss the research story so far. Economic and psychological theories gave partial explanations as to why people stay in low paid jobs. However, except for some studies looking at distress selling of labour, there is a lack of research attempting to understand the reasons for a worker continuing to accept low paid employment. This chapter carries the research further by discussing the methodological process of the research.

This chapter is divided into eleven sections. Section 4.2 summarises the key findings of the two literature reviews chapters. Section 4.3 discusses the main objectives of the research and introduces the theoretical framework. The next section 4.4 identifies the key methodological issues in measuring pay. Section 4.5 discusses the input of the two preliminary studies undertaken as part of establishing the research groundwork. Section 4.6 introduces the concept of acceptance and identifies the ways of measuring acceptance. Section 4.7 builds on the previous section and develops the research propositions. Section 4.8 describes the creation of the survey instrument - the research questionnaire and identifies the main issues related to errors in survey research. Section 4.9 discusses the sampling design and selection while section 4.10 briefly looks at the data analysis techniques to be employed and the drawbacks of each technique. The final section, 4.11 summarises this chapter laying the groundwork to begin the data analysis in the next chapter. It is essential at this stage to state that the sensitive nature of pay requires additional care in both planning and conducting the empirical research. It is important to understand that this sensitivity compounds the problems in designing, sampling and analysis of the research. The next section begins by summarising the findings of the literature.
4.2 Summary of the key research findings

Chapter 2 while looking at the economics of low pay identified that the low paid have some typical characteristics that separate them from others. They work extremely long hours (Sharif, 2000) often holding multiple jobs (Kimmel and Conway, 2001, Avrett, 2001). The long hours and multiple jobs could lead to acceptance, as people need time to look for a new job. However, there was a lack of studies looking into the impact of these two characteristics for those in low pay.

According to economic researchers, low pay is said to be caused by a combination of job characteristics (worth of the job, nature of job, skills required, attractiveness of job among others) (Riley and Szivas, 2001) and worker characteristics (human capital, accumulation of human capital, ease of learning) (Hicks 1963, as discussed in Sloane and Theodossiou, 1994). These characteristics combined with the demand and supply of labour is said to create and maintain low pay.

The economics literature also found that the upward mobility for the low paid is very low (Sloane and Theodossiou, 1998 as discussed in Asplund, Sloane and Theodossiou 1998). The suggestion is that people tend to stay on in similar kind of occupations, moving to a job with just a bit more money. The reason behind this absence of upward mobility may be a combination of lack of skills and lack of accumulation of skills overtime leading to a lack of available opportunities.

At subsistence level, economists accepted that there exists a conflict between the idea of utility maximisation and the negative relationship between wage rates and quantity of labour supplied. Some economists ascribed this negative relationship between demand and supply to low aspirations or limited mentality (Berg, 1961, Hicks, 1963, Dunn, 1978) while others argued that it is a sign of distress selling of labour (Sharif,
1991, Barzel and McDonald, 1973). In sum, Chapter 2 suggested that people in low pay are unique and they are in low pay because of their circumstances and also because they don’t have a choice- they tolerate low pay.

Chapter 3 looked at the behaviour of the low paid from a psychological perspective with interesting findings. The literature review established that pay level is an important part of pay dissatisfaction (Heneman, 1985, Lawler, 1971, Tang, 1985, Giles and Barrett, 1971, Porter, Greenberger and Heneman, 1990). Theories of satisfaction also maintain that pay is important and that whether or not pay satisfies, it definitely dissatisfies (McGregor, 1960, Lawler, 1981, Tang, 1995).

While the psychologists accept that pay is an important aspect of the working life, unlike economists they argue that there are other factors that contribute to cause satisfaction. Herzberg’s two factor theory (1959) and Maslow’s theory of need (as discussed in Buchanan and Huczynski, 2001) suggest that pay is important at lower levels than in higher levels (where other things take over). Researchers (Cappelli and Shearer 1988; Brown and McIntosh, 1998) have found that low paid workers have high pay satisfaction compared to highly paid workers.

The theory of distributive justice- who should get what, attempts to explain the acceptance of low pay, however, there is no empirical research looking at low paid jobs. The reference group which attempts to explain pay satisfaction for the low paid as arising from comparisons with significant others also does not have empirical support.

Riley and Szivas (2001) suggested that the low paid might have limited aspirations, which they don’t see as limited, leading to the acceptance of low pay. There has been some evidence that in times of economic depressions, perception of what jobs are
available outside influence individual choices in staying on. However, there has been no research looking at the role of perceived opportunities under normal circumstances. It is argued that the perception of what is available outside will influence an individual’s choice of acceptance of low paid jobs. Thus in all the literature on satisfaction with pay suggests that although pay is important, other factors including favourable comparisons with significant others, perception of what is just and perceived opportunities are equally if not more significant, in causing satisfaction with earnings.

The lack of empirical studies looking at the pay satisfaction of the low paid along with an absence of studies conceptualising the behaviour of the low paid, provide the rationale for the study. The following section identifies the objectives of the research.

4.3 Objectives of the study

The previous section identified the key elements in literature that appear to influence the acceptance of low paid jobs. This section illustrates the key research question and the objectives.

Research question

Why do people accept low pay?

Research objectives

1. What are the key external factors that influence the acceptance of low pay?
2. What are the psychological processes involved in the acceptance of low pay?
3. Is there a difference between those who are searching and those who are not searching for a better job?
The next section discusses the methodological problems associated with achieving the above research objectives.

4.4 Methodological issues in researching pay

The research aims to examine an extremely sensitive topic, pay. There are many difficulties associated with researching pay, the key problem being peoples' dislike of discussing their pay. Sloane and Theodossiou (1998, as discussed in Asplund, Sloane and Theodossiou, 1998) draw attention to the extreme difficulties in obtaining pay data and suggest that researchers use methods for obtaining information on pay based on the specific requirements of their study. Another problem in researching pay is the lack of international or national standards for measuring pay. Researchers obtain information on pay in different ways, with information being extracted on an hourly, weekly, monthly or annual basis. Sloane and Theodossiou (1998, as discussed in Asplund, Sloane and Theodossiou, 1998) observe that there are no international standards for measuring pay and this should be decided by the researcher based on the needs of the research and the resources available to the researcher. The lack of a standard definition of low pay and the numerous ways in which pay is administered also add to the problems of comparisons. Atkinson et al (1992) are not certain regarding the best way to extract information on pay as it can be administered in many ways including piece rate, monthly, with bonuses, hourly, temporarily, target based and so on. These issues are compounded by another key problem, to find substantial sources of people in low pay willing to participate in the research and provide a significant sample for data analysis. All these concerns influenced the way the methodology was designed and modified, and the way the research progressed over time.
Based on the research objectives and the findings from the literature, two studies (preliminary studies appendices 7 and 8) were done based on the findings of the literature. The next section discusses the contributions of these two preliminary studies to the final study.

4.5 Input of the pilots

The two pilots aimed to look at satisfaction with pay in different occupational circumstances. The first pilot looking at a random sample in a research park found the low paid to be more satisfied with their pay than the highly paid, supporting earlier research findings by Cappelli and Shearer (1988) and Brown and McIntosh (1998). The findings support Maslow's (as discussed in Buchana and Huczynski, 2001) contention that pay is more important at lower levels than at higher levels. They also support Riley and Szivas's (2001) suggestion that the low pay might not be seen as such by the receivers themselves and an individual will be satisfied with his pay when his target is attained (however low it might seem to the outsiders). The study also found that the sample had a very low turnover rate, with the management suggesting a perception of economic factors as a contributor to acceptance of low pay. According to Brittan (2000) economic uncertainties is a significant factor and has resulted in lower turnover among employees over the past few years. The first preliminary study thus found some support for low income aspirations and perception of available opportunities as factors of acceptance of low pay.

The second pilot looking at a low paid sample found attaining of income aspirations to cause satisfaction with pay. Those with target earnings closer to actual earnings were more satisfied with their pay compared to the others. It also found that the sample had been working in similar jobs in the past, suggesting limited horizons.
spite of being dissatisfied with their earnings the sample was working extremely long hours in the same job, suggesting distress selling of labour and a lack of perceived opportunities. The pilots recognised low horizons, limited income aspirations and long working hours as factors that influence people to stay in low paid jobs. In all, both the pilots found that although pay was important, there were other more important factors that influenced the acceptance process.

The findings from the preliminary studies and the factors identified in the literature combined to form the guiding proposition of the study. It is thus suggested that

*The acceptance of low pay is conditioned by the need to extend labour supply and by low horizons engendered by perceived self-evaluation and perceived opportunity*

The study is guided by this principal proposition that also underpins the methodological research. The next logical step is to examine the key variable introduced in the proposition, the concept of acceptance. The next section aims to describe the philosophy of acceptance and arrive at a working definition of acceptance.

4.6 A working definition of Acceptance

The literature suggests that people stay on in low pay either because they tolerate it or because they are satisfied with it. The aim of the research is to identify specific factors that make people stay in low paid jobs, which could be anything from tolerance to satisfaction. So, the research aims include all degrees of attachment, vis a vis extreme satisfaction, to bare tolerance. Thus, the research has coined a holistic word acceptance.
There is not much research on the philosophy of acceptance and its position in an individual’s decision making. Therefore the research has provided a synthesis of their understanding from the fields of economics, psychology and others. Acceptance can be defined as the act of agreeing to the terms of an offer. For example, an employee accepts an offer of employment by agreeing to work for the employer for the wages offered. The acceptance may be expressed as when it is openly declared by the party to be bound by it, or implied as where the party acts as if they have accepted.

Acceptance in regard to its extent and effect can broadly be divided into absolute, conditional and partial acceptance, the terms being self explanatory. However, by definition as seen previously, acceptance is in a sense acknowledging how things are without judgement, negativity, and anger or blame (Russell, www.innerself.com). It does not mean that it cannot be changed, it simply means at that point in time an individual acknowledges the state of affairs.

Russell (www.innerself.com) argues that the important part of any decision that an individual makes is to accept the choice they are making, and realising that they can always make a different choice later on. Although acceptance itself is impartial, the next step or action, involves judgement and that is dependent on the kind of choice that caused the acceptance. Richard de Charms (1969) postulated that ‘Looking at both sides of a coin, we may hypothesise that when a man perceives his behaviour as stemming from his own choice he will cherish that behaviour and its results, when he perceives his behaviour as stemming from the dictates of external forces, that behaviour and its results, although identical to other respects to behaviour of his own choosing, will be devalued.’ Thus if an individual accepted to work with an employer due to no other choice being available, the individual will continue to accept the
agreement as long as s/he continues to have no other choice. On the other hand, if the choice was perceived and actual the individual will either not look for alternate options or continue to accept the agreement till a better one comes along.

As seen from the above discussion, although acceptance may have causes and consequences, it primarily concerns itself to being impartial and encompasses all the degrees of attachment to the object. Since the interest of the study is to see why people are in low paid jobs it is important not to look through any judgemental eyeglass, and this is what makes the idea of acceptance the perfect anchor. For the purpose of this study the working definition of acceptance is the act of taking something that is offered. All the variables and their interrelationships are anchored on this definition of acceptance.

If acceptance is the act of taking something that is offered, the behavioural proof of acceptance would be keeping what has been offered. Thus the proof of acceptance of low paid jobs would be staying on in the low paid job. It was decided to use the idea of currently searching or not searching for a better job as proof of accepting the current job. The argument being people who are not searching for a better job can be said to accept their current low paid job. Additionally, extension of labour supply in current job while not searching for another job is taken to be further evidence of acceptance of low paid jobs.

The idea of searching is different from ‘intention to quit’. Turnover research states that turnover cognitions represent mental decisions intervening between an individual’s attitudes regarding a job and the stay or leave decision (Griffeth and Hom, 1991). In other words, behavioural intentions are immediate precursors to actions. However, ultimately they are but intentions and they do not inform on
whether the employees are currently searching or not. Therefore the study asks whether the respondents are actively searching as against looking into their intentions to quit.

Although the definition of acceptance and the behavioural proof of acceptance appears to be sound in logic, it is accepted that there is no theoretical backing. The idea of acceptance has its origins in both the economic arguments of tolerance of low pay and the psychological contention of satisfaction with low pay. The aim would thus be not only to understand the concept of acceptance but also to identify its place in the wide world of pay literature. The philosophy of acceptance explored, the next step is to formulate the research propositions that would guide the study.

4.7 Development of research propositions

In order to explore the aims and objectives, it is essential to formulate the propositions that guide the research design. It is not possible to know every proposition at this stage as new ones are often formed at further stages of the research. At this point it suffices to say that the propositions for this research have been created based on the research question and the accompanying objectives. The key research propositions regarding the opinions/ and or beliefs of the survey sample are identified below

1. The behavioural proof of acceptance of low pay in not searching for a new job.

2. The extension of labour supply while not searching as additional proof of acceptance of low pay. Extension of labour supply being the amount of overtime in the present job.

3. The impact of working long hours on not searching for a new job.

   Working long hours defined as working overtime and/or working in multiple jobs.

4. The influence of low horizons on not searching for a new job.
Low horizons produced by a combination of

a) Perceived self evaluation - target earnings relative to both real earnings and earnings of the occupation, better job defined as same job (same occupation) but more money

b) Perceived opportunities - a lack of perceived opportunities

These objectives and the literature review led to formulation of some general propositions, which would form the groundwork of the research. These include

1. **Those searching for a new job will display less extended hours than those not searching**

2. **The principal attribute of a chosen better job would be ‘more money’**

3. **Most subjects not searching will perceive a lack of opportunity**

4. **Low horizons for those not searching will be indicated, firstly by target earnings remaining close to existing earning and to mean job category pay and secondly by choice of ‘better job’ being within the same job category as the existing job**

These research propositions guide the design of the research, a detailed description of the various components of the research design is discussed in appendix 6. The next section discusses the survey instrument in terms of how they meet the requirements of the research propositions.
4.8 The survey instrument

4.8.1 Introduction

The section on research design (see appendix 6) identified some key issues to be considered while designing questionnaires in general and on attitudes in specific. It looked at issues of scaling, measurement, design and validation of the questionnaire establishing the choices for this research. This section carries on from that point identifying the choices made in creating the questionnaire and modifications from the pre testing.

4.8.2 Pre testing the research questionnaire

According to Oppenheim (1992) each survey research presents its own problems and difficulties, and expert advice or spurious orthodoxy are no substitutes for well organised pilot work. A pilot not only helps with the wording of the questionnaire, but also aids the procedural matters such as design of a letter of introduction, the ordering of question sequences and the reduction of non response rates.

Alreck and Settle (1995) define pre testing a survey as a brief preliminary survey, often using a small, convenient sample, conducted to test the survey instruments and data collection methods before the project details are finalised and a larger, formal survey is conducted. A pre testing for this survey was carried out on a small sample of six employees working in a nearby fuel station. The sample was representative of the typical low paid sample as defined in Chapter 2. It was found that the respondents did not have much difficulty in comprehending the questionnaire. The only change was that 'benefits' was changed to fringe benefits in PSQ as 'fringe benefits' is a more
common term in U.K. The pre testing was followed by a more substantial preliminary study.

**Preliminary study 1**

This preliminary study explored the relationship between money attitudes and pay satisfaction and the influence of income levels on pay satisfaction (see appendix 7). The sample was a random sample consisting of employees working in a research park associated with the University of Surrey. The variable of primary interest to this research was the pay satisfaction variable, the variance in which was attempted to be explained by two independent variables—money attitudes and pay level. The influence of some work related variables including job title, nature of employment, tenure, pay administration and benefits, and the independent subject variables namely, gender, age, and education among others were also investigated during the course of research.

The postal questionnaire was divided into four parts (see appendix 8a for questionnaire). Festinger and Katz (1966) suggested that the questionnaires should follow a funnel approach, easy to difficult, while Sekaran (1992) suggested that income and personal information should appear in the end as respondents would be better convinced of the genuineness of the research and more probable to give sensitive personal information. Keeping these issues in consideration, the first part contained the Tang’s (1995) short money ethics scale (SMES) and the second part Henemann and Schwabs’s (1985)-pay satisfaction questionnaire (PSQ). The third section consisted of Price Mueller’s (1981) instrument on intention to quit and the final section consisted of personal and work related information including information on earnings and hours at work. There were no modifications suggested by the respondents and the questionnaire was comprehensible and informative according to the respondents.
Preliminary study 2

The first study found differences in satisfaction with pay across earnings. This led to a more focussed study that specifically looked at people in low paid jobs. One of the drawbacks of the first quantitative pilot was its inability to sufficiently explain the ‘why’ aspect of people’s feelings towards pay. Qualitative research has the advantage of exploring the participants’ own experiences, and helping the researcher in getting significant insight into the pay acceptance process. So an interview schedule (for personal and work related information) was combined with questionnaires (for SMES, PSQ and Price Meuller’s (1981) Intention to Quit instruments) for the survey (see appendix 8b for questionnaire).

Extensive research on the characteristics of the low paid identified additional variables for research, which was included in the second questionnaire. The first three parts remained similar to the first preliminary study, while the fourth part on personal and work related information was divided into two. Part four asked for information on personal and non-income details about work. The non-income details include information on hours, multiple jobs, shifts and past jobs. Part five was dedicated to pay as earnings, extra effort and target income as they were proposed to be crucial in the acceptance of low pay.

A pilot of the second preliminary study was conducted on 10 people working in a local bakery in Guildford, Surrey, U.K. It found that people were uncomfortable in answering direct questions on pay, thus categorical options were added. Also, some worked seasonally, so a question asking if their job was seasonal was added. The revised questionnaire was administered to people working in an industrial laundry in Woking, Surrey, U.K. (see appendix 9 for transcript). Although not apparent in the
pre-test, in the second preliminary the sample found the clubbing of personal and work related information to be too long and the respondents got bored during the interview. This issue was taken into consideration while designing the questionnaire for the main study.

The main aim was on making the instrument as clear as possible while simultaneously testing the feasibility and usefulness of the questionnaire. The format, wording and variables of the questions were pre tested in order to ensure that the question meant the same for both the researcher and the respondents. The main changes from the first and second preliminary were to make the questionnaire more personal and friendly. Therefore the wordings in the questionnaire were changed to become more personal. An example is *Your educational qualification* was changed to *what is your highest education, marital status......* to *are you currently single or married* and so on.

The pre testing suggested that people were not sure about the meaning of 'job title' with one respondent putting a question mark and another leaving the space blank. The question was then rephrased to ‘can you tell us what you do in this job’ in order to make it more simple and understandable.

The format and structure of the questionnaire was influenced highly by the two preliminary studies. The following section discusses the formulation of the main research questionnaire.
4.8.3 The research questionnaire

Fowler (1993) suggests that a good survey instrument must involve the questions that meet the research objectives. Sekaran (1992) states that a questionnaire is an efficient data collection mechanism only when the researcher knows what is required and how to measure the variables of interest. Riley et al (2000) identify three fundamental points that a researcher should be aware of before designing the questionnaire:

- What do you want to know about your topic?
- How much do your intended subjects know about your topic?
- In what human terms will the answers be expressed, or, what are you actually measuring?

Based on the understanding of the research requirements and the requirements of creating an effective questionnaire, the questionnaire was developed to sufficiently focus and obtain the required answer, succinct to reduce error and bias, and uncomplicated to aid common understanding (Alreck and Settle, 1985, Oppenheim, 1992).

In order to ensure that the questionnaire was easy to complete and to avoid putting off the respondents, four sections were developed within which the questions followed logically and meaningfully. The length of the questionnaire was three A4 pages printed on both sides. Given that the research requires extensive information on work and personal information and the problems of boredom encountered in the second preliminary study, it was decided to break personal information and work related information into two parts. The questionnaire was divided into four parts.
Part A began by asking the respondents about their main job. It began by asking them factual questions about the job including job title, tenure, hours of work, hours of overtime, shift times and days of work. The purpose of the questions on hours of work was to see the extent of effort, and extra effort undertaken by the sample. Traditional economic theories suggest that the low paid often work extremely long hours (Sharif, 1986), and the guiding proposition suggests that working long hours influences the acceptance of low pay.

Q12 – Q20 of Part A asked the respondents about their job opportunities. Hulin et al. (1985) found that a significant relationship exists between voluntary turnover and availability of jobs. So any research looking at job opportunities has to look at the availability of jobs as perceived by the employee. Q 12 began by asking the respondents to rate their satisfaction with their current main job. The researcher did this in order to make the respondents take stock of their current job. The next question asked them the reasons for staying in their current job. As proof of acceptance is 'not searching', question 14 asked them if they were actively searching for a new job. This was followed by two open ended questions, what makes you look for a new job?, and how would you define a better job? Self definition of a better job is crucial to the research, as the definition of a better job along with the past jobs and the current job will paint a picture of what the respondents are looking for in a job. The idea behind using an open ended format was to make sure that no options have been left given that there is no previously tested instrument for defining better jobs. The answers were then coded into broad categories. Q19 and Q20 asked specific questions on perception of market opportunities. Q19 asked the respondents what their chances were in getting a better job. A nominal category was used in order to assess if the respondents felt whether they could or could not get a better job. Q20 also used a nominal scale asking
those who felt they could not get a better job the reasons for their perceptions. The options were broadly adapted from Goldthorpe et al’s (1968) study where workers identified reasons for negative assessments of chances of being promoted to a foreman from a manual worker. Given that the study looked at affluent workers four additional options were given. Women are often said to be in low paid jobs because of family commitments (Harkness, 2002), so family commitments and lack of time were given as options. Two additional categories, lack of information and lack of interest in getting a better job, were also added to the question along with an ‘others’ option for any that may have been missed by the researcher. Once the respondents had described a better job for themselves, Q21 asked them their target earnings; guided by the proposition that acceptance is caused by limited aspirations.

The next three questions were related to past jobs. Q22 asked the respondents the number of jobs they had worked in within the past three years in order to see the extent of turnover. Q23 asked them why they had left their last job and Q24 asked them to list their last five jobs. The question aimed to see the pattern of jobs followed by the employees. If they remained in similar kinds of jobs, then it would suggest that they have limited job aspirations and their idea of a better job would be a new job paying more money.

Q25 to Q28 asked the respondents about their income and benefits in their main job. The questions combined both categorical and open-ended questions as pay information is crucial and needs to be accurate. Also actual earning figures would increase the possibilities of testing relationships as against categorical information. Q27 thus asked for information on pay per hour in addition to categorical options. It
was felt that people would be more comfortable in giving information of their pay per hour rather than total pay.

The next two questions were related to the membership of unions. As the sample was approached through unions the effect of unions was tested. Q 30 asking them if their union was recognised was added on the suggestions of the Trade Union Congress.

The final question in part A looked at income inequity as traditional reference group theory suggests that satisfaction with pay level comes from comparisons with others. Brown (2001) identified five referents that could cause pay level satisfaction, market-pay in comparison to jobs in the industry, organisational-pay in comparison to jobs in the company, financial-pay in comparison to needs, social-pay in comparison to family and friends and historical-pay in comparison to previous jobs. These statements were measured on a pay equity scale of 'above, same, or below', as the focus is whether the employees consider themselves to be paid more or less than a referent, and not on their relative position on a single scale (Brown, 2001). This way of measuring is also consistent with earlier pay equity research (Adams and Freedman, 1976).

Part B gathers information about other jobs held by the respondents. Multiple job holding or moonlighting is commonly assumed to be caused by hours constraint on the primary job that limits the primary job's earnings capacity and causes economic hardships (Kimmel and Conway, 2001; Avrett, 2001). The research proposes that this holding of multiple jobs impacts the acceptance of low pay. The questionnaire asks the respondents about the details of their second job including hours of work, times of work and income received. Q6 of part B asks a straightforward question on income from other jobs. The rationale is as follows. It was felt that the earnings from main job
will be the main focus of the study, so two methods of accessing that information was used in part A. The earnings from second job is additional information and the raw figures would enable better comparisons with extended hours.

Part C consisted of Tang’s (1995) SMES. Money attitudes or feelings towards money is important, the affects of which can be seen in work performance, political ideology, spending habits, attitudes regarding the environment among others (Roberts et al 1999). However, very little research has looked into the role of individual differences in the general attitudes towards money on pay satisfaction (Furnham and Okumura, 1999, Tang, 1995). Yamauchi and Templer’s (1982) Money Attitude Scale focuses on consumers behaviour while Furnham’s (1984) Money Beliefs and Behaviour Scale looks at money pathology and has been reported to have low internal reliability (Furnham, Kirkcaldy and Lynn, 1996 as discussed in Roberts et al, 1999) as was Forman’s (1987) Money Madness Scale that was found to be in need of further work (Furnham et.al., 1996). Tang’s SMES which is suitable for organisational settings was thus used, measured on a five point scale (range- 12- 60) for the purpose of this research.

The final section, part D consisted of personal and pay related information. Given that level of earnings and hours worked are extremely vital to the research, respondents were asked their overall earnings and total hours of work. The answers could be used to increase reliability of the responses by cross checking the earlier information. Q11 in part D asked the respondents about their pay satisfaction. A single statement was chosen against the Henemann and Scwab (1985) pay satisfaction questionnaire, as the focus is on acceptance of low pay which is defined by pay level. According to Henemann and Schwab (1985) scales like the Job Descriptive Index and the
Minnesota Satisfaction Questionnaire asking about pay as a unidimensional construct correlate strongly with pay level satisfaction.

The questionnaire is provided in appendix 10.

4.8.4 Issues in survey research- errors

According to Jolliffe (1986) errors can occur whenever there is a difference between the true value of a quantity and the value of it obtained in the survey. Errors can be caused by variability and bias. They can be either sampling errors or non-sampling errors. Sampling errors occur because observations are made only on a sample of the population.

Non response errors can occur (Elliot, 1991) through

- non coverage- missing of units of population either by constraints or by accidents,
- unit non response- no information is obtained from a sample unit due to refusal, failure to contact or change of address
- item non response- when individual questions of the questionnaire are not answered either due to ignorance, refusal to answer or omission by mistake

The researcher has attempted to address all the errors through sample design. Additional care has been taken to address the issue of item non response which can arise through questionnaire design, (as discussed in previous section on questionnaire design) given that pay is a very sensitive topic. The previous section discussed the development of the survey instrument from the preliminary stages and also highlighted some issues in conducting survey research. The following section discusses the sample design and selection by identifying the required sample size, the
methods of data collection and the process of choosing the main sources of data collection given the sensitive nature of the subject.

4.9 Sample design and selection

4.9.1 Introduction

Sekaran (1992) defines sampling as the process of selecting a sufficient number of elements from the population so that by studying the sample, and understanding the properties or characteristics of the sample, it is possible to generalise the properties or characteristics to the population element. The characteristics of a population such as μ (the population mean) and σ (the population standard deviation) are referred to as the parameters of the population. Riley et al (2000) state that if the sample is selected in certain ways, it can be used as a legitimate basis for drawing inferences about the populations from which they are drawn. In essence, within certain boundaries, claims from the sample can be generalisable to the population to which they belong.

The sampling frame is a definable group or aggregation of elements from which the sample is selected (Jaeger, 1984). Schofield (1996) maintains that a sample frame must be selected properly so that it does not cause bias. Bias can be defined as the effect on the sample data that leads to the statistic value of the sample being further away from the true population value than would have been the case if that effect was not present. Schofield (1996) observes that if the sampling frame is a biased representation of the population to be observed, then increasing the sample will not help as the bias continues to be present.
It is essential to take external validity into account to achieve generalisability. Fink (1995) defines external validity as the boundaries or domain for which the findings can be interpreted and applied. External validity aims to address the researcher’s ability to generalise the finding from their study to beyond the cases used in the study. Consequently, establishing a high degree of external validity would help in building credibility with the study and its findings.

4.9.2 Sampling methods

When selecting a sample, accuracy should be looked at along with feasibility and cost (Schofield, 1996). Probability sampling is where each element in a population is randomly selected when constituting a sample and each element has a known, non-zero chance of being selected (Arber, 1993 as discussed in Riley et al, 2000). Alreck and Settle (1985) state that the selection of a representative sample is mainly achieved by using a random sample taken from the study population, which is required to eliminate sampling error. Thus for statistical purposes, random sampling is the most desirable as the researcher can compute and report confidence intervals indicating the probability that the population average is within a certain range around the sample average.

This study in order to achieve maximum external validity and to be able to use normal statistical tests firstly identified the sampling frame. This was done by identifying the occupations that are low paid. The first report of the National Minimum Wage (1998) identified low paid occupations as did the Low Pay Unit (see appendix 2).
As previously discussed, the study of pay is sensitive and there are methodological constraints surrounding it. A reasonably large sample size of low paid workers was required given the large sampling frame. The aim was to approach bodies either related to low paid workers or researching low paid workers. After extensive consultations with the supervisory team, the following sources were identified and asked for advice on possible sources of data (see appendix 11 for letter) as seen in table 4.1.
Table 4.1: List of organisations contacted for advice on sources of low pay data

<table>
<thead>
<tr>
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<th>Organisation</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>Trade Union Congress (TUC)</td>
</tr>
<tr>
<td>2.</td>
<td>Job Centre Plus (part of Department of Trade and Industry)</td>
</tr>
<tr>
<td>3.</td>
<td>Low wage commission</td>
</tr>
<tr>
<td>4.</td>
<td>Union of communication workers</td>
</tr>
<tr>
<td>5.</td>
<td>Association of Flight Attendants (AFA)</td>
</tr>
<tr>
<td>6.</td>
<td>Bakers, Food and Allied Workers Union (BFAWU)</td>
</tr>
<tr>
<td>7.</td>
<td>Transport Salaried Staffs’ Association (TSSA)</td>
</tr>
<tr>
<td>8.</td>
<td>The National Association of Local Councils</td>
</tr>
<tr>
<td>9.</td>
<td>National Institute of Economic and Social Research</td>
</tr>
<tr>
<td>10.</td>
<td>Low Pay Unit</td>
</tr>
<tr>
<td>12.</td>
<td>CESI (Centre for Economic and Social Inclusion)</td>
</tr>
<tr>
<td>13.</td>
<td>Transport and General Workers Union (TGWU)</td>
</tr>
<tr>
<td>14.</td>
<td>Union for Public Service Employees (UNISON)</td>
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<tr>
<td>15.</td>
<td>Institute for public policy and research (IPPR)</td>
</tr>
<tr>
<td>16.</td>
<td>Poverty and Social Exclusion Unit of the New Policy Institute (NPI)</td>
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<tr>
<td>17.</td>
<td>Joseph Rowntree Foundation (JR)</td>
</tr>
<tr>
<td>18.</td>
<td>Policy Studies Institute (PSI)</td>
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<tr>
<td>19.</td>
<td>Anderson Consulting</td>
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<td>20.</td>
<td>Equal Opportunities Commission (EOC)</td>
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<tr>
<td>21.</td>
<td>Labour Research Development (LRD)</td>
</tr>
<tr>
<td>22.</td>
<td>National Minimum Wage Commission</td>
</tr>
</tbody>
</table>
The process of emailing was done in the first and second weeks of October, 2002. Most of the organisations replied back stating that they used secondary data either from the Labour Force Survey, New Earnings Survey, Office of National Statistics or the Household Below Average Income Survey. TUC and TGWU accepted to forward the questionnaires to their members. Also, the New Policy Institute suggested contacting TELCO (The East London Community Organisation) as a possible source of data.

The TUC asked for 50 questionnaires, which they said they would photocopy and send to members in low paid occupations (as described by the National Minimum Wage Commission, 1998) along with a letter from them advocating the return of the questionnaires. The TGWU agreed to distribute 200 questionnaires to its members. TELCO accepted twenty questionnaires. The questionnaires sent to TGWU and TELCO were accompanied by a letter from the researcher to assure confidentiality and stressed the importance of the research (see appendix 12 for letter), along with postage paid return envelopes.

At this point, it was felt that the sample will be biased as the data sources were from trade unions. Because of that the study had to change strategy in terms of sample selection. 350 questionnaires were further distributed by hand to hotel and retail workers to consolidate a representative data of union and non-union members. In order to ensure some degree of representation of different geographical areas, the questionnaires were distributed in parts of East London and Surrey- South East England. It is accepted that there is a degree of convenience. A ‘convenience sample’ or a sample that is convenient to the researcher in meeting their objectives (Riley et al,
2000). However, the time and money constraints along with the sensitivity of pay guided the methodology of the study.

In all 357 questionnaires were returned, of which 333 were completed and usable. 69 from the Trade Union Congress, 146 from the Transport and General Workers Union, 138 were returned from non-union sources consisting of hotel and retail workers, and 4 from TELCO. When the researcher contacted TUC enquiring the number of questionnaires sent, the TUC were unable to give a guideline as the questionnaire was photocopied in regional offices. Thus the actual response rate is not calculable. Ignoring the TUC, 288 questionnaires were returned out of 470 sent, leading to a reasonably high response rate of 61%.

The process took approximately two months in all from the 11th of November 2002 to 27th of January 2003. It was felt that maximum effort had been undertaken and no further actions could be taken to increase the response rate. The response rate could have been influenced by the busy Christmas period, but time constraints could not help it to be scheduled otherwise. Given that a reasonably high response had been elicited, all possible avenues enquired, and a sufficient number of responses obtained, given the sample size requirements (see next section) the data collection had achieved what it had set out to do.

4.9.3 Part time data

The aim of this study is to comprehend the acceptance of low pay, in other words, to understand why are people in low paid jobs. Part time work has been identified as a major factor influencing low pay. According to the Low Pay Commission (1998), part time workers make up just over half of low paid workers. Logically any empirical
data would include a significant number of part time workers. It was true in this research as well where one fifth of the sample (66 out of 333) was found to be working part time in their main jobs.

Many factors contribute to the association between part time work and low pay. Reduced hours causes the pay differentials, however they are other key characteristics that lead to people taking up part time work. There is clear evidence that the motivations to work in part time are exclusive and most studies find that a majority of people who work in part time do so voluntarily (Worklife, 2000, Nardone, 1995, Barett and Dorion, 2001). Most individuals who work part time do so because it suits their personal circumstances or because they prefer it. Researchers have found that people prefer part time because of the flexibility and autonomy it offers and it also facilitates a balance between family and work obligations (Fisher, Schoenfeldt and Shaw, 1990, Nardone, 1995, Rosendaal, 2003, Chang and Chelladurai, 2003). Their acceptance of low pay is thus a consequence of a combination of the factors listed above and consequently different from the work orientations of those in low paid full time jobs. In order to achieve the aims of the research as to what makes people stay in low pay, it was thus decided to exclude part time data from the research analysis.

The definition of part time is subjective like the definition of low pay. There are differences as each country has its own guideline of what is considered part time (International Labour Review, 1997). In the U.K., the Part Time Workers Prevention of Less Favourable Treatment Regulations 2000 defines part time workers as

'A worker is part time ... if he is paid wholly or in part by reference to the time he works, and, having regard to the custom and practice of the employer in relation to
workers employed by the workers employers under the same type of contract, is not identifiable as a full time worker.'

Van Bastelaer (1997) observes that in general, in the United Kingdom, an individual has to work less than 30 hours a week to be considered part time. The International Labour Review (1997) also suggests the use of 30 hours as a common threshold for defining part time work to facilitate international comparisons. A decision after consulting the supervisory team was made to define part time as those working under 30 hours a week and then exclude them from the research analysis.

4.9.4 Reliability and validity

Establishing validity is often a great challenge especially in attitude studies. Riley et al (2000) call it circular logic. They argue that as attitudes are inferred phenomena, just because a positive or negative direction towards an attitude is seen, it is inferred that the dimension which measures attitudes towards the object has been found. Alreck and Settle (1985) argue that validity represents the adequacy with which a specific domain of contents has been sampled and it is determined based on two criteria: determining whether an instrument contains a representative collection of items, and determining whether a satisfactory method to test the instrument is used. Yin (1994) proposed some commonly used measures to increase validity including multiple source of evidence (triangulation), establishment of a chain of evidence to link the questions asked, the data collected and the conclusions drawn, and review of preliminary findings by participants or informants. Denzin (1978) Patton (1987) and later Janesick (1994) introduced some types of triangulation including
In order to meet the criteria discussed above, and ensure validity, the variables and measures used for this study were developed as discussed. An extensive review of existing literature was conducted to draw upon the previous research and knowledge to support each of the constructs that have been identified. The constructs that were identified were refined after careful consideration and meeting with the researcher's supervisory team. The researcher carried out two extensive pilots to test the instruments used. The findings are discussed in the appendices 7 and 8. Also the preliminary findings of the main study were discussed with the supervisors to ensure the effectiveness of the methodology.

The triangulation method was also carried out to improve validity. Investigator triangulation was carried out by selecting people from different occupational backgrounds- transport and communication, hotels, retail workers, cleaners and others. Interdisciplinary triangulation was achieved by unifying theories in the field of labour economics (distress selling of labour by people in low pay) and occupational psychology (theories of satisfaction). This also led on to interdisciplinary triangulation as the research drew upon works in the fields of organisational behaviour, labour economics and statistical reports at various levels (European Union, U.K., U.K. regions among other).

Internal validity or the extent of confidence in the causal effects- that X causes Y (Sekaran 1992) is of importance as this study attempts to identify the factors causing the acceptance of low pay. Internal validity addresses the measures used in the study and their ability to measure or predict what they are intended to measure or predict and that there are no outside forces or hidden variables influencing the findings (Fink,
A comprehensive survey of literature review looking at all the issues surrounding low pay was undertaken to ensure internal validity. The literature survey also focussed on all characteristics that separated the low paid from the population in order to minimise the risk of external influences.

Reliability means consistency, the ability to reproduce the results, and adequate reliability is a precondition to validity (Oppenheim, 1992). A scale is reliable to the extent to which repeated applications produce the same results given that the attitudes under investigation remain the same. Riley et al (2000) suggest two methods for measuring reliability. First, the split half method that involves the researcher splitting the results of the survey into two parts and correlating the results. The second approach is the internal consistency method where if the scale is expected to measure a single underlying continuum, then the items should have strong relationships both with the continuum and with each other. Cronbach's alpha is the usual test for testing internal consistency. Another approach for measuring reliability is through repeated administrations, or test retest reliability (Sekaran, 1992).

4.10 Data analysis

4.10.1 Reliability of measurement scales

Litwin (1995) notes that the accuracy of the survey instrument used can be assessed by looking at the reliability of those instruments. Internal reliability looks at the homogeneity of the items in a measure while external reliability looks at the degree of consistency of a measure over time (Bryman and Cramer, 1990). Internal reliability can be measured in the SPSS in two ways. The first method is the split half reliability test, which involves the researcher splitting the survey in two parts (randomly or on
odd–even basis) and the second is the Cronbach's alpha. A result closer to one (between zero to one), indicates higher reliability of the results for both of these methods. These two methods have been used to estimate the internal reliability of the survey measures.

4.10.2 Data analysis of the survey

The first step in the analytical procedure is to explore if the data has been entered and coded correctly. This is followed by testing the normality of the data distribution. There are many tests that enable the researcher to test the normality of distribution (see Pallant, 2001) a combination of appropriate tests of normality will be followed in the study.

The procedure of data analysis will begin with the calculation of the descriptive statistics of the sample. The aim here is to describe the sample in terms of its personal and work characteristics and compare it with the characteristics of the low paid as described in the research. Anderson et al (1999) define descriptive statistics as summaries of data, which can be tabular, graphical or numerical. Thus measures of central tendency, dispersion and frequency distribution are presented through graphs, tables and statements to provide a clear and concise picture of the descriptive statistics of the low paid sample.

The next section of data analysis will present the various measures as if they were independent. These fundamental measures include level of pay, hours worked, the effort-pay relationship and several measures of satisfaction. The section will present the measures of central tendency and dispersion for each of the fundamental measures
identifying where they stand in relation to the population. Split half test of reliability will be used to test the reliability of the hours and earnings scores.

Chi square and correlation tests are parametric tests of association for a normal distribution (see Pallant 2001 for details on non parametric tests). Chi square tests also known as 'measure of association' can be applied to determine whether or not an observed set of frequencies matches some expected or desired distribution. Chi square will be done to look at the association between measures of pay satisfaction, job satisfaction and money attitudes. Correlation differs from chi square tests in that correlation coefficients are concerned with actual values and not frequency distribution (Riley et al 2001). Thus it looks for associations between raw figures as opposed to categorical data. T tests and F tests also parametric tests, on the other hand, look for differences between sample groups. T tests, and F tests will be used to test for differences in earnings, effort and satisfaction measures across categorical variables.

It is important to state that parametric tests should only be applied when the data fulfils three conditions (Cramer, 1994) that the variables are measured with an equal interval or ratio scale, the sample is drawn from populations whose variances are equal or homogenous, and whose distributions are normal. The data fulfilled the first and third conditions. With respect to the second condition, it has been shown that the exact sampling frame is difficult to achieve. Research has shown that violation of this assumption has little effect on the value of these tests (Boneau, 1960). Thus, the researcher justifies the use of parametric testing for the purpose of this study.

The third section of the findings attempts to explain the fundamental proposals by bringing together the descriptive statistics and measurement statistics in a way that
builds towards evaluating that proposal and by introducing further measures that address the issue of perceived opportunity directly. These two constituencies of data are brought together by the nominated driving principle of the proposal, which is whether subjects are actually searching for another job. Thus a combination of tests of association and tests of differences between searching and not searching across key categorical and continuous variables will be used to identify any differences between those who are searching and those who are not searching for another job. The research findings will be presented in the next chapter. The next section concludes this chapter by providing a summary of the main points of this chapter.

4.11 Summary

This chapter discussed the methodological approach used in this study. The chapter began by summarising the key findings in the literature and identifying the main research question as ‘Why do people accept low paid jobs?’ and the supporting objectives of the research. It then discussed the input of the pilots followed by introducing the idea of acceptance. Acceptance was defined as the act of taking something that is offered, and consequently the proof of acceptance of low pay was said to be ‘not searching’ for another job.

The chapter then discussed the formulation of the guiding proposition of the research, which defined the structure of the methodology. The next section focussed on the research instrument, sampling and the methods of data analysis. The survey instrument was designed based on two preliminary studies and a pre testing of the questionnaire. The questionnaires were designed with the sensitivity of pay research in mind. It discussed the logic of creating a group of instruments measuring the perception of opportunities. The next section focussed on sample design and selection.
The research accepted the difficulties in specifying the low paid. It then identified the sampling frame as those people who are in low paid occupations as identified by the Minimum Wage Commission (1998). This led to describing the sampling methods chosen within the various time, cost and subject constraints. The use of unions as a database enabled the researcher to obtain a relatively large random sample. However, the impact of union membership was addressed by obtaining a convenience sample of hotel and retail workers.

The final section looked at the methods of data analysis. It identified the chosen methods of statistical techniques, which will be used to analyse the collected data. Depending on the normality of the sample, parametric or non parametric tests will be employed. A combination of Chi square tests and tests of correlation will be used to test the association between groups, while t tests and F tests will be used to look for mean differences across categories. The ultimate purpose is to look for differences in the characteristics of those who are searching and those who are not searching for another job. The next chapter presents the descriptive statistics of the findings of the study.
CHAPTER 5
FINDINGS I- SAMPLE CHARACTERISTICS

Results! Why, man, I have gotten a lot of results. I know several thousand things that won’t work. [Thomas A. Edison]

5.1 Introduction

The proposition, which guided this study, suggests that

‘The acceptance of low pay is conditioned by the need to extend labour supply and by low horizons engendered by perceived self evaluation and perceived opportunity’

The data collected to test this proposition is complex and is synthesised from a large number of sub-measures. It is for this reason that the findings are presented in three sections. The aim is to build an understanding of the conclusions of the research in stages.

• The first stage describes the sample and more particularly it confirms that the sample displays the characteristics of low paid workers.

• The second stage presents the various measures as if they were independent. These fundamental measures are: level of pay, hours worked, the effort-pay relationship and several measures of satisfaction.

• The third stage seeks to provide any explanations of the fundamental proposal above by bringing together the descriptive statistics and measurement statistics in a way that builds towards evaluating that proposal and by introducing further measures that address the issue of perceived opportunity directly. These two
constituencies of data are brought together by the nominated driving principle of the proposal, which is, whether subjects are actual searching for a better job.

As the third stage is where the actual research question is addressed it would be appropriate at that juncture to elaborate on the logic, which develops all the data into evidence for the proposition. As the proposition is concerned with horizons the study needed two additional measures that indicated both levels of aspiration and perceptions of opportunity. To this end the concepts of ‘the self-defined better job’ and ‘self described target earnings’ was used.

The aim of the research is to provide an understanding of the acceptance of low paid jobs. The understanding of Why do people stay in low paid employment is central to the study. The study analysis is based upon the sample being divided into those who are searching and those who are not searching for a better job and it is assumed that they will display differences across a range of measures. The analysis looks at the extent of effort displayed from the point of view of the divided sample. The output of this is to satisfy the first part of the proposition namely to assess for each group (those who are searching for a better job and those who are staying in current job), how far the ‘need to extend labour supply’ was in fact the case. The second part of the proposition involved the more complex issue of perceived horizons.

To accomplish this three further proposition are needed, these are

1. ‘that the principal attribute of a chosen better job would be ‘more money’

2. ‘that most subjects will perceive a lack of opportunity’
3. 'low horizons will be indicated, firstly by target earnings remaining close to existing earnings and to job category pay means, and secondly by choice of ‘better job’ being within the same job category as the existing job’

Data will be presented to substantiate each of these propositions. The final analysis will be based on all the data reflecting the notion of ‘acceptance’ and will be drawn from the wide range of material used to construct the study.

This chapter begins the discussion of the findings by examining the sample characteristics in detail.

The chapter is divided into five sections. Section 5.2 provides an overview of the sample. Section 5.3 describes of the personal characteristics including gender, age, marital status and number of dependants. Section 5.4 presents the samples’ work characteristics which include tenure, occupational classification, number of jobs held and union membership. Section 5.5 summarises the sample characteristics.

5.2 Sample overview

The population for the study consisted of blue-collar workers from industries and positions identified as low paid by the Low Pay Commission (1998) and the Low Pay Unit (2001). The main industries that were identified include hospitality, retail and transport & communication.

The questionnaire distribution has been discussed in detail Chapter 4. Here it is suffice to say that a total of 357 questionnaires were returned. Of this, a significant number of questionnaires had missing data on earnings in main job (181 out of 357). On the other
hand a majority - 333 out of 357 respondents had completed the question on total weekly earnings in all jobs and earnings in other jobs (where applicable). Given the sensitive nature and the difficulty of gathering information on pay, it was decided to use the raw data of total weekly earnings as the earnings figure for all analytical purposes.

The final sample of 333 respondents can be divided into full time and part time. There were 267 full time employees and 66 part time employees, (full time >= 30 hours per week). As previously discussed in Chapter 4, the research included only the full time employees. The following sections provide a detailed but relevant description of the personal characteristics and work characteristics of the 267 full time workers in the sample.

5.3 Personal characteristics

5.3.1 Gender

Traditionally, low paid jobs and industries are found to be dominated by women (Low Pay Commission, 1998), the sample in this study differs. There is a clear majority of men in this sample. There are 175 (65.5%) men as opposed to 92 (34.5%) women. It appears to dispute the traditional findings that low paid jobs are dominated by women. However, it is reflective of the population figures. The U.K. govt national statistics (1997) (http://www.statistics.gov.ukthemes/labour_market) identified full time jobs in which 60,000 men and 40,000 women were paid below £3 an hour. Also, it is consistent with research findings given that the sample consists of only full time workers. According to Harkness (2002), low pay among women is mainly caused by their working part time.

The sample has sufficient representation of both genders for the purpose of analysis.
5.3.2. Age

Traditionally young people and the very old are far more likely to be in low paid jobs (Sloane and Theodossiou, 1998), Hurtsfield (1987, as discussed in Dex, Robson and Wilkinson, 1999). Recent researches have found that the very young are more likely than any other age group to be low paid (Sloane and Theodossiou, 1998; Low Pay Commission, 1998), (Dex, Robson and Wilkinson, 1999). The sample finds to the contrary. The questionnaire categorised age into seven distinct groups. Figure 5.1 presents the age distribution of the sample by category.

Figure 5.1: Age distribution of sample

The figure 5.1 shows that middle-aged people dominate the sample and very few respondents are below 21 or above 55. This is not unexpected, rather it is representative of the proportions of the working population (see appendix 13). The 1997 Labour Force
Survey for example found that the incidence of low pay is far higher among the 18-20 years old (41%), but those aged 21+ accounted for 82% of all people earning under £3.50 (as discussed in Metcalf, 1999). Of the total respondents almost 70% of the sample are between 26 to 45 years of age.

5.3.3 Marital status and number of dependants

This section looks at the marital status and the number of dependants of the respondents. The information will give an insight into the circumstances of the respondents and possibly their motivations to stay in low paid jobs. The categories for marital status were (1) single and (2) with partner. 221 respondents (83%) were married and the rest were single. An open question was asked to the respondents regarding the number of dependants in their household. A total of 157 respondents (59%) had one or more children. The next section describes the job characteristics of the sample.

5.4 Job characteristics

5.4.1 Tenure

The respondents were asked an open question as to how long they had been working in their main job (for tenure distribution see appendix 14). The sample on average has worked for around 2 years, which appears to be quite high for a low paid sample. A closer look shows that 133 respondents (50%) have worked for less than a year. The mode (0.25) and the median (0.92) also give an indication of a lower tenure. The standard deviation (2.6) also is indicative of a high spread within the sample. The next section looks at the number of jobs held by the respondents.
5.4.2 Occupational classification

The questionnaire asked the respondents an open question about their job title in their main job. The answers were then classified into categories identified by the Standard Industrial Classification (see appendix 15). As discussed previously, the sample was chosen from industries that were identified to be low paid. Figure 5.2 presents the occupational distribution of the sample.

Figure 5.2: Distribution of job title

The sample is divided into four main occupational categories as shown in figure 5.2. These include transport and communication, retail, hotels, and others. Transport and communication (transcom) consisted mainly of people working as drivers in private and public buses, trains and trams and also people working as post persons. Retail workers included people working in high street shops and in fuel stations. Hotel workers include people working in hotels, restaurants, bars and take aways. The others category consists of nurses, cleaners, litter pickers, domestic workers and laundry workers, in small numbers insufficient to be put into separate categories for the purpose of analysis.
There are 112 respondents (42%) working in retail, 81 (30%) in transport and communication (abbreviated to transcom) and 46 (17%) of the sample working in hotels. 28 respondents (11%), hold a variety of jobs and are grouped together under the category of other jobs. The high numbers of transport and communication workers could be due to the using of the TGWU union for distribution of questionnaires.

5.4.3 Multiple jobs

Traditionally, the working poor are said to work long hours and hold more than one job (Sharif, 2001). A significant number of this sample holds multiple jobs. In all 93 respondents (35%) of 267 have two or more jobs. Equal proportion of men 66 respondents (38%) and women 27 respondents, (29%) hold more than one job.

The relationship between multiple jobs and occupational categories is interesting. Table 5.1 presents the results of the cross tabulation tests

Table 5.1: Cross tabulation of number of jobs worked with occupational categories

<table>
<thead>
<tr>
<th></th>
<th>Single jobs</th>
<th>Multiple jobs</th>
<th>Total number of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transcom</td>
<td>38 (14.2%)</td>
<td>43 (16.1%)</td>
<td>81 (30.3%)</td>
</tr>
<tr>
<td>Retail</td>
<td>75 (28.1%)</td>
<td>37 (13.9%)</td>
<td>112 (41.9%)</td>
</tr>
<tr>
<td>Hotel</td>
<td>44 (16.5%)</td>
<td>2 (0.7%)</td>
<td>46 (17.2%)</td>
</tr>
<tr>
<td>Others</td>
<td>17 (6.4%)</td>
<td>11 (4.1%)</td>
<td>28 (10.5%)</td>
</tr>
</tbody>
</table>

As table 5.1 shows, nature of occupation influences the number of jobs worked by the sample. Almost all of the hotel workers work in only one job, while a significant number of transcom and retail workers work in multiple jobs. This suggests that different occupations offer different opportunities for extra hours of work.
5.4.4 Union membership

The sample has significant union and non-union representation with 152 respondents (57 %) belonging to a union and 99 (37 %) not belonging to any union. 16 people (6%) did not answer the question. Gender wise, 115 men (70 %) belonged to a union while only 37 women (40 %) were union members, reflecting traditional findings (Metcalf et al, 2001).

Conventionally, transport and communication workers have a stronger union affiliation, which is reflected in this sample. A majority of the transcom workers 76 out of 81 (94%) are union members. Hospitality traditionally does not have strong union affiliations. However, in this sample, half of hotel workers (23 out of 46) belong to a union. Retail also has a significant (38 out of 112- 35%) proportion of union members.

5.5 Summary

This chapter described the personal and workplace characteristics of the sample. Traditional low pay research suggested that women, young and old people are more likely to be in low paid jobs. This sample consists of a majority of men, aged between 26-45. It is proposed that these findings are not contrary rather reflective of the distribution of the working population.

The study was targeted on low paid jobs and thus the sample was primarily from hotels, retail and transport & communication. The sample had an above average tenure partly attributed to extreme values of some respondents. A significant number of respondents work in multiple jobs supporting the assumption of the low paid holding many jobs.
As seen from sample characteristics, the research has managed to capture a sizeable sample that can be broken down to meaningful groups to provide responses to the research question. The next chapter presents the various measures used in the study including level of pay, hours worked, the effort-pay relationship and several measures of satisfaction.
CHAPTER 6
FINDINGS II- ANALYSES OF APPLIED MEASURES

...............the trouble about arguments is, they ain't nothing but theories, after all, and theories don't prove nothing, they only give you a place to rest on, a spell, when you are tuckered out butting around and around trying to find out something there ain't no way to find out...There's another trouble about theories: there's always a hole in them somewhere, sure, if you look close enough [Mark Twain]

6.1 Introduction

This chapter carries on from the descriptive analysis of the sample characteristics given in chapter 5. This chapter presents the data collected on the measures used in the questionnaire. The chapter is divided into seven main sections.

The following section 6.2 presents the earnings data for the sample and also establishes the sample as low paid. The next section, 6.3 looks at the hours distribution of the sample and relating them to the traditional low paid features of working extremely long working hours and holding multiple jobs. Section 6.4 examines the relationship between earnings and effort and also looks at the marginal effect of the income effort relationship for the sample. Section 6.5 presents the measures of satisfaction, pay comparison and money attitudes used in the research and tests the relationships between these measures. Section 6.6 introduces the findings of measures of perceived opportunities by providing a description of the main findings. The last section 6.7 summarises the chapter. By the end of this chapter, the research would provide some pointers to understand why this sample
is accepting low paid jobs. The next chapter will then define acceptance and test hypothetical relationships to provide an understanding the acceptance of low pay.

6.2 Earnings data: Is the sample low paid?

6.2.1 Introduction

The analysis of this study is based on the 267 full time respondents (working more than 30 hours per week in their main job) who completed the questionnaires. The information on earnings was collected on four levels. The questionnaire collected pay information on the main job and other jobs. Information was also collected on total individual and total household earnings. Chapter 5 identified that total weekly earnings of the sample would be used as the earnings figures for analysis. All the problems involved in collecting the information on pay have been previously discussed in the methodology chapter, chapter 4. The next section begins by identifying the official data sources on earnings that were used in the study.

6.2.2 Official data sources on pay

The research has made use of official earnings data for purposes of comparisons and also to put the earnings figures in context. In the U.K. there are two main data sources- the New Earnings Survey (NES) and Labour Force Survey (LFS). In terms of measuring low pay, both the NES and the LFS have limitations (Low Pay Unit, 2000). The NES information is expected to be accurate since it is taken from payroll records but the survey has limited coverage of those workers earning below the PAYE (see glossary) threshold. In addition, the survey estimates are not grossed up to population level, which gives some cause for concern regarding the effect of non-response. The LFS has more
complete coverage of jobs, especially casual and low paid jobs, but the data on earnings and hours are less precise when supplied by proxy respondents.

The Office of National Statistics (ONS, in the U.K.) developed a new methodology that produces independent estimates based on these two sources designed to correct the deficiencies inherent in the surveys. The ONS revised figures have been used as the sources of earnings information for this research. In some cases the NES has been quoted as it has specific information on manual workers’ earnings. The next sub section commences the presentation of earnings data by discussing the problems related to validation of the earnings data.

6.2.3 Reliability of earnings data

The reliability of the responses is dependent on the stability and consistency with which the questionnaire is gathering factual data. Since the main backbone of this research data is the self reported information on pay and hours worked, it is absolutely essential to validate the data as much as possible. The key purpose here is to determine if the respondents are giving accurate information on pay, and what is the propensity or the extent to which subjects either exaggerate or underestimate their own earnings.

One way of doing that is to compare the reported figures with available comparable national statistics, both total earnings and earnings by occupation to see how far if at all, they stray from expected norms? Another approach is to do a validity analysis of the data. The next sub section attempts to validate the self-reported figures through both of these methods.
6.2.4 Earnings by occupation

The sample is divided into four occupational categories- transport and communication, retail, hotels and others. Table 6.1 presents the average total weekly earnings of the sample, comparing it with the corresponding national figures.

Table 6.1: Table comparing personal earnings with national averages by occupation

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Sample no (total 267)</th>
<th>Mean weekly earnings</th>
<th>National average weekly earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transcom</td>
<td>81 (30%)</td>
<td>£268.47 s.d. (£55.37)</td>
<td>£441.0</td>
</tr>
<tr>
<td>Retail</td>
<td>112 (41%)</td>
<td>£291.97 s.d. (£98.92)</td>
<td>£383.1</td>
</tr>
<tr>
<td>Hotel</td>
<td>46 (18%)</td>
<td>£276.18 s.d. (£80.34)</td>
<td>£289.1</td>
</tr>
<tr>
<td>Others</td>
<td>28 (11%)</td>
<td>£231.10 s.d. (£65.43)</td>
<td></td>
</tr>
</tbody>
</table>


The mean earnings figures in table 6.1 show that most of the sample earns much less than the national earnings (ONS, 2001). Hotel workers' earnings in the sample are similar to the national figures while transcom and retail workers in the sample earn significantly less than the national averages. The figures show that the research has been able to capture a low paid sample.

One reason for this amount of difference in average earnings could be because the official figures of the ONS are representative of the overall occupation, including different sub categories. Some specific statistics provide a clearer picture. For example, 75 % of
workers in hotels and restaurants, and, 55% wholesale and retail earn less than £6 an hour (Social Trends, 2001, ONS).

The other approach to test the reliability of self-reported incomes is to do a validity analysis of the data. The logic behind this analysis is that if the sample is randomly or otherwise divided and there is a correlation of mean figures, the earnings information is more or less similar across the spread. And even if there is an exaggeration or underestimation, it exists across the distribution and thus can be taken at face value.

Two methods of reliability tests are done for the earnings data. The first is the split half method (as discussed in Riley et al, 2000), where odd and even questionnaires were grouped together and a correlation was done for the two. The correlation value was $p=0.213^{**}$, $\text{sig}=0.00$. This shows a reasonable degree of validity across the split sample.

A split half reliability test was also done across occupations as the data analysis was done in batches of occupational groups. The results are as shown in Table 6.2

**Table 6.2: Split half correlation across occupations**

<table>
<thead>
<tr>
<th>Split half correlation by occupation</th>
<th>Correlation figures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotels</td>
<td>$p=0.51^{**}$, $\text{sig}=0.00$</td>
</tr>
<tr>
<td>Retail</td>
<td>$p=0.39^{**}$, $\text{sig}=0.01$</td>
</tr>
<tr>
<td>Transcom</td>
<td>$p=0.73^{**}$, $\text{sig}=0.00$</td>
</tr>
</tbody>
</table>

As can be seen in the table 6.2, there is a medium to strong degree of correlation across all the occupational categories. This provides a reasonable degree of reliability for the
data. And if there is an exaggeration or under estimation of self reported earnings, it is spread across the sample. A reasonable degree of correlation as found in both tests validate the earnings information and they are taken at face value for all analysis purposes.

6.2.5 Earnings profile

6.2.5.1 The overall picture

The average sample earnings from all jobs is £275.70 per week (see appendix 16a for earnings distribution graph). This figure is nearer the national earnings of manual workers (£277.7- NES, 2001) than the average figures of U.K. workers £435.9 (ONS, 2001), and falls in the bottom quintile of the earnings distribution. The high standard deviation of £82.9 indicates the extent of spread in earnings distribution.

The sample has a positive skewness of .666 indicating a clustering of the scores towards the low values. This indicates that the earnings of most of the sample are concentrated at the lower end of the distribution. The distribution has a negative kurtosis of -.146, which is acceptable for a normal distribution. Talbachnick and Fidell (1996) maintain that skewness and kurtosis are too sensitive with reasonably large samples and recommend inspecting the shape of the distribution as a better predictor of normality. The shape of the earnings distribution is reasonably normal (see appendix 16b) and considered as such for the purpose of data analysis.

Although the mean weekly figure reflects the national manual workers average earnings, the hourly earnings of £5.30 do not compare with the national figure of £7.22. This might
be due to the extra effort input by this sample as the New Earnings Survey (NES, 2001) does not take overtime or second jobs into consideration. This suggestion will be looked at when discussing the income and effort of the sample in further sections of this chapter.

6.2.5.2 Multiple jobs and earnings

The next step is to look at the difference of earnings distribution between people who have one job and those who have two jobs or more. Sharif (2001) observes that people from poor households increase their effort in order to achieve subsistence. Specifically, researchers (Kimmel and Conway, 2001; Avrett, 2001) have found that people holding multiple jobs generally receive lower wages, work longer hours than the average workers. If the average multiple job holder works longer than the average single job holder, other things being equal, it should be reflected in the amount of pay received by them.

Based on the understandings from the research, it is proposed that

Hypothesis 1

\( H_0: \) There would be no differences in the total individual earnings between those working in single jobs and those working in multiple jobs

\( H_A: \) People working in multiple jobs will earn more than people working in single jobs.

The mean total weekly earnings of people doing two or more jobs (£318.90) were significantly higher than for those with one job (£253.80).

A t test was conducted to establish a statistically significant difference between the two groups and their total individual earnings. Group 1 are those people working in single jobs, and Group 2 are those having two or more jobs. A sig value (2 tailed) was .000
indicating a statistically significant difference in the earnings for Group 1 (M= £253.80 s.d. £75.18) and Group 2 (M= £317.04, s.d.£81.18). In other words, people working in two or more jobs earned significantly more than those working in single jobs. Thus the alternate hypothesis is accepted affirming that people working in multiple jobs earn more than those working in single jobs.

However, the mean rate per hour was similar for both the groups with those in multiple jobs earning £5.40 compared to those in single jobs £5.25. This implies that for the multiple job holders it is the extra effort that leads to more pay and their extra jobs do not automatically translate to higher income, supporting previous research as mentioned in the beginning of this section.

6.2.5.3 Gender and earnings

According to the low pay literature, gender is a key variable influenced by low pay. Traditionally, women are found to have higher incidences of low pay compared to men in similar jobs (Low Pay Commission, 1998). It is thus hypothesised that

Hypothesis 2

Ho: There would be no difference in the total individual earnings of men and women

Ha: The total individual earnings of men would be significantly higher than that of the women.

This sample echoed the literature with women earning £243.70 a week compared to men who earned £292.60. A t test was done between the categories of gender across total individual earnings. Table 6.3 presents the results of the t test
Table 6.3: T test across gender of total individual earnings per week

<table>
<thead>
<tr>
<th></th>
<th>F</th>
<th>Sig</th>
<th>t</th>
<th>Df</th>
<th>Sig (2 tailed)</th>
<th>Mean diff</th>
<th>Std error of diff</th>
<th>95% confidence interval of the difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Lower</td>
</tr>
<tr>
<td>Equal variance s assumed</td>
<td>1.52</td>
<td>.218</td>
<td>4.76</td>
<td>265</td>
<td>.000</td>
<td>48.8</td>
<td>10.26</td>
<td>28.685</td>
</tr>
<tr>
<td>Equal variance s not assumed</td>
<td>4.88</td>
<td>198.8</td>
<td>0.00</td>
<td>48.8</td>
<td>10.00</td>
<td>29.167</td>
<td>68.619</td>
<td></td>
</tr>
</tbody>
</table>

The results in table 6.3 show that there is a significant difference at the p<.05 level in total earnings for men and women, with men earning £292.58 on average (s.d. 81.86) and women earning £243.69 (s.d. 75.38) a week. The alternate hypothesis is accepted on the basis of the findings.

However interestingly, the hourly earnings for men (£5.35) and women (£5.17) are similar. Also, the average earnings of women are significantly higher than the national earnings of women manual labourers (£214.8, NES 2001), while the earnings of men are similar to the national average (£291.20, NES 2001).

6.2.5.4 Age and earnings

The next variable of interest is age. The low paid are often found to be very young or very old (Sloane and Theodossiou, 1998), Hurtsfield (1987, as discussed in Dex, Robson and Wilkinson, 1999). It is thus hypothesised that
Hypothesis 3

Ho: There will be no differences in individual total earnings across the age categories.

Ha: The total individual earnings of people in the younger and older age groups will be less than all the others.

Table 6.4 provides the earnings dispersion of the sample based on the different age groups.

Table 6.4: Earnings dispersion of the age distribution

<table>
<thead>
<tr>
<th>Age categories</th>
<th>No of respondents (n= 267)</th>
<th>Mean weekly earnings in all jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 or below</td>
<td>6</td>
<td>£187.70</td>
</tr>
<tr>
<td>22- 25</td>
<td>35</td>
<td>£277.21</td>
</tr>
<tr>
<td>26- 35</td>
<td>93</td>
<td>£271.58</td>
</tr>
<tr>
<td>36- 45</td>
<td>96</td>
<td>£286.80</td>
</tr>
<tr>
<td>46- 55</td>
<td>31</td>
<td>£284.35</td>
</tr>
<tr>
<td>55- 60</td>
<td>4</td>
<td>£207.50</td>
</tr>
<tr>
<td>61 or above</td>
<td>2</td>
<td>£180.00</td>
</tr>
<tr>
<td>Total</td>
<td>267</td>
<td>£275.74</td>
</tr>
</tbody>
</table>

As can be seen in table 6.4, people aged above 61 and below 21 are earning the lowest amount of pay per week. However, a one way ANOVA between the age groups showed no differences across in earnings. Thus the null hypothesis is accepted. The next section looks at the household circumstances of the sample.
6.2.5.5 Household earnings

The impetus to work is dependent on the cost of not working. Economists say that non-labour income strongly influences the decision to work and thus accept the pay, in this case low pay (Hamermesh et al, 1996). A majority of this sample have other working members in their household with 184 respondents (69%) having two or more people working in the household. Therefore, the average weekly household earnings is much higher, £402.17, (s.d. £169) than the average weekly individual earnings, £275.7.

Women in this sample contribute less to the total household income (£243.70 a week out of £425 household income) compared to men (£292.60 out of £390 per week). More interestingly, people working in multiple jobs have much higher household income (£455.5, s.d. 166.4) than those working in single jobs (£373.66).

6.2.6 Summary- Is the sample low paid?

This section attempts to establish the validity of the sample as a low paid one. Chapter two provided an understanding of the economics of low pay. It documented the fact that there are no definitions of low pay. It is generally defined in relative terms, in other words, people are considered low paid if they have wages below a certain quartile of the distribution. Some approaches were discussed in Chapter two. The sample is established as being low paid by showing its position in the national earnings distribution of manual workers and also comparing it with figures published by the New Earnings Survey (2001).

The sample’s mean weekly earnings were £275.70 for all jobs. The total earnings reflect the national average of £277.70, which falls in the bottom quintile of the earnings
distribution. Further, the mean hourly earnings for the main job, £5.26, is closer to the national minimum wage of £4.20 than the national hourly earnings of manual workers—£7.22, (New earnings Survey, NES, 2001). According to the NES (2001), less than 25% of all manual labourers earn below £5.95 per hour, a category into which this sample falls. Eventhough the weekly earning of all jobs is nearer the national average, the hourly earnings of £5.30 is not. This shows that the sample is inputting much more hours to achieve a weekly wage and remain within the bottom quintile of the earnings distribution. Weekly earnings and hourly earnings figures for all jobs are similar to the national average of manual workers. This figure is influenced by those working in multiple jobs. The mean total weekly earnings of people doing two or more jobs (£318.90) was significantly higher than for those with one job (£253.80). Women were found to earn slightly more than the average national earnings of women but they still fall in the bottom quintile. Based on the working definitions of low pay and the comparisons with national averages, the sample can be clearly identified as low paid and considered to be suitable for the purpose of this study.

6.3 Hours distribution

6.3.1 Introduction

The low paid are usually said to work extremely long hours partly due to poorer circumstances (Sharif, 2000). This section presents the descriptive findings of the hours worked by this low paid sample and shows through comparisons the extent of extra effort undertaken by them.
6.3.2 Reliability of the hours data

As discussed in the section on pay distribution, it was felt necessary to test the reliability of the data on earnings and hours as they are self reported and central to the research. The alternate questionnaire analysis of odd and even numbers was done to validate the data on hours, alongwith a split half analysis by occupation. Tables 6.5 a and b present the findings of the two types of correlation tests.

Table 6.5 a: Split half correlation tests of total hours by occupation

<table>
<thead>
<tr>
<th>Split half correlation analysis by occupation</th>
<th>Correlation figures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotels</td>
<td>R = 0.394**, Sig= 0.003</td>
</tr>
<tr>
<td>Retail</td>
<td>R = 0.220**, Sig= 0.000</td>
</tr>
<tr>
<td>Transcom</td>
<td>R = 0.583**, Sig= 0.001</td>
</tr>
</tbody>
</table>

Table 6.5 b: Alternate numbers correlation for whole sample

<table>
<thead>
<tr>
<th>Alternate numbers correlation</th>
<th>Correlation figures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total sample</td>
<td>R = 0.64**, Sig=0.001</td>
</tr>
</tbody>
</table>

The figures in table 6.5 a and b show a moderate to high degree of correlation across both kinds of sample splits. The figures are considered dependable and used for the purpose of analysis.
6.3.3. Hours distribution of the sample

6.3.3.1 Introduction

This section presents the distribution of hours and relates it to the general low paid population. It looks at actual distribution of hours and its relation to key work and personal variables.

6.3.3.2 Hours distribution

The average working week in U.K. has always been higher than other European countries (see appendix 17 for detail). The current average working week in U.K. is 38 hours for full time employment (Labour Market Statistic, 2001). It is much higher for manual workers (43.5 hours) according to the New Earnings Survey, 2001. This low paid sample also reflects this culture of working long hours (see appendix 18a). The sample worked 51.9 hours per week on average. The mode is 40 hours and most the sample work between 40–60 hours a week.

The sample has a slight positive skewness of .26, which can be considered normal, and a negative kurtosis of .53 indicating a flatter distribution. As discussed in the earnings distribution, it is believed that in the case of larger samples (200+) the shape of the distribution is a better predictor of normality. The shape of the earnings distribution is reasonably normal (see appendix 18b) and considered as such for the purpose of data analysis. Since the research is interested in acceptance of low paid jobs, which is partly defined by extension of labour supply, it is necessary to look at hours worked in main jobs and relate it to the extra hours worked. The mean hours for main job of 39 hours per week and the mode and median of 40 hours a week are very near national averages, but
much lower than the total weekly hours (51.9) worked by the sample. This is because of the overtime worked by the sample.

Men are traditionally said to work more hours than women. The Office of National Statistics (2001) found that male manual workers worked 43.9 hours on average including overtime, while female manual workers worked 39.9 hours a week. Thus the hypothesis is as follows

**Hypothesis 4**

*Ho: There would be no difference in the total hours worked between men and women*

*Ha: Men will work longer hours a week in total than women*

Table 6.6 presents the results of the t tests comparing the total hours worked between men and women

<table>
<thead>
<tr>
<th>Table 6.6: T test comparing total hours worked for men and women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equal variance assumed</td>
</tr>
<tr>
<td>------------------------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Equal variance assumed</td>
</tr>
<tr>
<td>Equal variance not assumed</td>
</tr>
</tbody>
</table>

The results in table 6.6 indicate that there is a significant difference at the p<.05 level in the hours worked by men and women. The results indicate that men work much longer
(55 hours) on average than women (47 hours). Thus the alternate hypothesis is accepted. The arguments and implications of this finding will be discussed in later sections.

6.3.3.3 Extra hours

A significant proportion of the sample is extending effort. 207 respondents (77.5%) either work overtime in their main job or by hold multiple jobs, or does both. 174 respondents (65.12%) work overtime only in main jobs, 93 (35%) respondents have second jobs, 56 (21%) work overtime in main job as well as multiple jobs. The average overtime of the sample is around 8 hours in main jobs and 5 hours in other jobs.

Gender wise, Avrett (2001) observes that lately the number of women holding dual or more jobs has increased. However, men working in multiple jobs are likely to work longer than women working in multiple jobs. This is because women are more likely to hold two part time jobs whereas men typically hold one full time job and one part time job (Stinson and Plewes, 1991, Averett, 2001). Consequently, it is hypothesised that

Hypothesis 5

\[ H_0: \text{There will be no differences in the total hours worked in extra effort} \]

\[ \text{between men and women} \]

\[ H_a: \text{Men will work longer in extra effort compared to women} \]

More men (159 out of 175) than women (48 out of 93) are engaged in some form of overtime. A t test between men and women on overtime was found to be significant, sig .023 at the p<.05 level, but the actual difference was not so large (men= M=17 hours, s.d.
7.5 hours; women = M= 14 hours, s.d.= 7.2 hours). Thus the alternate hypothesis is substantiated.

There were no significant differences across age groups or occupations. The next section looks at the distribution of hours and overtime based on the number of jobs worked.

6.3.3.4 Multiple jobs and distribution of hours

Number of jobs is a key variable of interest, due to two reasons. First, literature shows that multiple jobs is caused by a variety of reasons, poverty being one of them. And second, there could be possible constraints on searching like hours and convenience, faced by people holding more than one job (as discussed in methodology).

Hours worked varied greatly by number of jobs. 93 respondents (33%) hold two or more jobs, and they work 59 hours a week against 48 hours worked by those holding single jobs. Interestingly, hours of overtime varied significantly between those working in single jobs (M= 13.4, s.d. 5.57) and those holding multiple jobs (M= 19.3, s.d 8.4). These figures are crucial as they not only show the extent of marginal effort input by those holding 2 or more jobs, but also show the higher search constraints through time restriction faced by those having more than one job. The next section briefly profiles the respondents by the hours distribution.

6.3.3.5 Profile of the hours distribution

Men worked 55 hours a week compared to women who worked 47 hours. This reflects national statistical figures where men are seen to work longer (40 hours) than women (34.3 hours) (Labour Market Statistic, 2001). Having a comparatively younger work
sample also increases the hours worked. People aged between 36 to 45 work 54.3 hours per week, which is much more than the hours of those aged above 60 (40 hours) or below 21 (39 hours).

By occupation, the transport and communication workers worked the longest (54 hours) followed by hotel workers (52.5 hours). However, the difference between the occupational categories is that while hotel workers predominantly work in single jobs (44 respondents out of 46 respondents), more than half of transcom workers hold multiple jobs (43 out of 41 respondents). This could be due to the availability of overtime and nature of the occupation itself. As seen in the overtime distribution, most of hotel workers work overtime in their main jobs (42 out of 46 respondents), while just over half transcom workers (49 out of 81 respondents) work overtime in other jobs. Also, 15 out of 46 hotel workers (33%) said that their overtime varied while only 3 out of 81 (4%) of transcom workers reported variations in overtime. It is suggested that the nature of job could influence the acceptance through the number of jobs held and hours of overtime worked.

6.3.4 Summary of hours worked

The sample is reflective of the traditional low paid population. It is working long hours by undertaking high amount of extra effort. This can be seen in the fact that the hours worked in main job is near national averages while total hours worked in all jobs is higher than national averages, making the number of jobs held a key variable of interest. Other findings follow traditional characteristics, like men work longer and the younger age groups worker longer than the older age groups.
Availability of overtime appears to be a key variable being influenced by the nature of occupation whilst having an impact on the number jobs worked. Hours of overtime worked also varies by occupation and the number of jobs held. The impact of these on the searching behaviour will be discussed in the next chapter. Having seen that the sample is working extremely long hours mainly through extra effort in overtime, or holding second jobs, it is now necessary to see the effect of these on pay. The next section looks at the relationship between effort and income for this sample.

6.4 Effort and income

6.4.1 Introduction

This section carries on from the descriptive analysis of hours worked and the income received by the sample. It ties together the effort in hours worked with the weekly earnings to see the effect on pay for the low paid sample. It also looks at the impact of marginal effort on pay to find out if there is any real gain in working the long hours of overtime that they do.

6.4.2 Effort and income

It has already been shown that the sample displays the characteristics of being low paid, working long hours and earning very little. Figure 6.1 shows the total weekly pay received against the total weekly hours worked by the sample.
As can be seen from the figure 6.1, although there are exceptions, there is a positive correlation between income and effort. The correlation is significant at the 0.01 level (r=0.683**). As already discussed the sample has a high average working week of 51.9 hours. Against this, the sample earns £275.74 per week, which works out to just £5.30 per hour, closer to the national minimum wage of £4.20 per hour than the national hourly earnings of manual workers of £7.22 per hour (New earnings Survey, NES, 2001).

Whereas the correlation coefficient indicates the strength of the relationship between effort and income, it does not inform on how much the variance of the dependent variable will be explained by the independent variable(s) (Sekaran, 1992). A simple ordinary least square regression was hence done in order to test the predictive power of total effort on total income. Table 6.7 presents the results of the regression analysis.
Table 6.7: Predicting Total Pay: Ordinary Least Square (OLS) Regression Results (n = 332)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>-26.26</td>
<td>17.39</td>
<td>-1.51</td>
<td>.132</td>
</tr>
<tr>
<td>Total effort</td>
<td>5.64</td>
<td>.33</td>
<td>.68</td>
<td>16.97</td>
</tr>
</tbody>
</table>

R = .68

R² = .46

F = 288.27 (d.f.=1)

p = .000

As can be seen from table 6.7, the data fit the model. Total effort expended is significantly related to the total pay earned by the sample. The model explained 46% of the variance in predicting total pay. There was no negative affect of multicollinearity. Therefore, extension of effort for this sample is a major factor in predicting total pay earned. The next part briefly puts the earnings of the sample in perspective by comparing the earnings of the sample with the national minimum wage, before going on to review the findings of marginal effort and marginal pay.

Figure 6.2 is the mean figure of total personal income indexed against the national minimum wage. Since the majority of the respondents were above 21, the minimum wage was taken as £4.20 per hour, the rate when the study was conducted.
This figure 6.2 indicates that while some respondents earn twice the national minimum wage, most of the sample is earning around the national minimum wage.

6.4.3 Marginal effort and marginal pay

The questionnaire did not directly ask for overtime pay rates. The rationale was not to include too many questions on pay which could result in fewer responses. The research thus analyses marginal income by looking at pay per hour against cumulative hours to see if people working longer hours earn a higher marginal pay. The results found no difference in pay per hour over cumulative hours (see appendix 19). So although there is no preliminary evidence as to whether extra effort results in extra income, secondary data suggests that marginal effort does not lead on to higher pay rates.

In terms of differences in earnings based on multiple jobs, there is not much difference in the hourly earnings of those working single jobs and those having more than one job. The former earns £5.28 for every hour worked, while the latter earns £5.40 for every hour.
worked. Even though people having two or more jobs are working significantly longer (59 hours) per week than those working in single jobs (48 hours per week), the extra effort does not translate into higher pay rates. This although not direct, in the absence of information on overtime pay is an indication that for this sample marginal hours do not transform into higher marginal income. Thus for this sample, only the above data serves as loose evidence of effort and pay in marginal circumstances.

6.4.4 Summary of effort and income

So far, the chapter has provided a picture of the sample while comparing it with the national situation. Based on comparisons with national statistics and the discussion in the methodology chapter on what constitutes low pay, it is firmly established that this sample is low paid and suits the purpose of the study. The earnings are near the national average of manual workers but the higher number of hours worked shows the extent of extra effort input. People having two or more jobs appear to work longer and earn more than those having single jobs. Women earn less than men and the young and the old earn less on average than the other age groups. The analysis so far has identified the sample as low paid and sporting the traditional characteristics of the low paid.

The next section moves from the descriptive analysis to analysing satisfaction variables. It presents the findings of the results of job satisfaction, pay comparison, earnings satisfaction and money ethics scale. Then the whole group of findings is brought together to answer a crucial question- Is the sample looking for a better job?
6.5 Satisfaction

6.5.1 Introduction

The meanings, measures and relationships of satisfaction variables have been explained previously in the literature reviews and methodology. This part presents the main findings of the satisfaction variables looked at in the study. There are four main variables of interest: job satisfaction, earnings satisfaction, pay comparison and money ethics scale. This section presents the findings of all of the four measures. While looking at earnings satisfaction, the relevant sub section also informs on the findings of target income or income aspirations. It then goes on to relate them to the subject and job variables of interest.

6.5.2 Job satisfaction

Job satisfaction was queried through a single question answered on a five point likert scale, ranging from extremely satisfied to extremely dissatisfied. For simplification purposes the question was asked for the main job worked by the sample. All the 267 respondents answered this question.

The results show that most of the respondents are satisfied with their jobs. Figure 6.3 shows the sample distribution on satisfaction across the Likert scale.
As can be seen in figure 6.3, overall, a majority of the sample are satisfied with their job. The mean score 2.47 (s.d. 0.851) and the mode value of 2, also confirm that the sample on the whole is satisfied with their jobs. The high positive skewness value of 0.956 supports this clustering of the data to the ‘satisfied’ value, while the negative kurtosis value of –302 indicates the presence of many cases in the extremes. However, given the sample size 200+, these values will not make a substantive difference in the analysis. The sample is distributed reasonably enough so as to make comparisons across groups possible.

A high job satisfaction could indicate acceptance in certain circumstances. The literature review suggested that people accept low pay partly because of limited choice and aspirations. The literature also found pay satisfaction to be an important part of job satisfaction. Thus it could be suggested that after a point, even if it seems to be low paid to the outsiders, pay becomes secondary to other job characteristics. As Riley and Szivas
(2001) observe, once the crossover point of 'target earnings' is reached, other job attributes become important and if people have reached their targets, jobs satisfaction could lead to acceptance. The next section looks at the earnings satisfaction to further comment on the job satisfaction figures.

6.5.3 Earnings satisfaction and target earnings

6.5.3.1 Earnings satisfaction

A single question was asked to gather information on earnings satisfaction. The question 'How satisfied or dissatisfied are you with your earnings' was asked in relation to total earnings and the respondents answered on a likert scale ranging from 1 to 5, where 1 is extremely satisfied and 5 is extremely dissatisfied. Figure 6.4 presents the earnings distribution of the sample.

Figure 6.4: Pay satisfaction scores of the sample
As can be seen in figure 6.4, a majority of the sample is extremely dissatisfied with their earnings. The mean score 4.37, (s.d. 0.825) the mode- 5 and the median 5 also show the extent of dissatisfaction with the earnings for this sample. 140 respondents (52%) are extremely dissatisfied with their pay while 102 respondents (38%) are dissatisfied. Fewer than 16 people (6 percent) were satisfied with their pay. Given the high levels of dissatisfaction with pay on one hand and high levels of satisfaction with job on the other, the relationship between pay and job satisfaction across variables will be explored in further sections in this chapter. At this point, it appears that acceptance of low pay is not influenced by satisfaction with earnings, this will be discussed in depth in the next chapters. The next sub section looks at target earnings scores in the sample.

6.5.3.2 Target earnings

The average target income cited by the respondents £339.62 a week, appears to be higher than their total weekly income (£266). However a Pearson product moment correlation analysis found a strong positive correlation between target earnings and total individual earnings (r= .594**, p<.000). The suggestion here is that the target earnings mirrors the actual earnings and that the sample might have limited aspirations. This is discussed in the next section, which compares the targets with national average earnings.

People having multiple jobs earned significantly more than those doing single jobs. It thus becomes interesting to see if there are differences in their earning aspirations or target earnings. The researcher has not come across any research looking at target aspirations based on multiple jobs. Given that the multiple jobholders work longer and
earn more, it would be natural to expect that they have somewhat higher target earnings than those in single jobs. The hypothesis here is that

**Hypothesis 6**

**Ho:** There will be no difference in the target earnings between those holding single and those holding multiple jobs.

**Ha:** People working in multiple jobs will have relatively higher targets than people holding single jobs.

An independent samples t test was conducted to compare target earnings for single jobs and multiple jobs. There was a significant difference in target earnings for single job workers (£329.23, s.d.107.47) and those holding two or more jobs (£358, s.d.81.01). The magnitude of the differences in the means was very significant, sig value 0.017 at the p<.05 level. Thus the alternate hypothesis is substantiated and it is suggested that those working in multiple jobs have relatively higher target earnings than those in single jobs.

The other variables looked at include gender, age and occupational categories. Men had higher targets (£348.87) than women (£321.02) reflecting the differences in their earnings. Age was not found significant in target earnings nor was occupational categories. However, it was interesting to compare target earnings with actual earnings and average national earnings. The results by occupational category are given in Table 6.8.
Table 6.8: Target earnings compared with actual earnings and national occupational averages

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Sample no</th>
<th>Mean weekly earnings</th>
<th>Target earnings</th>
<th>National average earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transcom</td>
<td>81 (30%)</td>
<td>£268.47 s.d. (£55.37)</td>
<td>£338.42 s.d. (£60.17)</td>
<td>£441.0</td>
</tr>
<tr>
<td>Retail</td>
<td>112 (41%)</td>
<td>£291.97 s.d. (£98.92)</td>
<td>£344.32 s.d. (£106.14)</td>
<td>£383.1</td>
</tr>
<tr>
<td>Hotel</td>
<td>46 (17%)</td>
<td>£276.18 s.d. (£80.34)</td>
<td>£338.72 s.d. (£102.92)</td>
<td>£289.1</td>
</tr>
<tr>
<td>Others</td>
<td>28 (11%)</td>
<td>£231.10 s.d. (£65.43)</td>
<td>£326.38 s.d. (153.18)</td>
<td></td>
</tr>
</tbody>
</table>

Table 6.8 shows that the target earnings are considerably higher than the actual earnings of the sample. Occupation wise, transcom workers have the highest difference between target and actual earnings (£70) followed closely by hotel (£62) and retail (£50) workers.

A study of the difference between target and national averages show that the target is well below the national mean earnings for transcom and retail workers. In the case of hotel workers, the target is slightly higher than the national comparisons.

It appears that the target is comparable to and falls between average occupational earnings and real earnings. This first shows the extent of low pay prevalent in this sample and second suggests that the sample has low monetary aspirations. The next section identifies the main comparisons that the sample makes in relation to their pay equity/inequity.
6.5.4 Pay comparison

One of the main explanations in acceptance of pay is the idea of references (as discussed in Chapter 3). The idea that people accept or are satisfied after making comparisons with significant others forms the basis of reference group theory. The research used a series of five statements identified through literature which include ‘My pay’ in comparison to the pay of family and friends, my financial needs, compared to my pay in previous jobs, in relation to other jobs within the company and in relation to similar jobs in the industry.

For each of the statements, the respondent chose above, same or below. Since our interest lies in the extent of inequity felt by the respondents, the research has grouped above and same together against below in order to simplify the findings. Table 6.9 shows the number of respondents choosing below or above for each of the statements.

Table 6.9: Pay comparison distribution of the sample

<table>
<thead>
<tr>
<th>My pay in comparison to the pay of</th>
<th>No of respondents (above or same)</th>
<th>No of respondents (below)</th>
</tr>
</thead>
<tbody>
<tr>
<td>family and friends</td>
<td>77 (28%)</td>
<td>190 (72%)</td>
</tr>
<tr>
<td>my financial needs</td>
<td>43 (16%)</td>
<td>224 (84%)</td>
</tr>
<tr>
<td>my pay in previous jobs</td>
<td>204 (76%)</td>
<td>63 (24%)</td>
</tr>
<tr>
<td>other jobs within the company</td>
<td>204 (76%)</td>
<td>63 (24%)</td>
</tr>
<tr>
<td>similar jobs in the industry</td>
<td>209 (78%)</td>
<td>58 (22%)</td>
</tr>
</tbody>
</table>

Table 6.9 has some important findings. The most significant finding here is that for most of the people, their pay compares unfavourably with their needs, fulfilling financial needs is the priority of the sample. Given that this is an extremely low paid sample this finding...
is as expected and supports observations by Sharif (1986) that the working poor behave very differently from the others. The other interesting figure is that of pay comparisons with previous jobs, most of the people feel they earn more than what they did in their last job. Comparisons with other jobs in the industry also is favourable, providing a clue as to why they are in this particular jobs. These results will be related to earnings satisfaction and pay variables in further sections to gain further understanding of the results. The next section presents the findings of the money ethics scale.

6.5.5 Money Ethic Scale

6.5.5.1 Introduction

The money ethic scale is an instrument that measures the attitude towards money (Tang, 1995). For the purpose of this study Tang’s 12 item Short Money Ethic Score (SMES) was used as it was developed specifically to measure money attitudes in organisational settings and work related settings. It consists of 12 statements answered on a 5 point likert scale ranging from disagree strongly to agree strongly. Therefore, the total score ranges from 12 to 60. This study found the measure to be reliable with a Cronbach alpha coefficient score of 0.72.

6.5.5.2 Money Ethic Scale

A descriptive analysis of the SMES raw scores show that the entire sample has a moderate attitude towards money (mean= 44.40, mode=42, s.d. 6.21). The sample is divided into three groups of low (12- 42), medium (43- 48) and high (49- 60) based on a three way data split. A few outliers were found and left as they were, as they were not considered to have serious effects on the result. Of the total sample, 109 people (41%)
had low money attitude, 93 people (35%) had medium money attitude and 65 people (28%) had high attitude towards money. However, it needs to be mentioned that a lot of the people in the middle had scores bordering on a high attitude towards money. So the sample can be assumed to have a moderate to high attitude towards money.

There is lack of literature looking at money attitudes based on multiple jobs. However, as people holding multiple jobs appear to work longer, earn more and have higher target income, it was expected that they will possibly be guided by higher money attitudes. It was thus hypothesised that

Hypothesis 7

Ho: There will be no relationship in the money attitude scores of those holding single jobs and those holding multiple jobs

H1: People holding multiple jobs will have higher money attitudes than people working in single jobs.

A t test was done to compare money attitude scores for single jobs and multiple job workers. There was a significant difference in scores between the two groups, sig .019 at the p<.05 level, with multiple job holders having higher money attitudes. But the actual difference in mean values was very small (single job workers mean SMES-43.75, multiple job workers mean SMES-45.62, ). The hypothesis is thus left open for interpretation.

This section so far looked at the satisfaction variables employed in the study. Four measures were looked at which include job satisfaction, earnings satisfaction, pay comparison and money ethics scale. These results on their own show that the sample is
highly satisfied with their job, highly dissatisfied with their earnings, have limited monetary aspirations, feel that their pay is below their needs and have a positive attitude towards money. The next step is to relate these satisfaction variables among each other in order to make sense of the results so far.

6.5.5.3 Money Attitudes and earnings

The first test with regard to money attitudes is to see if the attitude towards money has any effect on the total personal weekly earnings. In order to do this, Tang’s (1992) Money Score (the total score of all the twelve items for each respondent) was divided into three groups using a three way data split (Tang, 2001). Based on the same this sample is divided into three groups Group 1- low (12-42), Group 2-medium (43-48) and Group 3- high (49-60).

On the basis of the literary arguments, it is theorised that there would be a positive relationship between Tang’s money score and personal weekly earnings. People in the higher group would earn more than the other groups and people in the medium group would earn more than the people in the low money score group. The hypothesis is as follows

**Hypothesis 8**

*Ho: There is no mean difference in the total individual earnings among people having low, medium and high money scores*

*Ha: The mean total individual earnings will be higher for high money score group, followed by medium money score group and then low money score group.*
Table 6.10 shows a comparison of total individual mean earnings using one way between groups ANOVA

Table 6.10: Comparison of total individual mean earnings with money attitude groups

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>3240.651</td>
<td>2</td>
<td>1620.326</td>
<td>.235</td>
<td>.791</td>
</tr>
<tr>
<td>Within Groups</td>
<td>1824072</td>
<td>264</td>
<td>6909.365</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1827313</td>
<td>266</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

There was no statistically significant difference at the p<.05 level in total individual earnings for the three groups as seen in table 6.10. The actual difference in mean scores was quite small. Post hoc comparisons using the Tukey HSD test indicated that there was no difference in the mean weekly earnings between Group 1 (M=£279.90, s.d. £86.72) and Group 2 (M= £273.36, s.d £79.93) or Group 3 (M=£272.17, s.d. £81.39). Thus, the alternate hypothesis was not substantiated.

6.5.5.4 Money attitudes and pay satisfaction

The second test in relation to money attitudes is to see if attitudes towards money have any effect on pay satisfaction. A single question was asked to gather information on earnings or pay satisfaction. The question ‘How satisfied or dissatisfied are you with your earnings’ is asked in relation to total earnings and the respondents answered on a likert scale ranging from extremely satisfied to extremely dissatisfied.
There has been little research looking at money attitudes as a cause of pay satisfaction (Furnham, 1984, Tang, 1995). Tang (1995) reported a negative relationship between money attitudes and pay satisfaction using Smith et al’s (1969) Job Descriptive Index. However, the correlation was weak (r= 0.11) with the sample consisting predominantly (65%) of part time employees and unemployed people. Based on theoretical arguments, it is claimed that there is a negative relationship between money attitudes score (Tang’s money score) and pay satisfaction. People having higher money attitudes will report lower pay satisfaction and vice versa. The hypothesis is as follows

**Hypothesis 9**

**Ho:** There is no mean difference in the total pay satisfaction score for people having low, medium and high money scores

**H1:** The mean pay satisfaction score will be lower for people having high money scores and vice versa

Table 6.11 shows the comparison of total mean pay satisfaction scores using one way between groups ANOVA

**Table 6.11: Comparison of total mean pay satisfaction scores against money attitude groups**

<table>
<thead>
<tr>
<th>Source</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>15.639</td>
<td>2</td>
<td>7.819</td>
<td>12.500</td>
<td>.000</td>
</tr>
<tr>
<td>Within Groups</td>
<td>164.515</td>
<td>263</td>
<td>.626</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>180.154</td>
<td>265</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

150
The one way ANOVA between groups in table 6.11 shows that there is a statistically significant difference at the $p<.05$ level in pay satisfaction scores for the three money score groups. Post hoc comparisons show that the mean score for Group 1 ($M= 4.09$, s.d= 0.933) is significantly different from Group 2 ($M= 4.48$, s.d. 0.716) and Group 3 ($M= 4.68$, s.d. 0.615). A correlation between the total money attitude score and the pay satisfaction score also shows a significant positive relationship between the two variables, ($r=0.359***$, $p=0.000$).

Pay satisfaction scores range from ‘extremely satisfied to extremely dissatisfied’, so a higher score indicates lower satisfaction. The results above suggest that money attitude is negatively related with pay satisfaction. The groups having lower money score is more satisfied with their pay compared to the other two groups and vice versa. Thus the null hypothesis is rejected and the alternate hypothesis is accepted.

Although there exists a difference between the groups, it needs to be mentioned that overall, the sample is extremely dissatisfied (pay satisfaction mean= 4.37) with their pay. The difference is in the degree of dissatisfaction, and the results can be broadly interpreted as people having low money scores are dissatisfied while people having higher money scores are extremely dissatisfied with their pay.

6.5.6 Job satisfaction and Pay satisfaction

The next subject of interest is the relationship between pay satisfaction and job satisfaction. Researchers agree that pay is an important aspect of job satisfaction. Lawler (1971, 1981) states that observational evidence abounds that pay is important to people. Heneman and Schwab (1985) argue that pay is an important dimension of job
satisfaction. Based on theoretical arguments, it is claimed that there is a positive relationship between job satisfaction and pay satisfaction. A Pearson product moment correlation between the raw pay satisfaction scores and job satisfaction scores found no association between the two with a very weak positive correlation of $r=0.09$, $\text{Sig}= 0.106$.

6.5.7 Profiling pay comparison

The research used a series of five statements identified through literature which include 'My pay' in comparison to the pay of family and friends, my financial needs, compared to my pay in previous jobs, in relation to other jobs within the company and in relation to similar jobs in the industry. For each of the statements, the respondent chose one of these options 'above, same or below'. The following sections discuss some key findings.

The descriptive analysis showed that a significant number of respondents (224, (84%)) felt that they were earning below their financial needs. The money attitudes of those who felt that they earned below their needs was slightly higher ($M= 45$) than those who felt they earned above or the same in comparison to their needs ($M= 41.28$). Pay satisfaction was also different for the two groups. Those who felt that their earnings were above or the same in comparison to their financial needs were more satisfied with their pay ($M= 3.74$) than those who felt that they earned below in comparison to their financial needs ($M= 4.49$). In other words, people who felt that their earnings were below their needs were less satisfied than those who felt that their earnings were above or equal to their needs. These results indicate that people who feel that their earnings are below in comparison to their financial needs have both lower pay satisfaction and higher money attitudes than the others.
Another key finding in the analysis of the pay comparison statements was that 204 respondents (76%) felt that they were earning above or equal to the pay in their previous jobs. Mean money attitude scores were found to be significantly different, (sig value 0.04) between those who felt that they were earning above and those who felt that they were earning below their pay in previous jobs. Mean scores indicate that those who felt that their earnings were below their previous jobs reported stronger attitudes towards money (M= 43.97, s.d. 6.62), than the other group (M= 45.81; s.d 6.62).

Another finding worth mentioning is the difference between those who felt their earnings were above or below that of their family and friends. A majority of the sample, 190 (71%) believed that they were earning below their family and friends. A t test (sig value 0.029) further indicated that those who felt that their earnings were below that of their family and friends had lower pay satisfaction (M= 4.46, s.d. 0.703) than those who felt that they earned more than their family and friends (M= 4.17, s.d. 1.044).

6.5.8 Summary of satisfaction measures

In general, the results found that the sample was satisfied with their job and extremely dissatisfied with their earnings. High job satisfaction scores could indicate acceptance, which is also supported by research as discussed in section 6.5.2. It could be suggested that the sample after a point, might consider pay to be secondary to other job characteristics. At this stage, it appears that acceptance of low pay is not influenced by satisfaction with earnings. Target earnings are near actual earnings, and fall between average occupational earnings and real earnings. This first shows the extent of low pay
prevail in this sample and second suggests that the sample has low monetary aspirations.

Pay and job satisfaction were not found to be strongly related. Also money attitudes did not have a significant relationship with either earnings, job satisfaction or pay satisfaction. This could be because of the extent of low pay in the sample.

There was a significant difference in target earning scores for single job workers and those holding two or more jobs. The most interesting finding in pay comparison measure is that for most of the people, their pay compares unfavourably with their needs and fulfilling financial needs is the priority in the sample. The other interesting finding is that of pay comparisons with previous jobs. Most of the people feel they earn more than what they did in their last job. Comparisons with other jobs in the industry also are favourable, while comparisons with friends and family are unfavourable.

Overall, the findings suggest that satisfaction with job and low target earnings might provide explanations for acceptance while satisfaction with earnings and money attitudes have much lesser roles to play.

6.6 Perceived opportunities

6.6.1 Introduction

So far, this chapter has provided an analysis of the earnings and effort distribution and the satisfaction measures used in the study. The next section looks at the next major variable of interest, perceived opportunities. ‘Perceived opportunities’ is the perception of the market opportunities or what is available in the job market, according to the individual.
An individual's decision to stay in his or her current job will be influenced by the availability of better jobs. Literature review in chapters 2 and 3 identified the lack of studies looking at perceived opportunities, while the methodology chapter isolated the main variables that form a part of perceived opportunities.

Logically, the reasons for undertaking a job search would include how easy it is to find a better job and the chances of finding a better job. A better job as discussed in the methodology is perceptual. The respondents were asked five questions related to perceived opportunities. The first question was only asked of those who were searching for a new job.

1. If you are searching, what would you say makes you look for a new job?
2. Could you tell us how you would define a better job for yourself?
3. Based on your description of a better job, can you tell whether such a job is available to you in the market?
4. If you decided to have a go and look for a better job, how would you rate your chances?
5. If you feel that you will not be able to get a better job or will find it extremely difficult to find a better job if you wanted to, why do you think so?

The first two were open-ended questions, while the last two had a series of options, one of which had to be chosen. Statement number three had a choice of yes or no.

The first statement is only relevant to people who are searching and so the analysis of this statement will be done in the next chapter which looks at acceptance through the
variables searching/ not searching. The following section provides the analysis for all the other statements.

6.6.2 Definition of a better job

6.6.2.1 Better job

The glossary provides a description of the definition of a better job. In theory there can be numerous factors defining better job like better pay, better working conditions, pensions, transport, benefits, friends, among job security among others. In reality, a better job is what an individual feels is better for them in comparison to their current job. As the focus of the research is on the acceptance of low pay and low paid jobs, the perception of the individual of what constitutes a better job is paramount. The research asked the respondents to self define better jobs. Figure 6.5 presents the distribution of better job definitions of the sample.
Figure 6.5 shows that 165 respondents (61.8%) defined their better job as more money. This has major implications on acceptance. Money for this sample is extremely important followed way behind by job attributes and conditions at work as a definition of a better job.

6.6.2.2 Past jobs

One of the research propositions suggested that acceptance of low pay is caused by limited horizons partly indicated by choice of ‘better job’ being within the same job category as the existing job. The previous section indicated low horizons by showing that most of the respondents defined better job as getting more money with few mentioning occupations like suitable to my liking, future prospects as requirements of a
better job. If the respondents had worked in similar jobs in the past, it will be further proof of limited horizons.

The information on past jobs will help to understand the process of accumulation of human capital. A choice of similar jobs with high target income would suggest that the move is mainly influenced by money as opposed to job varieties or career progression. A cross tabulation of each job type with past jobs showed that people tended to stick to their job types. Only 28 respondents in all had worked anywhere other than their current occupation. 15 people working in hotels had worked in other occupations, while only 13 out of 81 transport & communication workers had worked anywhere else. None of the retail workers had held jobs anywhere else. The importance of money both as a reason for looking for a new job and as a definition of better job is validated by their future aspirations and their past behaviour of staying in similar jobs. This finding is extremely important as it supports the idea of limited aspirations and satisfaction with job as possible reasons for acceptance.

6.6.3 Availability of a better job

The next question is if the sample defines better job only as one that provides more money do they think such a job is available to them in the market. 221 respondents (83%) feel that their definition of a better job is available to them in the market. The subgroups of gender, age, number of jobs, and occupational categories did not have any significant differences within them.
6.6.4 Chances of finding a better job

There is a big difference between availability of a better job and the chances of getting a better job. While availability informs on the respondents' awareness, the actual chances of finding that job tells about their perception of their opportunities. All the 267 respondents were asked to rate their chances of getting a better job. The options ranged from I will not be able to find a better job to I will find a job tomorrow if I want. The responses were collapsed into optimistic and pessimistic. Figure 6.6 presents the findings.

Figure 6.6: Distribution of chances of finding a better job

A staggering 201 respondents (75%) as shown in figure 6.6 don't think they can get the better job as defined by themselves. Only 64 respondents (24%) feel optimistic of getting their self defined better job. This shows the extent of limited opportunities perceived by the sample. So for this sample the knowledge of an existing better job does not translate into availability of that job.
Data analysis to look for differences in perception of opportunities by personal and work related characteristics found some interesting results. Multiple jobs was significantly associated with availability of better jobs with a chi square value of 6.47 with and a sig value (2 sided) of 0.011. The cross tabulation suggests that people in single jobs are more optimistic than people in multiple jobs. Occupation was also significantly associated with perceived opportunities with a chi square value of 12.6 and a sig value of .006. The cross tabulation suggests that hotel workers are more optimistic of getting a better job compared to the others. Gender, age, circumstances and tenure did not find differences in perceived opportunities. The next section identifies the main reasons behind this pessimistic feeling.

6.6.5 Reasons for feeling unable to get a better job

More than three quarters of the sample stated that they will find it difficult or impossible to get a better job. Those respondents were given a list of choices to explain why they felt so pessimistic about their chances. Table 6.12 lists the main causes of why they feel unable to get a better job.

Table 6.12: Reasons for inability to get a better job

<table>
<thead>
<tr>
<th>Reasons for ‘I can’ t get a better job’</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 I don’t have the educational qualification/ experience</td>
<td>101 (50%)</td>
</tr>
<tr>
<td>2 I don’t know where to look</td>
<td>78 (39%)</td>
</tr>
<tr>
<td>3 I don’t have time</td>
<td>8 (4%)</td>
</tr>
<tr>
<td>4 Others</td>
<td>12 (6%)</td>
</tr>
<tr>
<td>5 Missing</td>
<td>2 (1%)</td>
</tr>
</tbody>
</table>
Table 6.12 shows that lack of education and experience are seen as the main impediments for getting a better job. This is understandable as most of the sample has not gone beyond schooling. What is interesting is that more than one third of the sample don’t know where to look. If they don’t know where to look how do they know these better jobs exist? Perhaps by looking at significant others. The pay comparison scale showed that 190 respondents felt that they earned less than their friends and family. Further research is needed to comment on this. The main finding here is that availability of a better job appears to be more of an abstract than an absolute entity for a significant number of the sample.

The factors listed above also suggest that ‘better job’ means a higher position, one requiring more experience or education. Thus although the motive is money and the self-definition of a better job is more money, the reasons for feeling unable to get a better job could also be due to higher aspirations.

So far this section has looked at perceived opportunities for the low paid. It was found that money is a major motive for looking for a new job, followed by job characteristics. More money or higher pay was found to be the prime definition of a better job, again followed by work characteristics. The sample very strongly feels that a better job is available in the market, but a majority feel that they will not be able to get a better job, the main reasons being that they feel that they are inexperienced or under qualified, followed by unawareness of where to look.
6.6.6 Summary of perceived opportunities

The aim of this section has been to present the analysis of perceived opportunities. Perceived opportunities was examined by looking at reasons for searching, definitions of a better job, availability of a better job, chances of finding a better job and the reasons if it was felt they could not get a better job. The key finding in this section is that most of the respondents had worked in similar jobs in the past, supporting the suggestion that they are satisfied with the job and are motivated by limited aspirations. The definition of a better job is more money followed by workplace characteristics. Most of the respondents felt that a better job was available, but few felt confident of getting one. The main reason for the pessimistic feeling was a feeling of lack of educational qualification or experience.

6.7 Summary

This chapter has presented the findings of the applied measures used in the research. The first section introduced the chapter and the second section began by describing the earnings distribution of the sample. It found that the sample is extremely low paid when compared to national averages as well as occupational averages. Multiple jobs had a significant influence on average earnings as those working in multiple jobs earned more money and worked more hours.

The third section looked at the hours distribution of the sample. The sample sported the traditional characteristics of the low paid by working extremely long hours, and holding multiple jobs. It is suggested that multiple jobs through more hours worked will have
influence on the acceptance behaviour of the low paid. This will be tested in the next chapter.

The fourth section looking at the relationship between earnings and effort showed that the degree of extra effort input by the sample did not produce the same degree of extra income. So the workers might be reacting by working longer hours implying distress selling of labour, to fulfil their needs. But given that specific information on overtime earnings is missing this data is open to interpretation.

The fifth section presented the satisfaction measures. The sample had high job satisfaction but very low pay satisfaction. The target income was low, but relative to their occupational categories. Among the satisfaction measures, satisfaction with job and target earnings appear to be key variables that could influence acceptance.

The final section looked at perceived opportunities. There are three relevant findings in this section. Firstly, most of the sample had worked in similar jobs in the past suggesting that they accept the job and have limited aspirations. Secondly, better job is defined by more money, so pay is an important aspect of their job. Given that they define better job by more money it is suggested that the target income seen as low by others is not considered so by the workers themselves. It is proposed that they have limited horizons that is influenced by their occupation, earnings of their friends and family and needs. Finally, of the many people who feel pessimistic of getting a better job, many are not aware of where to look for this better job. Is it an abstract, an oasis that is there in the back of their minds, that there always exists a better job out there somewhere. More research is needed before any definitive comments can be made on this.
In all, it is suggested that the acceptance of low pay is influenced by three factors. The first factor is the long hours worked by the sample either through overtime in their main jobs or working in multiple jobs or doing both. The nature of occupation appears to intervene as some occupations provide overtime while some don’t, leading the latter to working in multiple jobs. The second factor is that the low paid sample has limited horizons. Eventhough money is their definition of a better job and they are extremely dissatisfied with their earnings, their earnings are comparable to their target earnings. A high job satisfaction is further proof of acceptance under the comparable target earnings. Also their choice of similar jobs (as seen from past jobs) suggest limited aspirations. The third factor is that they have low perceived opportunities. This is seen in the fact that most of the sample feels that there is a better job but most of them don’t feel that they can get it. The next chapter defines acceptance as not searching for a better job and then attempts to relate these factors to the ‘not searching’ behaviour in order to create an understanding of acceptance of low paid employment.
CHAPTER 7

FINDINGS III- ANALYSES OF THE PROPOSITIONS

There is no subject so old that something new cannot be said about it. [Fyodor Mikhailovich Dostoyevsky]

7.1 Introduction

The findings so far have produced an extensive amount of data and it would be useful to summarise the key general features of the data before looking at hypothetical relationships. The main focus of this study is to understand the acceptance of low pay. The initial analysis of the data along with the literature reviews suggests that the acceptance of low pay although not straightforward, can be conceptualised. There are some fundamental factors that appear to shape the acceptance of low pay. The key variables that influence the acceptance of low pay include long hours of work, limited horizons, and low perceived opportunities. Each of these are in turn determined by a multitude of variables as discussed in the summary section of the previous chapter. This chapter carries forward the research by matching these factors to the behavioural dimensions of acceptance of low pay.

As discussed in Chapter 3, there is a deficiency of research looking at pay acceptance. While there is some research looking at low pay which talks about low pay in relation to wage determination (see Riley and Szivas for more discussions 2001), there is a lack of studies that examine the acceptance of low paid jobs.
This study has argued that there is a case for examining why people stay in low paid jobs through the concept of acceptance. It has been suggested that the behavioural evidence of acceptance of low pay is ‘not searching’ with ‘extending labour supply in current job’ as further evidence. This chapter tests the different factors that have been identified as causes of low pay acceptance using the framework of searching/ not searching and extension of labour supply.

The proposition which guides this research is based on findings from theory and preliminary research. The proposition states that

*The acceptance of low pay is conditioned by the need to extend labour supply and by low horizons engendered by perceived self-evaluation and perceived opportunity*

To recapitulate the discussions in chapter 4, acceptance can be defined as the act of agreeing to the terms of an offer without any judgements attached to it. If acceptance is the act of taking something that is offered, the proof of acceptance would be keeping what has been offered. Although intention to quit could be an immediate precursor to actions, they are just intentions which do not inform on whether the employees are currently searching or not. It was thus decided to use the idea of currently searching or not searching for a better job as the most reliable predictor of acceptance of current low paid job. The argument is that people who are not searching for a better job can be said to accept their current job, and their current low pay.

This chapter presents the final portion of the data analysis. It aims to introduce the analysis of the key propositions identified previously. The chapter is guided by two broad objectives.
To illustrate the differences between those who are searching and those who are not searching for a better job

To identify the key variables that influence the acceptance of low pay for the sample

In order to achieve these objectives, the chapter is divided into five sections. Section 7.2 provides a descriptive analysis of the searching behaviour of the sample, while also profiling the sample on the same basis. Section 7.3 analyses the extension of labour supply for those who are searching for a better job and those who are staying in their current job. Section 7.4 introduces relevant propositions that have been developed on the basis of the literature and the pilot studies. Finally, section 7.5 draws out the key findings.

7.2. Descriptive analysis based on searching behaviour of sample

7.2.1 Introduction

As discussed above there are two proofs of acceptance of low paid jobs, first, not searching for another job and second extending labour supply while not searching. This section provides a descriptive analysis of searching behaviour of the sample. It also provides a comparison of the extension of labour supply for those who are searching for a better job and those who are staying in their current job. Thus the purpose of this first section is twofold:

Objective 1: To identify those people that are searching and those that are not searching for a better job

Objective 2: To identify the people who are not searching and extending their labour supply
7.2.2 Distribution of the sample in terms of searching/not searching

This section provides a descriptive analysis of the people who are searching for a better job and also those who are not searching for a better job. It profiles the sample based on personal and work attributes into these two categories.

It might seem self explanatory that a person accepts a job and thus the low pay when s/he is not searching for another job. Thus the starting point of analysing the acceptance data seems to be whether or not the sample is searching for another job. Figure 7.1 presents the distribution of the number of people searching or not searching.

Figure 7.1: Searching/ not searching distribution of sample

As seen in figure 7.1, a significant proportion of the sample (149 respondents) is not searching for a new job. Only 46 out of 267 respondents report that they are searching for a new job. In other words a majority are accepting their low paid jobs. Interestingly, 67 respondents have not answered this question. This can be interpreted in many ways including that they are searching, but not comfortable in saying so, or that they genuinely...
don’t know, but that is open for discussion. For the purpose of this study, this is taken to be missing data. In all a significant majority are staying in their old job and a significant number of the respondents are searching for a better job providing a reasonable sample split for data analysis.

7.2.3 Searching/ not searching by gender

The previous chapter showed that men earned more and also had higher target earnings than women. The higher aspirations in men would imply that more men are likely to search for a better job than women. The data supports this assumption. 35 men (20%) are actively searching for a better job compared to only 11 women (10%). A chi square value of 9.62 with a sig value (2 sided) of 0.008 supports the assumption that gender is associated with searching behaviour. Based on these findings, it is suggested that men are more likely to search than women.

7.2.4 Searching/ not searching by age

A cross tabulation was carried out across the different categories to check for special differences within the age groups. There was not a significant difference between the various age categories in terms of those who were searching for a better job and those who were staying in their current job. Similar number of people across different age categories were searching or not searching for a better job.
7.2.5 Circumstances

There was not much difference between those searching and those not searching for a better job in relation to their household circumstances. Almost equal number of people in both groups were the main earners in the household (Those searching- 119 out of 149 and those not searching- 38 out of 46 respondents). Similarly, number of people working in the household and number of dependants in the household were similar across both the categories).

7.2.6 Searching/ not searching by occupations

Occupation has proved to be an interesting variable in this study. It appears to influence the availability of overtime, which in turn appears to affect the number of jobs worked by the sample. If there are differences in searching patterns between occupations, it will inform on the influence of extra effort on decisions to search or stay for a better job. Table 7.1 looks at differences in the searching behaviour across the different occupational categories.

Table 7.1: Searching/ not searching for a better job by occupations

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Yes, I am searching for a better job</th>
<th>No, I am not searching for a better job</th>
<th>Missing data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel</td>
<td>13</td>
<td>25</td>
<td>5</td>
</tr>
<tr>
<td>Retail</td>
<td>17</td>
<td>66</td>
<td>27</td>
</tr>
<tr>
<td>Transcom</td>
<td>12</td>
<td>44</td>
<td>25</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>14</td>
<td>10</td>
</tr>
</tbody>
</table>
The findings in Table 7.1 show that fewer retail and transcom workers are searching compared to hotel workers. It is strongly suggesting that the nature of occupation is a key influence on the decision to search for a better job or stay in current job.

7.2.7 Searching/ not searching by multiple jobs

The previous chapter showed that people working in multiple jobs earn more, work longer than those holding single jobs. It is expected that those in multiple jobs are less likely to search as they either have less time or because of the fact that they are working in multiple jobs (job variety). Thus it is hypothesised that

**Hypothesis 1**

*Ho: There is no relationship between number of jobs and searching/ not searching*

*Hₐ: People having single jobs are more likely to search than those having two or more jobs.*

Figure 7.2 presents the distribution of people searching or not searching for a better job on the basis of the number of jobs worked by them.

**Figure 7.2: Searching/ not searching by number of jobs held**

![Graph showing distribution of searching/not searching by number of jobs](image)
Figure 7.2 shows that those having multiple jobs (66 respondents out of 92) are less likely to search for a better job than those working in single jobs (83 out of 170 respondents). This finding is significant because it supports the proposition that number of jobs is influencing the ability to search for a better job. The influence of the number of jobs on searching/not searching will become clearer by the end of the chapter after the reasons for searching is analysed in the next section.

A chi square test was done between the two categorical variables- number of jobs and searching/ not searching. Table 7.2 presents the cross tabulation and Table 7.3 presents the chi square tests.

Table 7.2: Cross tabulation of number of jobs held against searching/ not searching

<table>
<thead>
<tr>
<th>Number of jobs</th>
<th>Searching</th>
<th>Not searching</th>
<th>Missing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>34</td>
<td>83</td>
<td>53</td>
</tr>
<tr>
<td>2+</td>
<td>12</td>
<td>66</td>
<td>14</td>
</tr>
</tbody>
</table>

Table 7.3: Chi square results of number of jobs against searching/ not searching

<table>
<thead>
<tr>
<th>Chi-Square Tests</th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>13.103a</td>
<td>2</td>
<td>.001</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>13.529</td>
<td>2</td>
<td>.001</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>12.371</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>262</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 0 cells (0%) have expected count less than 5. The minimum expected count is 16.15.
The cross tabulation in table 7.2 indicates that of those with one job, 29% (34 respondents) were searching, whereas, of those with two or more jobs, 15% (12 respondents) were searching. The chi square value of 0.001 in table 7.3 with two degrees of freedom is extremely significant and supports the assumption of an association between number of jobs and searching behaviour, thus rejecting the null hypothesis.

7.2.8 Searching/ not searching and job satisfaction

The next test looks at the impact of job satisfaction on searching/ not searching. The questionnaire had a single likert scale question on job satisfaction asking respondents how satisfied or dissatisfied they were in their main job. The range was from ‘extremely satisfied to extremely dissatisfied’.

Traditional theory suggests a moderate to strong relationship between job dissatisfaction and turnover among other things. Thus the hypothesis is as follows

Hypothesis 2

$H_0$: There would be no difference in the mean job satisfaction scores of those who are searching and those who are not searching for a better job

$H_A$: Those who are searching for a better job will have lower job satisfaction scores compared to those who are not searching for a better job

Table 7.4 presents the results of the t tests comparing the mean job satisfaction scores between the two groups of searching/ not searching
Table 7.4: T test comparing mean job satisfaction scores for searching/not searching groups

<table>
<thead>
<tr>
<th></th>
<th>F</th>
<th>Sig</th>
<th>t</th>
<th>df</th>
<th>Sig (2 tailed)</th>
<th>Mean diff</th>
<th>Std error of diff</th>
<th>95% confidence interval of the difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equal variance</td>
<td>7.32</td>
<td>.007</td>
<td>4.93</td>
<td>193</td>
<td>.000</td>
<td>.70</td>
<td>.142</td>
<td>.420 to .979</td>
</tr>
<tr>
<td>assumed</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equal variance</td>
<td>4.44</td>
<td>.000</td>
<td>64.8</td>
<td>157</td>
<td>.000</td>
<td>.70</td>
<td>.385</td>
<td>1.014</td>
</tr>
<tr>
<td>not assumed</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The results in table 7.4 indicate that there is a significant difference at the p<.05 level in job satisfaction for those who are searching and those who are not. The results indicate that people who are searching (M= 3.11, s.d .971) have lower job satisfaction compared to those who are not searching (M= 2.41, s.d .797). Thus the alternate hypothesis is accepted.

7.2.9 Searching/ not searching and pay satisfaction

The next test looks at the impact of pay or earnings satisfaction on searching/ not searching. The questionnaire had a single likert scale question on pay satisfaction asking respondents how satisfied or dissatisfied they were with their earnings. The range was from ‘extremely satisfied to extremely dissatisfied’.

Based on theoretical arguments, it is suggested that there exists a negative relationship between pay satisfaction and searching. Thus the hypothesis is as follows.
Hypothesis 3

Ho: There would be no difference in the mean pay satisfaction scores of those who are searching and those who are not searching for a better job

Ha: Those who are searching for a better job will have lower pay satisfaction scores compared to those who are not searching

Table 7.5 presents the comparison of pay satisfaction scores for those who are searching and those who are not searching

Table 7.5: Pay satisfaction score comparisons using t tests for those searching/ not searching

<table>
<thead>
<tr>
<th>Equal variance assumed</th>
<th>F</th>
<th>Sig</th>
<th>t</th>
<th>df</th>
<th>Sig (2 tailed)</th>
<th>Mean diff</th>
<th>Std error of diff</th>
<th>95% confidence interval of the difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.004</td>
<td>.952</td>
<td>1.38</td>
<td>192</td>
<td>.167</td>
<td>.19</td>
<td>.135</td>
<td>-.079, .453</td>
</tr>
<tr>
<td>Equal variance not assumed</td>
<td>1.43</td>
<td>76.31</td>
<td>.157</td>
<td>.19</td>
<td>.131</td>
<td>.073</td>
<td>.447</td>
<td></td>
</tr>
</tbody>
</table>

The results in table 7.5 show that there is no significant difference at the p<.05 level in satisfaction with earnings for those who are searching and those who are not. The pay satisfaction scores indicate that people who are searching (M= 4.49, s.d .757) have a slightly higher pay satisfaction than those who are not searching (M= 4.30, s.d .803). Given the overall low pay satisfaction scores, this result is as expected. Thus the alternate hypothesis 3 is rejected and the null hypothesis is accepted.
7.2.10 Searching/not searching and money attitudes

The next test looks at the relationship between money attitudes or money ethics and searching/not searching. Tang’s (1995) 12 item scale was used to test the money ethics of the sample. The scale had statements on money attitudes in a Likert format asking respondents whether they agreed or disagreed on a series of statements regarding money (see appendix 10). Based on the discrepancy notion, Tang (1995) argued that people who value money highly will have a higher tendency to express dissatisfaction with pay. Tang (1995) proposed that money ethics have a negative relationship with pay satisfaction, which was supported by the second preliminary study (see appendix 6). Furthermore, theoretical arguments suggest a negative relationship between pay satisfaction and commitment (Heneman, 1985, Lawler, 1971), it is hypothesised as follows:

**Hypothesis 4**

*H₀: There would be no difference in the mean money ethics scores of those who are searching and those who are not*

*H₁: Those who are searching will have higher money attitudes/ money ethics scores compared to those who are not searching*

Table 7.6 presents the results of the t tests done to check for differences in the mean money ethics scores for those who are searching and those who are not searching.
Table 7.6: Money attitudes/ ethics score comparisons using t tests for those searching/ not searching

<table>
<thead>
<tr>
<th></th>
<th>F</th>
<th>Sig</th>
<th>t</th>
<th>df</th>
<th>Sig (2 tailed)</th>
<th>Mean diff</th>
<th>Std error of diff</th>
<th>95% confidence interval of the difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equal variance</td>
<td>.005</td>
<td>.944</td>
<td>1.72</td>
<td>193</td>
<td>.087</td>
<td>1.81</td>
<td>1.050</td>
<td>Lower: -.265, Upper: 3.877</td>
</tr>
<tr>
<td>assumed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equal variance</td>
<td>1.61</td>
<td>6.4</td>
<td>1.11</td>
<td>3</td>
<td>.111</td>
<td>1.81</td>
<td>1.117</td>
<td>Lower: -.423, Upper: 4.035</td>
</tr>
<tr>
<td>not assumed</td>
<td>.6</td>
<td>3.11</td>
<td></td>
<td></td>
<td>.111</td>
<td>1.81</td>
<td>1.117</td>
<td></td>
</tr>
</tbody>
</table>

The results in table 7.6 show that there is no significant difference at the p<.05 level in satisfaction with earnings for those who are searching and those who are not searching for a better job. The money attitude scores for those who are searching (M= 45.83) is not much different from those who are not searching (M= 44.02). Thus the alternate hypothesis 4 is rejected and the null hypothesis is accepted.

7.2.11 Searching/ not searching by pay comparisons

The data analysis found that a significant number of the sample felt that their earnings were below that of their financial needs, and the earnings of their family and friends and above that of their past jobs. This section checks if the pay comparisons vary between those who are searching for a better job and those who are staying in their current job. Based on the ideas of the reference group theory, the argument is that people will accept their low pay if it compares favourably with pay of significant others. The hypotheses thus are
Hypothesis 5

Ho: There will be no difference in ‘my pay in comparison to the pay of my family and friends’ between those who are searching and those who are not searching for another job.

Ha: ‘my pay in comparison to the pay of my family and friends’ will be above for those who are not searching for a better job

Hypothesis 6

Ho: There will be no difference in ‘my pay in comparison to my financial needs’ between those who are searching and those who are not searching for a better job.

Ha: ‘my pay in comparison to my financial needs’ will be above for those who are not searching for a better job

Hypothesis 7

Ho: There will be no difference in ‘my pay in comparison to my pay in previous jobs’ between those who are searching and those who are not searching for a better job.

Ha: ‘my pay in comparison to my pay in previous jobs’ will be above for those who are not searching for a better job

Hypothesis 8

Ho: There will be no difference in ‘my pay in comparison to other jobs within the company’ between those who are searching and those who are not searching for a better job.
**Hypothesis 9**

*Ho: There will be no difference in ‘my pay in comparison to similar jobs in the industry’ between those who are searching and those who are not searching for a better job*

*Ha: ‘my pay in comparison to similar jobs in the industry’ will be above for those who are not searching for a better job*

A cross tabulation and chi square test was done across the five pay comparison statements. Except for hypothesis 6, there were no differences found in the others. A chi square value of 15.682 with a sig value (2 sided) of 0.000 strongly supports the assumption that my pay in relation to my financial needs is associated with searching behaviour. Based on the findings it is suggested that people who feel they earn less than their needs are more likely to search than those who feel they earn equal to or above their needs.

### 7.2.12 Reasons for searching for a better job

It is interesting to look at the reasons for searching for a better job as it would give self defined reasons for searching. A relatively few number of people (46 people out of 267, (20%)) were actively searching for a new job. They were asked an open ended question as to the reasons for searching, the answers were then classified into broad groups. The main reasons given in Table 7.7
Table 7.7: Main reasons for searching for a new job

<table>
<thead>
<tr>
<th>Reasons</th>
<th>Number of respondents (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>For money</td>
<td>17 (37%)</td>
</tr>
<tr>
<td>Problems with co workers, supervisors, hours or job</td>
<td>8 (17.3%)</td>
</tr>
<tr>
<td>I am looking for a specific job</td>
<td>6 (13%)</td>
</tr>
<tr>
<td>Less hours (hours not enough)</td>
<td>4 (8.7%)</td>
</tr>
<tr>
<td>Don’t like my job</td>
<td>4 (8.7%)</td>
</tr>
<tr>
<td>I am looking for a better job</td>
<td>3 (6.5%)</td>
</tr>
<tr>
<td>Personal reasons</td>
<td>1 (2.2%)</td>
</tr>
<tr>
<td>Missing</td>
<td>3 (6.6%)</td>
</tr>
</tbody>
</table>

As seen in table 7.7 money is the most frequently given reason for searching for a better job. This supports the suggestion in the previous chapter that money is an important aspect as well an active factor in the decision to stay in current job (money also figured in their definitions of a better job, see Chapter 6) or search for a better job.

7.2.13 Summary of descriptive analysis of those searching and those staying

This section provided the descriptive analysis of the behavioural measures of acceptance of low pay by looking for differences between those searching for a better job and those not searching for a better job. Men are more likely to search than women. Other personal characteristics including age and circumstances did not show a significant difference between the groups.
A key finding was that those working in multiple jobs were less likely to search for a better job than those working in single jobs. Transcom and retail workers were found to be less likely to search for a better job compared to hotel workers. A possible relationship between the nature of occupation and multiple jobs appears to exist since more transcom and retail workers held multiple jobs in comparison to the hotel workers. Satisfaction with the earnings or jobs was not different for the two groups, and neither was the attitudes towards money. Another interesting finding was that money was given as the prime reason by those searching for a better job suggesting that money is important and people consider their earnings in their decision to stay or search for a better job. The next section looks at the other behavioural proof of acceptance of low pay—extension of labour supply when not searching.

7.3 Extension of labour supply and not searching

7.3.1 Introduction

Extension of labour supply is identified through working overtime in the main job. The previous chapter has provided an in depth analysis of extension of labour supply.

It has looked at the overtime worked by the sample along with the number of jobs worked by the sample, finding that those working in multiple jobs worked much longer than those working in single jobs. This sub section looks at the extension labour supply through the searching behaviour of the sample. It also identifies those who are not searching through personal and work characteristics.
7.3.2 Not searching and extending labour supply

A significant portion of those not searching for another job are extending their labour supply. A total of 130 out of 149, (87%) respondents are not searching for a better job while extending extra effort either by working overtime or by holding second jobs. Only 9 out of 149 respondents (6%) reported that they were not searching while not extending their labour supply. The average number of hours worked by this group is 56 hours. The average hours of overtime worked by them are 10 hours and the mean hours worked in other jobs is 7 hours.

A considerable number of those who are searching for a better job are also extending their labour supply. 33 respondents out of 47 (72%) work an average of 9.2 hours in their main job, while 12 out of 47 respondents (27%) hold multiple jobs. The fact that most of the sample whether searching or otherwise, extend their labour supply means that the extension of labour supply is not an indicator of searching behaviour for this sample. As previously shown, this sample is extremely low paid and the extension of labour supply could have more to do with distress selling of labour than acceptance of low pay. This finding will be examined further when the four key propositions are analysed in the next chapter.

7.3.3 Earnings distribution of those not searching and extending labour supply

Earnings appear to be a key factor for this group (not searching and extending labour supply). Their individual earnings are much higher than the earnings of any other sub
groups. Table 7.8 presents the comparisons of the extension of labour supply and the searching behaviour of the sample.

Table 7.8: Extension of labour supply compared to searching/ not searching

<table>
<thead>
<tr>
<th></th>
<th>Number</th>
<th>Mean Individual earnings per week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total sample</td>
<td>267</td>
<td>£275.74</td>
</tr>
<tr>
<td>Not searching &amp; extending labour supply (LS)</td>
<td>130</td>
<td>£314.69</td>
</tr>
<tr>
<td>Not searching &amp; not extending LS</td>
<td>19</td>
<td>£224</td>
</tr>
<tr>
<td>Searching and extending LS</td>
<td>37</td>
<td>£287.28</td>
</tr>
<tr>
<td>Searching and not extending labour supply</td>
<td>9</td>
<td>£178.13</td>
</tr>
</tbody>
</table>

Table 7.8 indicates that those who are not searching while extending their labour supply earn much more than the others. This finding is expected given the sample’s definition of a better job as more money, therefore those who are searching could be doing so for monetary reasons as could those who are staying on.

7.3.4 Personal and work characteristics of those not searching for a better job and extending labour supply

Occupation was found to be significant previously, with hotel workers more likely to search for a better job compared to the other occupational groups in the sample. In terms of personal and work characteristics, there was not much difference with majority of workers in each category tending not to search and work overtime. Age groups and number of jobs were also not found to be very significant across groups. More men (101
out of 175 men (60%) are not searching while extending effort compared to women (29 out of 92 (31%)). The money attitude and pay satisfaction for this group is similar to that of the whole sample.

7.3.5 Summary of descriptive analysis of those searching and those not searching for a better job

The findings show that a majority of the sample whether searching or not are extending their labour supply. Extension of labour supply was either done by working overtime in the same job or by holding multiple jobs. Given this finding, extension of labour supply cannot be taken as additional proof of acceptance. The possible reason for the extension of labour supply irrespective of whether searching or not could be due to the extent of low pay prevalent in the sample. In terms of earnings, those who are not searching and extending their labour supply earn significantly more than all the other categories. The next section analyses the four main propositions that conceptualise the study.

7.4 Analysis of the propositions

7.4.1 Introduction

This section tests the conceptual framework by analysing the four guiding propositions. So far, Chapter 6 has identified three key factors that appear to influence the acceptance of low pay. These include the long hours worked by the sample either through overtime in their main jobs or working in multiple jobs, limited horizons and low perceived opportunities. The first section of this chapter, in addition, found support for some of the
factors identified in the previous chapter including multiple jobs and nature of occupation as influences on the acceptance of low paid jobs.

The proposition that guided this research suggests that

*The acceptance of low pay is conditioned by the need to extend labour supply and by low horizons engendered by perceived self-evaluation and perceived opportunity*

This section carries on the analysis from the previous findings chapters 6 and 7. It is guided by the four propositions introduced in chapter 4. The propositions introduced include

1. ‘a need to extend labour supply will condition the acceptance of low pay’
2. ‘that the principal attribute of a chosen better job would be ‘more money’’
3. ‘that most subjects will perceive a lack of opportunity’
4. ‘low horizons will be indicated, firstly by target earnings remaining close to existing earning and to job category pay means and secondly by choice of ‘better job’ being within the same job category as the existing job’

The research has identified a set of factors supposed to cause the acceptance of low pay. The previous section defined acceptance as ‘not searching’. The sample is split into ‘searching’ and ‘not searching’, and each of the factors identified so far will be tested against ‘searching’, ‘not searching’.

This section has four divisions which are based on the four propositions suggested to influence the acceptance of low pay. The first part looks at the extension of labour supply by comparing pay, hours, and effort/ income between those searching and those not...
searching for a better job. The second part looks for differences in the way 'better jobs' are defined by those searching for a better job and those staying in their current jobs. The third part explores for differences in perception of opportunity through identifying the chances of finding a better job for those searching and those not searching for a better job. The final part tests the differences in horizons of those searching and those staying through target earnings, real earnings, occupational earnings, the definitions of better job money and similarity of past jobs for those who are searching and those who are not searching for a better job.

7.4.2 Extended effort

The proposition directing the relationship between those who are searching and those who are not searching is as follows

'Those who are searching for a new employment will display less extended hours than those not searching'

In other words people who are not searching will work longer and earn more than those who are searching for another job.

7.4.2.1 Searching/ not searching and hours worked

It can be suggested that people who are working long hours will have less time to search for another job. Thus it is hypothesised that
Hypothesis 10

Ho: There is no relationship between hours of work and searching/not searching

Ha: The hours worked by those who are not searching will be significantly more than the hours worked by those who are searching

A t test was done between the hours worked and searching/not searching. There was no significant mean differences in the hours worked by those who were searching and those who were not with a Sig value (2 tailed) .350, p<.05. Those who were searching worked 52 hours on average which was only slightly less than those who were not searching who worked 54 hours. Thus the alternate hypothesis 10 is not substantiated and the null hypothesis is accepted.

7.4.2.2 Searching/not searching and extra hours worked

People working longer hours will have less time to look for jobs (the reasons for working longer hours is another issue). In this vein, the searching behaviour of people will be influenced by their working extra hours- more than the fixed hours in their main job. Extra hours includes all the overtime they do in their main job and the hours worked in all their other jobs. It is hypothesised that

Hypothesis 11

Ho: There is no relationship between extra hours worked and searching/not searching

Ha: People who are searching will work fewer extra hours than those who are not searching
Table 7.9 presents the comparison of extra hours worked for those who are searching and those who are not searching.

Table 7.9: T test comparing mean overtime hours for searching/ not searching

<table>
<thead>
<tr>
<th></th>
<th>F</th>
<th>Sig</th>
<th>t</th>
<th>df</th>
<th>Sig (2 tailed)</th>
<th>Mean diff</th>
<th>Std error of diff</th>
<th>95% confidence interval of the difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equal variances</td>
<td>.126</td>
<td>.723</td>
<td>-1.11</td>
<td>193</td>
<td>.267</td>
<td>-1.70</td>
<td>1.530</td>
<td>Lower: -4.72 Upper: 1.31</td>
</tr>
<tr>
<td>assumed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equal variances</td>
<td>-1.11</td>
<td>74.75</td>
<td>.270</td>
<td>-1.70</td>
<td>1.532</td>
<td>-4.76</td>
<td>1.35</td>
<td></td>
</tr>
<tr>
<td>not assumed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The results in table 7.9 show that there is no significant difference at the p<.05 level in extra hours worked for those who are searching and those who are not. There is a small difference in the ‘hours worked’ mean scores between those who are searching (M=12.64, s.d 9.08) and those who are not searching (M=14.35, s.d 9.06) but it is statistically insignificant. Thus the alternate hypothesis 11 is rejected and the null hypothesis is accepted.

The findings in hypotheses 10 and 11 are quite significant as they suggest that extension of labour supply is not an evidence of the searching behaviour of the sample. Both groups display long working hours whether through working overtime or by holding multiple jobs. The suggestion here is that the extent of low pay as evident in the sample is leading to distress selling of labour in order to achieve their low levels of pay.
7.4.2.3 Searching/ not searching and earnings

To recap the response rate in total, 46 (17.2 %) respondents are searching for a new job, 149 (55.8%) are not searching for a new job and 65 (27%) have not answered the question. The next test with respect to searching and not searching is to see if there is any difference in individual total weekly earnings between the two groups. Based on the samples’ self definition of better job as more money or better pay (Chapter 6), and also based on literary arguments that pay is an important aspect of work, it is hypothesised that people who are searching earn less than those who are not searching.

**Hypothesis 12**

*Ho:* There is no mean difference in the total individual earnings among those who are searching and those who are not searching for a better job

*Hₐ:* The mean total weekly individual earnings of those who are searching will be less than those who are not searching a better job

Table 7.10 shows the comparison of total individual mean earnings per week using t tests between those who are searching and those who are not searching.

**Table 7.10: T test comparing mean total personal earnings between searching/not searching groups**

<table>
<thead>
<tr>
<th></th>
<th>F</th>
<th>Sig</th>
<th>T</th>
<th>df</th>
<th>Sig (2 tailed)</th>
<th>Mean diff</th>
<th>Std error of diff</th>
<th>95 % confidence interval of the difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equal variances assumed</td>
<td>.091</td>
<td>.763</td>
<td>-2.64</td>
<td>193</td>
<td>.009</td>
<td>-37.2</td>
<td>14.08</td>
<td>-64.99 to -9.42</td>
</tr>
<tr>
<td>Equal variances not assumed</td>
<td>-2.69</td>
<td>76.79</td>
<td>.009</td>
<td>-37.2</td>
<td>13.87</td>
<td>-64.82 to -9.58</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The results in table 7.10 indicate that there is a significant difference at the p<.05 level in total individual earnings between those who are searching and those who are not for a better job. The actual earning figures show that people who are searching earn much less (M= £265.92, s.d 81.65) than those who are not searching (M= £303.13, s.d 84.08). Thus the null hypothesis 12 is rejected and the alternate hypothesis is accepted.

Even though those who are searching for a better job work similar hours as those who are not searching, they earn much less than those not searching. The evidence points to the idea that this discrepancy could be a factor to search, in other words, comparisons with ‘significant others’ could be a factor leading to the searching behaviour, this will be discussed in the next chapter in the discussions of the findings.

7.4.2.4 Searching/ not searching and effort and income

Previously, in chapter 6, a positive correlation was found between income and effort, and effort was significantly predicting 46% of the variance in total pay for the whole sample. It has been suggested in hypotheses 10- 12 that people who are not searching will work longer hours and will earn more than those who are searching. It would be interesting to see the relationship between total effort and total pay for those who are not searching when compared to those who are searching.

An OLS regression analysis was done to test the effect of total effort of those searching and those not searching on the total pay. The results of regressing total effort to total pay for those who are not searching can be seen in table 7.11.
Table 7.11: Predicting Total Pay: OLS Regression Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>-31.73</td>
<td>19.04</td>
<td>-1.66</td>
<td>.097</td>
</tr>
<tr>
<td>Number of Hours</td>
<td>5.86</td>
<td>.36</td>
<td>.68</td>
<td>16.13</td>
</tr>
<tr>
<td>R</td>
<td>.68</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>.47</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>260.35 (d.f.=1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>p</td>
<td>.000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The OLS regression for those who were not searching as seen in table 7.11 shows that the data fit the model. The model explained 47% of the variance in total pay. There was no negative effect of multi-colinearity. On the other hand for those who were searching, the regression analysis model was not found to be reliable. There was a high co-linearity between total pay and total effort as the model explained 97% of the variance in total pay. The two variables were found to be highly correlated.

The findings suggest that for those who are not searching for a better job, total effort plays a significant role in predicting total pay, but for those who are searching, total effort translates into total pay. In other words, for those who are not searching there could be other components making up their total pay. These additional factors could have influenced those who are not searching to stay on in their low paid job. A lack of information on the components of pay for the sample means that this finding is left open for interpretation.
7.4.3 Defining a better job

It has been proposed that people who are searching for a better job will search in order to get more money. The argument here is that low paid people are guided by money to look for a new job, which is in fact similar to their old job, with more money. The aim is not to look for differences between those who are searching for a better job and those who are staying in their current job, rather it is to find out whether money is what they are guided by in their quest for a new job or if there other aspects of the job, that influence their behaviour. The next proposition is as follows

‘that the principal attribute of a chosen better job would be ‘more money’

An open ended question asked the respondents to define a better job for themselves. Table 7.12 shows the list of factors given by the sample as their definition of a better job.
Table 7.12: Definition of a better job for those searching and those not searching for another job.

<table>
<thead>
<tr>
<th>Factors</th>
<th>Searching</th>
<th>Not searching</th>
</tr>
</thead>
<tbody>
<tr>
<td>More money, better pay</td>
<td>17 (37%)</td>
<td>100 (67%)</td>
</tr>
<tr>
<td>Better work conditions and environment</td>
<td>8 (17.4%)</td>
<td>14 (9.4%)</td>
</tr>
<tr>
<td>Better job, career/ future prospects</td>
<td>5 (10.9%)</td>
<td>2 (1.3%)</td>
</tr>
<tr>
<td>More suitable to my background, training, liking</td>
<td>4 (8.7%)</td>
<td>9 (6%)</td>
</tr>
<tr>
<td>More hours</td>
<td>2 (4.3%)</td>
<td>7 (4.7%)</td>
</tr>
<tr>
<td>More interesting varied</td>
<td>3 (6.5%)</td>
<td>(2.7%)</td>
</tr>
<tr>
<td>Don’t know</td>
<td>7 (15.2%)</td>
<td>10 (6.7%)</td>
</tr>
<tr>
<td>Others</td>
<td>0</td>
<td>3 (2%)</td>
</tr>
</tbody>
</table>

Table 7.12 shows that money was the definition given by a majority of those who are searching as well as those who are staying. The proposition has found support as most of the sample whether searching or staying define better job in terms of more money.

7.4.4 Lack of opportunities

‘Perceived opportunities’ can be identified as the chances that the individual feels s/he has in getting a better job. The importance of perceived opportunities to acceptance of
low paid jobs has already been discussed in chapter 3. A descriptive analysis of perceived opportunities showed that although a majority of the sample felt that their self-defined better job was available, few were confident of getting it. It is suggested that this lack of confidence is having an impact on their searching behaviour. The proposition here is

‘That most subjects not searching will perceive a lack of opportunity’

Consequently, the hypothesis is

**Hypothesis 13**

*H₀: There is no relationship between chances of getting a better job and searching/ not searching for a better job

*Hₐ: People who are not searching for a better job will feel more pessimistic about their chances in getting a better job compared to those who are searching.

Figure 7.3 presents the cross tabulation results of the chances of finding a better job for the two groups.

**Figure 7.3: Cross tabulation of chances of finding a better job with searching/ not searching**
Figure 7.3 clearly shows the difference in searching behaviour between those optimistic and those pessimistic of getting better job. A massive 121 out of 149 respondents (81%) who feel pessimistic are not searching for another job. 28 out of 63 respondents (44%) who feel optimistic of getting a better job on the other hand are searching. The chi square results are presented in table 7.13

Table 7.13: Chi square results of chances of finding a better job with searching/ not searching

<table>
<thead>
<tr>
<th>Chi-Square Tests</th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>42.450</td>
<td>2</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>37.952</td>
<td>2</td>
<td>.000</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>.012</td>
<td>1</td>
<td>.912</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>260</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As can be seen from table 7.13, the chi square value of 0.001 with two degrees of freedom is extremely significant. It backs the presence of an association between the searching behaviour and chances of getting a better job, rejecting the alternate hypothesis. It is suggested that pessimism of getting better job has a strong influence in the decision not to search, while optimism might not necessarily lead to a searching behaviour.

7.4.5 Low horizons

It has been suggested that people accept low pay because they have limited horizons. The suggestion is guided by the following proposition
"Low horizons for those not searching will be indicated, firstly by target earnings remaining close to existing earning and to job category pay means and secondly by choice of 'better job' being within the same job category as the existing job."

This section looks for differences in target earnings, real earnings and the occupational earnings between those who are searching and those who are not searching for a better job.

7.4.5.1 Searching/ not searching and target earnings

It has been suggested that the sample is accepting low pay because it has lower target earnings (which might not be seen as such by themselves). So, it is proposed that people who are not searching for a better job are nearer their target earnings compared to those who are searching. The hypothesis is as follows

Hypothesis 14

Ho: There would be no difference between actual earnings and target earnings for those who are searching and those who are not

HA: The difference between target earnings and actual earnings will be significantly less for those who are not searching compared to those who are searching.

Table 7.14 presents the figures on target income and actual income for the two groups.
Table 7.14: Comparison of mean target earnings and mean actual earnings for searching/ not searching groups

<table>
<thead>
<tr>
<th></th>
<th>Yes, I am searching</th>
<th>No, I am not searching</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean weekly target earnings</td>
<td>£335.36</td>
<td>£361.58</td>
</tr>
<tr>
<td>Mean weekly actual earnings</td>
<td>£265.92</td>
<td>£303.13</td>
</tr>
<tr>
<td>Mean weekly target earnings minus</td>
<td>£64.26</td>
<td>£58</td>
</tr>
<tr>
<td>mean weekly actual earnings</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 7.14 shows that those who are not searching have higher earnings than those who are not searching. An independent t test of actual mean earnings also showed a significant difference between those who are searching and those who are not searching for a better job, with a sig value of 0.009 at the p<0.5 level.

Those who are not searching are nearer their targets than those who are searching (see appendix 20). An independent samples t test was conducted to compare the difference in mean target earnings of those who are searching and those who are not searching. The results did not suggest a significant difference in the groups with a sig value 0.136 at the p<.05 level. The alternate hypothesis is rejected under the circumstances with a suggestion of further analysis.

7.4.5.2 Searching/ not searching and occupational category earnings

The proposition is suggesting that people accept low pay because they have low horizons. Consequently, it is suggested that people who are not searching will have their target earnings nearer their occupational earnings compared to those who are searching.
Hypothesis 15

**Ho:** There would be no difference between the occupational mean earnings and target earnings for those who are searching and those who are not searching for a better job

**Ha:** The difference between the target earnings and occupational mean earnings will be significantly less for those who are not searching for a better job compared to those who are searching.

Table 7.15 shows the differences in target and occupational mean earnings for the two groups.

<table>
<thead>
<tr>
<th>Occupations</th>
<th>Target earnings (p/week)</th>
<th>Occupation mean earnings (p/week)</th>
<th>Difference (Target - Occupation)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hotel</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Searching</td>
<td>£341</td>
<td>£289.1</td>
<td>+£52</td>
</tr>
<tr>
<td>Not searching</td>
<td>£359</td>
<td>£289.1</td>
<td>+£70</td>
</tr>
<tr>
<td><strong>Retail</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Searching</td>
<td>£330.6</td>
<td>£383.1</td>
<td>-£53</td>
</tr>
<tr>
<td>Not searching</td>
<td>£367</td>
<td>£383.1</td>
<td>-£16</td>
</tr>
<tr>
<td><strong>Transcom</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Searching</td>
<td>£345.83</td>
<td>£441</td>
<td>-£95</td>
</tr>
<tr>
<td>Not searching</td>
<td>£342</td>
<td>£441</td>
<td>-£99</td>
</tr>
</tbody>
</table>

The table 7.15 has found mixed results. Those who are not searching in retail have target earnings closer to occupational real earnings. The other occupations have not found
differences between occupational mean earnings and target earnings. The hypothesis is neither supported nor disproved. The meaning of the findings will be discussed in the next chapter.

7.4.5.3 Past jobs to existing jobs

The final evidence that indicates low horizons is the similarity of past jobs with current job. An open question asked them to list their last five jobs. The previous chapter found that the sample as a whole tended to stick to their job types. Only 28 respondents in all out of 267 respondents had worked anywhere other than their current occupation. 15 people working in hotels had worked in other occupations, while only 13 out of 81 transport & communication workers had worked anywhere else. None of the retail workers had held jobs anywhere else. The acceptance is attributed to low horizons, which is partly indicated by staying in similar jobs. Thus it is suggested that people who are not searching will have worked in similar jobs in the past. It is hypothesised that

**Hypothesis 16**

*Ho*: There will be no differences between people who are searching and people who are not searching in terms of similarity in their past jobs and their current jobs.

*Ha*: The similarity between past and current jobs for those who are not searching will be significantly higher compared to those who are searching.

A cross tabulation was done across each occupational category looking for differences between those who are searching for a new job and those who are staying in their current job. Within hotels among those who were not searching only 5 out of 25 respondents had worked anywhere else other than hotels compared to 10 out of 13 of those searching. In
retail, all of those who had worked in other occupations in the past were currently searching for a better job (13 out of 17). None of the transcom employees had worked anywhere else. The patterns across occupations show that on the whole people who are not searching tend to stay in similar jobs compared to people who are searching. The results thus support hypothesis 16.

7.4.6 Summary of hypotheses

Section 7.4 looked at the four broad propositions suggested to influence the acceptance of low paid jobs. The first part looked at the extension of labour supply by comparing pay, hours, and effort/ income. The second part analysed for differences in the definition of a better job by looking for differences in definition between those searching and those staying. The third part investigated differences in perception of opportunity through identifying the chances of finding a better job for those searching and those not searching for a better job. The final part tested the differences in horizons of those searching for a new job and those staying in their current job through target earnings, real earnings, occupational earnings, the definitions of better job money and similarity of past jobs for those who are searching and those who are not searching for another job.

The first part analysed the impact of extension of labour supply between those searching and those not searching for a better job through comparing the hours worked, overtime worked and earnings received. There was not any significant difference between the groups in total hours worked, or extra effort extended. There was however, a significant difference in the earnings between the two groups with those searching earning much less than those who are not searching.
The second section was anchored on the proposition that a better job for those who were searching would be more money. The findings supported this proposition with one third of those who were searching identifying more money/pay as their definition of a better job.

The third section looked for differences in the perception of opportunity through identifying the chances of finding a better job for those searching and those not searching for a new job. It is suggested that pessimism of getting a better job had a strong influence in the decision not to search, while optimism might not necessarily lead to a searching behaviour.

The last section analysed the proposed role of low horizons on the decision to search for a new job or stay in the current job. It tested the presence of low horizon through looking at the position of target earnings in relation to actual earnings and occupational mean earnings and through comparing past jobs with current jobs. The results found that the difference between target earnings and real earnings is lower for those who are not searching for a better job. Also, people who were not searching were more likely to stay in the same occupation, compared to the other group. The next section concludes the chapter laying the foundation for the next chapter on discussions.

7.5 Summary

This chapter has provided a framework for analysing the acceptance of low pay- through the behavioural aspects of searching/ not searching. It started of with two objectives
• To illustrate the differences between those who are searching and those who are not searching for a better job
• To identify the key variables that influence the acceptance of low pay for the sample

The results found that there are key differences between people who are searching and people who are not searching for a better job and that there are clear differences in patterns between two groups. The results also came up with key variables that appear to influence the searching behaviour of the sample. The significant factors that have come out include multiple jobs, limited horizons and perceived opportunities. The next chapter attempts to match these findings to the initial hypothesis and come up with a framework that explains the acceptance of low paid jobs.
"Once you eliminate the impossible, whatever remains, no matter how improbable, must be the truth." Sherlock Holmes (by Sir Arthur Conan Doyle, 1859-1930)

8.1 Introduction

The fundamental purpose of this research through empirical analysis has been to understand the acceptance of low paid employment. The three objectives that guided this research were as follows

1. What are the key external factors that influence the acceptance of low pay?
2. What are the psychological process involved in the acceptance of low pay?
3. Is there a difference in the acceptance of low pay between those who are searching and those who are not searching for a new job?

Based on the literature review and indications from the preliminary studies a guiding proposition was conceived which suggested that

The acceptance of low pay is conditioned by the need to extend labour supply and by low horizons engendered by perceived self-evaluation and perceived opportunity

This was further broken down into four testable propositions as follows

1. Those searching for a new employment will display less extended hours than those not searching
2. The principal attribute of a chosen better job would be ‘more money’
3. Most subjects not searching will perceive a lack of opportunity

4. Low horizons for those not searching will be indicated, firstly by target earnings remaining close to existing earning and to job category pay means and secondly by choice of 'better job' being within the same job category as the existing job

This chapter is designed to achieve the objectives of the research by discussing the empirical findings through the framework of the above discussed propositions. Thus although there are a number of single conclusions, the focus here is on presenting a coherent picture of the acceptance of low pay.

The structure of the chapter is as follows. Section 8.2 discusses the main findings of the study by first presenting an overview of the findings and then testing the four propositions by identifying the differences between those searching and those not searching for another job. It then goes on to revisit the main proposition that directed the research and identifies the influences on acceptance through a restated proposition. Section 8.3 summarises the key findings of this chapter.

8.2 Discussion of the findings

8.2.1 Introduction

Chapters 5, 6 and 7 presented in detail the survey findings in the form of descriptive statistics and statistical results of the propositions tested through various hypotheses. This section discusses the main findings of the study.
8.2.2 Overall pattern of acceptance of low pay

An appropriate place to start the discussions of the findings is with the overall pattern of acceptance of low pay by the sample. Here, there are two significant facts. First, acceptance of low pay appears to be influenced by perceived opportunities and limited horizons. Second, acceptance of low pay does not seem to be affected by extended effort or satisfaction with earnings. Both these patterns are displayed clearly with differences between those who are searching and those who are not searching for another job. The next section identifies the differences between the two groups.

8.2.3 Overall difference between searching and not searching

In order to search for differences between those who are searching for a better job and those who are staying in their current job, the results of the variables tested in the previous chapter are discussed briefly.

To begin with, within the personal characteristics, gender was found to be salient. Men were more likely to search than women. This finding implies that women are more likely to accept low pay than men. Research finds men to have higher earnings (Blau and Kahn 1994) money attitudes (Tang, 1995) and higher pay satisfaction. However, there is a lack of studies looking at the extended effort, aspirations or horizons of men in comparison to women. Further research is needed to comment on this. There were no differences across age as the overwhelming majority of the sample (around 85 %) were aged between 22- 45. Marital status and number of dependants were similar for both groups.
With regard to job characteristics, number of jobs was a significant variable. **People who were working in single jobs were more likely to search than people working in multiple jobs.** Chapter 6 also found that people working in multiple jobs worked longer and earned more than people in single jobs. It is tentatively suggested that moonlighting or multiple job holding prevents people from searching through providing extended hours, more money and job variety.

Nature of occupation was also relevant, with **hotel workers more likely to search compared to retail or transcom workers.** Hotel workers typically work in single jobs. Most of hotel workers work overtime in their main job while fewer people from other job categories work overtime in their main jobs. It is suggested that the nature of occupation is influencing the number of jobs worked by people possibly through the availability of overtime in their main jobs. More importantly, it appears that the nature of job is affecting the acceptance of low pay.

The analysis of extended effort showed no difference between those who were searching and those who were staying. The earnings on the other hand, were significantly different for the two groups with **those who were staying earning much more than those who were searching.** There is no evidence of pay comparison leading to searching, as no differences were found between those who were searching and those who were staying in terms of their pay comparisons with others in similar jobs or jobs in the industry. It appears that in this extremely low paid sample, people are searching in order to fulfil their needs. The pay comparison of needs showed a strong relationship between searching behaviour and my pay in comparison to my needs. Therefore, this result is more a proof of the extent of low pay than acceptance of low pay.
An examination of the satisfaction variables revealed that people who were not searching for a better job had a higher job satisfaction compared to those who were searching. The pay satisfaction on the other hand was similar for the two groups, with most people being very dissatisfied with pay (mean 4.37 on a five item scale). Pay satisfaction is not a part of job satisfaction and it appears that they are separating pay from other aspects of the jobs as found by Riley et al (1998), thus being able to maintain dissatisfaction with pay and high job satisfaction. The money attitude scores were similar with most people reporting a strong attitude towards money (mean 44, range 12- 60), the strong money attitude leading to their low pay satisfaction. The findings indicate that people stay on even if they are not satisfied with their pay and also satisfaction with earnings or attitude towards money do not cause the acceptance of low pay.

The opportunities data showed an association between chances of finding a better job and the searching behaviour. The results indicate that people who are searching feel more optimistic about getting a better job compared to people who are not searching. This finding will be discussed in depth in further sections.

An investigation into horizons demonstrated that the people who are not searching for a better job tend to stay in similar occupations compared to people who are searching. Data on past jobs is extremely significant as it acts as evidence of both limited horizons and satisfaction with job type. Differences between target and actual earnings were the same for the two categories, the implications discussed in the following sections.

The following section analyses the findings in detail in relation to the four propositions.
8.2.4 Proposition 1

Those searching for a new employment will display less extended hours than those not searching

Statement A15 was used to identify whether the respondents were searching or not searching for another job and statements A5, A7, B5 and D9 were used to gather information on the number of hours worked by the sample (see appendix 10 for questionnaire). The analysis looked for differences in extended hours worked between the two groups. The underlying principle is that the extremely long hours worked in low paid jobs will inhibit people from searching leading to an acceptance of their current low paid job.

The findings in respect to hypotheses H10 and H11 (Chapter 7), indicate that there is no difference in the extension of labour supply between those who are searching and those who are not searching for another job. The findings show that the sample as a whole is working extremely long hours of 52 hours with only slight differences between those who are searching (52 hours) and those who are not searching (54 hours). The difference in extra hours worked either through overtime or in other jobs is also not significant for the two groups. The conclusion here is that the searching behaviour is not necessarily influenced by the extension of effort. Consequently, extension of extra effort does not necessarily lead to acceptance of low paid jobs.
8.2.5 Proposition 2

The principal attribute of a chosen better job would be ‘more money’

The interest in definition of better jobs is to identify the qualities that make up a better job. The argument is that for people in low paid jobs a better job will be the same job paying more money. In other words, the searching behaviour will be caused by the need to earn more money.

Q A 17 asked the respondents to define a better job (see appendix 10). The findings (as given in section 7.4.3 (Chapter 7)) support the proposition. A majority of the sample define better job in terms of more money. Thus it can be argued that people are accepting the job they are in and want to earn more money in the same job.

This finding indicates that the acceptance of low pay is partly influenced by acceptance of the low paid job and their searching behaviour is caused by a need to earn more money. This supports the classical economic theory of profit maximisation. It also backs the suggestion that money is important for the low paid and they do not have perverse economic behaviour as suggested by some economists (Berg, 1961, Dunn, 1971 as discussed in Sharif, 2000).

8.2.6 Proposition 3

Most subjects not searching will perceive a lack of opportunity

The economic literature identified that low pay is tolerated because of individual and job characteristics. There was some evidence of perceived opportunities playing in
maintaining low pay, but it was largely ignored in mainstream labour economics. As previously discussed, the fear of job loss can play an important part in sustaining low levels of pay, as individuals workers with jobs hesitate to press for more pay for fear of the possible employment consequences.

Based on the research, it was suggested that the searching behaviour is influenced by the perception of chances of getting a better job. In other words, whether they think they stand a chance of getting their self defined concept of a better job will influence their decision to search. The underlying principle is that if people feel that they cannot get a better job, they will not search for another job, thus staying and accepting their current job and low pay.

Question A (19) (appendix 10) asked the respondents to rate their chances of getting a better job, which was then analysed. The data analysis in the form of hypothesis 13 supported the proposition. A significant number of those not searching felt that they could not get a better job (81 per cent) while many of those who were optimistic of getting a better job were searching (44 per cent). The findings provide empirical support to the arguments that individuals take external opportunities into consideration when accepting a low paid job. This result is very significant as it has highlighted an important factor that has been ignored largely in both the economic and the psychological literatures on pay.

S.Thozhir Discussion of the Findings

Discussion of the Findings

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8.2.7 Proposition 4

Low horizons for those not searching will be indicated, firstly by target earnings remaining close to existing earning and to job category pay means, and secondly by choice of ‘better job’ being within the same job category as the existing job

The fourth and final proposition suggests that low horizons are indicated by a combination of three measurable variables. First, having target earnings near actual earnings. Previously, the research has suggested that people accept low pay because they have low targets (not seen as such by themselves). Also by having their target earnings remaining close to their occupational earnings, they are able to compare their earnings with that of their significant referents, in this case earnings of others in similar jobs. Secondly, by choosing better job as the same job, they are accepting the low paid job but not the pay. Proposition 2 indicated that most of the sample define better job as more money, in other words, they are accepting the job. If they had worked in similar jobs in the past, it would be additional proof of acceptance of the job.

Statements Q D10 and A21 (appendix 10) asked for information on real earnings and target earnings. Hypothesis 14 (Chapter 7) tested for differences between real and target earnings for those who were searching and those who were staying. The findings indicate no differences between the two groups. The conclusion here is that acceptance of low pay is not caused by differences between real and target income.

Statements Q D10 and A21 (appendix 10) were used along with the question on job title Q A10 to look for differences between target earnings and real earnings for those searching...
and those staying across occupations. Hypothesis 15 (Chapter 7) found mixed results. Those who were not searching in retail had target earnings closer to occupational real earnings. On the other hand, the target earnings of hotel and transcom workers were much lower than occupational mean earnings. The suggestion is that acceptance of low pay is not necessarily influenced by occupational earnings.

The second section of the proposition suggests that for people who accept their low paid job, better job would be the same job. Statements A1, A24 and A17 (appendix 10) included in the survey questionnaire were used to test this section of the proposition. Hypothesis 16 (Chapter 7) reported that almost all of those not searching for a better job had worked in similar jobs in the past. This finding means that for people who are not searching, better job is the same job. The next section summarises the results of the findings through the guiding proposition and then provides suggestions for further analysis.

8.2.8 Guiding proposition

Based on the research of literature and preliminary studies, the guiding proposition suggested that

*The acceptance of low pay is conditioned by the need to extend labour supply and by low horizons engendered by perceived self-evaluation and perceived opportunity*

Now based on the analysis of the findings, the proposition is modified to
The acceptance of low pay is engendered by multiple jobs, low perceived opportunity and low horizons defined partly by better jobs meaning more money and better job being the same job.

The next section summarises the findings of the propositions.

8.3 Summary

This section summarises the conclusions of the findings from the research. The conclusions relate to the objectives of the study, and have examined the following, personal characteristics, work characteristics, measures of satisfaction, perception of opportunities and presence of limited horizons. It has used the framework of propositions to look for differences between those who are searching and those who are not searching for a better job. The findings that emerge provide clear insight into the acceptance of low pay.

Within the overall sample characteristics, personal variables, work related variables, satisfaction variables, earnings and effort were examined. Nature of occupation influenced the acceptance of low pay possibly through multiple jobs. Although men were more prone to search for a better job, there were no differences in number of jobs worked, perceived opportunities or low horizons between men and women. The other personal and work related variables did not influence the acceptance of low pay.

The findings reveal that acceptance of low paid jobs is caused by a combination of multiple jobs, low perceived opportunities and limited horizons. The opportunities data illustrates the importance of perception of chances of finding a better job as a key factor
in peoples’ acceptance of low pay. There is a clear indication that more money is what makes a job better indicating that people are accepting the job but are not accepting the money. High job satisfaction scores also are evidence of their acceptance of their job. The similarity of past jobs to current jobs further confirms this suggestion.

Even though the difference between target and actual earnings was not significantly different for the two groups (searching and not searching), low targets nearer to real occupational earnings act as supporting evidence for limited horizons. The next chapter discusses some themes that have emerged during the research and revisits the concept of acceptance and the idea of searching and not searching for a better job before concluding the research.
CHAPTER 9

CONCLUSIONS

I used to think I was poor. Then they told me I wasn't poor, I was needy. Then they told me it was self-defeating to think of myself as needy, I was deprived. Then they told me deprived was a bad image, I was underprivileged. Then they told me underprivileged was overused, I was disadvantaged. I still don't have a dime. But I sure have a great vocabulary [Jules Feiffer]

9.1 Introduction

The aim of this research through empirical analysis was to understand the acceptance of low paid jobs. In other words, it aimed to understand why people stay in low paid jobs. This aim was endeavoured to be achieved by first understanding the meaning of pay for the low paid and second by identifying the factors that influence the acceptance of low pay. This chapter concludes the research by revisiting the research process, identifying the emergent themes and providing directions for future research.

The chapter is structured as follows. Section 9.2 revisits the research process and identifies the key findings at each stage of the research. Section 9.3 describes the themes that emerged from the analysis and relates it to existing theories. Section 9.4 revisits the concept acceptance and the idea of searching/not searching for a better job and their relevance to the research. Section 9.5 illustrates the limitations in current research while section 9.6 suggests directions for future research. Section 9.7 concludes with some final remarks on the research.
9.2 The research process

Chapter 2 began by looking at the economics of low pay. The low paid have some specific qualities that separate them from the others. They work extremely long hours often holding multiple jobs, suggesting distress selling of labour. The main causes of low pay were identified to be a combination of job characteristics and worker characteristics (worth of job, ease of learning and accumulation of human capital) (Riley and Szivas, 2001); (Hicks, 1963 as discussed in Sloane and Theodossiou, 1994)). In other words, people in low pay worked in jobs requiring low skills that provided no opportunities to accumulate skills. These factors meant that the low paid continued to stay in low paid jobs which was confirmed by the economic literature that found the upward mobility for the low paid was very low (Sloane and Theodossiou, 1998 as discussed in Asplund, Sloane and Theodossiou, 1998)

Chapter 3 discussed the significant findings in relation to the psychological research on low pay. Although, motivational theories propose that pay is important (McGregor, 1960, Lawler, 1981, Tang, 1995) there also seem to exist other factors that are significant for people at work, encouraging people to accept low paid jobs. The theory of distributive justice and the reference group theory suggest that ideas of fairness and positive comparisons play an important part in causing pay satisfaction with low pay. In addition, Riley and Szivas (2001) suggest that the low paid might have limited aspirations, which they don’t perceive as limited, leading to the acceptance of low paid jobs. There were some studies that identified perceived opportunities in the external market to influence the satisfaction with pay. These studies were done in periods of economic slumps, but still need to be taken into consideration as low pay in itself is an economic low. To
summarise, this chapter argued that satisfaction of low pay is caused by a combination of many factors along with the level of pay itself.

Chapter 4 identified the main research question as 'Why do people accept low pay' and stated the supporting objectives of the research. The chapter defined acceptance as the act of taking something that is offered, and consequently the proof of acceptance of low pay as 'not searching' for another job. It then discussed the formulation of the guiding proposition of the research, which then defined the structure of the methodology.

Chapter 5 commenced the discussion of the findings by examining the sample characteristics in detail. The sample consisted of a majority of men, aged between 26-45. They were mainly working in hotels, retail and transport & communication. Although, the findings do not display the traditional characteristics of people in low pay, they are expressive of the traditional low paid population. Interestingly, a significant number of this sample hold multiple jobs, providing evidence towards distress selling of labour.

Chapter 6 carried on the discussions by analysing the data collected on the various measures. It was found that the sample is extremely low paid when compared to national and occupational averages in the U.K. The sample worked extremely long hours, and held multiple jobs. A key finding was that the extent of extra effort input by the sample did not produce the same degree of extra income, confirming distress selling of labour. The target income was low, but relative to their occupational categories, supporting the concept of limited aspirations. Moreover, most of the sample had worked in similar jobs in the past confirming limited aspirations and acceptance of the job.
Chapter 7 concluded the presentation of the findings through analysing the four guiding propositions using the idea of 'not searching for a better job' as behavioural proof of acceptance. The findings suggested that there were key differences between those who were searching and those who were not searching, thus providing empirical support to using 'not searching' as a behavioural proof of acceptance. The findings identified the significant variables that appeared to influence the searching behaviour of the sample. The principal factors that were identified included multiple jobs, limited horizons and perceived opportunities.

Chapter 8 presented the discussions on the main findings of the data analysis by revisiting the main proposition that directed the research and identifying the influences on acceptance through a restated proposition. Based on the findings of the empirical study, the guiding proposition was modified from

*The acceptance of low pay is conditioned by the need to extend labour supply and by low horizons engendered by perceived self-evaluation and perceived opportunity*

to

*The acceptance of low pay is engendered by multiple jobs, low perceived opportunity and low horizons defined partly by better jobs meaning more money and better job being the same job.*

The next section identifies the significant research themes that have risen out of this research.
9.3 Emergent themes

9.3.1 Introduction
What makes an individual accept low pay? Previous research suggested that people accept low paid jobs because of circumstances, tolerance, fairness of distribution, favourable pay comparisons with references, limited aspirations and satisfaction with earnings. To an extent, this research confirmed some, denied others and made additions to the general mythology of what makes someone accept low pay. From this combination of facts and myths, some ideas regarding significant factors and their relationships have emerged. This section discusses these ideas in detail.

9.3.2 Emergent themes and their implications
This study has confirmed that acceptance of low pay has a life of its own. Acceptance coined to encompass a range of feelings from tolerance to satisfaction and defined by not searching for another job has enabled the research to look into the feelings of people in low pay. The suggestion that people are tolerating low pay is questionable as there are clear indications of people accepting low pay by first not searching for a better job and second extending their labour supply.

One of the main concerns that arises from the literature review is that whilst the bulk of the literature looks at the abundance of low pay, neither the economists nor the psychologists have attempted to understand the reasons as to why people stay in low pay. Much of the literature, in general terms, have not been applied specifically on the low paid. To a certain extent, this may be explained by the difficulty in conducting empirical research on pay. Perhaps, one of the major contributions of this study is that it is an early
example of an empirical study, hopefully to be followed by more on the acceptance of low pay.

Chapter 4 introduced the concept of acceptance as different from satisfaction. However, acceptance appears to follow the model of satisfaction as suggested by Lawler (1971) and Dyer and Theriault (1976). The idea of satisfaction as being the difference between perceived pay one should receive and perceived pay one receives appears to find resonance as perceived market opportunities and perception of what they have are influencing the acceptance process.

From the present study, the importance of perceived opportunities cannot be highlighted enough. The motivations to stay in low pay have found strong relationships in the perception of what is available outside. The criteria for staying in their current job depends on whether they think they can get another job. People who were not searching for a better job predominantly felt that they cannot get a better job compared to people who were searching for a better job. It is not the jobs available that are crucial, it is the chances of getting that job that causes acceptance. There is no previous research that the researcher is aware of that looks into perceived opportunities and the chances of getting a better job as an explanation of acceptance of low pay.

Perceived opportunities is also important as it informs on behaviour. Unlike the questionable relationship between earnings satisfaction and searching behaviour, a pessimistic perception of market opportunities directly affects the acceptance of low pay. The tool, although rudimentary, has served its purpose as an indicator of the acceptance of low pay.
Conclusions

Although most people accepted low pay by staying in their job, they reported extreme dissatisfaction with their pay. It is suggested that pay satisfaction does not inform on searching behaviour. If people are dissatisfied with pay and they don’t think they can get a better job (same job with more money), they will not search. A combination of needs and references appear to shape the pay satisfaction. Adams (1965) stated that individuals select referents that are similar to the comparer on one or more personal attributes. The low pay satisfaction could be explained if people compare themselves unfavourably to their significant referents. In this study the negative pay comparisons of the sample with that of their family and friends and their needs is causing them to report low pay satisfaction while pessimistic perception of available opportunities along with low horizons and multiple jobs is making them not search for their better jobs.

The classic idea of profit maximisation (Hammermesh et al 1996) is supported in the case of the low paid in this study as most people define better job as more money. The idea that pay is what brings people to work is true in the case of the low paid. Also arguments as to whether individuals are making decisions on the basis of alternative costs and decisions or follow some rational interpretation of market prospects (Riley and Szivas, 2001) is resolved as this research provides clear evidence of individuals making decisions on the basis of market prospects albeit self perceived. Aspects of work came second to pay. For the low paid, pay is an active part of acceptance whether staying or searching for a better job. It is suggested that the extremity of low pay prevalent in the sample has caused it to give so much pertinence to pay.
However, even though pay is the most important thing in their working life, the aspirations of people in low paid jobs are limited. This is what makes them to accept their current low pay. Defining better job in terms of more money while having targets near their actual earnings and the occupational averages clearly indicate that what is seen as low paid by others is not as seen to be low paid by the receivers themselves. Riley and Szivas (2001) suggested that satisfaction with low pay could be caused if the recipients do not consider it to be low. Their suggestion was that once the self defined crossover target earnings are reached other jobs attributes take over. The findings here provide empirical support to their suggestions that low pay is not considered as low by the recipients as their targets are near national averages and real earnings.

In spite of low monetary aspirations, pay figures very highly in the requirements of a job and other job attributes come way behind in their conditions of a better job. The suggestion here is that although the low paid have low aspirations, extremely low earnings force them to constantly take stock of earning levels.

One of the most important conclusions drawn from the above analysis is that for most of the variables there is very little difference between those who are searching and those who are not searching. Despite a marked difference in earning levels, perceived opportunities and limited horizons, the two groups display many similar characteristics and are homogenous to a considerable extent. A possible explanation is that the sample is extremely low paid. The evidence for this comes from comparing their earnings with the occupational averages and average earnings as described in chapter 6, 6.2.6.
Extreme dissatisfaction with pay and pay comparisons (where the sample as a whole compare their pay unfavourably to their needs) indicate that the sample perceive their pay to be inadequate for fulfilling their needs. Whether searching or not for a better job they work extremely long hours, work overtime, define better job as more money and have similar circumstances. Sharif (2000) argued that the working poor often work extremely long hours and their labour supply is aimed at achieving subsistence more than anything else. This research has managed to capture such a sample that is guided more by its needs than by satisfaction with earnings. Acceptance of low pay for this sample is thus constrained by their extremely low earnings, which affect both their perceived opportunities and their limited horizons.

9.3.3 Summary

This study is one of the early empirical studies looking at the acceptance of low pay. It argues that an individual’s searching behaviour is caused by acceptance of their low paid job. The criteria for staying in current job or searching for a better job depends on whether the individual is optimistic of getting a better job. The acceptance of low pay is guided by this optimism along with low horizons and multiple jobs. Interestingly, pay satisfaction does not inform on searching behaviour, signifying the difference between satisfaction and acceptance. The negative pay comparisons of the sample with that of their family and friends and their needs is causing them to report low pay satisfaction while pessimistic perceptions of available opportunities along with low horizons and multiple jobs is making them not search for a better job.
This research found that people accept low pay if they have limited aspirations, and so do not consider the pay to be low. The findings are supportive of Riley and Szivas’s (2001) suggestions that targets are subjectively determined and thus self reported figures are more helpful than any kind of occupational or industrial averages.

Pay for the low paid, is enormously significant and a dynamic part of acceptance whether staying or searching. The acceptance partly stems from the fact that they do not see the pay to be low themselves as the target pay is near national averages and real earnings. The findings here provide empirical support to suggestion by Riley and Szivas (2001) that low pay is not considered as low by the recipients themselves.

Another extremely important conclusion drawn from the above analysis is that for many factors there is very little difference between those who are searching and those who are not searching. The suggestion here is that the sample is so low paid that its acceptance is constrained by the extremity of low pay. Acceptance of low pay for this sample is thus constrained by their extremely low earnings, which affect both their perceived opportunities and their limited horizons.

The various ideas that have emerged in the course of this research have endeavoured to demonstrate the ways in which people accept low pay. The overall inference to be drawn here is that while some of the myths are upheld, a number of ideas have emerged that were not previously ascribed as reasons as to why people stay in low pay. Irrespective of the conclusions of these findings, it can be said that acceptance of low pay is one of a kind. Any additions to this subject will be tremendously beneficial to the low pay literature.
9.4 Revisiting acceptance and the idea of searching/not searching

The concept of using ‘searching/not searching’ has proved to be a reliable indicator of acceptance as there are differences in the characteristics of those who are searching and those who are not searching. The principal differences being the number of jobs held, perception of opportunities and low horizons. The extension of labour supply was not effective as further proof of acceptance as both those searching and those not searching for a better job displayed exceedingly long hours of work, which is understandable given that the sample is extremely low paid.

Acceptance was defined as the act of agreeing to the terms of an offer. Although acceptance may have causes and consequences, it principally concerns itself to being unprejudiced and thus includes all the degrees of attachment to the object. Since the aim of the study was to see why people are in low paid jobs it was important to use a framework that in itself is objective and unjudgemental. This was the rationale given to understand the reasons of why people stay in low pay through the framework of acceptance.

If acceptance is defined as the act of taking something that is offered, the proof of acceptance would be retaining the offering. In terms of low pay, it can be translated as the proof of acceptance of low pay would be through staying in the low paid job. It was thus decided to use the idea of currently searching or not searching as behavioural proof of acceptance. The argument was that people who are not searching for another job can be said to accept their current job, and their current low pay. Extension of labour supply was to be taken as additional proof of acceptance as people who are not searching and
extending their labour supply would probably do so because they are accepting the low pay.

Acceptance has proved to be a reliable expression, one that is unique and separate from the idea of satisfaction. This study indicates that ‘not searching’ is a more reliable predictor of acceptance of low pay than satisfaction with low pay.

Although acceptance itself is unbiased, it can be combined with other measures to understand the motivations behind it. In this case, acceptance seems to stem more from tolerance than from satisfaction given the extremely long hours and the dissatisfaction with their earnings.

There are some limitations in using the idea of ‘not searching’ to indicate acceptance. For example, an individual is accepting only so far as he is not admitting to searching for another job. The reliability of self reported measures given the high turnover rates in low paid occupations is an issue to be considered. The sensitivity of the question ‘are you searching for another job’ is highlighted in this empirical research where 67 respondents (27%) have not answered this question.

In all, both the concept of acceptance and the behavioural proof of acceptance have been validated for the low paid in this research. Research across pay levels, occupations and further research into how this sensitive information can be extracted to its maximum is probably the way forward.

At this juncture, it is important to stress the significance of creating the idea of acceptance. It is a new eyeglass that has been developed, which is completely unique and
having significant relevance that revolutionises the way research attempts to understand and analyse low pay. Similarly, the idea of using 'not searching' as an indicator of acceptance is also unique and adds on to the literature looking at the behavioural intentions at work.

9.5 Limitations in current research

All researches operate within time and budgetary constraints, and as a consequence there are issues that cannot be controlled. In interpreting the research, the following limitations needed to be taken into consideration.

The first limitation was that survey research was used. It has been highlighted before that pay is a sensitive as well as a problematic area of research. In order to increase anonymity and to achieve maximum response within the time and budget frame, the survey method was chosen. However, this led to some problems including low response rates and non-responses to sensitive questions among others.

It was also difficult to estimate the total response rate as the one of the trade unions that was used as a sample base, photocopied and further distributed the questionnaires. Non-awareness of the response rate makes it difficult to establish the representatives of the sample. Those responding to the survey may be significantly different from the population they are supposed to represent.

In addition, in order to achieve maximum responses from people in low pay certain industries were identified and their trade unions approached. Although care was taken to focus on low paid industries as identified by the Minimum Wage Commission (1998),
this type of stratified random sampling could possibly lead to heterogeneity between the strata. As Sekaran (1998) observes, there could be more between group differences than within group differences.

A certain degree of self selection bias is likely to be present because of the voluntary nature of the study. Whether the survey respondents co-operate or not in the survey is entirely upto them, and depends on their characteristics, attitudes, opinions and interest in the topic. It could be that those returning the questionnaires are more interested in, involved, and/or experienced with the topics or issues compared with non responders. In this study it could be possible that letters from the Trade Union Congress influenced their members to be more responsive compared to other people in the sample.

Another limitation is the timing of the data collection. The data collection was carried out between the periods of 11th of November 2002 to 27th of January 2003. The Christmas period in between and the accompanying holidays may have limited the response rates. An additional limitation could be that this was a period of an economic slow down with massive job losses in different industries. The impact of this on perceptions of opportunities is left open to interpretation.

Additionally, the study lacked information on marginal effort and marginal pay. As discussed previously, the questionnaire asked many questions on pay. It was felt that excessive questioning on pay might put off respondents and reduce response rates. Thus questions on marginal pay were not included. Consequently it is not possible to judge from the research whether marginal effort leads to more money. Overtime rates if higher than normal rates may provide additional impetus for people in low pay to increase effort.
Future research could analyse the impact of marginal pay on effort and acceptance of low pay. This said, in the case of the extremely low paid, information on marginal pay might not have shed light on acceptance as both those searching and those staying were working exceptionally long hours while earning very little.

Finally, apart from the considerations noted above, the major limitation of this study was that it was captured only certain within the total identified sum of low paid occupations, and also it was based in the U.K. This must be the most important direction for future research that will be discussed in the next section.

9.6 Future research directions

The extent of low pay in this study has already been discussed. The advantage of getting a low paid sample as required by the research simultaneously led to a sample that was extremely low paid, working long hours and holding multiple jobs. Thus looking at a different sample set might provide a different concept of acceptance.

The research has found support for some factors that have been believed in the past to affect the acceptance of low pay. It would be interesting to conduct some additional instrumentation research, given the similarity of the sample, into extended effort and target earnings. Research with a different sample or one that is not so extremely low paid might prove enlightening as to what makes people stay in low paid jobs. At the same time, it is important to replicate the results for obvious benefits. Applying the concept of acceptance of low pay combined with the instruments employed in previous research would significantly assist the comparability from study to study thus aiding in offering substantiation on the generalisability of results. It would also confirm the reliability of the
concept of acceptance. An additional way forward is to create a theoretical model by looking at the direction of the relationships of the different factors of acceptance.

Given the evidence of the nature of occupation influencing the acceptance of low pay, subsequent conceptualisation and empirical studies should consider the possibility that there will be differences in the work characteristics especially in multiple jobs that could influence the acceptance of low pay. Future research could possibly concentrate on specific industries while having control groups of highly paid workers, which was not possible here due to time and budgetary constraints.

Moreover, research is also needed for assessing likely relationships between acceptance of low pay and various independent variables. These variables include age, extended effort and target aspirations among others. Although the sample did not find them significant, the extreme nature of the sample could have caused the result. Further analysis in this regard will greatly contribute to the subject.

Perceived opportunities through chances of getting better jobs has successfully measured people’s searching behaviour. Researchers may want to use this perceived opportunities measure to explore the searching behaviour of people at work. Further, the meaning of perceived opportunities as related to organisational behaviour needs to be explored.

This research identified that the people in low pay might not consider the pay to be low if their aspirations are achieved or near achievement. This argument could be extended across board. In other words, whatever their pay, if individuals are not achieving or are not near their aspirations they will consider the pay to be low. The research found that it was the target earnings and not the earnings level that leads to satisfaction with low pay.
Future research could use self-defined target earnings to help predict aspirations which in turn informs on acceptance.

Respondents were asked to give categorical information on earnings in main job and actual information on earnings in main jobs, other jobs and total jobs. The logic being that as pay is very sensitive, people may be uncomfortable in giving actual figures. The results showed that most respondents had filled in actual pay information while leaving out information on main job earnings. There are three possible explanations for this behaviour. One that this is a limitation of the designing of the questionnaire where total earnings were asked towards the end whereas the earnings in main job was asked in the middle. Sekaran (1998) suggested that personal information including pay has better responses if placed towards the end of the questionnaire, in which case information on main job earnings should be asked towards the end. On the other hand, it could be that people can more easily recall how much they earn rather than how much they earn in each job, in which case total earnings is what is crucial as that is what acts as their frame of reference. The third more simple explanation could be that people are not so sensitive about pay and find it easier to give the information. Whatever the reasons, given the importance of pay research, there definitely needs to be some research looking into best practices of accessing pay information.

A more holistic application of future research in the field of acceptance of low pay is to link it to the concept of low pay. Decent Work Agenda aims to provide "Opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity". Anker et al, (2003) and Bescond et al, (2003) identify characteristics that make a job decent. These include factors like "low hourly
"pay", "excessive hours of work", "male-female gap in labour force participation" applied to the four major components of decent work: employment, social protection, workers' rights and social dialogue. The agenda of Decent Work will benefit greatly by using the concept of acceptance as it provides an employee perspective on what causes an individual to stay in low pay, which is measurable.

9.7 Concluding remarks

The research presented here represents the first comprehensive examination through empirical research of the acceptance of low pay. The distinctive methodology depicts not only the importance that people place in what is available outside but also illustrates the role of limited aspirations as a reason for accepting low pay. This comprehensive research highlights the fact that people in low pay do not have perverse economic mentality but rather they are guided by profit maximisation. It is just that their idea of profit maximisation is lower than that of others.

In terms of procedural development, this research has identified that at the end perceptions are the key. Perceptions of what jobs are available and perceptions to the amount of income aspired by the individuals. Individual definitions of better job overwhelmingly defined it as more money, providing a clear insight into the cognition of those accepting their low paid jobs. A study of the nature of their past jobs has provided additional proof that the individuals want to be in the same job. These two findings when combined together show that while the aspirations are guided by money, the labour turnover in low paid jobs is caused by the motivation to earn more money while staying in the same occupation.
With regard to theoretical advancement, this research adds some new variables to the low pay literature and the motivations to stay in low pay. The research has found that satisfaction with earnings can be completely unrelated to the searching behaviour. Money attitudes were also not found to be related to searching behaviour. However, money attitudes did lead on to pay satisfaction. The suggestion is that people are separating their earnings satisfaction from their searching behaviour. In view of the sensitive job climates nowadays, earnings satisfaction is taking a backseat in the employees stock taking while perceived opportunities are coming forward.

In relation to practical applications, this research is relevant for human resource practitioners who deal with people in low pay. The significance of better job as same job with more money is that in general terms people stay in low pay for money and they will continue to stay if they don’t perceive better pay prospects elsewhere. One way of ensuring acceptance would be to offer pay differentials. According to Riley and Szivas (2001), pay differentials in low paid organisations like tourism have no market explanations as they are solely for intra organisational purposes. This research provides empirical evidence that such pay differentials will influence the searching behaviour and thus the acceptance of low pay.

Further research directions could address the various limitations identified in this research. At this point, it is sufficient to say that an attempt has been made to understand the acceptance of low pay through empirical analysis. In pursuit of a framework the discussion has drawn the arguments towards the low aspirations possessed by people in low pay and their perception of opportunities. The argument in this analysis is not that the identified variables are new, some of them seem to be apparent while others already
identified in research, the argument is that these different factors combine together to influence the acceptance of low pay.

This thesis has researched issues relating to the acceptance of low pay in an attempt to understand the factors that influence the searching behaviour of people in low pay. The findings detailed in previous chapters have contributed in furthering the understanding of the behaviour of people in low paid jobs. Given the current debates regarding low pay in various areas including the Low Pay Commission, Living Wage Campaigns and wage related strikes in various occupations, it is likely that the factors identified as major influences on low pay acceptance will become significant and the issues relating to low pay and acceptance of low pay will remain high on the agenda for many years to come.
APPENDICES

Appendix 1: National Minimum Wage (NMW) Rates over time

The Low Pay Commission was established by the National Minimum Wage Act 1998, to advise the Government on the NMW. The Governments decision to raise the NMW rates is informed by recommendations from the Low Pay Commission.

<table>
<thead>
<tr>
<th>Date</th>
<th>Full NMW rates*</th>
<th>Youth rates/ accredited training rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 April 1999- NMW came to force</td>
<td>£3.60</td>
<td>£3.00</td>
</tr>
<tr>
<td>1 June 2000</td>
<td>Same</td>
<td>Increased to £3.20</td>
</tr>
<tr>
<td>1 October 2000</td>
<td>Increased to £3.70</td>
<td></td>
</tr>
<tr>
<td>1 October 2001</td>
<td>Increased to £4.10</td>
<td>Increased to £3.50</td>
</tr>
<tr>
<td>1 October 2002</td>
<td>Increased to £4.20</td>
<td>Increased to £3.60</td>
</tr>
<tr>
<td>1 October 2003</td>
<td>Increased to £4.30</td>
<td>Increased to £3.80</td>
</tr>
</tbody>
</table>

* All workers aged 22 and over, who qualify for the NMW and who are no accredited trainees

** Workers aged 18 and over but under 22. Also includes workers who are in the first six months of their job and are receiving accredited training for at least 26 days, they are entitled to the development rates for this first six months only, after which the full NMW rates apply

Sources: compiled from information between the years 1999-2003 from the Office of National Statistics, Low Pay Unit and the reports of the Low Pay Commission
Appendix 2: Low pay and levels of employment by industry

Source: Adapted from the Low pay Commission Report (1998), pp 46

*Retail and Whole sale +Other community and social services
**Transport and Communication ++Persons employed in private households
***Finance and Business Services which includes contract cleaning and security
Appendix 3a: Characteristics of the low paid

<table>
<thead>
<tr>
<th>PERSONAL CHARACTERISTICS</th>
<th>%AGE OF PEOPLE WITH THESE CHARACTERISTICS WHO EARN LESS THAN £3.50 PER HOUR</th>
<th>%AGE OF ALL PEOPLE EARNING LESS THAN £3.50 WHO HAVE THESE CHARACTERISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALL EMPLOYEES</td>
<td>11</td>
<td>100</td>
</tr>
<tr>
<td>FEMALE EMPLOYEES</td>
<td>16</td>
<td>66</td>
</tr>
<tr>
<td>MALE EMPLOYEES</td>
<td>7</td>
<td>34</td>
</tr>
<tr>
<td>MANUAL EMPLOYEE</td>
<td>18</td>
<td>62</td>
</tr>
<tr>
<td>NON manual EMPLOYEE</td>
<td>7</td>
<td>38</td>
</tr>
<tr>
<td>EMPLOYEE AGED 18-20</td>
<td>41</td>
<td>18</td>
</tr>
<tr>
<td>EMPLOYEE AGED 21+</td>
<td>10</td>
<td>82</td>
</tr>
<tr>
<td>NON WHITE EMPLOYEE</td>
<td>13</td>
<td>5</td>
</tr>
<tr>
<td>WHITE EMPLOYEE</td>
<td>11</td>
<td>95</td>
</tr>
<tr>
<td>LONG TERM DISABLED</td>
<td>16</td>
<td>9</td>
</tr>
<tr>
<td>NOT LONG TERM DISABLED</td>
<td>11</td>
<td>91</td>
</tr>
<tr>
<td>PART TIME WORKER</td>
<td>25</td>
<td>52</td>
</tr>
<tr>
<td>FULL TIME WORKER</td>
<td>7</td>
<td>48</td>
</tr>
<tr>
<td>LONE PARENT IN WORK</td>
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<td>7</td>
</tr>
<tr>
<td>NOT LONE PARENT</td>
<td>11</td>
<td>93</td>
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<td>SEASONAL WORKER</td>
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<tr>
<td>CASUAL WORKER</td>
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</tr>
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<td>PERMANENT EMPLOYEE</td>
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<td>AGENCY STAFF</td>
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<tr>
<td>FIXED TERM CONTRACT</td>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td>OTHER</td>
<td>19</td>
<td>1</td>
</tr>
<tr>
<td>WORK IN OWN HOME</td>
<td>34</td>
<td>2</td>
</tr>
<tr>
<td>WORK IN SAME GROUNDS OR BUILDINGS AS HOME</td>
<td>34</td>
<td>2</td>
</tr>
<tr>
<td>PERSONAL CHARACTERISTICS</td>
<td>%AGE OF PEOPLE WITH THESE CHARACTERISTICS WHO EARN LESS THAN £3.50 PER HOUR</td>
<td>%AGE OF ALL PEOPLE EARNING LESS THAN £3.50 WHO HAVE THESE CHARACTERISTICS</td>
</tr>
<tr>
<td>--------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>SEPARATE WORKPLACE</td>
<td>11</td>
<td>93</td>
</tr>
<tr>
<td>DIFFERENT PLACES WITH HOME AS BASE</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td>PRIVATE SECTOR</td>
<td>14</td>
<td>84</td>
</tr>
<tr>
<td>PUBLIC SECTOR</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>VOLUNTARY SECTOR</td>
<td>14</td>
<td>3</td>
</tr>
<tr>
<td>EMPLOYED IN BUSINESS RECOGNISED BY TRADE UNION</td>
<td>4</td>
<td>17</td>
</tr>
<tr>
<td>EMPLOYED IN BUSINESS NOT RECOGNISED BY TRADE UNION</td>
<td>17</td>
<td>83</td>
</tr>
<tr>
<td>HOSPITALITY</td>
<td>40</td>
<td>15</td>
</tr>
<tr>
<td>RETAIL AND WHOLESALE</td>
<td>19</td>
<td>26</td>
</tr>
<tr>
<td>OTHER COMMUNITY, SOCIAL AND PERSONAL</td>
<td>18</td>
<td>7</td>
</tr>
<tr>
<td>HEALTH AND SOCIAL WORK</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>MANUFACTURING</td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td>UNDER 25 EMPLOYEES IN THE WORKPLACE</td>
<td>20</td>
<td>58</td>
</tr>
<tr>
<td>25 OR MORE EMPLOYEES IN THE WORKPLACE</td>
<td>7</td>
<td>42</td>
</tr>
</tbody>
</table>

Appendix 3b: Characteristics of the low paid in the bottom quintile, decile and half median

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Bottom decile</th>
<th>Bottom quintile</th>
<th>Below half median</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Men</td>
<td>Women</td>
<td>Men</td>
</tr>
<tr>
<td>Female</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 25</td>
<td>2.78</td>
<td>1.40</td>
<td>2.46</td>
</tr>
<tr>
<td>25-34</td>
<td>0.93</td>
<td>0.79</td>
<td>0.94</td>
</tr>
<tr>
<td>35-44</td>
<td>0.61</td>
<td>1.00</td>
<td>0.66</td>
</tr>
<tr>
<td>45-55</td>
<td>0.57</td>
<td>0.93</td>
<td>0.70</td>
</tr>
<tr>
<td>Over 55</td>
<td>0.89</td>
<td>1.37</td>
<td>0.87</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No qualifications</td>
<td>1.61</td>
<td>1.81</td>
<td>1.70</td>
</tr>
<tr>
<td>O level or equivalent</td>
<td>1.24</td>
<td>0.91</td>
<td>1.18</td>
</tr>
<tr>
<td>A level or equivalent</td>
<td>0.50</td>
<td>0.72</td>
<td>0.56</td>
</tr>
<tr>
<td>Degree</td>
<td>0.34</td>
<td>0.30</td>
<td>0.31</td>
</tr>
<tr>
<td>Years of job tenure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 2</td>
<td>3.23</td>
<td>2.05</td>
<td>2.35</td>
</tr>
<tr>
<td>2-5</td>
<td>2.05</td>
<td>1.24</td>
<td>1.85</td>
</tr>
<tr>
<td>5-10</td>
<td>1.07</td>
<td>1.05</td>
<td>1.14</td>
</tr>
<tr>
<td>Over 10</td>
<td>0.72</td>
<td>0.89</td>
<td>0.78</td>
</tr>
<tr>
<td>Type of contract</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanent</td>
<td>3.66</td>
<td>1.54</td>
<td>2.60</td>
</tr>
<tr>
<td>Seasonal</td>
<td>1.39</td>
<td>0.80</td>
<td>1.23</td>
</tr>
<tr>
<td>Temporary</td>
<td>0.93</td>
<td>0.65</td>
<td>0.96</td>
</tr>
<tr>
<td>Occupation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional</td>
<td>0.34</td>
<td>0.49</td>
<td>0.32</td>
</tr>
<tr>
<td>Non manual</td>
<td>0.96</td>
<td>0.80</td>
<td>0.88</td>
</tr>
<tr>
<td>Manual</td>
<td>1.43</td>
<td>1.98</td>
<td>1.47</td>
</tr>
<tr>
<td>Family type</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single, no kids</td>
<td>1.82</td>
<td>0.98</td>
<td>1.68</td>
</tr>
<tr>
<td>Single, kids</td>
<td>1.94</td>
<td>1.93</td>
<td>0.97</td>
</tr>
<tr>
<td>1- earner couple, no kids</td>
<td>1.02</td>
<td>0.84</td>
<td>0.94</td>
</tr>
<tr>
<td>1- earner couple, kids</td>
<td>1.15</td>
<td>2.22</td>
<td>0.97</td>
</tr>
<tr>
<td>2- earner couple, kids</td>
<td>0.61</td>
<td>0.75</td>
<td>0.80</td>
</tr>
<tr>
<td>3- earner couple, kids</td>
<td>0.58</td>
<td>1.07</td>
<td>0.62</td>
</tr>
</tbody>
</table>

Source: Gosling et al, 1997
### Appendix 4: National Minimum Wage legislation and weekly working hours in Europe

<table>
<thead>
<tr>
<th>Country</th>
<th>Minimum Wage Policy</th>
<th>Working hours (per week)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>No legislated minimum wage (each industry has its own limits through collective bargaining), unofficial limit around €12,300 per annum</td>
<td>40 hours</td>
</tr>
<tr>
<td>Belgium</td>
<td>€13,560 for over 21 years of age per annum</td>
<td>39 hours</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>€420 per annum</td>
<td>40 hours</td>
</tr>
<tr>
<td>Cyprus</td>
<td>€5,640 per annum for shop assistants, practical nurses, clerks, hairdressers and nursery assistants&lt;br&gt;Collective bargaining with the industries for all others</td>
<td>Greek Cypriot&lt;br&gt;White collar workers 39 hours&lt;br&gt;Blue collar workers 38 hours&lt;br&gt;Turkish Cypriot&lt;br&gt;Summer 36 hours&lt;br&gt;Winter 38 hours</td>
</tr>
<tr>
<td>Denmark</td>
<td>No legislated minimum wage</td>
<td>No legislation, based on contracts, generally around 37 hour weeks</td>
</tr>
<tr>
<td>France</td>
<td>The statutory minimum wage is revised according to a formula linked to a 2% rise in whatever the cost of living index&lt;br&gt;The legislation also requires annual bargaining for wages, hours, and working conditions. If no agreement is reached, the previous year's contract remains effective.</td>
<td>35 hours per week, with 9 hours overtime.</td>
</tr>
<tr>
<td>Germany</td>
<td>No statutory minimum wage. It is established by collective bargaining and is enforceable by law.</td>
<td>Western parts of Germany- 36 hours&lt;br&gt;Eastern parts of Germany- 39 hours.&lt;br&gt;Maximum hours allowed for work-48 hours</td>
</tr>
<tr>
<td>Hungary</td>
<td>€1,128 per annum</td>
<td>8-hour working days with 24 hour rest in a seven day week.</td>
</tr>
<tr>
<td>Republic of Ireland of Italy</td>
<td>€5.30 per hour&lt;br&gt;No wage floor, collective bargaining</td>
<td>Standard working week 39 hours&lt;br&gt;Industrial sector 9 hours per day, 48 hour week&lt;br&gt;Overtime limited to 2 hours a day, 12 hours per week.</td>
</tr>
<tr>
<td>Moldova</td>
<td>€120 per annum for public firms&lt;br&gt;€168 per annum for private firms</td>
<td>40 hours per week</td>
</tr>
</tbody>
</table>

Note: The data is sourced from various European countries' labor laws and regulations as of the latest available information.
<table>
<thead>
<tr>
<th>Country</th>
<th>Minimum Wage Policy</th>
<th>Working hours (per week)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Netherlands</td>
<td>The minimum wage is established by law and can be revised every six months with the changing cost of living index. For workers earning the minimum wage, the employer pays €4125 per annum towards premiums for social security benefits including medical insurance.</td>
<td>40 hours per week</td>
</tr>
<tr>
<td>Norway</td>
<td>Collective Bargaining</td>
<td>37.5 hours per week</td>
</tr>
<tr>
<td>Russia</td>
<td>€62.4 per annum</td>
<td>40 hours per week</td>
</tr>
<tr>
<td></td>
<td>The law provides the right to collective bargaining but does not protect it. An agreement does not need to be signed by the employer who can refuse to enter the bargaining procedure.</td>
<td></td>
</tr>
<tr>
<td>Switzerland</td>
<td>No minimum wage limit</td>
<td>45 hours for blue and white collar workers in services, industry and retail trades. 50 hours for all others</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>€5.86 per hour</td>
<td></td>
</tr>
</tbody>
</table>

Source: The Federation of European Employers, 2001
Appendix 5a: Model of the determinants of Pay Satisfaction

(adapted from Lawler, 1971, pg 215)

Skill
Experience
Training
Effort
Age
Seniority
Education
Company Loyalty
Past Performance
Present Performance

Level
Difficulty
Timespan
Amount of responsibility

Perceived personal job inputs

Perceived inputs and outcomes of referent

Perceived job characteristics

Perceived non monetary outcomes

Wage history

Perceived pay of referent others

Actual pay rate

Perceived amount that should be received

A=B-Pay Satisfaction
A>B-Pay Dissatisfaction
A<B-Guilt, Inequity, Discomfort

Perceived amount of pay received
Appendix 5b Dyer and Theriault's model of pay satisfaction
Source: adapted from Dyer and Theriault (1976, pp 596-604)
Appendix 6: Research Design

1 Introduction
Sekaran (1992) defined research as 'an organised, systematic, critical, objective, scientific inquiry or investigation into a specific problem, undertaken with the purpose of finding answers or solutions to it'. Sekaran (1992) further characterised Research Design as a series of rational decision making choices with reference to the study. The issues pertinent to research design include where the study will be conducted, what type of data it would be, the extent to which the researcher manipulates and controls the study, the duration of the study, the unit of analysis, the nature of sample, how the data will be collected, how the variables will be measured and how they will be analysed to test the hypotheses. The extent of scientific rigour in a research study would depend on how carefully the researcher has chosen the appropriate alternatives for each of these issues.

2 Research methods
The choice of a research approach depends on the nature of the research itself. Riley et al (2000) identified key types of research including pure and applied research, primary and secondary research, theoretical and empirical research, and explanatory and descriptive research. Aaker et.al., (1998) suggested three general categories of research- exploratory, descriptive and explanatory or causal research. They observe that these categories differ significantly in terms of research purposes, research questions, the precision of the hypotheses to be formulated, and the data collection methods to be used. Sekaran (1992) further states that the nature of the study depends on the stage of advancement of knowledge in the area and the design decisions become more rigorous as the research proceeds from the exploratory stage to the descriptive stage, to the hypothesis testing stage (causal stage).

Sekaran (1992) defines exploratory research as a study that is undertaken in order to better comprehend the nature of the problem since very few studies might have been conducted regarding the phenomena needed to be understood. Robson (1993) adds to this stating that 'exploratory studies are a valuable means of finding out what is happening, to seek new insights, to ask questions and to assess phenomena in a new light'. Thus exploratory studies are particularly useful for those researchers who wish to clarify their understanding of a problem.

Riley et al (2000) define descriptive research as a study that is largely concerned with what, when and who questions. Thus the descriptive study is undertaken in order to ascertain or be able to describe the characteristics of variables in a situation. Sekaran (1992) states that the aim of descriptive research is to offer a profile or to describe a relevant aspect of the
phenomena of interest. Descriptive studies present data in a meaningful form in order to understand the characteristics of the group, aid in thinking systematically about aspects of a given situation, offer ideas for further probing and research, and/or, help make decisions (Sekaran, 1992).

Based on an understanding of the discussions above and the requirements of the research, the research approach incorporated in this study combines elements of both exploratory and descriptive approaches. The aim of the study is to provide an understanding of the acceptance of low pay. The research provides a descriptive analysis of the extensive economic and psychological research on pay acceptance. It builds on this theoretical base and explores the specific process of pay acceptance for the low paid through testing relevant hypotheses.

3 Qualitative or quantitative research

There are two main categories of research methods- qualitative and quantitative. The aim of qualitative research is generally to explain or describe a pattern of relationship (Huberman et al 1994). Thus the data tends to be more subjective as the researcher attempts to identify themes and establish patterns from the data based on their own understanding of the subject and the interpretations. Quantitative research on the other hand is said to seek understanding of causal relationships by conceptualising, measuring and analysing information about the real world by means of numerical data representing explicitly defined variables (Creswell, 1994).

There are many debates about the effectiveness of each of these methods (see Denzin and Lincoln, 1994 for a detailed discussion of the debate). While some criticise qualitative research for lack of generalisability and replicability (Guba and Lincoln, Lee (1985), Barua and Whinston, 1997), others critics believe that quantitative research methods are inappropriate for studying social phenomena as the actions of humans are not amenable to the rigorous statistical research techniques. Both the methods are said to have implicit relationships with the research philosophy and ideology, i.e. positivism is related with quantitative research and survey methods while interpretative research is related to qualitative research. Wood (1999) questioned this relationship suggesting that the findings of a carefully designed and selected sample can be quantified.

Overall, it needs to be stated that no type of research is superior to the other. The appropriateness and fit depend upon the research questions, problem statement and context. Given that the purpose of the study is to identify the factors that cause the acceptance of low pay, a quantitative study would be more appropriate as a large sample would allow for greater validity, generalisability and replicability of the research findings.
4 Data collection technique

The aim of the data collection technique is two fold. First, it should achieve the objective of the study and second, it should function effectively within the constraints of the research including cost and time elements among others. This study looks at the acceptance of low pay, and thus is interested in the attitudes of the sample. Malim (1997) and Hogg and Vaughan (1998) identify the problems of measuring attitudes as they are unseen, only inferred. Riley et al (2000) point out that as attitudes are subjective on one hand and relative (attitudes go in groups) on the other, there is no absolute value that identifies an attitude. The solution for this is to set up an artificial absolute standard by creating a template and then seeing how far people agree or disagree with this template. Also the researcher can take advantage of the groupness of attitudes and trawl for a set of dimensions, which indicate the attitude.

Questionnaires are the ideal way as they can extract the attitudinal response of the sample by talking to them, observing them, and seeking responses. The study in this case requires a relatively large sample in order to have any chances of generalisation to the large low paid population. Thus mail questionnaires were seen as the most appropriate as they can cover a wider audience who can complete them at their own convenience, in their own homes, and at their own pace (Sekaran, 1992). Also the anonymity offered by mail questionnaires would be advantage given the sensitive nature of pay.

There are some disadvantages that need to be taken into consideration. First, mail questionnaires do not typically have high response rates. This was addressed by sending self addressed envelopes to the respondents. Second, any doubts arising in the minds of the respondents cannot be clarified. The key instruments were pre tested in two pilots (see appendix 6) and changes made on that basis. Another possible drawback of using questionnaires is the nature of the sample. Sekaran (1992) observes that a sample with low education might hamper the use of questionnaires as the apt method of data collection. Again the pilots and an active intention to use simple words attempted to overcome the problems. The advantages and the nature of the study outweighed the possible drawbacks, and it was decided to use the questionnaire as the means of data collection.

5 Measurement and scaling

Saunders et al (2000) state that the validity and reliability of the data to be collected and the response rate to be achieved depend upon the design of the questionnaire, the structure of the questionnaire and the rigour of the pilot testing.
Sekaran (1992) identified three areas for achieving a good questionnaire. The first relates to the wording of the question. In this case, as the sample involves low paid people, the aim was to keep the language of the questionnaire very simple. The purpose of each question was carefully considered in order to design the question. The questionnaire used a combination of categorical, scales and open-ended questions as seen appropriate. While open-ended questions can be difficult in analysing, they provide the respondents with opportunities to make comments that could be otherwise missed. Care has been taken not to ask leading questions or double barrelled questions.

The second focus of designing a good questionnaire as described by Sekaran (1992) is related to how the variables will be categorised, scaled and coded after the questionnaire responses are received. According to Aaker et al (1998), scaling can be defined as the process of creating a continuum on which objects are located according to the amount of the measured characteristics they possess. Sekaran (1992) defined scales as a tool or mechanism by which individuals are distinguished on the variables of interest to the study, in one form or the other. Scales are divided into four categories based on the scale characteristics: nominal, ordinal, interval and ratio (Stevens, 1946).

A nominal scale allows researchers to assign subjects to certain categories or groups. The groups should be mutually exhaustive or non overlapping as well as collectively exhaustive or include all the possible options. Variables that are measured in this scale include gender, blood type, marital status, job position among others.

An ordinal scale on the other hand, not only categorises the variables into groups but also rank orders the categories in some meaningful way (Sekaran, 1992). Howell (1997) describes it as the simplest true scale that orders people, objects or events into some continuum. However, Oppenheim (1992) points out that the ranking does not identify the extent of difference between the ranks.

The interval scale enables the researcher to measure the magnitude of the differences between groups. It is a measurement scale in which numerically equal distances on the scale represent equal distances on the dimension underlying the scale.

Ratio scale has a true (Howell, 1997) or absolute (Grimm, 1993) value of zero point, which represents the absence of the thing being measured not an arbitrary one, such as 0 degree F or 0 degree C do not represent the absence of temperature, they are not true zero points. Examples of ratio scale include tenure, time, earnings among others.

The questionnaire has combined all the scales as required. Saunders et al (1992) point out that attitudes need to be measured on a continuum rather than in nominal format.
Oppenheim (1992) suggests that one way of improving the reliability of attitude scales is by having a series of statements rather than a single question. The requirements of attitude scales have been taken into consideration for designing the questionnaire. Further sections discuss each question in depth and the logic of designing the question as it has been designed.

The third and final focus of designing a questionnaire is related to the appearance of the questionnaire (Sekaran, 1992). A proper introduction that discloses the identity of the researcher and the purpose of the survey is absolutely essential. Assuring confidentiality will reduce biased answers while a courteous note thanking the participants for taking the time is a common good practice (Sekaran, 1992). The questionnaire should be attractive, easy to fill and less time consuming. These considerations were taken into account while designing the questionnaire. Adequate space was provided for open-ended questions and the questionnaire layout was designed to be spacious. All the three aspects of questionnaire design were pre-tested in the pilot where the respondents were asked to comment on the questionnaire itself.

6 Scale attributes

Moser and Kalton (1993) describe the debates within scale concepts including wording of the scale (Schwarz et al, 1985, Friedman and Leefer, 1981), the number of intervals to use (Schwarz et al 1985, Lehman and Hulbert, 1972), the numbers to be used on the scale (Schwarz and Starck 1991) and the middle category or point of the scale (Bishop 1987, Bogart, 1967).

The traditional methods of attitude measurements have the following requirements according to Oppenheim (1992). First, the scale should be uni-dimensional or homogenous- it should be about one thing at a time, as uniformly as possible. So, the items should be internally cohesive with as little extraneous variance as possible. Second, the scale should be reliable. Oppenheim (1992) states that traditional scaling methods are often strong in this respect. Third, the scale should have sufficiently high validity, the degree to which the scale measures what it sets out to measure should be high. In this respect, it is often impossible to validate an attitude scale through external criterion. Moreover, a linear scale or equal appearing intervals will enable the scores to be quantified. Finally, the scales should be reproducible. Oppenheimm (1992) accepts that it is difficult to achieve exact reproducibility with attitude scales as they might not be uni-dimensional.

There are four well-known methods of attitude scaling. Bogardus social distance scale (1952) measures the "distance" that respondents perceive between themselves and members of different social categories (nationalities, racial groups, deviants, etc.). The Bogardus social distance scale is weighted according to the type of interaction that the subject is willing to
engage in with members of a group or of different groups (Oppenheim, 1992). The logic of the increment in intensity is the perceived threat to respondents of each situation described by the scale items. Although social distance scales appear to be reliable and valid, the response categories are not in reality equidistant from each other although the numbers assigned to each category (1, 2, 3, etc.) are. The Bogardus scale is scored as if it were interval; yet the distance between marrying a person and having him or her as a neighbour seems greater than the distance between having someone as a neighbour and knowing him or her only casually.

Semantic differential method contains a set of bipolar scales that are characterised by opposites such as good/ bad, strong/weak, or hot cold among others (Osgood, et al 1957). An advantage of this scale is that it provides a convenient way of comparing attitudes to different topics on the same scales and with pictorial representation (Evans et al, 1996). However, it requires careful consideration as the same scale is applied to different concepts (Oppenheim, 1992)

Thurstone scales present the respondents with a series of statements and require them to pick out the one that most accurately reflects their attitudes. This technique is an attempt to deal with the problem of making an ordinal series of numbers fit phenomena that is more difficult to arrange intuitively than is social distance. Thurston (1929) and Thurstone and Chave(1929) observe that this scaling approach would be effective if the difference between statements should be of a uniform degree. However, Edwards (1957) and Evans et al (1996) note that it is difficult to compile a series of statements that easily facilitate the choice of just one by the respondent while maintaining equal distances between the statements. The major advantage is for illustrating the logic of scale construction while the main drawback is that the construction procedure is quite time-consuming and expensive, so that actual research examples using Thurstone scaling are rare.

Likert scales (1932) represent a series of statements that are concerned with the research topic. Respondents are required to indicate their degree of attitude according to a scale ranging from for example ‘strongly agree....to strongly disagree’, or ‘extremely satisfied........extremely dissatisfied’ among others. Eventhough some research prefer seven or more points scales, Oppenheim (1992) finds no advantage in using seven or higher point scales as against a five point scale.

The Likert scale is a frequently used scale due the ease of constructing it and its reliability. Likert’s primary concern is with the uni dimensionality of the statements (Oppenheim, 1992). Also by using internal consistency method of item selection (Anastasi and Urbina, 1997) it
approaches uni dimensionality (Oppenheim, 1992). The reliability of Likert scales is good partly because of the greater range of answers permitted to respondents.

The main advantages of the Likert scales besides their ease of construction are first their ability to provide precise information about the respondents’ degree of agreement or disagreement as against a simple agree/disagree response, and second, the possibility of including items whose manifest contents is not obviously related to the attitude in question, enabling subtler and deeper ramifications of an attitude to be explored (Oppenheim, 1992).

The most serious criticism against the Likert scales is its lack of reproducibility, as the same total score may be obtained in different ways. For this reason, Oppenheim (1992) suggests that the pattern of responses are more interesting than the actual responses. Secondly, it is said that the scale lacks a neutral point. Called quite often ‘uncertain’, ‘neither agree nor disagree’, ‘neutral’, critics question the validity of the midpoint as actually being between the two extremes. Oppenheim (1992) argues that it is difficult to say whether the scores in the middle are due to lack of knowledge, lukewarm response or lack of attitude towards the object.

The Likert scale may have its disadvantages, but it is less laborious and allows the researcher to distinguish between groups. Oppenheim (1992) states that the aim of attitude scales is to divide people roughly into a number of broad groups with respect to a particular attitude which allows the researcher to study the ways in which an attitude relates to other variables in the study. It is not the purpose of attitude scales to yield subtle insights in individual insights and they are not clinical instruments. It is important to keep this in mind when choosing scales for any attitude research. Also given that attitudes are relative and not absolute concepts, the relative nature of Likert scales would be more suitable for the purpose of the study.

The study has used the Likert scale to measure attitudes towards pay, job, income inequity and money. Thurston scale has been used to test the attitude the sample in reference to their perception of job opportunities. The rationale for the choices will be discussed in further sections.
Appendices

Appendix 7: Discussions of the two pilot studies

A STUDY OF SATISFACTION WITH PAY IN SERVICE EMPLOYMENT

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And
Dr. E.Szivas
School of Management, University of Surrey, UK

Abstract

This study looks at pay satisfaction in service employment. It summarises the literature studies done in the field of pay satisfaction and argues for a need to look at individual differences in money attitudes in trying to understand pay satisfaction. Two pilots were conducted and the results support the argument and present some other interesting findings.

Keywords: pay satisfaction; money attitudes; acceptance of pay; individual differences; Short Money Ethic Scale; pay level

Introduction

The purpose of this study is to report on a PhD study in progress titled ‘A study of satisfaction with pay in service employment’. The paper first provides an introduction to the research followed by a brief rationale and literature survey. It goes on to look at the pilots studies conducted and presents their objectives and findings. Finally it discuss the future directions of the research.

In the broadest sense, there are four fundamental problems in pay satisfaction research. Firstly, the problem of how pay sits within job satisfaction – whether it is discrete or part of the holistic concept of job satisfaction. If pay satisfaction is intimate with the concept of job satisfaction then the possibility arises that other attributes of the job could become the dimensions by which pay is evaluated. This line of thinking suggests the possibility of trade-offs between attributes (Shapira 1981). Secondly, there is the issue of what comparisons are being made and to what referents. At its most basic, there is pluralism in the process of evaluating pay, namely that the cost of living and/or comparisons of some kind can be used. Thirdly, and possibly the hardest to measure, is the role of expectations. Individuals have targets and aspirations, which form part of the evaluation process and raise the issue of
whether actual or expected pay is being evaluated. Lastly, there is the question of individual differences. Are there personality traits that impinge on the satisfaction process? This research focuses on the role of individual differences in money attitudes.

Satisfaction with pay is important as it has a significant impact on people's behaviour, performance, and effectiveness at work. Cappelli and Shearer (1990) found that low paid workers have high pay satisfaction compared to highly paid workers. Within tourism, there is an abundance of low paid workers and compared to all the other industries it has higher voluntary quitting rates, absenteeism rates, dismissal rates. Nevertheless, it continues to be a major attraction of employment with an ever-increasing number of employees. What is it that makes people continue to work for tourism?

Pay satisfaction is often explained in economic terms, and the models of pay satisfaction (Lawler, 1971, Henemann and Schwab, 1985, Opsahl and Dunette, 1966) do not look at the psychological side of acceptance of pay (Riley and Szivas, 2001). Psychology, states that values are very important in determining an individuals' satisfaction with pay (Lawler, 1971). This has been supported by others including Riley and Szivas (2001) and Drakopoulos and Theodossiou (1997). If true, people's values become key along with their expectations to determine their satisfaction of pay. However, very little research has looked into the role of individual differences in the general attitudes towards money on pay (Tang, 1995). Also research has found that individuals develop a specific attitude towards pay level which is separate from their overall pay satisfaction (Henemann, 1985). Moreover, little attention has been paid to the influence of pay level on pay satisfaction, with research often coming up with different results (Lawler, 1971).

Research objectives of the two pilot studies were threefold.

To explore the relationship between money attitudes and pay satisfaction
To understand the influence of pay level on pay satisfaction
To examine the effects of individual differences in money attitudes on pay satisfaction.

These objectives were pursued using three variables, which were money attitudes, income level and pay satisfaction. Money attitudes can be defined as feelings towards money, and as McClelland (1967) observed, the meaning of money is in the eye of the beholder. Thus an individuals' attitudes towards money "can be perceived as their frame of reference in which they examine their everyday life (Tang, 1992), the affects of which can be seen in work performance, political ideology, spending habits, attitudes regarding the environment among others (Roberts et al 1999). Pay satisfaction, on the other hand, can simply be defined as satisfaction with pay (Heneman and Schwab 1985). Locke (1968) observes that a person's
satisfaction with the fairness of the pay for his job is determined by what he wants from his job and what he perceives he is being offered. Furthermore, other researchers have argued that satisfaction is determined by what one expects to receive rather than what one wants (Lawler, 1971).

The studies were guided by two propositions

P1: There will be a significant and negative relationship between money attitudes (SMES) and pay satisfaction (PSQ)

P2: Income level will positively influence pay satisfaction (PSQ)

Methodology

Two pilots were conducted, the first a quantitative targeting a highly paid sample and the second a qualitative, directed at a comparatively low paid sample. The pay satisfaction variable is attempted to be explained by two independent variables money attitudes and pay level. Independent subject variables namely, gender and age are also investigated. A modified version of Henemann et al.'s (1985) 18 item PSQ is the main dependent variable under research. The PSQ is measured on a five point likert scale. Henemann and Schwab (1985) hypothesised that pay satisfaction is multidimensional in nature, the dimensions being pay level, raises, benefits and structure & administration which was supported in future studies (Judge 1993). To measure individual differences in money attitudes, Tang’s 12 item SMES(Short Money Ethic Scale) is used as it was developed specifically to measure money attitudes in organisational settings and work related settings (Tang, 1995).

First Pilot

320 questionnaires were posted to respondents at the Research Park at the University of Surrey, UK. 30% were received back with 93 final usable questionnaires. 43% of the sample were men. The ages ranged between below 25 and above 61 years. The mean age was 29 years and 65% of the sample were below 35 years of age. The sample is highly educated with 86% having attended higher education of some form. The distribution of income shows that more than 35% of the sample earned between 15- 25k (£1= $1.56 in September, 2001). 10% are earning above 50k of which 30% are below 35 years of age, providing the research with a well-educated diverse sample across age and income levels.

SMES is towards a normal distribution with a kurtosis 0.637. The score ranges from 12- 60, and the mean of 43.83, mode of 45 and the negative skew of 0.410 show the sample slightly leaning towards a positive money attitude. . The range of the PSQ instrument is 20- 100. The mean score of the sample of 69.98 and the mode value of 80 indicate a high pay satisfaction within the sample, however this is due to relatively high scores of those with positive pay
satisfaction. The actual numbers demonstrate a sample, which has low to moderate pay satisfaction

Testing the propositions, SMES is positively and significantly correlated with pay satisfaction \( r = 0.67^{**} \text{ at } p < 0.01 \). Although, the correlation is not strong, it is acceptable given a sample size of 93. In other words, in this sample, people with strong attitude towards money are more satisfied with pay. For the second proposition the correlation between pay satisfaction and pay level is not significant \( (r = 0.168, \ p = 0.109) \). A chi square test across the two categorical variables also provided similar results with a Sig value of 0.513, suggesting that people's satisfaction with pay might not necessarily increase as the level of pay increases.

The sample was divided into two groups based on a median split of +/- 35 years of age. There wasn't a significant difference in the strength of the correlation between SME and PS, for those aged 35 years or below \( (0.480, \ p < 0.05) \) and those above 35 years \( (r = 0.475, \ p < 0.05) \). And, Tang's(1995) proposition that older people would have a stronger attitude towards money is not substantiated. Correlational tests were also conducted on gender. It found that women who like money are more satisfied with their pay, \( r = 0.544^{*} \), than similar men \( r = 0.363^{*} \). It could mean that pay has different meanings for men and women. Further research is needed to comment on this.

**Second pilot**

The results of the first pilot suggested that some qualitative approaches would be beneficial. The sample was chosen from full time permanent employees working at an industrial laundry in South-East England. Semi-structured interviews were combined with a short SMES, PSQ questionnaire. 32 interviews were conducted. The average duration of an interview was 20 minutes, and the interviews were conducted during lunch break or after shifts. 87% of the sample is female and the ages ranged from 18 to above 84 years with the mean- 45 years and the median of 48.5 years. The income range is £7200- £13,000 per annum with a mean of £10,031. The average income is £20,832 (New Earnings Survey, 2000) in South East England while the National Minimum Wage is £7872 for a 40 hour week (2001). As it is accepted that low pay is a combination of median earnings and broader socio-economic circumstances of the society this sample can be defined as low paid.

Given the small sample size, the scores for the Money Ethic Scale follow a near normal distribution, with a mean of 39.83, and a Kolmogorov Smirnov significance value of 0.2. The range varies from 30- 57 with a standard deviation of 5.97, with more respondents at the lower end (skewness of 0.6). The range of the PSQ instrument is 20- 100. The mean score of the sample of 66.2 indicates a low pay satisfaction within the sample. Although the
correlation between money attitudes and pay satisfaction \( r = -0.357, p = 0.053 \) is not significant, it shows a negative relationship between the two variables. Income on the other hand is not significantly correlated to pay satisfaction in this sample. The correlation is insignificant \( (r = -0.095, \text{sig} = 0.619) \) supporting the first pilot. Analysis showed that of the 50% who are unhappy with pay, 80% are dissatisfied or extremely dissatisfied with ‘My pay in relation to other jobs in the company’, ‘my pay in relation to similar jobs in the industry’, ‘differences in pay among jobs in the company’, ‘the way in which my company administers pay’ and ‘my pay in relation to competitors pay’. Future research needs to be conducted on the role of referents.

Conclusions
The first pilot explored the relationship between money attitudes (Tang’s Short Money Ethic Scale, 1995) and pay satisfaction and also looked at the influence of income levels on pay satisfaction. The findings stressed the importance of individual differences in attitudes towards money and pay satisfaction. However, it needs to be researched whether the SMES is independent as suggested earlier or an intervening variable influencing pay satisfaction variables. Also two variables which emerged in the course of the second pilots—referents and target are not discussed due to the space constraints but should be definitely addressed in future studies.

The second pilot confirmed the importance of individual differences in money attitudes within the pay satisfaction process. The second pilot also found low pay satisfaction suggesting that pay satisfaction is not just influenced by pay level. The two main factors that seemed to make people accept pay was firstly their satisfaction with other things, and secondly, the fulfilment of their needs- the idea of subsistence. This challenges the traditional economic view that all employees expect good pay, and stresses the individual variations in pay expectations. The research suggests that both low paid and highly paid people can be happy or unhappy with their pay. This justifies the need to look at workers as individuals than use general pay satisfaction measures across population. In sum, these two pilots support the literature in that the acceptance of low pay is a result of many different variables and they also substantiate the need to include individual differences in money attitudes in order to explain pay satisfaction.

References
Appendices


** Correlation is significant at 0.05 level

* Correlation is significant at 0.01 level
Appendix 8a: Questionnaire of the first preliminary study

UniS

School of Management Studies for
the Service Sector

Questionnaire on Attitude towards Pay

Sumeetra. M. Thozhur
PhD Researcher
s.thozhur@surrey.ac.uk

Supervisors
Prof. M.Riley
Dr.E.Szivas
**Part A**

We would like to know your feelings towards money. Below, you will find twelve statements that we want you to consider and choose on a scale of one to five, where one means to disagree strongly and five means to agree strongly. *Please answer all the questions.*

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Dis</td>
<td>Dis</td>
<td>Neutral</td>
<td>Agree</td>
<td>Agree</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>Agree</td>
<td>Strongly</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Money is a symbol of success
2. Money helps you to express your competence and abilities
3. Money represents one’s achievements
4. I value money very highly
5. Money makes people respect you in the community
6. Money can give you the opportunity to be what you want to be
7. Money gives you autonomy and freedom
8. Money is important
9. I budget my money very well
10. I use my money very carefully
11. Money is the root of all evil
12. Money is evil in itself
Part B

We are interested to know how you feel towards different aspects of your pay. We would like you to look at all of the statements and choose on a scale of one to five, where one means very dissatisfied and five means very satisfied. Please answer all the questions.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Very Dissatisfied (1)</th>
<th>Very Dissatisfied (2)</th>
<th>Neutral (3)</th>
<th>Very Satisfied (4)</th>
<th>Very Satisfied (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. My take home pay</td>
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<tr>
<td>2. My total benefits package</td>
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<td>3. My most recent raise</td>
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<td>4. My supervisor’s influence on my pay</td>
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<td>5. The components that make up my pay</td>
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<tr>
<td>6. Amount the company pays towards my benefits</td>
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<td>7. The raises I have typically received in the past</td>
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<td>8. My company’s pay structure</td>
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<tr>
<td>9. Information my company gives about pay issues of concern to me</td>
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<tr>
<td>10. My pay in relation to similar jobs in the industry</td>
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<tr>
<td>11. The value of my fringe benefits</td>
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<tr>
<td>12. My pay in relation to other jobs in the company</td>
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<tr>
<td>13. The consistency of the company’s pay policies</td>
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<tr>
<td>14. My current salary</td>
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<tr>
<td>15. The number of fringe benefits I receive</td>
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<td>16. The way in which my raises are determined</td>
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<td>17. Differences in pay among jobs in the company</td>
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<tr>
<td>18. The way in which my company administers pay</td>
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<tr>
<td>19. My pay in relation to competitor’s pay</td>
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<tr>
<td>20. My fringe benefits in relation to competitor’s benefits</td>
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</tbody>
</table>
**Part C**

We would like to know how you feel about your job. *Tick the ONE option, which best represents your feelings.*

1. I am not considering quitting my present job  
2. I have been thinking about quitting the present job  
3. I have been evaluating the cost of quitting my job  
4. I have been actively looking for a new job  
5. I intend to quit  
6. I will quit my job within the next six months  
7. 

**Part D**

This section is about yourself. *Please answer all the questions.*

1. Your gender: Male □ Female □  
2. Your marital status: Single □ With Partner □  
3. Your age: Below 25 □ 26-35 □ 36-45 □ 46-55 □ 56-60 □ 61 or above □  
5. Your job title: ___________________  
6. The nature of your employment: Part-time □ Full-time □ Temporary □  
7. How long have you been working for in this company? _____ Years _____ Months  
8. How many different organisations have you worked for within the past three years (including the one you are working for now) ____________  

Your Annual Income (Personal and before tax) *Please tick ONE of the options*

Below 15k □  
15k-25k □  
26k-35k □  
36k-45k □  
46k-50k □  
Above 50k □  

Do you receive overtime? Yes □ No □
We would like to know how your pay is administered. *Please tick the ONE option which best describes your situation*

- Piece rate pay □
- Hourly pay □
- Basic Pay □
- Basic pay with annual bonus □
- Basic pay with financial incentives □
- Others □ please specify ___________________

In addition to your basic pay, do you have any additional benefits: Yes □ No □

If yes, please specify

________________________________________

________________________________________

Thank you for taking the time and effort to complete this questionnaire. Your views are very important and contribute significantly towards our research.
Appendix 8b: Questionnaire of the second preliminary study

Respondent Number: ____________

UniS

School of Management Studies for the Service Sector

Questionnaire on Attitudes at Work

PhD Researcher
Sumeetra. M. Thozhur
s.thozhur@surrey.ac.uk
01483- 876378

Supervisors
Prof. M. Riley
Dr. E. Szivas
Questionnaire on Attitudes at Work

**Part A**

We are interested to know how you feel towards different aspects of your pay (income before tax). We would like you to look at all of the statements and choose on a scale of one to five, where one means very dissatisfied and five means very satisfied.

| Statement                                                                 | 1  | 2  | 3  | 4  | 5  |
|----------------------------------------------------------------------------|----|--|--|--|--|--|
| 1. My take home pay                                                        |   |   |   |   |   |
| 2. My total benefits package                                               |   |   |   |   |   |
| 3. My most recent pay rise                                                |   |   |   |   |   |
| 4. My supervisor’s influence on my pay                                     |   |   |   |   |   |
| 5. The components of my pay                                                |   |   |   |   |   |
| 6. Amount the company pays towards benefits                                |   |   |   |   |   |
| 7. The raises I have typically received in the past                         |   |   |   |   |   |
| 8. My company’s pay structure                                              |   |   |   |   |   |
| 9. Information my company gives about pay issues of concern to me          |   |   |   |   |   |
| 10. My pay in relation to similar jobs in the industry                     |   |   |   |   |   |
| 11. The value of my fringe benefits                                        |   |   |   |   |   |
| 12. My pay in relation to other jobs in the company                        |   |   |   |   |   |
| 13. The consistencies of the company’s pay policies                        |   |   |   |   |   |
| 14. My current salary                                                      |   |   |   |   |   |
| 15. The number of fringe benefits I receive                                 |   |   |   |   |   |
| 16. The way in which my raises are determined                               |   |   |   |   |   |
| 17. Differences in pay among jobs in the company                            |   |   |   |   |   |
| 18. The way in which my company administers pay                            |   |   |   |   |   |
| 19. My pay in relation to competitor’s pay                                  |   |   |   |   |   |
| 20. My fringe benefits in relation to competitor’s benefits                |   |   |   |   |   |

Respondent no: _______
### Part B

We would like to know your feelings towards money. Below, there are twelve statements that we want you to consider and choose on a scale of one to five, where one means to disagree strongly and five means to agree strongly. Please answer all the questions.

<table>
<thead>
<tr>
<th></th>
<th>1 Agree strongly</th>
<th>2 Disagree</th>
<th>3 Neutral</th>
<th>4 Agree</th>
<th>5 Agree strongly</th>
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<td>12</td>
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</table>

### Part C

We would like to know how you feel about your job, please tick the one option that best represents your feelings.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>I am not considering quitting my present job</td>
</tr>
<tr>
<td>2</td>
<td>I have been thinking about quitting my present job</td>
</tr>
<tr>
<td>3</td>
<td>I have been evaluating the cost of quitting my job</td>
</tr>
<tr>
<td>4</td>
<td>I have been actively looking for a new job</td>
</tr>
<tr>
<td>5</td>
<td>I intend to quit</td>
</tr>
<tr>
<td>6</td>
<td>I will quit my job within the next six months</td>
</tr>
</tbody>
</table>
Interview schedule

Part D
Personal details
1. Gender  Male □  Female □
2. Age  □  22-25 □  26-35 □  36-45 □  46-55 □  □
□  61 or above □
3. Martial status □ (Single □  With partner □)
4. Do you have any children □
5. Your educational qualification □ (School, University, Vocational)
6. What is your job title? □
7. Are you  □  Part time □  Full time □
□  Temporary □  Permanent □
□  Direct □  Through agency □
8. Is this your only job? □
9. Do you have other jobs?

10. How many hours a week on average do you normally work in this job? (Do the hours vary- for example seasonally?)

11. What are your normal work hours in this job? (mornings, afternoons, evenings or nights, weekdays/ weekends)?

12. How many hours a week on average do you work in all? (including your other jobs?)
   (Does that vary through the year?)


13. How long have you been working for in this place?

14. How many different places have you worked in within the past three years? (Elaborate—which were the previous places, why did you quit, when?)

15. Are you a union member? Yes ☐ No ☐

16. Would you consider yourself to be religious by nature? Yes ☐ No ☐

Part E

1. What is your income in this job? ________________________ (Weekly, monthly, annually?) (Options, annual Below 15k, 15-25k, 26-35k, 36-45k, 46-50k, Above 50k)

2. What is your overall income? (including other jobs) ________________________ (Weekly, monthly, annually?)

3. How much would you like to earn in a new job?

4. Do you receive overtime? Yes ☐ No ☐

5. How many hours on average? (per week) ________________________

6. Do you receive overtime in your other jobs? (Elaborate)

7. How often do you get paid?
   Weekly ☐ Fortnightly ☐ Monthly ☐ Other ________________________

8. How do you get paid?
   Piece rate ☐ Hourly ☐ Basic Pay ☐ Basic pay with annual bonus ☐
   Basic pay with financial incentives ☐ Others ________________________
9. Do you receive any additional benefits besides your basic pay? Yes □ No □

10. If yes, which of these?

### Monetary

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay for evening/ weekend work</td>
<td></td>
</tr>
<tr>
<td>Performance related pay</td>
<td></td>
</tr>
<tr>
<td>Annual bonus</td>
<td></td>
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<tr>
<td>Sick pay</td>
<td></td>
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<tr>
<td>Tips</td>
<td></td>
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<tr>
<td>Contributory/ non-contributory pensions</td>
<td></td>
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<tr>
<td>Property allowance/ loans</td>
<td></td>
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<tr>
<td>Medical insurance</td>
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<tr>
<td>Car or travel benefits (car park, fuel allowance)</td>
<td></td>
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<tr>
<td>Paid holidays</td>
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<tr>
<td>Maternity/ paternity leave entitlement</td>
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<tr>
<td>Contributions to childcare</td>
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</table>

### Non-monetary

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Description</th>
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<tbody>
<tr>
<td>Any work related training</td>
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<tr>
<td>Flexible times of work</td>
<td></td>
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<tr>
<td>Free uniforms and meals</td>
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<td>Staff discounts</td>
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<tr>
<td>Access to entertainment facilities</td>
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<tr>
<td>Phone allowance</td>
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<tr>
<td>Share or stock options</td>
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<td>Membership to clubs</td>
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<tr>
<td>Others</td>
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</table>
Appendix 9: Sample of a transcript recording the interview schedule of the second preliminary study
Respondent is a female Transcript for respondent number 28 - 20/02/2002

Researcher: Can we begin the interview?
Respondent- Yes

Researcher: I would like to begin by asking you some questions about yourself and your work, and then I would like you to fill a small questionnaire
Respondent- Yes

Researcher: Can I ask you your age? Is it ok...........
Researcher- I am 45 years old

Researcher- Are you single or married?
Respondent: I am divorced

Researcher- Do you have any children?
Respondent: Two from my first marriage, the eldest is 17 and the next 16. Jamie, my son is 7 years old, he lives with his dad.

Researcher: What is your education level........... your qualification?
Respondent- I dropped out when I was fifteen, at school

Researcher: What is your position? Like a job title?
Respondent- I work at the ironing

Researcher: Are you full time or part time?
Respondent- Full time

Researcher: Is it a permanent job?
Respondent: Yes

Researcher: Is this your only job?
Respondent- No, I also work couple of hours a week ironing clothes for an elderly gentleman. I also work as a cleaner in an office, that's two hours a day, Monday to Friday in the evenings.

Researcher: How many hours a week on average do you work at the laundry?
Respondent: It is based on 40 hours a week plus some overtime. It is not always the same, sometimes we get more hours like Christmas time.
Researcher: What are your normal work hours here?
Respondent- I start at 8 in the morning and finish at 5 in the afternoon.

Researcher: So you work around 52 hrs a week on average?
Respondent- Let me see, 8 to 5 Monday to Friday here is 40hrs, and 10 hrs at the office, oh... the ironing is not fixed, Mr Harding sometimes does the ironing himself. No 50 hours is what I normally do.

Researcher: How long have you been working for in this place?
Respondent- Let me see, it was after I got divorced that I moved here, a couple of years after my second daughter was born, I think must be 14 years. I and Jane joined at the same time.
CALLS OUT TO A FRIEND- ******* how long have I been here do you remember?
*******- Hm............. fifteen years I think.

Researcher: Did you work anywhere else within the past three years?
Respondent- Let me see, yes, I was working at a fish and chip, really good pay. It was just down the road and they wanted someone for Saturday mornings. I liked the job........ it was not hard like here.

Researcher: Is it ok to ask you why you left the job?
Respondent- Yea, I got bored in a few months. And the kids who came to the shop were horrible. Honestly, I just did not need the money to put up with that. I think I have got more time to be with Jamie when he comes on Sundays.

Researcher: Are you a union member?
Respondent- No we don't have unions here.

Researcher- Are you religious by nature?
Respondent- Naah.

Researcher- Can I....Is it ok to ask your income? Just a rough average of how much you get in this job?
Respondent- around £140 a week, but if do more then I get more.

Researcher- Can I ask you how much you get in all your jobs? I am sorry, it is just one of the research questions.
Respondent- No.no. it is all right love. I think it come up to 200 pounds a week, and another 15 pounds when I do the ironing.
Researcher- If you were to go on to a new job, how much would you like to earn, let us say if it is your only job?
Respondent- You cant earn enough can you (laughs). No I would not like to change my job for more money. I like it here.

Researcher: Do you receive overtime?
Respondent- Yes

Researcher: How many weeks on average?
Respondent: Like I said it is more work at Christmas and Easter, but otherwise a few hours a week. But I don’t always want it as I have to go on to the office job, a change you know.

Researcher: Do you get any overtime there?
Respondent: No

Researcher: How often do you get paid?
Respondent: Weekly

Researcher: How do you get paid?
Respondent: Sorry?

Researcher- Do you get paid based on the number of hours or piece rate ..........
Respondent: oh it is piece rate

Researcher: Do you get any benefits?
Respondent: No

Researcher: Can I go through a list of incentives give at work just to see if there is something I might have missed?
Respondent- Go ahead

Researcher: Do you get.............
Annual bonus- No
Sick pay- Yes
Pension of any sort- No
Medical insurance or any sort of health care- no
Holiday- Yes
Maternity leave- Yes, I got some days paid when Jamie was born
Free uniforms meals- We get uniforms, but no meals
Staff discounts- Yes

Thank you so much for answering these questions. Can you please fill this questionnaire, I will explain what it means in a moment....................
Appendix 10

Questionnaire of main study

UniS

School of Management Studies

Employment survey

PhD Researcher
Sumeetra. M. Thozhur
s.thozhur@surrey.ac.uk
01483- 876378

Supervisors
Prof. M. Riley
Dr. E. Szivas
**Part A- Your job**

We would like you to tell us some things about your main job. We would be grateful if you could answer all the questions.

1. Can you tell us what you do in this job? __________________________________________

2. How long have you been working in this job? ______________________________________

3. This job is (Please tick one) your main job □ not your main job □

4. Do you work in this job (Please tick one) full time □ part time □

5. How many hours a week do you work in this job? (excluding overtime) ______________

6. Do you do any overtime in this job? (Please tick one) Yes □ No □

7. If you said yes to Question 6, can you tell us how many hours a week do you normally do overtime in this job? ______________

8. Can you tell us your normal work times in this job? _________________________________

9. Also, the days of the week that you usually work in this job?

10. Do you ever in this job work Saturdays □ Sundays □ Nights □

11. How long does it take for you to get to this job? __________________________________

12. On the whole, how satisfied or dissatisfied are you with this job? (Please tick one)

   | Extremely satisfied □ | Satisfied □ | Neutral □ |
   | Dissatisfied □ | Extremely dissatisfied □ |

13. Could you tell us the main reasons for staying in this job? _________________________

14. Have you ever thought of leaving this job? (Please tick one)

   Yes □ No □ (If no, go to 17)

15. Are you doing anything about it? (Please tick one)

   Yes, I am actively searching □ No □ (If no, go to 16)

16. If you said yes, what would you say makes you look for a new job?

17. Could you tell us how you would define a better job for yourself? __________________

18. Based on your description of a better job, can you tell whether such a job is available to you in the market? (Please tick one) Yes □ No □

19. If you decided to have a go and look for a better job, how would you rate your chances?

   Please tick only one option.

   □ I will not be able to find a better job
□ I will find it extremely difficult to find a better job
□ I will find a better job if I search
□ I can get a better job tomorrow if I want

20. If you feel that you will not be able to get a better job or will find it extremely difficult to find a better job if you wanted to, why do you think so? Please tick only one option
□ I don’t have the necessary educational qualifications
□ I don’t have the required experience
□ I cannot meet the requirements due to family commitments
□ I am too old
□ I am too young
□ I don’t have the time to look for a better job
□ I don’t know where to look for such jobs
□ I can’t be bothered to change jobs
□ Other (Please explain)________________________________________________________

21. If you do get a new job, how much would you like to earn weekly (before tax)?
________________________________________*

22. How many jobs did you have within the past 3 years? (excluding this job) _______________

23. And, what was the main reason for leaving your last job?
________________________________________________________

24. Looking back, can you tell us what sort of jobs did you have in the past? Please describe your last five jobs.
________________________________________________________________________________________

25. In this job how often do you get paid? (Please tick one)
Weekly □ Fortnightly □ Monthly □ Other ______________

26. Can you tell us how you are paid in this job? (Please tick one)
By piece □ Hourly □ Basic Pay □ Others ______________

27. Can you tell us your weekly earnings (before tax) in this job? (Please tick one)

<table>
<thead>
<tr>
<th>Below £50 □</th>
<th>£50- £100 □</th>
<th>£100-£150 □</th>
<th>£150-£200 □</th>
<th>£200-£250 □</th>
<th>£250-£300 □</th>
<th>Above £300 □</th>
</tr>
</thead>
</table>

Or
Can you tell us how much you get paid per hour? __________________________________________

28. Please tick any the benefits that you get in this job
□ Annual bonus □ Medical insurance
□ Contributory/ non-contributory pensions □ Sick pay
□ Property allowance/ loans □ Flexible times of work
□ Car or travel benefits (car park, fuel allowance) □ Contributions to childcare
Appendices

□ Free uniforms          □ Free meals on duty
□ Staff discounts
Other (Please specify) ____________________________________________________________

29. Are you a union member?  Yes □  No □
30. If yes, are you a union member, can you tell us whether the trade union is recognised in your workplace? Yes □  No □

31. Looking at your pay in this job, can you tell us whether your pay compares above or below to others and other jobs (Please tick one for each statement)

<table>
<thead>
<tr>
<th></th>
<th>Above</th>
<th>The same</th>
<th>Below</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. My pay in comparison to the pay of family and friends</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>2. My pay in comparison to my financial needs</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>3. My pay when compared to my pay in previous jobs</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>4. My pay in relation to other jobs within the company</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>5. My pay in relation to similar jobs in the industry</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
</tbody>
</table>

Part B - Your other jobs

1. Do you have more than this one job? (Please tick one) Yes □  No □  (If no, go to Part C)
2. If yes, can you tell us how many jobs you have in total? ____________________________
3. Can you give us some details about these other jobs?

_____________________________________________________________________________
_____________________________________________________________________________

4. In these other jobs, which days of the week do you normally work?

_____________________________________________________________________________

5. And the number of hours that you for these other jobs are: ________________________
6. Can you tell us your weekly income (before tax) in your other jobs? ______________
We would like to know your feelings towards money. Below, there are twelve statements that we want you to consider and to what extent you agree or disagree with the following. Please answer all the questions.

<table>
<thead>
<tr>
<th>Statement</th>
<th>1 Agree strongly</th>
<th>2 Disagree</th>
<th>3 Neutral</th>
<th>4 Agree</th>
<th>5 Agree strongly</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Money is a symbol of success</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>2. Money helps you to express your competence and abilities</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>3. Money represents one’s achievements</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>4. I value money very highly</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>5. Money makes people respect you in the community</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>6. Money can give you the opportunity to be what you want to be</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>7. Money gives you autonomy and freedom</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>8. Money is important</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>9. I budget money very well</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>10. I use my money very carefully</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>11. Money is the root of all evil</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>12. Money is evil in itself</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
</tbody>
</table>
Part D

About yourself

This section is about yourself. Please answer all the questions. (Please tick one)

1. Are you Male □ Female □

2. Your age is Below 21 □ 22-25 □ 26-35 □
   36-45 □ 46-55 □ 55-60 □ 61 or above □

3. Are you currently Single □ Married or with partner □

4. At present, can you tell us how many dependants you have in your household?

5. Are you the main earner in your household? Yes □ No □

6. How many people are currently working in your household?

7. What is your highest education? School □ College □ University □ Others ________________________________________________

8. Can you tell us where you come from?

9. In total (including all your jobs) can you tell us how many hours a week do you usually work? ____________________________

10. Can you tell us your personal earnings each week from all your jobs?

11. In looking at your personal earnings over the week, can you tell us how satisfied or dissatisfied you are with them? (Please tick one)

   Extremely satisfied □ Satisfied □ Neutral □
   Dissatisfied □ Extremely dissatisfied □

12. Including the earnings of all your household members, can you tell us your total household income per week?

Please return the completed questionnaire in the freepost envelope provided to

Sumeeta Thozhur

1111104

School of Management, University of Surrey

Guildford, GU2 7XH

Thank you for taking the time and effort to complete this questionnaire. Your views are very important and contribute significantly towards our research.
Appendix 11: Letter emailed to the different organisations requesting information on accessing low pay data

Dear Sir/ Madam,

I am a research student with the School of Management, University of Surrey. I am studying the attitudes of low paid workers in the South East. By analysing the attitudes of low paid workers I aim to provide some explanations as to why people stay in low paid jobs, which could help in improving the position of low paid workers in general. For this purpose, I would like to distribute some questionnaires to low paid workers in the South East. Alternatively, if there are confidentiality reasons, I could forward the questionnaires to be distributed by yourself. I would really appreciate your help with my research. I can give the results of my research at the end of my study.

Many thanks
Best regards
Sumeetra. M. Thozhur

Appendix 12: Letter accompanying postal questionnaires sent to TGWU and TUC

Dear Sir/ madam,

I am writing to seek your assistance with an academic research project at the University of Surrey. I am researching into aspects of pay opportunities and money attitudes of workers in the U.K. The study is for academic purposes and confidentiality of the data is guaranteed. I would appreciate if the attached questionnaire is completed by yourself and returned in the freepost envelope provided. Your help with this study is sincerely appreciated

Best regards

Sumeetra Thozhur
Research student
School of Management
University of Surrey
GU2 7XH
Email: s.thozhur@surrey.ac.uk
Appendix 13: Economic activity by age
(in thousands)

<table>
<thead>
<tr>
<th>Age group</th>
<th>All</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>All aged 16+</td>
<td>29,634</td>
<td>16,406</td>
<td>13,228</td>
</tr>
<tr>
<td>16-59/64</td>
<td>28,812</td>
<td>16,136</td>
<td>12,675</td>
</tr>
<tr>
<td>16-17</td>
<td>810</td>
<td>415</td>
<td>395</td>
</tr>
<tr>
<td>18-24</td>
<td>3,743</td>
<td>2,031</td>
<td>1,711</td>
</tr>
<tr>
<td>25-34</td>
<td>7,204</td>
<td>4,064</td>
<td>3,140</td>
</tr>
<tr>
<td>35-49</td>
<td>10,910</td>
<td>5,937</td>
<td>4,973</td>
</tr>
<tr>
<td>50-64 (Male) 59-59</td>
<td>6,145</td>
<td>3,688</td>
<td>2,457</td>
</tr>
<tr>
<td>50-64 (Female)</td>
<td>59</td>
<td></td>
<td></td>
</tr>
<tr>
<td>65+ (Male) 60+(Female)</td>
<td>822</td>
<td>269</td>
<td>553</td>
</tr>
</tbody>
</table>

Source Office for National Statistics, 2001
Appendix 14

Tenure distribution of sample

![Tenure distribution chart]

No of respondents vs Tenure

0.03 0.17 0.33 0.50 0.67 0.83 0.92 1.17 1.25 2.00 2.50 3.17 3.42 4.00 6.00 7.00 9.00 12.00
## Appendix 15: Standard Industrial Classification

**STANDARD Industrial Classification**


<table>
<thead>
<tr>
<th>Code No</th>
<th>Description</th>
<th>Classification for PhD Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>Manufacturing of food products and beverages</td>
<td>RETAIL</td>
</tr>
<tr>
<td>52</td>
<td>Retail trade (non specialist stores, confectioners, (non specialist stores, confectioners, f&amp;b, newsagents, meat, fish, bread, cakes, alcohol, textiles, clothings etc), door to door salesmen</td>
<td>FOH, BOH, HOUSEKEEPING</td>
</tr>
<tr>
<td>55</td>
<td>Hotels and Restaurants (including bars, take away)</td>
<td>DRIVER</td>
</tr>
<tr>
<td>60</td>
<td>Transport, storage and communications (drivers, travel agents etc)</td>
<td>OFFCLEN</td>
</tr>
<tr>
<td>74.7</td>
<td>Industrial cleaning</td>
<td>NURSE</td>
</tr>
<tr>
<td>80</td>
<td>Education</td>
<td>RETAIL (based on National Minimum Wage Report Classification)</td>
</tr>
<tr>
<td>85</td>
<td>Health and social work</td>
<td>HSECLEN</td>
</tr>
<tr>
<td>93</td>
<td>Other services- hair dressing etc</td>
<td></td>
</tr>
<tr>
<td>95</td>
<td>Private household staff</td>
<td></td>
</tr>
</tbody>
</table>
Appendix 16a: Earnings distribution of the sample
Appendix 16b: Tests of normality for earnings distribution

1 Normal Q-Q plots of earnings from all jobs

![Normal Q-Q plot](image1)

2 Histogram of earnings from all jobs

![Histogram](image2)
Appendix 17: Average working week in European countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Hours per week</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>43.6</td>
</tr>
<tr>
<td>Greece</td>
<td>40.8</td>
</tr>
<tr>
<td>Spain</td>
<td>40.6</td>
</tr>
<tr>
<td>Portugal</td>
<td>40.6</td>
</tr>
<tr>
<td>Austria</td>
<td>40.2</td>
</tr>
<tr>
<td>Sweden</td>
<td>40.1</td>
</tr>
<tr>
<td>Germany</td>
<td>40.1</td>
</tr>
<tr>
<td>Ireland</td>
<td>40</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>39.7</td>
</tr>
<tr>
<td>France</td>
<td>39.6</td>
</tr>
<tr>
<td>Finland</td>
<td>39.3</td>
</tr>
<tr>
<td>Netherlands</td>
<td>39</td>
</tr>
<tr>
<td>Denmark</td>
<td>38.9</td>
</tr>
<tr>
<td>Italy</td>
<td>38.5</td>
</tr>
<tr>
<td>Belgium</td>
<td>38.4</td>
</tr>
</tbody>
</table>

Source: BBC news 29th April 2002
Appendix 18a: Distribution of total hours worked by the sample

![Bar chart showing the distribution of total hours worked per week.](image-url)
Appendix 18b: Tests of normality for hours distribution of the sample

1 Normal Q-Q Plot of total hours worked per week

![Normal Q-Q Plot of total hours worked per week](image)

2 Histogram of the hours distribution of the sample

![Histogram of the hours distribution of the sample](image)
Appendix 19: Cumulative Effort vs Pay per Hour

Appendix 20: Cumulative effort vs mean pay per hour for those who are searching and those who are not searching
GLOSSARY

Acceptance- Acceptance can be defined as the act of agreeing to the terms of an offer. Acceptance is in a sense acknowledging how things are without judgement, negativity, anger or blame (Russell, www.innserself.com). For the purpose of this study the working definition of acceptance is the act of taking a something that is offered. The concept does not concern itself with the reasons behind agreeing to accept an offer.

Acceptance of low paid jobs- As acceptance is the act of taking something that is offered, acceptance of low paid jobs is seen through staying in the job and not searching for a better job

Better job- Better job is as defined by the respondent. Although there are numerous monetary and non monetary incentives that can make a job better, at the end of the day only those aspects considered important by an individual will be taken into consideration by them in their decision to stay or search for another job. Therefore, better job for the purpose of this study is what the respondent wants it to be. In order to reduce bias the question was asked in an open ended format.

Classification of jobs- In the U.K. jobs are classified by the Standard Industrial Classification. The questionnaire asked the respondents to write their job title. Based on the responses the job types were identified and the answers grouped into the relevant categories.

Employee- Employee" means an individual who has entered into or works under or (except where a provision of these Regulations otherwise requires) where the employment has ceased, worked under a contract of employment (as defined by the Department of Trade and Industry, DTI)

Extension of labour supply/ extended hours- The hours which fall beyond the normal contractual hours of work in the main job for a full time employee for each week. It is measured in the form of either overtime in the main job or number of hours worked in other jobs.

Fringe Benefits- Non-salary employee compensation. The ONS identified key fringe benefits received by employees in U.K. as company car, free fuel, or private medical insurance, free or subsidised medical insurance, shares or share option, free or subsidised goods, mileage allowances, refunds of motoring expenses, luncheon vouchers, refunds of household expenditure, payment of school fees, childcare provisions/vouchers, free or subsidised meals/canteen, sick pay, uniforms, flexible times of work were identified in addition in the second preliminary study
Full time worker- In the U.K., a full time worker is one who works more than 30 hours a week in a single job, in the case of this research an individual who works 30 hours or more in their main job.

Low pay- There are many ways of defining low pay as discussed in the research (Chapter 2), with researchers often choosing definitions based on the requirements of their study. This research has opted to use the NMWC definition of low pay. Therefore those individuals who fall below the thresholds of minimum wage rates as shown in Appendix 1 are considered to be low paid.

Low paid jobs-- All the occupations identified as low paid by the first report of the National Minimum Wage Commission (1998) as shown in Appendix 2 are considered to be low paid. This definition of low paid jobs was used in identifying and choosing the sample for the study.

Main job- Main job is that job which is self defined by the individual if they work in more than one job. Additionally as the study has not looked at part time workers, only those respondents were chosen who work more than thirty hours in their main job.

Other jobs- Carrying on from the concept of main job, other jobs are all the additional jobs held by the respondents except the main job.

Part time hours- In the United Kingdom, a person has to work less than 30 hours a week in a single job to be considered part time. This study has chosen to look at only those who are in full time employment.

PAYE- PAYE is the system by which the tax man collects revenue from people who are employed, i.e. working for an organisation which pays them a salary. The income tax due is deducted at source for forwarding to the Inland Revenue.

Perceived opportunity- It is the perception of employment opportunities available to an individual in the job market. Perceived opportunities includes those jobs that an individual feels they can get as against all the jobs that they think are available in the market. Also it is sensitive to each individual and thus could be a job in the same job category held by the individual or any other type of job that they are interested in.
S. Thozhur

Glossary

**Searching for a better job** - This is self defined by the respondent who is asked if they are searching for a better job.

**Staying in current job** - All those respondents who when asked if they were searching for a better job replied in the negative were considered to be staying in their current jobs.
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