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ORIGINAL PAPER

Standard-Based Entitlement: How Relative Performance Disclosure Affects Pay Requests

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Abstract
The decision to disclose employee compensation has implications for workplace ethics, motivation, and performance. Pay transparency reduces pay disparity, fostering fairness, and ethical equity. Conversely, pay secrecy can maintain disparity but may drive increased effort. This study proposes a theoretical framework—standard-based entitlement—that explains the non-linear effects of pay disclosure. Our theory predicts that people's compensation requests are not only a function of the information about their peers' pay but also depend on individuals' proximity to the #1 ranking position (and other meaningful standards). The results of four experiments across three studies reveal that pay transparency has heterogeneous impacts: It amplifies salary demands from top performers while dampening those of lower-ranked individuals. These results raise ethical concerns about the potential for pay transparency to exacerbate feelings of inequity and demotivation among lower-ranked employees, offering important insights for designing equitable compensation systems and organizational reward structures.

Keywords Pay disclosure · Social comparison · Entitlement

Introduction

Workplace transparency, particularly pay disclosure, is increasingly prevalent. Recent legal and technological advancements now enable employees to access information such as salaries, performance evaluations, and insider organizational details. Drivers of this trend include public and shareholder demands for transparency, legal mandates like California's "right to know," organizational initiatives, and platforms such as Glassdoor.com, Blind (teamblind.com), and Levelsfyi.org (Blanes I Vidal & Nossol, 2011; Card et al., 2012; Song et al., 2018). Leading employers like Citi, Google, and Microsoft have responded by voluntarily disclosing salary ranges in job postings (Ito, 2023).

While these efforts aim to promote equity and fairness (Day, 2012), rooted in distributive and procedural justice (Adams, 1965; Leventhal, 1976), they have mixed consequences. Pay transparency empowers workers to negotiate better salaries and exposes existing pay disparities, prompting employers to identify and address inequities (Bamberger, 2023; Castilla, 2015). However, it can also backfire, leading to counterproductive behaviors, reduced performance, and workplace tension (Berger et al., 2019; Chan, 2018). These complexities highlight the need for a nuanced understanding of how pay transparency affects behavior and outcomes as well as its ethical implications for fairness, equity, and employee well-being.

This paper addresses this gap by introducing the concept of *standard-based entitlement*, which explores how employees' feelings of entitlement and pay requests are shaped not only by the salaries of others but also by their proximity to meaningful performance standards, such as top rankings. Building on social comparison theory (Garcia et al., 2006; Lerner, 1987), we argue that proximity to these standards

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amplifies entitlement, particularly for individuals ranked near the top, while diminishing its impact on those farther down the scale. This perspective raises important ethical questions about the potential unintended consequences of pay transparency on employee perceptions of fairness and deservingness.

We tested these ideas through four laboratory experiments across three studies.[1] Study 1 demonstrated that proximity to high-performance standards increases salary demands among both employees and college graduates. Study 2 examined the interaction between rank and entitlement on compensation requests, involving performance-based payments, while Study 3 identified feelings of entitlement as the mechanism driving these effects. Together, our findings reveal that pay transparency has heterogeneous impacts: it amplifies salary demands from top performers while dampening those of lower-ranked individuals. These results raise ethical concerns about the potential for pay transparency to exacerbate feelings of inequity and demotivation among lower-ranked employees.

Our research makes several contributions. First, we highlight the role of standard-based entitlement in creating variation in salary demands, showing that certain performance ranks are more salient and motivational. Second, we demonstrate that pay transparency disproportionately influences high-performing individuals, necessitating competitive compensation strategies for top talent. Finally, we shed light on the nuanced interplay between social comparisons and entitlement, underscoring the importance of designing fair and transparent organizational information systems that balance equity and motivation (Bernstein, 2012). From an ethical perspective, our findings emphasize the need for organizations to carefully consider the potential unintended consequences of pay transparency initiatives on employee perceptions of fairness, well-being, and motivation (Standage et al., 2005; Vadera & Pathki, 2021).

The rest of the paper is organized as follows: Sect. "Theoretical Background" discusses the theoretical background, Sect. "Empirical Part" describes the methodology and findings of our studies, and Sect. "General Discussion" concludes with theoretical and practical contributions, limitations, and future directions, including a discussion of the ethical implications of our research for organizational practices and employee well-being.

[1] All authors received institutional ethics clearance for the involvement of human participants in the studies presented in this manuscript.

Theoretical Background

Distributive Justice and Equity Theory

Traditional theories of distributive justice and equity provide essential frameworks for understanding how individuals form perceptions of fairness and entitlement in the context of compensation and rewards. Distributive justice focuses on the perceived fairness of outcomes, such as pay, and is often evaluated through the principles of equity, equality, and need (Adams, 1965; Leventhal, 1976). According to equity theory, individuals assess fairness by comparing their input–output ratio to that of relevant others (Adams, 1965). In organizational settings, performance rank often serves as a key input, shaping perceptions of distributive justice and subsequent feelings of entitlement.

The interplay between entitlement and distributive justice is central to understanding organizational behavior, yet the "links between entitlement and perceptions of organizational justice have not been explored in greater detail" (Jordan et al., 2017, p. 137). Expanding on this, Lee et al. (2019) argue that entitled employees often perceive lower organizational justice due to inflated self-assessments and excessive expectations. This disconnect between what individuals believe they are owed and what they actually receive leads to perceptions of unfair reward distribution, even when objective measures may not support that view.

Building on these insights, Burri et al. (2021) investigate executive pay and distributive justice, revealing the pluralistic and often conflicting principles executives use to evaluate fairness. Their findings indicate that many executives regard current high pay inequalities as unjust, highlighting a potential willingness to support reforms aimed at reducing such disparities. Similarly, Néron (2015) highlights how command hierarchies and occupational inequalities create complex relational dynamics, including subordination and the denial of equal respect, which further influence perceptions of entitlement and justice.

From an ethical perspective, the interplay between distributive justice and entitlement raises pressing questions about how organizations can balance the legitimate expectations of high performers with the need to uphold equitable compensation structures. This tension becomes particularly challenging when performance rankings reinforce perceived hierarchies of worth that conflict with broader organizational principles of fairness—especially for employees at the lower end of the distribution (Standage et al., 2005). Yet, it is equally important to consider how these dynamics affect higher-level performers, whose elevated status may further complicate perceptions of fairness and entitlement.

To examine this issue more closely, we first consider how individuals evaluate themselves relative to others

through rankings and social comparisons, which fundamentally shape perceptions of fairness and justice in organizational settings.

Rankings and Social Comparison

Social comparison involves evaluating oneself relative to others in abilities, attributes, and skills (Festinger, 1954; Wood, 1989). This tendency occurs across domains (Mussweiler, 2003), persists even with objective standards (Klein, 1997), and is often subconscious (Gilbert et al., 1995). It is often in more uncertain, stressful, or competitive settings (Buunk, 1994; Gibbons & Buunk, 1999) that individuals focus on others rather than objective benchmarks (Festinger, 1954; Klein, 1997).

Relative performance information, such as rank or category labels, can enhance performance by leveraging social comparison and status concerns (Tafkov, 2013). For instance, labeling both top and bottom ranks (e.g., "good" or "poor") increases effort and performance, whereas only highlighting top ranks does not (Knauer et al., 2021). These effects often depend on proximity to a meaningful standard, such as a #1 rank or a specific threshold (Chen et al., 2012; Garcia et al., 2020; Poortvliet, 2013; Vandegrift & Holaday, 2012; Vriend et al., 2016; Zink et al., 2008). High-ranking individuals close to the top are more competitive, often sacrificing personal gains to disadvantage rivals (Garcia et al., 2006; Vandegrift & Holaday, 2012). They are also less likely to cooperate (Poortvliet et al., 2009) and more prone to harming competitors (Poortvliet, 2013).

While existing research focuses on zero-sum, ongoing competitions—where one's gain is another's loss—it overlooks how rankings shape perceptions in dynamic organizational contexts spanning dissimilar tasks (Hannan et al., 2013). Additionally, little is known about how ranking effects persist beyond the immediate competition or in different settings.

The ethical implications of ranking systems in organizations raise important questions about their impact on cooperative behavior and organizational culture. When rankings become primary motivators, they may inadvertently encourage unethical behavior (Endenich et al., 2020; Vadera & Pathki, 2021), as individuals prioritize relative position over absolute performance or organizational welfare. Moreover, this effect appears particularly pronounced when employees are close to meaningful performance standards or thresholds, suggesting that both absolute rank and proximity to salient benchmarks shape behavioral responses. But how do these ranking-driven comparisons shape individuals' fundamental beliefs about what they deserve, and what psychological mechanisms underlie these effects on reward expectations?

Entitlement

Personal entitlement refers to individuals' expectations about the rewards or benefits they believe they deserve (Lerner, 1987). These judgments are shaped by social comparisons, perceived legitimacy of procedures, and individual goals (Major, 1994). For instance, individuals often feel entitled to rewards similar to others like them (*comparisons*) when outcomes are seen as fair (*legitimacy*). They compare themselves to those worse off for self-protection but to those better off for self-improvement goals (*goals*). These processes are central to accounting and performance evaluation (Luke et al., 2013).

Research on entitlement highlights how social comparisons perpetuate inequalities. For example, female undergraduates awarded themselves lower pay than their male counterparts for performing the same work, reflecting internalized disparities (Desmarais, 1993; Major et al., 1984). Women generally report a lower sense of personal entitlement (O'Brien et al., 2012) and often perceive men as being more deserving of higher pay and greater access to resources (Grijalva et al., 2015). Similarly, women tend to work harder and produce more for the same fixed pay as men, further reinforcing existing wage gaps (Desmarais & Curtis, 1991).

Entitlement differences, however, extend beyond gender to power dynamics. High-power individuals exhibit more entitled behavior, such as taking more resources, than low-power individuals (Smith et al., 2008; Ward & Keltner, 1998). Power roles like judges or teachers inherently involve entitlement to enforce rules (Lammers et al., 2010). Even a random assignment to "winning" a game increases entitlement, leading to dishonesty and over-claiming one's reward (Schurr & Ritov, 2016).

Recent studies reveal the nuanced effects of power and entitlement. For instance, leader contributions influence follower behavior under pay secrecy but are diminished with pay disclosure (Schuhmacher et al., 2022), suggesting that transparency can sometimes undermine leadership effectiveness. Moreover, leader feedback, particularly negative feedback, is moderated by the recipient's perceived entitlement (Holderness et al., 2017). Specifically, compared to peer feedback, feedback from a superior is more effective when the recipient has a heightened sense of entitlement. Additionally, incentive schemes and task difficulty shape entitlement perceptions, demonstrating that fairness judgments depend on the interplay of effort and reward (Newman et al., 2020), thus presenting a more complex view of the impact of incentive schemes on entitlement.

In organizational contexts, the ethical implications of entitlement extend beyond individual perceptions and affect broader systemic issues. When entitlement becomes linked to hierarchical position rather than contribution, it can create self-reinforcing cycles where power leads to increased

feelings of deservingness, which in turn justify further accumulation of resources and authority. These dynamics are fundamentally rooted in how individuals compare themselves to others within organizational hierarchies, making it crucial to understand the psychological mechanisms underlying such social comparisons and their effects on entitlement perceptions.

Given these complex dynamics between hierarchy, power, and entitlement, how might specific performance standards—particularly meaningful ranking positions—systematically influence feelings of deservingness in ways that transcend simple social comparison?

Standard-Based Entitlement

By integrating theories of distributive justice, entitlement, and social comparison, we contribute to an important, yet often overlooked, dimension of incentive contracting. Previous research has highlighted the significance of target selection (Casas-Arce et al., 2018) and peer comparisons (Drake & Martin, 2020) in performance evaluation, as well as the distribution of peers in relation to each other with respect to such targets. While little is known about how organizations set targets (Matějka & Ray, 2017), the recent popularity of pay transparency suggests that employees' feelings of entitlement might be a powerful driver of how people perceive compensation decisions. Building on these insights, we introduce the concept of *standard-based entitlement*.

We propose that individuals' inferences about what they deserve in a given situation are informed not only by the requests of similar others but also by their proximity to meaningful performance standards, such as rankings. We argue that social comparisons are most pronounced near a desired standard on the performance yardstick, leading individuals to feel more entitled when they are ranked near a relevant standard (for example, the #3 position) than when they are ranked lower, farther from that standard (for example, the #103 position). This effect occurs irrespective of whether one is immediately ahead of or behind a competitor—the influence of being close to a meaningful standard on the ranking scale matters more than the relative proximal rank of the parties involved (Garcia et al., 2006).

Our theoretical account of standard-based entitlement thus integrates social comparison processes and feelings of entitlement with the finding that some ranks are more meaningful and salient than others (Kuziemko et al., 2014). Rankings in proximity to the #1 rank not only drive competition more than rankings further away (Garcia et al., 2006) but also reflect the heterogeneity in the effects of ranking information on performance across the performance distribution (Casas-Arce et al., 2023). Moreover, rankings and competitions suggest that certain numbers, such as salient or round numbers, exert motivating effects on performance (Allen et al., 2017). Furthermore, extending previous work that primarily focused on establishing the main behavioral regularities, we aim to further identify and test a possible psychological mechanism: feelings of entitlement.

Hypotheses

Drawing on our theoretical framework of standard-based entitlement and its foundations in distributive justice and equity theory, we propose three key hypotheses:

Hypothesis 1 (H1) Individuals' perceptions of their performance rank positively predict their feelings of entitlement, such that higher perceived rank leads to greater feelings of entitlement.

This hypothesis emerges from equity theory's premise that individuals evaluate the fairness of their outcomes based on their inputs (Adams, 1965). Building on research showing that power roles and winning increase feelings of entitlement (Lammers et al., 2010; Schurr & Ritov, 2016), we expect higher ranks to generate stronger entitlement perceptions. This prediction aligns with findings that high-power individuals exhibit more entitled behavior and take more resources than low-powered individuals (Smith et al., 2008; Ward & Keltner, 1998). Moreover, research demonstrates that social comparisons become more salient near meaningful standards or thresholds (Chen et al., 2012; Garcia et al., 2020; Lee et al., 2019), suggesting that rank effects on entitlement should be particularly pronounced near the top of the distribution. Our theory extends these insights by predicting that proximity to meaningful performance standards will amplify the relationship between rank and entitlement perceptions. As individuals approach a meaningful performance standard (e.g., top rank), they are more likely to amplify their self-assessment and thus feel more entitled.

While H1 establishes a direct link between higher perceived rank and stronger entitlement, we now turn to the role of peer comparisons, proposing that a similarly ranked colleague's pay request can intensify or dampen this rank-entitlement relationship.

Hypothesis 2 (H2) The effect of performance rank on pay requests is moderated by the pay request of a similarly ranked peer, such that the effect of rank is stronger when the peer's request is high compared to when it is low.

This hypothesis builds on distributive justice theory's emphasis on social comparison in determining fair outcomes. Because social comparisons are most pronounced near a desired standard on the performance yardstick (Garcia et al., 2006), and certain numbers exert powerful motivating effects on performance (Allen et al., 2017; Knauer et al.,

2021), we expect peer requests to have a stronger impact when both individuals are close to salient standards. In essence, individuals calibrate their own pay demands using a similarly ranked peer's request as a powerful benchmark, especially when both are close to a coveted performance threshold. This aligns with research showing that rankings near the top drive competition more than rankings further away (Garcia et al., 2006; Vandegrift & Holaday, 2012) and that performance information has heterogeneous effects across the pay distribution (Casas-Arce et al., 2023). When high-ranked peers make large requests, this creates a compelling reference point that, combined with proximity to meaningful standards, amplifies feelings of deserved compensation based on relative contribution.

Having established that peer requests can magnify the impact of rank on compensation, we now propose that entitlement serves as the psychological conduit through which performance rank translates into actual pay demands.

Hypothesis 3 (H3) The effect of performance rank on pay requests is mediated by feelings of entitlement.

This hypothesis proposes a mechanism by which rank influences pay requests, drawing on both our standard-based entitlement framework and principles of distributive justice. These principles maintain that individuals' entitlement perceptions stem from evaluations of their inputs, such as performance rank (Adams, 1965; Burri et al., 2021). Our theory extends this view by suggesting that proximity to a desired standard amplifies feelings of entitlement, which in turn shape pay requests. Consequently, we posit that entitlement serves as the psychological pathway through which rank affects compensation expectations—and thereby pay requests—particularly when individuals are near a salient performance threshold.

By integrating our concept of standard-based entitlement with existing theories of organizational distributive justice and equity, these hypotheses provide a novel framework for understanding how performance rank, peer comparisons, and proximity to meaningful standards shape entitlement perceptions and pay requests in organizational settings, anchored in ethical principles of fairness and equity.

Overview

In four experiments across three studies, we tested the specific hypotheses of our concept of standard-based entitlement. These studies were conducted online with participants recruited from Amazon Mechanical Turk, and informed consent was obtained from all participants prior to their participation. The authors received Institutional Review Board (IRB) approval to conduct these studies, ensuring ethical compliance.

In these experiments, we measured and manipulated key variables, provided conceptual replications, and illuminated the underlying mechanism of our effect. Specifically, Study 1a demonstrated the basic effect in a sample of employees. Study 1b extended those findings by manipulating rank information. Study 2 generalized the findings from hypothetical scenarios with flat payments to performance-based payments. Finally, Study 3 identified entitlement as a key mechanism driving the effect of rankings on individuals' pay requests.

Research Method

Study 1—Performance Rank Predicts Requested Salary Increase

In Study 1a, we tested the main prediction of our theory—that rankings relative to a standard are associated with how much money individuals feel they deserve—using a sample of working professionals. In Study 1b, with a separate sample of college graduates, we experimentally manipulated performance rank in a hypothetical job vignette and measured participants' compensation requests to replicate our findings.

Study 1a—Employees' Income Brackets Predict Salary Deservingness

We recruited 122 participants, all college graduates who were fully employed at the time of data collection, to complete an online survey via Amazon Mechanical Turk. Participants received $0.30 for their participation. Initially, we asked them to identify their salary bracket within their organization, selecting from four options: "among the high-paid staff," "among the moderately paid staff," "among the low-paid staff," and "among the very low-paid staff." Next, participants rated the extent to they which felt that they deserved a 10% salary increase using a 7-point scale (1 = "not at all," 7 = "very much"). Detailed instructions are provided in Appendix 1.

Results and Discussion We analyzed the data from 119 participants (3 participants did not complete our dependent measure). Table 1 shows the distribution of perceived salary brackets. We found a significant negative correlation between salary brackets and how deserving employees felt of the salary increase ($r = -0.19$, $p = 0.035$).

These results provide preliminary support for our concept of standard-based entitlement by showing that people's reported rankings within their organization's pay scale are

Table 1 Distribution of perceived salary brackets

Bracket	Frequency	Percentage (%)
Among the highest paid	16	13.5
Among the moderately paid	53	44.5
Among the low paid	35	29.4
Among the very low paid	15	12.6
Total	119	100

negatively related to how deserving they felt of a given pay raise. Next, we conceptually replicated these results in Study 1b by manipulating performance rank and measuring people's expectations of how much they deserved to earn in a new job.

Study 1b—Performance Rank Predicts Salary Requests

We recruited 150 college graduates via Amazon Mechanical Turk to participate in an online survey, compensating each participant $0.30. Participants were randomly assigned to one of three conditions (rank: high, medium, or low) and then presented with a vignette corresponding to their assigned condition:

> "Imagine that you are an employee in a large company in the US. Your performance is ranked #3 (251, 498) out of 500 in the company. (The 1st rank belongs to the best performer). You are looking for a new job. Your colleague, whose performance is ranked #2 (250, 497) in the same company, has just received an offer from a company with a 20% increase in his/her salary. Another company has shown an interest in hiring you. You are negotiating a salary with them."

Participants answered the question: "What is the minimum increase in salary (in percentage) that you are willing to accept?" Lastly, they responded to an attention check question about their performance rank in the scenario presented. See Appendix 2 for the instructions.

Results and Discussion We analyzed 142 valid responses after excluding 8 responses for the following reasons: 5 participants did not answer the attention check question, 2 participants answered it incorrectly, and 1 participant requested an increase of 2000%, which was more than three standard deviations from the mean.

As standard-based entitlement would predict, participants' remuneration requests were anchored on the requests of similar others but varied in magnitude primarily based on rankings relative to a standard. Our results showed that participants' requested salaries monotonically increased as their ranks increased, such that higher-ranked individuals requested a significantly higher salary increase than lower-ranked individuals ($F(2, 139) = 4.08$, $p = 0.019$, $\eta^2 = 0.06$; linear trend: $F(1, 139) = 8.15$, $p = 0.005$, $\eta^2 = 0.06$). Table 2 shows the average requested salary increase as a function of rank.

Our results from Study 1 demonstrated that pay requests were anchored not only on the requests of similar others but were also contingent upon the relevant standard of rankings, confirming H1. In line with our concept of standard-based entitlement, which posits that social comparisons are most significant near a desired standard, individuals felt more entitled when they were ranked near the top position than when they were ranked lower and farther away from this standard. The data showed a clear positive relationship between performance rank and pay requests, with higher ranks associated with higher pay requests, even when the peer's request was held constant at 20% across all conditions. Additionally, we showed that these comparisons influenced pay requests even in a different context (a new job offer) that was temporally removed from the original ranking context. In Study 2, we extended these findings by examining how the requests of similarly ranked individuals interact with performance rankings in shaping individuals' feelings of entitlement and their compensation requests.

Study 2—Performance Rank and Standard-Based Entitlement Predict Bonus Requests with Performance-Contingent Rewards

We designed a study that manipulated both rank and the compensation request of a similarly ranked peer, featuring performance-contingent rewards. This study directly tested whether–and how–these two sources of comparison interact with each other to shape individuals' compensation requests.

Method

We recruited 107 college graduates via Amazon Mechanical Turk to participate in an online study, compensating them $1.00 with the opportunity to earn a performance-based bonus. Participants were randomly assigned to one of four conditions in a 2 (rank: high/ low) × 2 (peer request: high/ low monetary amount) experimental design.

The task consisted of two parts. Participants first completed a timed numerical task, after which they were

Table 2 Average requested salary increase as a function of rank

Rank	Mean	Standard deviation
High (#3 out of 500)	19.19	8.22
Intermediate (#251 out of 500)	17.40	5.64
Low (#498 out of 500)	15.17	6.29

Table 3 Sample matrix from the timed numerical task

9.38	6.74	8.17
5.15	6.61	3.06
9.71	0.91	4.88
3.58	4.87	6.42

Participants were presented with five 3×4 matrices, each containing 12 numbers. They were asked to find the two numbers in each matrix that sum to 10. Participants' performance was determined by how quickly they completed the task without compromising accuracy

informed about their putative rank in the task (i.e., a rank which, unbeknownst to them, was based on random assignment). Participants were then told how much an ostensibly similarly ranked participant had requested, and finally they were asked to demand an amount that they themselves wanted to be given for their performance.

Timed Numerical Task: Participants were asked to complete a timed numerical task that consisted of five matrices, with 12 numbers in each matrix (see Table 3 for a sample task; Mazar et al., 2008). For each matrix, participants were asked to find the two numbers that would add up to 10. They were told that their performance would be determined by how fast they completed the task without compromising accuracy.

Ranks and similar others' pay requests: After completing the numerical task, participants were informed about their ostensible rank in the task (high: #2 rank vs. low: #122 rank, out of 196 participants). We then gave participants information about the typical payment for similar tasks: 100 Experimental Currency Units (ECU), where 100 ECU equals $1. Participants were randomly assigned to receive news that a similarly ranked participant had requested either 280 ECU (high request) or 80 ECU (low request). We refer to this variable as "peer request" subsequently. Finally, we asked participants to state their pay demand for the task.

We also asked participants where they subjectively felt they had ranked in terms of performance—to get a measure of whether participants' assessments were in alignment with the deceptive feedback that they were given. Finally, participants completed an attention check question.[2] See Appendix 3 for the instructions.

[2] We used a variant of the Instructional Manipulation Check (IMC) by Oppenheimer, Meyvis and Davidenko (2009), asking participants to ignore to answer a long and convoluted question.

Results and Discussion

We excluded 3 responses from the analyses: 2 participants failed the attention check and 1 participant had requested a very high pay amount of 1000 ECU,[3] which was more than three standard deviations from the mean.

We found that people's remuneration requests were a function of both rank *and* the pay requests of similarly ranked others (peer requests). The main effects of *rank* ($F(1, 100) = 10.10$, $p < 0.01$, $\eta^2 = 0.09$) and *peer request* ($F(1, 100) = 134.79$, $p < 0.001$, $\eta^2 = 0.57$) were both significant. Importantly, there was also a significant interaction effect between *rank* and *peer request* ($F(1, 100) = 5.27$, $p < 0.05$, $\eta^2 = 0.05$), consistent with our notion of standard-based entitlement.

When adding participants' subjectively predicted performance ranking as a covariate (to capture participant's performance expectations relative to the deceptive feedback), the interaction between *rank* and *peer* request remained significant ($F(1, 99) = 5.88$, $p < 0.05$, $\eta^2 = 0.06$). The main effects of *rank* ($F(1, 99) = 7.08$, $p < 0.01$, $\eta^2 = 0.07$) and *peer request* ($F(1, 99) = 137.42$, $p < 0.001$, $\eta^2 = 0.58$) also remained significant.

Further examining the simple effects within our interaction indicates that participants' own pay requests were significantly higher when peer requests were high ($F(1, 50) = 126.59$, $p < 0.001$, $\eta^2 = 0.72$) rather than low ($F(1, 50) = 34.19$, $p < 0.001$, $\eta^2 = 0.42$), across both levels of rank. However, when we looked within each level of *peer requests* (280 ECU vs. 80 ECU), we found that *rank* only significantly differentiated participants' own requests at high levels of *peer requests* ($F(1, 50) = 8.09$, $p < 0.01$, $\eta^2 = 0.14$), but not at low levels ($F(1, 48) = 0.17$, $p = 0.682$, $\eta^2 = 0.00$). While this finding was unexpected, it may be because rank effects manifest to a greater extent when a large amount of money is at stake. Consistent with this possibility, we observed the same, albeit attenuated, difference in the low *peer request* condition, where there may have been a floor effect. Table 4 presents the descriptive statistics of the pay requests by *rank* and *peer request* and Fig. 1 shows this interaction graphically.

Our results from this study illustrate that the effects of standard-based entitlement generalize from hypothetical to behavioral performance contexts, providing support for H2. We found that both rank relative to a standard and information about the compensation of similarly ranked others interact to determine how much individuals feel they deserve to earn for their performance. The effect of rank on pay requests was significantly stronger when the peer's request was high (280 ECU) compared to when it was low (80 ECU), demonstrating that the impact of rank

[3] Please note that we still paid the participant the requested amount.

Table 4 Bonus requests across experimental conditions: Means (M), standard deviations (SD), and sample sizes (*n*)

Rank	Peer request					
	Low (80 ECU)			High (280 ECU)		
	M	SD	*n*	M	SD	*n*
High (2 out of 196)	98.92	41.22	26	317.96	89.12	27
Low (122 out of 196)	85.03	55.58	25	231.73	113.40	26
Total	92.11	48.80	51	275.66	109.76	53

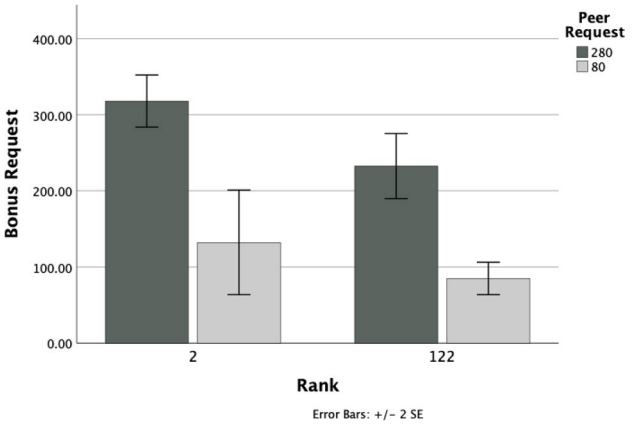

Fig. 1 Bonus requests as a function of rank and similarly ranked peer's request

on entitlement is moderated by the requests of similar others. Notably, these effects occur even when performance rank information and others' compensation are arbitrarily assigned. The significant interaction persisted even after controlling for participants' subjective performance expectations, further strengthening the robustness of our findings. Taken together, our field survey of employed workers, an online experiment with college graduates, and a behavioral performance study provide converging evidence for our notion of standard-based entitlement and the moderating role of peer requests in shaping the relationship between rank and entitlement.

Our next study sought to address whether the effect of rank on compensation requests is mediated by feelings of entitlement, as our theory predicts. In addition, Study 3 extends our framework by varying the comparison direction (ahead vs. behind).

Study 3—Feelings of Entitlement Mediate the Effect

In Study 3, we examined whether the effect of rank on individuals' compensation requests is mediated by their feelings of entitlement. Additionally, we investigated whether this effect depends on whether the similarly ranked individual is positioned immediately ahead or behind.

Method

We recruited 408 college graduates via Amazon Mechanical Turk to participate in a 2 (between-subjects: position—ahead/behind) × 2 (within-subjects: rank—high/ low) mixed -design study. Participants received $0.30 for their participation. They were randomly assigned to either the "ahead" or "behind" position condition and presented with two scenarios (high rank and low rank) in counterbalanced order. This design aimed to conceptually replicate our earlier findings obtained using between-subjects designs.

Participants in the *ahead* condition ($n = 204$) were presented with the following two scenarios in counterbalanced order:

> "Imagine that you are an employee in a company. Your performance is ranked #2 (497) out of 500 employees in the company. (The 1st rank belongs to the best performer). You are looking for a new job. Your colleague, whose performance is ranked #3 (498) in the same company, has just received an offer from a company with a 20% increase in his/her salary. Another company has shown an interest in hiring you. You are negotiating a salary with them."

Participants in the *behind* condition read the same scenarios, except that, in these scenarios, they were ranked #3 (498) out of 500 employees in the company, relative to their colleague, who was ranked #2 (497) in the same company.

Participants then answered three questions: (1) their requested salary increase ("What is the minimum increase in salary (in percentage) that you are willing to accept?"), (2) their feelings of entitlement ("To what extent do you feel you deserve a 20% increase in salary from the new company?"; 1 = not at all, 9 = very much), and (3) an attention check ("What is your current rank in the imaginary company?"). Full instructions are provided in Appendix 4.

Results and Discussion

We retained 345 valid responses for the analysis because 55 participants did not answer the attention check correctly, 6 participants completed both sets of questionnaires (and

Table 5 Pay requests across experimental conditions: Means (M), standard deviations (SD), and sample sizes (*n*)

Position	Rank					
	High			Low		
	M	SD	*n*	M	SD	*n*
Ahead	22.56	6.84	180	14.29	6.84	180
Behind	18.95	6.71	164	12.66	6.34	164
Total	20.84	7.02	344	13.51	6.64	344

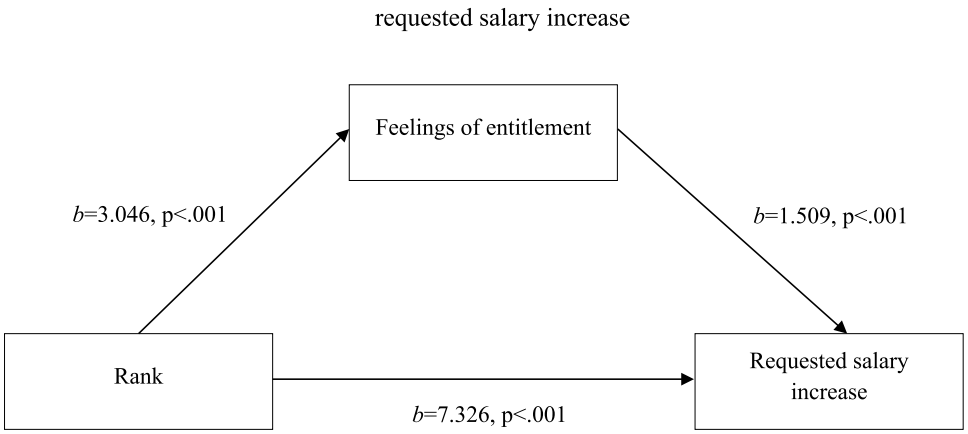

Fig. 2 Feelings of entitlement as a mediator for the relationship between rank and requested salary increase

therefore had their second responses removed), and 2 participants answered the minimum salary request in terms of salary amount (i.e., 50,000, 60,000, 45,000 and 50,000) rather than percentage—as specified in the question.[4]

A repeated-measures ANOVA was conducted to examine the effects of *rank* (high vs. low) and *position* (ahead vs. behind) on pay requests. The analysis revealed a significant main effect of *rank*, $F(1, 342) = 328.91$, $p < 0.001$, $\eta^2 = 0.49$, and *position*, $F(1, 342) = 18.91$, $p < 0.001$, $\eta^2 = 0.05$, as well as a significant interaction between *rank* and *position*, $F(1, 342) = 6.10$, $p = 0.014$, $\eta^2 = 0.18$. Simple effects analyses indicated that the difference in pay requests between high and low ranks was significant in both the *ahead* condition (22.56 vs. 14.29), $F(1, 179) = 233.52$, $p < 0.001$, $\eta^2 = 5.66$, and the *behind* condition (18.95 vs. 12.66), $F(1, 163) = 111.56$, $p < 0.001$, $\eta^2 = 0.41$. However, the interaction effect suggests that the rank difference was larger for participants in the *ahead* condition, indicating that standard-based entitlement is stronger when participants are ranked ahead of their competitor. Table 5 presents the descriptive statistics of the pay requests by *rank* and *position.*

We further examined the psychological mechanism underlying this effect using a repeated-measures mediation analysis (Krull & MacKinnon, 2001). Rank significantly predicted participants' requested salary increase ($b = 7.326$, $p < 0.001$) and their feelings of entitlement ($b = 3.046$, $p < 0.001$). Feelings of entitlement, in turn, significantly predicted salary requests when controlling for rank ($b = 1.509$, $p < 0.001$). After controlling for entitlement, the direct effect of rank on requested salary adjustments was significantly reduced (Sobel $z = 11.673$, $p < 0.001$), indicating partial mediation. These results suggest that the observed rank effect on compensation requests is driven, at least in part, by participants' feelings of entitlement (see Fig. 2 for the mediation model).

Our results from Study 3 provide compelling evidence for H3, showing that feelings of entitlement mediate the relationship between performance rank and pay requests. Mediation analysis revealed that rank significantly predicted both feelings of entitlement and requested salary increases. Moreover, entitlement continued to predict pay requests even after controlling for rank, suggesting that, consistent with our theory, it serves as a key psychological mechanism. Together with Studies 1 and 2, these findings offer robust support for our concept of standard-based entitlement. Study

[4] Our results are robust to the inclusion of all those participants who have failed the attention check and those who have answered both sets of questionnaires ($F(1, 404) = 201.44$, $p < 0.001$, $\eta^2 = 0.33$; $M_H = 21.29$, $SD_H = 8.38$ vs. $M = 14.50$, $SD_L = 8.20$). The inclusion of those two participants, however, who have stated salary requests in thousands of dollars, rather than in percentage, inflated the variance to unreasonable levels and yielded insignificant results ($F(1, 406) = 2.53$, $p <= 0.11$, $\eta^2 = 0.06$; $M_H = 291.46$, $SD_H = 3865.23$ vs. $M_L = 247.84$, $SD_L = 3329.27$). We thus feel confident that those two participants did not understand the task and hence should be removed from the analysis.

1 established the basic link between rank and entitlement, showing higher feelings of entitlement for those closer to the top rank, while Study 2 extended this to a behavioral context, demonstrating that rank effects on pay requests are moderated by peers' pay requests. Study 3 further elucidated the psychological process by demonstrating that entitlement explains how rank predicts pay demands, thereby providing convergent evidence that both proximity to performance standards and peer comparisons shape feelings of deservingness and pay requests.

General Discussion

Organizational decisions about compensation are inherently strategic (Larkin et al., 2012) and carry significant implications for employee performance and motivation (Belogolovsky & Bamberger, 2014). A critical decision in this context is whether to disclose peer salaries (Caulfield, 2021). Recent empirical evidence suggests that revealing salaries to employees affects not only job satisfaction (Clark & Oswald, 1996) and subjective well-being (Luttmer, 2005) but also interacts with employees' relative positions within the organizational pay grade (Card et al., 2012). Employees with below-median salaries reported lower pay and job satisfaction and an increased likelihood to search for alternative employment, whereas employees with above-median salaries reported no higher satisfaction (Card et al., 2012). Similarly, Casas-Arce et al. (2023) reported findings from a bank that transitioned from private to public disclosure of employee rankings, observing considerable heterogeneity in employee responses to public disclosure. The authors anticipated that disclosure would increase motivation, particularly among employees whom their colleagues expected to perform well. They discovered that employees with a history of poor performance increased their output more than those with a history of good performance when rankings were made public.

These findings highlight the need for a theoretical framework to capture the nonlinearity in the effects of rankings information on employee performance. In this paper, we sought to address this issue by drawing on scholarship concerning entitlement, social comparisons, and rankings to explore an important, yet unanswered, question in these bodies of literature: How an employee's position on the organization's salary distribution and their proximity to a meaningful standard (e.g., #1 position) influence employees' feelings of entitlement and their pay requests?

We answered this question through four experiments across three studies, providing converging evidence for our concept of standard-based entitlement. Our findings revealed, first, that individuals' remuneration requests are influenced by the requests of similar others *and* their proximity to a meaningful standard, and second, that these effects are mediated by their feelings of entitlement. Specifically, Studies 1a and 1b offered empirical support for the fundamental premise of standard-based entitlement–that rankings relative to a standard influence how much employees (Study 1a) and college graduates (Study 1b) believe they deserve. In Study 2, we explored how proximity to rankings interacts with information about others' pay in shaping individuals' pay requests. Finally, Study 3 demonstrated that the impact of rankings on individuals' compensation requests is mediated by their feelings of entitlement.

Theoretical and Practical Implications

Our analysis of standard-based entitlement contributes to both the entitlement and social comparison literatures. The entitlement literature has argued that our perceptions of what we deserve are often based on what similar others receive (Lerner, 1987; Major, 1994), yet it has not explored how the broader ranking scale may influence feelings of entitlement. Simultaneously, while research on rankings and social comparison suggests that individuals' positions relative to a desired standard (e.g., the #1 position) can have an effect beyond the mere similarity between the actor and target, it has primarily focused on competitive behavior in situ (Garcia et al., 2006; Poortvliet, 2013; Poortvliet et al., 2009; Vandegrift & Holaday, 2012; Zink et al., 2008). From this body of work, the implications of *ranking information* for rivals after the direct competition has concluded, or even for separate contexts altogether, remain unclear. We illuminate this issue by demonstrating that rankings influenced individuals' post-competition perceptions of the outcomes they deserve in a subsequent and different context. Rank information is comparatively more important for high-ranked than for low-ranked individuals, suggesting that lower-ranked individuals, on average, fail to ask for market compensation, effectively "leaving money on the table." Furthermore, we also show that these effects occur outside of strict winner–loser scenarios (e.g., Schurr & Ritov, 2016).

Our findings may have important implications for job performance and the design of payment systems. Prior research indicates that while pay secrecy may offer benefits to organizations, such as decreased labor mobility, privacy concerns, and organizational control (Colella et al., 2007), it is also associated with a decrease in employee performance. This decline is attributed to the weakened perception that an increase in performance leads to an increase in pay (Belogolovsky & Bamberger, 2014). Furthermore, high-performing employees tend to be most sensitive to this discrepancy between performance and pay reward (Belogolovsky & Bamberger, 2014).

Our findings contribute to this literature in several ways. First, they show that pay disclosure (in the form of outside

pay offers) leads to commensurate pay demands only for high-performing individuals (those ranked near the top), but drastically weakens the demands of low-ranked individuals. Thus, pay disclosure likely has differential effects for organizations, necessitating competitive remuneration packages for top performers but not necessarily for lower-performing individuals (e.g., Sandberg & Andersson, 2022). Second, our findings suggest that the mechanism responsible for this asymmetry is the social comparison processes that drive feelings of entitlement. While both high and low-ranked individuals compare themselves with similarly ranked individuals, low-ranked individuals regard their performance as insufficient to justify pay requests commensurate with those of similar ranks. This finding suggests a complex interplay between social comparison processes and entitlement perceptions, a phenomenon that we term *standard-based entitlement*.

This complexity underscores the importance of designing organizational information systems. Recent advances in technology facilitate the prompt delivery of performance information within organizations. However, our results suggest that managers should carefully consider the type of information shared with employees, as the appropriateness of this information may depend on the employees' relative performance. Full pay transparency might not be the optimal strategy for every performance rank, given that the motivating effects of such information appear to be concentrated near the top rank and around meaningful and salient standards.

Broader Implications for Business Ethics and Justice

Our research underscores the impact of performance rankings on fostering a sense of entitlement and shaping access to opportunities, offering critical insights into workplace dynamics involving social exclusion and discrimination—particularly in the allocation of resources, remuneration, and recognition. These findings contribute to the growing body of literature on business ethics by addressing the ethical challenges associated with rankings. While rankings are often designed to motivate and promote accountability, they frequently raise significant concerns about fairness, equity, and unintended consequences (Baird et al., 2022). High-ranking individuals disproportionately benefit from rewards, visibility, and opportunities, while lower-ranked individuals risk marginalization and exclusion. Such systems can perpetuate inequalities (Van de Walle & Roberts, 2008), especially if ranking criteria are biased or fail to account for contextual disadvantages. Rankings may also reinforce stereotypes or penalize individuals based on characteristics unrelated to performance, such as gender, race, or socioeconomic background (Porumbescu et al., 2021). Moreover, perceptions of unfairness can erode trust, reduce morale, and discourage collaboration, even when collaboration is mutually beneficial (Breza et al., 2018). Addressing these ethical concerns requires a critical examination of ranking systems to ensure they promote equity, inclusivity, and fairness in resource and recognition distribution.

In this context, our findings also shed light on the ethical implications of performance measurement systems, particularly those that rely on uncontrollable or partially controllable metrics. Such systems are often perceived as unfair, undermining intrinsic motivation and performance (Cugueró-Escofet & Rosanas, 2017; Hartmann & Slapničar, 2012). These issues are most pronounced at the extremes of the performance spectrum. Persistent high performers are more likely to be promoted to leadership roles, where they may feel entitled to greater resources and compensation (De Cremer et al., 2009), potentially creating a "beauty contest" dynamic under pay transparency, as firms may seek to ensure that their executives are among the higher paid (Matsumura et al., 2005). Conversely, low performers may become disengaged, question the validity of the metrics, and even engage in unethical behavior (Endenich & Trapp, 2020; Vadera & Pathki, 2021), as reduced motivation can cause them to fall further behind. The effects of pay transparency on low performers remain unclear but may include a performance boost driven by last-place avoidance (Kuziemko et al., 2014). Meanwhile, those in the middle of the distribution may experience reduced motivation if they perceive disproportionate rewards for those at the extremes. These findings underscore the importance of addressing the ethical and motivational implications of performance measurement and compensation systems in organizational contexts.

Limitations and Future Directions

We provided empirical support for our concept of standard-based entitlement through a series of studies, including hypothetical scenario experiments, a behavioral study with performance-contingent payoffs, and a real-world sample of employees, and a mediation analysis that revealed the underlying psychological mechanisms. Together, these studies offer robust and converging evidence for the validity of standard-based entitlement.

However, as with many experimental studies, our research has limitations related to the sample, setting, and materials. Most of our participants were college graduates, which may limit the generalizability of our findings to more diverse populations. Additionally, we employed hypothetical scenarios, relatively small monetary incentives, artificial settings with inherently low external validity, and materials with extreme characteristics, such as very low ranks (such as in Study 1b). Despite these limitations, such studies provide critical theoretical insights by addressing complex questions in controlled environments. This approach allows for the

examination of scenarios that would be unethical or impractical to manipulate in real-world settings, such as extreme pay levels or performance feedback. Furthermore, previous research has shown that increasing monetary incentives does not necessarily improve performance and may even impair it (Ariely et al., 2009; Camerer & Hogarth, 1999), suggesting that our use of smaller payments is unlikely to compromise the validity of our findings.

Besides these limitations, our research highlights several promising avenues for future directions. First, introducing performance rank information might have significant psychological implications for employees, influencing their motivation and satisfaction levels, which could even extend to other work contexts. For instance, it would be intriguing to investigate whether an individual's rank in their current company influences subsequent compensation requests in new employment situations (e.g., during salary negotiations with a new employer), even when these settings starkly contrast with the original employment scenario (e.g., when employees consider transitioning to a new industry or role). Second, the literatures on employee voice (Brinsfield et al., 2009) and information flows within hierarchical organizations (Reitzig & Maciejovsky, 2015) suggests that lower-ranked individuals might feel disengaged from the organization, experience a sense of lost control, and, as a result, might withhold or distort important information. Indeed, recent evidence indicates that performance information can lead to counterproductive employee behaviors by withholding and distorting knowledge sharing (Berger et al., 2019). Third, our findings suggest that transitioning from pay secrecy to pay disclosure might result in varying levels of employee mobility, prompting primarily top performers to either renegotiate their pay or seek alternative employment elsewhere.

Appendix 1

Instructions (Study 1a)

Welcome and thank you for participating in our study! The study consists of several short questions.

Press CONTINUE to proceed.

[Next screen]

Please indicate which of four salary brackets you fall into within your organization.

Among the high-paid staff
Among the moderately paid staff
Among the low-paid staff
Among the very low-paid staff

Press CONTINUE to proceed.

[Next screen]

To what extent do you feel that you deserve a 10% salary increase? (1 = "not at all," 7 = "very much")

Press CONTINUE to proceed.

["Thank You!" screen]

Appendix 2

Instructions (Study 1b)

Welcome and thank you for participating in our study! The study consists of several brief questions.

Press CONTINUE to proceed.

[Next screen] [3 conditions: high rank, intermediate rank, low rank]

Imagine that you are an employee in a large company in the US. Your performance is ranked #3 (251, 498) out of 500 in the company. (The 1st rank belongs to the best performer). You are looking for a new job. Your colleague, whose performance is ranked #2 (250, 497) in the same company, has just received an offer from a company with a 20% increase in his/her salary. Another company has shown an interest in hiring you. You are negotiating a salary with them.

What is the minimum increase in salary (in percentage) that you are willing to accept? (open text format for response)

Press CONTINUE to proceed.

[Attention check]

What is your current rank in the imaginary company? (open text format for response)

Press CONTINUE to proceed.

[Next screen] ["Thank You!" screen]

Appendix 3

Instructions (Study 2)

Welcome and thank you for participating in our study! The study consists of a timed numerical task. After the timed task, you will answer a set of brief questions. To encourage you to perform as well as possible, we will pay a bonus in addition to the fixed payment stated in the HIT description. The currency units that we are using are denoted as ECU, where 100 ECU equals $1. Press CONTINUE to proceed.

[Next screen]

The following is a timed numerical task that will be scored and compared to your peers who have also completed this task. The task will be scored according to how fast you are without compromising accuracy. On the next screens you will be given 5 matrices. Each matrix contains 12 numbers similar to the one shown below. For each matrix, your task is

to find the two numbers that add up to 10. For example, the correct answer for the matrix below is 3.58 and 6.42. You can submit your answer by clicking on the corresponding cells and then press the button CONTINUE.

Example of the matrix task		
9.38	6.74	8.17
5.15	6.61	3.06
9.71	0.91	4.88
3.58	4.87	6.42

[Next screen]

{Matrices are shown – one matrix per screen}

0.17	2.46	2.44
6.02	5.6	2.63
6.05	6.21	6.6
8.22	8.19	7.54
0.15	0.95	1.31
4.98	2.9	2.88
6.66	6.73	7.67
9.75	9.85	8.17
0.14	0.67	2.22
5.96	5.58	5.22
7.04	7.59	9.33
9.77	9.5	8.52
0.47	4.58	2.57
3.15	3.82	4.38
4.94	5.42	5.98
2.95	4.86	7.42
0.12	0.71	0.74
4.27	3.07	2.27
5.09	5.73	5.82
9.27	7.03	6.79

[Next screen] [4 conditions (rank: high, low; request: high, low): high rank/high request, high rank/low request, low rank/high request, low rank/low request]

Based on the results, you were ranked #2 (#122) out of 196 participants thus far.] For this type of task, we typically pay a bonus of 100 ECU {to a person who performs relatively well (poor)}. However, we allow you to request your own bonus. The participant who was ranked #3 (ranked #123) requested 280 (80) ECU.

What is the minimum bonus that you are willing to accept? (open text format for response)

Disregarding the rank information that we gave you, what was your gut feeling about your own rank? Out of 196 participants, which rank did you expect? (open text format for response)

Press CONTINUE to proceed.

[Attention check]

We are grateful to all the Amazon MTurks who participate in our studies. Indeed, you really help researchers like us tremendously. Sometimes when we ask questions, we are interested in what participants think, what their attitudes are, what their opinions are, etc. However, sometimes the questions can be quite long and oftentimes people do not take the time to read the entire question. In this question, we will ask you a question about which of the following spare time activities is most appealing to you. However, we do not want you to answer this question. Just skip this question entirely. We are using this question to make sure that people are reading the instructions carefully. Which of the following spare time activities is most appealing to you?

☐ Video games ☐ Movies ☐ Sports ☐ Reading ☐ Hiking

Press CONTINUE to proceed.

[Next screen] ["Thank You!" screen]

Appendix 4

Instructions (Study 3)

Welcome and thank you for participating in our study! The study consists of a set of brief questions.

Press CONTINUE to proceed.

[Next screen]

["Ahead" condition: high vs. low rank]

Imagine that you are an employee in a company. Your performance is ranked #2 (497) out of 500 employees in the company. (The 1st rank belongs to the best performer). You are looking for a new job. Your colleague, whose performance is ranked #3 (498) in the same company, has just received an offer from a company with a 20% increase in his/her salary. Another company has shown an interest in hiring you. You are negotiating a salary with them.

["Behind" condition: high vs. low rank]

Imagine that you are an employee in a company. Your performance is ranked #3 (498) out of 500 employees in the company. (The 1st rank belongs to the best performer). You are looking for a new job. Your colleague, whose performance is ranked #2 (497) in the same company, has just received an offer from a company with a 20% increase in his/her salary. Another company has shown an interest in hiring you. You are negotiating a salary with them.

Press CONTINUE to proceed.

[Next screen]

What is the minimum increase in salary (in percentage) that you are willing to accept? (open text format for response)

To what extent do you feel you deserve a 20% increase in salary from the new company? (1 = "not at all," 9 = "very much")

Press CONTINUE to proceed.

[Next screen] [Attention check (same as in Study 1b)] ["Thank You!" screen]

Declarations

Conflict of interest The authors declare no potential conflict of interest and have not received any financial funding outside of their university research endowments for this project.

Research Involving Human and Animal Participants This research involves human participants, and all authors received IRB clearance from their respective universities when conducting the research. Additionally, the authors have completed human subjects training (CITI certification).

Informed Consent The research was conducted with informed consent from the participants.

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