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# Compensation: Theory, Evidence, and Strategic Implications

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## Industrial Relations Theory

*Compensation: Theory, Evidence, and Strategic Implications.* By Barry Gerhart and Sara L. Rynes. Thousand Oaks, Calif.: Sage, 2003. 320 pp. ISBN 0-7619-2107-9, $56.00 (cloth); 0-7619-2108-7, $39.95 (paper).

*Foundations of Organizational Science* is a Sage series presenting the core theories, essential tools, and emerging perspectives that constitute the field of organizational sciences, broadly defined to include organizational behavior, organizational theory, human resource management, and business strategy. Barry Gerhart and Sara Rynes's *Compensation: Theory, Evidence, and Strategic Implications,* a sophisticated treatment of compensation systems fundamentals, solidly contributes to that mission.

In eight concise chapters, the authors artfully synthesize complex scholarly articles from economics, psychology, and sociology. The organization of the book is exceptionally transparent because most chapters bear titles consisting of fundamental research questions of interest to basic and applied researchers and compensation practitioners: for example, why some companies pay more than others, what employers get in return for higher pay, psychological and economic perspectives on pay-for-performance practices, and the fit and alignment of compensation systems with organizational strategy.

*Compensation* should be accessible to a wide range of readers who appreciate a multidisciplinary perspective on organizational issues, including master's students in professional degree programs, master's students en route to a doctoral degree in management broadly defined or labor and industrial relations, current doctoral students, basic and applied researchers, and practitioners who wish to bolster their understanding of the theoretical underpinnings of compensation systems. For professional degree students, this book is an essential accompaniment to standard compensation textbooks, which generally introduce compensation practices with only brief explanations of the theoretical underpinnings. Doctoral students may use this book for exposure to the scholarly compensation literature, in preparation for comprehensive examinations, and as inspiration for conceiving interesting research questions for their dissertations. Most researchers will find that the book strengthens their knowledge of the multidisciplinary compensation literature.

I approach scholarly books on organizational science with skepticism, because many book authors limit their contribution to a descriptive review of empirical research, uncritically passing along primary authors' interpretations and conclusions. Certainly, such reviews of the literature are very important, but most do not challenge readers to engage in insightful thinking, which is essential if the nascent field of organizational sciences is to mature. Gerhart and Rynes respectfully but unhesitatingly challenge the received interpretations of many empirical studies, forcing us to consider alternative perspectives. They squarely tell readers what we know a lot about, what we know relatively little about, and to what extent ambiguity still prevails for some important compensation research questions. I expect some future compensation research to benefit from Gerhart and Rynes's insights.

As an educator teaching a graduate-level compensation course at the University of Illinois for approximately 15 years, during which I have naturally read widely in the compensation literature, I cannot emphasize enough how effectively Gerhart and Rynes discuss compensation throughout this book. As an experienced academic researcher, I have already benefited tremendously from my first reading of the book. It is a must-read, and I recommend it without reservation to instructors, researchers, and students.

*Joseph J. Martocchio*

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## Labor-Management Relations

*Labour Market and Social Protection Reforms in International Perspective: Parallel or Converging Tracks?* Edited by Hedva Sarfati and Giuliano Bonoli. Aldershot: Ashgate, 2002. ISBN 0-7546-1926-5, $89.95 (cloth); 0-7546-1927-3, $39.95 (paper).

This book is an initiative of the International Social Security Association, which brings to-