

## Equity Theory

**Background:** John Stacey Adams, workplace and behavioral psychologist, developed Equity Theory on job motivation in 1963. The notion of "equity" is associated with justice and fairness. The individual fundamentally believes that they are being treated fairly in comparison to what they see others receiving. Adams advanced the proposition that we each, on acting to satisfy our needs, assess the equity or fairness of the outcome we perceive. Have we received our "just deserts" in this social exchange? Is the outcome in line with our expectations of how we think we should be treated and how others have been treated in relation to ourselves?

In Equity Theory we each seek a fair balance between what we put into our job and what we get out of it. Adams calls these inputs and outputs. We form perceptions of what constitutes a fair balance or trade of inputs and outputs by comparing our own situation with other reference points in the market place. We are also influenced by colleagues, friends, and partners in establishing these benchmarks and our responses to them in relation to our ratio of inputs to outputs.

We compare how diligently and creatively we are working (our inputs) with what we are getting in return (the outputs). We evaluate:

- **the outputs** "What I get out of my job": pay, bonuses, pat-on-the-back, respect, recognition, benefits, security, peace of mind, prestige, the trust and confidence.
- **the inputs** "What I give, what I put in": hours, skill, diligence, loyalty, patience, tolerance, sweat, confidentiality, acceptance of the rough with the smooth, steadiness, presence day-in day-out, the trust and access to the private "me".

If we feel that inputs are fairly and adequately rewarded by outputs (the fairness benchmark being subjectively perceived from market norms and other comparables references) then we are happy in our work and motivated to continue inputting at the same level.

If we feel that our inputs out-weigh the outputs then we become de-motivated in relation to our job and employer. People respond to this feeling in different ways: generally the extent of de-motivation is proportional to the perceived disparity between inputs and expected outputs. Some people reduce effort and application and become inwardly disgruntled, or outwardly difficult, recalcitrant or even disruptive. Other people seek to improve the outputs by making claims or demands for more reward, or seeking an alternative job.

In terms of "equity", we may feel

- "properly" rewarded - the ratio of outcomes to inputs is in line with our expectations. There is equivalence in comparison to others benchmarks.
- over-rewarded - we may feel vulnerable, perhaps guilty
- under-rewarded

These are matters of perception and personal feeling. The self-deprecating person may indeed feel that they are over-valued. The confident person may feel under-valued. Adams argued that we compare our job input-outcome ratio with referents and if we perceive inequity we may act to correct it. How?

- by backing off and giving less
- by not caring so vehemently perhaps even becoming blasé and neglectful

## Facilitator's Body of Knowledge Research Project

- absenting ourselves
- lapsing into inner contained or even outwardly directed disgruntlement

Research into Adams' theory found that people who believe they are unfairly over-rewarded try to work harder to make up for it, while people who believe they are under-rewarded tend to work slower and become unproductive. Rewards in this case aren't always monetary. Respect and responsibility are rewards that can also cause a person to 'feel positive inequity' or 'feel negative inequity'.

Research, done in the United States, to see how fairly people thought they were paid, this is an example of using money as motivation. The results showed that 13% of managers feel over-rewarded, 34% say their pay is fair and 53% say they are under-rewarded. These figures are even worse with employees. 7% of employees said they felt over-rewarded, 10% felt equitably rewarded and 83% said they felt hardly done by.

These kinds of figures must have a negative effect on the companies, with only 10% of workers feeling they are being equitably rewarded. Some ways that some employees react to these feelings of inequity is by using all their sick leave, arriving late for work or 'forgetting' to carry out instructions. More extreme cases are when workers walk off the job or stage protests.

The role of money as a motivator in Adams theory is very important. It is an outcome that employees can see very easily when comparing themselves to others. What Adams' theory doesn't explain is how 'felt negative' or 'felt positive' equity varies according to different types of worker. Age, sex, race, background and the type of work

an employee is doing are all important factors in the theory that seem to be left out.

Since the theory is based on people's perception of others and the work they do, the individual's perception, and the aspects that shape it, should also be addressed. This theory is similar in part to the 'Instrumentality' variable of the 'Expectancy Theorem'. Since both the 'Instrumentality' variable and the 'Expectancy Theorem' are all about finding appropriate rewards for the work being carried out.

There are similarities with Charles Handy's extension and interpretation of previous simpler theories of Maslow, Herzberg and other pioneers of workplace psychology, in that the theory acknowledges that subtle and variable factors affect each individual's assessment and perception of their relationship with their work, and thereby their employer. Awareness and cognizance feature more strongly than in earlier models, as does the influence of colleagues and friends, etc, in forming cognizance, and in this particular model, 'a sense of what is fair and reasonable'.

### Resources:

<http://www.businessballs.com/adamsequitytheory.htm>

<http://leeds.colorado.edu/faculty/balkin/MGMT4030/EquityReinforcement.ppt>

<http://www.brunel.ac.uk/~bustcfj/bola/motivation/equity.html>

<http://www.cerebralsynergy.com/content.php?article.15>