

# **EQUITY THEORY OF MOTIVATION**

# INTRODUCTION

Equity theory was first developed in 1963 by Jane Stacy Adams.

It says that individuals compare their job inputs and outcomes with those of others and then

- ^  
◆ respond to eliminate any inequalities.
- ^  
◆ The higher an individual's perception of equity, the
- ^  
◆ more motivated they will be.
- ^  
◆ If someone perceives an unfair environment, they will be demotivated.

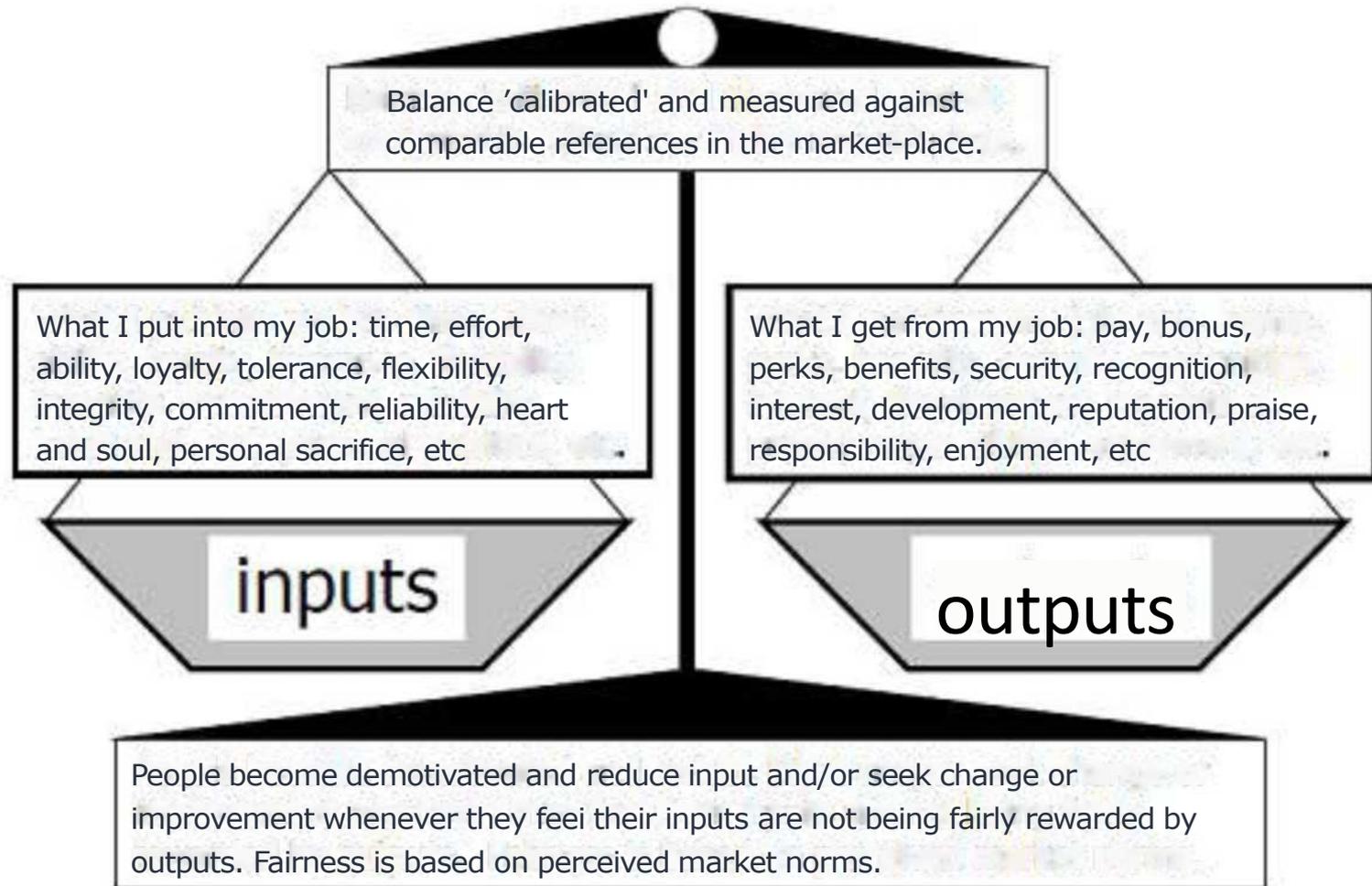
## INPUTS

- Time
- Effort
- Loyalty
- Hard Work
- Commitment
- Ability
- Adaptability
- Flexibility
- Tolerance
- Determination
- Enthusiasm
- Personal sacrifice
- Trust in superiors
- Support from co-workers and colleagues
- Skill

## OUTCOMES

- Job security
- Salary
- Employee benefit
- Expenses
- Recognition
- Reputation
- Responsibility
- Sense of achievement
- Praise

# Adam's EQUITY THEORY diagram



# Comparisons are made to:



Friends

Neighbours



Co-workers



Colleagues



Present job and past job

# Referent comparisons are categorised under:

- *SELF INSIDE* :-

An employee's experiences in a different position inside the employee's current organisation.

- *SELF OUTSIDE* :-

An employee's experiences in a situation or position outside the employee's current organisation.

- *OTHER INSIDE* :-

Another individual or group of individuals inside the employee's organisation.

- *OTHER OUTSIDE* :-

Another individual or group of individuals outside the employee's organisation.

# The structure of equity in the workplace is based on the ratio of inputs to outcomes

RATIO COMPARISONS	PERCEPTION	SITUATION OF AN EMPLOYEE
Individual's outcome < Other's outcome Individual's input / Other's input	<b>Inequity</b>	<b>Anger</b>
Individual's outcome = Other's outcome Individual's input / Other's input	<b>Equity</b>	<b>Satisfied</b>
Individual's outcome > Other's outcome Individual's input / Other's input	<b>Inequity</b>	<b>Pride, Over confidence and Guilt</b>

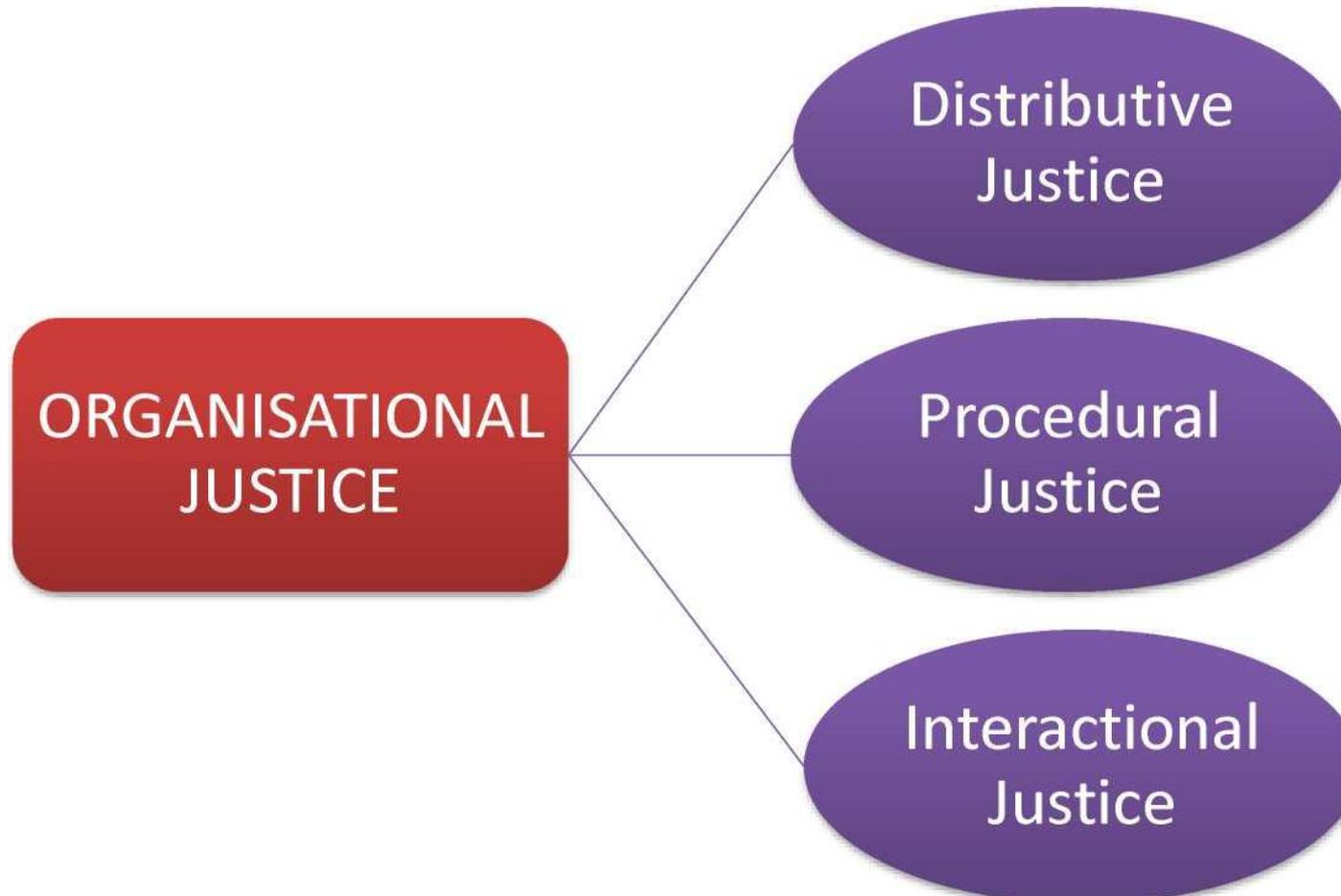
When employees perceive inequity, they can be predicted to make one of the following choices:

- i. Change their inputs
- ii. Change their outcomes
- iii. Distort perceptions of self
- iv. Distort perceptions of others
- v. Choose a different referent
- vi. Leave the field

# The theory establishes the following propositions relating to inequitable pay:

- **Given payment by time, over rewarded** employees will produce more than will equitably paid employees.
- **Given payment by quantity of production, over rewarded** employees will produce fewer, but higher-quality units than will equitably paid employees.
- **Given payment by time, under rewarded** employees will produce less or poorer quality of output.
- **Given payment by quantity of production, under rewarded** employees will produce a large number of low quality units in comparison with equitably paid employees.

# Equity Theory Focused on:



## **ORGANISATIONAL JUSTICE -**

An overall perception of what is fair in the workplace.

(Eg., I think this is a fair place to work.)

## **DISTRIBUTIVE JUSTICE -**

Perceived fairness of the amount and allocation of rewards among individuals.

(Eg., I got the pay raise I deserve.)

## **PROCEDURAL JUSTICE -**

Perceived fairness of the process used to determine the distribution of rewards.

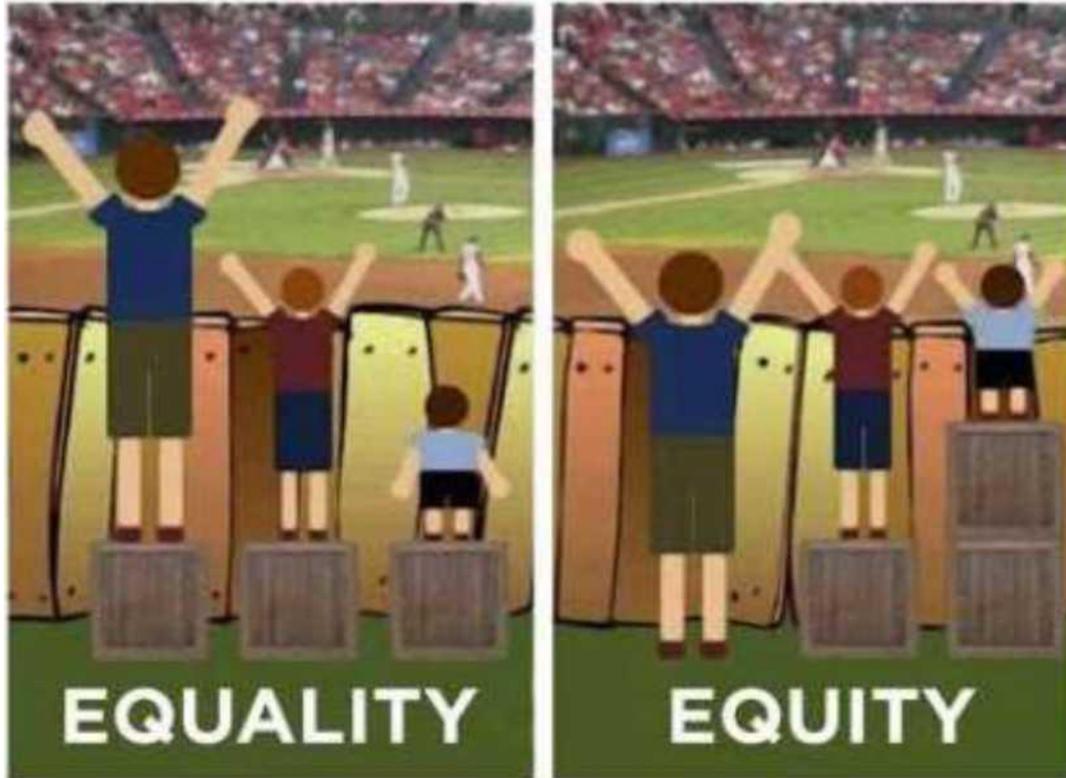
(Eg., I was given a raise with the explanation of why I was given.)

## **INTERACTIONAL JUSTICE -**

Perceived degree to which an individual is treated with dignity, concern, and respect.

(Eg., While telling me about my raise my supervisor was very nice and complimentary.)

# EQUALITY VS EQUITY



# Assumptions:

## Equity norm

Employees expect a fair return for what they contribute to their jobs.

## Social comparison

Employees determine what their equitable return should be after comparing their inputs and outcomes with those of their coworkers.

## Cognitive distortion

Employees who perceive themselves as being in an inequitable situation will seek to reduce the inequity either by distorting inputs and/or outcomes in their own minds, by directly altering inputs and/or outputs, or

by leaving the organization.

# Criticism:

- Number of demographic and psychological variables affect people's perceptions of fairness and interactions with others.
- People might perceive equity/inequity not only in terms of the specific inputs and outcomes of a relationship, but also in terms of the overarching system that determines those inputs and outputs.
- One might feel that his or her compensation is equitable to other employee's but one might view the entire compensation *system* as unfair.

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**THANKYOU**