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Adams' Equity Theory - Leadership skills training from MindTools.com

5-6 minutes

If you pay peanuts, you may get monkeys: find the right balance.

Adams' Equity Theory calls for a fair balance to be struck between an employee's inputs (hard work, skill level, acceptance, enthusiasm, and so on) and an employee's outputs (salary, benefits, intangibles such as recognition, and so on).

According to the theory, finding this fair balance serves to ensure a strong and productive relationship is achieved with the employee, with the overall result being contented, motivated employees.

Understanding the Theory

Adams' Equity Theory is named for John Stacey Adams, a workplace and behavioral psychologist, who developed his job motivation theory in 1963. Much like many of the more prevalent theories of motivation (such as Maslow's Hierarchy of Needs and Herzberg's Two-Factor Theory), Adams' Equity Theory acknowledges that subtle and variable factors affect an employee's assessment and perception of their relationship with their work and their employer.

The theory is built-on the belief that employees become de-motivated, both in relation to their job and their employer, if they feel as though their inputs are greater than the outputs. Employees can be expected to respond to this is different ways, including de-motivation (generally to the extent the employee perceives the disparity between the inputs and the outputs exist), reduced effort, becoming disgruntled, or, in more extreme cases, perhaps even disruptive.

How to Apply the Adams' Equity Theory

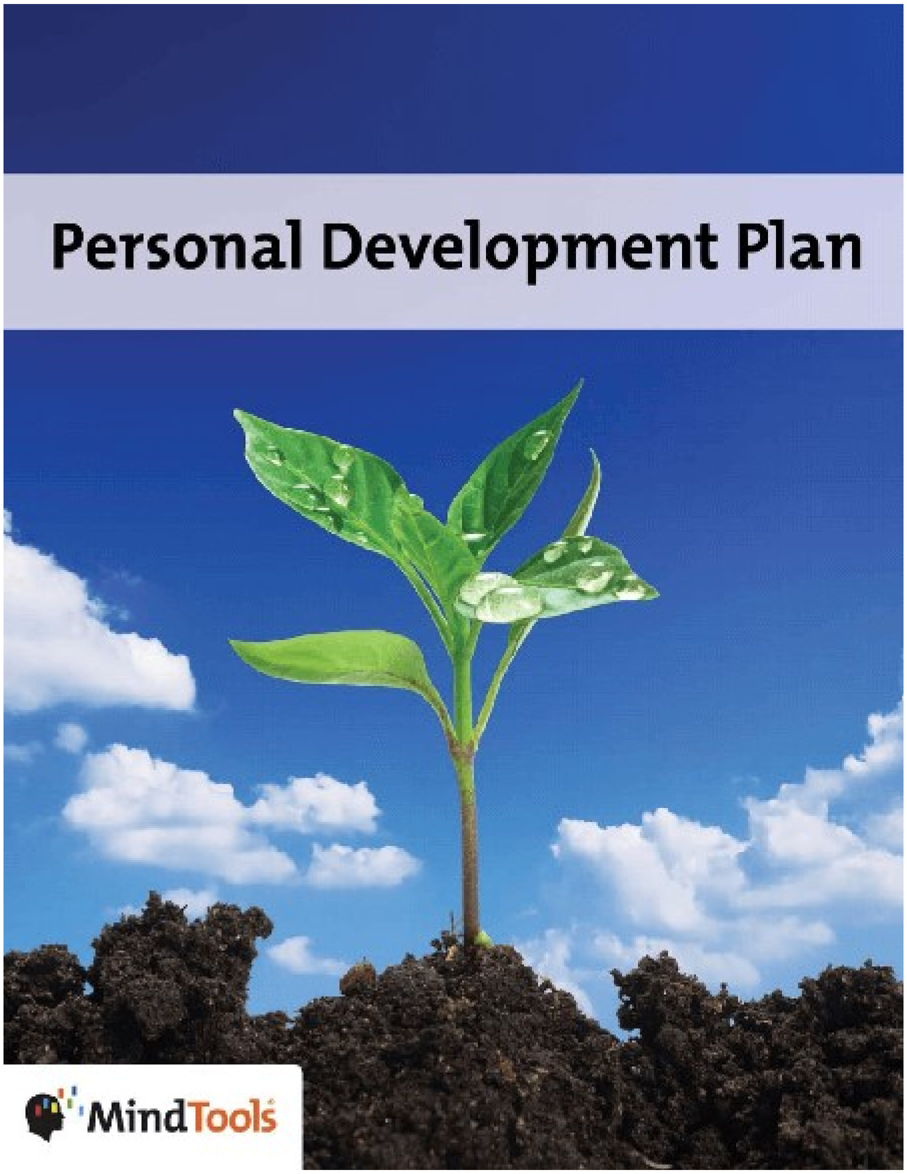
It is important to also consider the Adams' Equity Theory factors when striving to improve an employee's job satisfaction, motivation level, etc., and what can be done to promote higher levels of each.

To do this, consider the balance or imbalance that currently exists between your employee's inputs and outputs, as follows:

Inputs typically include:

- Effort.
- Loyalty.
- Hard work.
- Commitment.
- Skill.

- Ability.
- Adaptability.
- Flexibility.
- Acceptance of others.
- Determination.
- Enthusiasm.
- Trust in superiors.
- Support of colleagues.
- Personal sacrifice.



Outputs typically include:

- Financial rewards (such as salary, benefits, perks).
- Intangibles that typically include:
- Recognition.

- Reputation.
- Responsibility.
- Sense of achievement.
- Praise.
- Stimulus.
- Sense of advancement/growth.
- Job security.

While obviously many of these points can't be quantified and perfectly compared, the theory argues that managers should seek to find a fair balance between the inputs that an employee gives, and the outputs received.

And according to the theory, employees should be content where they perceive these to be in balance.

Tip:

This is similar to Frederick Herzberg's Motivation/Hygiene Theory. While Adams' Equity Theory obviously has a strong element of truth to it, it's probably fair to say that Herzberg's Motivation/Hygiene Theory has greater motivational significance.

Key Points

Much like the five levels of needs determined by Maslow and the two factors of motivation as classified by Herzberg (intrinsic and extrinsic), the Adams' Equity Theory of motivation states that positive outcomes and high levels of motivation can be expected only when employees perceive their treatment to be fair. An employee's perception of this may include many factors (see outputs above). The idea behind Adams' Equity Theory is to strike a healthy balance here, with outputs on one side of the scale; inputs on the other – both weighing in a way that seems reasonably equal.

If the balance lies too far in favor of the employer, some employees may work to bring balance between inputs and outputs on their own, by asking for more compensation or recognition. Others will be demotivated, and still others will seek alternative employment.