

Individuals (ii) equity
arises when two
persons



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Individuals have expectations about the outcomes that should result from their participation. If a satisfying ratio of giving to receiving i. e.

, input to output, received, then a healthy participation in group activities is usually maintained. If the ratio gets out of balance in either direction, then frustration, tension and possibly even rejection can result. Inputs are an individual's contributions to the organization such as efforts, education, experience and loyalty whereas outputs are what the person receives in return-pay, recognition, social relationships, intrinsic rewards and so on. Thus, this part of the equity process is essentially a personal assessment of one's psychological contract. A person's assessments of inputs and outputs for both self and others are based partly on objective data (e. g.

, salary) and partly on perceptions (e. g., the comparison - other's level of recognition). The equity comparison thus takes the following form: (i) Overpayment inequity is when a person gets more out of the job relative to what he puts in compared to another. Person's outcomes Other's outcomes Person's inputs Other's inputs (ii) Equity arises when two persons obtain the same relative gain for their investments.

Person's outcomes Other's outcomes Person's inputs Other's inputs (iii) Underpayment inequity arises when a person and the other do the same job but the other's outcomes are more than the person. Person's outcomes Other's outcomes Person's inputs Other's inputs A person experiences cognitive dissonance whenever his cognition of his job inputs and/or outcomes stands psychologically in inverse relation to his cognitions of the inputs and/or outcomes of other's. People may have a variety of responses in

an effort to maintain perceived equity or reduce perceived inequity. Adams (1965) has provided the following ways of reacting to comparison of self with others: Equity theory offers four messages to managers: Everyone in an organization needs to understand the basis for rewards. People are to be rewarded more for high quality work than for quantity of work. People tend to take a multifaceted view of their rewards; some tangible and others intangible. People base their actions on their perceptions of reality.

People make horizontal comparisons with peers and vertical comparisons with superiors and subordinates.