

# Theory of equity

Science



Is equal pay the same as equitable pay? First you need to know the difference between the two. Equal pay would be a female doing the job of a construction electrician getting the same pay as her male counter part. Equitable pay is the perceived fairness when employee" s compare pay from their job with other jobs in the company. You also need to know that pay adequacy is the pay level that allows the employee to meet basic needs and to achieve a standard of living that is minimally acceptable to the employee. (Kirkpatrick 1996) the last thing to describe is Equity Theory.

Equity Theory maintains that people seek a balance between there efforts and rewards and the rewards that others receive for their efforts. Thus, if one employee believes that his or her efforts are being under-rewarded in comparison to his or her colleagues' efforts, the employee will attempt to restore balance by either securing additional rewards or reducing his or her efforts. Equity pay can undercompensate or overcompensate, two forms of inequity, and cause " distress" that workers seek. The results suggest that it is not necessarily the case that each [worker] is simply out to get as much as he can for the work.

There appear to be equally strong desires that each one should earn the right amount-fair and reasonable amount relative to others. Workers who receive compensation that is considered less than equitable are more likely to strike, file grievances, or eventually withdraw from the workplace if the inequity, or the distress associated with inequity, is not reduced. Equity pay also implies that underpayment produces a different reaction in workers than overpayment does, although both reactions are considered distressing.

Underpaid workers may experience feelings of deprivation and of being cheated, whereas overpayment may produce feelings of guilt and unworthiness. These different expressions of distress may engender quite different strategies for reduction. How workers reduce or avoid feelings of inequity caused by overpayment. Individuals would rather raise their estimations of their own inputs than reduce the valuation of their outcomes; the latter process could be far more costly to the individual. Attitudes that devalue the job and/or its outcomes could eventually lead to job dissatisfaction, which is likely to diminish one's overall well-being.

Kirkpatrick implies that " If employee" s are not meeting pay adequacy through pay or other resources, then striving to maintain fair pay is irrelevant. " (P158) An organization that decides to base an employees' compensation on his or her impact eliminates the need for job classifications and for most compensation management tools. Although this may seem extreme, it's an attractive option, especially given the weaknesses of most classification and compensation systems. Current job classification methodologies attempt to create job level hierarchies based on such criteria as knowledge, skills and the required abilities.

The logic here is that the classification system aids compensation management by providing a means to compare salaries paid to equivalent jobs throughout the organization. Compensation should be driven by an employee's contribution, not by his or her classification. Impact analysis eliminates the need for most compensation management tools, including salary surveys that sound the depths of a collective pool of ignorance. Instead of capping salaries at some percentage of what everyone else is

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paying, compensation can be limited by the estimated or actual return generated by the position.

In those rare cases in which market pressure and operational necessity demand that a position be paid more than the return it will generate, impact analysis will keep management apprised of the negative return to prevent its being lost or forgotten. Equal pay not only treats individuals fairly it benefits us all--particularly our Nation's families. It empowers individuals to become more self-sufficient, reducing the dependence of many families on government assistance.

It also rises women's purchasing power, increases their pensions, and improves their capacity to save, all of which help to strengthen our economy. During the past three decades, our Nation has made a strong commitment to ensuring that every American is treated with dignity and equality in the workplace. Legislation such as the Equal Pay Act and Title VII of the Civil Rights Act has helped us make progress in correcting discriminatory practices. But we still have a long way to go before the wage gap between men and women are eliminated.