



THE THREE LAWS OF EQUITY

Equity Law I: People Give To Get

People evaluate their relationships by comparing what they give to a relationship with what they get from it.

What you contribute to a relationship (what you give) we call **Inputs**. What you receive in return (what you get) we call **Outcomes**. Whether you are conscious of it or not, you are constantly comparing your inputs and outcomes in any relationship you are in... at home, at work and in life.

Picture a tiny computer-like gizmo in the back of your mind. This computer tracks what you put into relationships and what you get back. This computer switches on when you first pop into the world, and it shuts down only when you close your eyes for the last time. You can't turn it off. It keeps on going, categorizing new Inputs and Outcomes, reprioritizing their importance, and sometimes removing them completely. All the time this computer is functioning, it's calculating and recalculating your **Equity Score**.

Usually this computer gizmo is humming along so quietly you don't even know it's operating. But if Inputs and Outcomes get too far out of balance, then it will let you know in a hurry that your Equity Score is too lopsided one way or another.

In any relationship, your Equity Score falls into one of the following categories:

- "I'm getting a better deal."
- "All parties are getting an equally good deal."
- "The other party is getting a better deal."

So, think about a particular relationship that you are in and consider what category your Equity Score in that relationship would fall in.

If your answer was, "I'm getting the better deal," then you may be **Over-Rewarded** in this relationship.

If your answer was, "All parties are getting an equally good deal," then your Inputs are fairly equal to your Outcomes and your Equity Equation is in balance.

But, if your answer was, "The other party is getting a better deal," then you may be *Under-Rewarded* (you aren't getting enough from the relationship because your Inputs are getting too far ahead of your Outcomes).

In the case of workers in the United States, a good percentage of them really feel under-rewarded. How do we know? During the last few years, we've asked several thousand people, both managers and hourly workers, in some of America's largest corporations to tell us who's getting the better deal – they or the organization they work for. The chart below lists the troubling results.

Psychologists don't know how people make the actual comparison between what they give and what they get from relationships. Some psychologists think we compare ourselves to someone in a position or situation similar to our own.

For example, someone might feel underpaid for the amount of work done because a coworker does less work but gets paid the same salary. Or someone might feel Under-Rewarded if they are passed over for promotion and someone else who has fewer years of experience with the company receives the position instead.

Others think people compare their Inputs and Outcomes against a standard that experiences earlier in life have etched into their mind. For example, people who have been married more than once might gauge Inputs and Outcomes in their current marriage by what they gave (or didn't give) and got (or didn't get) in their previous marriage(s).

A third possibility is that people compare their Inputs and Outcomes to what the other person in the relationship seems to be giving and getting. So, you might feel you're getting the better deal if the other person is putting more time and effort into your relationship, but you're giving that person a lot less in return.

All of which leads us to Equity Law II.

Equity Law II: Inequity Causes Stress

When what people give to a relationship does not equal what they get from it, they feel stress.

While nobody seems to know the basis for how people make comparisons between Inputs and Outcomes, it's clear that people do make these comparisons. These calculations produce one of three feelings:

- **Over-Rewarded** – getting more than they're giving
- **Equitably Rewarded** – getting as good as they're giving
- **Under-Rewarded** – getting less than they're giving

But it's not just how people *feel* about these relationships, it's how they *react* to those feelings. The stress you feel over inequitable relationships – yes, even the ones where you've got the better deal – depends on who feels they're being cheated. People who are getting more than they're giving tend to feel *guilt*. People who are giving more than they're getting often experience *resentment*.

The Guilt of Over-Reward

Have you ever received too much change after a purchase in a department store, but you didn't realize it until you were in the car? Have you received a lavish gift from a friend for whom you did a very small favor? If so, then you know how it feels to be Over-Rewarded.

Two university professors once shared what has become our favorite example of Over-Reward. Several years ago, as part of a research project, the professors sent out holiday greeting cards to 528 total strangers. More than one hundred of their surprised recipients of the holiday greeting responded with either a card of their own, or an entire letter.

While most of the returning cards contained only a signature, many others included handwritten notes about their family or recalling old friendships with these two professors. Some people even included pictures of their families, pets, and friends. Only six people who sent back cards said that they couldn't remember the professors and asked for more information!

The reason the professors got so many responses is that people do try to keep relationships balanced evenly, and the guilt of being Over-Rewarded causes some people to respond in unexpected ways.

The Resentment of Under-Reward

The way people respond to feeling guilty about being Over-Rewarded can be odd, even funny. But it's the flip side of the "give-to-get" stress spectrum leaders have to worry about. When people feel the resentment of being Under-Rewarded, watch out!

Remember that 53 percent of managers and 83 percent of non-managers feel Under-Rewarded in their relationships with their organizations. Some people are probably only mildly irritated by this situation. Others are genuinely angry. When people are frustrated and angry because they are giving more than they are getting, that feeling compels them to react predictably, decisively, and, often, destructively.

This leads us to the final Equity Law.

Equity Law II: People Will Attempt To Restore Equity

People who feel stress in a relationship because they give more than they get will engage in behaviors to restore equity.

Remember the expression we have all mumbled (or shouted) at one time or another, "I'm not *PAID* enough for this!" This utterance says, "I'm not getting the Outputs I need from our work relationship" and is a huge warning sign that an employee feels badly Under-Rewarded. When people feel the resentment of being Under-Rewarded, they will try to restore the balance of equity in one of three ways.

1. People Will Reduce Inputs
2. People Will Increase Outcomes
3. People Will End The Relationship

1. People Will Reduce Inputs

Think about a relationship in which you experienced the frustration of Under-Reward. Did you try and even the score by giving less to the relationship? Probably. In organizations, Under-Rewarded people will most certainly find ways to even the score. How? They will:

At Work	At Home
Come to work later Do less work Do careless work Call in sick Take extended breaks and lunch hours "Forget" to carry out instructions	Come home late Neglect chores or responsibilities Give the silent treatment Cancel scheduled dates Not return phone calls Stop sharing the covers

And, as we all know, there have been several tragic cases where people have felt so Under-Rewarded that they have resorted to violence against their bosses and coworkers or against family members and loved ones.

People have very little trouble figuring out how to restore equity in work relationships. An executive once told us about his resentment at being passed over for an important promotion. He decided to find another job. But while he was looking for that job, he simply sat around his office, doing as little as possible. He says that he felt a certain sense of satisfaction when he finally resigned three months later, because in some small way he had evened the score.

Another person described his high school summer job working in a peach packing shed. His job was to top off each basket with the best looking peaches from a conveyor belt. Doing so would mean that peach buyers who opened the baskets to inspect them would think that each basket contained only the finest peaches.

One night, when he and two coworkers were angered by having to work until midnight four shifts in a row, the three of them began topping off randomly chosen baskets with small, bruised, and even rotten peaches. Although he feels guilty today about engaging in this act of sabotage, at the time, he and his coworkers felt enormous satisfaction at the owner's embarrassment when buyers claimed that the company was trying to sell bad peaches.

2. People Will Increase Outcomes

People who feel Under-Rewarded can also try to even their Equity Score by trying to change their Outcomes from a relationship. People will ask for:

At Work	At Home
<ul style="list-style-type: none"> Pay raises Promotions Increased job security Job transfers Better working conditions 	<ul style="list-style-type: none"> Nicer home/living conditions More of the other person's time Decrease amount of chores/responsibility Special considerations or favors Invite the in-laws to stay for a month

If they don't get what they ask for, employees might increase their Outcomes in other, more destructive ways:

At Work	At Home
<ul style="list-style-type: none"> Working on personal projects while at work Padding expense accounts Taking company property home Stealing from company Sabotage their own work and other people's, too 	<ul style="list-style-type: none"> Cheat on spouse or lover Misuse joint assets Speak negatively about other to friends and coworkers Boil pet rabbit

Maybe these actions don't really even the score, but, even so, they do let people feel they're doing something to restore equilibrium to the relationship.

In business, stealing is unfortunately one of the ways in which people try to restore equity, and it's a lot more widespread than most people think. Studies have found that nearly two-thirds of all fast-food restaurant robberies involve current or former employees! In

addition, a 1999 National Food Service Security Council found that about half of all restaurant workers have admitted to stealing some form of cash, property or both – and those statistics do not include stealing food.

Stealing to restore equity happens farther up the corporate ladder as well. An executive recently told us how outraged she was when she discovered that one of her subordinates was being paid \$2,300 more than she was. She immediately confronted her plant manager. He confirmed that she was indeed making less money than her subordinate.

"I wish I could do something about it, but the company simply has to pay more to get good people these days," he told her.

Several weeks later, she quit her job. As she was emptying her desk, she slipped a dictionary that belonged to her employer into her briefcase.

"I've never stolen anything in my life," she told us. "But for some reason I just picked it up and carried it out." As she passed through security, she was terrified that someone might want to check what was in her briefcase. No one did. Today that book gathers dust on a shelf in her study. She calls it "my \$2,300 dictionary."

3. People Will End the Relationship

The third way that Under-Rewarded people restore equity is simply to end the relationship. Each day across this country hundreds of people quit their jobs, end their marriages or break off relationships with friends and family.

Obviously, "quitting" doesn't bring equity back to the relationship. But for some frustrated people, there appears to be no better option. The stress of being shortchanged in a very important relationship in their life finally drives them to break the relationship off completely. Usually, they've tried other means first to restore the balance, and those efforts have failed. They decided to leave before the inequity gets even worse. And, in today's job market, choosing to quit might actually improve someone's situation considerably.

What the three Laws of Equity tell us is that people want equity in their relationships at work with their bosses, subordinates, coworkers, and organizations – just as they want the same kind of fairness at home with their significant others, children and friends. When they feel that the relationship is out of balance, they'll do everything in their power to restore that give to get equilibrium, even if they've got to end the relationship to do it.

Personal Reactions to Equity

Maybe you're troubled by the concept of people always expecting something in return for their contributions to a relationship. You might be saying to yourself, "That's not me. I give a lot, and I don't expect much in return."

During the past several years, we've discovered exceptions to the Equity Laws. In fact, we developed a little analytical tool we call the Equity Sensitivity Test. Having given this test to thousands of people, we can honestly say that some people, in fact, actually do

want to give more than they get. We call these people *Benevolents*. Many others, though, prefer to get more than they give. We call them *Entitleds*. But most people do look for a balance between their Inputs and Outcomes – between what they give and what they get. We call the people in this category *Equity Sensitives*.

Benevolents

This group is by far the smallest. They usually follow the old Calvinistic philosophy that it is “better to give than receive.” They prefer that they give more than they get for several reasons. Some are altruistic people who simply want to do for others, no matter what the return might be. Still others give more than they get so they can feel good about themselves. Benevolents are the givers in relationships.

Entitleds

Entitleds are the getters in relationships. Some Entitleds are members of the “Me” generation – people who would get ahead without doing rather than get ahead by doing. Yet, many Entitleds are extremely talented and valuable players in the workplace. In some instances, it is not surprising that employees are taking more of an entitlement perspective in regard to their jobs. As a result of the loss of the old workplace contract, they see many corporations taking the position that “It’s all about shareholder value... everything else is secondary.” Is it any wonder that some employees have adopted a similar motto, “I have to take care of me first, and the company comes second?”

Equity Sensitives

Most of us, though, are Equity Sensitives. We try to keep a balance between what we give and what we get from our relationships. We take the temperature of our work and personal relationships by constantly gauging what we contribute to them and what we get in return.

In short, Equity is the most powerful motivation behind why people behave, perform and react the way that they do in relationships. The Equity Equation explains why people are unproductive, unsatisfied, uncommitted and unhappy at work and at home.