FOURTH EDITION

THE TRUTH ABOUT

MANAGING PEOPLE

"Proven Insights to Get the Best From Your Team."

Stephen P. Robbins
World's best-selling management and organizational behavior author

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4TH EDITION

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TRUTH 20

It's All Relative!

A quarterback in the National Football League tells his team's management that he won't be reporting to training camp. Although he's under contract and scheduled to make $7.5 million this season, he says he's not motivated to play this year. He wants his team to either renegotiate his contract or trade him so he can get more money. Neither this player nor his agent ever suggests that $7.5 million is inadequate to live on. The argument is couched in terms of relative rewards: "Other players who aren't as good as I am [haven't played as long; haven't won as many awards; don't have as impressive statistics] are earning more."

An impressive body of evidence tells us that employees don't only look at absolute rewards—they also look at relative rewards. They compare what inputs they bring to a job (in terms of experience, effort, accomplishments, education, and competence) with the outcomes they receive (salary levels, pay raises, recognition, and the like). Then they look around for other references to compare themselves against. Those other references may be friends, relatives, neighbors, coworkers, colleagues in other organizations, or past jobs they have had. Finally, they compare their input/outcome ratio with the others and assess how equitably they think they're being treated. For our football player, he looks at his pay and his statistics; compares them with similar professional players at his position; and cries "foul" because he thinks he's under-rewarded.

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When people make these comparisons, they come to one of three conclusions: They're either being *fairly treated*, *under-rewarded*, or *over-rewarded*. Fair treatment has a positive effect on motivation. Employees are likely to be motivated when they feel they are being equitably rewarded for their contribution.

However, when people perceive themselves as being under-rewarded, they tend to get angry. To lessen this anger and restore equity, they are likely to engage in behavioral or perceptual adjustments. For instance, they might take more paid sick leave, come in late to work or leave early, take longer breaks, put out less effort, goof-off on company time, ask for a raise, or even steal from the company in an attempt to "get what's mine." They might also reassess either their own or others' inputs and outcomes, or change the person or persons with which they're comparing themselves. At the extreme, under-rewarded employees can become angry enough to quit. The degree of active behavior that under-rewarded employees take is largely dependent on how equity-sensitive they are. Some employees are good at ignoring inequities or adjusting their perceptions to make them less bothersome. But many professional and technical employees are quite equity-sensitive. They're likely to move quickly to correct any perceived inequity.

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When people perceive themselves as over-rewarded, they react with guilt. And to relieve that guilt, they might work harder, get more education, help out others, or work through a paid vacation. Not surprisingly, the guilt rarely leads to requests for reductions in pay. In fact, people seem to have a great deal more tolerance of overpayment inequities than underpayment, or maybe they're just better able to rationalize them.

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Recognition Motivates (and It Costs Very Little!)