



RESEARCH NOTE

Equity sensitivity theory: do we all want more than we deserve?

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Abstract *Predictions from equity sensitivity theory is reported by Huseman et al. were tested in a laboratory setting. As predicted, Benevolent individuals reported the highest pay satisfaction, perceived pay fairness, and lowest turnover intentions. Contrary to expectations, Entitled individuals did not report lower overall pay satisfaction, perceived pay fairness or higher turnover intentions than Equity Sensitive individuals. All three equity sensitivity groups preferred being over-rewarded to being equitably rewarded, and were relatively distressed when under-rewarded. The predicted interaction between equity sensitivity and reward level was not significant. Implications for the management of employees were discussed.*

Equity theory suggests that employees develop perceptions of how fairly they are treated by comparing themselves with relevant others (Adams, 1965). Equity theory has recently been criticized for failing to recognize differences exist in how individuals react to situations involving equity (Mowday, 1991). Consequently, Huseman *et al.* (1985, 1987) proposed the concept of equity sensitivity which hypothesizes that there are three types of individuals:

- (1) *Benevolents* who are described as “givers” and dislike being on the receiving end of a social exchange;
- (2) *Entitleds* who are “getters” and perceive equity when their outcomes exceed their inputs; and
- (3) *Equity Sensitives* who adhere to traditional equity theory by preferring equality between their outcomes and inputs and that of others.

Equity sensitivity theory predicts that benevolents, equity sensitives and entitleds will respond differently to equity/inequity in the work setting. Specifically, Huseman *et al.* (1985, 1987) predicted that Benevolents should experience higher levels of satisfaction when they are under-rewarded than when they are over-rewarded. By contrast, Entitleds are expected to be most satisfied when over-rewarded, and equity sensitive individuals are predicted to be most satisfied when they are equitably rewarded.

Studies have reported relationships between equity sensitivity and various personality constructs (Huseman *et al.*, 1985, 1987; King and Miles, 1994; Sauley and Bedeian, 2000; Yamaguchi, 2003), work attitudes and performance (Bing and Burroughs, 2001; Miles *et al.*, 1989; O’Neill and Mone, 1998) and cultural values (Wheeler, 2002). Despite the growing interest in equity sensitivity, few studies have tested the key propositions of Huseman *et al.*’s (1985, 1987) theory.



The purpose of the current study is to provide a more definitive test of how benevolent, entitled and equity sensitive individuals react to equity-related situations than was achieved in previous research. A field study by Huseman *et al.* (1985) found that equity sensitive individuals reported their highest levels of job satisfaction when they were equitably rewarded, whereas entitlements reported greater satisfaction when they were over-rewarded. Contrary to expectations, benevolents were also most satisfied when they were over-rewarded and more satisfied than entitlements in all reward conditions. A limitation of their study was that the magnitude of inputs and outcomes was not controlled, and they employed only a single dependent variable.

In an experimental study, King *et al.* (1993) found that under-rewarded benevolents reported significantly higher satisfaction than entitlements, and over-rewarded benevolents and entitlements were more satisfied than equity sensitives. Allen and White (2002) found that entitlements reduced work efforts and had greater turnover intentions than others when they received less pay for the same work as their referent other. When given the same pay for a greater amount of work than their referent, Benevolents were less likely to reduce their efforts or attempt to quit. Unfortunately, since these studies did not include all three (under-, over- and equitable) reward conditions, they could not provide conclusions regarding the complete equity sensitivity theory. Sauley and Bedeian (2000) reported that higher levels of entitlement were associated with lower levels of pay and overall satisfaction in all three reward conditions. However, since they used a different equity sensitivity measure, it is unclear as to how their results compare with other studies. Taken together, these studies suggest that benevolents are more tolerant of under-reward than others, and are more satisfied than equity sensitives and entitlements regardless of reward level; entitlements are particularly dissatisfied when under-rewarded.

The present study attempts to replicate as well as extend prior research by addressing the limitations of previous studies. Since King *et al.* (1993) reported that variation in outcomes was a stronger cause of dissatisfaction than variation in inputs, input levels were held constant in our study, and three levels of outcomes (rewards) were experimentally manipulated. Second, we employed a broader range of dependent measures (pay satisfaction, perceived pay fairness and turnover intention) than used in most prior studies (Huseman *et al.*, 1985; Miles *et al.*, 1989). Equity theory posits that perceived inequity can impact on a range of organizational outcomes including work attitudes, effort and thoughts about quitting (Adams, 1965).

Based on theory and empirical research, the following hypotheses were advanced:

- H1.* Benevolents will have the highest pay satisfaction, perceived pay fairness, and the lowest turnover intentions, whereas entitlements will have the opposite pattern of results.
- H2a.* Benevolents and entitlements will report their highest pay satisfaction, perceived pay fairness, and lowest turnover intentions in the over-rewarded condition, and the opposite pattern of results in the under-rewarded condition.
- H2b.* Equity sensitives will report higher pay satisfaction, perceived pay fairness, and lower turnover intention in the equitably rewarded condition than in the under- or over-rewarded conditions.

H2c. In the under-rewarded condition, benevolents will report higher pay satisfaction, perceived pay fairness, and lower turnover intentions than will entitleds and equity sensitives.

H2d. In the equitably-rewarded condition, equity sensitives and benevolents will report higher pay satisfaction, perceived pay fairness, and lower turnover intentions than will entitleds.

H2e. In the over-rewarded condition, benevolents and entitleds will report higher pay satisfaction, perceived pay fairness, and lower turnover intentions than will equity sensitives.

Method

Participants

Participants were 157 undergraduate men (44 percent) and women students enrolled in business courses at a regional state university located in the Southeastern United States. The mean age of the participants was 27 years. 83 percent held full-time jobs with an average of 6.50 years of work experience.

Design

A 3×3 repeated measures mixed factorial design was employed in which the within subjects factor was reward condition (under-reward, equitable reward, over-reward), and the between subjects factor was equity sensitivity orientation (benevolent, equity sensitive, entitled).

Procedure

Reward conditions. Data were gathered during class sessions. Each participant was given three hypothetical scenarios in which he/she was asked to assume that they had recently graduated with a bachelors degree in management and had been hired by a local company for a starting salary of \$34,000. Participants were asked to compare their pay to that of an internal referent other (co-worker) and an external referent other (an individual recently hired by another local company in the same industry). The participants were further told to assume that their age, education, work experience and job was very similar to that of the internal and external referent others (in order to equalize inputs). Perceived equity was manipulated such that hypothetical salaries of the internal and external referent others were \$38,000, \$34,000 or \$30,000 in the under, equitably and over-rewarded conditions, respectively. The six different possible orderings of the three scenarios were used approximately the same number of times to control for possible order effects.

Dependent measures. For each scenario participants were asked to respond to three dependent measures each of which consisted of a single statement rated on a seven-point scale ranging from 1 (strongly agree) to 7 (strongly disagree). The items measured pay satisfaction ("I am satisfied with my current salary"), perceived pay fairness ("I feel that my salary is fair"), and turnover intention ("It is likely that I will look for another job within the next six months"). Thus, *lower* numbers represent *higher* levels of pay satisfaction, perceived pay fairness and turnover intention.

Equity sensitivity. After completing their responses to the three pay scenarios, participants completed the equity sensitivity instrument (ESI) developed by

Huseman *et al.* (1985, 1987). The ESI is a five-item forced-distribution scale that identifies a subject's desire for outcomes versus inputs in a general work situation. For each item, subjects indicate their agreement or disagreement with a benevolent and an entitled response by distributing ten points between the two statements. A sample item reads "In any organization I might work for, it would be more important for me to: (a) get from the organization, (b) give to the organization." ESI scores are the sum of points allotted to the five benevolent statements and can range from 0 to 50; high scores represent greater benevolence. Previous research provides adequate evidence for the construct validity and internal consistency of the ESI across different samples (Huseman *et al.*, 1985; King and Miles, 1994). Coefficient α for the current study was 0.83.

Equity sensitivity scores ranged from 10 to 43 (*mean* = 25.5; *SD* = 5.5) in the current sample. To divide the sample into three ESI groups, we used the decision rule suggested by Huseman *et al.* (1985) and King *et al.* (1993) in which breakpoints were 1/2 standard deviation above/below the sample mean on the ESI. This decision rule produced 40 benevolents (25 percent of the sample), 70 equity sensitives (45 percent), and 47 entitleds (30 percent).

Post-experiment questionnaire. Subsequent to completing the dependent measures and the ESI, participants completed a brief questionnaire which asked for their gender, age, academic standing, major, years of work experience, and current income. Participants were then debriefed and thanked for their participation.

Results

The means and standard deviations for all experimental conditions for all three dependent variables are displayed in Table I. A two-factor 3×3 analysis of variance (three levels of equity sensitivity and three levels of reward) was used to test the hypotheses. The ANOVA results are shown in Table II. There was no significant interaction between equity sensitivity and reward condition for any of the dependent variables.

As predicted in the first hypothesis, there was a significant main effect for equity sensitivity orientation for pay satisfaction ($F = 3.23, p < 0.05$), perceived pay fairness

	Benevolent		Equity sensitive		Entitled	
	Mean	SD	Mean	SD	Mean	SD
<i>Under rewarded</i>						
Pay satisfaction	5.33	1.64	6.04	1.12	5.94	0.99
Pay fairness	5.68	1.49	5.93	1.12	6.02	1.09
Turnover intention	3.03	1.87	2.27	1.41	2.11	1.22
<i>Equitably rewarded</i>						
Pay satisfaction	2.43	1.50	2.54	1.30	2.26	1.13
Pay fairness	2.13	1.24	2.46	1.32	2.28	1.26
Turnover intention	4.78	1.78	4.39	1.54	4.19	1.71
<i>Over rewarded</i>						
Pay satisfaction	1.80	1.26	2.23	1.40	1.89	1.13
Pay fairness	2.18	1.55	2.84	1.56	2.43	1.30
Turnover intention	5.53	1.68	5.16	1.68	5.40	1.56

Table I.
Means and standard
deviations of
experimental conditions

Table II.
Analysis of variance for
dependent measures

Source	df	F	Probability	η
<i>Pay satisfaction</i>				
Reward condition	2	547.71	0.000	0.781
Equity sensitivity	2	3.23	0.033	0.04
Reward condition \times equity sensitivity	4	1.62	0.168	0.021
<i>Perceived pay fairness</i>				
Reward condition	2	404.19	0.000	0.724
Equity sensitivity	2	2.99	0.039	0.037
Reward condition \times equity sensitivity	4	0.78	0.538	0.01
<i>Turnover intention</i>				
Reward condition	2	188.34	0.000	0.550
Equity sensitivity	2	3.32	0.032	0.041
Reward condition \times equity sensitivity	4	1.17	0.325	0.015

($F = 2.99, p < 0.05$), and turnover intention ($F = 3.32, p < 0.05$). *Post hoc* tests revealed that pay satisfaction for benevolents ($M = 3.18$) was significantly higher than for equity sensitives ($M = 3.60; t = 2.16, p < 0.01$). However no significant differences were found between the pay satisfaction of benevolents and entitleds ($M = 3.36; t = 0.85, p < 0.1$) or between entitleds and equity sensitives ($t = 1.57, p < 0.10$). Perceived pay fairness for benevolents ($M = 3.32$) was significantly higher than for equity sensitives ($M = 3.74; t = 2.36, p < 0.01$), however, no significant differences were found between entitleds and benevolents ($t = 1.25, p < 0.10$) or between entitleds and equity sensitives ($t = 1.07, p < 0.10$). Turnover intention for benevolents ($M = 4.44$) was significantly lower than for equity sensitives ($M = 3.94; t = 2.06, p < 0.05$) and entitleds ($M = 3.90; t = 2.09, p < 0.05$); no differences were found between equity sensitives and entitleds ($t = 0.17, p < 0.10$).

H2a-e dealt with the interactions between equity sensitivity and reward level. Since this interaction was not significant, *H2a-e* were not supported.

Although not hypothesized, we also found a significant main effect for reward condition for pay satisfaction ($F = 547.71, p < 0.001$), perceived pay fairness ($F = 404.19, p < 0.001$) and turnover intention ($F = 188.34, p < 0.001$). Not surprisingly, post-hoc tests revealed that pay satisfaction was significantly higher when individuals were over-rewarded ($M = 2.02$) than when equitably rewarded ($M = 2.43; t = 5.73, p < 0.001$) or under-rewarded ($M = 5.83; t = 26.23, p < 0.001$). Pay satisfaction was also significantly greater in the equitably-rewarded than in the under-rewarded condition ($t = 24.72, p < 0.001$). Perceived pay fairness was significantly higher in the equitably-rewarded ($M = 2.32$) and over-rewarded conditions ($M = 2.55$) than in the under-rewarded condition ($M = 5.89; t = 25.67, p < 0.001; t = 23.27, p < 0.001$, respectively). No differences were found between the equitably- and over-rewarded conditions ($t = 1.54, p < 0.10$) in perceived pay fairness. Finally, turnover intention was significantly higher in the under-rewarded condition ($M = 2.41$) than in the equitably-rewarded ($M = 4.43; t = 8.36, p < 0.001$) and over-rewarded condition ($M = 5.32; t = 16.64, p < 0.001$); turnover intention was also higher in the equitably-rewarded condition than in the over-rewarded condition ($t = 7.32, p < 0.001$).

Discussion

As predicted, Benevolent individuals reported the highest levels of pay satisfaction and perceived pay fairness, and lowest intention to change jobs. Contrary to expectations, entitled individuals did not report lower pay satisfaction, perceived pay fairness or higher turnover intentions than equity sensitive individuals. This result is largely consistent with results reported by Huseman *et al.* (1985) and King *et al.* (1993) which suggests that benevolent individuals have a greater tolerance for under-reward inequity than others. Although benevolent individuals do not prefer fewer outcomes, past research does indicate that they are willing to work harder for the same outcomes others receive (Allen and White, 2002; Miles *et al.*, 1989). The willingness to exert greater effort for similar outcomes seems to an important characteristic that differentiates benevolents from other individuals.

A main effect for reward condition was also found such that pay satisfaction increased, and turnover intention decreased as the reward level increased. It is noteworthy that perceived pay fairness was highest in the equitably rewarded condition. This suggests that while being over-rewarded is most satisfying, being equitably rewarded is considered most fair. Furthermore, for all three dependent variables the magnitude of differences in the under-rewarded and equitably rewarded conditions was greater than the differences in the equitably rewarded and over-rewarded conditions. Apparently, most individuals are highly distressed when they are under-rewarded relative to their peers, which is consistent with equity theory (Adams, 1965). However, being over-rewarded resulted in a relatively small increase in reported pay satisfaction, and a small decrease in the intention to change jobs beyond what resulted from being equitably rewarded. Although over-rewarding individuals is likely to produce certain favorable outcomes, some over-rewarded individuals may experience feelings of guilt and engender resentment among under-rewarded individuals (Miles *et al.*, 1989).

These findings raise questions about the validity of the traditional theory of equity (Adams, 1965). There was no evidence that people are most satisfied when their outcomes and inputs are in balance with those of others, but were most satisfied when their outcome/input ratio exceeded that of their referent other. Since equity theory was originally developed almost 40 years ago perhaps societal values have changed such that people are no longer content to receive the same outcomes as others. The standard today for what we consider acceptable may have shifted such that getting more than we deserve is more satisfying than getting what we actually deserve.

Several implications for management can be derived from the current findings. First, since it is common in work settings for inequities to exist in both inputs (e.g. workload) and outcomes (e.g. pay), managers need to develop strategies for dealing with employees who are highly sensitive to equity issues (e.g. entitleds). Second, despite differences in how individuals react to inequity, employees are universally concerned about equity and make comparisons with relevant others. Third, employee perceptions of inequity are likely to result in a variety of dysfunctional outcomes (e.g. voluntary turnover, poor work performance and work attitudes). Therefore, managers should make efforts to demonstrate fairness in work procedures and decisions.

This study had certain limitations. The use of a student sample responding to contrived scenarios raises questions as to the generalizability of our findings.

However, there is precedent for the use of scenarios in equity research (Allen and White, 2002; King *et al.*, 1993). Furthermore, the majority of the students in our sample had more work experience and were older than what is typical for a college population and could therefore relate to the issues of perceived equity in the workplace. Additionally, *post hoc* analyses revealed no differences on any of the dependent variables based on age, gender, academic standing, major, years of work experience or current income which enhances the generalizability of our findings. It would also be worthwhile to learn more about the reactions of individuals chronically over-rewarded relative to their peers. Finally, future research should attempt to replicate these findings in an organizational setting.

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