

Team Members: – Alice: A senior developer with five years of experience. By addressing perceptions of fairness and recognizing employee contributions, managers can enhance motivation and create a more positive workplace culture. Incentives: To restore equity, the manager offers Bob a mid-year performance review to assess his eligibility for a salary adjustment and potential bonus based on his contributions. Addressing Concerns: – The manager acknowledges Bob's contributions and explains the rationale behind the current salary structure and bonuses, emphasizing the experience factor. – The manager's proactive approach not only improves Bob's morale but also fosters a sense of fairness within the team, encouraging collaboration and motivation among all team members. Manager's Role: The team manager, aware of the importance of equity in motivation, observes a decline in Bob's enthusiasm and productivity. – Outputs: – Alice earns a higher salary and recently received a bonus for her contributions. Perception of Inequity: Bob notices that despite his hard work, he is earning significantly less than Alice. He feels that his input-output ratio is unfair compared to Alice's, leading to feelings of frustration and demotivation. – The manager outlines a clear career development plan for Bob, including opportunities for skill enhancement, training, and a potential path to promotion. The clarity regarding his career path and the potential for salary adjustments motivates him to invest more effort in his work. Current Situation: – Inputs: – Alice works long hours, contributes innovative ideas, and mentors junior team members. – Bob earns a lower salary and hasn't received any bonuses. – Bob delivers good work but has less experience and takes fewer responsibilities. One-on-One Meeting: The manager schedules a meeting with Bob to understand his perspective and feelings regarding his contributions and compensation. He shares that he feels his contributions are not recognized adequately. Summary: This example highlights the application of Equity Theory in a work environment. Open Discussion: During the meeting, Bob expresses his concerns about feeling undervalued compared to Alice. 2.3.4.