

## EQUITY THEORY AND STUDENT SATISFACTION

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### ABSTRACT

Student satisfaction is a subject that has received considerable attention. While there is controversy over whether or not students should be treated as customers, it is apparent that some of our understanding of customer behavior has applicability to students. Therefore, by examining our understanding of consumer satisfaction we may gain insights into the determinants of student satisfaction.

One approach to the study of customer satisfaction is based on equity theory. Equity theory postulates that people use their individual perceptions of their inputs and outcomes (costs/benefits) as a basis for judging equity of a transaction. People hold some perception of the social norm for appropriate ratios of inputs and outcomes. The basic model used in equity theory is as follows:

$$\frac{\text{Outcomes of A}}{\text{Inputs of A}} \sim \frac{\text{Outcomes of B}}{\text{Inputs of B}}$$

The model shows that one views his/her own ratio in relation to the ratio of the other partner in an exchange. For example, an Oliver and Swan (1989) study found that buyers viewed an equitable or fair exchange to be when their (the buyers) outcomes were high, while the sellers' inputs were high.

Using equity theory, two research questions about student satisfaction were developed:

Research Question #1: *Do students perceive greater satisfaction when they perceive a positive ratio between their inputs and outcomes?* and  
Research Question #2: *Do students perceive greater satisfaction when their outcomes are high compared with the instructor having high inputs?*

To explore these two research questions, a questionnaire was developed that asked students to estimate their inputs of time, money, effort and their outcomes of information, skills, knowledge, grade and course credits for a particular course. The instrument also asked students their perceptions of their input/outcomes ratio in relation to the inputs and outcomes of the instructor. The final question asked students to indicate their level of satisfaction with the course. The survey instrument was administered to 177 students enrolled in the

College of Business Administration at California State University San Marcos.

The data were analyzed using SPSS 9.0. To explore the findings in relation to Research Question #1, a ratio of outcomes to inputs used composite scores for all factors. This ratio value was then tested for a possible correlation with satisfaction. Using the Kendall's tau b, the test was statistically significant at the .01 level of significance. The ANOVA test using satisfaction as the dependent variable and the ratio value as the predictor variable had an F value of 30.454, which was also significant at the .01 level of significance. Based on these tests it appears that there is a relationship between the ratio of inputs to outcomes and student satisfaction with a course. The greater the perceived outcomes in relation to perceived inputs, the greater is the level of student satisfaction with a course.

The findings were also significant for Research Question #2. The tests were significant at the .03 level, which indicates that students tend to have a higher level of satisfaction when they perceive the instructor inputs were at a higher level and their outcomes were at a higher level. This finding indicates that students are more satisfied with a course when they believe the instructor is putting forth more effort.

The results of this exploratory study show that student satisfaction can be fruitfully studied using equity theory.

### Reference

Richard L. Oliver and John e. Swan, "Consumer Perceptions of Interpersonal Equity and Satisfaction in Transactions: a Field survey Approach," *Journal of Marketing*, Vol. 53 (April 1989), pp. 21-35.