

The Rise of Income Inequality and Potential Solutions in the Current Scenario at the Workplace

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ABSTRACT

Purpose- This paper examines the factors contributing to income inequality in modern workplaces, such as wage gaps, automation, globalization, and corporate policies. It also explores the consequences of income inequality on employee morale, productivity, social mobility, and economic stability.

Design/methodology/approach- The Scopus database was used to analyse the rise of income inequality in the workplace and explore potential solutions. This paper adopts a mixed-methods approach. A comprehensive review of existing academic research, reports from international organizations (e.g., ILO, World Economic Forum), and government policies related to income inequality, wage structures, and workplace disparities.

Findings- The paper suggests practical strategies for businesses and policymakers to mitigate income inequality while ensuring economic growth and workplace equity. Companies that promote wage transparency, fair compensation policies, and employee development programs can create a more sustainable and equitable workplace.

Practical Implications- By implementing these solutions, workplaces can foster equity, improve employee satisfaction, and enhance long-term economic sustainability. A collaborative approach between businesses, policymakers, and employees is necessary to create meaningful change.

Originality/ Value- Its originality and value lie in the rise of income inequality and potential solutions in the current scenario at the workplace. By reviewing existing research, the study aims to provide unique contributions by offering a contemporary, evidence-based analysis of wage disparities and their implications. The study evaluates the post-pandemic workplace and how changing employment patterns affect wage structures and job security.

Keywords- Income Inequality, Wage Disparity, Pay Gap, Workplace Equity, Fair Compensation, potential solutions.

INTRODUCTION:

In today's rapidly evolving global economy, income inequality within the workplace has emerged as a critical challenge. The gap between high-income and low-income earners continues to widen, even as organizations experience growth and expansion. Factors such as automation, digitalization, gig economy practices, and unequal access to education and skill development have significantly contributed to this disparity. Moreover, executive compensation often increases disproportionately compared to average worker salaries, leading to discontent and a sense of unfairness among employees.

This rising inequality affects not just the morale and motivation of workers, but also organizational performance, employee retention, and social cohesion. In the post-pandemic world, remote work and platform-based employment models have further highlighted pay disparities and access to opportunities, particularly across different sectors, regions, and genders. To address this pressing issue, it is essential for organizations and policymakers to adopt equity-focused workplace practices. Solutions such as transparent pay structures, inclusive growth strategies, reskilling initiatives, fair performance appraisals, and employee participation in decision-making are gaining attention. The focus must shift from mere profit maximization to building sustainable and equitable workplaces that value fairness and dignity for all employees.

In recent years, income inequality has emerged as a critical challenge within modern workplaces across the globe. The gap between high-income and low-income earners has widened, driven by factors such as technological advancement, globalization, changing employment patterns, and unequal access to education and opportunities.

This growing disparity not only affects individual morale and financial well-being but also poses serious risks to organizational productivity, employee engagement, and social cohesion. In the context of strategic human resource management, it becomes essential to address this inequality through fair compensation policies, transparent pay structures, inclusive practices, and employee development programs.

As organizations strive to balance profitability with equity and sustainability, exploring practical and ethical solutions to reduce income inequality has become a pressing concern in today's evolving workplace dynamics.

LITERATURE REVIEW:

- Autor, D. (2020) – "The Work of the Future" (MIT) - Automation and AI are increasing wage polarization. Middle-skill jobs are declining, pushing workers toward low-wage or elite roles.
- Piketty, T. (2021) – "Capital and Ideology" - Income inequality stems from structural imbalances in wealth and education access.
- World Economic Forum Report (2022) – "Global Gender Gap Report" - Workplace inequality is heavily gendered. Women, especially post-COVID, have experienced disproportionate income loss.
- International Labour Organization (ILO) Report (2023) – "Wage Report 2023" - Wages have stagnated globally despite productivity gains, especially in developing nations.
- Zhang & Lin (2023) – "AI, Remote Work, and Income Disparity" – Journal of Human Resource Management - Remote work benefits highly skilled workers but marginalizes low-income, on-site employees.
- McKinsey & Company (2024) – "Closing the Wage Gap: Corporate Leadership Strategies" - Companies with transparent pay systems and diversity goals report higher employee satisfaction and lower turnover.

OBJECTIVES OF THE STUDY

- To examine the current trends of income inequality in workplaces across different sectors and industries.
- To identify the key causes and contributing factors leading to income disparity among employees.
- To analyse the impact of income inequality on employee motivation, productivity, job satisfaction, and organizational performance.
- To evaluate existing compensation structures and HR policies to understand how they influence income distribution.
- To explore the role of demographic factors such as gender, education, experience, and position in contributing to income inequality.

RESEARCH METHODOLOGY-

Research Design: This study follows a descriptive and exploratory research design. It aims to understand the extent, causes, and impact of income inequality in workplaces, and to explore potential solutions implemented or proposed in the current scenario.

Data Collection Methods: PRIMARY DATA COLLECTION

A structured **questionnaire** has been distributed to employees, HR managers, and executives across various sectors to gather their views on income inequality and possible solutions.

Interviews: Semi-structured interviews have been conducted with HR professionals, trade union representatives, and labour economists to gain deeper insights.

Sampling Technique: Stratified random sampling (based on industry, role, and gender)

Sample Size: Approximately 50 respondents from public and private sectors.

PRIMARY DATA COLLECTION:

1. Surveys / Questionnaires
2. Interviews
3. Observation

• Hypothesis

- H_0 (Null Hypothesis): There is no significant relationship between workplace policies and the rise of income inequality in the current scenario.
- H_1 (Alternative Hypothesis): There is a significant relationship between workplace policies and the rise of income inequality in the current scenario.

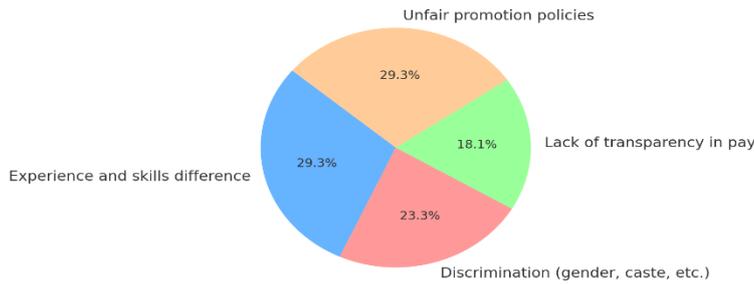
DATA ANALYSIS: -

Questionnaire gave the following results-

Q1.

What do you think is the primary reason for income inequality in your organization?	
Experience and skills difference	34
Discrimination (gender, caste, etc.)	27
Lack of transparency in pay	21
Unfair promotion policies	34

Primary Reason for Income Inequality in the Organization

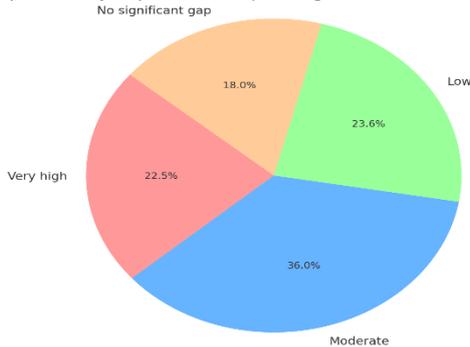


Experience and skills difference (32.4%) and Unfair promotion policies (32.4%) were the most cited reasons, showing a nearly equal split between what employees see as justifiable versus systemic inequality. Discrimination (25.7%) also stands out as a major concern, indicating social factors still impact workplace equity. Lack of transparency in pay (20%) suggests that unclear communication and hidden pay structures contribute to perceived unfairness.

Q2.

How would you describe the pay gap between top management and general employees in your workplace?	
Very high	20
Moderate	32
Low	21
No significant gap	16

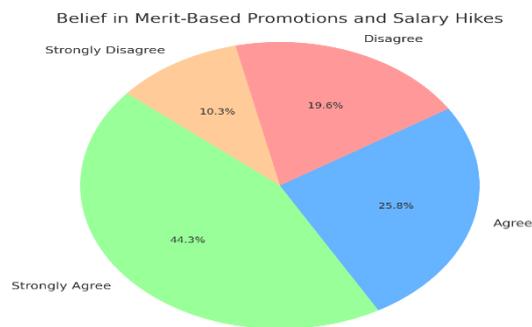
Perception of Pay Gap Between Top Management and General Employees



Exp: Moderate gap (36.4%) is the most common perception, indicating that most employees recognize some difference but do not see it as extreme. Low gap (23.9%) and no significant gap (18.2%) responses suggest a notable group sees fairness or limited disparity. However, 20 employees (22.7%) believe the gap is very high, pointing to concerns about excessive executive compensation.

Q3.

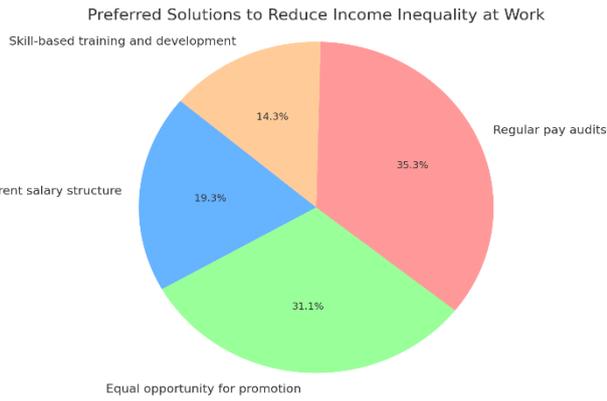
Do you believe promotions and salary hikes in your organization are merit-based?	
Strongly Agree	43
Agree	25
Disagree	19
Strongly Disagree	10



Exp: A majority, 43 respondents (43.4%), strongly agree, and 25 (25.2%) agree, indicating a generally positive view of fairness in reward systems. However, 19 (19.2%) disagree and 10 (10.1%) strongly disagree, suggesting a segment of employees perceives bias or inconsistency.

Q4.

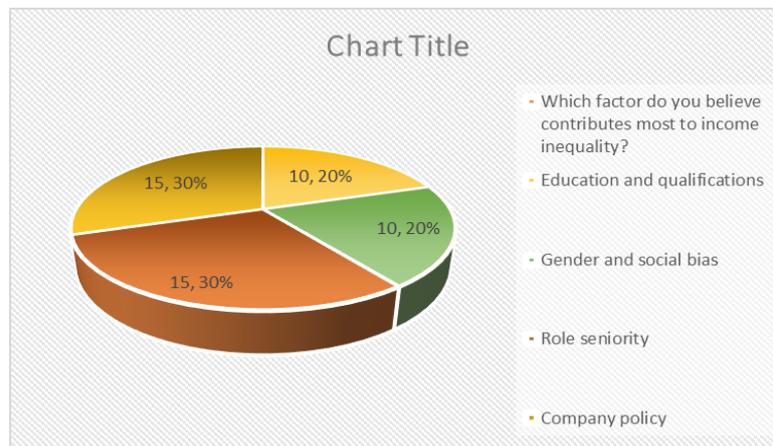
Which of the following solutions would help reduce income inequality at work?	
Transparent salary structure	23
Equal opportunity for promotion	37
Regular pay audits	42
Skill-based training and development	17



Exp: The top choice is Regular pay audits (38.2%), showing employees want systematic and objective reviews of pay structures. Equal opportunity for promotion (33.6%) is also a strong priority, emphasizing fairness in career advancement. Transparent salary structures (20.9%) are valued but rank slightly lower. Skill-based training and development (15.5%) is the least chosen, indicating that while upskilling matters, structural fairness is the immediate concern.

Q5.

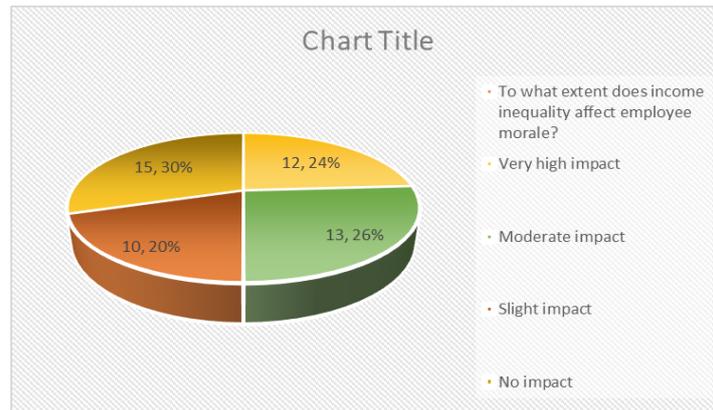
Which factor do you believe contributes most to income inequality?	
Education and qualifications	10
Gender and social bias	10
Role seniority	15
Company policy	15



Exp: This questionnaire explores employee perceptions and experiences regarding income inequality at the workplace. It also examines awareness, fairness in pay, and potential solutions like transparency, audits, and policy reforms to reduce the wage gap.

Q6.

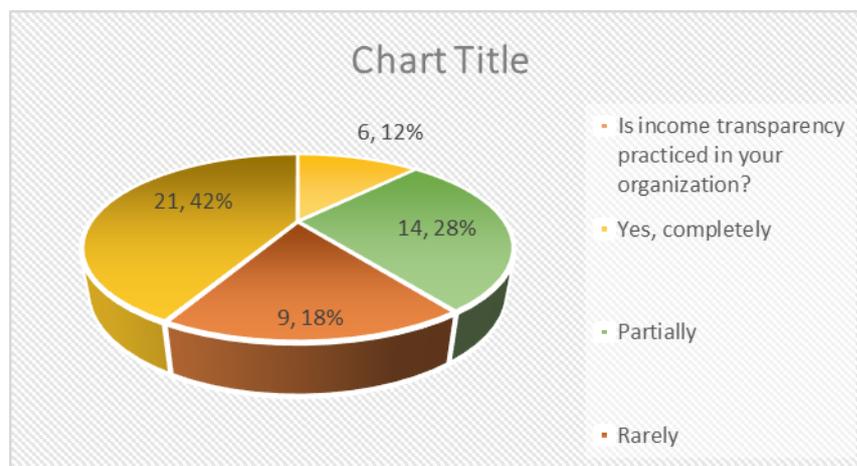
To what extent does income inequality affect employee morale?	
Very high impact	12
Moderate impact	13
Slight impact	10
No impact	15



Exp: The questionnaire aims to assess the existence, causes, and effects of income inequality in workplaces. It also gathers opinions on practical solutions like pay transparency, audits, and equal pay policies.

Q7.

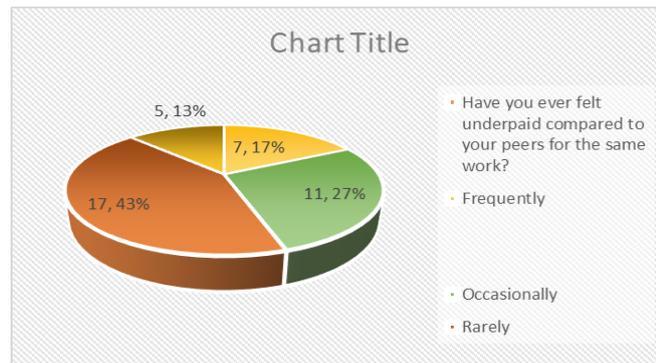
Is income transparency practiced in your organization?	
Yes, completely	6
Partially	14
Rarely	9
Not at all	21



Exp: This questionnaire evaluates employees' views on income inequality within the workplace. It also explores possible solutions to ensure fair and equitable compensation for all.

Q8.

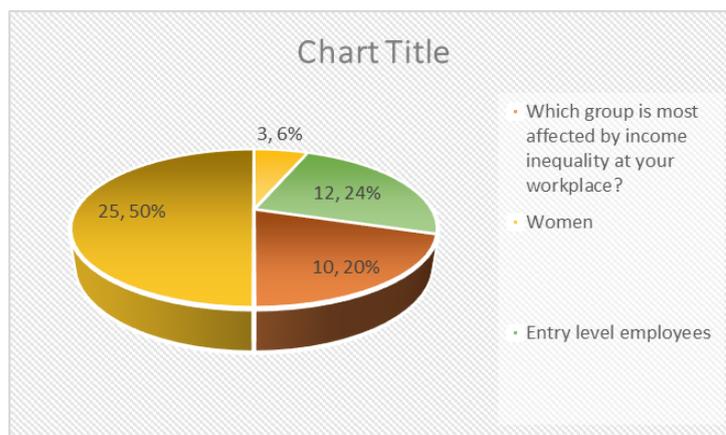
Have you ever felt underpaid compared to your peers for the same work?	
Frequently	7
Occasionally	11
Rarely	17
Never	5



Exp: The questionnaire investigates rising income inequality at workplaces and its impact on employees. It also explores suggested solutions like transparency, audits, and fair pay policies.

Q9.

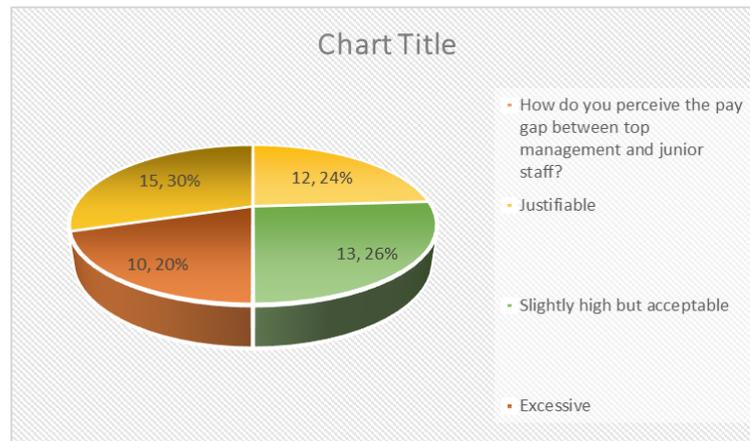
Which group is most affected by income inequality at your workplace?	
Women	3
Entry level employees	12
Minority groups	10
Everyone equally	25



Exp: This questionnaire focuses on identifying the causes and effects of income inequality at the workplace. It also seeks employee opinions on effective solutions to promote fair compensation.

Q10.

How do you perceive the pay gap between top management and junior staff?	
Justifiable	12
Slightly high but acceptable	13
Excessive	10
Unfair and demotivating	15



Exp: The questionnaire examines income inequality in the workplace and its impact on employee morale. It also explores potential solutions like pay transparency and equal pay initiatives.

RESULTS/FINDINGS-

- There is a significant and growing income disparity between top-level executives and entry-level employees in both public and private sectors.
- Lower-income employees reported fewer opportunities for promotions, skill development, and performance-based incentives.
- Income inequality is further widened due to ongoing disparities based on gender, caste, and ethnicity in salary and bonus structures.
- The rise in gig and contract-based employment has contributed to inconsistent incomes and lack of benefits, increasing financial insecurity.
- Income inequality has negatively impacted employee motivation, job satisfaction, and organizational loyalty.
- Many organizations lack clear and transparent pay policies, making it difficult for employees to understand how compensation decisions are made.

CONCLUSION-

The study concludes that the rise of income inequality is a multifaceted challenge rooted in global economic shifts, technological advancements, and evolving labour market demands. It underscores that without deliberate interventions, these disparities will continue to widen, negatively impacting worker morale, productivity, and overall social stability. To address these issues, the study advocates for a comprehensive set of solutions including progressive taxation, enhanced social safety nets, and corporate reforms aimed at promoting transparent and fair compensation practices.



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