

# [Individual vs group incentive plans](https://assignbuster.com/individual-vs-group-incentive-plans/)

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Individual incentive plans vs. Group incentives Individual incentive plans Firms have embraced individual incentive plans due to the benefits that they incur. From an organizational perspective, the individual motivation plans may be incorporated due to the set work related performance standards (Kauhanen and Napari 650). For instance, the performance rates of the individual can be monitored and measured objectively. There is diversity in the issuance of performance goals that can be based on the skills, workload and ranks of the employee. The organization is capable of setting different individual standards in various departments and later generalizes the performance results that have a positive impact on the firms profit maximization plans. The incentives can cause different levels of motivation to the employees; hence, creating a common objective in the long-run. From a human resource perspective, setting of individual goals will prevent the hiring of extra employees to perform the same task. The human resource department can also monitor the workers individually by introducing incentives and performance contracts. The individual plans will also reduce the cost incurred in dealing with human resources.   
Secondly, the employees have personal responsibilities over their outcomes. From an organizational view, the firm incurs benefits since it can specifically highlight the workers that do not meet the set standards. As a result, the workers will acquire the potential that is required to meet departmental goals and objectives. A human resource perspective shows that the presence of individual control will reduce the need for supervision in the firm. The workers will be solely responsible for their actions and will be aware of the repercussions.   
On the contrary, the individual incentives also incur disadvantages. For example, the plans do not lead to a healthy competition among the employees (Gneezy, Meier and Rey-Biel 195). The incentives may tend to favor some of the workers rather than others. Employees in the higher ranks may be issued with valuable motivation packages; hence discouraging those in the lower ranks. Moreover, the human resource department may also incur more costs to support all the workers through the incentive plans.   
Group incentives   
Group incentives include the rewarding programs for collective performances. They are preferred due to various advantages to the human resource section and the organization at large (London and Oldham 37). Firstly, from an organizational perspective, the plans ensure that group objectives are met without any setbacks such as unskilled workers. The plans have a higher success rate because the group members are willing to help each other and attain the collective goal. The group may be made of workers from different departments; hence, creating a network ideas from different fields. From a human resource view, the group incentives work much faster due to brainstorming and incorporation of different ideas.   
Secondly, the group incentives take into account the link between top performers and underachievers unlike in individual approaches (London and Oldham 38). From an organization view, the top achievers can be used as coaches and trainers that can help the underachievers to attain the set group objectives. It may also lead to group relationships among the employees that may be used to achieve organizational and corporate goal and objectives. The human resource department will also enjoy high employee retention rates because the group objectives will enhance worker satisfaction.   
However, group incentives also face setbacks such as interpersonal differences between the employees. The behavioral diversity may cause conflicts among the employees that may hinder group performances (Tan, Zhang and Xia 277). The group attitude may also cause underachieving employees to embrace failure because they are sure that the top achievers will complete the allocated tasks. The setbacks may cause organizational malfunction due to the low employee output rates.   
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