

Equity theory

Business



What symptom(s) in this case suggest that something has gone wrong? A men's retail clothing store in Quebec called Veterans Late which introduced new incentive systems, which are salary with commission based on several performance measurements.

The goal of the new incentive systems are that encouraging either store managers or employees to serve customers better in order to improve sales volume.

Actually, this new incentive systems are not very efficient due to the allowing two problems: one is sales staffs are over "ownership", this aggressive behavior will intimidated customers and the lack of inventory duties in result of stock shortage. Even managers reacted the problems that caused by the new incentive systems, then the managers assigned employees to inventory duty and specific areas, threaded staff with dismissals. Somewhat these were effective, but staffs continued to complain a lot because of inequity between their contributions and payments to coworkers. 2.

What are the main causes of these symptoms?

In terms of Equity Theory, the employees of Veterans Late who hold their own beliefs about their inputs and outcomes, then compared themselves to reference other (the other coworkers in this company) and they found their input/outcome ratio is lower than some other coworkers. The perception would motivated employees to complain about their work, lower their inputs (for example, time and effort), or require higher a salary. So, the perception

of inequity motivate the employees' behavior to restore equity. 3. What action should Veterans executive take to correct these problems?

The Veterans executive can do these kinds of things to correct these problems.

Firstly, they can modify the new Incentive systems, the scale standard should measure whole team during a period Instead of a specific person, for example, If the sales volume Improve a lot In past period, the reward can distribute averagely for every employee. Secondly, the executive should emphasize team split In employees' training, and give the employees feedback periodically.

A men' retail clothing store in Quebec called Veterans Late which introduced new incentive systems, which are salary with commission based on several performance measurements. The goal of the new incentive systems are that encouraging either they can modify the new incentive systems, the scale standard should measure whole team during a period instead of a specific person, for example, if the sales volume improve a lot in past period, the reward can distribute averagely for every employee. Secondly, the executive should emphasize team spirit in employees'