

Human resources strategies

Business



1. Do you think performance based pay is more likely to cause employees to behave unethically than paying a straight salary or wage? Explain your answer. I believe that performance based pay is more likely to cause employees to behave unethically than paying straight wages. The reason that unethical actions are more likely under performance based pay is because these compensation systems allow employees to earn more money if the performance of the employee is superior. Often these systems lead to a lack of cooperation among the employees. During the Enron case the executives of the company were tempted to cook up the accounting books to receive performance bonuses. Employees that are paid a straight salary have less motivation to act unethically because such actions can not help them benefit financially.

2. CASE STUDY: EVALUATING NONTRADITIONAL INCENTIVE SYSTEMS: HOWE 2 SKI STORES

1. Given the background information about Howe 2 Ski Stores, discuss the feasibility of implementing lump sum bonuses, pay for knowledge, profit sharing, and gain sharing plans in this situation. What plan or plans would you recommend the Howe look at more closely and why? Lump sum bonuses would not be an effective compensation plan because such plans work more efficiently in companies that do not have human resource issues like Howe 2 Ski Stores. A problem that employees often face in companies with personnel issues is negative employees (Heathfield, 2012). I think that a pay for knowledge program might work for this company because these programs tend to be very fair. The most effective plan Howe 2 Ski can use is a profit sharing plan. In a profit sharing plan all the employees participate equally in the profits of the company. This plan could help the employees of the company cooperate more with each other.

2. Assuming Howe decides that a gain sharing plan is

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feasible, what could be done to increase the likelihood of success? A way to improve the likelihood of success of a gain sharing plan is by setting labor parameters that the employees must comply with. It is also important to monitor the work of the employees. A risk of the use of gain sharing plans is that the bonus incentive might cloud the judgment of the employees. “ Companies that have experienced the benefits of improved involvement, communications and teamwork would argue that their gain sharing plan is much more than a compensation program” (Masternak, 2009). Another strategy to increase the likelihood of success of the plan is to obtain the full commitment of the employees. Gain sharing plans are more effective as a complementary tool rather than a replacement of a compensation system (Schuster, 1986).

3. What negative effects are likely to result from even the successful implementations of a gain sharing plan? Some potential negative effects of the implementation of gain sharing plans are lack of teamwork and cooperation among the employees, excessive competition, and the possibility of unethical behavior. Tensions and conflict can occur between workers due to the competition that gain sharing plan bring. Other functions of the company such as customer service may be negatively impacted due to the use of gain sharing plans.

3. CASE STUDY: WHO’S BENEFITTING? 1. Will the incentive plan to reduce absenteeism succeed? Explain your opinion. The new incentive plan might have a chance of succeeding. The reason I think this plan could be effective is because when a company deals with critical HR issues such as absenteeism the best approach is to hold the employees accountable for their actions. Employees that violate the bylaws of the company should be penalized for their actions. The employees are going to be motivated not to be absent because they do not have a

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reduction in their vacations benefits. 2. How much absenteeism is really under the employees' control? A portion of the absenteeism is under the control of the employees. When an employee gets sick and cannot go to work the situation is an event that is out of the control of the employees. Whenever employees stay out late drinking and don't get up the other day to go to work the employees is at fault for the absence. Another circumstance in which the employee is not at fault for the absence is if the employee has a car accident on the way to work. A second scenario in which an employee is at fault for an absence is if the employee does not go to work in order to go to a baseball game. 3. Why didn't the paid absence plan work? The paid absence plan did not work because the employees instead of using the system to notify the employer of its absence they decided that they would benefit financially from the system. The employees visualized the plan as a type of bonus system that allows the employee to receive a check of an extra week every year. A more effective system to reduce absenteeism is a perfect attendance bonus system. Such a system pays employees for outstanding work efforts during an entire fiscal year. 4. What plan would you suggest to USA Motors? My suggestion for USA Motors is to implement a variety of alternative systems that provide the employees an incentive for not being absent. The first reward system is a perfect attendance bonus. The system would pay a small bonus for perfect trimester attendance and a larger bonus for perfect attendance during an entire year. I would immediately eliminate the paid absence plan. Another system I would implement is a performance system that increases the vacation days of the employees whenever their absentee ratio is below a certain benchmark.

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