Employment

Sociology, Empowerment

A Zero Wage Increase Again? Montclair State University Summary The owner of large furniture and building center, Mark Coglin was trying to figure out how to manage the next upcoming wage review process. For two consecutive years, his store's staff has had to settle with a zero wage increase. Mark knows that if his staff were to settle for a third year without a raise, moral issues amongst his employee's would arise leading to an exponential growth of problems; aside from the ones he already faces from a day to day basis.

It was impossible to pump savings from upcoming process improvement initiatives into wage increases; however Mark had limitedmotivationto channel hard-won funds to underperforming employees. With the zero wage increase it was becoming difficult to motivate employees to show up to work, yet be productive while on the job. Mark is facing many issues such as an increase in absenteeism and lack of productivity amongst his staff. On the other hand, Mark was eager to reward the people who worked hard around his store.

But to come up with a plan that rewarded only some employees could result in an angry backlash. He had to decide if he wanted to divert the savings into compensation and if so, he needed an effective distribution plan. Mark was aware that some of his employees were putting forth an extra effort on the job, while others simply were not. Could this have been an issue caused by the zero wage increase which leads to the lack of acknowledgement by management in their employees; which in turn lead to a decrease in employee's morale?

Employee’s like Dougie are calling out “ sick” when they are obviously not, as the manager explained “[employees] come in on the Tuesday talking about the great road trip they had. ” Mark believes that the company would savemoneyif about 15 percent of his employee’s; those who were unreliable, dishonest, and incompetent or always in the middle of the latest work drama like Dougie would just leave. At the same time there are those employee’s who have not received a raise but maintain high levels of productivity.

Employees such as Simon, a floor manager, have captured the attention of Mark as one the employee’s who deserve acknowledgment for their work through a wage increase. Mark will still not be able to disperse the allotted funds among the entire staff if he takes the procedures recommended by Aaron, the company controller. At Mark’s meeting, Aaron highlighted a couple of ways the store could save money which would allow for some kind of wage increase. Although the increase would not be a lot, it would be a glimmering light for a chance of a change in the right direction when it comes to wage increases.

There were a couple of things that the store was spending money on that would allow certain employees to receive a wage increase. Possible ways the store could save money is by removing some ineffective advertisements, and reducing the size of their inventory. But the store could use some better equipment to save it from theft issues. The store could use a better security system since it seems as if customers or the employee’s are stealing items from the store. Employees are frustrated with the way the store has handled their wage increases and are now stealing from it.

Employees have lost their morale andloyaltyto the company and Mark needs to figure out how to get it back on track with the possibility of there not being another wage increase for the 3rd consecutive year. Articulation of the Issues There are various issues that need to be addressed by store manager Mark. The first issue that needs to be addressed is trying to figure out how to increase his staff's commitment to the organization. As stated many employees are calling out sick when they are not and this is costing the store money.

The workers are beginning to feel that there is no chance of growth at this job and they should start looking for a new job with growth opportunities. This lack of commitment has led the staff to not care about the success of the store, therefore their productivity has decreased. The insufficient feeling of commitment to the organization has also led to an increase in absenteeism in the workplace. The need for commitment at this site means that workers will not attend to the customer needs as their training has taught them to do so.

Since workers are being properly trained, their commitment to the organization is not a matter of having the knowledge, skills, and abilities to perform the tasks they are being asked to do; there has to be a different issue. The lack of worker commitment in this situation is due to the zero wage increase the staff has been asked to endure for the past 2 years and there is also a chance of there being a third year with the same wage. Another issue Mark faces is trying to maintain his employee's motivation and morale while there is a zero wage increase.

Wesley, a yard foreman for eight years, believes that there are some employees who do not have the skills needed to understand how everything should flow in the workplace. Wesley states that “ There are employee’s who have been here for five years who can’t do that (understand how everything should flow together). ” When Wesley states this he is comparing other workers to one of his most highly motivated employees Kyle, who has been on the job for about two months.

This comparison is not fair to the other employee’s because they have been with the organization longer than Kyle and have not been acknowledged for some of their work which has lead to a tremendous decrease in productivity. Employees at this particular site need to be acknowledged with a pay increase, a simple “ good job” will not do the job, especially if a manager expects that “ good job” to maintain employee satisfaction and motivation through two years of a zero wage increase.

Although there are other actions managers can do in terms of rewards for events such as “ employee of the month” in which a particular employee is rewarded; this can help keep employee motivation and morale up. Therefore, Kyle as a new hire is experiencing high levels of motivation and productivity throughout his first months of being hired and does not understand what it is like to not be acknowledged for theirhard work. Another concern management should be worried about is if they are hiring the right employees for the job.

It seems as though they are hiring individuals who do not have the knowledge, skills, and abilities to perform the task they are being asked to perform. Some employee’s do not seem to be bothered by the fact that there is not a pay increase because they still maintain high productivity. While other employee’s struggle to establish the flow of the workenvironment; which can be causing a decrease in work satisfaction. This can be a question of their knowledge, skills, and abilities to perform the job at hand.

Wesley, a backyard foremen for eight years, is highlyrespectby the store manager, Mark, and he has not seen a pay raise for the same amount of time that others have not but still maintains high productivity. While there are other workers who have been around the job just as long as he has and not been able to establish an understanding for how things work around the place. The other issue that needs to be addressed is the disbursement of the money that would be saved from removing ineffective advertisements and reducing inventory.

If management fails to establish a proper disbursement plan then there will be a sense of inequality in the workplace. This can create a backlash and negatively affect the issues management is already facing by intensifying them. Such as those workers who are at the lower end of the wage increase will continue their incompetency in the workplace while being even more disruptive than they were before. The manager is also concerned about some of the staff possibly sneaking away with some store items in order to compensate for their halted wage increase.

By giving some employees a higher raise than others, management will be installing a sense of inequality, which will consecutively lead to staff members not being loyal to their organization; which will subsequently lead to an increase in the number of “ missing” items. Analysis of the Problem/ Issues Commitment, defined by Meyer and Herscovitch (2001), is a force that binds a person to a course of action that is relevant to a particular target. In this case, Mark is trying to figure out a way to bind his employees to his organization in order to increase their commitment to the store.

Thus, commitment is a powerful source of motivation and with its presence can decrease employee turnover and absenteeism. Commitment is important because is affect a person’s willingness to remain in the organization and to continue to set and commit to high organizationally relevantgoals(Meyer & Herscovitch, 2001). Mark’s employee’s who lacked organization commitment were not trying to achieve their organization’s goals in customer satisfaction. As workers gossiped about the latest news, customers were left to answer their own questions about products.

As stated by Latham (2011), specific high goals do lead to high performance. High performance on enriched tasks often leads to high rewards, which, in turn, promote satisfaction, which subsequently encourages commitment to the organization. This theory can be applied to Mark’s furniture store because his employees are not demonstrating high organizational commitment, due to the face that they are not satisfied with how they are being acknowledged for their work. The expectancy theory may also be applied in this situation.

Employees at this store believe that their efforts will not have any significant outcome has led their motivation to be productive decline. Thus, Mark’s employees have stopped putting effort into their daily tasks, leaving Mark and his employees at a stalemate. Therefore the store is at fault for the poor worker performance and now Mark is facing the issue of who should receive a wage increase based on performance. For some of these workers, there is a possibility that this is not their first job.

Having had other job opportunities, employees may have seen a wage increase of a couple of cents depending on the organization one may work for as a form of acknowledgement for their work. Bandura (1977) states that incentives can be used coercively, for example " you will not get money until you do x, this is in recognition of your doing y" or " this is what this performance is worth to us. " Not rewarding behavior after it has been rewarded consistently functions as a punisher that reduces performance.

Therefore, the staff that has been with the organization for years or long enough to not be rewarded for their work feel as if they are being punished for not being rewarded with some kind of wage increase. Thus, new employees such as Kyle who seem to be hard workers for the first couple of months of employment will soon realize that his new job is not providing him with any opportunities of growth. Mark is going to face a difficult challenge of trying to maintain employee motivation if he decides to only give a select few employees a raise.

How can it be that a recently hired employee such as Kyle can maneuver a machine at work while someone who has been with the organization for 5 years does not know how? Employees at this store are not capable of completing some of the tasks they are being asked to do such as maneuvering a forklift. As stated by Cable and DeRue (2002), employees typically differentiate between two varieties of person- environment fit: (1) " needs- supplies," in which an employee's values are met by the work environment and (2) job demands- abilities in which, a person’s abilities are compatible with what the job requires.

If the job demands do not correspond to an individual’s abilities their job satisfaction can be affected and in turn affect their performance and productivity on the job because they would not be able to perform tasks required of job. Thus, if employees do not have the abilities required to perform some of the tasks required of the job they will not be able to grow with the organization. Mark‘ s ultimate issues is trying to figure out how to distribute the very little money the store will be saving from removing ineffective advertisements and reducing the size of the store’s inventory.

Mark could not wait to distribute the money, but he was having difficulties trying to decide who should receive the wage increase. If Mark distributes the money his store is saving unequally amongst his employee’s it will backlash and he will have employees who are even more dissatisfied than they were before. Having a sense of equity is an important aspect to an individual in the workplace because allows them to have a sense of respect.

The equity theory states that unequal ratios produce tension within the person, this tension can be alleviated by increasing/decrease effort or quality of one’s performance, leaving/quitting the situation, or not comparing the self to others (Adams, 1963). If Mark were to institute a distribution that favored some employee’s over others, he will have some explaining to do in order to get the employee’s in the lower end of distribution plan from losing all of their morale and motivation to continue at this organization. Suggested Alternatives and Solutions

There are various ways that store owner Mark could go about increasing his employee’s commitment to the organization. Increasing employee commitment to the organization where a raise is not possible can be established by allowing employees to identify themselves with the organization’s goals or mission which would in turn pride in and defense of the organization. The store can ask customers to rate their satisfaction and other categories about their visit to the store; which can motivate employee’s to want to be productive at work because of the high ratings they would like to receive.

Another way to increase worker commitment is to allow workers to complain. By allowing workers to complain, the managers and store owners can make changes to the organization and employees can see their changes improve the workplace. At this furniture store, Mark is having a difficult time trying to maintain his employee’s morale and motivation high enough to keep his employees productive. To help maintain employee morale and motivation without a pay increase, Mark should install an “ employee of the month” program.

The winner of this program can receive gifts or rewards such as free movie tickets or a gift certificate as well as theirphotoframed and put on an “ employee of the month” wall. This would allow for Mark’s employees to feel recognized for their work, even though the store is facing a difficult time giving everyone a pay raise. Another way to increase employee motivation and morale at work is to install a buddy program. What this buddy program would consist of is building relationships amongst employees which would make going to work interesting to them.

This can increase motivation by building camaraderie and not wanting to let your fellow workers down. Another concern Mark is facing is the possibility of hiring staff members who are not capable of completing some of the tasks at work because they lack the knowledge, skills, and abilities to do so. Employees, who have been with the organization for many years, do not know how to work some of the equipment employees like the newly hired Kyle do. This seems to be due to a lack of training employees are receiving when it comes to certain equipment required to use on the job.

In order to improve this situation Mark may want to pair up individuals to help teach others how to use certain equipment. By training having other employees train staff members, Mark will not have to spend any of the store money to hire someone to train members. Also, in training individuals, employees will gain a sense of growth because they will now have the ability to perform a task that they were once not capable of performing. This positive sense of growth can influence an employee's overall level of satisfaction and sequentially improve their productivity while on the job.

Mark is also facing the issue of who he should give a wage increase to with the very little money he would be saving from cutting down on expenses. The solution to this problem is to give raises to those employees he believes deserve a pay increase, while keeping it very confidential. Employees should not be telling other employees how much they are making on the job, this can only cause problems. Installing a performance appraisal may also be a more proper way of determining who would receive the wage increase.

However, employees would have to exceed a specific performance appraisal score in order to receive the raise. Although all of the money he is saving from the expenses does not have to go towards wage increase he can put some of that money towards the rewards the “ employee of the month” would receive. Therefore, Mark is going to face many difficulties when he is forced to tell his employees that not everyone will be eligible to receive a pay raise. Difficulties such as how he is going to keep his employees motivated to show up to work will have to be solved without giving employee’s a wage increase.

Thus, Mark is going to have to install programs in his store that would maintain employee job satisfaction and motivation, while not going over his store’s budget. Mark is also going to have to train his employees on how to use some of the equipment required of them at work in order to increase their job satisfaction. Hence, this store will need to increase its revenue in the future if it really wants to see satisfied employees. References Adams, J. Stacey (1963), " Toward an understanding of inequity", Journal of Abnormal and SocialPsychology, Vol. 7, pp. 422-436. Bandura, A. (1977). Social learning theory. Englewood Cliffs, NJ: Prentice Hall. Cable, D. M. , & DeRue, D. S. (2002). The convergent and discriminate validity of subjective fit perceptions. Journal of Applied Psychology, 87, 875– 884 Latham, G. P. (2011). Work Motivation: History, Theory, Research, and Practice. 2nd edition Sage. MacMillan, K. (2011). A zero wage increase again? Meyer, J. P. & Herscovitch, L. 2001, " Commitment in the workplace: Toward a general model", Human Resource Management Review, vol. 11, no. 3, pp. 299-326.