You are the plant manager for Harlow Romance Novels, a distribution company for romance novels from a major publisher. You have both an internet site (40 percent) and a traditional brick-andd-mortar business with phone sales representing 40 percent of your business. A declining 20 percent of the business comes from mail-in orders. All three types of orders are processed in the plant located in Amherst, NY. Twenty-five percent of your production employees are temps hired from Robert Raft Agency, a specialist in temporary employees. The major production jobs and their wages are listed below.

Title  **%Temp Wage per Hour Turnover**

Forklift Driver 2 18.00 14

Inspector 8 12.00 15

Expediter 12 10.00 33

Packer 38 9.00 50

Drivers get books stored on pallets from their warehouse location and move them to location for packing. Packers take books from boxes as needed to complete orders. Expediters fill special rush orders and get single copies of books needed by packers to complete orders. Inspectors check packing slips against actual hard copies of books to make sure orders are complete and accurate. Employees begin as packers and move up the career path through expediter and inspector to forklift operator. Packer is the physically most demanding job, with expediter having the greatest pressure (usually they are filling orders with strict time deadlines).

Although only 25 percent of your production staff are temps, they represent 38 percent of the packers. By contract, these workers make 20 percent less wages than those posted above, and they are aware of differential between them and corporate workers. In recent months you have heard grumbling about the lack of fairness in this wage differential. After all, the temps say, they’re doing exactly the same job for less money. Moreover, they argue, their jobs are far less secure. And this is true: if layoffs occur, they’re in the temp ranks.

You’re starting to see signs of sabotage-mostly books with pages ripped out-and this isn’t caught by the inspectors. You think it might be temps acting out their anger, but it could be non-temps seeking to cause friction. Temps also have a 6 percent higher turnover rate across all job titles. You’re reluctant to stop hiring temps all together because you save about 8 percent in total labor costs. What would you recommend doing?

**Summary** Special groups are portrayed here as sharing two common characteristics: They all have jobs with high potential for conflict, and resolution of this conflict is central to the goals of the organization. Probably because of these characteristics, special groups receive compensation treatment that differs from the approach for other employees. Unfortunately, most of this compensation differentiation is prescriptive in nature (i.e., all we have is opinion to guide us, not hard data), and little is known about the specific roles assumed by special groups and the functions compensation should assume in motivating appropriate performance. Future practice and research should focus on answering these questions.

1. It’s getting harder to find good people willing to serve on a corporate board of directors. Why do you think this is true?
2. What makes professional/scientist jobs different, such that they qualify for special group status in many companies? Why is the compensation of knowledge workers so frequently linked to the amount of time these workers have been out of school?
3. The differential between the salary of top executives and the lowest paid workers in the same country is quite small in Japan, at least in comparison to the U.S. The same is true in unions (president of union versus union workers). Explain why the differential might be small in Japan and in U.S. unions but much larger in private U.S. corporations.
4. Romance Novels, Inc, located in Cheektowaga, NY, has gradually increased the number of contingent workers (full-time, temporary) from 10 percent of the workforce to about 28 percent today. Why might they do this? Also, what equity problems can arise from hiring contingent workers, especially when they work alongside regular employees?
5. Why is it easier to explain a $2 million payout to Tiger Woods for working 4 days to win a Masters Championship than it is to explain why William Clay Ford made $30 million as CEO of Ford Motor Company?