West German Profit Sharing Case Study

Instructions

Please read the West German Profit Sharing Case Study.

After reading the case study, please answer the following questions in regard to the west German Profit Sharing Case Study:

1. Why do you believe such incentive programs as profit-sharing help mitigate the principal/agent problem?
2. Does profit-sharing completely get rid of “shirking”?
3. What are the pros and cons of incentive programs such as profit-sharing, stock options, bonuses, etc.?