

(continued)

delivery is such a high priority, Sally is concerned that a piece-rate pay plan may prevent employees from working together to complete furniture sets.

Sally agrees with Jack that an incentive pay plan would help boost productivity, but she thinks that a team-based incentive pay plan may be a better approach. She has considered offering a team-based plan that provides a bonus payment when each set of furniture is completed in time for scheduled delivery. However, after hearing from Jack about the success of

the piece-rate pay plan at his previous employer, she is unsure of which path to take.

Questions:

1. What are some advantages of offering a piece-rate pay plan to the furniture builders at Metropolitan Furniture?
2. What are some advantages of offering a team-based incentive pay plan?
3. What do you think Sally should do?

Endnotes

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