Group incentives encourage cooperation.

Sharing Plans

Also known as bonus plans, sharing plans pay guaranteed time-based rates for production up to a set standard. A partial piece rate (50 percent or so) applies as a bonus to units above the standard. In essence, employees and employer share in the value of production above normal. When employees produce at high levels, they realize rewards for their own efforts and the farmer gets more units for the labor dollar. The relationship between output and pay is looser under these plans than piecework. The other side of this coin, however, is that the smaller variance of pay among employees mutes the potential ill effects of competition among workers. These plans can provide a good transition for farms moving from time rates to pure piece rates. They are, however, somewhat more complex to explain than piecework plans. They are also less likely to motivate top individual performance.

Group Output Plans

Individual output incentives are impractical or risky in many situations. Where individual output is simply not identifiable (as in mechanized harvests), where total production depends on coworker cooperation (as in pruning with pneumatic power), and where high crew cohesiveness or mistrust of management leads workers to produce at an informally agreed upon rate, group piecework or a group sharing plan may be the incentive system of choice. A piece rate is applied to the group's total output, and members share in the overall pay on an equal or other predetermined basis. Group output incentives encourage mutual helpfulness, cooperation, voluntary training of new coworkers, sharing knowledge about shortcuts, and development of better methods to perform the work. Group pressures for high performance can elicit work up to full potential even from employees who are unmoved by individual incentives.

On the other hand, group systems are less motivating to potential star performers and require somewhat more arithmetic to administer. While they do avoid the potential complications of workers pursuing only their individual interests, group systems still have problems associated with traditional output incentive plans. When pay is based strictly on output quantity, quality may be neglected, game playing and acrimony may dominate the rate setting process, and even minor technological changes introduce the need for rate adjustments. Workers may hold back their production for fear that rates would be cut if total earnings are high, that some people would be fired if the work progressed too fast, or that strain and illness would result from working all out. Equipment breakdown, supply shortages, and lack of training needed to perform at high levels can cause extreme conflict under output incentive plans. Finally, poor communication or understanding of the workings of any incentive plan renders it less effective than it could be otherwise.