Answer to the question number : 1

People have often researched what it is that makes us behave the way we do. Behaviors can come from different influences like environmental factors or personality traits. Many different theories and models on personality traits exist, like the Myers-Briggs Type Indicator that separates people out into 16 different personalities. Another model is the Big Five Personality Model (OCEAN), which puts forth the idea that human personality is made up of five basic dimensions.

According to Essentials of Organizational Behavior: 14th Edition, much research exists to support this personality model, and test scores have been a solid predictor of how people will behave in real life. A 2015 study published in the Academy of Management Journal found that all the traits were "more predictive of performance for jobs" when the work was performed in an unstructured environment with freedom to make choices and that the traits also indicated how a person's specific traits would act in a situation.

What Are the Big Five Personality Traits?

The best way to remember the Big Five Personality Model traits is to remember the acronym OCEAN: openness to experience, conscientiousness, extroversion, agreeableness, and neuroticism.

Openness to Experience

This trait is often referred to as the depth of someone's mental experiences, or imagination. It encompasses someone's desire to try new things, be open and think creatively. People who score high in this area are generally artistic and curious, while those who score low tend to be conventional and stay in their comfort zones.

Conscientiousness

This trait measures a person's reliability and dependability. Someone who scores higher in this area is more goal-oriented, tends to control impulses, and is usually very organized. They are likely to see success in school and excel as a leader. Those who score lower in this area are more likely to be impulsive and procrastinate on assignments.

Extroversion

The extroversion trait indicates how social and talkative a person may be. Those scoring high in extroversion are generally more assertive, socially confident, and recharge from interacting with people, while those who score lower are more likely to seek solitude and introspection.

Agreeableness

Agreeableness shows how well someone can get along with other people. People scoring high in this trait are usually well-liked, sympathetic, and affectionate, and those who score lower are perceived as blunt, rude, and sarcastic.

Neuroticism

The last OCEAN trait is also known as emotional stability. It measures how well a person can control emotions like anxiety and sadness. Scoring high in this area indicates that someone may be prone to those emotions and may also have low self-esteem. Those receiving a low score are probably more confident and adventurous.

The Big Five Personality Traits in the Workplace

Many studies have been conducted on the OCEAN model and behavior, and how these traits can somewhat predict a person's workplace social behavior and performance. Having a deeper understanding of these behaviors can help coworkers and managers create trust, better relate to one another and cultivate a stronger workplace culture.

Which of the Big Five Personality Traits Has the Biggest Influence on Job Performance?

According to Essentials of Organizational Behavior: 14th Edition, the big five personality dimension that has the biggest influence on job performance is conscientiousness. Those who score higher in this trait are likely to have higher levels of job-related knowledge as those who are highly conscientious learn more. They're likely to have the aspects of a strong leader. However, they're also more likely to put work first over anything else and aren't as likely to adapt to changing situations. They may face issues over learning a complex skill early on because they tend to focus on their performance instead of the learning process, and they are generally not as creative.

How Do the Other Personality Traits Play a Role?

Neuroticism high scores may indicate a higher propensity toward employee burnout, as those employees have a tougher time managing their emotions. High emotional stability is linked to high life and job satisfaction, as well as lower stress levels. Additionally, those with emotional stability have a better chance of dealing with workplace demands, especially fast-paced change.

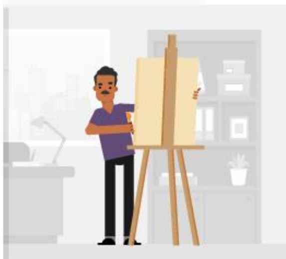
Extroverts are people who take charge of situations. Typically, a high extroversion score shows that that person may have strong leadership ability. They are more likely to behave impulsively than introverts, however.

People who are open also have an easier time with workplace changes and are more adaptable. They are also usually effective leaders and are "less susceptible to a decline in performance over a longer time period," according to Essentials of Organizational Behavior.

Agreeable people are generally liked more and tend to follow the rules. They also demonstrate higher job satisfaction and are less likely to be involved in workplace accidents. Those who score low on agreeableness are more likely to behave in a way that creates counterproductive work behavior and may have less career success over the long term.

OCEAN in the Workplace

OPENNESS



High Scores Indicate
- More creativity
- More flexibility
- More eagerness to learn

Workplace Behavior Effects
- Higher job satisfaction
- Easily adaptable
- Strong leadership skills

CONSCIENTIOUSNESS

High Scores Indicate
- More effort
- More drive
- Better discipline and organization

Workplace Behavior Effects
- Better job performance
- Inherent leadership ability
- Less likely to leave

EXTROVERSION

High Scores Indicate
- Easily relates to others
- More emotional
- Dominates socially

Workplace Behavior Effects
- Better job performance
- Strong leadership skills
- Less likely to leave

AGREEABLENESS

High Scores Indicate
- More likely to comply with rules and regulations
- Easier to like and admire

Workplace Behavior Effects
- Higher job performance
- Better on-the-job behavior

NEUROTICISM

High Scores Indicate
- May think negatively
- May express negative emotions

Workplace Behavior Effects
- Lower job satisfaction
- Higher stress level

How Can Leaders Use the Big Five Traits to Motivate Employees?

According to a 2016 paper published in Science Direct, "leaders who have an understanding of how individuals' personalities differ can use this understanding to improve their leadership effectiveness and lead to improving employees' job performance."

If leaders know their employees' tendencies, strengths, and weaknesses, they can use these to help their employees and keep them motivated.

Leaders can also use the Big Five on themselves to assess their behaviors and demonstrate to employees how to not only maximize their strengths but also learn from their weaknesses as they drive the organization to success and continue to evaluate organizational behavior. A master's degree in organizational leadership can provide leaders with an even deeper understanding of what goes into effective business interactions.

Answer to the question number : 2

To minimize effort and avoid difficult trade-offs, people tend to rely too heavily on experience, impulses, gut feelings, and convenient rules of thumb.

These shortcuts are helpful, however they also tend to distort our rationality.

There are 8 common biases in decision making:

- overconfidence
- anchoring
- confirmation
- availability
- escalation of commitment
- randomness error
- risk aversion
- hindsight bias

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Escalation of Commitment

Overconfidence Bias

Conclusion

This refers to staying with a decision even when there is clear evidence it's wrong.

Individuals feel that they have invested so much time and energy in making their decisions that they have convinced themselves they're taking the right course of action and don't update their knowledge in the face of new information.

This is when we're given factual questions and asked to judge the probability that our answers are correct, we tend to be far too optimistic.

"A 1977 study showed that 94% of college teachers think of themselves as above-average, and two-thirds say they are in the top quarter. And as for their students, other research shows both male and female college students over-estimate their intelligence, while males also over-estimate their attractiveness." (Essig)

So in summary, we have talked about 8 common types of biases which are: overconfidence, anchoring, confirmation, availability, escalation of commitment, randomness error, risk aversion, and hindsight bias.

We have also discussed how these different biases can come in to play when making critical financial decisions.

Biases are always going to be a part of our everyday lives, but if we know how to reduce them, it can lead to lucid contemplation and also much better decision making.

Reducing Biases & Errors

Anchoring Bias

This is the tendency to fixate on initial information and fail to adequately adjust for subsequent information.

Anytime a negotiation takes place, so does anchoring. For example, when a prospective employer asks how much you made in your prior job, your answer typically anchors the employer's offer.

- Focus on goals
- Look for information that dis-confirms your beliefs
- Don't try to create meaning out of random events
- Increase your options

Randomness Error

Availability Bias

This is our tendency to believe we can predict the outcome of random events.

Decision making suffers when we try to create meaning in random events, particularly when we turn imaginary patterns into superstitions.

This is our tendency to base judgements on information that is readily available.

The easier something is to recall, the more important it seems.

Examples:

- More people fear flying than fear driving in a car because the media gives much more attention to air accidents, we tend to overstate the risk of flying and understate the risk of driving.
- "Child theft is a rare occurrence, but availability bias suggests a high probability of abduction."(WiseGEEK)

Risk Aversion

Confirmation Bias

Hindsight Bias

Application: Finance Decision Making

This is the tendency to believe falsely, after the outcome is known, that we'd have accurately predicted it.

The hindsight bias reduces our ability to learn from the past. It lets us think we're better predictors than we are and can make us falsely confident.

This is the tendency to prefer a sure thing over a risky outcome.

When a risky investment isn't paying off, most people would rather play it safe and cut their losses, but if they think the outcome is a sure thing they'll keep escalating.

How are financial decisions affected by errors and biases?

Example:

J.C. Penny has had a difficult time recovering from the recent financial crisis.

"Hedge fund billionaire William Ackman has acknowledged that his big investment in J.C. Penney was a mistake, but his decision to get out of the struggling retailer’s stock in late August increasingly looks like a brilliant move." (Vardi)

This represents a specific case of selective perception: we seek out information that reaffirms our past choices, and we discount information that contradicts them.

We are most prone to the confirmation bias when we believe we have good information and strongly believe in our opinions

Answer to the question number : 3

What Is Theory X and Theory Y?

In the 1960s, social psychologist Douglas McGregor developed two contrasting theories that explained how managers' beliefs about what motivates their people can affect their management style. He labelled these Theory X and Theory Y. These theories continue to be important even today.

What Motivates Your People?

Theory X and Theory Y were first explained by McGregor in his book, "**The Human Side of Enterprise**," and they refer to two styles of management – authoritarian (Theory X) and participative (Theory Y). [1]
If you believe that your team members dislike their work and have little motivation, then, according to McGregor, you'll likely use an authoritarian style of management. This approach is very "hands-on" and usually involves micromanaging people's work to ensure that it gets done properly. McGregor called this Theory X.

On the other hand, if you believe that your people take pride in their work and see it as a **challenge** , then you'll more likely adopt a participative management style. Managers who use this approach trust their people to take ownership of their work and do it effectively by themselves. McGregor called this Theory Y.
The approach that you take will have a significant impact on your ability to motivate your team members. So, it's important to understand how your perceptions of what motivates them can shape your management style.

We'll now take a more in-depth look at the two different theories, and discover how and when they can be useful in the workplace.

Theory X

Theory X managers tend to take a pessimistic view of their people, and assume that they are naturally unmotivated and dislike work.

Work in organizations that are managed like this can be repetitive, and people are often motivated with a "carrot and stick" approach.
Performance **appraisals** and **remuneration** are usually based on tangible results, such as sales figures or product output, and are used to control and "keep tabs" on staff.
This style of management assumes that workers:

- Dislike their work.
- Avoid responsibility and need constant direction.
- Have to be controlled, forced and threatened to deliver work.
- Need to be supervised at every step.
- Have no incentive to work or ambition, and therefore need to be enticed by **rewards** to achieve goals.

According to McGregor, organizations with a Theory X approach tend to have several tiers of managers and supervisors to oversee and direct workers. Authority is rarely delegated, and control remains firmly centralized.

Although Theory X management has largely fallen out of fashion in recent times, big organizations may find that adopting it is unavoidable due to the sheer number of people that they employ and the tight deadlines that they have to meet.

Theory Y

Theory Y managers have an optimistic opinion of their people, and they use a decentralized, participative management style. This encourages a more **collaborative** , **trust-based** relationship between managers and their team members.
People have greater responsibility, and managers encourage them to develop their skills and suggest improvements. Appraisals are regular but, unlike in Theory X organizations, they are used to encourage open communication rather than to control staff.

Theory Y organizations also give employees frequent opportunities for promotion.

This style of management assumes that workers are:

- Happy to work on their own initiative.
- More involved in decision making.
- Self-motivated to complete their tasks.
- Enjoy **taking ownership** of their work.
- Seek and accept responsibility, and need little direction.
- View work as fulfilling and challenging.
- Solve problems creatively and imaginatively.

Theory Y has become more popular among organizations. This reflects workers' increasing desire for more **meaningful careers** that provide them with more than just money.
It's also viewed by McGregor as superior to Theory X, which, he says, reduces workers to "cogs in a machine," and likely demotivates people in the long term.

When to Use Theory X and Theory Y

Most managers will likely use a mixture of Theory X and Theory Y. You may, however, find that you naturally favor one over the other. You might, for instance, have a tendency to **micromanage** or, conversely, you may prefer to take a more **hands-off approach** .
Although both styles of management can motivate people, the success of each will largely depend on your team's **needs and wants** and your organizational objectives.
You may use a Theory X style of management for new starters who will likely need a lot of guidance, or in a situation that requires you to take control such as a **crisis** .
But you wouldn't use it when managing a team of **experts** , who are used to working under their own initiative, and need little direction. If you did, it would likely have a demotivating effect and may even damage your relationship.
Circumstance can also affect your management style. Theory X, for instance, is generally more prevalent in larger organizations, or in teams where work can be repetitive and target-driven.

In these cases, people are unlikely to find reward or fulfillment in their work, so a "carrot and stick" approach will tend to be more successful in motivating them than a Theory Y approach.

In contrast, Theory Y tends to be favored by organizations that have a flatter structure, and where people at the lower levels are involved in decision making and have some responsibility.

The Disadvantages of Theory X and Theory Y

However, both theories have their challenges. The restrictive nature of Theory X, for instance, could cause people to become demotivated and non-cooperative if your approach is too strict. This may lead to **high staff turnover** and could damage your reputation in the long term. Conversely, if you adopt a Theory Y approach that gives people too much freedom, it may allow them to stray from their key objectives or lose focus. Less motivated individuals may also take advantage of this more relaxed working environment by shirking their work.

If this happens, you may need to take back some control to ensure that everyone meets their team and organizational goals.

Answer to the question number : 4(A)

You want the very best for your employees.

Whether that's giving them the afternoons off during the summer, throwing a holiday party at the end of the year, or creating a **compensation and benefits** program that covers all the bases, it's important they feel appreciated.

It's also important that your business be profitable and achieve long-term success. When you do, you can consider adding profit sharing to your employee benefit plan.

What is profit sharing?

Profit sharing is a type of compensation program that awards employees a percentage based on the company's quarterly or annual earnings. The amount is only awarded when a company profits over that period of time.

While this may sound somewhat similar to a 401(k) or retirement plan, keep in mind that in order to be a profit sharing plan, it must accept discretionary employer contributions, meaning employees can't make their own contributions to the total. This means a retirement plan with employee contributions, such as a 401(k), is not a profit sharing plan because of the personal contributions made by the employee.

If your company is interested in building a profit sharing plan for its employees but isn't sure where to start, we break it all down below.

How does profit sharing work?

There are varying ways that profit sharing can work, but typically it's when a company contributes a portion of its **pre-tax earnings** into a pool that is then distributed to eligible employees. The amount that is distributed can depend on each employee's salary.

Once this pool is created, it's up to either HR professionals or C-suite leadership to create a plan as part of their **benefits administration** program for distribution. The **US Department of Labor** recommends the following:

- **Adopt a written plan:** Create a written document that establishes a foundation for profit sharing. The plan document will need to have a set formula to determine how any contributions are awarded to eligible employees, as well as a vesting schedule. Your organization may also choose to hire a plan administrator to handle this for them.
- **Arrange a trust for the plan's assets:** It's required that your plan's assets be held in a trust, that way you can be sure the assets are used exclusively to benefit the

employees. It must have at least one trustee to handle all contributions and distributions.

- **Develop a system for record keeping:** You'll also need an accurate record-keeping system to properly track and assign earning, plan investments, and benefits. This record will also assist when it's time to create the annual return/report required by the Federal Government.
- **Provide information on the plan to employees who are eligible to participate:** You'll need to notify all employees who are eligible to participate in the features and benefits within the profit sharing plan. A summary plan description (SPD) must also be shared to all plan participants.

The company's profits are shared with employees in either the form of cash, stocks, or bonds. In a cash profit sharing plan, employees are awarded profit sharing contributions in the form of cash or checks, but sometimes also as stock. The amount is taxes as part of their regular income and is considered a type of **employee bonus**.

There's also the deferred profit sharing plan, where the amount is considered a retirement benefit or bonus. Deferral earnings are awarded either when the employee retires, upon death, after a disability occurs, or when the employee leaves the company.

It's important to keep in mind that as a qualified retirement plan, the funds can be withdrawn without penalty after the employee turns age 59 ½ from retirement accounts. If an employee chooses to withdraw retirement savings before that age, they're subject to a 10% penalty on top of any tax-deductible they already owe.

Want to learn more about Compensation Management Software? Explore Compensation Management products.

Types of profit sharing plans

There are three main types of profit sharing plans, but at the end of the day, all three are based on the employer providing money to employees after seeing a profit.

The first type is the **pro-rata plan**, which means that all employees involved in the plan receive the same contribution amount from the employer, either as a fixed dollar amount or a percentage of their salary. This type of plan is the most standard choice of profit sharing options.

There's also the **age-weighted plan**, which means that employers can consider how the profit sharing plan would affect the retirement plan of their employees as they take age and salary into consideration. With this plan, employers can offer older employees a higher percentage than younger employees, because they're closer to retirement.

Lastly, there's the **non-comparability plan**, which can sometimes be referred to as the cross-testing plan. With this plan, employers can contribute to different groups of employees at different rates. This allows the employee to reward different employee groups with different benefits, even if they have similar ages.

No matter which plan your organization goes with, utilizing **compensation management software** that not only streamlines profit sharing, but also base pay, commission, stock options, and more, makes implementing the plan easy and hassle-free.

How to make a profit sharing plan

A good first step in setting up a profit-sharing plan for your business is to decide how much to allocate to each employee. When you offer a profit-sharing plan, it can be adjusted as needed, even going as far as having zero contributions for years that don't see a profit.

No matter the size of your business, you can establish such a plan, even if you already have retirement plans in place.

Tip: According to the **IRS**, as of 2021, the contribution limit for a company sharing its profits with an employee is the lesser of 25% of that employee's annual compensation or $58,000. In addition, the amount of an employee's salary that can be considered for a profit-sharing plan is limited, in 2020 to $290,000.

In case you do decide to make contributions to your employees, a set formula must be in place. To get started, businesses need to fill out an Internal Revenue Service **5500 Form** that details all participants in the plan, as well as your defined contribution plan.

Typically, a plan will include all of a company's employees. However, there are some exceptions, which can include:

- If an employee is younger than 21 years of age
- If an employee hasn't completed a year of service at the organization
- If an employee is a nonresident alien
- If an employee is covered by collective bargaining agreements that don't provide for participation

Profit sharing example

Since the most commonly used formula for a company to determine a profit sharing allocation to their employees is called the "comp-to-comp method", let's use that as our example.

To calculate the employer contribution, add the compensation for all your employees, typically found within a **compensation statement**. Divide each employee's compensation by the total to get their percentage of the overall compensation. Then give each employee an equivalent percentage of the profit-sharing bonus.

Let’s say you have a small business and employ three employees. Your business has earned $400,000 in the fiscal year and would like to allocate 10% of annual profits to its employees.

Employee 1: If this employee earns $50,000 as their salary, their profit sharing total would be calculated by (400,000 x 0.10) x (50,000 / 205,000) = $9,756

Employee 2: If this employee earns $75,000 as their salary, their profit sharing total would be calculated by (400,000 x 0.10) x (75,000 / 205,000) = $14,634

Employee 3: If this employee earns $80,000 as their salary, their profit sharing total would be calculated by (400,000 x 0.10) x (80,000 / 205,000) = $15,609

So, you would multiply the fiscal year's total, 400,000 by the percent you wish to allocate to employees, which is 10%. Then, you’d divide each salary by the sum of your employee’s salary. Because you only have three employees, the total of their salaries is $205,000.

Benefits of profit sharing

For employees, the benefit to profit sharing is pretty straightforward: it allows them to save more. But, as a business owner or HR professional, there are many other advantages to profit sharing to consider.

- Employees will work together toward the common goal of achieving success
- Aligns employees and helps them to focus on profitability
- Boosts commitment to the organization for the long-term
- A profit sharing plan can entice new talent to join the company
- Can help motivate the team to be productive as an incentive to achieve the reward

Challenges to profit sharing

On the flip side, there are some potential drawbacks to profit sharing that you should keep an eye out for.

As an example, profit sharing could incentivize employees to prioritize profitability over everything else, including the quality of their work. And since there isn't a difference in profit based on performance, like there is for **merit pay**, employees who contribute less to the success of the company will receive a share in the profits regardless.

Smells like success

No matter the size of your business, if your goal is to earn a profit this year, make sure you reward the employees who make it all possible with a profit sharing plan. While sure, you could order pizza for lunch, the chances are they'll appreciate this just a little more.

The next step in making profit sharing a success is to incorporate it into your recruitment marketing strategy.

Answer to the question number : 4(B)

The Indeed Editorial Team comprises a diverse and talented team of writers, researchers and subject matter experts equipped with Indeed's data and insights to deliver useful tips to help guide your career journey.

There are four main ways companies compensate employees for their work. These payroll types are annual salaries, hourly wages, bonuses and commissions. When it's time for companies to increase employee pay, there are also various methods they may choose, and one popular approach is merit pay. In this article, we define merit pay, discuss its history and the philosophy behind it, answer some frequently asked questions and list some of its advantages and disadvantages.

What is merit pay?

Merit pay is the type of compensation a company uses to reward higher-performing employees with ongoing additional pay. Merit pay is sometimes called incentive pay or pay-for-performance, and it involves giving employees base pay increases or bonuses based on their performance. Merit pay may take the place of simple pay raises, compensation increases based on employee seniority or general cost-of-living adjustments.

The history of merit pay

The concept of merit pay has its roots in behavioral psychology, the study of how thoughts and actions relate. In the early 1900s, scientists realized that even though people are rational and make their own decisions, incentives and deterrents can influence their actions.

The first time this theory was applied to employee compensation was in Newton, Massachusetts in 1908. Through the following decades, employers used various ways to determine pay increases—usually some combination of seniority, merit and predicted increase in living costs. By the 1990s, merit pay had become a common way for employers to manage employee raises.

How does merit pay work?

A company using merit pay establishes a set of criteria to measure employee performance. The company also creates a schedule for reviewing employee performance against those benchmarks, usually with check-ins scheduled at monthly or quarterly intervals leading up to the review date. Employers also determine the dates when merit pay increases go into effect for each fiscal year. For merit pay to be a successful compensation approach, a company must be able to produce accurate, detailed data to measure employee performance.

How much do companies give as merit increases?

Most companies establish a percent scale for merit pay. They usually offer employees a small percentage of their existing salary or pay rate. It's common for a department or business unit to allocate its overall percent increase according to employee performance during their merit evaluations. For example, the average 3% increase may be given to individual employees in increments of .5%, with top performers getting over 3% increases and others receiving less than 3%.

How to know if a company offers merit pay

The only way to know if a potential employer offers merit pay is to ask. Once hired, employees can access the specific policies and procedures a company has in place about merit pay increases in their employee handbooks. Since companies may test different approaches for pay increases, employees should always stay current in their knowledge of their company compensation policy.

Some potential advantages of merit pay

Companies may choose merit pay as their compensation model based on its potential benefits. These advantages include:

- **Attracting top talent:** Offering merit-based pay can help a company attract confident talent. Top employees who know their worth and believe in their skills are generally eager to have their pay tied to their performance.
- **Clarifying expectations:** When compensation is related to their performance, employees have clear guidance regarding what their employer considers exceptional work. In that way, merit pay can help differentiate critical tasks and low priority undertakings.

- **Identifying employee rankings:** Employers can use merit evaluations to create a ranked list of employees by strength. Top performers receive the highest merit pay and underperforming employees receive less or no merit pay.
- **Making company objectives clear:** When companies tie compensation increases to accomplishing goals, they make their business objectives real to their employees. Presenting an actionable to-do list that leads to more pay takes vision and mission statements from concepts to reality.
- **Increasing productivity and efficiency:** When employees know there are financial rewards for quality work, they are more likely to self-motivate. Merit pay can help combat workplace complacency.
- **Generating healthy competition:** In a positive corporate culture, merit pay can inspire employees to compete to produce the best results. When pay increases are directly related to accomplishing company goals, both top performers and the business itself are winners.

Some potential disadvantages of merit pay

While merit pay can have many benefits, there are also a few potential drawbacks, such as:

- **Subjectivity of application:** Even when merit pay is based on objective goals, managers may still award it subjectively.
- **Perceived favoritism:** Employees who are not satisfied with their merit pay may feel like there is manager favoritism toward other employees, regardless of their performance reviews.
- **Use of resources better spent elsewhere:** Merit pay systems require a business to develop competencies, determine measurements and create performance baselines in addition to scheduling and holding actual evaluations, so they require a lot of resources. Not all businesses can implement merit pay because they need to use those resources for the profit-driving aspects of the business.

- **Managerial burden:** Thoughtful completion of the merit pay process takes a lot of work from managers. Since no two managers are the same, some may be more up to the challenge than others. Managers who have better communication skills, for example, may find it easier to express what employees need to do to qualify for merit increases.
- **Morale implications:** Merit pay can have negative implications on company morale. Some employees may be discouraged by what they see as unequal rewards for the same work, while others may feel like they are being compensated similarly to other employees whose work they view as subpar.
- **Unfounded expectations:** Merit pay can lead employees to expect the same increase year after year, regardless of budgetary restraints and changes in employee behavior.
- **Unhealthy competition:** In less positive company cultures, the promise of merit pay may encourage employees to act selfishly instead of in the company's best interest.

Answer to the question number : 4(C)

The purpose of [Company Name]'s job rotation policy is to enable staff members to develop knowledge, new skills and a broader understanding of our operations/programs and to utilize staff effectively.

Job rotation is the systematic movement of employees from one job to another within the organization to achieve various human resources objectives such as orienting new employees, training employees, enhancing career development, and preventing job boredom or burnout.

Guidelines

[Company Name] encourages staff to take the opportunity to develop their knowledge and skills using various learning opportunities, including job rotations and developmental assignments.

The job rotation program involves the temporary assignment of an employee in a position or department for a predetermined period to perform the specific duties of another position. This is normally a voluntary assignment where the employee treats the assigned duties as part of his or her regular responsibilities.

Any supervisor or employee may initiate a request for job rotation assignment after careful evaluation of other available workforce strategies. Job rotation may be inter-departmental, within a division of [Company Name], or in a cross-functional division.

All employees who have completed six months of regular (nontemporary) employment with [Company Name] are eligible to participate in job rotation.

An employee on job rotation assignment shall remain in the same position number and compensation classification and shall retain all rights, benefits and privileges of his or her regular position.

An employee on job rotation shall retain eligibility for promotional opportunities.

Procedures

- A written request for job rotation must be submitted by the employee to his or her supervisor (the "sending supervisor"). The request should indicate the desired job, the location of the job, the duration of the assignment, and the expected outcome and benefit of the assignment. If a job rotation is suggested by a supervisor, the supervisor will assist the employee in completing the written request.

- The sending supervisor and employee should determine how the employee's current job duties will be performed before proceeding with a job rotation agreement.
- The employee, the sending supervisor and the receiving supervisor should meet to discuss the possibility of job rotation, the assigned duties, time frames, schedules, hours, etc., so that details can be negotiated and arranged. A job rotation request can be denied if it cannot be balanced with the needs of [Company Name].
- The sending supervisor, receiving supervisor and the employee shall collaborate to determine the duration of job rotation. Rotations may be full-time, half-time or one day a week. Rotations can also be based on an allocation of time where an employee works at his or her regular job for a portion of each workday and during the rest of the day rotates to another job.
- Both the sending and receiving supervisors should obtain approval for job rotation assignments through their appropriate chains of command.
- If the arrangement is acceptable by all parties, the receiving supervisor will complete the job rotation agreement and have it signed by the employee, the sending supervisor and appropriate directors. Copies of the signed agreement should be provided to all parties. The original, signed agreement should be forwarded to Human Resources where it will be recorded for workforce planning efforts and maintained in the employee's personnel file.
- An employee on job rotation shall receive a performance evaluation at the regular time. The sending and receiving supervisors shall collaborate as appropriate on the evaluation. The sending supervisor shall retain responsibility for timely completion of the evaluation.
- If travel expenses are involved in the job rotation assignment, the receiving area will be responsible for payment of travel expenses, unless other payment arrangements are made and agreed to by the parties involved.
- A job rotation assignment may be extended by mutual agreement of the parties. Management may terminate the assignment at any time. If the rotation assignment is extended or terminated, the extension or termination should be documented in writing, signed by all individuals on the original agreement and copied to all parties, including Human Resources.
- Questions or concerns regarding the job rotation assignment should be addressed with management and/or Human Resources.

Answer to the question number : 4(D)

According to a survey by Gallup, only 13% of employees are engaged in their work. What's more, the same survey revealed that very few employees are psychologically committed to what they're doing and making positive contributions to their organizations. This suggests **there is a pressing need for organizations to look for new ways to increase employee satisfaction and engagement.** One such method is job enrichment.

So, **what is job enrichment, and how can you promote it in your business?** Is it the same as job enlargement? What are the benefits and what strategies can you implement to develop it?

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Job enrichment definition

Job enrichment is **a strategy used to motivate employees by giving them increased responsibility and variety in their jobs.** The idea is to allow employees to have more control over their work. By doing so, one can tap into their natural desire to do a good job and contribute to the overall goals of the company.

In the past, employers believed that money was the biggest motivator, and employees were encouraged to work harder by offering them a salary or wage increase. Although this is true to an extent (as we all have bills to pay), many employers are now realizing that there are other less costly methods that can yield equally effective results.

People like to feel valued, challenged, and appreciated.

Job enrichment involves creating meaningful roles through feedback, encouragement, communication, and autonomy. **Managers who focus on job enrichment focus on creating jobs with meaning.** The aim is to create a healthy work environment and employee work-life balance that intrinsically motivates employees.

It's about creating a work culture based on psychological safety at work where managers encourage a growth mindset and employees strive to take on more responsibility.

If you fail to enrich an employee's job and provide them with a sense of autonomy and satisfaction, you run the risk of creating a repetitive and monotonous environment where employees feel bored, undervalued, and dissatisfied. And once an employee feels that way, **a pay rise is unlikely to inspire them to give it their best.**

Job enrichment theory

The concept of job enrichment was developed by the American psychologist Frederick Hertzberg in the 1950s. It is based on Frederick's two-factor theory. In this theory, **two separate dimensions contribute to an employee's behavior at work.**

The first dimension is known as hygiene factors. It involves the presence or absence of "job dissatisfactors", such as wages, working environment, rules and regulations, and supervisors. When these factors are poor, work is dissatisfying, and motivation levels go out the window.

The second dimension relates to motivators. These are factors that satisfy higher-level needs such as recognition for doing a good job, achievement, and the opportunity for growth and responsibility. And it is these motivators that contribute to job satisfaction, motivation, and performance.

Frederick believed that the concept of **job enrichment can help to address motivational needs.** He details this in the second dimension of his theory. And he believed that there are five areas that affect an employee's motivation level: skill variety, task identity, task significance, autonomy, and feedback.

The aim is to find ways to address each of these areas in order to achieve the desired results: increased employee motivation and personal satisfaction.

Job enrichment vs job enlargement

Ok, so we understand the job enrichment meaning, but **what about job enlargement?** Are job enlargement and job enrichment the same thing?

In short, no. Let's take a look at how these seemingly similar concepts differ.

What is job enlargement?

Job enrichment and job enlargement are both methods for increasing employee satisfaction, motivation, and engagement. However, **there is a distinct difference between the two concepts.**

Job enlargement is all about adding additional responsibilities to a role within the same level. For example, an employee might take on more planning activities within their role, rather than assigning these tasks to their manager. Think of it as a form of vertical job expansion. The idea is that, with added responsibilities and challenges, there's less time for employees to be bored.

Generally speaking, the difference between job enrichment and job enlargement is that job enlargement exclusively aims to broaden the range of responsibilities assigned to an employee's role. In contrast, **job enrichment is more about adding a variety of motivators to existing jobs.**

This means that although job enlargement is a form of job enrichment, not all job enrichment activities are job enlargement. In other words, job enlargement is one of many elements involved in job enrichment. However, the latter is primarily about making work more meaningful.

Benefits of job enrichment

Let’s take a look now at some of the benefits you get if you focus on implementing job enrichment techniques in your company.

Job enrichment and job satisfaction

The most obvious benefit of job enrichment is that it improves the employee experience and increases workplace motivation and job satisfaction.

Nurturing the employee experience is important. Studies have shown that happy employees show up earlier, work harder, and are more invested in helping their companies achieve organic growth.

However, **cultivating engagement is no longer about making cosmetic changes to make workers feel temporarily happy.** To get employees truly invested, companies need a strategic approach that will improve the employee experience. One that gives employees what they need to find fulfillment at work.

One of the most effective ways to show appreciation to your employees is to **trust them with new responsibilities**. New responsibilities challenge an employee’s skills and knowledge and give them a sense of achievement, authority, autonomy, and satisfaction. It helps them feel like a valuable part of the organization.

Decreased employee turnover

The next benefit of job enrichment is that **when your employees are satisfied, they are less likely to resign.** This means that there is a decrease in your turnover rate.

This can be advantageous, especially when you consider the time and expense that goes into training each new employee. If you don’t do what you can to make your employees feel enriched and challenged, then all this time and money has been in vain as every time an employee leaves, you have to hire a replacement and retrain them from scratch.

Reduced absenteeism

Aside from having fewer employees hand in their notice, employees who are happy and feel challenged are also far less likely to take time off from work unless they are genuinely sick. They take more pride in their work and look forward to coming into the office each day. **This can be a great tool to reduce absenteeism in your business.**

In contrast, an employee who experiences boredom and feels their work is monotonous is far more likely to be absent. After all, it's not easy to motivate yourself to get up every morning if your job makes you miserable.

Job enrichment and communication

When you promote job enrichment, you are also far more likely to cultivate an environment of good internal communications between management and employees. This is primarily because employees rely on management to learn the skills they need to perform the new duties assigned to them.

The advantages of this are that **employees gain an understanding of the difficulties that managers face.** This mutual understanding creates a sense of empathy between hierarchies. Improved communication also helps things run more smoothly overall in your company, as employees talk more often and share knowledge and experience with their peers.

Succession planning

By encouraging your employees to take on more responsibilities and work more autonomously, **you also get a sense of which employees might be a good fit for higher-level roles** within your company further down the line.

This is a great benefit as **it is far more cost-effective to recruit from within rather than looking for external candidates.** Plus, if you promote an employee to a position of management then they are already aware of your company culture, value, and mission. Meaning they require far less training. They already understand who you are as a company.

Who knows? Perhaps the future leaders of your organization are already working with you. They just need a challenge in order to prove their worth.

Job enrichment and productivity

All the above results in one big benefit for your bottom line: an increase in workplace productivity. And this applies to every level of the company.

For example, **your lower-level employees feel more valued and more motivated in order to achieve their new goals.** And by taking on some of the duties usually assigned to supervisors, your managers have more free time to focus on more strategic projects. This consequentially boosts overall productivity levels.

Employee empowerment

When an employee feels valued and appreciated, it boosts their self-esteem, and they also feel empowered. And this is a key factor when it comes to motivation. **The more empowered your employees feel, the more effort they will put into doing a good job.** This is because they understand their purpose and they know what is expected of them.

But what is employee empowerment, exactly?

Put simply, it's all about giving your members of staff the autonomy and responsibility to manage their own work, objectives, and deadlines.

Instead of micromanaging them, **you provide them with the tools and support necessary for success, and you trust them to manage their own time.** Instead of rewarding them exclusively with money, you also provide them with an emotional salary, which is crucial for happiness and job satisfaction.

Improved organizational structure

The final benefit of job enrichment that we are going to discuss is improved organizational commitment and structure.

By organizational structure, we mean the hierarchy of management in your business. **Job enrichment helps to break down the barriers in your company.** With extra training, employees can do the work of middle managers and take on some of their job responsibilities. This also results in effective communication between the management and employees.

By organizational commitment, we mean an individual's positive emotional attachment toward an organization. In other words, it's **the psychological bond your workforce forms with your business;** the levels of loyalty and commitment that your employees have. The more committed your employees are, the stronger and more successful your business will be.

Job enrichment example

As we have seen, the ultimate aim of job enrichment is creating a motivating job. Examples of job enrichment usually include **increasing skill variety, assigning extra responsibilities to a role, adding meaning to jobs, creating autonomy,** and **giving feedback.**

Let's look at a practical example of this to see what the concept means in practice:

Imagine you have a graphic designer working at your company who is responsible for designing and launching your new company website. Their job will usually involve receiving briefs from the marketing manager and copy from the in-house copywriter. They might also be responsible for reviewing potential designs with a UX expert and presenting a final draft for the website to the marketing director.

With job enrichment, you might encourage the designer to take on additional tasks within the scope of the project, such as creating the wireframe for the website. **By doing this, you are helping them to expand their skill set**, and showing them that you trust and value them as an employee.

You might also create an incentive program to encourage them to do their best. If they manage to create a wireframe that the marketing manager is happy with, they get a small reward.

Job enrichment strategies

Now that we understand what job enrichment is and how it can benefit your business, let's finish by taking a look at a few **job enrichment strategies** you can implement in your business in order to boost employee morale and job satisfaction. You might consider including some of these in a job enrichment or job design plan for your business. Here's a handy job design checklist to get you started.

Rotate jobs

Give your employees the opportunity to perform different tasks and use a variety of skills. Aside from encouraging them to expand their skill set, job rotation can give employees a fresh perspective on how other areas of the organization run. This can be very motivating, especially for employees performing repetitive duties or using limited skills in their jobs.

Combine tasks

Another great strategy is combining work activities. **This can add extra layers to an employee's role and help them feel challenged.** For example, if you work in manufacturing and you have specific people working in specific areas of the assembly line, you could encourage them to learn how the entire line works instead of remaining fixed in one place all day every day.

Share employee feedback

A great way to show your employees that you value them is to share regular feedback with them. Hold regular appraisals and tell your employees whether or not you think they are performing well. Share advice on how they can improve and give them as much guidance as possible.

The more you monitor and evaluate the performance of your employees, the more enriched their jobs will be. And the more feedback an employee receives, the more likely they are to take the initiative to improve their performance.

Conduct employee surveys

Don't stop at giving feedback; feedback should go two ways. **Make sure you collect regular opinions from your employees to find out what they like and dislike about their job.** This will make it much easier for you to create an environment where your employees can thrive.

A great tool for collecting employee feedback is sharing a regular employee satisfaction survey. Surveys are a great way to enrich jobs. By asking, **you are gathering first-hand opinions on what your employees need in order to feel satisfied, engaged, and empowered.**

For example, you could ask your employees what makes them happy, what they would change about their job, and what new skills they would like to learn. Then you can use the feedback you collect to design specific strategies to enrich their jobs so that they are more relevant and meaningful.

Automate tasks

Conduct an audit of all your internal processes and **try to identify any tasks that employees are working on that don't provide much value to the organization.** Are there any that can be automated? For example, if an employee is spending all day every day organizing files and paperwork, they are very unlikely to feel valued and fulfilled.

Instead, you might consider digitalizing your documents and automating certain aspects of file management, for example. Or perhaps you could implement text recognition software in your business to reduce the time spent on monotonous data entry tasks?

The fewer "meaningless" tasks that an employee feels that are spending their time on, the more valued and satisfied they will feel. After all, everyone wants to feel that they are contributing something worthwhile and of value to the business, right? Instead, **they can better use their time working on new activities that challenge them and expand their skill set.**

Create an incentive program

Finally, if you don't already have one, consider designing and implementing an employee recognition program to motivate your employees to be as productive as possible. This can be a great tool for **giving your employees a sense of accomplishment and motivating them to achieve more.** And this is a great way to provide your employees with the level of job enrichment they need in order to feel satisfied, motivated, and engaged with your business.