

APICS Networking Dinner - May 25th

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Employee Motivation Techniques and Nonchalance Attitude Reinforcement in Public Administration

Employee motivation has become a critical issue for most public administration managers whose foremost function is to achieve high level employee performance and productivity. It's pertinent that public administration entities employ the most effective motivational techniques while considering that different motivational techniques work for different employees. Thus this paper will attempt to analyze the sufficiency of financial based rewards such as bonuses, commissions as well as job promotions to motivate public administration employees. Besides, the paper will evaluate how ethics influence the application of financial rewards in public administration entities as opposed to private companies, how the role of organized labor influence employees compensation and benefits in the public sector and an overview of how existing reward systems in Administration and in this paper U.S Government public administration effectively reinforces an attitude of nonchalance.

Just like other employees, public administration employees are motivated by both intrinsic and extrinsic rewards. Therefore, for any reward system to be effective it must incorporate both sources of motivation especially given that all reward systems are designed to attract, retain and motivate workers. Financial-based rewards such as bonuses, commissions as well as Job promotions form a significant component of the reward system, although there are other factors that motivate employees and influence their overall level of performance. In fact according to numerous studies conducted among public employees, the results indicated that among those surveyed, financial rewards was not the most motivating factor (Perry et al, 2006). The study also established that among public administration managers, financial results have a de-motivating effect among employees (Srivastava, 2001). Public administration entities are emphasizing on quality improvement teams and commitment building programs as opposed to financial incentives. A research conducted by the University of Texas in 2005 established that financial incentives (bonuses and commissions) make up less than 5% of the U.S public administration employees' compensation (Stajkovic, 2003). The U.S private sector on the contrary is encouraging financial incentives through implementation of pay-for-performance plans that encourage alternative reward systems. Therefore unlike public sector organizations, private sector organizations are increasingly adopting alternative reward systems in order to boost their competitiveness both locally and internationally. As a result, private companies are emphasizing on the need for cost cutting, corporate restructuring while at the same time boosting employee performance. Public organizations aren't as profit driven as private enterprises, and therefore prefer using bonuses as their key financial-based reward technique as opposed to commissions. On the contrary, private entities emphasize on pay-for-performance reward system. Nonetheless, regardless of the reward system selected by either public or private organizations the selected system must incorporate both financial-based and other alternative reward systems for it to be effective.

Employees in both public and private entities can be motivated through job promotions and lateral moves. Job promotions represent long term rewards that duly recognize employees' professional growth, expertise, and capacity to take up new roles. Job promotions are usually tied to salary increases, whereby the increase must be within a 5% range of the worker's current salary while those earning less than \$25,000 base salary can receive an increment of up to \$1,250 (Clemmer, 2004). Furthermore, the new salary increment must fall within the approved salary range for the position. Moreover, employees must complete a 90-day probationary period following the promotion.

Supervisors perform pertinent functions of developing and motivating their employees. The greatest challenge faced by public administration managers is the lack of flexibility in the public administration to reward employee performance using financial-based rewards. This is particularly because public institutions often operate on tight budgetary allocations and lack proper financial-based reward structures. Thus bonuses and commissions are used by private entities to reward employees with exemplary performance. In addition, job promotions are used to reward employees who due to their professional excellence, contribute immensely to the organizational development. On the contrary, public officers find it difficult to use job promotions to reward workers due to bureaucracy and cronyism that is inherent in public organizations. Additionally, managers and supervisors in public administration positions find it difficult to financially reward best performers due to public ethics Act and other existing legislations whose provisions restrict financial rewards. It has therefore become common practice for public administration supervisors to use other alternative reward systems rather than financial-based reward systems.

In conclusion, the use of employee motivation techniques and specifically financial-based rewards such as bonuses, commissions and job promotions in public administration entities works differently for professional workers and low level contingent workers. These differences arise primarily due to their diversity in terms of needs, perceptions of desirable rewards and abilities. In fact, different motivational theories have attempted to explain how these differences affect employees' motivation from different perspectives. Therefore public administration managers ought to employ different approaches to motivate these two groups. Therefore, as a result of these differences, public administration employees can be motivated using different techniques other than financial-based rewards such as on-job challenges, provision of work autonomy as well as providing performance feedbacks to motivate professional workers. To effectively motivate low level workers, dependent workers, techniques such as pay increase, permanent employment status after certain time on the job and opportunities for professional development.

Published: 2009-10-02

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Source: ArticlesGratuits.com - Free Articles

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Pricing to Achieve Target Profits

The assumption made in simple economics theory is that in a situation of imperfect competition companies will be 'profit maximizers', that is, they will aim to make the highest profit the situation allows. A simple approach to achieving this is to charge 'what the market will bear' — the highest price that customers are prepared to pay (although once again we have the difficulty that in many situations price will affect the quantity sold). In practice, however, most companies seem rather to aim at a satisfactory level of profit — in economics language they are 'satisficers'. What is a satisfactory level of profit?

Clearly it is not enough to aim purely at the greatest amount of total profit, regardless of all other considerations. For example, suppose a business with \$10,000 invested in it earns profits of \$2,000. Then suppose that profits could be increased by a further \$200 per annum but only by using further capital of \$10,000. Clearly, this would not be a good use of the additional \$10,000 which would earn more in the bank.

We have to look then at maximization of the percentage of profit in relation to the capital used in the business (usually referred to as 'return on capital employed'). There is a slight complication, since capital employed can be calculated in a number of different ways, but only the principle need concern us here.

A company can set as its objective a return of 10 per cent, 20 per cent or whatever on the capital employed in the business. The break-even approach can be used to establish whether a given project is likely to achieve this result and, if not, the project will not be taken up.

Author: Martin Hahn

About the author: Martin Hahn PhD has received his education and degrees in Europe in organizational/industrial sociology. He grew up in South-East Asia and moved to Europe to get his tertiary education and gain experience in the fields of scientific research, radio journalism, and management consulting.

APICS Networking Dinner - May 25th

The Tri-City chapter of APICS is pleased to announce a chapter sponsored ‘networking dinner’ to be held at the Belle-View East restaurant, in Falconer, NY. The dinner is scheduled for *Tuesday, May 25th*, at 6:00 PM.

The chapter will cover the dinner and non-alcoholic drink expense (surf and turf, and lobster dinners excluded) for members and chapter invited guests.

There will be a ‘cash bar’ policy in effect for alcoholic beverages.

This event is a part of our ‘membership appreciation’ close to the program year, and there will be door prizes given away. Please make your reservations by contacting Brenda Gray before *Friday, May 21st*. Brenda may be reached at (716) 456-2318, or by e-mail at Brenda.L.Gray@cummins.com.

We thank you for your support and look forward a pleasant dinner with members and friends.

The following article is a contribution from Gary W. Capone, president of the Blue Ridge chapter of APICS. Gary is a specialist in executive recruiting and has offered a series of articles on global sourcing. We have featured his contributions in this and previous issues.

Resume Examples From Global Sourcing Professionals

By Gary W. Capone

Most resumes look alike, with little to differentiate between them. Job candidates list their past responsibilities and skills. When a company hires a global sourcing professional, all the qualified candidates will have similar backgrounds, having had the same responsibilities and skills. To stand out, a resume should have specific accomplishments demonstrating the past performance of the job candidate. The accomplishments provide the sizzle that can get a hiring manager excited.

Below are six accomplishments taken from the resumes of global sourcing professionals. After each example is an assessment of the effectiveness of the accomplishment in selling the candidate's potential.

Increased profits by an average of 32% after researching and identifying opportunities for volume purchasing with several suppliers, including reviewing fast-moving items and negotiating per-order agreements.

Assessment: This accomplishment is good, but could be better. Increasing profits by 32% sounds like a good accomplishment, but it isn't specific enough. A little more detail regarding the profit margin, total sales and resulting profits would make the accomplishment clearer. The candidate does a good job of showing how the results were achieved with the description of negotiating volume purchase agreements.

Cut on-hand inventory by 30%, eliminated \$50K in costs, and improved cash flow by reducing quantity purchasing and maintaining quantity pricing of packaging materials.

Assessment: This accomplishment provides very specific results. It is weak on details of how the results were achieved. Reducing inventories is easy. What is difficult is reducing inventories while maintaining or improving customer service levels at the same time. This example does not address the competing priority of customer service, or show how inventories were reduced.

15 years consistently maximizing corporate performance, driving growth, generating revenues, capturing market share, improving profits, and enhancing value in domestic and international markets in the sourcing and procurement industry.

Assessment: In isolation, this sounds good. Unfortunately, general statements like this are so common that they are often disregarded by hiring managers. Accomplishments need to be specific and detailed to have the greatest impact. This accomplishment, despite being very boastful, will do little to differentiate the candidate.

Pioneered a vendor management program incorporating proper vendor administration. This program enabled accurate measurement of supplier performance, resulting in sustainable cost savings over life of supplier relationships.

Assessment: This accomplishment is ok. Developing a vendor management program could be a great experience. The problem with the accomplishment is it doesn't detail the scope of the program and it doesn't give any direct results. The program may have been tested with one small vendor and discontinued or it could have revamped tens of billions of dollars of purchasing.

Implemented change of steel grade for forgings creating \$350,000 savings in steel surcharges.

Assessment: This is a good accomplishment. It shows a specific result. The activity that led to the result is also clear. The element that is missing is the role of the candidate in delivering this result. Did an engineer identify a cheaper material and the buyer just followed the spec? Or, did the buyer identify the opportunity and take it to engineering and operations for approval? The first situation isn't really an accomplishment, while the second could be very impressive.

Consistently ranked in the top quarter of branch offices in Productivity and Cost Per Load.

Assessment: This accomplishment is not very specific, but is still good. The element that is noteworthy is the ranking. Showing a performance measure relative to similar operations can help demonstrate the quality of the performance.

About the Author

Gary Capone is Vice President of Palladian International, an executive recruiting firm specializing in manufacturing, distribution and defense industries. Palladian also provides career coaching services to job seekers, including resume writing and interview coaching. Gary serves as the President of the Blue Ridge Chapter of APICS. Learn more about Palladian at www.palladiancr.com

The following is a capsule summary of the 05/04/10 meeting of the Tri-City Board of Directors:

- * The minutes of the April meeting were reviewed and accepted.
- * The financial reports were reviewed and accepted.
- * We are scheduling an “APICS networking dinner” for May 25th, at the Belle-View restaurant in Falconer.
- * The Spring CPIM review class was cancelled due to low student interest. We will offer the Basics course in the fall of 2010.
- * Membership rose to 33 active members, with three new members for the chapter..
- * We are still looking for a volunteer to join the board and help out with our website maintenance and content.
- * The next scheduled board meeting is June 8th, at Honest Johns restaurant on East 2nd St. at 6:00 PM. Attendance by members is welcome. Please contact Todd Eggleston.

Tri-City Board of Directors

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