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Taking Responsibility-BNY Mellon

Rather than offering performance bonuses like financial rewards or incentives, BNY Mellon used its extra profits to raise entry-level salaries. In doing so, the bank chose to forego some advantages of incentive pay. For instance, one of the advantages of incentive pay is that it pushes employees to work hard and increases the sales of the BNYs products. Bonuses and related incentives motivate the sales team to work extra hard and meet their targets, leading to increased sales figures because people are inspired by monetary incentives (Noe et al., 2017). However, BNY Mellon chose to forego this advantage and increase the pay of entry-level employees instead of paying the stakeholders using the money at the expense of the business. The enterprise decided to focus more on capital growth and felt it was their obligation to represent their clientele, their larger society, and, in the long run, their investors. In addition, BNY-Mellon chose to forego the benefit of reduced employee turnover occasioned by incentives and bonuses. Employees satisfied with the compensation plans, especially bonuses, are likely to remain loyal to the bank. According to Noe et al. (2017) incentivized compensation motivates employees by rewarding high achievers and decrease their likelihood of leaving a company for rivals.

By raising the entry-level pay instead of paying a one-time bonus, the human resource department at BNY Mellon intended to attract and retain the best talents. Entry-level wage is a major element of the employee attrition rate. Noe et al. (2017) posit that if employees believe they are not being paid adequately and can find higher-paying work somewhere else, they will resign and move on. Staff turnover costs businesses much money. The cost to replace and hiring new staff outweighs the savings from giving decent pay, especially for entry-level positions. The qualified staff understands their true value. If BNY Mellon does not offer a competitive entry-level salary, it will be unable to lure the best talent that it seeks. There are only so many high-level workers in the world. If the bank is unwilling to pay these exceptional employees what they are worth, their competitors will. Offering better entry-level wages can attract talented candidates to the bank and increase the productivity and dedication of current employees. That explains why human resources might find it difficult to meet the goal of hiring and retaining the best talents by focusing on one-time bonuses instead of raising the entry-level salaries.

Reference

Noe, R. A., Hollenbeck, J. R., Gerhart, B. A., & Wright, P. M. (2017). Fundamentals of human resource management.

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