Safelite Autoglass

What are the pros and cons of switching from wage rates to piece rates?

Why is Safelite a good candidate for this switch?

Should there be a guaranteed wage? If so, how should it be set?

What are the likely consequences of this switch for:

- Turnover
- Recruitment
- Productivity
- Product Quality
Lazear Study

40% increase in productivity

20% from higher productivity from same workers

20% from attracting better workers
Technician Turnover at Safelite

![Graph showing technician turnover from 1993 to 1997. The graph indicates a peak turnover of around 80% in 1994, followed by a decline to 50% by 1996, and a slight increase in 1997.](image-url)
Compensation System Objectives

- Motivate or provide incentives for performance
- Attract talent
- Retain the best people
- Signal what the organization values
- Create a sense of equity, fairness, and justice