CHAPTER 16

*Paying for Performance and Recognizing Employees*

# Chapter Objectives (C.O.)

After reading this chapter you will be able to:

C.O.1: Assess the implications of different pay-for-performance (PFP) incentive programs.

C.O.2: Design a process for recognizing and providing feedback on employee contributions.

# Before applying, let’s review

## C.O.1: Different types of individual, team, and organizational incentive plans

PFP is a controversial topic in all organizations. In government, PFP proponents see it as a way to boost efficiency, motivation, and accountability of civil servants but public administration scholars see it as a challenge to public sector motivation. Programs for pay-for-performance can be more effective if there is a clear linkage between pay and performance. Beyond this, most important facets of PFP involve supervisorial relationships that link incentives and performance to feedback and recognition, and a review process which is perceived to be fairly administered. PFP should be seen relationship to other practices which are very useful in improving performance, such as employee empowerment, designing jobs with higher levels of significance and performance management systems which encourage employee goal setting.

## C.O.2: Employee recognition and feedback

Employees consistently say they want more recognition while indicating it is one of the most important things that managers can do to thank them and show appreciation for a job well done. Recognition and appreciation programs are valuable ways to send signals to employees and avoid some of the possible difficulties of pay-for-performance systems. Successful implementation of recognition plans hinges on a manager’s positive working relationship with employees. In establishing a positive relationship, managers should ensure that employees understand the goals of the recognition plan, how it can enhance employee motivation, in addition to designing and administering plan with clear standards and measures.