

Performance Incentives

Student Name

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Date

Performance Incentives

Performance incentives concern performance-based compensation programs in which employers incentivize and reward workers for higher objectives and performance. Because of its ability to enhance performance and positive behavior at the workplace, I believe that performance incentives offer more benefits than drawbacks.

Examples of tasks that heavily rely on performance incentives are high-risk jobs. These include jobs for salespeople, police officers in risky areas, doctors, and even soldiers on special tasks. Many of these workers rely on financial incentives to sustain high-quality work.

Performance incentives offer several benefits. They support desirable behavior and increase productivity, such as when sales people work harder to sell company products and earn more commissions. Moreover, they help workers sharpen their skills and career development by learning new approaches to solutions in order to earn more (Schermerhorn et al., 2017). Finally, they help the company retain more of its workers. By enhancing productivity, sharpening skills, and retaining more workers, performance incentives add value to companies.

However, performance incentives also have drawbacks. They may encourage deception, such as falsifying data by doctors to earn more. Also, misaligned incentives can prove expensive for firms, as they may fail to offer the pursued results despite costing a lot of money. Moreover, an intensive focus on performance incentives can erode a company's culture of togetherness by encouraging people to focus exclusively (or at least primarily) on their personal welfare, leading to internal conflicts. Given these disadvantages, performance incentives can be costly to a company.

Having said that, performance incentives still present more benefits than drawbacks. They play a crucial role in enhancing the company goals of better performance, skill

development, and the retention of more workers. Many of the disadvantages can be addressed through proper planning. Hence, I support more firms in engaging performance incentives.

References

Schermerhorn, J. R., Davidson, P., Factor, A., Poole, D., Woods, P., Simon, A., et al. (2017).

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