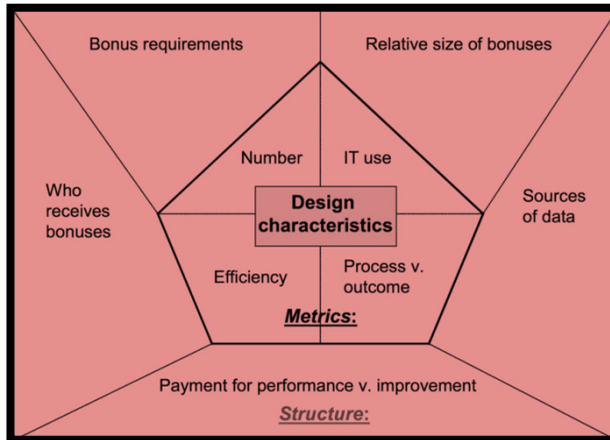


Pay For Performance - 2014

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Recent trends show that companies plan to get the most out of their workforces while spending very little on human resources process improvement. Given what's happening in the performance management space, we'd consider recommending a nap.

A recent survey by the Institute for Corporate Productivity looked at the state of performance management in 2013 among many of the world's largest organizations. In

particular, we asked "Are performance appraisals on their way out?"

Over three-fourths of respondents indicated that they believe in principle that you can pay for performance, so the concept is not dead. And among high-performance organizations (ranked by revenue growth, profitability, market share, and customer satisfaction) that number was 77%. Therefore there is some evidence that paying for performance really does work.

A few other findings, however, seem to point to an inconvenient set of circumstances:

- Pay-for-performance is believed to be a viable model.
- Most companies have a system in which individuals or teams are rewarded for performance.
- Few respondents believe their companies' pay-for-performance system is very effective.
- Fewer than half of companies plan to do anything about this.
- Those that have done something about this are making superficial changes to their system.
- Those that are planning on doing something plan on making superficial changes to their system.

The first two points above may give you hope. The next two may create ambivalence. The last two might suggest you should consider that nap, after all it's going to be a long road to substantial change. What does your company plan to do in 2014?

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