

Cash is still king for performance incentives

Short-term, cash incentives continue to dominate the incentive-pay landscape among American employers, according to new research released last month by the WorldatWork total rewards association.

“Spending on short-term incentives increased modestly at private companies from 2015 to 2017, which reflects the tight labor market and competition for talent,” said Bonnie Schindler, partner and co-founder of Vivient Consulting, which conducted the research.

The most prevalent short-term incentive system is an annual incentive plan, which rewards accomplishment of specific goals identified at the beginning of a performance cycle. Spot awards are just-in-time rewards handed out to recognize a specific employee contribution.

Discretionary bonuses are based on a predetermined pool of incentive money that management decides how to divvy up after a performance period.

