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Money has always been an important factor in motivating people for showing better performance, all over the world. Many organizations use better pay packages to get the best out of their employees, and keep them motivated (Cascio, 2016). A new term for this purpose is emerging in the market, known as “Pay for performance”.

Human Resource Expert, Mr. Kerry Chou believes that pay programs in return for the performance are an important factor that motivates the employees and makes them work harder for the success and profitability of the organization. He explains that two theories come in effect at this point; the first one is the Expectancy Theory, which explains that employees, working in an organization, analyze the goal on three important parameters. Firstly, they check whether the goal is attainable or not, second, they analyze the reward they are getting in return for putting an effort in that goal and thirdly, they check whether that reward is valuable for them or not (Chou, K. 2014). The second theory that explains this behavior is Equity Theory. This theory states that employees compare the level of effort they are putting in an organization with the rewards they are getting in return. If the results are at a positive side, the employee becomes motivated and performs well, otherwise, he or she will try to be lazy and avoid doing hard work.

The composition of the workforce of an organization is greatly affected by the pay programs it is offering. For example, if the packages of an organization are good and favorable for the employees, they will be more motivated and much happier to put an effort into the progress of the company. In contrast to this, if the organization takes work form the employees but does not provide good rewards in return, it will demotivate the employees and make them show unprofessional behavior.

**References**

Cascio, W. F. (2016). *Managing human resources*. McGraw-Hill.

Chou, K. (2014). Pay for Performance Part 1: Theory and Practice. Retrieved from https://www.youtube.com/watch?v=NTtCAyBe6Ak