

# Pay for performance enhances employee management at scripps health



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Scripps Health is a nonprofit health organization which is based in San Diego. The organization was facing severe downturn financially which was the reason for the employee dissatisfaction and high employee turnover (especially the A grade employee like C. E. O). So, the organization has grown through the problem and came up with a new compensation system which was based on the performance of the employees.

Q1) Discuss how this case illustrates how compensation can be used as a method for improving employee satisfaction and motivation. Compensation is one of the most important factors of the human resource management function. In this case, the organization has designed a performance based system for the employee to increase their motivation levels. The new system is connected to employee talent and performance. More participating leadership approach was taken to create “ buy in” among staff members.

It also developed a physician leadership cabinet that improved how personnel interacted with each other and that strengthened firm co-ordination through widespread communication. The employees would be recognized for a job well done and motivation would be orchestrated through compensation approach. Reorganizing the compensation policies of the organization for improvement by the firm’s leadership which involved: competitive compensation that rests on 65th percentile of the relevant labor market.

Employees can earn more based on their performance which means employees can tap into extra money based on ratings given Vis -a-Vis the annual performance appraisal sessions, they can earn up to 5% of their

salaries as merit based compensation. Q2) Identify some of the ways that performance based pay systems should be developed based on the experience at Scripps Health. The performance based pay systems should be fair.

The rewards should be based on the level of performance. For example, an outstanding performer should receive the greatest rewards to acknowledge their superior contribution and motivate them for continuing their performance. On the other hand, average performers should receive a smaller raise which would encourage them to work hard to achieve big raises in the future and the poor performers should not receive any increase, meaning they should increase their performance.

One important factor to mention is that, not all individuals are motivated by monetary rewards. There are people who are motivated by factors like personal pride. Therefore awards, trophies and badges may be better. Also, the organization should have a clear mission that is communicated to the employees. Employees should receive timely, accurate and meaningful feedback. " A happy staff is a productive staff" - Matthew Kabik