HK firms need bonuses based on performance

Merit-related pay motivates employees, giving them a vested interest in achieving top results

Companies looking to retain and motivate their high achievers in Hong Kong may consider spending a bigger share of their post-tax income on performance-based bonuses, rather than across-the-board salary increases.

Since more than 75% of employees in Hong Kong believe they would be better off if they were paid bonuses based on their performance, companies should consider aligning them with the goals of their business, in order to increase employee engagement and performance.

As such, companies, particularly those operating in China and Singapore, have been also rethinking the way they reward employees, in response to the changing needs of the market.

For employers, this is also a smart strategy for retaining employees, who feel motivated by bonuses, as well as a pay raise based on performance.

Merit-related pay motivates employees, giving them a vested interest in achieving top results. For employers, this can motivate their team to work harder towards the company’s goals.

Increased merit-related pay typically means higher bonuses, which can contribute to increased retention.

Moreover, merit-related pay can be rethought as a one-time bonus or as a regular component of an employee’s total compensation package.

In some cases, companies may choose to implement a combination of merit-related pay with traditional salary increases to ensure that their employees remain motivated and engaged.

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