

Performance-related pay

Some employers use 'performance-related' pay to encourage and reward good performance at work.

Examples of performance-related pay include:

- annual pay rises linked to individual performance
- commission
- bonuses for meeting certain targets or objectives

Making fair decisions

Employers should be careful with how they use performance-related pay. The process for deciding who gets a pay rise should be fair and objective.

Employers must avoid treating people 'less favourably' because of a protected characteristic. This could be discrimination.

If it isn't used in a fair way, performance-related pay can have an impact on working relationships.

If workers do not think it's being used fairly, there's a risk that they will be:

- less motivated
- dissatisfied at work
- more likely to leave

Find out more about:

- [types of pay rise](#)
- [bonuses](#)
- [commission](#)