

**IN COLLABORATION WITH**

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# **TECHNOLOGY AND PERFORMANCE PAY IN ORGANIZATIONS**

In this paper, we explain theoretically and empirically that information and communication technologies (ICT) increase task complexity and worker interdependencies (i.e., non-routine or team tasks), and thus the need to adapt incentive schemes either towards individual or collective performance pay, or fixed wages. To date, there has been little literature addressing the changes in the compensation system that may result from the proliferation of modern technologies in the workplace. This paper aims to close this research gap. Using unique German panel data on management practices from the years 2014 to 2018, we apply the bracketing-property approach to emphasize that equipping workers with ICT leads to adaptations in the compensation system. Both the theoretical and empirical framework advance the literature on ICT and incentives by showing that ICT equipment in lower layers in a hierarchy increases the prevalence of collective performance pay, while there is no such effect in higher layers.