

Performance pay trends

The variability of variable pay

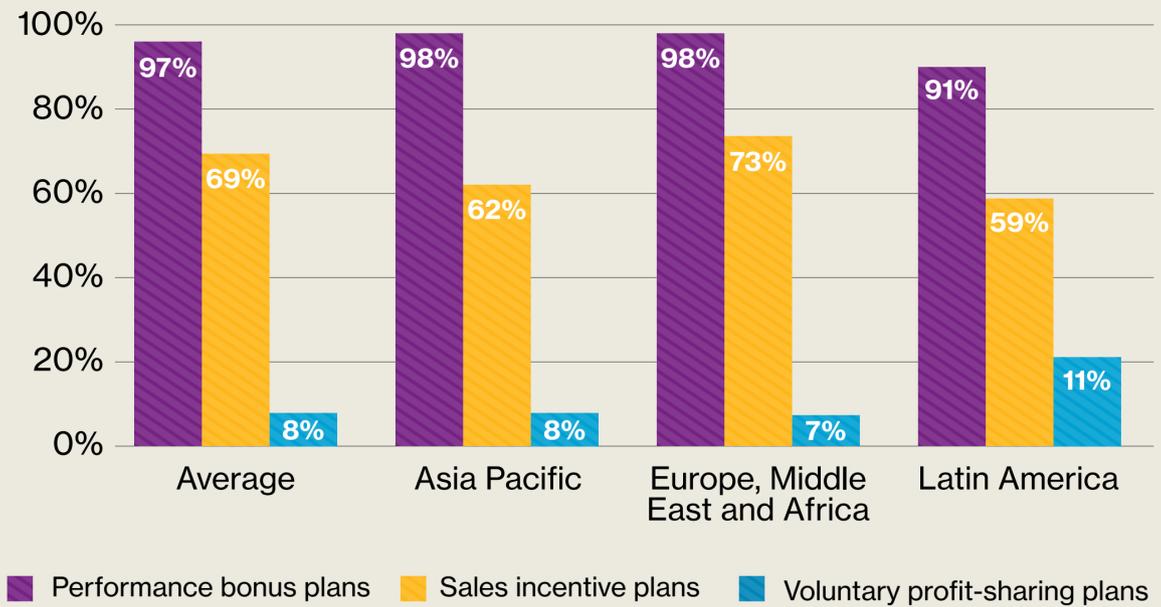
Organizations all over the world strive to engage talent in a sustainable, cost-effective way. In the effort to achieve this, Short-term Incentives (STIs) can sometimes be overlooked as controllable expenses, or as only relevant to highly paid staff. In reality, STIs are often far more complex than might be expected.

Our latest research explores the design and prevalence of STIs, and identifies those markets where extra care is needed.



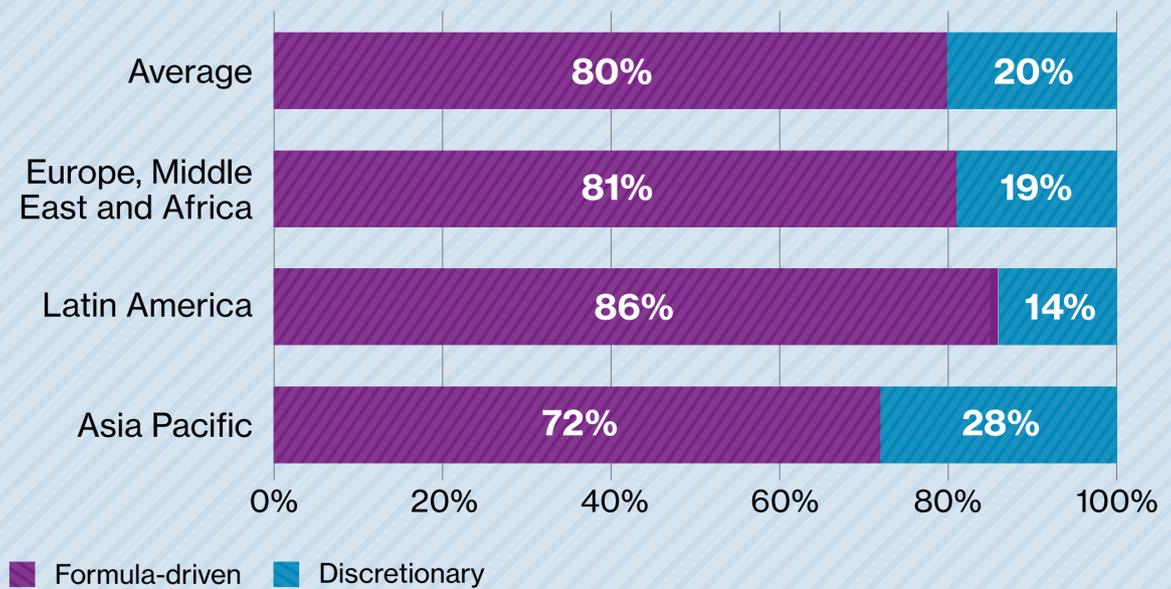
Short term incentive prevalence by type

Short-term incentive prevalence



Latin America differs from the global trend here, with a higher portion of companies offering voluntary profit-sharing plans. This contrasts with Europe, Middle East and Africa, where the prevalence of sales incentive plans and voluntary profit-sharing is much larger.

Global performance bonus plan design



The Asia Pacific approach to bonus achievement and payout is slightly different than its regional counterparts. Over a quarter of surveyed companies in the region use a discretionary performance plan design, as opposed to a formula-driven approach.

A world of obligations, obstacles and possibilities

*Global short-term incentive landscape

Unfavorable tax treatment of bonuses	Favorable tax treatment of bonuses	Tax effective options to convert bonuses	Profit-sharing tax-favored	Profit-sharing mandated
 Portugal	 China	 Algeria	 Romania	 Italy
 Switzerland	 Australia	 United States	 Finland	 France
	 Brazil	 India	 Russia	 Belgium
	 Bulgaria	 Ireland	 Myanmar	 Austria
	 Saudi Arabia	 Greece	 Canada	 Slovenia
	 Ukraine		 Chile	 Egypt
	 Slovakia		 Mexico	
	 Qatar		 Peru	
	 UAE			

*Availability may depend on specific roles, income levels or other criteria

The above shows that some markets may be fairly simple, with low or even no taxes and relatively few regulatory requirements, making the ideal approach to incentives fairly straight-forward.

Local laws – including minimum practice mandates and regulatory frameworks – can make life complex for compensation professionals. Some locally prevalent incentives and/or mandated practices, may be penalized in other markets, and might also fall outside of the company’s typical reward philosophy. The challenge then becomes integrating mandatory plans within the organization’s total rewards program, or replacing some global practices in the interest of cost control.

There are an abundance of hurdles to be aware of, and opportunities to consider. Our data is designed to navigate these tricky paths, and guide you towards the best solution for your organization.