



Compensation
Advisory Partners

Industry Report // 2021

Survey Reports

Four-Part Survey on Short-Term and Long-Term Incentive Pay Practices
at Public, Private, Nonprofit and Government Organizations.

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Changes to short-term incentives (STIs) prompted by the global pandemic/economy are largely temporary, and some organizations cite the pandemic as the reason for modifying long-term incentives (LTIs). These findings are captured in the “2021 Incentive Pay Practices Study” of publicly traded, privately held, nonprofit, and government organizations conducted by Compensation Advisory Partners (CAP) in partnership with WorldatWork. The four-part survey provides a sweeping overview of approaches to incentive pay, including types of STI plans; annual incentive plan (AIP) measures, eligibility, targets, and payout frequency; long-term incentive (LTI) prevalence; incentive plan budgets (actual and estimated); and more.

Sample Findings

Publicly Traded Companies

- 34% of public companies added or modified their STI plans for 2021 with 26% of the changes due to the global pandemic/economy, and of those changes, 83% are temporary.
- 92% of public companies grant LTIs on an annual basis, and 66% vest LTI awards over three years.
- 13% of public companies identify diversity, equity and inclusion (DEI) initiatives as one of their STI performance measures to determine AIP payouts, in addition to financial, individual, and operational measures.

Privately Held Companies

- 37% of privately held companies added or modified their STI plans for 2021 with 29% of the changes due to the global pandemic/economy, and of those changes, 82% are temporary.
- Use of LTIs is down at private companies: 51% in 2021, down from norms in the low 60% range since 2013.

Nonprofits

- Short-term incentive prevalence at nonprofits increased in 2021 to 82%, the highest level reported in this survey’s history.
- Nonprofits, including large institutions, place less emphasis on profitability performance measures than for-profits, 46% compared to 72% (publicly traded companies) and 74% (private companies).
- About one-fifth (18%) of nonprofits have LTIs, compared to 94% of publicly traded companies and 51% of private companies.

Government Organizations

- STI use at government organizations reached 58% in 2021, up from 44% in 2019.
- Government organizations that offer LTIs (10%) do so through nonqualified deferred compensation programs.

“We’ve done this survey since 2007, and with each iteration we’ve seen incentives become more prevalent and offered to a broader range of employees,” said Bonnie Schindler, CECP and a principal at CAP. “Organizations are spending more on this component of compensation, and we expect to see incentives continue to be emphasized into the foreseeable future to align pay with performance.”

“It’s a white-hot labor market, and employers are struggling to find, engage and retain top-performing employees,” said Sue Holloway CCP, CECP, Director, Executive Compensation Strategy, WorldatWork. “It behooves every employer—public, private, nonprofit, and government alike—to get up to speed quickly and

benchmark their incentive plans against all sectors because job candidates are gauging them to help determine their next career move.”

Methodology

WorldatWork collected survey data for the four-part survey during an 18-day period starting 3/4/21. The survey report is based on 1,226 responses across the four sectors: publicly traded; privately held; nonprofit; and government organizations. The demographics of the survey sample and the respondents are similar to the WorldatWork membership as a whole. The typical WorldatWork member works at the managerial level or higher in the headquarters of a large company in North America.

The full results of the Incentive Pay Practices surveys are available to WorldatWork members at [Incentive Pay Practices \(worldatwork.org\)](https://www.worldatwork.org/incentive-pay-practices)

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