



New Research from WorldatWork and Compensation Advisory Partners Reveals Growing Complexity of Incentive Pay Strategies

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2026 Incentive Pay Practices Survey finds short-term incentives are nearly universal among for-profit companies, while long-term incentive participation, value and design vary significantly by ownership structure and employee level.

SCOTTSDALE, AZ (October 6, 2026) — As employers compete to retain talent and drive performance, incentive pay is becoming less of a one-size-fits-all compensation tool. New research from WorldatWork, in partnership with Compensation Advisory Partners (CAP), shows organizations are increasingly differentiating how they reward executives, managers and employees by not only using incentives to drive business results, but to also recognize contributions and keep critical talent.

The 2026 Incentive Pay Practices Survey, based on responses from 580 organizations, found that short-term incentives (STIs) are nearly universal among for-profit companies, offered by 98% of public companies and 93% of private companies, compared with 66% of nonprofits and 44% of government organizations.

Long-term incentives (LTIs), however, reveal a much sharper divide. While 95% of public companies offer LTIs, that figure falls to 61% among private companies, 26% among nonprofits and 16% among government organizations. Ownership structure influences not only whether LTIs are offered, but also who participates and how awards are designed.

“Incentive pay is most effective when it does more than follow market practice; it should reinforce what an organization is trying to accomplish,” said Scott Cawood, CEO of WorldatWork. “What this research makes clear is that there isn’t one incentive strategy that works for every organization. The opportunity for HR and Rewards leaders is to understand the market, then design programs that connect performance, retention and rewards to the organization’s unique business strategy and workforce.”

“We are excited to continue our nearly 20-year partnership with WorldatWork on this unique research,” said Susan Schroeder, CECF, Senior Partner at Compensation Advisory Partners (CAP). “The survey was originally created to fill a gap in market data on private company pay practices. Today, its expanded coverage gives practitioners an understanding of how incentive practices differ by organizational sector and how to use those insights to design programs appropriate to each company’s particular circumstances.”

Among additional findings:

- Annual incentive plans remain the predominant form of short-term incentive across sectors, while spot awards, discretionary bonuses and retention bonuses provide organizations with additional flexibility.
- LTI participation extends further into public companies, with 50% of managers participating compared with 25% at private companies.
- Among nonprofits, incentive plans place greater emphasis on individual, operational and mission-related outcomes, with 48% using five or more annual incentive measures.
- Incentive opportunities increase significantly at higher employee levels, particularly at public companies. Target annual incentives for public-company CEOs are 128% of salary compared with 100% at private companies, while the difference largely disappears at the salaried professional level and below.
- Long-term incentive design shifts from performance and retention at the executive level toward primarily retention at lower levels. At public companies, 75% of CEOs and 61% of other executives receive a combination of time- and performance-based awards, while 65% of manager awards and 72% of salaried-professional awards are entirely time-based.

The research reinforces that effective incentive programs should not simply mirror market practices. Organization size, industry, ownership structure and business priorities all play an important role in determining the appropriate approach.

The 2026 Incentive Pay Practices Survey was fielded from May through June 2026 and includes responses from 196 publicly traded companies, 254 private for-profit companies, 98 nonprofit organizations and 32 government organizations.

To learn more about the report and to access an executive summary, visit <https://worldatwork.org/research/incentive-pay-practices>

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About WorldatWork

WorldatWork is an organization dedicated to the global HR community and helping people leaders create the conditions where great work and great lives can thrive.

For more than 70 years, WorldatWork brings together HR professionals, Rewards experts, compensation and benefits leaders, and CHROs who share a commitment to designing work that truly supports people's lives. Through events, education, publications, research certifications, and thought leadership, the organization provides both the rigor and the human insight leaders need to help people join, stay, grow, and thrive at work.

As the leading global HR community, WorldatWork brings great work to life, by helping organizations build workplaces that are fair, meaningful, and sustainable; places where people do their best work and build better lives for themselves and others.

About Compensation Advisory Partners (CAP)

CAP is a leading independent executive compensation consulting firm trusted by boards of directors and management teams to solve complex compensation and governance challenges. Built from our high-quality, cultivated talent, we provide innovative, practical, and technically sound advice that advances business objectives and supports informed decision-making. Our senior professionals' deep market expertise, rigorous analytics, and real-time insights help clients navigate complexity and understand evolving compensation trends, governance practices, and regulatory considerations. By developing a strong understanding of each client's business, leadership team, culture and economics, we deliver strategic guidance and customized advice that drive alignment, promote consensus, and create long-term value.