

Short-Term Incentive Scheme Survey 2010

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EXECUTIVE SUMMARY

Mabili would like to take the opportunity to thank all the companies who provided information to the survey.

- ❑ The majority of the survey sample (28%) employ between 1001 – 3000 employees.
- ❑ The majority of companies indicated that the Guaranteed Package, short-term incentive schemes and training and development are the most effective in motivating staff.
- ❑ 97% of the sample have a short-term incentive scheme in place for staff.
- ❑ When calculating the short-term incentive scheme across the different levels of staff the main bases used are individual and company performance.
- ❑ Companies indicated the main objectives which they felt were extremely important for implementing a short-term incentive scheme in their organisation was to reward high performing individuals, to encourage organisation performance and to create alignment with the organisation strategy.
- ❑ The majority of companies (76%) indicated that their short-term incentive schemes do not include “Bonus-Banking”. However, the 24% which indicated that their short-term incentive scheme does include “Bonus-Banking” the majority (93%) believe that it has been successful.
- ❑ The majority of companies (94%) indicated that their short-term incentive scheme is aligned with the organisation strategy and 93% indicated that it is aligned with organisation budget.
- ❑ 79% of companies review their short-term incentive schemes on an annual basis.
- ❑ Most companies indicated that incentive bonuses are paid to staff across the different levels on an annual basis.
- ❑ The main features included in the design of short-term incentive schemes are a target, threshold and a stretch target.
- ❑ Most companies rated the effectiveness in achieving the objectives of their short-term incentive scheme excellent or good.
- ❑ Where companies rated their short-term incentive schemes as Excellent or Good, the main reasons for these rankings was that, it aligned with company strategy and budget, it rewards staff appropriately as well as encourages the correct behaviour. For sales staff on commission or sales incentive schemes companies indicated they experienced an increase in sales.
- ❑ Where companies rated their short-term incentive schemes as Average or Poor the main reasons for these rankings was that it has become a regular hand-out, targets are set to high and the potential reward is too small.

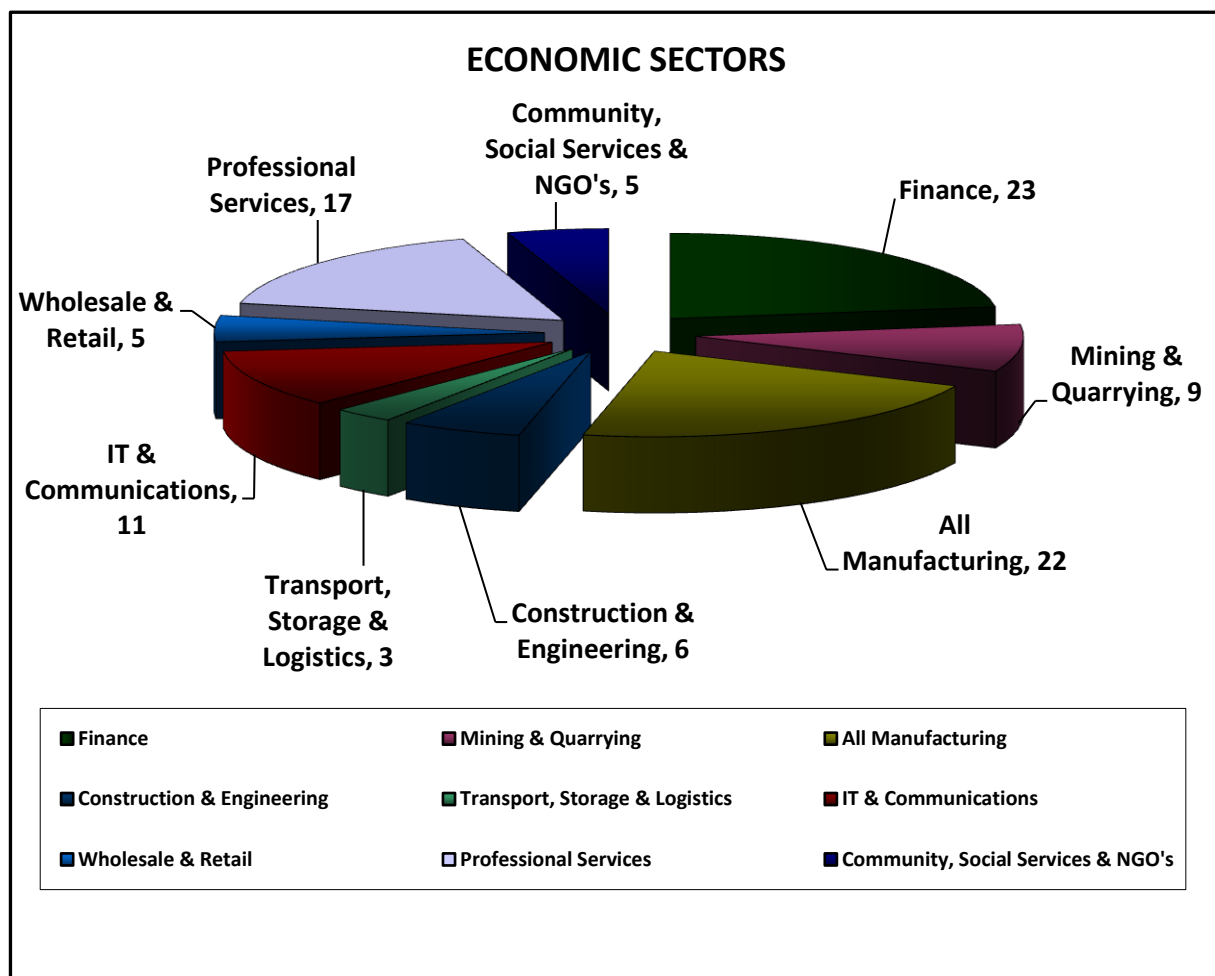
SECTION 1 - DEMOGRAPHICS

1. Economic Sectors

1.1 This survey contains data from sixty five companies within the following industry or economic sectors:

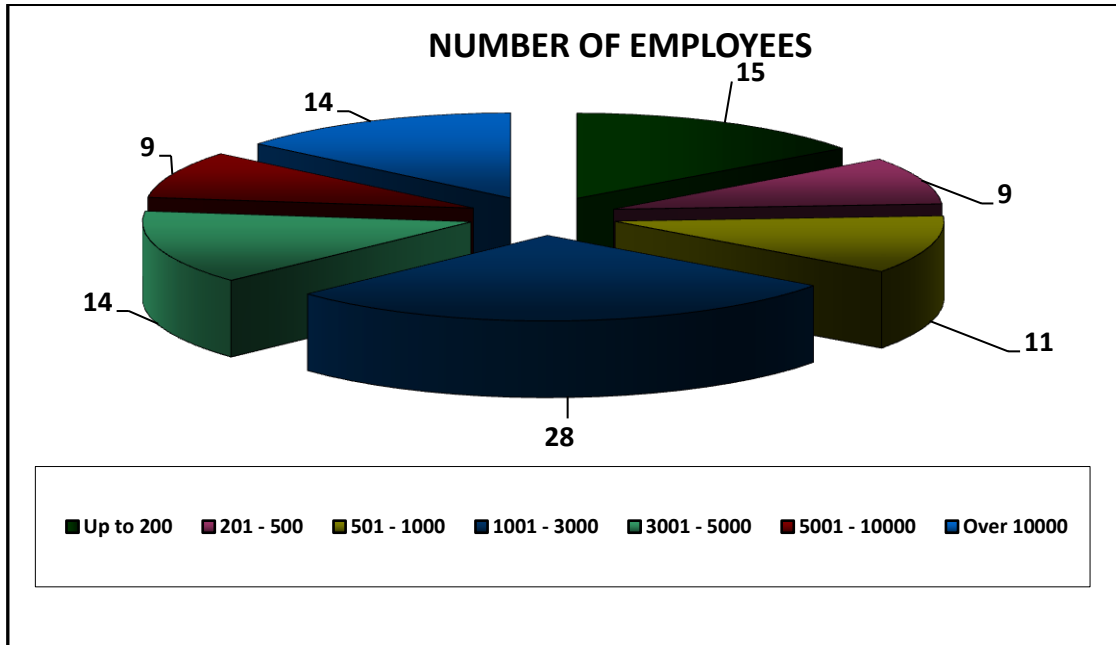
Economic Sectors	%	Economic Sectors	%
Agriculture, Fishing and Forestry	0	Transport, Storage & Logistics	3
Finance (Retail Banking, Insurance and Investment, Asset Management)	23	IT & Communications (Media, Internet, Telecoms, Hardware & Software)	11
Mining and Quarrying & Processing, Petrochemical & Resources	9	Wholesale & Retail	5
Manufacturing - All manufacturing	22	Professional Services (Medical, Legal, Consulting etc.)	17
Construction & Engineering	6	Community and Social Services and NGO's	5

The Finance, Manufacturing and Professional Services sectors make up the biggest sample of the survey.



2. Number of Employees

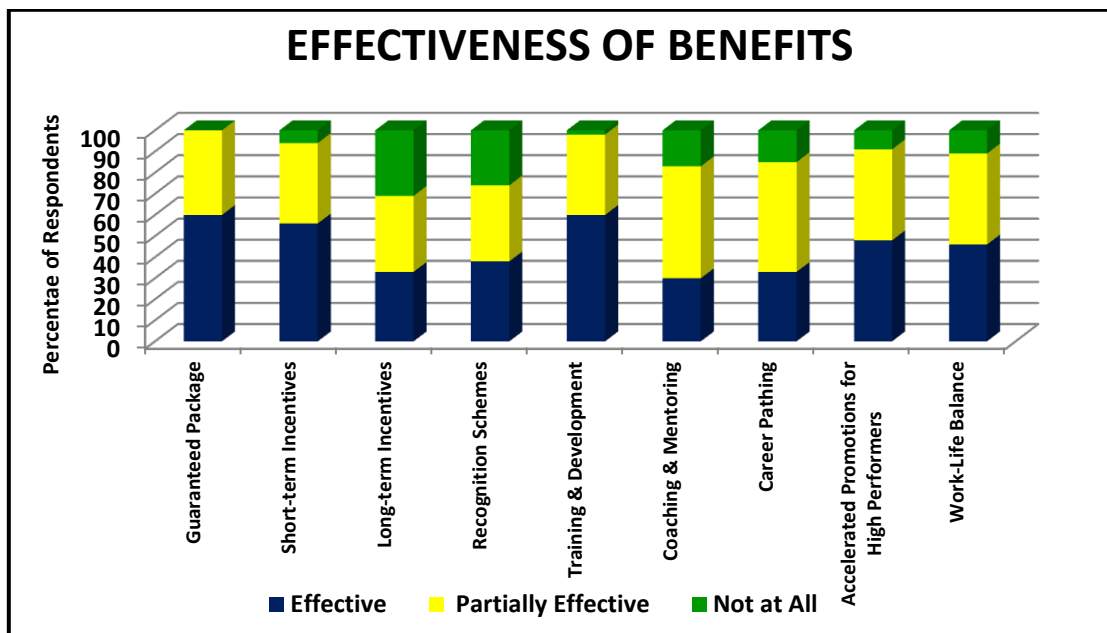
- 2.1 Companies were asked to provide the total number of permanent employees within their organisations. The majority of the sample (28%) employ between 1001 to 3000 employees. The chart below provides the number of employees across the sample.



SECTION 2 – SHORT-TERM INCENTIVE ANALYSES

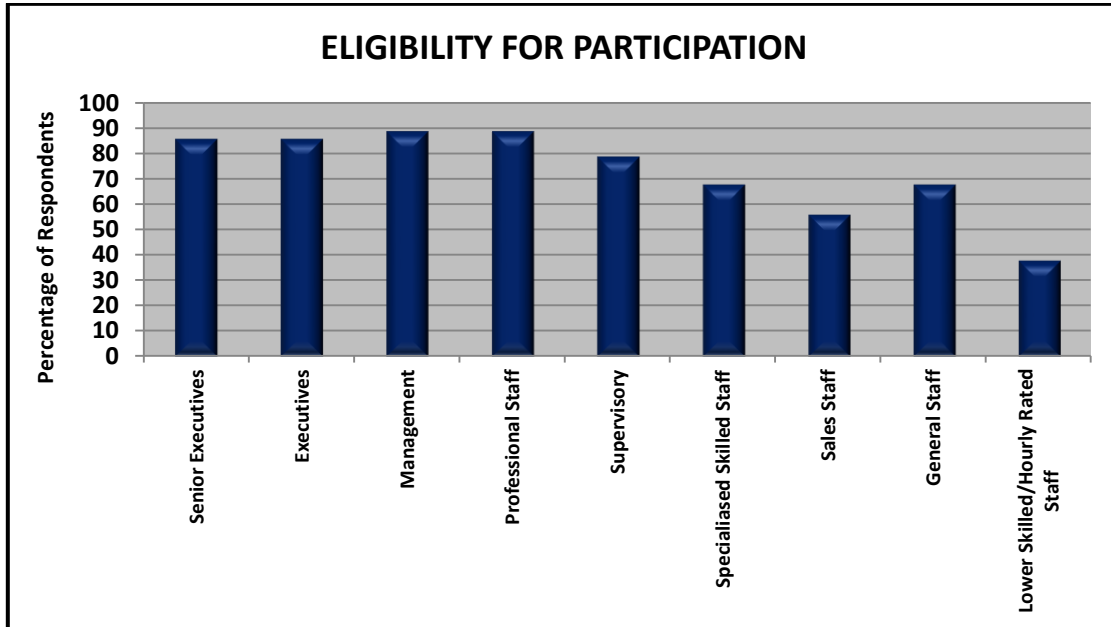
3. Effectiveness of Benefits

- 3.1 Companies were asked to rate the effectiveness of each of the benefits below in terms of motivating staff. As can be seen from the graph below, the majority of companies rate the guaranteed package, short-term incentives and training & development as being effective in motivating staff.



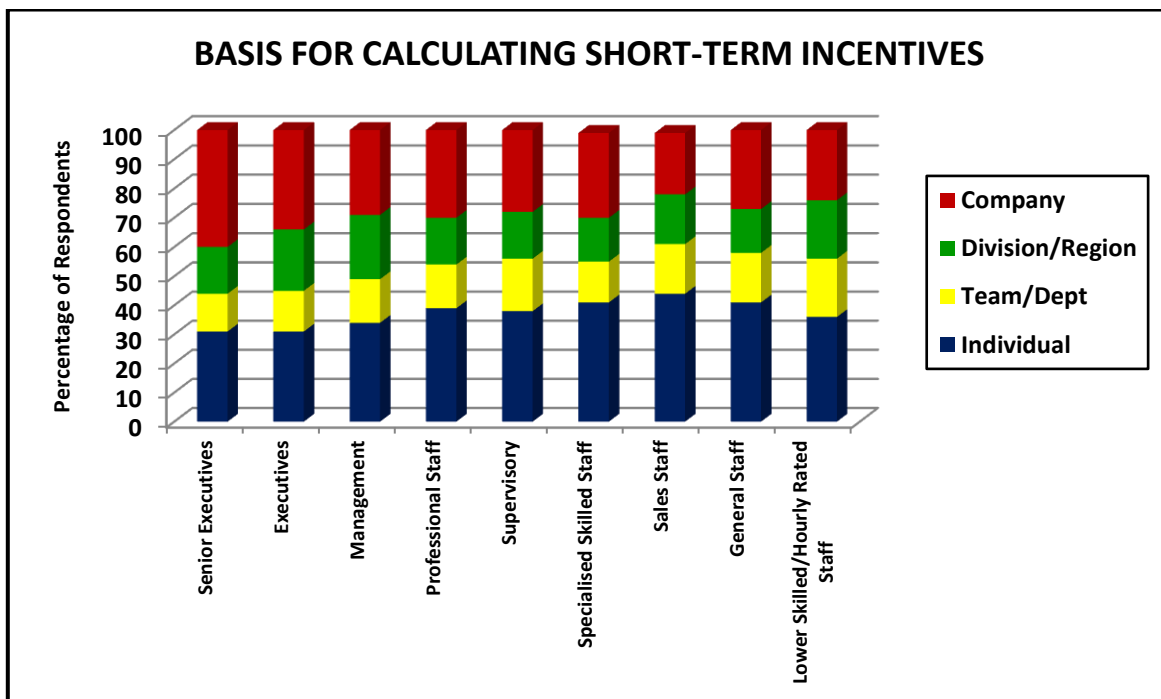
4. Eligibility for Participation

4.1 97% of the sample indicated that they have a short-term incentive scheme in place for staff. The graph below indicates the levels of staff which are eligible for participation in the scheme.



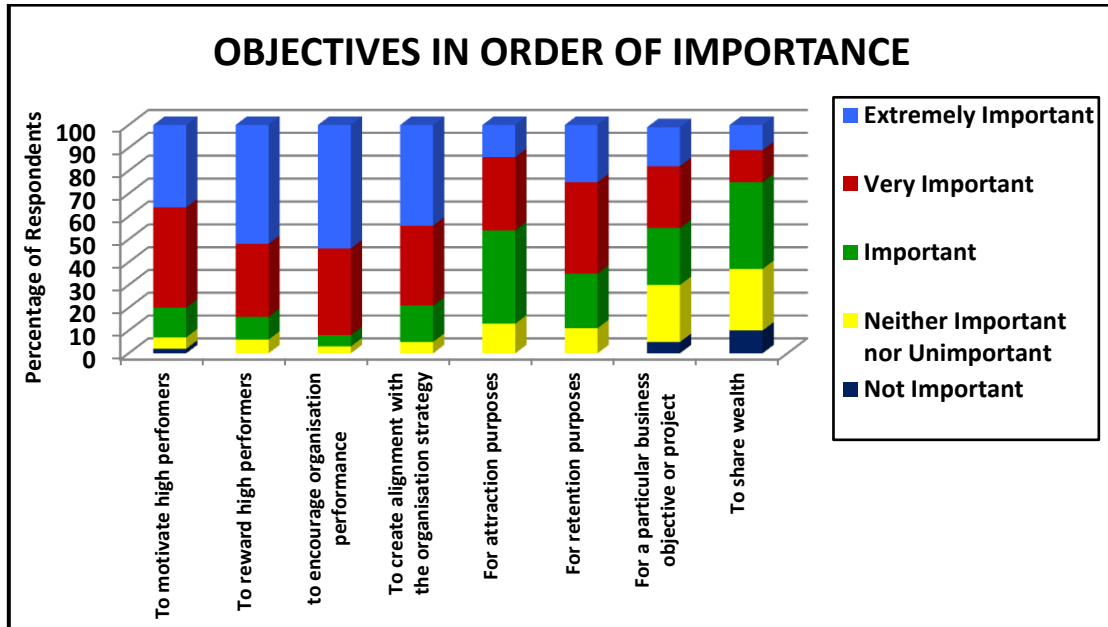
5. Basis for Calculating Short-Term Incentives

5.1 Companies were asked to indicate the basis for calculating the short-term incentive for the various levels of staff.



6. Objectives of Short-Term Incentive Schemes

6.1 Companies were asked to rank the objectives of their short-term incentive schemes in order of importance. As can be seen the majority of companies indicated that the main objectives of the short-term incentive scheme was to reward high performers, encourage organisation performance and to create alignment with the organisation strategy.

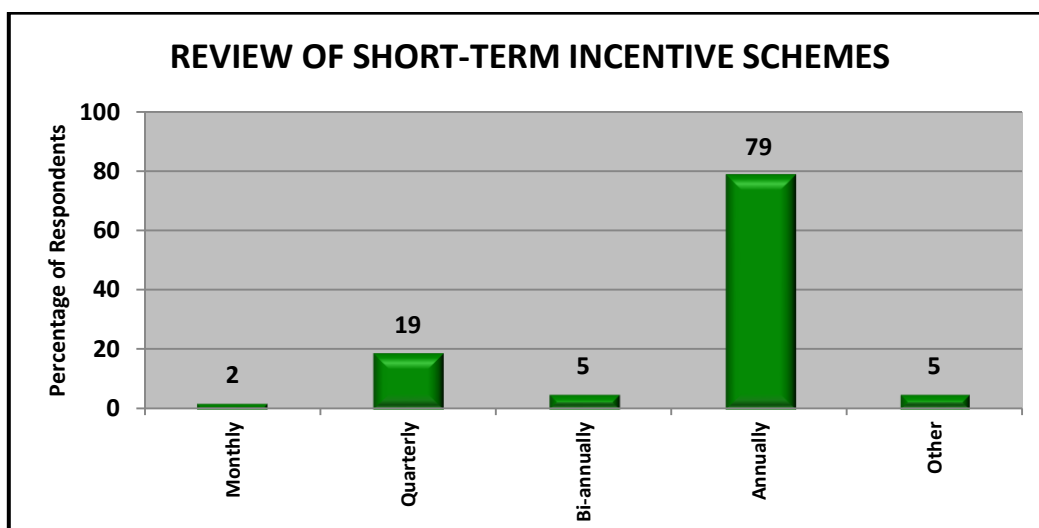


7. The majority of companies (76%) indicated that their short-term incentive scheme does not include “Bonus Banking”. Of the 24% who indicated that their short-term incentive scheme does include “Bonus Banking”, 93% indicated that it has been seen to be successful.

8. 94% of companies indicated that their short-term incentive scheme is aligned with their organisation’s strategy, with 95% of the sample indicating that it is also aligned with the organisation’s budget.

9. Review of Short-Term Incentive Schemes

9.1 Companies were asked to indicate how often their short-term incentive schemes are reviewed. The graph below shows how often the schemes are reviewed.

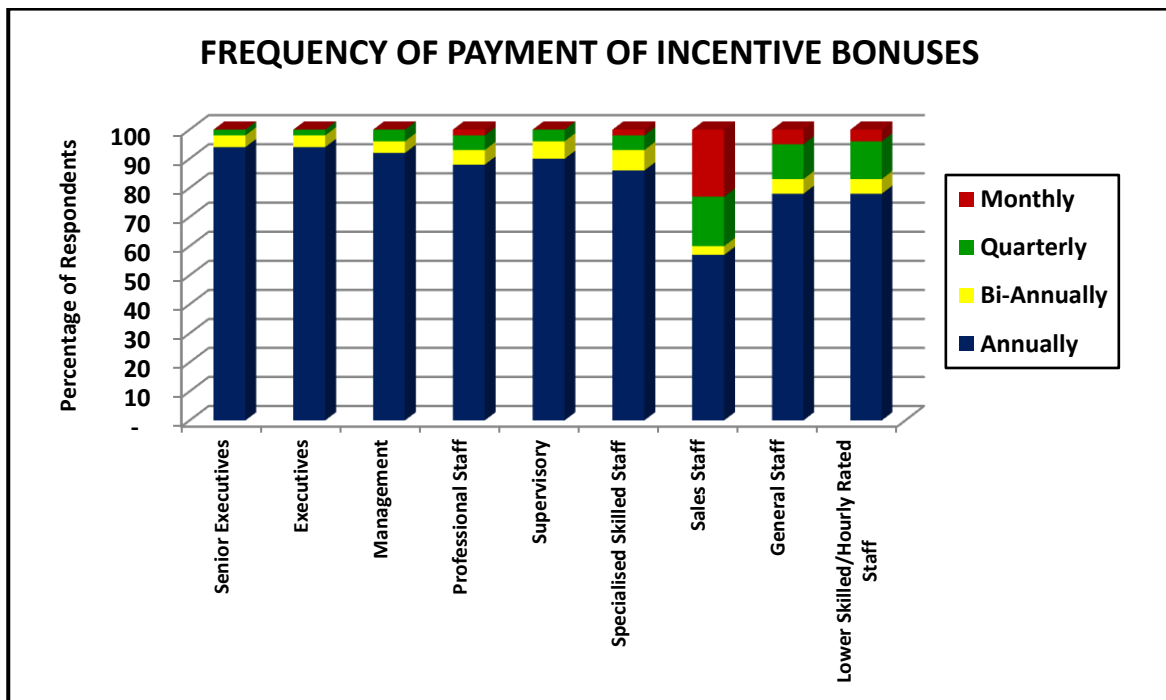


9.1 The “Other”, in the review of the short-term incentive schemes refers to the following:

- Current scheme has a life span of 5 years, but performance is measured bi-annually and incentives are paid annually.
- For sales staff short-term incentives are paid quarterly.
- Key elements of the short-term incentive scheme have stayed the same, however the target figures change.

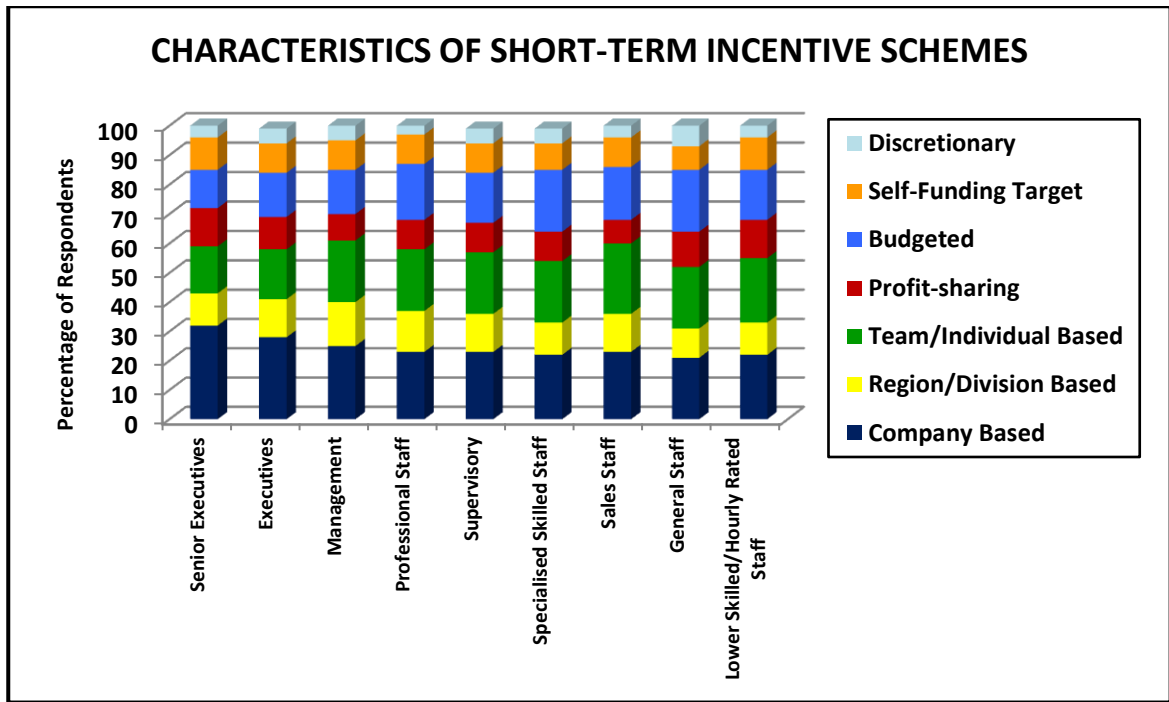
10. Frequency of Payments of Incentive Bonuses

10.1 Companies were asked how frequent short-term incentives are paid out. The graph below indicates the **frequency** of the payments of the short-term incentive scheme by level of staff.



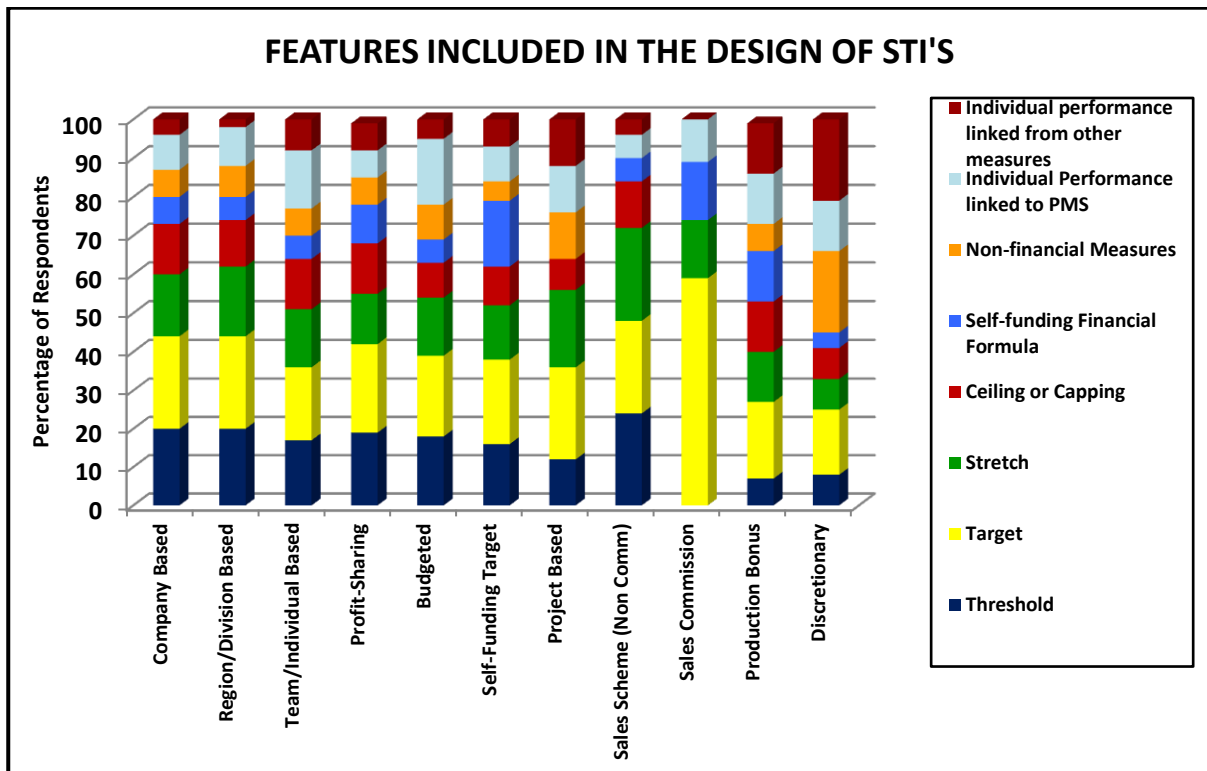
11. Characteristics of Short-Term Incentive Schemes

11.1. Companies were requested to indicate what type of **characteristics** their organisation's short-term incentive schemes have for the various levels of staff. More than one option could be selected. The graph below indicates the different characteristics of the short-term incentive scheme by level of staff.



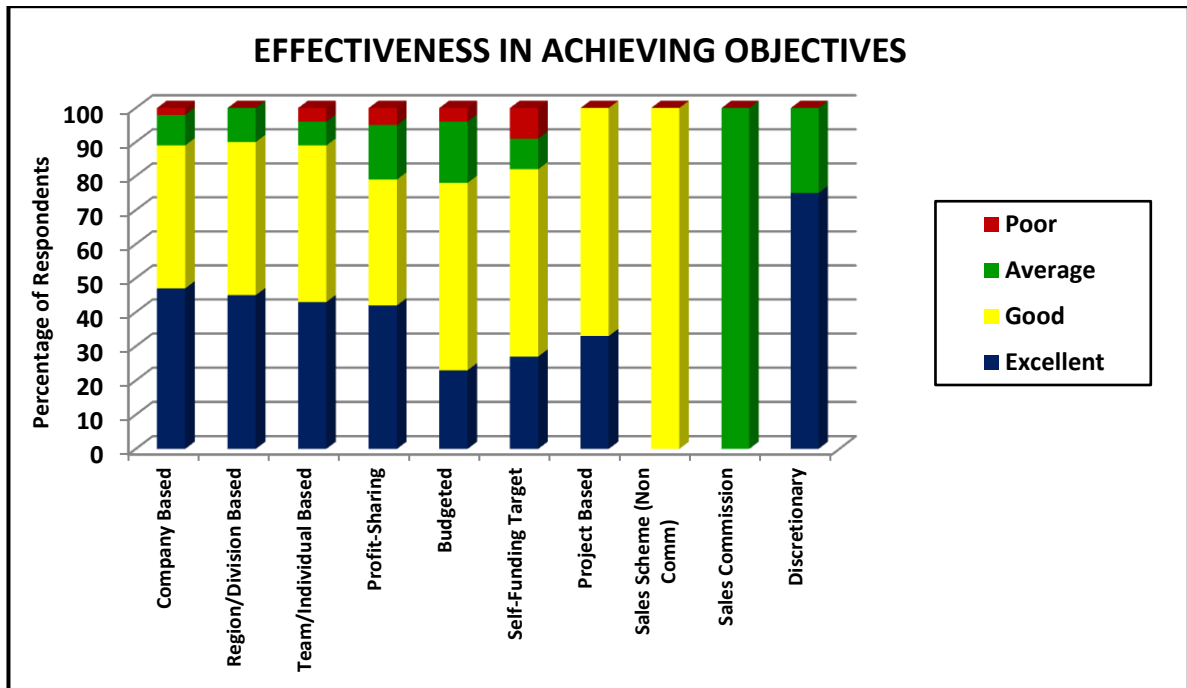
12. Features Included in the Design of Short-Term Incentive Schemes

12.1 Companies were requested for each type of short-term incentive scheme they have within their organisation to indicate which **features** are included in the design. More than one option could be selected. The graph below shows the different features which are included in the design of a short-term incentive scheme.



13. Effectiveness in Achieving Objectives

13.1 Companies were requested to rate the **effectiveness** in achieving the objectives for each of the short-term incentive schemes they have in place within their organisations.

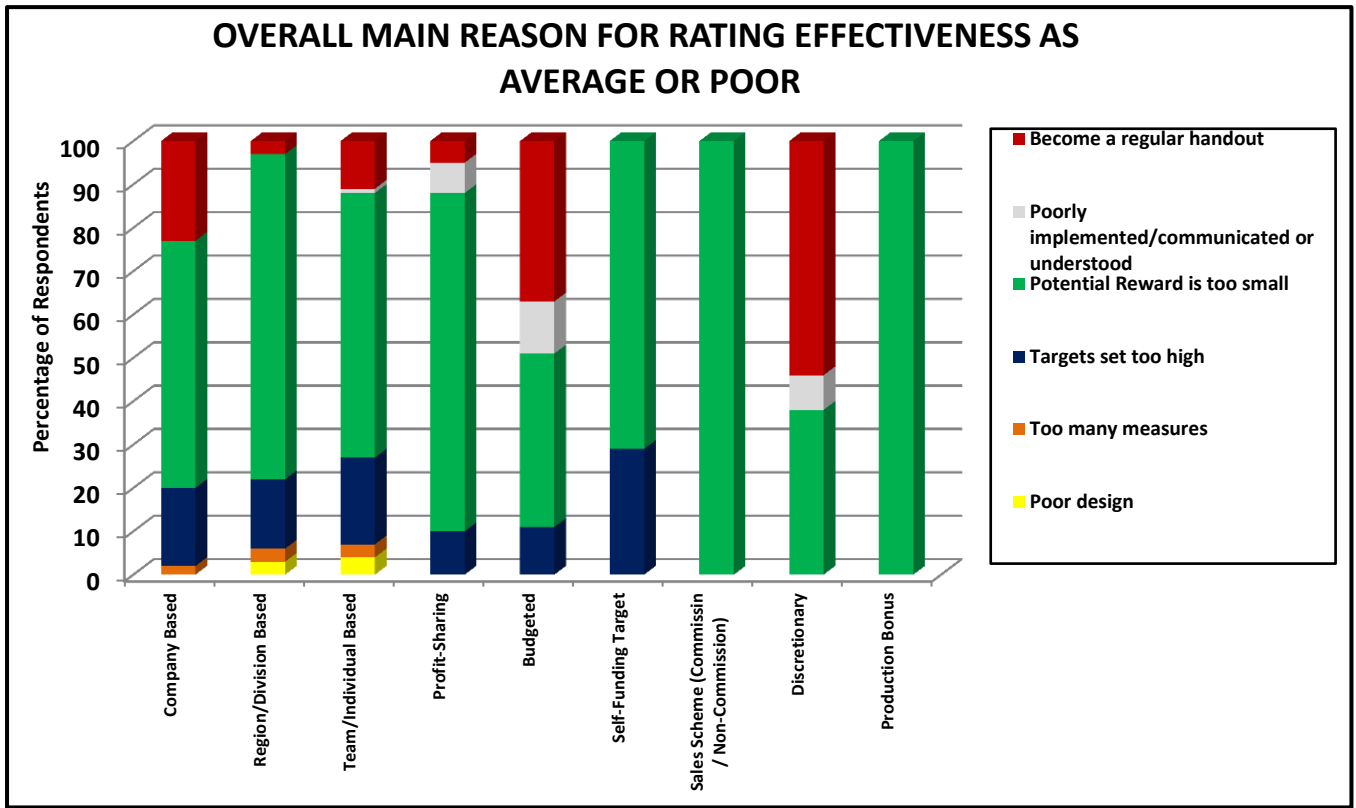


14. Rating the Effectiveness of Short-Term Incentive Schemes – Excellent or Good

14.1 Where companies rated the effectiveness of their short-term incentive schemes as either **Excellent** or **Good** the following reasons were given for the rating per level of staff.

15. Rating the Effectiveness of Short-Term Incentive Schemes – Average or Poor

15.1 Where companies rated the effectiveness of their short-term incentive schemes as either **Average** or **Poor** the following main reasons were given for the rating per level of staff.



16. Financial Formulae or Measures

16.1 The graphs below indicate the financial formulae or measures used to calculate the incentive bonuses by level of staff.

