

Key Drivers of Executive Pay Decisions

by John Egan

RESULTS OF MARCH WEB POLL

Current Influences on Executive Pay

Our March polling revealed that the two key drivers of executive pay determination were a company's policy and competitive positioning and market data.

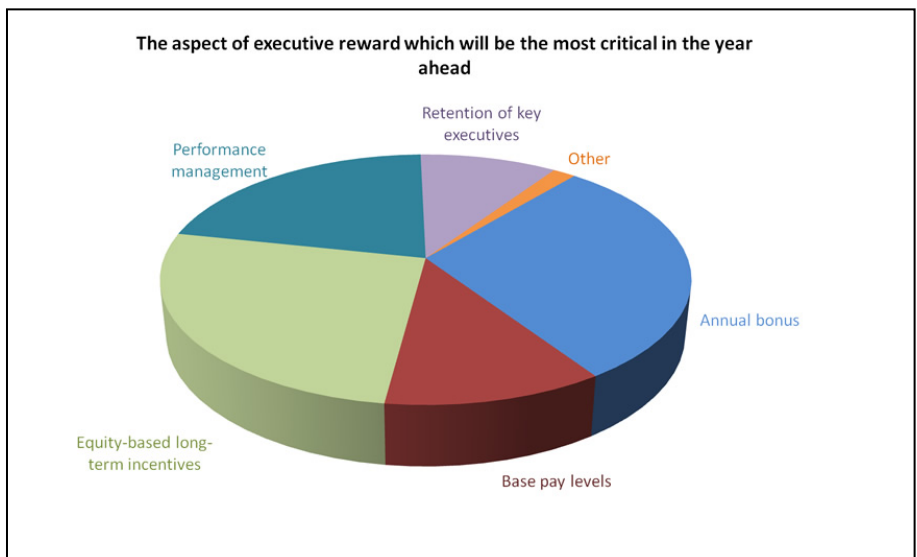
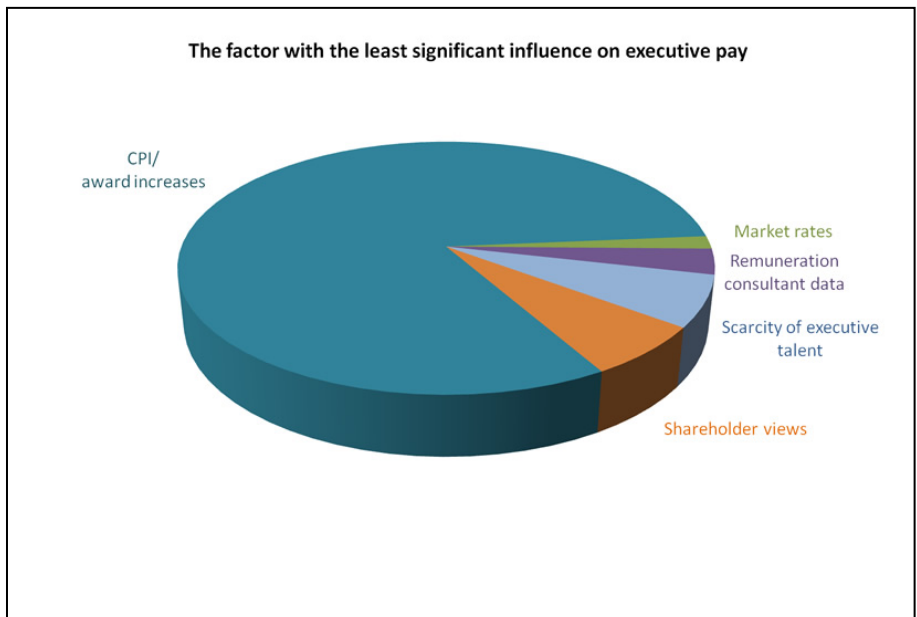
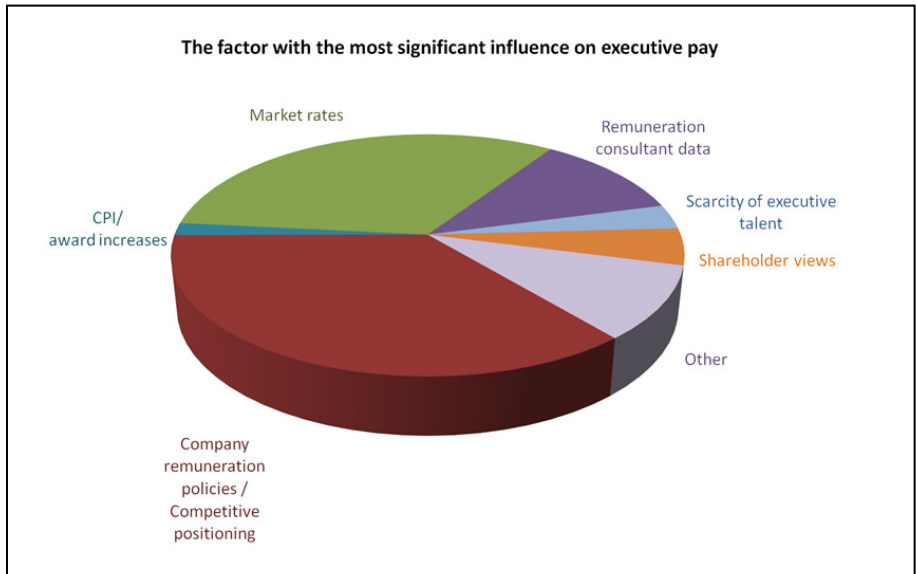
The third most influential source, though substantially diminished in emphasis, was data provided by consultants, other modest influences including public opinion, economic and business conditions, shareholder views and criticality of talent shortage.

The least influential factors were adjustments to the Consumer Price Index and award increases, rated by more than 80% of respondents in that context.

In relation to the most critical areas of executive reward which will direct management's attention in the coming year, the area of incentives and performance management dominated, with broad comparability between a focus on annual incentive plans and equity based long term incentive plans, though not far behind was foreshadowed corporate attention to performance management programs.

Approximately one in ten organisations indicated that they will retain a continuing focus on retention of key executives and talent, with a similar number of companies revealing a continuing monitoring of base pay levels.

In response to the above findings, our next One-minute Survey focuses on those concerns regarding incentive plans and addresses initiatives currently being considered in their re-appraisal.



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