

Fewer bells and whistles expected for top executives - Jack Hammer

As the world continues to reel from the effects of the European debt crisis and global financial market turmoil, much interest is set to fall on the salary increases and bonuses being awarded to top-level executives in coming months. While executive pay packages across the world have been the source of sharp criticism in recent years, a leading executive head-hunter says extravagance is likely to be tempered this time around.



"There will be far fewer bells and whistles added on to the salary packages of top leadership in the current climate, whether they be existing or new appointments," says Debbie Goodman-Bhyat, MD of Jack Hammer Executive Headhunters and South African partner of IRC Global Executive Search Partners.

"There is, for instance, a clear line in the sand with regards to bonus payouts in the financial services sector, as several companies move towards longer term deferred bonus payments. Furthermore, new payment structures continue to be introduced, such as bonuses being paid out partly in cash and partly in shares or share options," Goodman-Bhyat says.

Smaller bonuses and increases expected

She estimates that the 'individual performance' element of the bonus calculation is likely to be reduced to about 30 to 40% of the total award, with the balance more closely linked to the company's performance.

On the matter of increases, executives are also likely to take home a less impressive raise than they have become accustomed to. In previous years, increases well over inflation rates were granted to executive teams. However, this year increases are more likely to be inflation-linked, with figures of between 6% and 8% expected to be the norm.

Goodman-Bhyat says that the ongoing global financial crises have had a sustained effect on the earning power of top executives. "Although there remains a strong demand for attracting and retaining top talent, many companies are increasingly tightening the purse strings in an effort to weather uncertain and dark economic times, and executive remuneration has not been immune to the effect of increased prudence."

For more, visit: <https://www.bizcommunity.com>