

Business Fails to Recognise Climate Change in Bonus Plans

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In a recent all-island survey of business, 62% of employers report that their organisation does not currently have targets linked to sustainability or environmental measures in their senior executive or management bonus plans.

In the all-industry survey of over 150 employers, only 27% of businesses report including environmental targets in their bonus, while 11% report that they are planning to introduce such targets. This is clearly of significant concern in the current climate crisis, with the background of COP26 and sustainability targets being demanded globally by the public.

A lack of bonus targets linked to environmental measures is particularly apparent in the Technology Sector (84% currently report no environmental targets in their bonus arrangements) and Financial Services (64% report no environmental targets in their bonus). In the Agri, Food and Dairy sector almost half (46%) report no environmental bonus targets currently in place. Encouragingly 20% of this sector reported that they are planning to introduce targets. This is significant given the potential impact of agriculture on the environment. It is disappointing that currently only 34% of Agri, Food and Dairy businesses reported environmental targets within senior management/executive bonus plans. In the Construction and Engineering sector 50% of organisations currently report environmental targets in their bonus plans, which also appears low given the nature of the business.

Patrick Robertson, Managing Director of Performance Reward Consulting who conducted the survey, says “Experience tells us that unless targets form part of senior management and executive bonus plans, then they are unlikely to receive significant attention from executive teams. I would predict that we will see many more Irish organisations across sectors introducing environmental targets in bonus plans, as Boards recognise the importance of protecting the environment and the degree of public focus on it.”

In recognition of the environmental impact of company vehicles, 27% of organisations reported that they are either encouraging the choice of electric vehicles, reducing their vehicle fleet or are introducing other changes to their vehicle policies. Mr Robertson notes “Ireland is a challenging geography for fully electric vehicles, due to its largely rural nature, so other solutions to reduce vehicle emissions may need to be considered. It is encouraging to see that Irish employers are starting to think about the environmental impact of their vehicle policies, in addition to considering the way the vehicles are taxed.”

The survey also asked about business travel and its potential return to pre Covid-19 rates. Almost 40% of businesses responding to the survey reported that they feel their business travel will never return to pre Covid-19 rates, with 27% unsure on this. Of those that do expect a full return of business travel, the majority think business

travel will fully return within the next 2 years. Interestingly, confidence that business travel will fully return to pre Covid-19 rates is higher in Northern Ireland, perhaps reflecting its commercial links to GB and significant levels of business travel there.

Within this survey, most employers (76% of those responding) are also expecting employees to remain working from home on average 2-3 days a week, even in 2 years time. The majority of employers reported few productivity issues with remote working, and this is clearly an established new way of working. The on-going reduction in commuting associated with this is likely to have a positive environmental impact.

Patrick Robertson concluded “Employers across Ireland have been undertaking significant work to improve their business sustainability over recent years, but without targets being enshrined in senior executive bonus plans, companies may fall short of implementing the changes required. This is likely to be an area of significant focus in the coming years as the environment becomes an increasing commercial priority.”

Note to Editors

Performance Reward Consulting’s *Reward Planning for 2022 Survey* covered a range of HR and reward related topics. The survey was sent to HR Leaders, CEOs and business executives in late October 2021. 154 organisations participated in the survey. The median Irish headcount across participating organisations was 415 employees with an average headcount of 1,007 employees. The combined 2021 Irish employment from the participating organisations was 155,045 employees. The survey was conducted on a cross industry, all-island basis. Further participant information, including a sector breakdown, is attached.

About Performance Reward Consulting

Performance Reward Consulting is a boutique reward consultancy focusing on the Irish market. From advising on reward levels and appropriate reward strategies to support business plan goals, to designing performance-based incentives that motivate employees, they tailor their reward solutions to each client’s commercial strategy and unique business environment. For more information visit:

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