

Employment Incentives Series: Part two - What plan do you need?

In Part Two of our Employee Incentive Series, we discuss what questions you need to consider when designing an employee incentive plan (EIP) for your business. These points form only part of the considerations an employer will need to think about prior to implementing an EIP and the weight given to each will depend on commercial strategy.

Points to consider

What will be awarded? - When designing an EIP, the first question that should be addressed is the form of 'incentive' that will be awarded to employees. As discussed in our previous article in this series, the two key types of awards granted under EIPs are shares and/or cash. Share plans are particularly useful for smaller companies (including start ups) where levels of capital in the business do not afford for cash payments to be made. Granting equity in such a business can be a useful method in helping employees feel invested in the company, given that they hold an ownership interest within it.

Who will participate? - Who will be able to participate in the EIP? Will it be reserved for selected individuals (e.g. senior management) or will all employees participate?

Who will be eligible for awards? - How will your company decide who will receive awards under the EIP? Will it solely be based on tenure of employment (i.e. after two years of continuous employment) or will performance-based metrics be included? If performance is taken into account, how will the business ensure consistent application of KPIS, particularly where different grades of employees are included in the plan.

What will happen to 'leavers'? - What will happen when an employee participating in the EIP leaves before being granted an award? Will they still be eligible to participate in the plan? Are there certain circumstances, for example death or retirement, that will permit continued eligibility for award (these are sometimes known as 'good leaver' situations)? What happens if an employee's employment is terminated for misconduct or fraud (i.e. a 'bad leaver') and how broad will such provisions be?

How will the award be valued? - If awarding cash, how will employee awards be valued? Will it be predetermined, either as one amount or fixed tiered amounts based on performance, or an amount linked to the value of another metric (e.g. share value in the company)?

PwC Legal's award-winning team of over 60 lawyers, in combination with PwC Legal's global network of over 5,500 legal professionals in 100+ countries, is ideally positioned within the Middle East market to be your employee reward and management incentives advisor. Please contact Darren Harris, PwC Legal Middle East Legal Leader (darren.harris@pwc.com) and/or Natalie Jones, Middle East Employment & Reward Leader (natalie.j.jones@pwc.com) to discuss how we can add further value to your employee reward and management incentives proposition.

PwC Legal Middle East

Contact us for further information



Darren Harris

PwC Legal Middle East | Partner
Legal Leader | Head of Corporate
Mobile: +971 (0) 56 418 9768
Email: darren.harris@pwc.com



Natalie Jones

Director | Employment & Reward
PwC Legal Middle East
Mobile: +971 (0) 5
Email: natalie.jones@pwc.com



Paul Kirk

Senior Associate
PwC Legal Middle East
Mobile: +971 (0) 56 406 3410
Email: paul.k.kirk@pwc.com

