

Bonus payments for staff 2023

We analyse policies and bonus payments for employees, and look at the main differences by industry, job level, function, age and gender.

In a tight and competitive labour market alongside inflation pressures, organisations have been trying to support employees through the cost-of-living crisis in a multitude of ways. Together with a pay rise, a bonus payment is an important reward element that can add a substantial sum to the employee's remuneration.

We define bonus as "the amount of any cash bonus paid to this individual in the previous 12 months".

The data excludes commission payments and non-cash rewards and is current as at January 2023.

Value of bonus payments, January 2023

Out of our total sample of 1.46 million employees in 1,099 organisations, the proportion of individuals receiving a bonus was 19.7%, although payments for most were modest.

Percentage of individuals receiving this amount of bonus:



The value of payout was typically determined based on a measure of employee and organisation performance. Among those organisations giving details of payment criteria, the following are used:

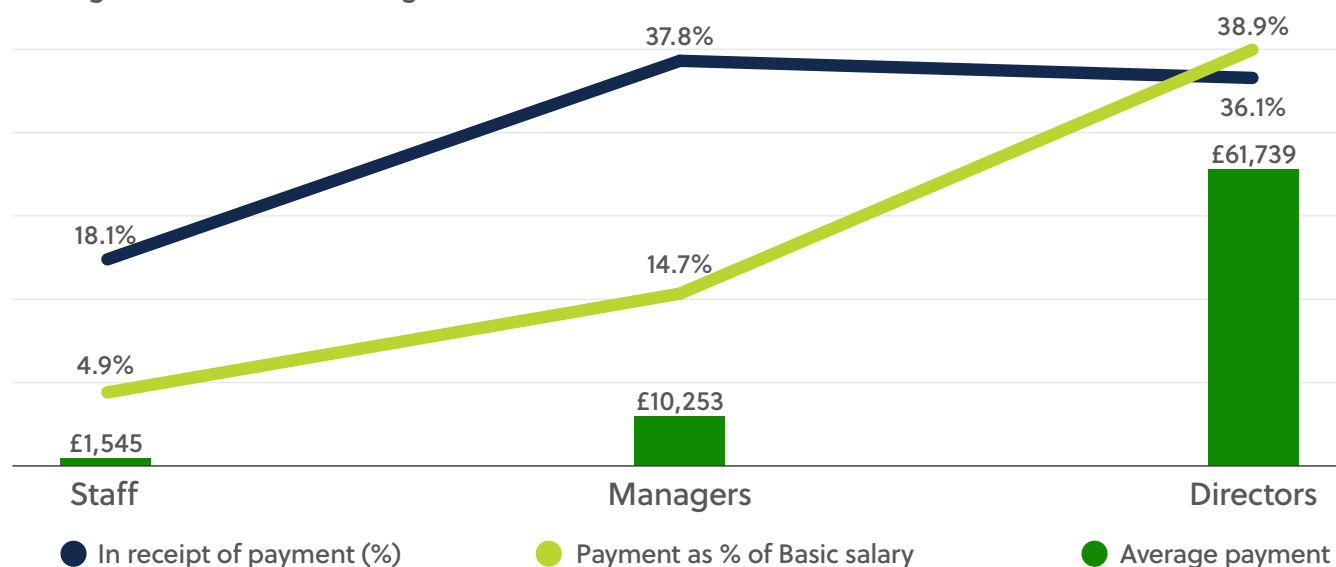


- organisation and personal performance 36.4%
- organisation performance 34.7%
- personal performance 14.8%
- fixed annually 0.6%
- some other basis 13.6%

Wide differences between job levels

The Cendex bonus data can be examined by 12 job levels, rising from entry level to chief executive. Seniority is an important factor when it comes to bonuses and, as we move up the hierarchy, not only does the likelihood of receiving a payment increase, so does the amount.

Percentage of individuals receiving a bonus:



Analysing by narrow job level, nearly a quarter (23.1%) of professional level 4 received a bonus, whereas for department managers, the proportion of individuals who were paid a bonus is nearly double (40.9%). But it was middle managers - function heads and senior function heads - who experienced the highest incidence of bonus, with 53.6% and 53.2% respectively being awarded one.

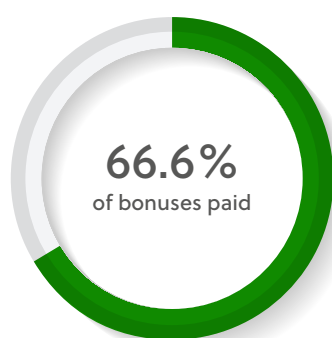
Chief executives were the fourth least likely to receive a bonus (21.5%), although when they did the payment was the highest - an average payment of £121,434, corresponding to 45.5% of basic salary. For the chief executives who did not receive a bonus, it is likely they will receive other incentive payments.

Sales and marketing among the best paid functions

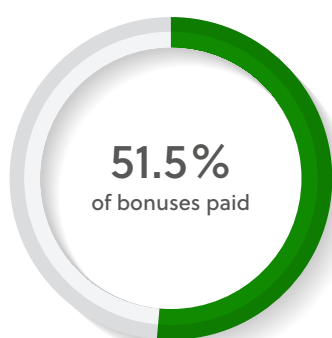
Cendex data is also broken down into 23 different job functions - from administration and general management to engineering and retail.

While pensions and insurance was the function with the highest proportion (66.6%) of bonuses paid, it was individuals in marketing and sales who received the highest bonuses by value - at an average £24,097, with 51.5% of the sample in receipt of a payment.

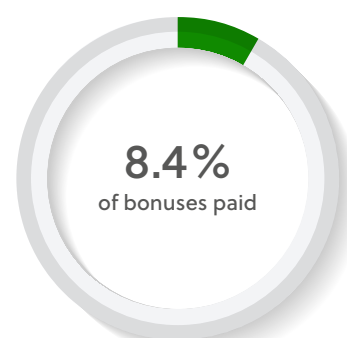
Bonuses were least likely to be available to those in fundraising (8.4%) and service provision employees (11%). However, the lowest payments by value were made to those in education (£715) and transport (£757).



Pensions & Insurance



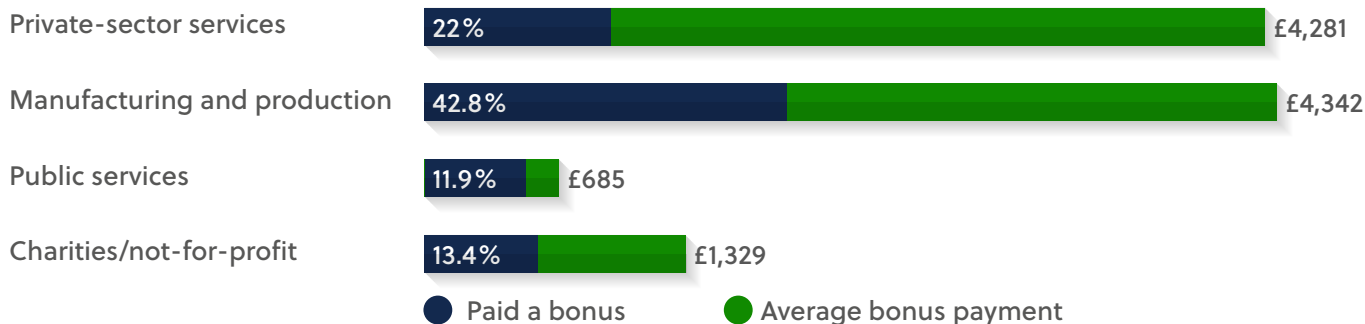
Marketing & Sales



Fundraising

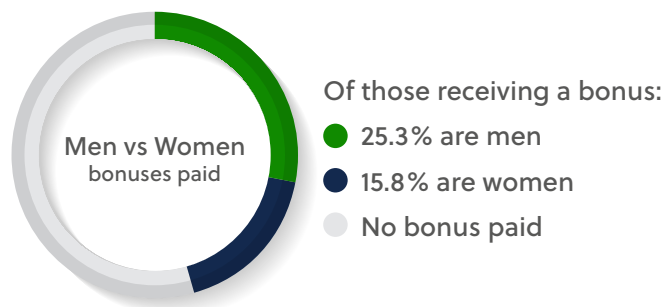
Bonuses by industry: Manufacturing stands out

Manufacturing and production was the broad industry sector most likely to pay bonuses, with four in 10 individuals receiving a payment. Average bonus payments by broad sector are as follows:



Gender imbalance in bonus payments

An analysis of the data by gender reveals a 9.5 percentage point difference between bonus payments received by men and women.



Furthermore, not only are men more likely to be in receipt of a bonus in most age bands (except at ages 18 and 26), the value of the payment also differs widely. On average, males received awards corresponding to 10% of their basic salary, whereas for women it corresponded to 7.4%. Differences increase particularly as age rises - as men get older their payments increase at a much faster pace than women's.

Analysing by years of service, there were also differences in the value of the bonus given to men and women. At the start of the career the average payment to men was 7% higher than that paid to women. The gap then widens, peaking at 26 years' service when the average bonus awarded to men (£6,945) was more than double that given to women (£3,290).

Build the right reward strategy

Use our high-quality reward data and best practice content to devise a reward strategy, ensuring you have the right talent to achieve your business objectives.

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