Pearl Meyer

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Trends in Granting Equity



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In a normal year, equity grants are fairly straightforward. However, retention concerns, stock market volatility, inflation, and a host of other external pressures are converging and upending normal “best practices.”

This Quick Poll *“Trends in Granting Equity”* was designed to assess if and how organizations are changing their usual equity practices and to what degree.

We received responses from 187 companies and the data indicate some companies have moved to granting equity deeper in the organization and many are enhancing the equity grants for new hires. Not surprisingly, some companies are also reporting increased equity burn rates. The data indicate an increased use of restricted stock, reflecting a volatile 2021.

However, certain design changes like shorter performance periods and vesting periods were generally not adopted despite being more employee-friendly in a tight labor market. And finally, we learned that only one-third of companies take unvested totals into account when granting additional equity. Although not a prevalent practice today, we see this as an emerging tool to manage compensation.

About the Author

Aalap specializes in executive compensation strategy—governance, pay-for-performance, and incentives—helping companies align business, people, and compensation strategy for effective programs.

About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management helping organizations build, develop, and reward great leadership teams that drive long-term success. Our strategy-driven compensation and leadership consulting services act as

powerful catalysts for value creation and competitive advantage by addressing the critical links between people and outcomes. Our clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private organizations to the Fortune 500.