

THE **FY22** SALARY INCREMENTS BENCHMARKING STUDY



**People Cost | Compensation Budgets | Pay Increments | Variable Pay Shares |
Pay-to-Market Ratio**

A STUDY OF TRENDS IN COMPENSATION STRUCTURE AND SALARY INCREMENTS

The **FY22 Increments Benchmarking Study** aims to assess trends in salary increments and budgets across levels of management, functions and talent groups across companies. The analysis is based on a survey, conducted in January 2021, of over 220 participating organisations across sectors. The report covers the following areas:

Total People Cost (CTC)



Average CTC trend FY20, FY21, FY22 • People cost as a percentage of total cost • People cost as a percentage of revenue

Compensation Budgets



Change in compensation budgets for each function • Extent of change in compensation budgets by functions

Variable Pay Shares



Median variable pay as % of CTC for each function • Median variable pay as a % of CTC for each management level

Pay Increments



Increments for FY22 by management levels, function, and talent group • Comparison with trend for FY20 and FY21 by function, management level and talent group

DETAILED PEER COMPARISONS & CROSS TABULATIONS



226 listed and unlisted
companies studied



3 years of
compensation trends



5 management levels
evaluated



6 business functions
reviewed



Segmentation for
10 sectors and **25**
sub-sectors



6-way
Cross tabulations

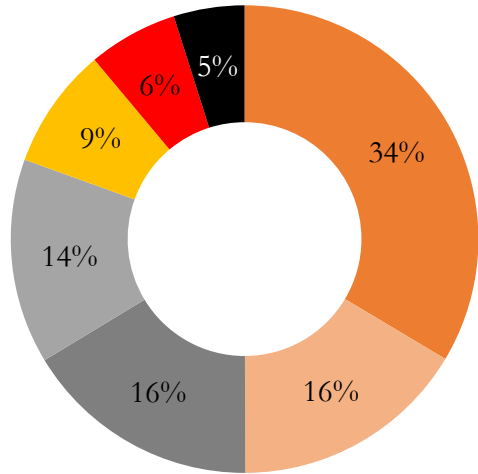
In addition to sector, revenue, and ownership splits, detailed cross-tabulations are made on the basis of the following parameters:

- **Domain:** Manufacturing, Services and Both
- **Orientation:** B2B, B2C and Both
- **Listing:** Listed in India, Abroad, Dual and Unlisted
- **Financial year:** companies with a Jan-Dec financial year versus April-March
- **Functions:** Sales/Marketing/Customer Service, Business/Operations/Manufacturing, Finance/Treasury, HR, Shared Services, Facilities/IT/Administration
- **Management level:** C-level, Senior Management, Middle Management, Junior Management, Blue Collar Workforce
- **Talent Group:** HiPos, Top/Average/Low Performers

IN-DEPTH COVERAGE ACROSS SECTORS, OWNERSHIP LEVELS AND MORE

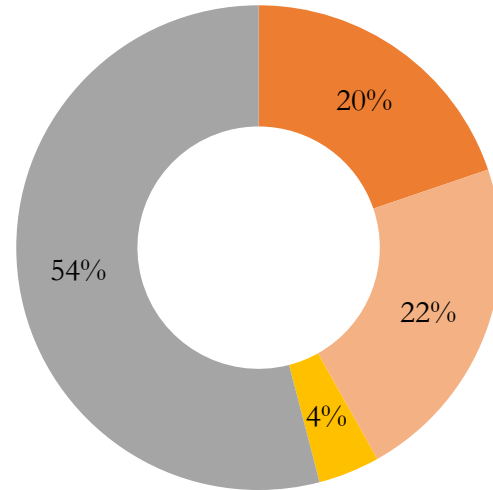


Total India Turnover (Rs crore) : FY20



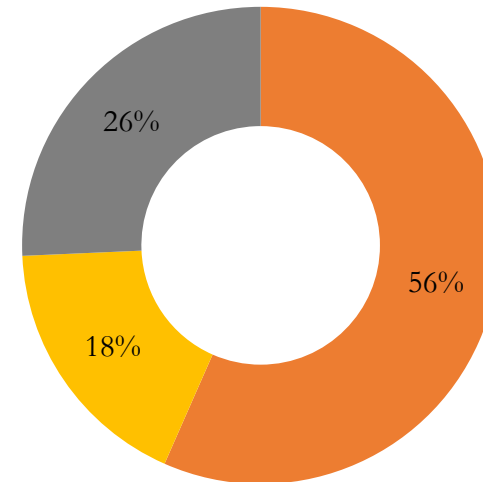
- < Rs 250 crore
- Rs 500-1,000 crore
- Rs 2,500-5,000 crore
- >Rs 10,000 crore

Listing



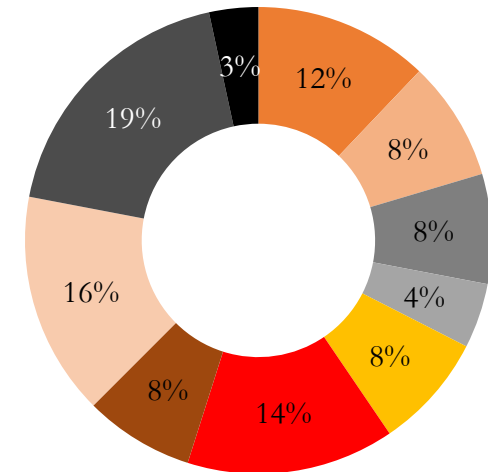
- Listed - India
- Listed - Abroad
- Listed - Dual
- Unlisted

Ownership



- Foreign MNC
- Indian domestic
- Indian MNC

Sector



- Automotive
- BFSI
- Chemicals
- Construction
- Consumer goods
- General services
- Healthcare
- IT & ITeS
- Industrials
- Resource-based industries

Other segmentation parameters include: by domain, company orientation, financial year

ENABLING CXOs WITH THOUGHT PROVOKING INSIGHTS

The **100+ page report** helps to:

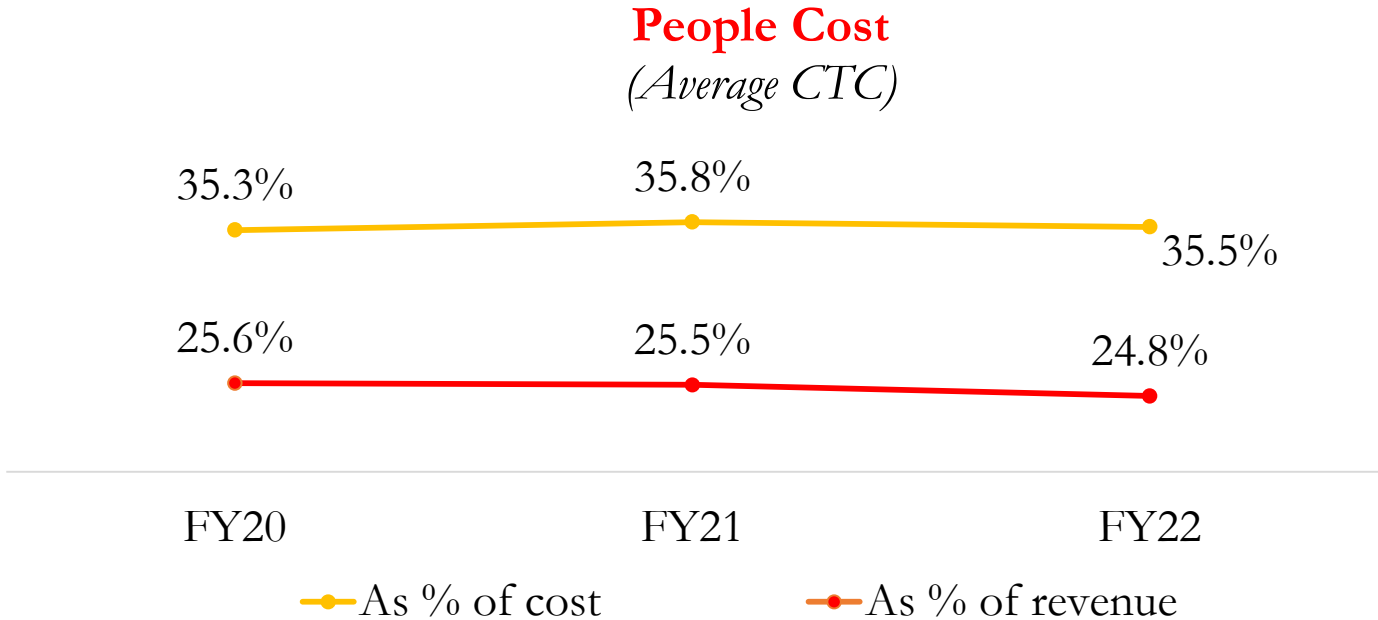
- ✓ **Identify** trends in salary increments across management levels and functions
- ✓ **Understand** how compensation budgets are likely to change
- ✓ **Establish** benchmarks for compensation to executives based on leading industry practices and detailed peer comparisons
- ✓ **Develop** genuine forecasts to optimise costs and budgets
- ✓ **Recognise** salary increment differentials across executive levels and functions



HIGHLIGHTS AND SAMPLE FINDINGS FROM THE REPORT

PEOPLE COSTS: HOLDING STEADY

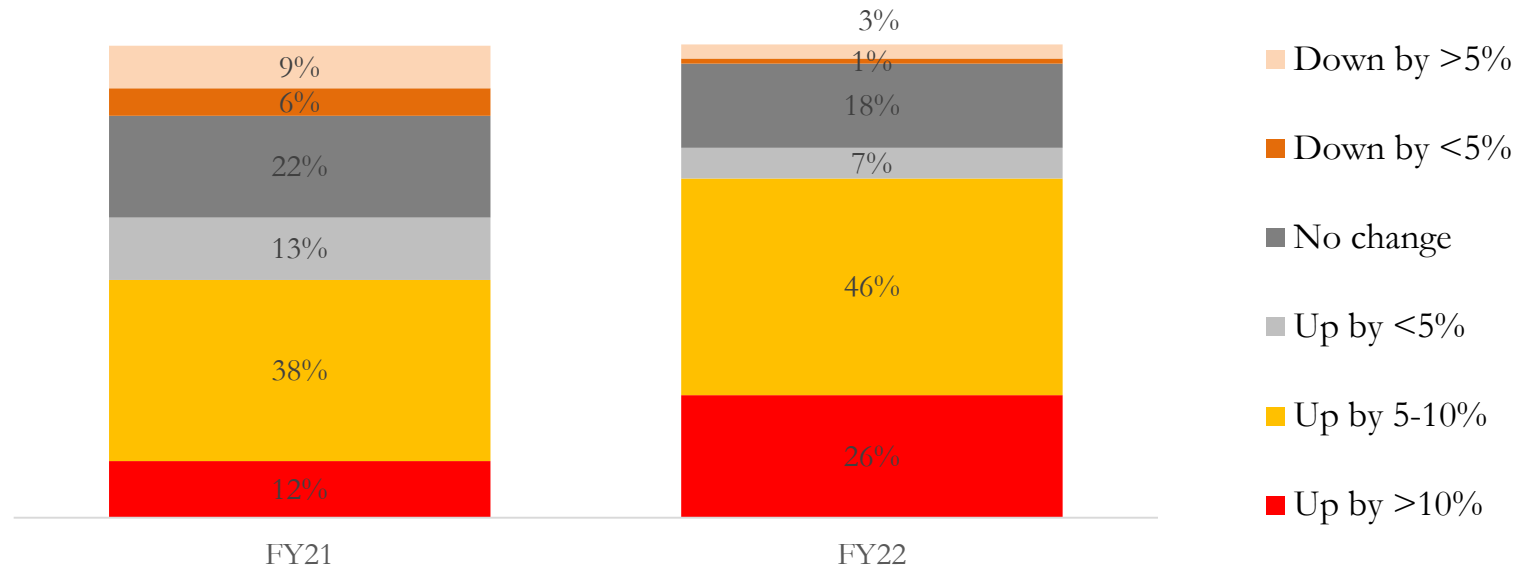
- Over the last two years, people costs as a percentage of total cost have remained broadly stable at ~35.5%. Expectations are that in FY22, it will stay in a similar range.
- As a share of revenue, the average company spent about one-quarter of the total on people in both FY20 and FY21. Going forward, there is a small but noteworthy (70 basis points) fall in this share, indicating that revenue is expected to rise faster than the overall pay bill.



CHANGE IN COMPENSATION BUDGETS: BY FUNCTION

- 26% of companies plan to increase the compensation budget for the business, operations and manufacturing functions by more than 10% in FY22 and 46% by 5-10%.
- *Similar data is presented in the report for each function and management level.*

Business, Operations and Manufacturing

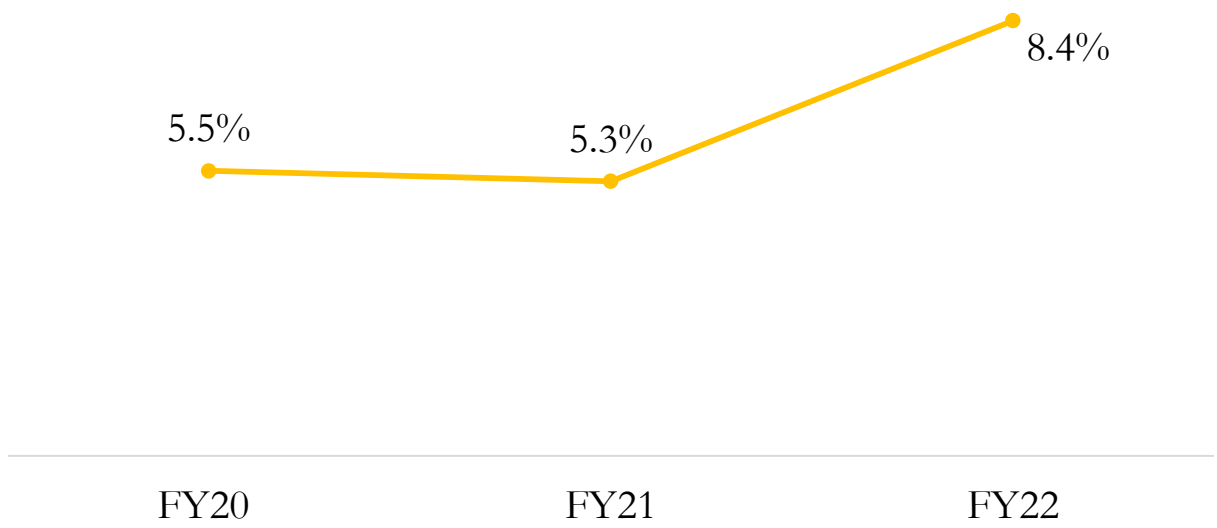


TRENDS IN INCREMENTS: BY LEVEL

- Senior managers saw a mild fall in increments in FY21, while other levels saw an increase compared to FY20.
- In FY22, increments have picked up substantially though they remain lower than for most other management levels.

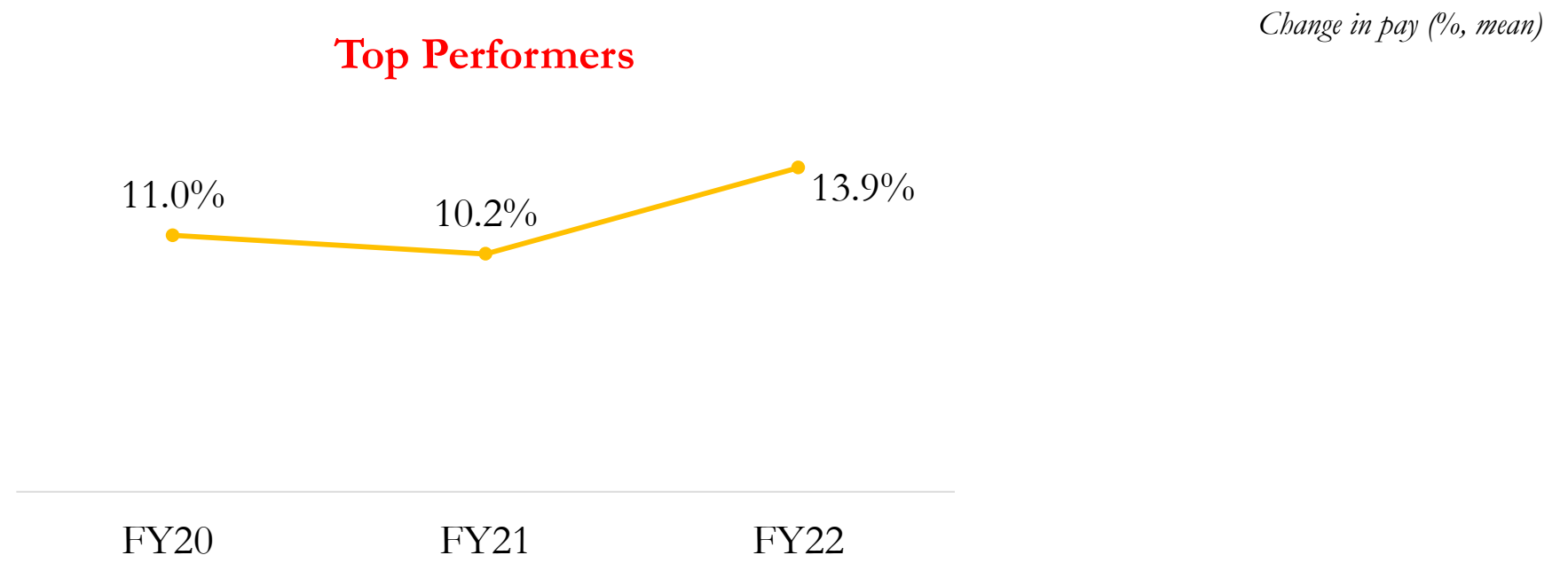
Senior Management

Change in pay (% , mean)



TRENDS IN INCREMENTS: BY GROUP

- FY22 will see much larger increases, particularly among HiPos and top performers (13.9% and 3.7 percentage points).
- The gap in increments between HiPos and low performers will widen in FY22.



OTHER HIGHLIGHTS

- Across sectors, sales, marketing and customer-service employees will receive the biggest hikes in FY22. The highest increments for this function is in the chemical and industrial sectors.
- In general, junior employees will receive the highest increments in FY22 and C-suite executives the lowest. However, there are significant variations by sector and other parameters.
- Increments are not strongly related (if at all) with company revenue. However, across most functions, smaller companies (Rs 250-500 crores) will be giving out the highest pay hikes in FY22. The exceptions are sales, marketing and customer service and shared services, where the highest increments are being paid by the larger companies.
- The ownership-increment correlations are stronger, with foreign MNCs generally offering the highest increments. The one exception is with top performers, where Indian MNCs come out ahead.
- The salary midpoints-to-market ratio measures the gap between average pay in an organisation vis-à-vis the market average for that position. In FY21, the delta (or premium over market rate) increased across functions, typically by about 1 percentage point.

The above highlights are some high-level examples. The full report contains detailed insights, cross-tabulations and role specific segmentations.

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Introduction and Overview



- Scope and methodology
- Company demographics
- Glossary of terms
- Executive summary

Compensation: Cost and Structures



- People Cost as a % of total cost and revenue: FY20, FY21, FY22
- People Cost as a % of total cost and revenue: FY20, FY21, FY22: 25th Percentile, Median, 75th Percentile
- Change in Overall Compensation Budget: FY21, FY22: By Functions
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Increments**



- Salary Increments Planned in FY22: By Management Level and Function
- Trends in Increments by Function: FY20, FY21, FY22
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- Trends in Increments by Talent Group: FY20, FY21, FY22
- Increments, FY22: By Sector and Function
- Increments, FY22: By Revenue/Ownership and Function
- Increments, FY22: By Sector and Level
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- Detailed **6-way cross tabs** by revenue, ownership, sector, domain, orientation, listing for:
- People Cost: % of total cost and revenue: FY20, FY21, FY22
 - People cost as a share of total cost: FY20, FY21, FY22: 25th Percentile, Median, 75th Percentile
 - People cost as a share of total revenue: FY20, FY21, FY22: 25th Percentile, Median, 75th Percentile
 - Change in People Cost (% of total cost): FY21, FY22, and Direction of Change in FY22
 - Change in People Cost (% of total revenue): FY21, FY22, and Direction of Change in FY22
 - Change in Compensation Budgets: By Function; and Direction for Change (% Companies)
 - Variable Pay (% of CTC): By Function, Group and Level
 - Increments: By Function and Direction of Change
 - Increments: By Level and Direction of Change
 - Increments: By Talent Group and Direction of Change
 - Increment-Differentials* Across Groups, FY22
 - Midpoint-to-Market Delta: By Function, Level and Group

PRICE

- The full report, including detailed annexures, is priced at **Rs 60,000 + GST**
- Special fees for:
 - **Members** of The India CHRO and CEO Forums: **Rs 25,000 + GST**
 - **Members** of IMA's other Forums: **Rs 35,000 + GST**
 - **Respondents** to the survey: **Rs 15,000 + GST**



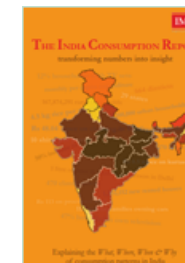
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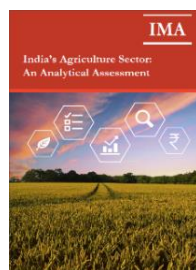
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