

KPMG in India's Annual Compensation Trends Survey 2018-19

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About the survey



KPMG in India's Annual Compensation Trends Survey aims to understand a wide range of current and emerging compensation trends in organisations across India and provide them with a reference point on key aspects such as increments, variable pay, benefits, employee attrition and retention, and potential future HR trends.

This survey analyses and brings together findings from 272 companies across 18 sectors.

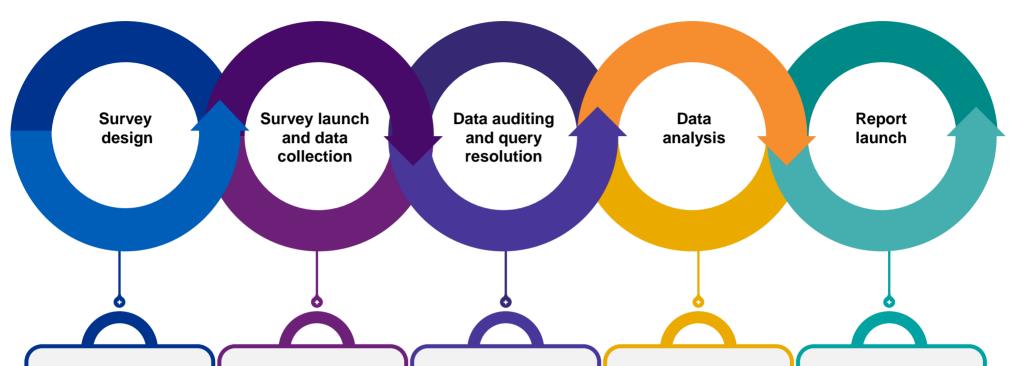






Survey approach





Key parameters of the study were finalised and a structured questionnaire was designed as the primary tool for data collection. A broad cross section of sectors and management levels covered in the study were finalised

To solicit participation, formal e-mail invitations and an online questionnaire were sent to the target respondents

The responses received from all participants were validated and checked for consistency and completeness. In case of a query, reports were sent out to the participating companies

Data received was collated and analysed to get detailed insights on sector-wise practices, compensation and benefits trends

Launch of Annual Compensation Trends Survey Report (FY 2018-19)



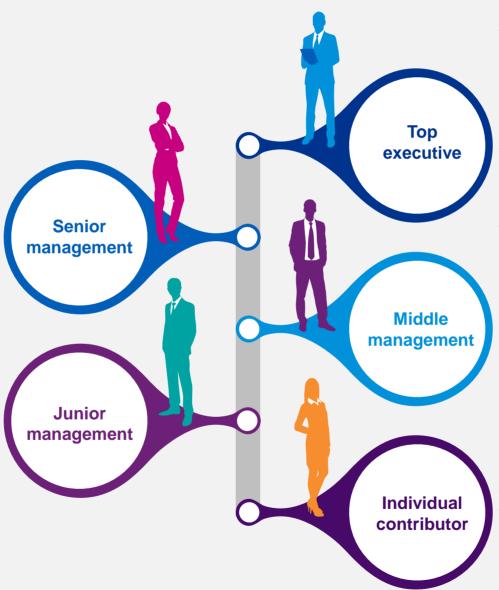


Definition of management levels



Executives who directly report to the top management and manage a wide range of functions but are not regarded as top management. This also includes direct reportees to different key functional and business heads

Includes supervisory staff usually involved in the day-to-day functioning of a small team (first level of people management responsibility)



The senior-most executives in the organisation (CEOs) coordinating between all the functions, providing leadership, overall direction and control of the company's operations. Also includes key executives (direct reportees to CEO) within the organisation heading key functions and businesses, actively participating in developing company policies, who tend to work closely with the top executive (CEO) and the board of directors(if any)

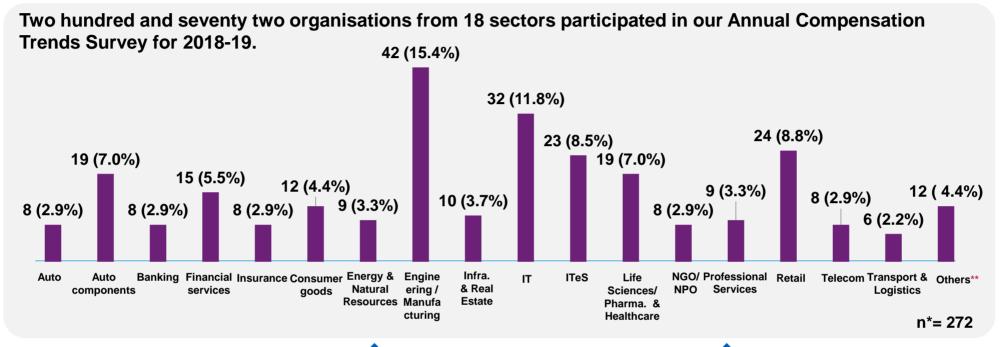
Includes executives with supervisory responsibilities for a sub-function, part of a business, etc. who directly report to senior management

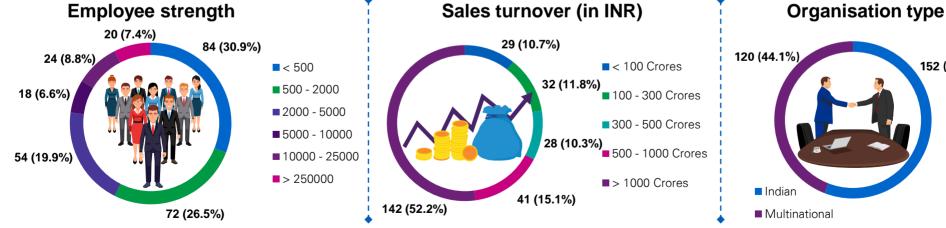
Professional contributors required to deliver value for the business through their own efforts to influence others both within and across functions. Roles have no direct people management responsibility, but may have indirect responsibility via project team



Participant profile







^{*} n reflects the actual number of respondents who have provided this specific data point

Source: KPMG in India's Annual Compensation Trends Survey 2018-19

^{**} Others include companies in Hospitality, Entertainment, Education, Facility Management and a few conglomerates. Considering the limited number of responses from these sectors within the specified timelines, separate sector reports have not been published



152 (55.9%)

Executive summary | Key survey findings



9.6%

Average projected increment for the year 2018-19, an increase of **0.2 per cent** from 2017-18

The highest increment of 10.7 per cent is reported by the Professional services sector. the lowest of 8.3 per cent is that of Non - profit **Organisations (NPO)**



15.7%

Average projected variable pay across sectors, 0.3 per cent higher than that in 2017-18

The highest variable pay of 20.7 per cent is reported by the Financial services sector, the lowest is that of NPO at 10.6 per cent



13.1%

Average annual voluntary attrition across sectors

The highest voluntary attrition of 18.5 per cent is reported by retail, while the lowest of 6.6 per cent is reported by the automobile industry



57.3%

Organisations identified 're-inventing PMS' as one of the most important future HR trends

51.1 per cent of the respondents are also ready for the change the PMS



Source: KPMG in India's Annual Compensation Trends Survey 2018-19



Executive summary | Key survey findings

employees

performance



Top three reasons		Top three compensation levers			Top three compensation		
attrition		f	or talent ret	ention	leve	levers for attracting talent	
31.0% Better care	eer opportunities	20.2%	Performance	-based variable pay	19.9%	Attractive benefits offerings	
25.2% Better pay elsewhere		18.5%	Recognition awards - cash/non-cash			Sign on bonuses	
17.4% Personal r health, chi etc.			nus	14.6%	Referral benefits/awards		
n = 242				238	n = 246		
	81.0%	61.3%	76.2%	65.7%	74.6%		
	Organisation I	Productivity of	Business unit	Positioning with	Industry		

Top five rewards challenges

performance

respect to

competitors in relevant markets

64.4%	56.8%	72.9 %	68.2%	54.2%
Differentiating rewards for key talent	Creating/improving performance and productivity linkage to rewards	market	Addressing the diverse needs of your workforce	Executing and announcing rewards programmes

Percentages can sum up to more than 100 per cent due to multiple selections by a few organisations

Source: KPMG in India's Annual Compensation Trends Survey 2018-19

outlook



n = 236

n = 248



Executive summary I Actual vis-à-vis projected



10.3%

9.3%

9.4%

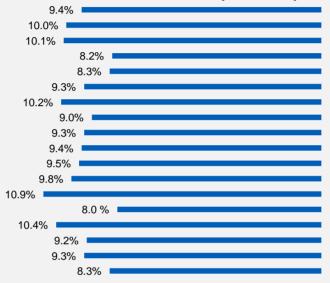
Average increment



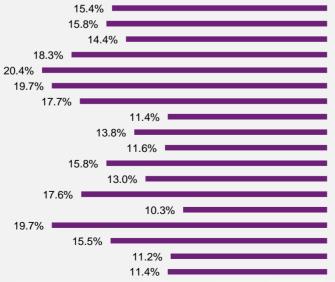
Average variable pay



Actual (2017-18)



Actual (2017-18)



Projected (2018-19) Overall Average







Overall Average

Auto

Auto Components

Banking

Financial services

Insurance

Consumer goods

IT

ITeS

NGO / NPO

Professional services

Retail

Telecom

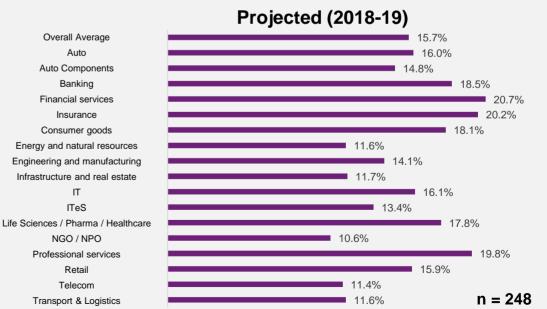
Transport & Logistics











Source: KPMG in India's Annual Compensation Trends Survey 2018-19

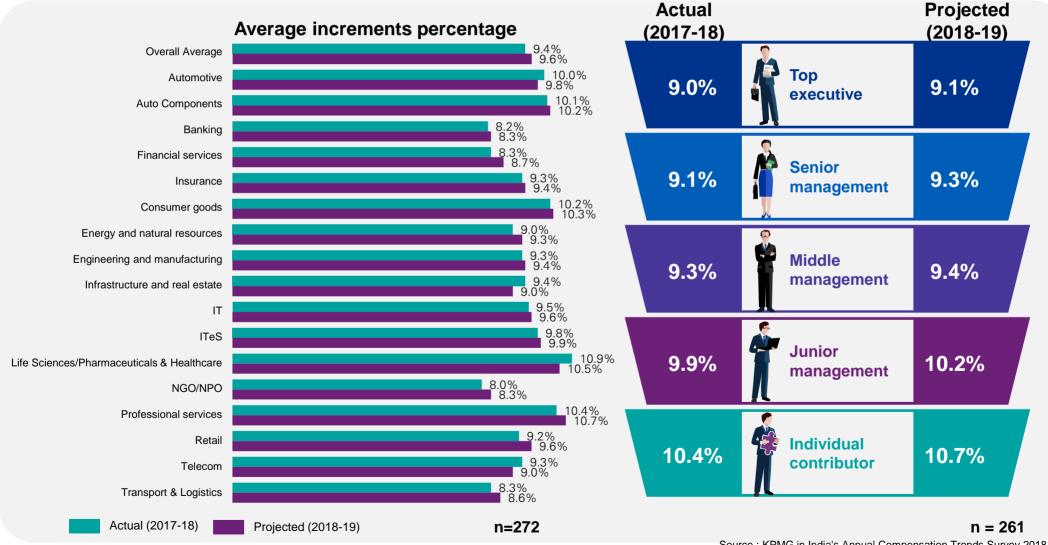




Overview | Average increments



All sectors surveyed projected an increase in the average increments in 2018-19. The maximum increase is being projected by the **Financial services** and **Retail** sectors, where **Financial services** sector has projected an increment from **8.3 per cent** (actual) to **8.7 per cent** (projected) while the Retail sector has projected an increase from **9.2 per cent** (actual) to **9.6 per cent** (projection).



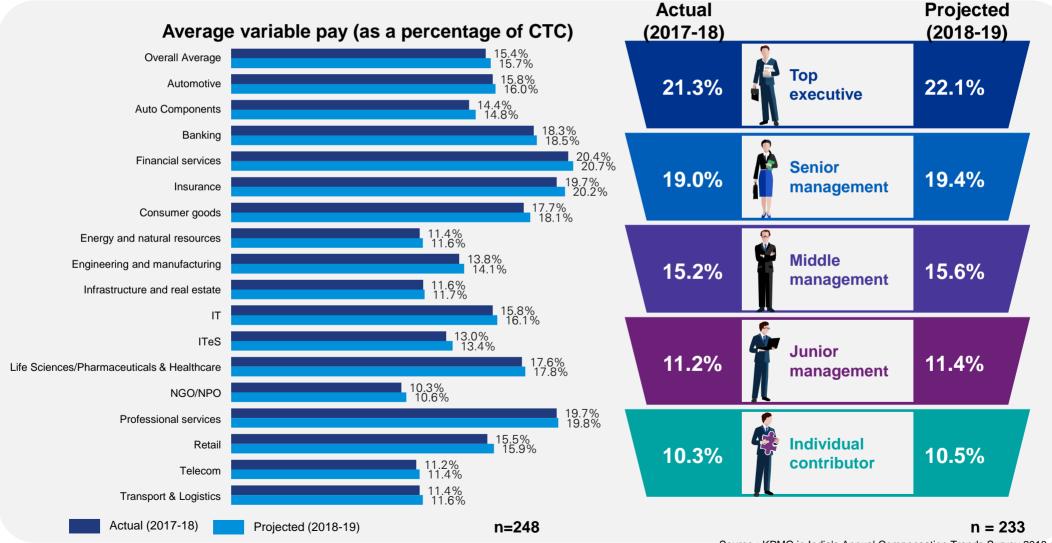




Overview | Average variable pay



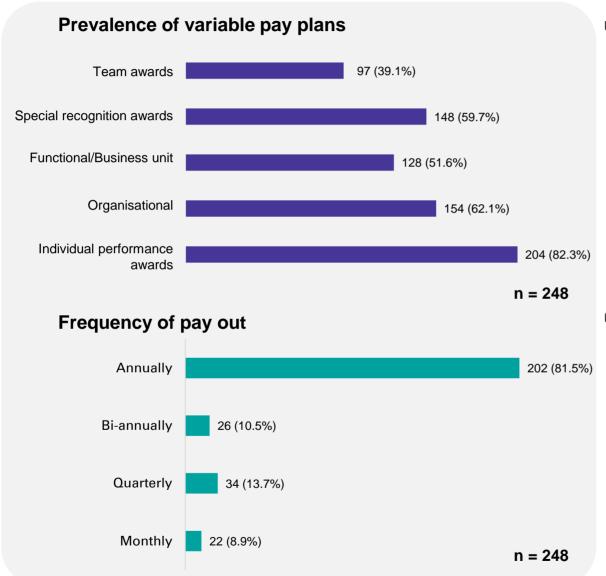
The Average variable pay projection has increased from 15.4 per cent in 2017-18 to 15.7 per cent in 2018-19. This indicates that organisations are continuing to move towards paying for performance and variable pay holding a higher percentage in the CTC. The highest variable pay as a per cent of CTC is reported by the Financial services sector and lowest by NGO/NPO.





Overview | Prevalence and frequency of variable pay





Percentages can sum up to more than 100 per cent due to multiple selections by a few organisations

Almost 90.7 per cent (225 of 248) respondents say they have a variable pay programme in their organisation. The most prevalent programme being Individual Performance Awards commonly given to middle management and individual contributor cadres.

The average pay out as a per cent of CTC is seen to increase in ascending order from individual contributor to top executives.



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Overview | Performance management

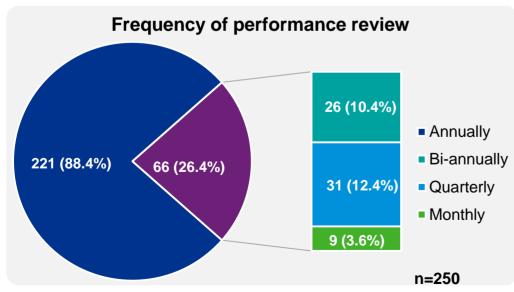




The most prevalent frequency of performance review is reported to be **annual** for most organisations surveyed.



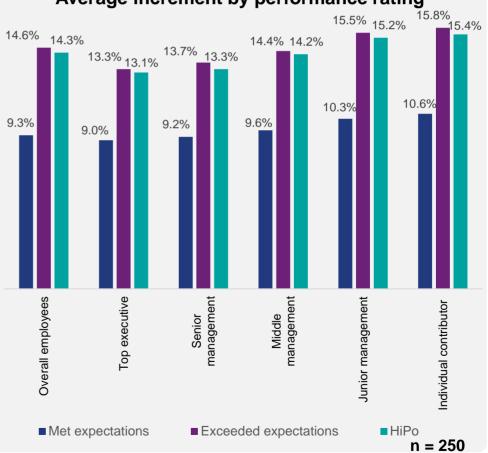
Almost all organisations reported using a **threshold** for including new joiners in the performance cycle, with 231 of 248 (93.0%) organisations keeping it at **six months**



Almost **75% (174 of 232)** respondents identify high potential (HiPo) employees and offer them an average hike of **14.7%**

Only **8% (19 of 240)** respondents have reported giving an off-cycle salary hike.

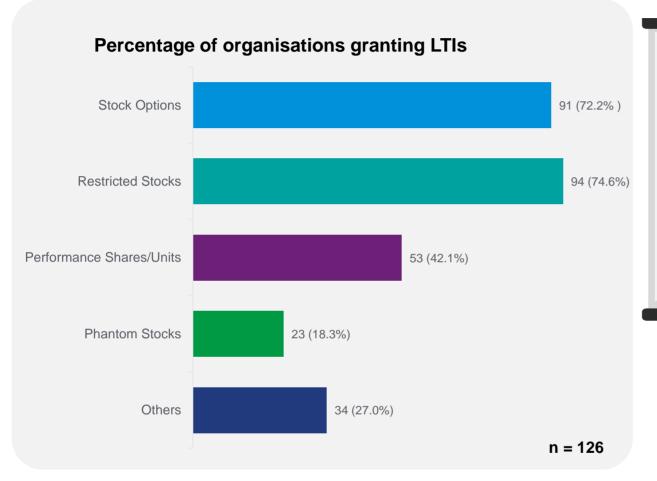
Average increment by performance rating



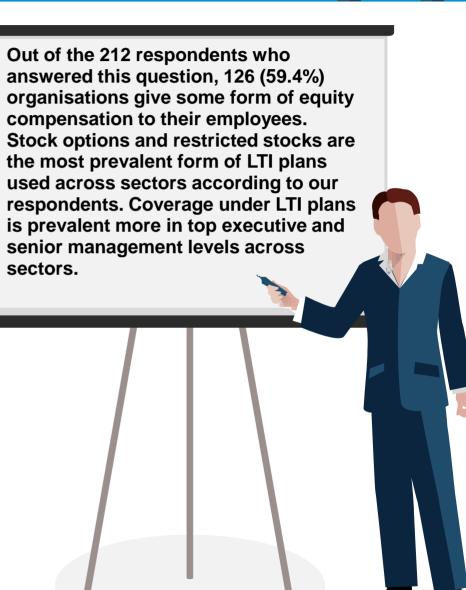


Overview | Long term incentives (LTIs)





Percentages can sum up to more than 100 per cent due to multiple selections by a few organisations







Overview | Average voluntary attrition (2017-18)

13.1%

Overall average

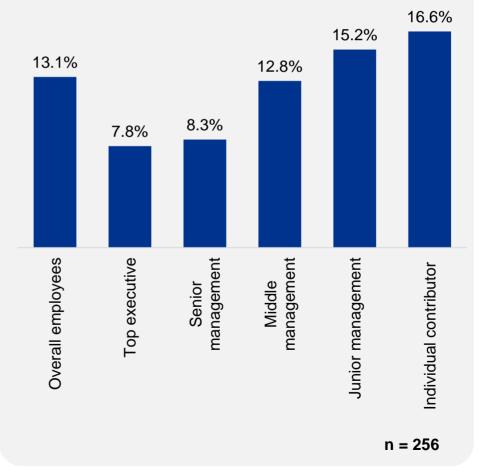


Automotive	6.6%	
Automotive components	7.9%	
Engineering and manufacturing	8.4%	
Energy and natural resources	8.5%	
NGO/NPO	9.2%	
Consumer goods	12.8%	
Infrastructure and real estate	13.3%	
Transport & Logistics	13.7%	
IT	14.6%	
Telecom	14.6%	
Life Sciences / Pharma / Healthcare	14.8%	
ITeS	15.1%	
Banking	17.8%	
Professional services	18.1%	
Financial services	18.2%	
Insurance	18.3%	
Retail	18.5%	

The average annual voluntary attrition appears to have gone down from 13.4 per cent to 13.1 per cent.

The highest attrition was reported by the Retail sector, with e-commerce being on the higher side with an average voluntary annual attrition of 18.5 per cent.

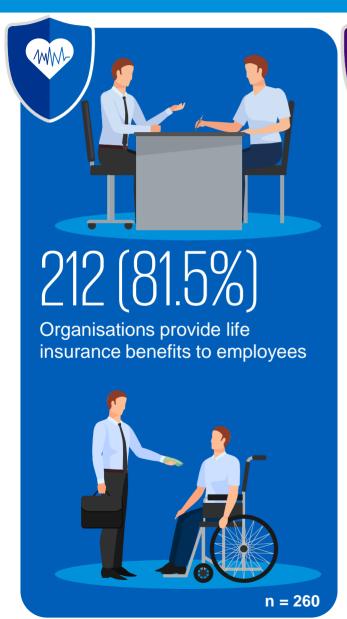
Average annual voluntary attrition by levels





Overview Insurance benefits









255 (98.1%)

Organisations provide medical insurance benefits that cover employees, spouses and dependent children

145 (56.9%)

Organisations cover parents in addition to employees, spouses and children under their medical insurance plan n = 260

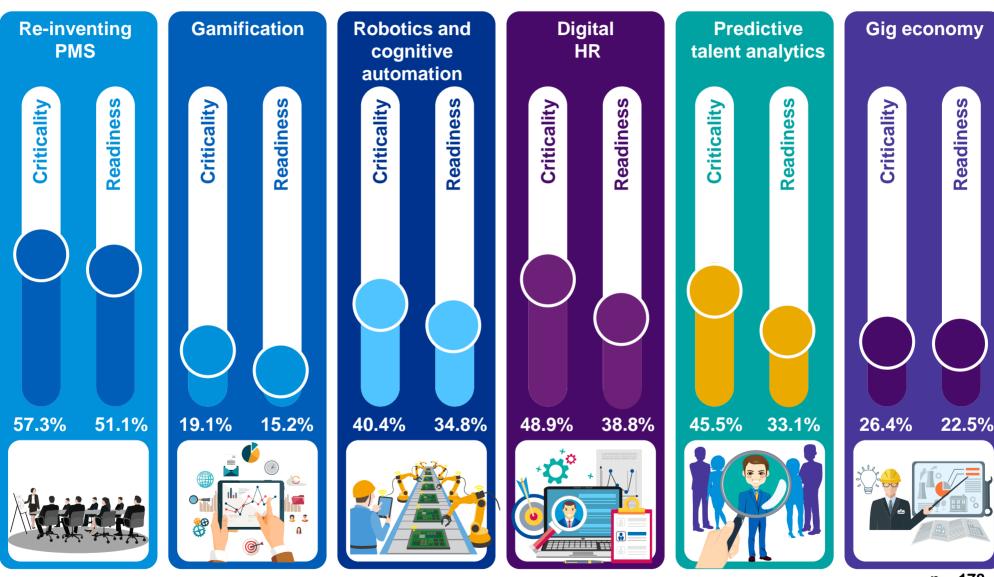
Percentages can sum up to more than 100 per cent due to multiple selections by a few organisations





Future HR trends | Criticality vis-à-vis Readiness





Percentages indicate percentage of respondents indicating high criticality / readiness for each element. For example: 57.3 per cent of the respondents consider Re-inventing PMS as critical and 51.1% number of respondents believe they are ready to re-invent PMS

n = 178





KPMG in India's People and Change Advisory Services





Our capabilities



We help clients implement progressive people strategies with an aim to achieve breakthrough business performance



Organisation development

An approach to develop and re-develop organisations to achieve specific objectives



Workforce intelligence

A focus on strategic workforce planning, rewards and HR analytics



Talent management

A thorough approach to attract develop and retain talent and capability to help deliver a competitive advantage



HR transformation

A strategic transformation of HR functions through process, technology and operating model streamlining



Behavioural change management

A proactive structured approach to facilitate complex changes

Our offerings

- Organisational vision, mission and values
- Diagnostics for organisation's structure effectiveness and readiness for future
- Organisation's structure benchmarks
- Strategic organisation design
- Role definitions
- Critical workforce segmentation
- Strategic workforce planning
- · Mergers and acquisitions.

Our offerings

- Total rewards strategy
- Compensation structuring
- Compensation and benefits benchmarking
- Job evaluation and grade structure design
- Short and long-term incentive plan design
- HR analytics and dashboards
- Workforce analytics and modeling.

Our offerings

- · Talent strategy
- Performance management including KPIs
- Competency modelling, talent assessments, HIPO identification
- Leadership development, career paths and succession planning
- L&D service offerings
- Employee engagement and culture assessment
- Employee value proposition
- · Talent analytics.

Our offerings

- · HR audit and road map
- HR vision, strategy and performance measures
- Design HR service delivery model
- Design HR process/ maturity assessment and enhancement
- HR technology and tools assessment/ implementation
- Design HR shared services and transition
- HR capability building
- HR due diligence.

Our offerings

- Business case and vision for change
- · Change risk analysis
- Change strategy
- Change leadership
- Stakeholder management
- · Involvement strategies
- Organisational integration
- People transition and workforce effectiveness
- Benefit realisation and sustainable performance
- Communication and engagement.



Our team



We are a trusted advisor in the Human Resources domain providing services to a multitude of multinational as well as Indian organisations operating in the private, public, and government sectors. We focus on developing strategies, structures, systems, processes as well as building capabilities that can enable organisations to attract, develop, engage, retain and manage talent. We deploy leading methodologies to assist HR functions and business partners to align their strategies and enable organisations to focus on their people priorities while taking into account costs, capability, capacity, connection, and compliance-related considerations.



Acknowledgements:

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- Joydeep Podder
- Shagorika Das





Thank you

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