

AON

**Aon India's
28th Annual Salary
Increase Survey
2022-23 Phase I**

Highlights

Prepared by Human Capital Solutions



Aon India's 28th Annual Salary Increase Survey 2022-23 Phase I

The largest, longest running, most comprehensive study on performance, talent & rewards trends



28th

Year running



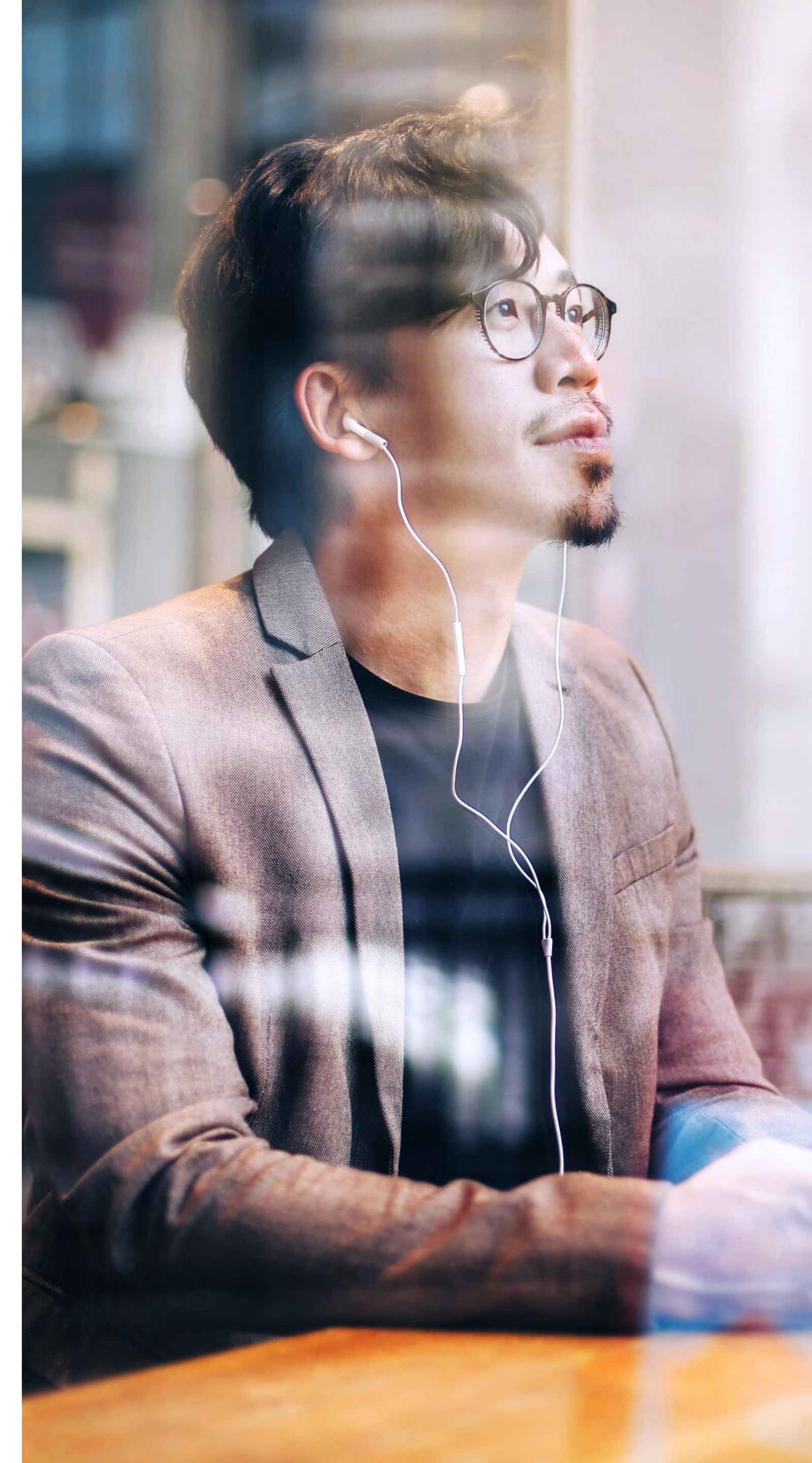
1,300

Organizations covered



40

Sectors covered



Aon India's 28th Annual Salary Increase Survey 2022-23 Phase I

Increasing industry coverage with every edition

Aerospace Engineering	Application Services/ Consulting	Auto Producers	Auto Suppliers	Banking	BFSI Captives	Cement	Chemicals	Clinical Research Organization	Consumer Durable Goods
E-Commerce	Engineering Design Services	Engineering/ Manufacturing	Entertainment & Media	FinTech	FMCG / Consumer Non-Durables	Funds / Asset Management	General Insurance & Reinsurance	Hospitality/ Restaurants	Investment Banking
Knowledge Process Outsourcing	Life Insurance	Medical Technology	Metals/ Mining	NBFC	Oil/Gas	General Industry Captives	Pharmaceutical	Power	Professional Services
Real Estate/ Infrastructure	Renewables	Retail (incl. Wholesale & Distribution)	Semiconductors	Software Products	Start-Ups	Telecom Services	Third Party Service Providers	Transportation Services /Logistics	Wealth Management

1,300
Organizations

40
Sectors covered

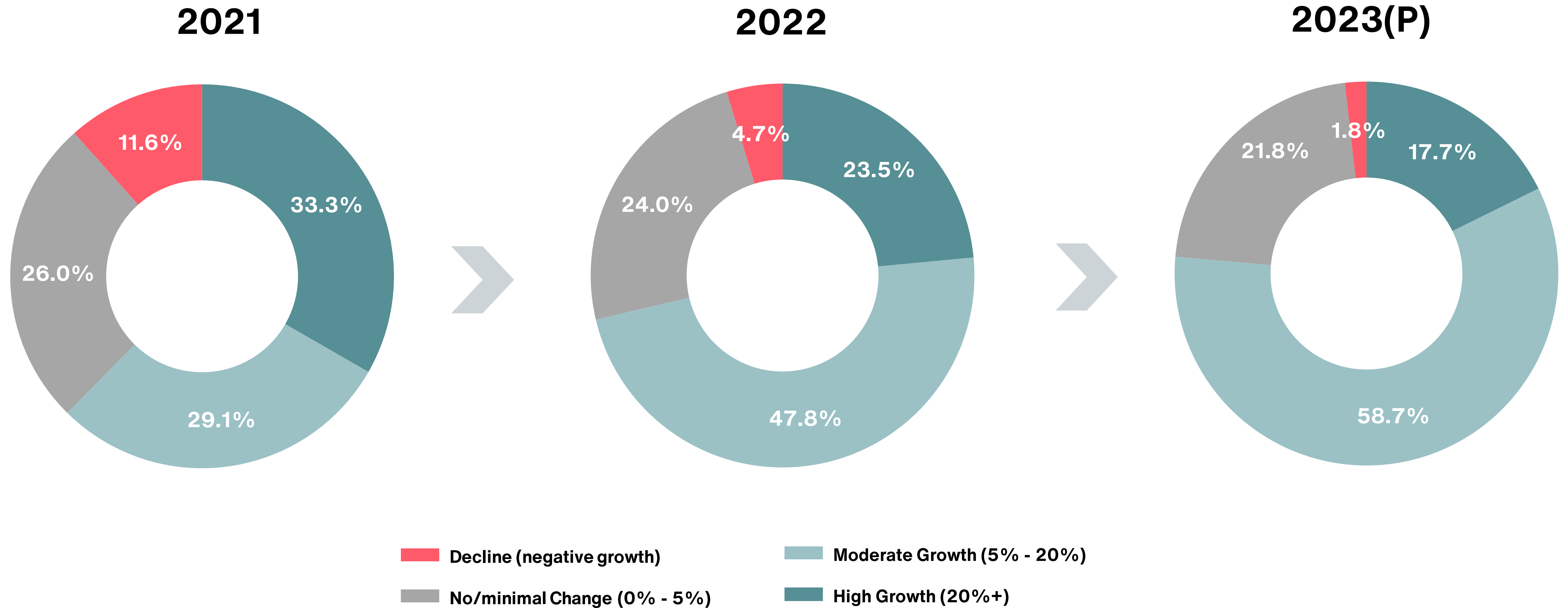


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2. Salary Increase Numbers
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Positive Business Outlook

Business outlook confirms a shift in focus beyond pandemic towards a growth agenda



Macroeconomic Tailwinds and Headwinds

While India is deeply integrated with global economy, there are a few indications of decoupling



Rebound in economy and consumer demand revival



Heavy CAPEX spending by government and private players



Deeper Financial Penetration & Improving health of Bank balance sheets



Disruption in global supply chain and energy markets

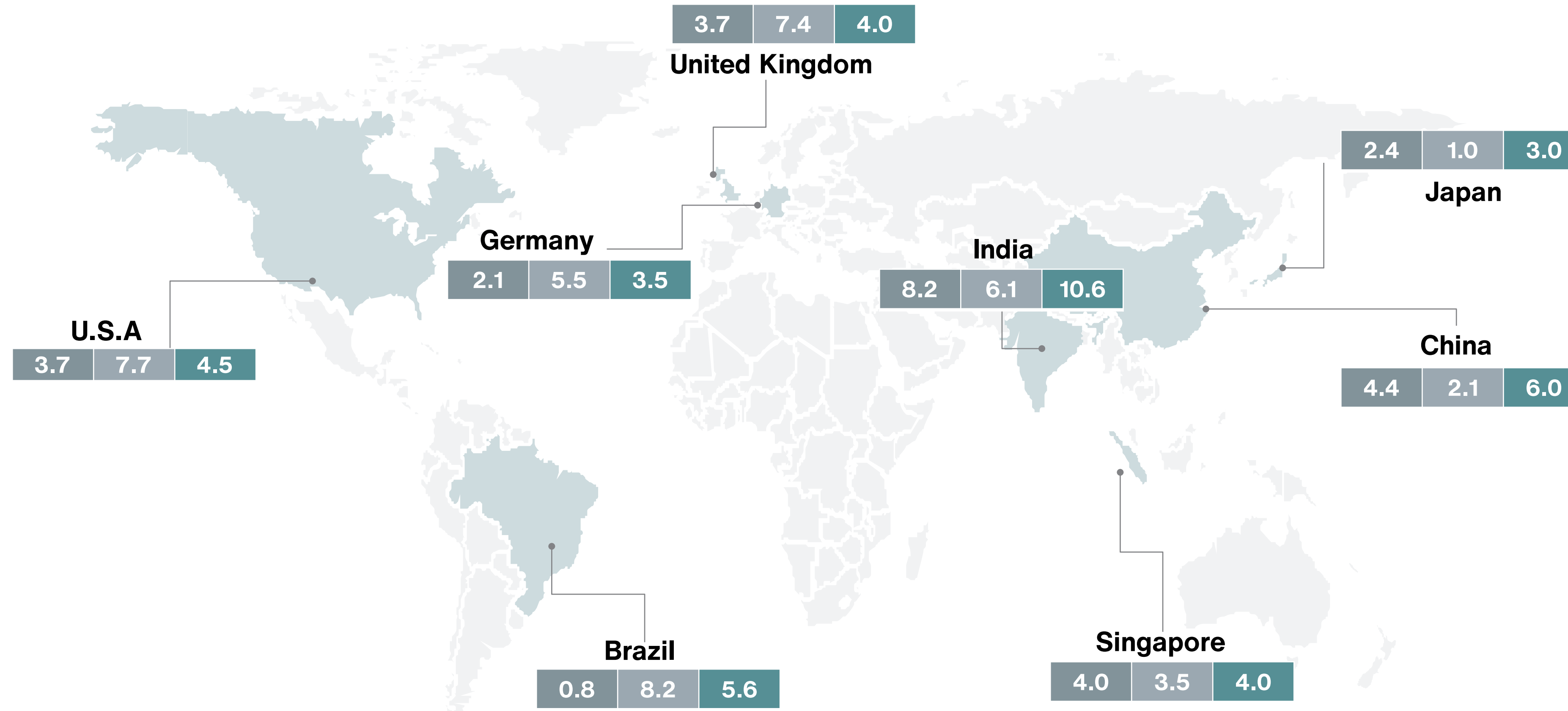


Inflationary pressures & recessionary fears



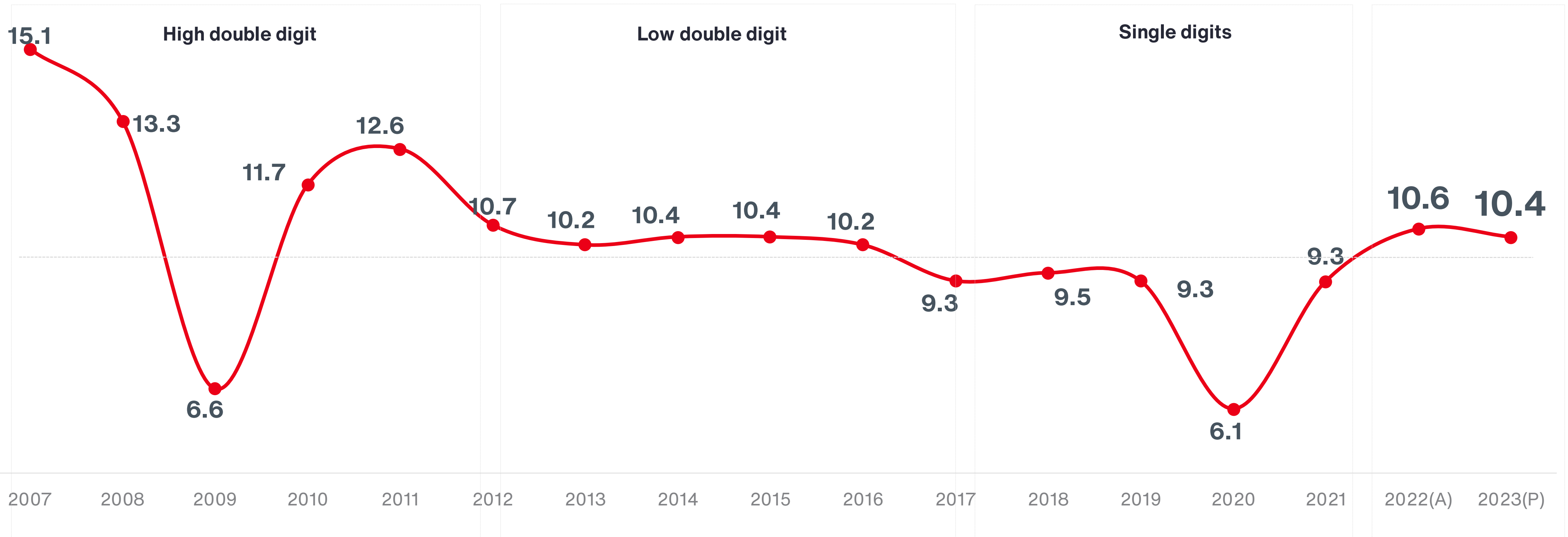
Glimpse of Salary Increments Globally (2022)

India has the highest salary increases amongst large nations



Salary Increase Trend for India Inc.

Double digit salary increases are back



2022(A): Actual average salary increase given by companies in 2022

2023 (P): Projected average salary increase to be given by companies in 2023



Numbers reported are including 0s and in %
Source: Aon India's 28th Annual Salary Increase Survey 2022-23 Phase I

Sector-wise Increment Numbers

Represented as 2022 (Actuals) | 2023 (Projected)



Sector	2022 (Actual)	2023 (Projected)
E-Commerce	13.7	12.8
Professional Services	12.4	12.1
Hi Tech/Information Technology	12	11.3
Financial Institutions	10.9	10.5
IT Enabled Services	10.7	10.1
Automotive/Vehicle Manufacturing	10.1	9.6
Retail (incl. Wholesale & Distribution)	9.9	10
Telecom (Services & OEM)	9.9	9.7
Life Sciences	9.8	9.8
Metals & Mining	9.7	10
Engineering/Manufacturing	9.7	9.9
Chemicals	9.6	9.7
Energy (Oil/Gas/Power)	9.5	10.1
FMCG/FMCD	9.5	9.9
Engineering Design Services	9.5	9.6
Aerospace	9.3	10
Transportation Services/Logistics	8.7	10.0
Cement	8.7	8.7
RE/Infrastructure	8.7	10.1
Hospitality/Restaurants	8.5	9.0

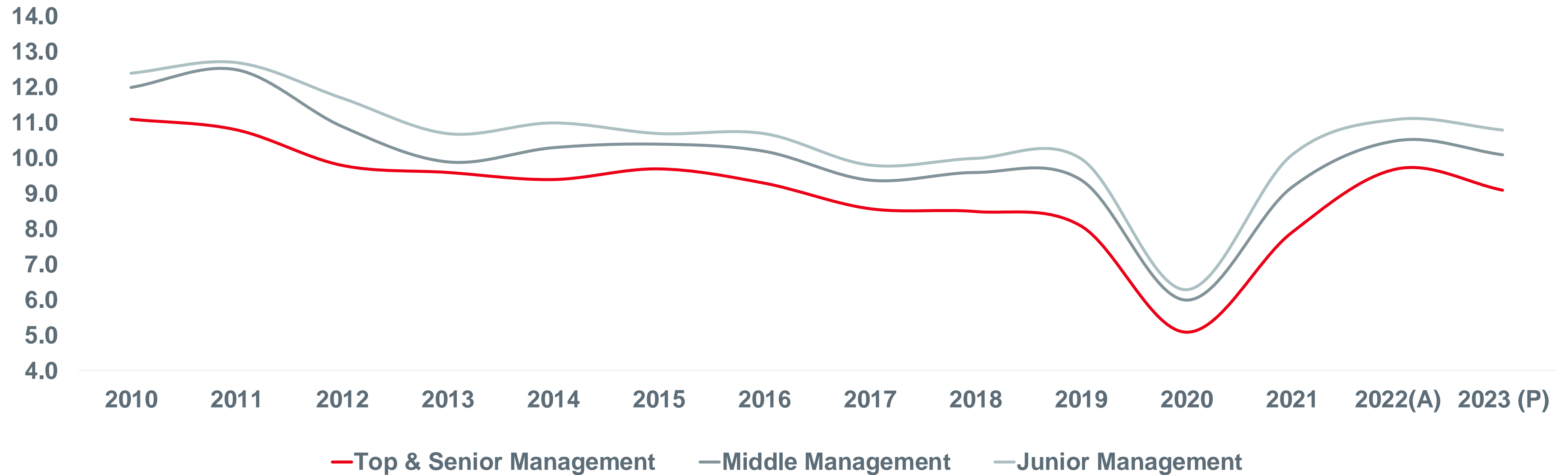


The industries represented here are a sample set of the industries covered
 Numbers reported are including 0s and in %
 Source: Aon India's 28th Annual Salary Increase Survey 2022-23 Phase I

2022(Actual) 2023(Projected)

Salary Increases by Levels of Management: Mind the Gap

Continued gap between senior and junior management?

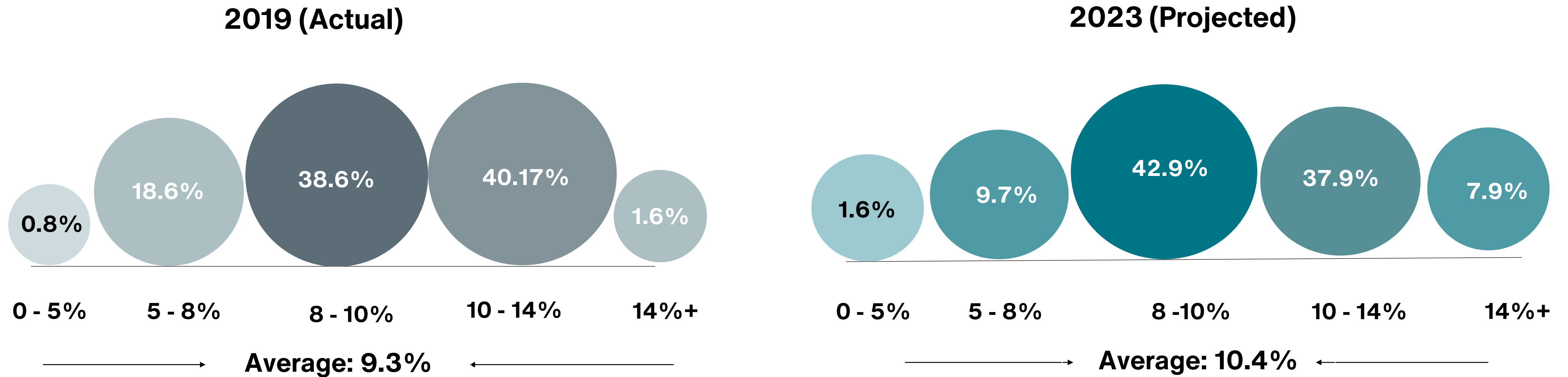


Levels of Management	2010-14	2015-19	2020	2021	2022 (A)	2023 (P)
Top & Senior Management	10.1	8.8	5.1	7.9	9.7	9.1
Middle Management	11.1	9.8	6.0	9.2	10.5	10.1
Junior Management	11.7	10.2	6.3	10.1	11.1	10.8

Salary Increments Across 2019 and 2023

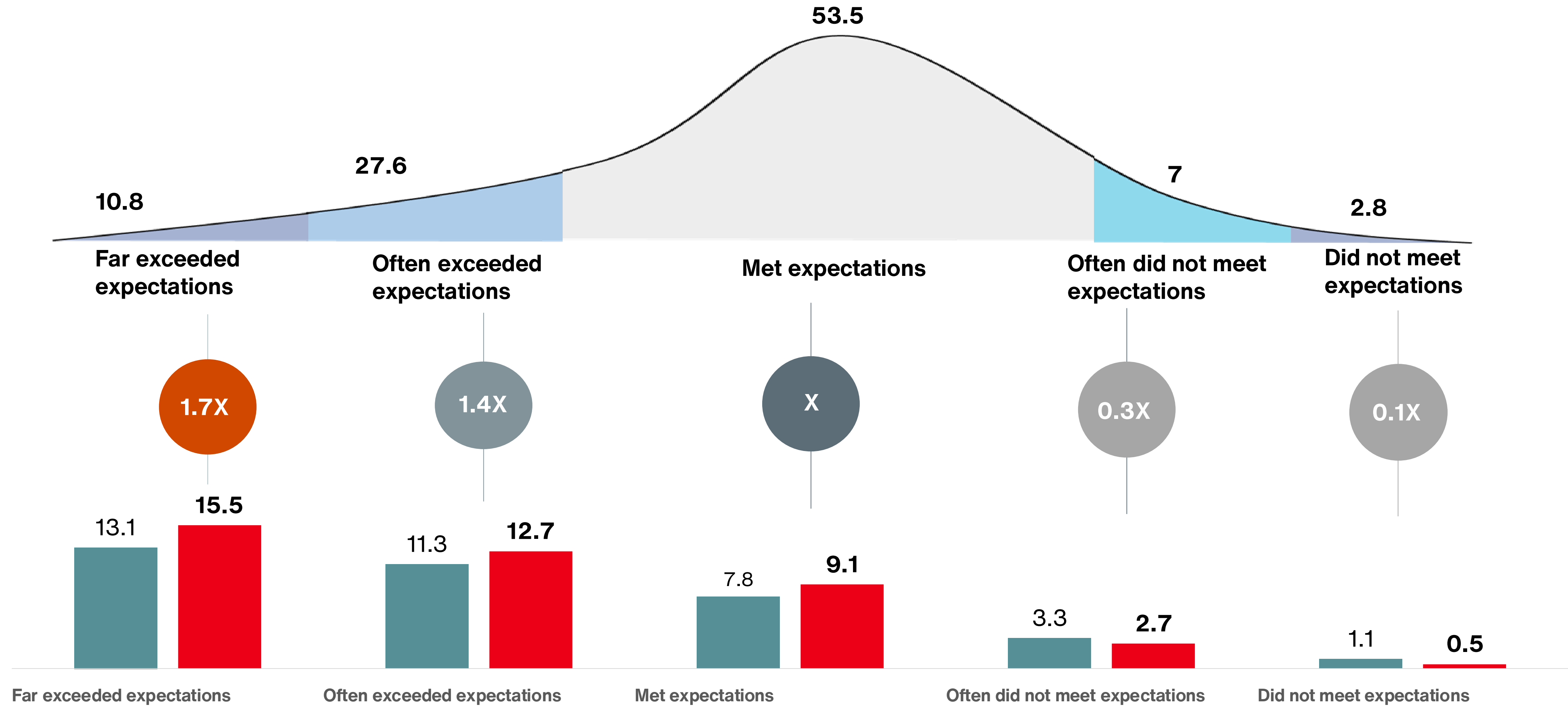
Positive business outlook resulting in higher number of double-digit increments

Distribution of organizations into salary increase clusters



Performance Bell Curve for FY 2021-22

Differentiated increments and performance ratings



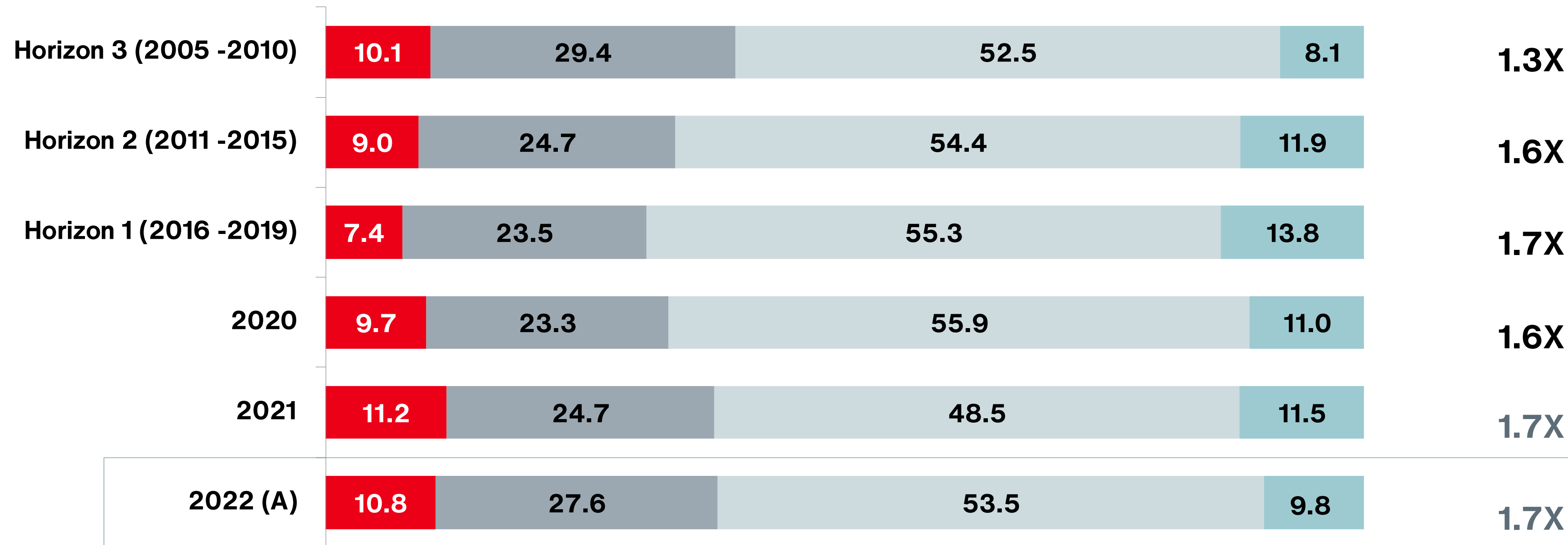
Numbers reported are including 0s and in %
 Source: Aon India's 28th Annual Salary Increase Survey 2022-23 Phase I

2021 2022

Pay for Performance

Higher differentiation in performance leading to a sharper bell-curve

Performance Differential

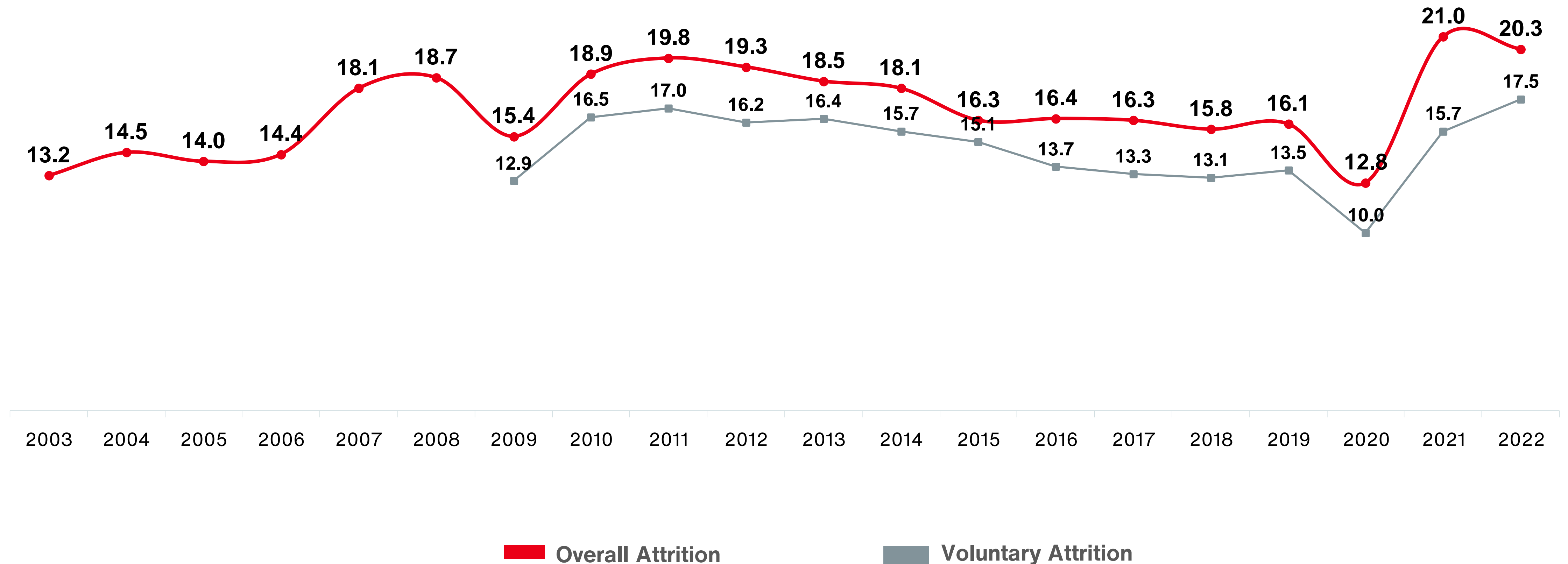


■ Far Exceeds Expectation
 ■ Exceeded Expectation
 ■ Met Expectation
 ■ Did not meet Expectation



Attrition Trends

Highest attrition over two decades signifying the impact of great resignation on India



Numbers reported are including 0s and in %
Source: Aon India's 28th Annual Salary Increase Survey 2022-23 Phase I

Attrition Numbers by Sectors

(Overall | Voluntary | Involuntary)

Top 5 Sectors



E-commerce
28.7 | 24.9 | 5.1



Professional Services
25.7 | 26.0 | 2.2



Financial Institutions
24.8 | 21.4 | 3.9



Hi Tech/Information Technology
21.5 | 18.3 | 4.0



IT Enabled Services
21.4 | 18.8 | 3.3

India

20.3 | 17.5 | 3.9

Manufacturing

14.8 | 12.3 | 3.0

Services

23.0 | 19.6 | 4.3

Bottom 5 Sectors



Engineering Services
14.0 | 12.5 | 2.2



Chemicals
12.9 | 9.8 | 3.9



Automotive/Vehicle Manufacturing
12.4 | 13.2 | 4.1



Engineering/Manufacturing
11.7 | 9.2 | 2.9



Metals & Mining
8.6 | 7.4 | 3.5

Key Attrition Drivers

Top reasons for voluntary attrition pre COVID – 19, during COVID – 19 & Post Covid



External Inequity of Compensation



Limited Growth Opportunities



Nature of Work



Internal Inequity of Compensation



	Rank	2022	2021
Hostile Managers / Work Environment	↑	5	6
Higher Education	↑	6	9
Lack of Job Security	↑	7	15
Work Life Imbalance	↓	8	7

Key Retention Measures

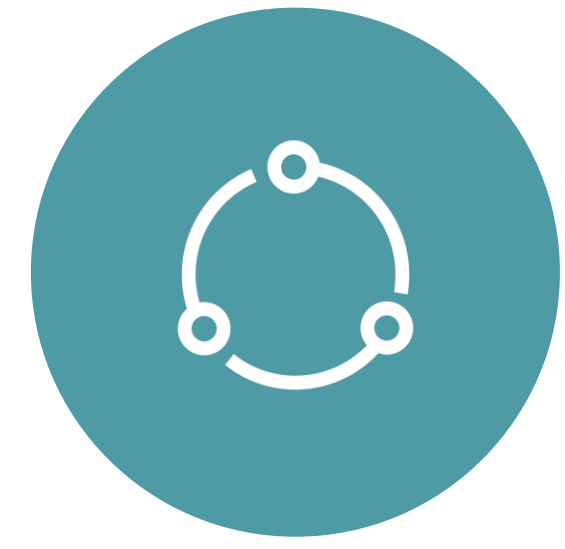
Top retention drivers pre COVID – 19, during COVID – 19 & Post Covid



Recognition



Fair & Equitable Treatment in Rewards for all Employees



Work Life Balance



Telecommuting/ Other Flexible Work Arrangements



	Rank	2022	2021
Leadership Accessibility	↔	5	5
Managerial EQ	↓	6	4
Mentoring / Coaching Programs	↑	7	8
Cross Functional Mobility	↓	8	6

Key Highlights



Business Outlook

76% organizations foresee a considerable improvement in business outlook in 2023



Salary Increase

46% organizations are expected to give double digit salary increases in 2023; a similar proportion to 2022

2022 (Actual): 10.6%

2023 (Projected): 10.4%



Sectoral View

Sectors with highest projected increases:

E-Commerce, Hi-Tech/Information Technology, Professional Services

Sectors with lowest projected increases:

Hospitality/Restaurants, Real Estate/Infrastructure, Cement



Pay Multiplier

The performance differentiation multiplier remains high at **1.7x** in 2022



Attrition

Great Resignation impact being felt with attrition numbers remaining near two-decade highs

Overall Attrition: 20.3%

Voluntary Attrition: 17.5%

Our Perspective

Navigating the volatility

Salary increases have carried forward the momentum from 2021. The evolving macro-economic situation will decide if the double digit increases are here to stay.

With looming challenges, there is still a need for caution. Businesses have to manage input cost pressures, sustain margins and at the same time attract and retain talent.

Organisations will need to:

1. Optimize investment in talent
2. Look at a build model for the long run
3. Decision framework for leadership

War for Talent

War for Talent has transcended sectoral boundaries and talent fungibility

As supply struggles to match demand, people costs and attrition numbers will continue to be high.

Some areas that organizations can look at, include:

1. Hire for skills
2. Flexible working and Gig jobs
3. Focus on revamping EVP through Total Rewards

Continued Resilience

Emerging from the pandemic, organizations have learned and adopted to operate under uncertainties.

Firms are now at a crossroads, presented with an opportunity to build a lasting change in the way they work.

Key to long-term success would encompass:

1. Agile workforce mindset
2. Defining the future workforce model
3. Greater focus on ESG & DEI



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