

Human Capital Survey

Impact of COVID-19 on compensation and what do employees want

June 2021



On each line to indicate how much you rate level of services

	Excellent	Good	Average	Poor	Very Poor
a. Location	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b. Comfort	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c. Facilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d. Staff	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e. Value for money	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

a. Location

b. Comfort

c. Facilities

d. Staff

e. Value for money

What can we do to improve services?

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Executive summary

The COVID-19 pandemic continues to impact employees' growth and their expectations from employers have undergone a major shift. Grant Thornton Bharat conducted the Human Capital Survey to understand the impact of COVID-19 on compensation structures and how employees' needs have changed over the past year.

Impact on remuneration

Over 45% of the survey respondents indicated that their total pay (fixed+variable) decreased as an impact of COVID-19. Of these, over 59% experienced a reduction of more than 10% in their total pay.

This impact was more pronounced in mid-size companies (<1,000 employees) in sectors such as real estate and hospitality. The larger companies in consumer-led sectors, such as consumer, retail and e-commerce, pharma, healthcare and life sciences, showed higher resilience to the adverse impacts of COVID-19.

While the total pay decreased for 45% respondents, a temporary reduction in fixed pay was experienced only by 16% of employees. There was, however, a trend of decrease in variable pay component with over 31% of employees receiving no variable pay, 33% experiencing a decrease in variable pay.

Survey demographics



16,700
responses

Demography was captured on the basis of the following

Tenure

- Less than five years
- 5-10 years
- 10-20 years
- More than 20 years



Organisation size

- Less than 100 employees
- 100-1,000 employees
- 1,000-5,000 employees
- 5,000+ employees



Organisation type

- Public
- Not-for-profit
- Private
- Others



Sector

- Consumer, retail and e-commerce
- Financial services
- Manufacturing and automotive
- Pharma, healthcare and life sciences
- Public sector
- Real estate and infrastructure
- Technology, media and telecom
- Others



Employee expectations with regards to total benefits

There is an increased expectation from employees for additional benefits in light of the pandemic. The survey respondents showed equal importance to benefits such as life/medical insurance, home office set up allowance, work from anywhere model and flexible working hours.

Almost half of the respondents said that the actions taken by their employers met their additional needs. However, almost 49% of respondents expressed that there is a need for action from employers to meet their expectations.

Employee pulse with regards to pay philosophy and long-term incentives

Almost 46% of respondents stated that there is a need for a higher fixed compensation, even if the total pay reduces. This trend of an expectation in reduction of pay-at-risk is more pronounced in the younger workforce. Over 84% of employees with a work experience of less than 10 years opted for this option.

There is an overwhelming response of 73% from employees who indicated that there is a need for organisations to introduce long term incentive plans (Employee stock ownership plans (ESOPs), retention bonus, etc.) in their compensation structure. This option is also the most preferred by the younger workforce, who is looking for more wealth-creation opportunities.



85%

see no change or pay cuts; 40% witnessed reduction in total pay and 45% employees did not see any change



40%

did not see any change in fixed pay despite overall decrease in their earnings



46%

would opt for higher fixed salary even if their overall pay reduced

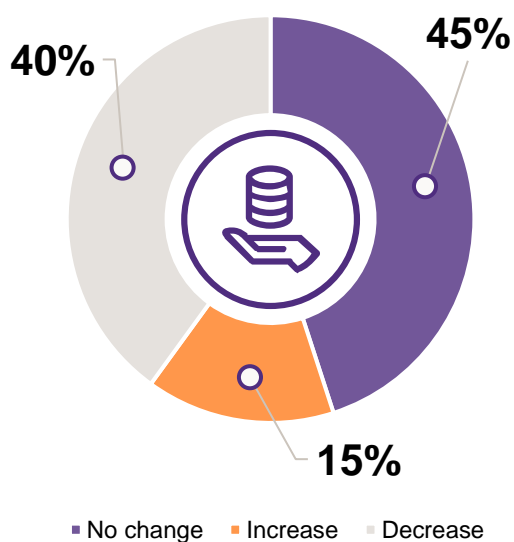


73%

said that organisations must introduce long-term incentives, such as ESOPs and retention bonus

Survey findings

1 How has COVID-19 impacted your total pay (fixed+variable)?



Key demographic insights

Lesser negative impact observed on employees with tenure less than five years and 5-10 years



Lesser negative impact observed on organisations with 1,000-5,000 employees and 5,000+ employees



No significant variance observed depending upon size of the organisation

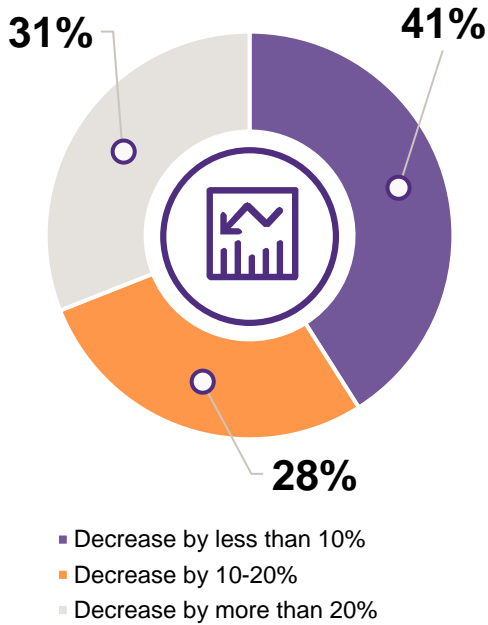


Lesser negative impact observed in consumer, retail and e-commerce, pharma, healthcare and life sciences and technology, media and telecom sectors



1.1

If you opted for a decrease in the total pay (fixed+variable) in question 1, how much decrease have you experienced?



Key demographic insights

No significant variance observed depending upon the tenure of the employees



No significant variance observed depending upon the size of the organisation



No significant variance observed depending upon organisation type

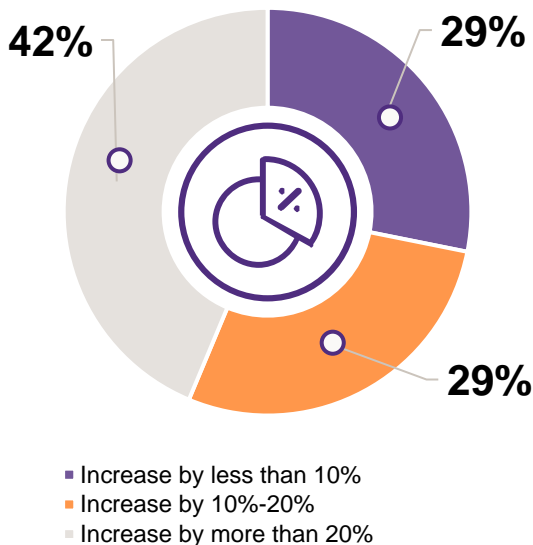


Higher negative impact observed in consumer, retail and e-commerce, and real estate and infrastructure sectors



1.2

If you opted for an increase in the total pay (fixed+variable) in question 1, how much increase have you experienced?



Key demographic insights

No significant variance observed depending upon tenure of the employees



No significant variance observed depending upon size of the organisation



Higher increase in total pay (fixed+variable) reported in not-for-profit organisations

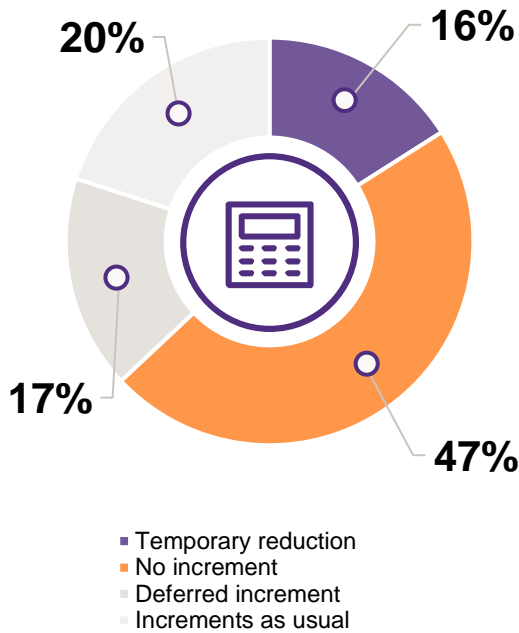


No significant variance observed depending upon the sector of the organisation



2

How has COVID-19 impacted your fixed pay?



Key demographic insights

No significant variance observed depending upon the tenure of the employees



Deferred increments and/or increments as usual for organisations with 5,000+ employees



Temporary reduction, no increment and/or deferred increments for not-for-profit organisations

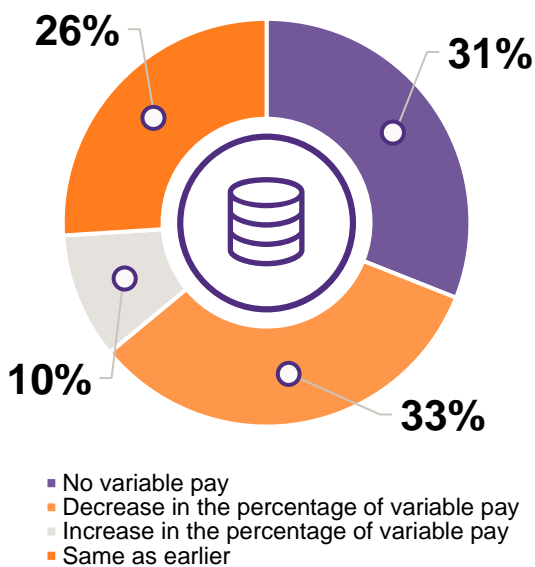


Temporary reduction and/or no increment for real estate and infrastructure, whereas increments as usual in financial services as well as pharma, healthcare and life sciences sectors



3

How has COVID-19 impacted your variable pay?



Key demographic insights

No significant variance observed depending upon tenure of the employees



Higher negative impact on organisations with less than 100 employees



Lesser negative impact on not-for-profit organisations

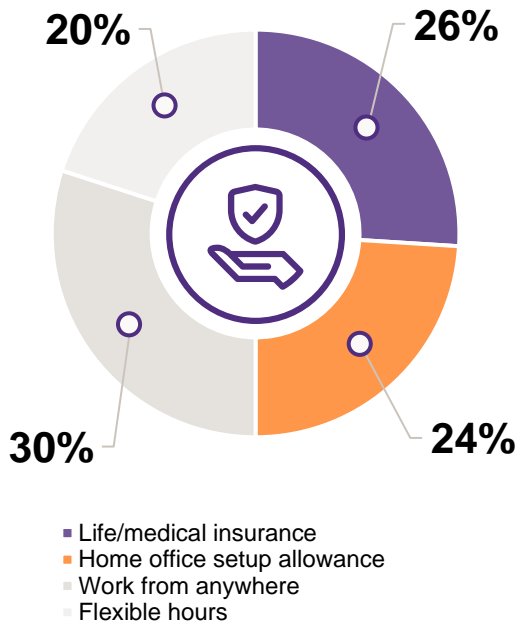


Higher negative impact on real estate and infrastructure



4

In light of the COVID-19 pandemic, what additional benefit would you like your organisation to offer as high priority?



Key demographic insights

Employees with tenure of more than 20 years would like organisations to offer life/medical insurance



Employees in organisations with 1,000-5,000 employees would like home office setup allowance



Employees in not-for-profit organisations would like life/medical insurance whereas employees in private organisations would like work from anywhere

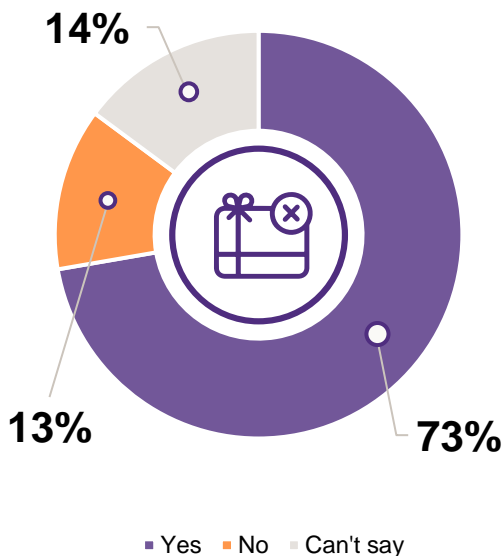


Employees in consumer, retail and e-commerce, pharma, healthcare and life sciences and public sector would like the provision to work from anywhere



5

Has COVID-19 increased the need for organisations to introduce long-term incentive plans (ESOPs, retention bonus, etc.)?



Key demographic insights

Long term incentive plans are more preferred by the younger workforce, primarily in employees with <10 years of tenure



No significant variation observed depending upon the size of the organisation



Long term incentive plans are less preferred by employees in not-for-profit organisations

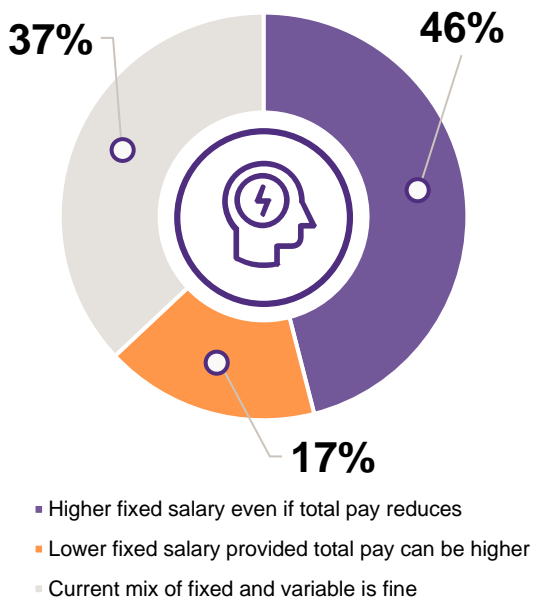


No significant variation observed depending upon the sector



6

If your organisation were to change its pay philosophy, which of the following would you prefer in your salary?



Key demographic insights

Higher satisfaction with the current compensation mix for employees with tenure of 10-20 years and more than 20 years



Higher satisfaction with current compensation mix for organisations with 1,000-5,000 employees and 5,000+ employees



No significant variation observed depending upon organisation type

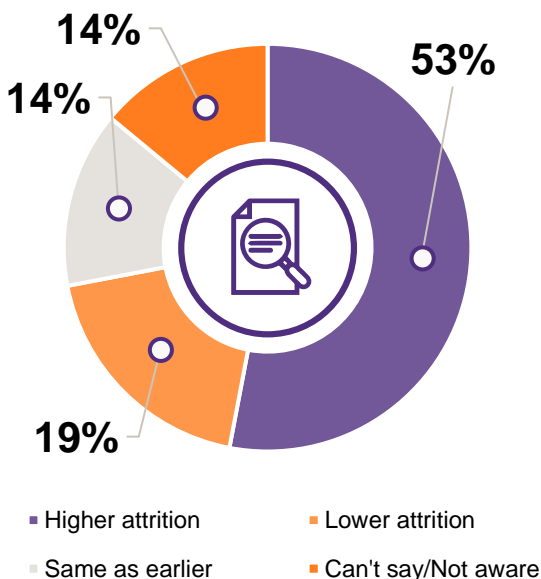


Higher proportion of pay at risk for employees in Public Sector and Real Estate and Infrastructure, whereas employees in Manufacturing and Automotive sector are satisfied with the current compensation mix



7

How has the attrition rate amongst your high-performing employees changed compared with the pre-COVID-19 levels?



Key demographic insights

Lower or same attrition observed in employees with tenure of 10-20 years or more than 20 years



Lower attrition observed in organisations with 100-1,000 employees, whereas same attrition observed in organisations with 1,000-5,000 employees, or 5,000+ employees



Lower attrition observed in Public organisations whereas same attrition observed in not-for-profit and private organisations

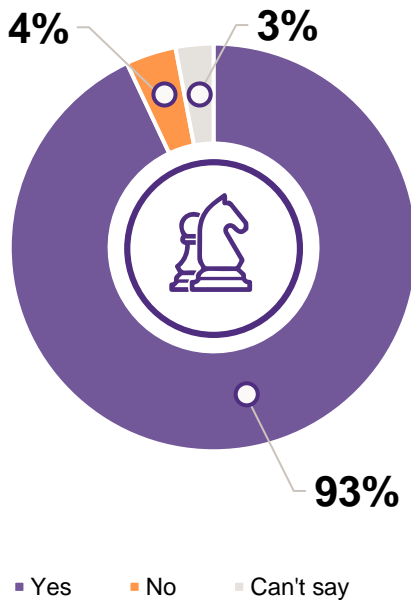


Lower or same as earlier attrition observed in pharma, healthcare and life sciences and manufacturing and automotive sectors



8

Should organisations relook at their strategy, operating structure and performance evaluation framework post COVID-19?



Key demographic insights

Employees with tenure of more than 20 years feel that strategy, operating structure and performance evaluation should not be relooked at post COVID-19



No significant variation observed depending upon the size of the organisation



No significant variation observed depending upon organisation type

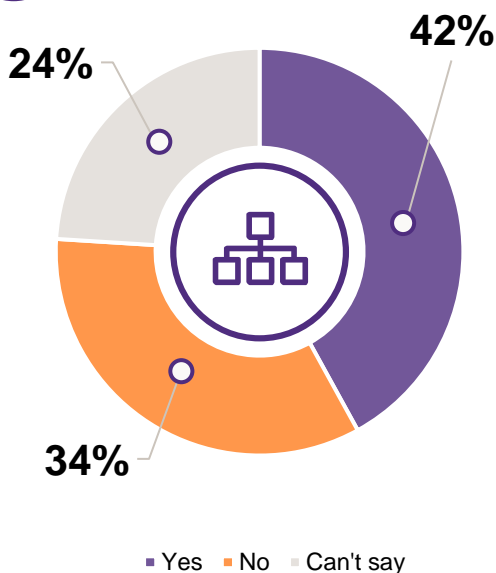


Employees in pharma, healthcare and life sciences and real estate and infrastructure feel that strategy, operating structure and performance evaluation should not be relooked at post COVID-19



9

Has your organisation reviewed its organisation strategy, operating structure and performance evaluation framework post COVID-19?



Key demographic insights

Employees with tenure of more than 20 years are more likely to be aware of the strategic review and the outcomes



Employees in organisations with less than 100 employees or 100-1,000 employees feel that no strategic review is needed



Not-for-profit organisations have reviewed its strategy and operating structures

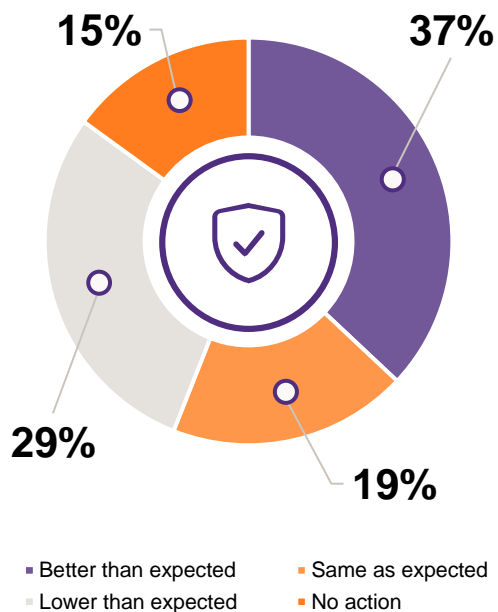


No significant variation observed depending upon the sector



10

How has your organisation responded to the additional needs of employees post COVID-19?



Key demographic insights

No significant variation observed



Organisations with less than 100 employees did not respond well to employees' needs



Not-for-profit organisations responded better than expected whereas public organisations responded lower than expected



Public sector and Real Estate and Infrastructure responded lower than expected to employees' needs



About Human Capital Consulting

Achieving excellence in executing your strategy, through your people and teams

Strategy

- Vision and mission
- Strategy alignment

Structure

- Organisation structure
- Job description and evaluation
- Manpower optimisation

Systems

Performance architecture

- PMS design and implementation
- Balanced scorecard and key performance indicator (KPI) design

Compensation and benefits

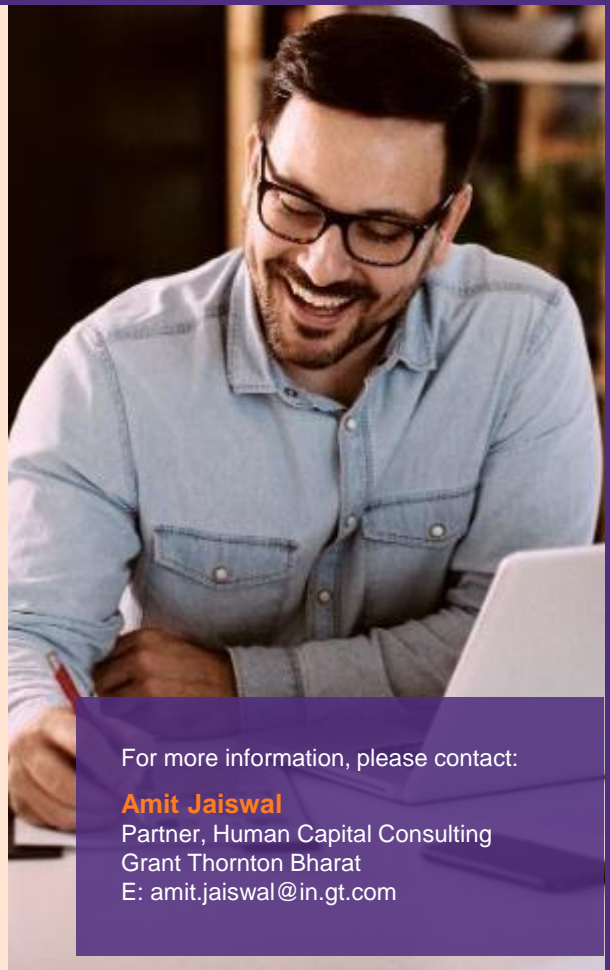
- Short-term incentives
- ESOPs and long-term incentives
- Compensation structure

HR policies and processes

- Design and optimise people centric policies
- HR process audit

Employee engagement

- Employee engagement survey
- Action planning workshops



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