In today’s competitive race to attract and retain highly skilled global talent, organisations require current, in-depth information on everything from local statutory benefits, to salary trends, to managing a diverse workforce. Through Mercer’s own extensive global presence, we collect and analyse data and insights that help companies take the actions necessary to support their human capital strategies. You can order any of the publications below by clicking on the title links or by visiting www.imercer.com/global.

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INTRODUCTION

Regardless of whether history repeats itself, there are important lessons to learn from the recent past. Between the historic shocks caused by the global financial crisis and the natural undulations of boom-and-bust cycles, the last twenty years have seen a wide variety of market conditions. These fluctuations in GDP and inflation rate are more than just a historical log; they portray the relationship between macroeconomic forces and private industry behaviour. By comparing key metrics, twenty years of economic data can lead companies to better decision making and forecasting in business-critical areas, keeping them one step ahead. Indeed, there is much to learn from the past.

HIGHS AND LOWS

In any economic analysis of the early 21st century, the global financial crisis looms large. What began as a bubble in the American mortgage market quickly transformed into a global phenomenon, drying-up capital markets and freezing global growth. However, because this comprehensive study reaches around the world and across the last two decades, readers have access to data on less studied and analysed market events. For instance, consider the 1997 East Asian currency crisis or the Argentine debt default in 2001. How were the ripple effects of these events borne out locally and around the world, and how did companies alter their salary practices in response to dwindling GDP impact and rising inflation? The answers to these questions are contained herein, and allow you to predict and prepare for similar crises in the future.

EVERYDAY BUSINESS

Although the last twenty years saw dramatic economic highs and lows, companies and decisions-makers living through this roller-coaster ride had no choice but to proceed as if it were business as usual. With that in mind, a twenty-year retrospect becomes a playbook for managers in need of historical guidance and precedence. Otherwise stressful salary negotiations become routine when HR professionals know how to navigate turbulent market conditions, and budget forecasts become clearer when executive leadership understands how to balance salary budget increases and inflation growth. The latter is also exceedingly important to talent retention and engagement; if employers don’t meet skyrocketing inflation with corresponding salary increases, employees experience an unintended decrease in their real salary. Using Mercer’s industry-leading data in this unique presentation, employers can study and anticipate the market, thereby avoiding the costs of uncertainty and inaction.
Mercer’s Global Compensation Planning Report — 20 Year Lookback report is a unique offering for HR and business managers around the world interested in learning how historical trends in the economic market impact private industry salary decisions. By contextualising salary increase data around the world during one of the most turbulent economic periods since the Great Depression, the report offers important lessons and observations in how the world of work is affected by the world around us. Mercer’s GCPR — 20 Year Lookback includes data from 63 countries around the world, and features salary increase trends for six career levels commonly found in most organisations.

The report includes the following sections:

► The Summary of Key Findings section serves as an executive summary for those looking for Mercer’s insights and observations. This section is optimal for anyone looking for notable outliers in over the last twenty years, analysis of prevailing trends, and further information on the interaction of salary increases and economic forces. The analysis in this section addresses the following questions:

► How did the global recession impact emerging markets?
► How did the global recession impact regions around the world?
► How did the global recession change salary increases?
► What was the impact on the “real” salary increases?
► Which countries experienced the biggest economic swings over the last 20 years?

► The regional sections provide critical data to those looking to learn more about specific countries or markets. The regional sections are presented in geographical groupings, each of which contains country-specific information. Country data includes economic timelines, salary increase trends, and the impact of the global recession. For the benefit of the reader, the data is broken into three distinct periods over the last twenty years: pre-recession, during recession, and post-recession. The report divides the covered countries into the following regions:

► Americas
► Asia Pacific
► Eastern Europe, Middle East, and Africa
► Western Europe

► The About this Report section delineates the methods of data-gathering and cleaning used for the report and lists key definitions.
**INTRODUCTION**

**READING THIS REPORT**

The following pages provide tips and guidelines to help navigate the report content.

**CHANGES IN EMERGING MARKETS**

**AVERAGE SALARY INCREASE**

<table>
<thead>
<tr>
<th></th>
<th>CIVETS</th>
<th>MINT</th>
<th>N11</th>
<th>MIST</th>
<th>EAGLEs</th>
<th>TIMP</th>
<th>BRIC</th>
<th>E7</th>
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<tbody>
<tr>
<td><strong>PRE-RECESSION</strong> (1995-2007)</td>
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<td>17.1</td>
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<td>21.2</td>
<td>14.1</td>
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<tr>
<td><strong>DURING RECESSION</strong> (2008-2009)</td>
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<td><strong>POST-RECESSION</strong> (2010-2015)</td>
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<td>8.4</td>
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<td>9.0</td>
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</tr>
</tbody>
</table>

**PRE-RECESSION VS RECESSION**

-41%  -66%  -38%

**PRE-RECESSION VS POST-RECESSION**

-51%  -69%  -46%

**RECESSION VS POST-RECESSION**

-17%  -5%  -9%

This arrow indicates whether the pre-recession figure is higher (green, up arrow) or lower (red, down arrow) than the during-recession number.

This row has a “flat” arrow as the pre-and post-recession amounts are being compared to this row of data.

In the bottom half of the page, the arrows indicate a positive or negative change for each type of analysis.

There are three types of analysis in the bottom half of the page. The middle row looks at the change from pre- to post-recession.

The bottom half of the page looks at the percentage change by comparing different combinations of the figures in the top half of the page. For example, the pre-recession figure for TIMP is 21.7% and the recession figure is 7.4%. This is a change of -66%.
**INTRODUCTION**

**TOP 5 COUNTRIES WITH THE BIGGEST CHANGE IN SALARY INCREASES**

<table>
<thead>
<tr>
<th>AMERICAS</th>
<th>AFRICA-PACIFIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>COUNTRY NAME</td>
<td>CHANGE</td>
</tr>
<tr>
<td>1</td>
<td>COUNTRY</td>
</tr>
<tr>
<td>2</td>
<td>COUNTRY</td>
</tr>
<tr>
<td>3</td>
<td>COUNTRY</td>
</tr>
<tr>
<td>4</td>
<td>COUNTRY</td>
</tr>
<tr>
<td>5</td>
<td>COUNTRY</td>
</tr>
</tbody>
</table>

A list of the top 5 countries for each data type (salary increase, GDP, inflation, unemployment) is provided for each geographic region. Each page is shaded based on the data point: salary increases are shaded purple.

The change amount indicates the difference between the highest and lowest figures over the 20 year period. The lowest salary increase in country over the last 20 years was 13.6% in 2001. The highest figure (88.9%) was reported in 2015. This represents a change of 75.3% over time.

The highest salary increase in country over the last 20 years was 9.3% in 2001. The lowest figure (2.0%) was reported in 2015. This represents a change of -7.3% over time.

The change amount indicates the difference between the highest and lowest figures over the 20 year period. The lowest salary increase in country over the last 20 years was 13.6% in 2001. The highest figure (88.9%) was reported in 2015. This represents a change of 75.3% over time.
INTRODUCTION

COUNTRY

SALARY INCREASE AND ECONOMIC TRENDS

AVERAGE SALARY INCREASES VS. YEAR-OVER-YEAR ECONOMIC CHANGES

These numbers are the salary increase percentages for each year.

The pink line represents the inflation trend over the last 20 years.

The green line represents the unemployment trend over the last 20 years.

The shaded area represents the salary increase trend over the last 20 years.

The yellow line represents the GDP trend over the last 20 years.

There are some instances where data points are missing. This is noted below the graph.

Note: The zero figures for 1995 are not available; the graph reflects missing data for these years, not zero amounts.
INRODUCTION

COUNTRY

SALARY INCREASE AND ECONOMIC TRENDS: PRE AND POST-RECESSION

AVERAGE SALARY INCREASE AND ECONOMIC TRENDS: PRE AND POST-RECESSION

<table>
<thead>
<tr>
<th>ponential increase for each time period. Average increases from each year are used to calculate this amount.</th>
<th>These figures represent the salary increase for each time period. Average increases from each year are used to calculate this amount.</th>
<th>These figures represent the salary increase for each time period. Average increases from each year are used to calculate this amount.</th>
</tr>
</thead>
<tbody>
<tr>
<td>POST-RECESSION (2010-2015)</td>
<td>2.5</td>
<td>POST-RECESSION (2010-2015)</td>
</tr>
</tbody>
</table>

This figure represents the average percent change in GDP for these two years. GDP change in 2008 was 1.2%, while 2009 was -8.2%.

This page provides a high level comparison across four types of data for three distinct time periods: pre-, during, and post-recession.

INFLATION

<table>
<thead>
<tr>
<th>Inflation Unemployment</th>
<th>Inflation Unemployment</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRE-RECESSION (1996-2007)</td>
<td>1.5</td>
</tr>
<tr>
<td>DURING RECESSION (2008-2009)</td>
<td>2.9</td>
</tr>
<tr>
<td>POST-RECESSION (2010-2015)</td>
<td>1.9</td>
</tr>
</tbody>
</table>

Throughout the report, each data type is colour coded. Salary increases are purple, GDP is yellow, inflation is pink, and unemployment is green.

There are some instances where data points are missing. This is noted with the ranges of years reported for each time period. This country has missing data for 1995.

Note: Data are not available for some years; refer to the label under each graphic for the range of years reported.

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### INTRODUCTION

### COUNTRY

### SALARY INCREASE TRENDS BY EMPLOYEE CATEGORY

#### COMPARISON OF AVERAGE SALARY INCREASE WITH RECESSION PERIOD

<table>
<thead>
<tr>
<th>Category</th>
<th>Pre-Recession</th>
<th>During Recession</th>
<th>Post-Recession</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXECUTIVE</td>
<td>3.8</td>
<td>3.3</td>
<td>2.6</td>
</tr>
<tr>
<td>MANAGEMENT</td>
<td>3.7</td>
<td>3.3</td>
<td>2.5</td>
</tr>
<tr>
<td>PROFESSIONAL — NONSALES</td>
<td>3.4</td>
<td>3.0</td>
<td>2.5</td>
</tr>
<tr>
<td>PARA-PROFESSIONAL WHITE COLLAR</td>
<td>3.2</td>
<td>3.0</td>
<td>2.5</td>
</tr>
<tr>
<td>PARA-PROFESSIONAL BLUE COLLAR</td>
<td>3.1</td>
<td>3.5</td>
<td>2.5</td>
</tr>
</tbody>
</table>

**RECESSION VS POST-RECESSION**

- EXECUTIVE: -17.2%
- MANAGEMENT: -23.7%
- PROFESSIONAL — NONSALES: -18.3%
- PARA-PROFESSIONAL WHITE COLLAR: -20.6%
- PARA-PROFESSIONAL BLUE COLLAR: -30.0%

**PRE-RECESSION VS RECESSION**

- EXECUTIVE: -11.3%
- MANAGEMENT: -10.0%
- PROFESSIONAL — NONSALES: -13.7%
- PARA-PROFESSIONAL WHITE COLLAR: -6.2%
- PARA-PROFESSIONAL BLUE COLLAR: 11.6%

Each of these numbers represents the salary increase for the time period. Average increases from each year are used to calculate this amount.

The during recession number is used as the benchmark in this analysis, therefore no upward or downward change is indicated.

This arrow indicates the pre-recession salary increase was higher than the during-recession amount.

This arrow indicates the during recession salary increase was lower than the during-recession amount.

For this group, salary increases went up during the recession and then down in the post-recession period.

These figures indicate the percentage change from the pre-recession increase to the during-recession increase. The percentage change from 3.8% to 3.3% is -13.7%.

These figures indicate the percentage change from the during recession increase to the post-recession increase. The percentage change from 3.3% to 2.6% is -21.5%.

These figures indicate the percentage change from the recession post-recession salary increase was lower than the during-recession amount.

The percentage change from 3.3% to 2.6% is -21.5%.
COUNTRY
Note: The zero figures for 1995, 1996 and 1997 are not available; the graph reflects missing data for these years, not zero amounts.
SALARY INCREASE AND ECONOMIC TRENDS: PRE AND POST-RECESSION

AVERAGE SALARY INCREASE

  - 11.1

- DURING RECESSION (2008-2009):
  - 7.5

- POST-RECESSION (2010-2015):
  - 6.2

  - 3.5

- DURING RECESSION (2008-2009):
  - 1.0

- POST-RECESSION (2010-2015):
  - 3.3

GROSS DOMESTIC PRODUCT

  - 14.0

- DURING RECESSION (2008-2009):
  - 4.5

- POST-RECESSION (2010-2015):
  - 4.4

INFLATION

  - 9.0

- DURING RECESSION (2008-2009):
  - 10.1

- POST-RECESSION (2010-2015):
  - 5.1

  - 14.0

- DURING RECESSION (2008-2009):
  - 4.5

- POST-RECESSION (2010-2015):
  - 4.4

UNEMPLOYMENT

Note: Data are not available for some years; refer to the label under each graphic for the range of years reported.
# Country

## Salary Increase Trend by Employee Category

### Comparison of Average Salary Increase with Recession Period

#### Executive

<table>
<thead>
<tr>
<th>Category</th>
<th>Pre-Recession</th>
<th>During Recession</th>
<th>Post-Recession</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional — Non-Sales</td>
<td>11.4</td>
<td>7.8</td>
<td>6.2</td>
</tr>
<tr>
<td>Professional — Sales</td>
<td>11.3</td>
<td>7.8</td>
<td>6.2</td>
</tr>
<tr>
<td>Professional — Sales</td>
<td>11.0</td>
<td>7.0</td>
<td>6.2</td>
</tr>
</tbody>
</table>

#### Impact of Recession

<table>
<thead>
<tr>
<th>Category</th>
<th>Pre-Recession vs Recession</th>
<th>Recession vs Post-Recession</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>-31.7%</td>
<td>-20.4%</td>
</tr>
<tr>
<td>Professional — Non-Sales</td>
<td>-36.6%</td>
<td>-11.3%</td>
</tr>
<tr>
<td>Professional — Sales</td>
<td>-31.4%</td>
<td>-20.4%</td>
</tr>
<tr>
<td>Professional — Sales</td>
<td>-29.7%</td>
<td>-19.9%</td>
</tr>
</tbody>
</table>

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GCPRE — 20 YEAR LOOK BACK — SAMPLE
ABOUT THIS REPORT

This section provides information on the methods of collecting, collating, and analysing data for this publication. Below are notes on exceptions and exclusions in the data and a list of data sources, relevant equations, and currency conversions rates. Readers will also find a glossary of key terms.

METHODOLOGY

STATISTICS

The following statistics are presented in this publication:

► **Median**: The data point that is higher than 50% of all other data in the sample when ranked from low to high. Also known as the 50th percentile.

► **Average**: The sum of all data reported divided by the number of data observations in the sample. Also known as the mean.

► **N**: The number of companies that reported data for the statistic.

► **Endash or “–”**: The sample is too small to provide the statistic.

DATA MASKING

To ensure the confidentiality of all companies that provide data to Mercer’s surveys, statistics have been “masked” by displaying an endash or “–” when minimum sample sizes are not met.

► A minimum of three data points are required to report the average.

► A minimum of four data points are required to report the median.

DATA ANALYSIS

This publication uses data from Mercer’s Global Compensation Planning Online tool. Unless otherwise noted, salary increases are excluding zeroes; refer to the Exceptions and Notes for a list of countries and years with data that includes zeroes.
EXCEPTIONS AND NOTES

Data are not available for some years; the graphs within each set of country pages reflect missing data for these years, not zero amounts. This is noted on applicable country pages and includes the following countries:

**Americas**
- Colombia
- Costa Rica
- Ecuador
- El Salvador
- Guatemala
- Honduras
- Nicaragua
- Panama
- Peru
- Puerto Rico
- Venezuela

**Asia Pacific**
- China—Beijing
- China—Shanghai
- Hong Kong
- India
- Vietnam

**Eastern Europe, Middle East, and Africa**
- Estonia
- Israel
- Latvia
- Lithuania
- Poland
- Russia
- Slovakia
- Slovenia
- South Africa
- Ukraine

**Western Europe**
- Finland
- Norway
- Spain

EMERGING MARKETS

COUNTRY DEFINITION OF EMERGING MARKETS

The emerging markets included in the summary of key findings are defined based on the list below.

<table>
<thead>
<tr>
<th>GROUP NAME</th>
<th>COUNTRIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRIC</td>
<td>Brazil, Russia, India, China</td>
</tr>
<tr>
<td>CIVETS</td>
<td>Colombia, Indonesia, Vietnam, Egypt, Turkey, South Africa</td>
</tr>
<tr>
<td>E7 (Emerging 7)</td>
<td>Brazil, China, Indonesia, Mexico, Russia, Turkey</td>
</tr>
<tr>
<td>EAGLEs (Emerging and Growth-Leading Economies)</td>
<td>Brazil, China, Egypt, India, Indonesia, South Korea, Mexico, Russia, Taiwan, Turkey</td>
</tr>
<tr>
<td>MINT</td>
<td>Mexico, Indonesia, Nigeria, Turkey</td>
</tr>
<tr>
<td>MIST</td>
<td>Mexico, Indonesia, South Korea, Turkey</td>
</tr>
<tr>
<td>N11 (NEXT 11)</td>
<td>Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, Philippines, Turkey, South Korea, Vietnam</td>
</tr>
<tr>
<td>TIMP</td>
<td>Turkey, Indonesia, Mexico, Philippines</td>
</tr>
</tbody>
</table>
Some countries in the emerging markets analysis did not have a full set of 20 years of data. A summary of missing data follows.

### Salary Increases
- Bangladesh - Data are not available from 1995-2006.
- Egypt - Data are not available from 1995-2002 and for 2009.
- Iran - Data are not available from 1995-2015.
- Nigeria - Data are not available from 1995-2008.
- Pakistan - Data are not available from 1995-2006.

### Inflation
- Bangladesh - Data are not available from 1995-2006.
- Egypt - Data are not available from 1995-2002.
- Iran - Data are not available from 1995-2014.
- Nigeria - Data are not available from 1995-2008.
- Pakistan - Data are not available from 1995-2006.

### Gross Domestic Product
- Bangladesh - Data are not available from 1995-2006.
- Egypt - Data are not available from 1995-2002.
- Iran - Data are not available from 1995-2014.
- Nigeria - Data are not available from 1995-2008.
- Pakistan - Data are not available from 1995-2006.

### Unemployment
- Bangladesh - Data are not available from 1995-2006 and from 2009-2012.
- Egypt - Data are not available from 1995-2002.
- Iran - Data are not available from 1995-2014.
- Nigeria - Data are not available from 1995-2008 and for 2012.
- Pakistan - Data are not available from 1995-2003.

### Americas
- None.

### Asia Pacific
- Due to unavailability of 2012 excluding-zero data, 2012 including-zero data are used for salary increases in India.
EASTERN EUROPE, MIDDLE EAST, AND AFRICA

- Due to unavailability of 2008 excluding-zero data, 2008 including-zero data are used for salary increases in Lithuania.

- Due to unavailability of 2008 excluding-zero data, 2008 including-zero data are used for salary increases in Russia.

- Due to unavailability of 2008–2009 excluding-zero data, 2008–2009 including-zero data are used for salary increases in South Africa.

WESTERN EUROPE

- None.
EMPLOYEE CATEGORIES

EXECUTIVE

These senior-most employees in the organisation generally include top executives and directors within the organisation, or employees with managerial responsibilities at the top level of a business unit or organisation. Executives focus on providing strategic vision and/or tactical/strategic direction across multiple functions or sub-functions. May also be referred to as Senior Executive or Function Head, or in the case of a sales executive Head of Sales/Marketing.

MANAGEMENT

These employees with important supervisory and managerial responsibilities are usually the higher levels within a business unit or organisation. Management-level employees focus on managing people and implementing policies and strategies to meet the organisation’s objectives. They typically report to senior managers and (other than sales) functional managers including finance, human resources, information technology.

PROFESSIONAL

Typically refers to jobs requiring a professional or technical qualification. They are individual contributors without supervisory responsibility, but may provide coaching/mentoring to less-experienced staff. They typically hold a university degree or full-trade equivalent.

INDIVIDUAL CONTRIBUTOR

Individual contributor in a technical function or professional sales role.

PROFESSIONAL — NOSALES

Individual contributor in a technical function or, typically, a nonsales professional role.

PARA-PROFESSIONAL

Typically includes roles that are semi-skilled or unskilled with no supervisory or management responsibility. They do not require a university degree, but may require formal professional training and certification, and may be paid on an hourly or a salaried basis.

PARA-PROFESSIONAL WHITE COLLAR

This category refers to salaried employees typically in a business support, analyst, administrative, or technical role.

PARA-PROFESSIONAL BLUE COLLAR

Para-professional blue collar refers to production workers generally in the manufacturing sector. Collective agreements may or may not cover operations employees.
ABOUT THIS REPORT

ECONOMIC MARKET

GROSS DOMESTIC PRODUCT (GDP)

The output of goods and services produced by labour and property. GDP has five main components: private consumption expenditure, fixed capital formation, increase in stocks, government consumption expenditure, and the net of exports of goods and services less imports of goods and services. The GDP data in this report refers to percentage change over the previous year’s GDP, at a constant price.

INFLATION

A term that refers to increases in prices for a constant market basket of goods. It is the average annual change in the consumer price index, which may differ from end-of-year figures. The cause of inflation is a general increase in the money supply, without a corresponding increase in the amount of goods and services available.

UNEMPLOYMENT RATE

The percentage of economically active persons wholly unemployed or temporarily laid off. Unemployment generally comprises all persons above a specified age who, during the reference period, were without work, currently available for work, and seeking work. National definitions of employment and unemployment differ from country to country.
ABOUT THIS REPORT

COMPENSATION TERMS

ANNUAL BASE SALARY (ABS)
Monthly base salary multiplied by the number of months per year that salary is paid (according to company policy).

ANNUAL GUARANTEED CASH (AGC)
Annual base salary plus guaranteed allowances, which include meal allowance, vehicle allowance, and so on.

ANNUAL TOTAL CASH COMPENSATION (ATC)
Annual base salary (ABS) plus annual guaranteed cash (AGC) and short-term incentives, which include bonus (for example, bonus, sales commission, profit sharing) but exclude share options. The figures reported include the actual award amounts received over last 12 months.

ANNUAL TOTAL REMUNERATION (ATR)
Annual total cash (ATC) plus long-term incentives. Also known as Annual Total Direct Compensation.

ANNUAL TOTAL EMPLOYMENT COST (TEC)
The total fixed cost of an employee’s package to the employer, including base salary, allowances, motor vehicles (benefit vehicles only), car allowances (benefit allowances only), company superannuation associated with fixed cost, car parking, leave loading, and all other benefits and associated fringe benefit tax. It excludes STIs and long-term incentives, staff on-costs such as workers’ compensation and payroll tax, bonuses, and/or commissions, and superannuation associated with variable cost.

ALLOWANCES
Salary supplements paid to employees to cover job requirements, with reimbursement usually based on actual costs. Typical allowances, depending on country or company culture, might include allowances for maternity, festival, transition, meal, car, childcare, family, vacation, sickness, housing, and others. They can be either paid out in cash, as an addition to the base salary or in the form of vouchers or coupons and may vary significantly from country to country.
ABOUT THIS REPORT

COMPENSATION MANAGEMENT

The process of engaging with line managers regarding their recommendations for individual pay increases and bonuses. It relies on managers being guided towards fair and consistent awards with robust market data and being enabled using technology. Approaches vary from directional (limited manager discretion) to discretionary.

COMPENSATION PLANNING

The process of modelling company and market data to build insights into how budgets should be distributed within the company for compensation review. It may be a top-down process linked to affordability and market movement, or a bottom-up process linked to competitive position and individual performance, or both. Also see Salary Increase.

COMPENSATION STRATEGY/PHILOSOPHY/POLICY

The principles that guide the design, implementation and administration of an organisation’s compensation programme. The strategy ensures that a compensation programme, consisting of both pay and benefits, supports an organisation’s mission, goals, and business objectives. It may also specify what programmes will be used and how they will be administered. The philosophy ensures that a compensation programme supports an organisation’s culture. The policy ensures that a compensation programme carries out the compensation strategy while supporting the compensation philosophy.

COMPETITIVE PAY POLICY

The strategic decision an organisation makes about which labour markets to use as comparison groups and how to set pay levels for those groups. After choosing the comparison group, the organisation decides its market position with respect to the group.

EQUITY

EXTERNAL EQUITY

A measure of an organisation’s pay levels, bands, or “going market rates” compared to that of its competitors. As a fairness criterion, external equity implies that the employer pays wages that correspond to prevailing external market rates, as determined by market pricing.

INTERNAL EQUITY

A fairness criterion that directs an employer to establish wage rates that correspond to each job’s relative value to the organisation.

EXTERNAL COMPETITIVENESS

A comparison of the organisation’s pay structure with its competitors.

FIXED ALLOWANCE

See Allowances.
ABOUT THIS REPORT

MARKET PRICING
The technique of creating a job-worth hierarchy based on the “going rate” for benchmark jobs in the labour market(s) relevant to the organisation. After a preliminary hierarchy is established based on market pay levels for benchmark jobs, this method considers job content to ensure internal equity. The process then “slots” all other jobs into the hierarchy based on whole job comparison.

NET PAY
The cash-in-hand of an employee, after tax and other deductions. Also see Gross Pay.

SALARY INCREASE
The total increase to salary that may include cost-of-living/inflation and merit increases in the financial year and exclude promotion and/or market adjustment.

SALARY INCREASES EXCLUDING ZEROES
Excluding zeroes represents salary increases of companies that provide an increase in pay (excluding pay freezes).

SALARY INCREASES INCLUDING ZEROES
Including zeroes represents salary increases of all companies, including those with pay freezes.

REAL SALARY INCREASE
An increase in salary after factoring in the effects of inflation on purchasing power.

SALARY RANGE
The established annual range for a position (minimum, control point, maximum) reported only for those organisations that have a formal salary structure. See pay range.

SALARY RANGE MINIMUM
The established minimum (lowest) rate of the salary range for the position.

SALARY RANGE MAXIMUM
The established maximum (highest) rate of the salary range for the position.

SALARY STRUCTURE
The hierarchy of job grades and pay ranges established within an organisation that may be expressed in terms of job grades, job evaluation points, or policy lines.

SALARY STRUCTURE ADJUSTMENT
An adjustment in the salary structure expressed as the percentage by which the sum of all midpoints of the new structure exceed (or lag) the corresponding sum of the midpoints of the old structure.
ABOUT MERCER

At Mercer, we make a difference in the lives of more than 110 million people every day by advancing their health, wealth, and careers. We’re in the business of creating more secure and rewarding futures for our clients and their employees — whether we’re designing affordable health plans, assuring income for retirement, or aligning workers with workforce needs. Using analysis and insights as catalysts for change, we anticipate and understand the individual impact of business decisions, now and in the future. We see people’s current and future needs through a lens of innovation, and our holistic view, specialized expertise, and deep analytical rigor underpin each and every idea and solution we offer. For more than 70 years, we’ve turned our insights into actions, enabling people around the globe to live, work, and retire well. At Mercer, we say we Make Tomorrow, Today.

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