

All about CEO appraisals

The top boss' pay is set to increase by a modest 9% this year. This exhibits a dip from the double-digit growth witnessed in previous years

The CEO is the chief driver of a corporate. His responsibilities include setting budgets, forming partnerships, hiring a team to steer the company towards its goals. He too, like other employees, has to be held accountable at the end of the financial year. In fact, the most important appraisal in the company is that of a CEO. But who appraises him? Since it's either the chairman, promoter or board members of a company that hire a CEO, they evaluate him.

A CEO's appraisal shapes the direction a company will take in the financial year. It makes the CEO more

accountable and responsible for business growth. He is assessed on the basis of what he has achieved at the end of the year.

"He is assessed on the basis of the growth and objectives of the company, his performance on a given scale and if he's created inroads for the company. His compensation is linked with business plans and his variable component is higher than other employees," says Gorakh Tiwari, managing director, Athena Executive Search and Consulting Pvt Ltd.

Hay Group, a global management consultancy, in its annual Top Executives Compensation Report 2012-

Executive perks

- Executive compensation expected to rise moderately by 9% this year
- Markets, strategy, culture, and ambitions are the four real drivers of CEO pay
- Increasing external recruitment of CEOs in evolving sectors such as retail and basic resources. Ready-made CEOs, as the mantra for success also means higher compensation and larger differentiation between CEOs' and top executives' pay

SOURCE: HAY GROUP

13, reveals that the compensation of CEOs and their top executives is set to increase by a modest 9% and 9.4%

respectively in the coming year. This exhibits a dip from the double-digit growth witnessed in previous years.

Since the economic environment has become fluid, the pressure on CEOs has increased. They are expected to deliver more in an increasingly challenging environment.

Their variable this year too will be higher than other employees. It could be anything in the ratio of 50:50 or 60:40. However, no spectacular salary increase is expected this year, adds Ronesh Puri, managing director, Executive Access.