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STATUS OF PERSONNEL IN  
CORPORATE STRUCTURE:  
- AN EMPIRICAL STUDY -

by

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STATUS OF PERSONNEL IN CORPORATE STRUCTURE:

- AN EMPIRICAL STUDY -

ABSTRACT

ARUN MONAPPA & D.S. KAMAT

An analysis of the Annual Reports of the Top 150 Companies, as rated by Economic Times, 1975 was done to identify those companies having personnel departments. Further analysis was done on the basis of the industry and sector (public/private), classification. The remuneration of the personnel employees in the (217 2A) category was compared to those in other functional areas, again by industries and sectors. While the public sector had more number of employees, they were paid less than their private sector counterparts. Another finding was that personnel employees were paid as much as if not more than their counterparts in other areas. The variety of designations used, the educational profile of the personnel officers were also studied. Correlations were also made in respect of the total wages, sales, profits and remuneration of all 217(2A) category employees and personnel 217(2A) employers.

The personnel function is recognised and given a distinct identity and status in a majority of the companies. The remuneration of personnel employees is on par if not greater in some cases than other non personnel employees.

## STATUS OF PERSONNEL IN CORPORATE STRUCTURE

- AN EMPIRICAL STUDY\* -

### Introduction

Previous studies have usually been concerned with managerial remuneration practices in corporations (Anand, 1969<sup>1</sup>) and to a certain extent comparing the data sector wise - public/private and looking at managerial remuneration as a motivator (Narain, 1973<sup>2</sup>; Fazal & Nigam, 1967<sup>3</sup>). A few studies have established the linkage with corporate strategy and managerial remuneration (Murthy, 1977<sup>4</sup>).

This study examines the issue in a different context altogether.

With the passing of the amendment to the Companies Act i.e., Sec. 217 (2A) regarding the disclosure of income data (Rs:36,000 and above) of employees of an organization it has become possible to have information regarding the compensation paid to senior personnel.

It was therefore sought to ascertain through published data how the top 150 Indian companies viewed the personnel function, at the corporate level. Do they have personnel managers in the senior manager category, if yes what salary, designations and qualifications/experience do they have? This study seeks to provide a limited understanding of these factors based entirely on corporate annual reports.

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\* Professor Arun Monappa & Mr. D.S. Kamat

The speed and ease with which industrial development can take place, depends a great deal on the human factors in industry. This brings out the importance of the role of personnel management in the industrial development of the country.

At one end of the balance the managements with a progressive outlook feel the necessity of sound personnel functions and techniques and receptive to new ideas and experiments in personnel management. At the other end of the balance we have managements who have as yet not realized the importance of personnel management - personnel functions and personnel managers.

Variations in attitudes and perceptions concerning the role and status of personnel management from different segments of the organizations fail to establish the scope and status of personnel management. No function other than the personnel, in any industry is subject to as much controversy as to what its status is and what it ought to be.

It is against such a background that an attempt has been made to explore the status of the personnel function in corporate structure basically in terms of managerial compensation.

### Objective

In this paper an attempt has been made to study the status of personnel departments at corporate level of the top 150 companies.

The aim of the study was to assess the status of personnel department at corporate level with special reference to (a) changes if any, in the top pay structure and of the personnel departments in particular (b) Remuneration practices managerial compensation in relation to turnover profit and wage and salary bill and (c) to arrive at some generalisations regarding the status, scope and significance of personnel function in companies, industries and sectors.

The annual reports of the companies were examined with a special emphasis on the information provided in the reports as per the provision of section 217 (2A) (See Exhibit A) of the Companies Act.

### The Sample

The top 150 companies in India, listed assetwise in 1975 by the Economic Times was chosen as a sample for the present study.

The National Industries Classification (NIC) (1970) was used as a basis to categorise the various types of the industries. Table 1 presents the profile of 150 companies in the sample. It gives the distribution of companies by an industry classification - industrywise breakup - of 150 companies.

The largest number of companies 22.67 per cent are in the chemical industry, textile is the next, 13.33 per cent, transport and electrical machinery industry constitute 8.67 per cent of the sample. Tobacco and trading industry constitute only 1.33 per cent and leather products is at the tail end, constituting only 1 company.

Table 1 also shows the sectorwise, public/private break-up of 150 companies. Out of the 150 companies 99 (66%) are in the private sector and 51 (34%) are in the public sector.

We have to restrict our sample size from the initially desired 150 companies to 111 companies because of non-availability of annual reports of 22 organizations and lack of information in respect of 17 companies.

#### Procedure (Methodology)

Firstly, schedule of the annual reports provided as per the provision of Section 217(2A) were examined to find out how

many companies have employees in the personnel area whose annual gross remuneration was above Rs:36,000/-

This preliminary analysis also helped us to restrict our sample. The organizations were classified into two categories based on the following criteria.

1. those companies who have employees in the personnel area whose annual gross remuneration was above Rs:36,000/-
2. those companies who do not have employees in the personnel area in the Rs:36,000/- and above category.

From listed data available from the (schedules) information provided in the annual reports as per the provision of Sec.217(2A) of the Companies Act the following analysis were made for the years 1975 and 1976, in order to derive conclusions pertaining to the status of the personnel function in the corporate structure.

1. The average annual remuneration of employees in personnel area vis-a-vis employees in other functional areas, industrywise/sectorwise and in Multinational Organizations (MNC's) (operating in India) and Indian Public Limited Companies (IPLC's) in private sector.



- 2 Gross remuneration of personnel and non personnel employees as a percentage of the total wage and salary bill. This has been studied in various dimensions, such as the percentage for various types of industries, sectors and again within the private sector between MNC's and IPLC's.
- 3 The number of employees in personnel area as percentage of non personnel executives in various industries sectors and in MNC's and IPLC's in the private sector.
- 4 Changes in the firms top structure's remuneration practices i.e., managerial compensation in relation to turn over, profit and wage salary bill.
- 5 The profile of corporate personnel with reference to their educational qualifications, designations and years of experience.

#### Results and Discussion

It was found that in 75 out of 111 companies 73 (66%) had employees in the personnel area.

In 1976 out of 111 companies 76 (68.4%) had employees in personnel area whose gross remuneration exceeded Rs:36,000/-.

This leads us to infer that the majority (68%) of the top companies have recognised the importance of personnel

function and emphasis has been placed on personnel in corporate structures. Table 2 gives the break up of 111 companies for the years 1975 and 1976.

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TABLE 2 HERE

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During the year 1976 the number of companies having employees in personnel area in the bracket of Rs:36,000/- had increased by about 2 per cent.

Industrywise analysis shows that in Transport equipment industry, a large number (88.89%) of companies had employees in personnel area in Rs:36,000/- and above bracket. Out of 9 companies only 1 company did not have any employee in the personnel area.

Again in the paper industry out of 5 organizations 4 organizations (80%) had their employees in personnel area in the schedule under Sec. 217(2A).

In chemical industry 76.92 per cent of the companies (21 out of 26) had corporate personnel in 217 (2A) category.

The construction industry does not seem to have paid as much importance to its personnel department as other industries, have done. In construction industry out of 4 organizations only one organization had an employee in the personnel area. Table 3

gives the industrywise break up of companies.

In the sample of 111 companies 80 (72.08%) companies are in private sector and 31.93%) are in the public sector.

In sectorwise analysis it was found that 62 (77.50%) companies in private sector had employees in personnel area in the 217 (2A) category and 18 (22.50%) companies did not have any employees in this category.

In public sector out of 31 organizations 11 (35.48%) companies had employees in personnel area while 20 (64.52%) organizations did not have any employees in the Sec. 217 (2A) category.

Our data indicates that private sector companies have given relatively more emphasis on personnel department as compared to the public sector (Table 4).

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TABLE 4 HERE

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The data presented thus far is for companies where data was available. However, the sample size was reduced due to the following reasons for sampling convenience.

As the objective of the present study was to assess the status of personnel, the data pertaining to only those companies

were used for analysis which have their employees in personnel areas whose gross remuneration exceeds Rs:36,000 per annum. Table 2 reveals that 73 companies have employees in personnel area in this category. However, for further analysis we had to further restrict our sample to 56. While categorising 150 companies industrywise using NIC as the base it was found that 15 companies were scattered in the following manner and as such the data pertaining to this could not be used for analysis as they were too few in number for purpose of analysis.

Industry	No. of Cos.
Paper	4
Construction	1
Transport	4
Food	2
Non Metallic	2
Tobacco	1
Leather Products	1
Total	15

In addition to the above 15 companies the details were not available pertaining to 2 companies in the textile industry. Thus 17 companies had to be dropped from the earlier sample of 73 companies and the sample was thus further restricted to 56

companies. From hereafter the analysis would be contained to 56 companies only.

I. Average Remuneration of Sec. 217(2A) Personnel

	1975	1976
All 217(2A) Category Personnel	Rs: 53,000	Rs: 53,000
Personnel	Rs: 57,000	Rs: 56,000

The above table reveals that over a year there was no difference in the average remuneration of non personnel employees in the companies, however there was a slight decrease in the average remuneration of employees in the personnel area from the year 1975-76. Significantly it was found that the average salary of personnel employees is more than that of non personnel employees.

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TABLE 5 HERE

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The industrywise analysis of companies (table 5) show that the textile industry has been paying more to its employees as well as to employees in personnel area over the years 1975 and 1976 as compared to other industries.

Another significant feature of the textile industry was that the average remuneration of employees over the years 1975

and 1976 remained the same as well as the average remuneration of employees in the personnel area. The average remuneration of employees was Rs: 57,000 and the average remuneration of employees in the personnel area was Rs:58,000.

Table 5 also indicates that the number of personnel officers. It will be seen that the textile industry has relatively less personnel officers and correspondingly metal and chemical industries have relatively more personnel officers.

The industrywise analysis shows that employees in the personnel area were paid more than their counterparts in other functional areas, except in Engineering industry in the year 1976. (Table 5).

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TABLE 6 HERE

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The sectorwise analysis showed (table 6) that in public sector the gross average remuneration of employees was Rs:43,000 and Rs:44,000 for the years 1975 and 1976 respectively. The average remuneration of officers in the personnel area was also the same. This showed that there was no difference between the average remuneration of non personnel and personnel employees in the public sector.

In private sector the average remuneration of employees was Rs:54,000 which remained the same for the year 1976 also. In the private sector personnel officers were paid more than the non personnel officers unlike in public sector. The average remuneration of employees in personnel area was Rs:59,000 for the year 1975 and Rs:57,000 for the year 1976.

Though in private sector personnel employees were paid more than non personnel employees there was slight decrease in their average remuneration for the year 1976.

Summing up here, we can infer that in the public sector personnel officers are paid on par with the non personnel employees and in private sector personnel officers are paid little more than their counterparts in other areas/functions. However, in the private sector <sup>over a</sup> ~~year~~ there was a slight fall in the compensation of personnel officers.

The companies in the private sector were divided into two: MNC's and IPLC's to examine the remuneration pattern of employees in MNC's and IPLC's.

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TABLE 7 HERE

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It was revealed from table 7 that the gross average remuneration of employees in both MNC's and IPLC's was the

same in 1976 while it varied marginally in 1975, in case of MNC's, it was little more.

However, it was found that the employees in the personnel area were paid more than their counterparts in other functional areas in MNC's but not so in IPLC's actually the reverse was the situation on IPLC's.

Secondly it was also found that the gross average remuneration of personnel officers of MNC's was more than that of employees in the personnel area of IPLC's.

Another significant feature was that unlike public and private sector companies it was found that in IPLC's personnel officers were paid less than the officers in other functional areas.

## II. Wage and Salary Cost

For the sample under study, the gross remuneration of employees listed in schedules as per the provision of Sec. 217(2A) comprised 6 per cent of the total wage and salary bill. It was also found that the gross remuneration of employees in personnel area was about 4.26 per cent of the gross remuneration of employees in 217(2A) category during the year 1975.

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TABLE 8 HERE



The industrywise analysis showed that the gross remuneration of employees in 217(2A) to total wage and salary bill (all employees, managers, workers etc.) varied between 4 per cent to 11 per cent for the years 1975 and 1976. Industrywise ratio was the highest i.e., 9.17 per cent in 1975 and 11.26 per cent in 1976 - in chemical industry. In metal industry it varied between 4 per cent to 5 per cent for the years 1975 and 1976, and in textile industry it remained at 4 per cent.

The ratio of gross remuneration of employees in personnel area to the gross remuneration of employees under Sec.217(2A) varied between 3 per cent to 5 per cent during the years 1975 and 1976. Table 8 gives the data for the industries under study.

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TABLE 9 HERE

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The sectoral analysis of the data table 9 indicates that gross remuneration of employees to that of the total wage and salary bill was about 2½ times more in private sector as compared to public sector during the years 1975 and 1976. In public sector managerial compensation (217(2A) accounted for only 2 per cent to its total wage and salary bill whereas in private sector it was 7 per cent.

The proportion of gross remuneration of personnel officers to the gross remuneration of all non personnel 217(2A) was found to be little more in the case of public sector in comparison to private sector. It was 4 per cent in private sector and 5 per cent in public sector.

In MNC's enterprises it was found that the ratio of gross remuneration of employees in 217(2A) category to the total wage and salary bill was almost double that of IPLC's companies. In IPLC's this was 5.30 per cent and 5.86 per cent for the years 1975 and 1976 respectively in contrast to MNC's with ratios of 11.43 per cent and 11.90 per cent for the same period.

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TABLE 10 HERE

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The proportion of gross remuneration of personnel employees to that of gross remuneration of non personnel employees (217(2A) was found to be double in MNC's as compared to IPLC's. It was 2.84 per cent in IPLC's organizations and 5.78 per cent in MNC's during the year 1975 and 3.03 per cent and 6.61 per cent respectively during the year 1976 (Table 10).

### III. Personnel to Non Personnel Employees 217(2A)

While examining the proportion of employees in personnel area to the total number of non personnel employees 217(2A) it was found that the employees in the personnel area constituted around 3.96 per cent in 1975 and 4.36 per cent in 1976. The ratio of employees in personnel area to the non personnel employees 217(2A) increased by about 10 per cent over the year 1975 to 1976.

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TABLE 11 HERE

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Table 11, indicates that except metal industry there was an increase of personnel employees to total employees. It varied from 9 per cent to 34 per cent from the year 1975 to 1976, in chemical, engineering and textile industries. The increase was highest (34.1%) in engineering industry and lowest (9.26%) in chemical industry.

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TABLE 12 HERE

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In sectoral analysis (table 12) the ratio of employees in personnel area to the other employees was found to be little

more in public sector as compared to private sector. It was 3.84 per cent and 5.93 per cent in private and public sector respectively in 1975 and it was 4.26 per cent and 5.56 per cent for the year 1976 in private sector and public sector. The ratio of employees in personnel area to the total number of employees increased by about 10 per cent in public and private sectors from the year 1975 to 1976.

The proportion of employees in personnel area to the other employees was found to be more in MNC's as compared to the IPLC's. It was 2.89 per cent and 5.01 per cent in IPLC's organizations and MNC's respectively in 1975 and it was 3.32 per cent and 5.62 per cent during the year 1976 in IPLC's organizations and MNC's respectively.

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TABLE 13 HERE

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The ratio of employees in personnel to other employees 217(2A) increased by about 12 per cent in MNC's and by about 15 per cent in IPLC's from the year 1975 to 1976. (Table 13).

#### IV. Relationship between Sales Turnover, Profit & Managerial Compensation

A significant relationship has been found between sales turnover, profit before tax, profit after tax and the total wage and salary bill of the companies. This shows that sales turnover, profit before tax and profit after tax and total wage and salary are directly related to each other (Table 14).

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TABLE 14 HERE

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However, no significant relationship has been found between sales turnover and managerial compensation of those falling under purview of Sec. 217(2A). Though managerial compensation does not relate significantly to sales turnover it shows relationship with profit before tax and profit after tax of the companies (table 14).

Managerial compensation (217(2A) category) is not significantly related to the total wage and salary bill of the companies. This may imply that managerial compensation has no direct bearing upon total wage and salary bill. Managerial perquisites and fringe benefits are not always reflected in total wage and salary bill (table 14). They are on many occasions computed separately. No relationship has been found between gross remuneration of

employees in personnel area and the sales turnover, profit before tax, profit after tax and total wage and salary bill of the companies.

However, a significant relationship has been found between gross remuneration of employees 217(2A) and the employees in the personnel area. This seems to contradict the prevailing notion that the personnel employees' compensation structure is not on par with that of other functional areas of management. This leads us to infer that among the companies under study, the personnel function enjoys the same status as its counterparts (table 14).

#### V. Academic Background

It is very pertinent to note that nearly all the personnel managers in the sample have a minimum university degree. In the total sample of 250 personnel officers 64 per cent are graduates, 28 per cent are post graduates and 2 per cent have Ph.D. degree. Besides a university degree the majority of the managers have professional training - degree in law, degree/diploma in social work, welfare or personnel management and degree in business administration. Out of 250 personnel officers in the present study 34 per cent have degree in law, 36 per cent have degree/diploma in social work/welfare/personnel management and 8 per cent have degree in business management. About 10 per cent of the managers have degree/diploma from abroad.

The data on general education of personnel officers (table 15, 16 and 17) thus shows that the personnel management at corporate level is manned by highly qualified officers. A large number of them are double graduates and many of them have had several post graduate professional qualifications.

The personnel managers at corporate level are well qualified and also well experienced in their field. On an average they have about 22 years of experience ranging from 5 years to 40 years.

A variety of designations of managers manning, the personnel departments in companies was found. Some tentative hypothesis postulated are: designations reflect the policy and tradition of an individual company. What is particularly noteworthy, however, is that the use of different designations appears to be linked with the development of various sub systems of personnel management and thus reflects - the scope and status of personnel at corporate level. This relative emphasis on a sub system inferred (by the title used) is used as the basis for making a priori judgement regarding the emphasis of the sub system in a particular case; or of the existence of a more integrated, total system, encompassing many sub systems. (This priori conclusion is again arrived at on the basis of the variety of designations, levels of personnel employees and salary differentials).

The employees in the personnel area in the present study were found to have more than 40 different designations. Personnel manager, personnel officers, chief personnel manager, chief personnel officer, industrial relations manager were some of the most common designations used in the companies.

To assess the status and scope of personnel the designations were grouped into three:

1. General Personnel - 80 per cent fell in this category)  
Director Personnel, General Manager, Personnel Personnel Manager, Regional Personnel Manager, Industrial Relations Manager, Staff Manager, Chief Personnel Officer, Chief Executive Personnel, Welfare Officer and so on.
2. Specialists (15 percent fell in this category)  
Training Manager, Manager Manpower Planning and Development, Selection and Training Manager, Manager Salaries, Manager Employment and so on.
3. Advisors (5 per cent fell in this category)  
Personnel Advisor, Advisor Personnel and IR and IR Advisor and so on.

This indicates that besides general personnel functionaries, there exists at corporate structure, specialists in personnel



and advisors in personnel. In the sample of 250 employees in the personnel area 15 per cent were specialists in different personnel functions such as manpower planning, selection, training, salary etc. These different specialists and advisors appear to be linked with the development of some specific aspect of the personnel management function.

### Conclusion

Using only the data collected from the schedule provided in the annual reports of the companies as per Sec. 217 (2A) of the Companies Act, it may be difficult to draw any conclusions because of limitations of data. However, within the constraints an attempt has been made to derive some broad conclusions.

It is found that the majority of the top companies have recognised the importance of <sup>the</sup> personnel function and emphasis has been placed on personnel in corporate structures. Sixty-eight per cent of the companies in the sample have employees in the personnel areas whose gross remuneration exceeds Rs:36,000 per annum.

Sectoral analysis showed that private sector has given more emphasis on personnel department as compared to the public sector.

The average remuneration of employees in personnel area is found to be on par with the average remuneration of their counterparts in other functional areas. This seems to contradict the general notion that employees in personnel are paid relatively less.

The status of personnel in the corporate structure of MNC's seems to be relatively better. The proportion of gross remuneration of employees in personnel area to that of gross remuneration of non personnel employees was found to be double in MNC's enterprise as compared to IPLC's. The ratio of employees in personnel area to the non personnel employees is found to be more in MNC's organization as compared to IPLC's.

In terms of number of employees in the personnel area, the sectoral analysis reveals, that the public sector pay equal if not marginally more emphasis on the function vis-a-vis the private sector. This conclusion is based on the number of employees in the personnel area.

No relationships is found between gross remuneration of employees in personnel area and the sales turnover profit before tax, profit after tax and the total wage and salary bill of the companies. However, a significant correlation is obtained

between the gross remuneration of all employees (217(2A)) and the gross remuneration of employees in personnel area showing that the employees in the personnel area are paid on par with their counterparts in the other functional areas.

Personnel managers at the corporate level are well qualified to man the personnel department. A large number of them are double graduates and many of them had several post graduate qualifications. They are also well experienced in their fields. They have on an average 22 years of experience ranging from 5 to 40 years.

Besides personnel managers, handling general personnel functions, there exists at the corporate level personnel specialists and personnel advisors looking after the development of various aspects of personnel management functions.

This does not mean that if an organization does not have a personnel functionary at the corporate level the personnel function does not exist in the organization. It certainly may except that the functionary is not earning a high enough salary. Again earning a high salary Rs:36,000 + does not necessarily mean that the personnel function with its variety of sub systems is playing a multi functional innovative role in an enterprise. By sheer seniority a Labour Welfare Officer or an Establishment Officer who does housekeeping or record

keeping functions has now reached the corporate structure.

A more general designation such as Personnel Manager, Personnel Director the variety of sub functions encompassed would be more.. A more specialised designation such as Manpower Specialist then the functipnary would be a specialist in that area. In organizations studied both the combination were found. A Personnel Director would have specialist officers reporting to him which assumption is based on the differential salary scales and the designations involved. Alternatively in some cases only a specialist existed like a Manpower Specialist. The higher the level in the organization like a Director, there is a department built around him, which would have both generalists and specialists, again working in both IR and Personnel functions. Ideally a multi functional innovative department would have an integration of the two streams as stated earlier. But more importantly it would devotail corporate objectives personnel policy formulation and implementation in order to achieve organizational viability.

This leads us to conclude, within the limitations of data that the personnel management in India has achieved a status, broadened its scope and integrated itself with the general management of the enterprise. The status and scope of personnel

management depend to a large extent on the philosophy of management, government policies, volume of business and so on. To study therefore the status and scope of personnel management at the corporate level and to arrive at definite conclusions an indepth study and further analysis **is** essential.

Table 1

## INDUSTRY-WISE AND SECTOR-WISE DISTRIBUTION OF THE TOP 150 COMPANIES

Classification of companies	Number of companies in the top 150		Number of companies in private sector		Number of companies in Public sector	
	No	%	No	%	No	%
Chemical	34	22.67	20	13.33	14	9.33
Textile	20	13.33	19	12.67	1	.67
Paper	5	3.33	5	3.33	-	-
Transport	13	8.67	8	5.33	5	3.33
Metal	11	7.33	6	4.00	5	3.33
Transport equipment	11	7.33	6	4.00	5	3.33
Machinery	11	7.33	7	4.67	4	2.67
Construction	4	2.67	2	1.33	2	1.33
Electrical Machinery	13	8.67	7	4.67	6	4.00
Electricity Gen. & Supp.	5	3.33	5	3.33	-	-
Metal Products	5	3.33	4	2.67	1	.67
Non-Metallic	3	2.00	3	2.00	-	-
Tobacco	2	1.33	2	1.33	-	-
Trade	2	1.33	-	-	2	1.33
Leather Products	1	0.67	1	0.67	-	-
Mining	6	4.00	-	-	6	4.00
Food Products	4	2.67	4	2.67	-	-
Total	150		99	66%	51	34%

Table 2

COMPANIES EMPLOYING/NOT EMPLOYING PERSONNEL OFFICERS  
UNDER SEC. 217 (2A)

No. of Co.	1 9 7 5				No. of Co	1 9 7 6			
	Companies hav- ing personnel officers		Companies not having pers- onnel officers			Companies hav- ing personnel officers		Companies not having pers- onnel officers	
	No.	%	No.	%		No.	%	No.	%
111	73	65.77	38	34.23	111	76	68.47	35	31.53

INDUSTRYWISE DISTRIBUTION OF COMPANIES  
EMPLOYING/NOT EMPLOYING PERSONNEL OFFICERS UNDER SEC. 217(2A)

Industry	Total No. of Cos. in top 150	Data available No. of Cos.	1 9 7 6		No. of companies don't have per- sonnel officers	
			No. of Cos. have personnel offi- cers	%	No.	%
Chemical	34	26	21 (20)	80.77 (76.92)	5 (6)	19.23 (23.08)
Textile	20	17	10 (10)	58.82 (58.82)	7 (7)	41.18 (41.18)
Paper	5	5	4 (4)	80.00 (80.00)	1 (1)	20.00 (20.00)
Transport	13	6	4 (4)	66.67 (66.67)	2 (2)	33.33 (33.33)
Metal	11	7	5 (5)	71.43 (71.43)	2 (2)	28.57 (28.57)
Transport Equipment	11	9	8 (8)	88.89 (88.89)	1 (1)	11.11 (11.11)
Machinery	11	8	4 (4)	50.00 (50.00)	4 (4)	50.00 (50.00)
Construction	4	4	1 (1)	25.00 (25.00)	3 (3)	75.00 (75.00)
Electrical Mach. & Appl.	13	8	6 (5)	75.00 (62.50)	2 (3)	25.00 (37.50)
Elect. Gen. & Supp.	5	4	4 (3)	100.00 (75.00)	- (1)	- (25.00)
Metal Products	5	4	3 (3)	75.00 (75.00)	1 (1)	25.00 (25.00)
Mining	6	2	-	-	2 (2)	100.00 (100.00)
Food Products	4	4	2 (2)	50.00 (50.00)	2 (2)	50.00 (50.00)
Non-Metallic	3	3	2 (2)	66.67 (66.67)	1 (1)	33.33 (33.33)
Tobacco	2	2	1 (1)	50.00 (50.00)	1 (1)	50.00 (50.00)
Trade	2	1	-	-	1 (1)	100.00 (100.00)
Leather Products	1	1	1 (1)	100.00 (100.00)	-	-
Total	150	111	76 (73)		35 (38)	

Figures in the bracket are of 1975



Table 4

SECTOR-WISE DISTRIBUTION OF COMPANIES  
EMPLOYING/NOT EMPLOYING PERSONNEL OFFICERS UNDER SEC. 217(2A)

Sector	Total No. of cos.in top 150	1 9 7 5				1 9 7 6				
		Data available No. of cos.	No. of cos. having personnel officers		No. of cos. not having personnel officers		No. of cos. having personnel officers		No. of cos. not having personnel officers	
			No.	%	No.	%	No.	%	No.	%
Private	99	80	62	77.50	18	22.50	65	81.25	15	18.75
Public	51	31	11	35.48	20	64.52	11	35.48	20	64.52
Total	150	111	73	65.77	38	34.23	76	68.47	35	31.53

Table 5

## REMUNERATION OF EMPLOYEES UNDER SEC. 217(2A) INDUSTRYWISE

1 9 7 6

	No. of cos.	Non-personnel officers		Personnel officers	
		No. of officers	Average remuneration	No. of officers	Average re- muneration
Chemical	19 (21)	2354 (2250)	52000 (53000)	111 (97)	57000 (58000)
Engineering	15 (17)	1565 (1608)	53000 (52000)	64 (49)	51000 (57000)
Metal	7 (8)	975 (903)	52000 (52000)	41 (45)	57000 (54000)
Textile	10 (10)	846 (796)	57000 (57000)	34 (29)	58000 (58000)
Total Cos.	51 (56)	5740 (5557)	53000 (53000)	250 (220)	56000 (57000)

Figures in bracket are of 1975

Table 6

## REMUNERATION OF EMPLOYEES (SEC. 217 (2A) - SECTORWISE

1 9 7 6

Sector	No. of cos.	Non-Personnel officers		Personnel officers	
		No. of officers	Average remuneration	No. of officers	Average remuneration
Public	9 (11)	450 (557)	44000 (43000)	25 (28)	44000 (43000)
Private	42 (45)	5290 (5000)	54000 (54000)	225 (192)	57000 (59000)
Total	51 (56)	5740 (5557)	53000 (53000)	250 (220)	56000 (57000)

Figures in bracket are of 1975

Table 7

REMUNERATION OF EMPLOYEES UNDER SEC. 217(2A)  
IN PRIVATE SECTOR (MULTINATIONALS)

1 9 7 6

Private sector (break-up)	No. of Cos.	Non-Personnel Officers		Personnel Officers	
		No. of officers	Average re- muneration	No. of officers	Average re- muneration
Multi- nationals	11 (13)	2154 (2259)	54000 (55000)	121 (113)	64000 (63000)
Private (excluding multi- nationals	31 (32)	3136 (2741)	54000 (54000)	104 (79)	48000 (53000)
Total Private sector Cos.	42 (45)	5290 (5000)	54000 (54000)	225 (192)	57000 (59000)

Figures in bracket are of 1975

Table 8

REMUNERATION PATTERN OF EMPLOYEES  
UNDER SEC. 217(2A) - INDUSTRYWISE

Industry	No. of cos.	Total wage & salary in crores	1 9 7 6		Personnel Officers		
			Non-Personnel Gross Remn. in crores	Offi- cers % of total wage & salary	Gross Remn. Rs. in crores	% of gross Remn. of non personnel officers	% of total wage & salary
Chemical	19 (21)	109.14 (129.44)	12.28 (11.86)	11.26 (9.17)	.631 (.560)	5.14 (4.72)	.58 (.44)
Engg.	15 (17)	156.51 (160.75)	8.30 (8.40)	5.31 (5.22)	.329 (.281)	3.97 (3.35)	.21 (.18)
Metal	7 (8)	102.32 (120.80)	5.11 (4.66)	5.00 (3.86)	.235 (.244)	4.59 (5.24)	.23 (.21)
Textile	10 (10)	108.72 (106.99)	4.31 (4.54)	4.43 (4.25)	.196 (.169)	4.07 (3.73)	.18 (.16)
Total	51 (56)	476.69 (517.98)	30.50 (29.46)	6.40 (5.96)	1.391 (1.254)	4.56 (4.26)	.30 (.25)

Figures in bracket are of 1975

Table 9

REMUNERATION PATTERN OF EMPLOYEES  
UNDER SEC. 217(2A) - SECTORWISE

1 9 7 6

Sector	No. of cos.	Total wage & salary in crores	Non-Personnel Off- icers		Personnel Officers		
			Gross Remn. in Crs.	% of total wage & salary	Gross Remn. in crores	% of gross Remn. of non personnel officers	% of total wage and salary
Public	9 (11)	91.38 (131.98)	2.00 (2.37)	2.19 (1.80)	.110 (.121)	5.48 (5.12)	.12 (.10)
Private	42 (45)	385.31 (386.00)	28.50 (27.09)	7.40 (7.02)	1.281 (1.133)	4.50 (4.18)	.34 (.30)
Total	51 (56)	476.69 (517.98)	30.50 (29.46)	6.40 (5.69)	1.391 (1.254)	4.56 (4.26)	.30 (.25)

Figures in bracket are of 1975

Table 10

REMUNERATION PATTERN OF EMPLOYEES UNDER SEC. 217(2A)  
IN PRIVATE SECTOR (MULTINATIONALS)

1 9 7 6

Private sector (Break-up)	No. of cos.	Total wage & salary in crores	Non-personnel officers		Personnel Officers		
			Gross Remn. in crores	% of total wage & salary	Gross Remn. in crores	% of gross Remn. of non personnel officers	% of total wage & salary
Multi- nationals	11 (13)	98.24 (108.36)	11.69 (12.38)	11.90 (11.43)	.773 (.715)	6.61 (5.78)	.79 (.66)
Private (excluding multi- nationals)	31 (32)	287.07 (277.64)	16.81 (14.71)	5.86 (5.30)	.508 (.418)	3.03 (2.84)	.18 (.15)
Total	42 (45)	385.31 (386.00)	28.50 (27.09)	7.40 (7.02)	1.281 (1.133)	4.50 (4.18)	.34 (.30)

Figures in bracket are of 1975

Table 11

EMPLOYEES IN PERSONNEL AREA AS PERCENTAGE  
OF TOTAL EMPLOYEES (SEC. 217 (2A) - INDUSTRYWISE

Industry	Number of companies	1 9 7 6		Non-personnel officers (%)
		Non-personnel officers	Personnel officers	
Chemical	19 (21)	2354 (2250)	111 ( 97)	4.72 (4.32) %+9.26
Engineering	15 (17)	1565 (1608)	64 (49)	4.09 (3.05) %+34.10
Metal	7 (8)	975 (903)	41 (45)	4.21 (4.99) %-15.64
Textile	10 (10)	846 (796)	34 (29)	4.02 (3.65) %+10.14
Total	51 (56)	5740 (5557)	250 (220)	4.36 (3.96) %+10.11

Figures in bracket are of 1975



Table 12

EMPLOYEES IN PERSONNEL AREA AS PERCENTAGE  
OF TOTAL EMPLOYEES (SEC. 217 (2A) - SECTORWISE

1 9 7 6

Sector	Number of companies	Non-personnel officers	Personnel officers	% of non-per- sonnel Officers
Public	9 (11)	450 (557)	25 (28)	5.56 (5.03) %+10.54
Private	42 (45)	5290 (5000)	225 (192)	4.26 (3.84) %+10.94
Total	51 (56)	5740 (5557)	250 (220)	4.36 (3.96) %+10.11

Figures in bracket are of 1975

Table 13

EMPLOYEES IN PERSONNEL AREA AS PERCENTAGE OF TOTAL EMPLOYEES  
(SEC. 217 (2A) IN PRIVATE SECTOR (MULTINATIONALS))

1 9 7 6

Private sector (Break-up)	No. of companies	Non-personnel officers	Personnel officers	% of Personnel officers
Multi- nationals	11 (13)	2154 (2259)	121 (113)	5.62 (5.01) %+12.18
Private (excluding Multi- nationals)	31 (32)	3136 (2741)	104 (79)	3.32 (2.89) %+14.88
Total	42 (45)	5290 (5000)	225 (192)	4.26 (3.84) %+10.94

Figures in bracket are of 1975

Table 14

## CORRELATION MATRIX

Variables	Sales turn- over	Profit before tax	Profit after tax	Total wage & salary	Salary of em- ployees under Sec 217 (2A)	Salary of perso- nnel officers under sec.217 (2A)
Sales turnover		** .771	** .761	** .354	.224	.098
Profit before tax			** .840	** .449	* .300	.090
Profit after tax				** .508	* .275	.060
Total Wage & Salary					.264	.089
Salary of employees under SEC.217(2A)						** .561
Salary of Personnel officers under Sec. 217(2A)						

.05 \*

.01 \*\*

Table 15

EDUCATIONAL PROFILE OF PERSONNEL OFFICERS  
(ACADEMIC)

Level*	No.	School %	Under Gr. %	Graduate %	Post Gr. %	Ph.D. %
Top	36	-	-	50.00	38.89	11.12
Middle	88	1.14	3.41	62.50	31.82	1.14
Lower	126	2.38	3.97	69.85	23.02	.80
Total	250	1.60	3.20	64.40	28.40	2.40

\* The following salary cut off was used to classify officers.

Top Rs: 75,000 and Above  
Middle Rs: 50,000 to 75,000  
Lower Rs: 36,000 to 50,000

Table 16

EDUCATIONAL PROFILE OF PERSONNEL OFFICERS  
(PROFESSIONAL)

Level	No.	Law %	Per. Mgmt/ Soc. Work Welfare %	Management %	No Professional Education %
Top	36	19.45	16.67	8.34	55.56
Middle	88	32.95	44.32	9.09	13.64
Lower	126	39.68	35.71	7.15	17.46
Total	250	34.40	36.00	8.00	21.60

Table 17

EDUCATIONAL PROFILE OF PERSONNEL OFFICERS  
(DEGREE/DIPLOMA FROM ABROAD)

Level	Nc.	Degree/Diploma from Abroad %
Top	36	36.12
Middle	88	6.82
Lower	126	4.77
Total	250	10.00

## EXHIBIT A

Section 217(2A) inserted by the Companies (Amendment) Act of 1974, read as follows:

"(2A)(a) The Boards report shall also include a statement showing the name of every employee of the company who

(I) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than thirty-six thousand rupees; or

(II) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than three thousand rupees per month.

(b) The statement referred to in clause (a) shall also indicate:

(I) whether any such employee is a relative of any director or manager of the company, and if so the name of such director, and

(II) such other particulars, as may be prescribed":

Explanation- "Remuneration" has the meaning assigned to it in the explanation to section 198.

Explanation of section 198 reads as follows:

"Explanation: For the purposes of this section and sections 309, 310, 311, 348, 352, 381 and 387, "remuneration" shall include:

- a) any expenditure incurred by the company in providing any rent-free accommodation, or any other benefit or amenity in respect of accommodation free of charge, to any of the persons specified in sub-section(1);
- b) any expenditure incurred by the company in providing any other benefit or amenity free of charge or at a concessional rate to any of the persons aforesaid;
- c) any expenditure incurred by the company in respect of any obligation or service which, but for such expenditure by the company, would have been incurred by any of the persons aforesaid; and
- d) any expenditure incurred by the company to effect any insurance on the life of, or to provide any pension annuity or gratuity, for any of the persons aforesaid or his spouse or child".

The Companies Act, 1956  
Govt. of India, Ministry of Law, Justice & Company Affairs.



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