

# Total Rewards Metrics and Formulas

## 1. Base Salary Metrics

### 1.1. Compa-Ratio

📌 Formula:  $\text{Compa-Ratio} = (\text{Employee Salary} / \text{Midpoint of Salary Range}) \times 100$

💡 What it means: Shows how close an employee's salary is to the midpoint of their salary grade.

🕒 When to use it: To check salary fairness, especially when giving raises or promotions.

📊 Example: Salary = 18,000, Midpoint = 20,000 → Compa-Ratio = 90%

### 1.2. Salary Range Penetration

📌 Formula:  $\text{Penetration \%} = ((\text{Salary} - \text{Minimum}) / (\text{Maximum} - \text{Minimum})) \times 100$

💡 What it means: Tells you how far an employee's salary has moved within their salary range.

🕒 When to use it: To support career progression discussions and pay planning.

📊 Example: Range = 15,000–25,000, Salary = 20,000 → Penetration = 50%

## 2. Incentives & Bonuses

### 2.1. Bonus Achievement %

📌 Formula:  $\text{Achievement \%} = (\text{Actual KPI} / \text{Target KPI}) \times 100$

💡 What it means: Measures how much of the goal (KPI) the employee or team achieved.

🕒 When to use it: Before calculating bonuses tied to performance.

## 2.2. Bonus Payout Calculation

📌 Formula:  $\text{Bonus} = \text{Base Salary} \times \text{Target Bonus \%} \times (\text{Achievement \%} / 100)$

💡 What it means: Tells the actual bonus based on salary and performance level.

🕒 When to use it: During year-end bonus cycles or quarterly incentive programs.

📊 Example: Base Salary = 20,000, Target = 15%, Achievement = 120% → Bonus = 3,600

## 3. Market Comparison Metrics

### 3.1. Market Index Position

📌 Formula:  $\text{Market Index \%} = (\text{Employee Salary} / \text{Market Median}) \times 100$

💡 What it means: Shows how competitive your pay is compared to market data.

🕒 When to use it: To decide if pay adjustments are needed.

📊 Example: Salary = 22,000, Market Median = 20,000 → Index = 110%

## 4. Total Employee Cost (CTC)

### 4.1. Cost to Company (CTC)

📌 Formula:  $\text{CTC} = \text{Gross Salary} + \text{Employer Social Insurance} + \text{Benefit Costs} + \text{Bonus}$

💡 What it means: Shows the total cost a company pays for one employee.

🕒 When to use it: Budget planning, workforce cost analysis, or headcount proposals.

## 5. Benefits Return

### 5.1. Benefits ROI

📌 Formula:  $\text{ROI} = \text{Productivity Gain or Retention Value} / \text{Cost of Benefit Program}$

💡 What it means: Measures if a benefit is worth the cost.

🕒 When to use it: To evaluate or improve benefit programs.

📊 Example: Cost = 50,000, Value = 75,000 → ROI = 1.5 or 150%

## 6. Internal Job Evaluation

### 6.1. Job Evaluation Score

📌 Formula:  $\text{Job Score} = \sum (\text{Weight of Factor} \times \text{Assigned Level})$

💡 What it means: Calculates a job's total value based on responsibility, skills, etc.

🕒 When to use it: To assign grades or compare jobs objectively.

### 6.2. Internal Equity Index

📌 Formula:  $\text{Equity Index} = (\text{Job Score} / \text{Average Score of Grade}) \times 100$

💡 What it means: Checks if a job is fairly rated inside its grade.

🕒 When to use it: During job reviews or promotion decisions.

Thank you

Hend Kamal 😊