

Increment & compensation trends in GCCs



TALENT500

Table of Content

1. Foreword
2. Economic Outlook - Global & India
3. GCCs in India & Sectoral Overview of GCCs in India
4. Workforce Attrition & Retention Insights in GCCs
5. Salary Increment & Incentive Trends in GCCs
6. Long Term Incentive Trends in GCCs
7. Future of Employee Rewards
8. Conclusion

Foreword

Global Capability Centers (GCCs) have evolved into strategic hubs for global enterprises, playing a pivotal role in driving innovation, digital transformation, and business growth. Once considered a mere support center providing cost effective operational support, they now house global roles across digital technology development, technical operations, financial management, strategic planning, R&D, Analytics, Tech Ops and customer support / operations. This transformation has redefined talent management strategies, compelling organizations to adopt new approaches to attract, engage, and retain a workforce that is diverse—not just in skills, but also in cultural perspectives, career ambitions, and generational needs.

This report, "**Increment & Compensation Trends in GCCs**," offers a timely, data-driven perspective on how leading organizations are recalibrating their reward strategies to stay competitive in a fast-evolving market. Drawing on proprietary research, market benchmarks, and industry insights, it explores emerging trends in salary increments, the growing role of long-term incentives, the shift toward differentiated rewards, and the increasing use of analytics to drive equity and efficiency.

In an environment shaped by technological disruption, macroeconomic uncertainty, and evolving workforce expectations, a one-size-fits-all approach to compensation is no longer viable. Future-ready GCCs are instead adopting agile, personalized, and inclusive frameworks that align business imperatives with employee aspirations. This report is designed to help CHROs, compensation leaders, and business heads make informed decisions that will shape not only the workforce of today but also the capabilities of tomorrow.





Economic Outlook - Global & India

Global economy holds steady, yet uncertainty looms on the horizon

The global economic outlook reflects **guarded optimism**, buoyed by strong employment figures, easing inflationary pressures, and a trend toward more accommodative monetary policies. According to the OECD's* recent Economic Outlook, **global GDP growth is projected to rise to 3.3% in 2025, up from 3.2% in 2024.**

The OECD also anticipates a steady decline in inflation, with projections falling from **5.4% in 2024 to 3.8% in 2025, and further to 3.0% by 2026.** However, the path to sustained global economic growth remains fraught with challenges. While projections point to modest improvement, significant risks persist—including escalating geopolitical tensions, the fractured international trade, and the mounting burden of sovereign debt. Further compounding these concerns, 2024's record-breaking temperatures and the increasing frequency of extreme weather events pose direct threats to economic stability by disrupting supply chains and exacerbating existing vulnerabilities.

To successfully navigate this complex landscape and advance inclusive, sustainable growth, it is essential to implement coordinated policy measures at both global and national levels. These efforts should focus on strengthening resilient trade networks, expediting green and digital transformations, enabling meaningful debt relief, and ensuring robust food security.

Despite global economic headwinds, India's economy is expected to remain resilient and achieve strong growth in FY2025.

GDP growth are projected to moderate to **6.4%, down** from higher FY2024 levels, primarily due to reduced investment and slower capital formation. Inflation is showing signs of easing, with the CPI dropping to **5.2% in December 2024**, although core inflation remains stable. Fiscal consolidation is underway, with a targeted fiscal deficit of **4.4% of GDP by FY2026.** However, potential increases in salary and pension expenses from the Eighth Pay Commission could pose challenges to this goal. Additionally, government capital expenditure has contracted, even as revenue expenditure continues to rise.

In summary, while India's economic fundamentals remain strong, the outlook remains cautiously optimistic, hinging on the ability to maintain robust domestic demand and ensure external stability. The ongoing focus on fiscal discipline, investment-led growth, and infrastructure expansion continues to support long-term confidence in the country's growth trajectory.



GCCs in India & Sectoral Overview of GCCs in India

India : A powerhouse of GCCs Drivers of Growth and Competitive Advantage

Global Capability Centers (GCCs) have emerged as strategic assets for multinational corporations, with India serving as a key operational and innovation hub. The country's distinct competitive advantages—including a highly skilled workforce, technological expertise, a thriving innovation culture, a dynamic startup ecosystem, and supportive government policies—collectively reinforce its leadership in the GCC space.

Skilled Workforce: Drivers of Competitive Advantage

Talent at Scale & Contextually Aware Workforce

India enables companies to scale talent efficiently, leveraging an aware workforce across key industries to drive innovation, enhance efficiency, and support global growth.

STEM graduates

India produces over 2.5 million STEM graduates annually, creating a strong and continuous pipeline of engineers, IT specialists, and AI professionals ready to meet evolving business needs.

IT Talent Pool

With over 5.8 million tech professionals, India hosts the world's second-largest IT talent pool. This workforce demonstrates deep expertise in software development, cybersecurity, AI, and other emerging technologies, cementing India's position as a global leader in digital transformation.



Supportive Government Policies

GCC-focused Policies

GCCs are a testament to the success of the Make in India initiative, driving innovation, job creation, and economic growth. By attracting multinational companies to establish and expand their operations, India has become a global hub for technology, R&D, and business services. Several states—including Karnataka, Telangana, Andhra Pradesh, Tamil Nadu, Gujarat, and Madhya Pradesh—have introduced GCC-focused policies that offer incentives and infrastructure support to attract and scale GCC operations.

Ease of Conducting Business

India's progressive regulatory reforms have enhanced its global competitiveness, fostering a business-friendly environment that continues to draw foreign investment. Building on this momentum, the 2025 Union Budget introduced a strategic framework to promote GCC expansion in Tier-2 cities. This includes a focus on building skilled talent pipelines, developing world-class infrastructure, and simplifying approvals through regulatory easing in key states.

Infrastructure Development

Special Economic Zones (SEZs) and Software Technology Parks (STPs) provide world-class infrastructure, tax incentives, and streamlined compliance, making India a highly attractive destination for multinational corporations. Complementing these efforts, the Digital India initiative accelerates e-governance, digital payments, and broadband connectivity, while advancing the development of smart cities with cutting-edge IT infrastructure. This nationwide digital transformation has significantly strengthened India's value proposition for GCCs, which now occupy over **240 million sq. ft. of Grade A office space** across the top seven cities, in turn solidifying India's position as a global hub for innovation and business excellence.

Overview of GCCs in India

Global technology transformation is reshaping how companies operate, with technology evolving from a supporting function to a central, strategic driver of business success.

No longer viewed as a commodity, technology now sits at the core of organizations, powering every facet of the enterprise - from enhancing customer experiences to optimizing operational efficiency.

To thrive in this new paradigm, companies are adopting a **"tech-first"** approach, leveraging a robust, proprietary technology infrastructure. In this context, many global firms are establishing Global Capability Centers (GCCs) in India that offer access to a deep and diverse pool of skilled talent, enabling organizations to shift from commoditized IT services to building core technology capabilities that fuel innovation and growth. The GCC model firmly positions India as a strategic hub for companies looking to unlock value and accelerate their transformation into tech-powered enterprises.

GCCs have emerged as a critical growth engine for organizations seeking to capitalize on India's abundant talent and favorable business environment. Today, **GCCs contribute to more than 1.5% of India's GDP**, with their share expected to grow further in the coming years.



ANSR's analysis highlights India's potential to become the leading global hub for GCCs, with the capacity to host over 2,400 centers by 2030. This growth is fueled by India's rising prominence in the global GCC landscape and its deep talent ecosystem. As competition for top talent intensifies, it is imperative for GCCs to invest in building a strong work culture and enhance their employee value proposition to attract and retain high-quality professionals. Based on our projections, GCCs in India could employ over **4.5 million professionals by 2030**, underscoring the sector's critical role in shaping the future of work and innovation.

Sectoral Overview of GCCs in India

Retail/ CPG GCC Landscape



Major Retail/CPG GCCs



- India is home to the GCCs of 70+ Retail/CPG companies employing over 85K professionals.
- Retail/CPG is one of the fastest growing GCC segments in India, with BestBuy, 7-Eleven, Giant Eagle, Lululemon, Neiman Marcus, TJX, Hy-Vee, Northern Tool + Equipment, Inspire Brands, Kraft Heinz, and Adidas opening centers between 2020-2024.
- More than 25 retail/CPG enterprises are projected to set up new GCCs in India within the next 2-3 years.



BFSI GCC Landscape

Major BFSI GCCs



- 100+ BFSI enterprises run over 200 GCC units in India. Most of the firms have more than one center in India.
- These BFSI GCCs employ over 380K professional in India.
- 20-25% of all GCC employees in India work in the BFSI Sector.
- Bengaluru ranks first in terms of BFSI GCCs across India, with ~30% of the BFSI GCCs followed by Hyderabad, Mumbai, and Delhi/NCR.

Sectoral Overview of GCCs in India

Healthcare & Lifesciences GCC Landscape

Major Healthcare & Lifesciences GCCs



- 95+ Healthcare & Life Sciences GCCs employ over 300K people in India.
- Over 15% of all GCC employees in India work in the Healthcare & Life Sciences Sector.
- Around 25% of the Healthcare & Lifesciences GCCs have been set up in last 7 years.
- ~ 20% of Healthcare & Life Sciences GCCs have their centers in 3 or more cities in India.
- Hyderabad is rapidly establishing itself as a major life sciences hub, attracting global capability centres (GCCs) at an unprecedented pace.



Travel & Transportation GCC Landscape

Major Travel & Transportation GCCs



- India is home to the GCCs of more than 35+ Travel & Transportation companies, employing over 45K professionals in India.
- Travel & Transportation is one of the fastest growing GCC segments in India, with American Airlines, FedEx, UPS, Delta, Avis Budget Group, etc. opening centers between 2019-2024.
- Over 55% of the Travel & Transportation GCCs have been setup in last 7 years, driven by the success of incumbents, mature operating models, and accelerated speed-to-value.

A man with glasses and a beard, wearing a teal sweater, is sitting at a dark wooden desk in a modern office. He is smiling and looking at a large computer monitor. A desk lamp is on the desk, and a window with sheer curtains is in the background. To the right, there is a small side table with a potted plant and a framed picture.

Workforce Attrition & Retention Insights in GCCs

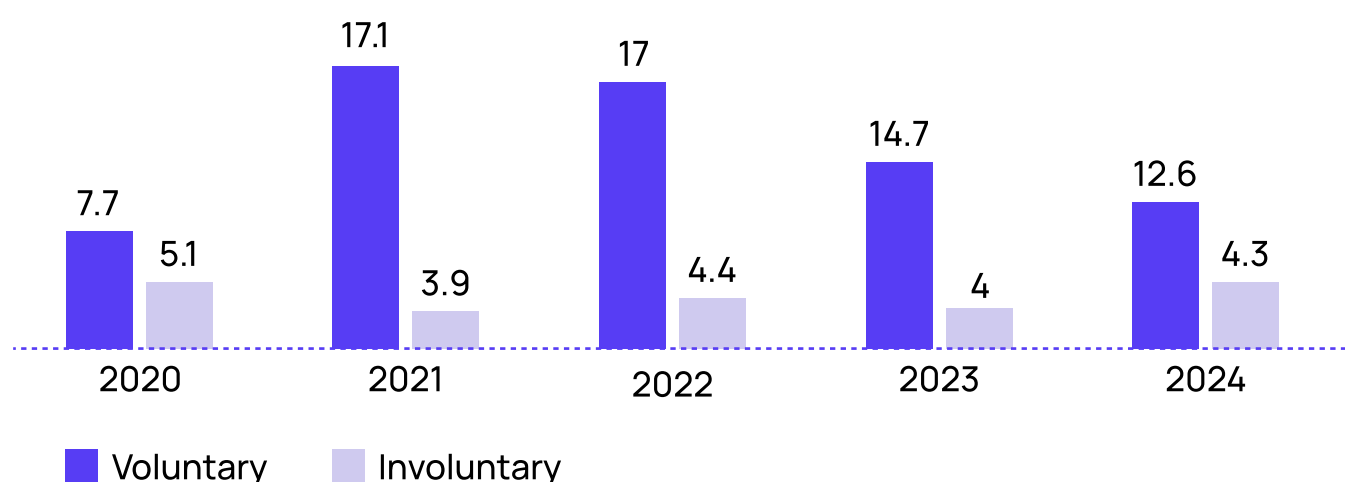
Understanding Attrition in GCCs

The attrition story in GCCs over the past five years has been marked by disruption, reset, and cautious optimism. Following the pandemic, attrition rates surged from **12.8% in 2020 to over 21% in both 2021 and 2022**, driven by rapid digital transformations, intense competition for talent, and employees reassessing their priorities in a post-pandemic world.

Today, the tide is shifting in the GCC talent landscape, with overall attrition rates showing a steady decline—falling to **18.7% in 2023, and further to 16.9% in 2024**. Even more significant is the drop in voluntary attrition, which now stands at a **historic low of 12.6%**, the lowest since the onset of the pandemic. This trend reflects a growing maturity within the GCC talent ecosystem. Rather than relying solely on pay increases to curb attrition, forward-thinking companies are adopting more strategic and employee-centric approaches. Providing career opportunities in high-end technologies / value-added business processes, actively listening to employee needs, making targeted investments in talent development, and fostering cultures of belonging, engagement, and growth enable leading brands to stand apart. These efforts not only stabilize the workforce, but also positioning GCCs as thriving hubs of innovation and long-term career opportunities.

This evolution underscores the resilience and adaptability of GCCs in building sustainable talent strategies for the future. Meanwhile, involuntary attrition has seen a slight increase—rising from a pre-COVID average of **3.9% in 2021 to 4.3% in 2024**. This uptick may reflect higher expectations by global enterprises and stricter performance management practices. Together, these numbers don't just speak to turnover—they reflect how GCCs are settling into a post-pandemic equilibrium, where the focus has shifted from reactive retention to strategic talent shaping.

Attrition Rates in India



Unpacking the Drivers – Why Talent Still Walks Away

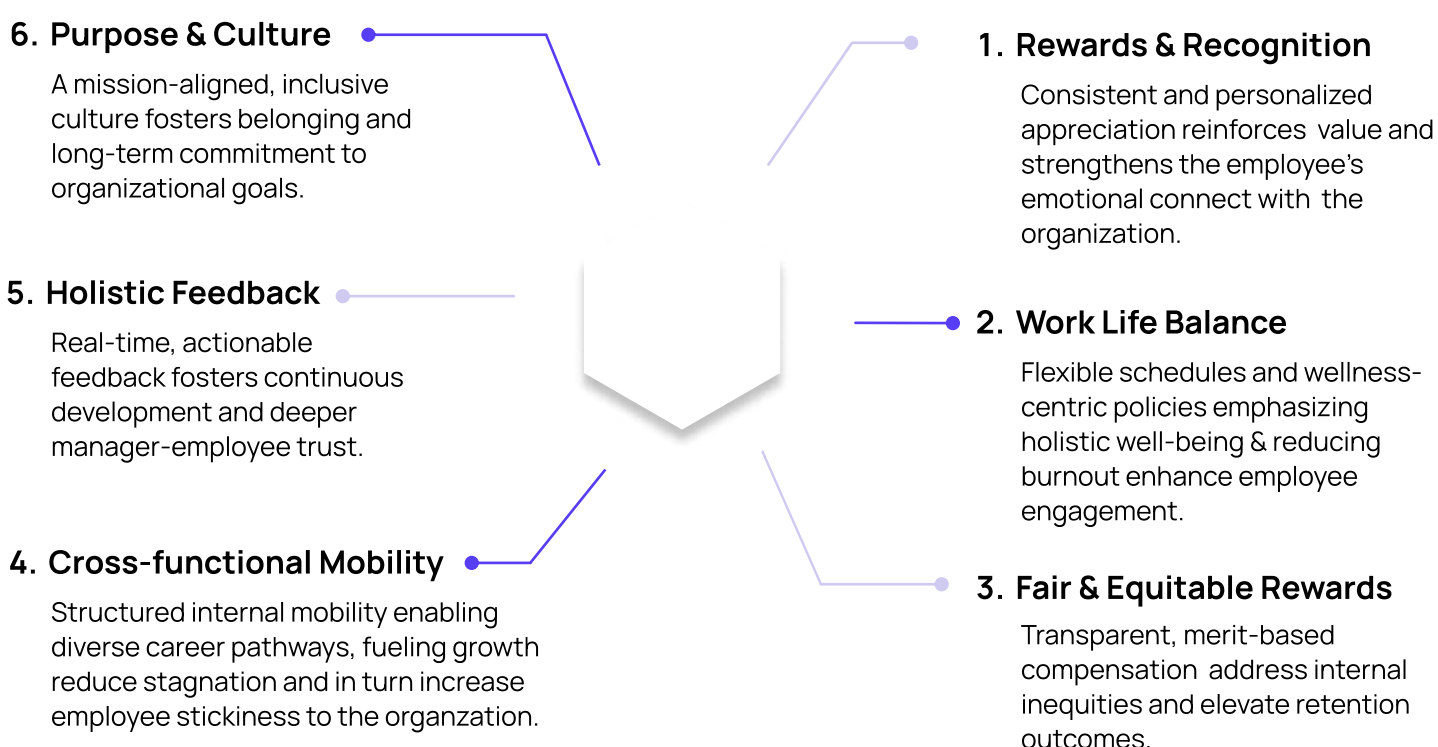
Even as attrition rates show a downward trend, the underlying reasons for voluntary exits continue to evolve. Personal reasons have significantly risen in importance and is now among the top three drivers influencing decisions.

- | | |
|----------------------------------------|--------------------------------------|
| 1. External inequity of Compensation | 4. Internal inequity of Compensation |
| 2. Limited Career growth Opportunities | 5. Role Stagnation |
| 3. Personal reasons (Family, etc) | 6. Nature of Work |

Retention Wheel: Measures Shaping Talent Retention in GCCs

In today's talent landscape, retention isn't just a reactive response to attrition—it is a proactive design choice. For GCCs, the challenge lies not only in reducing exits but in creating a work environment where employees are inspired to stay, grow, and thrive. The retention blueprint for GCCs is evolving—from transactional interventions to experience-led strategies that put employee engagement, career growth and aligning the individual's purpose at the center of the talent agenda.

The Retention Wheel captures this new paradigm of how the six levers together form the foundation for lasting employee commitment.



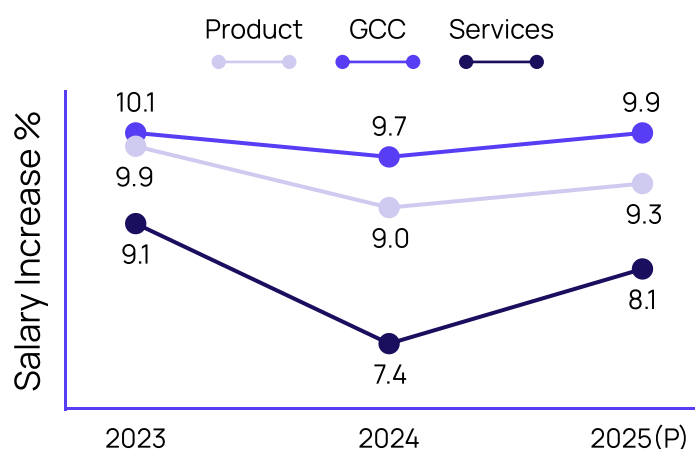


Salary Increment & Incentive Trends

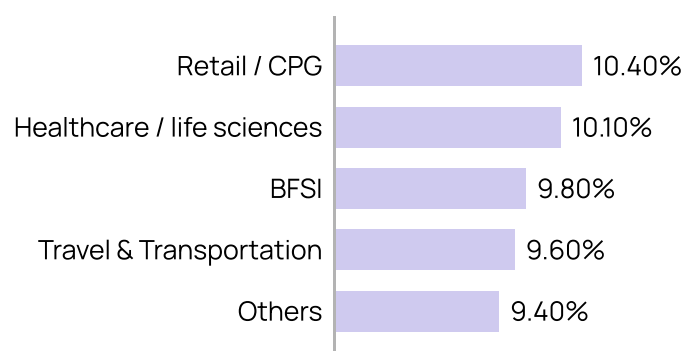
Projection of 9.9% average salary increase for 2025

The business landscape in 2025 is poised for rapid transformation, characterized by heightened competition and sustained growth. Key trends observed in 2024 are expected to persist, with India's GDP demonstrating relative stability and consistency. GCCs continue to provide higher hikes, reinforcing that investment in talent development and retention is a strategic priority.

Salary increase trend



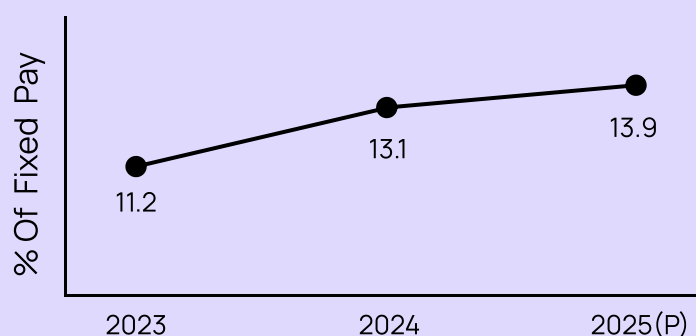
Projected Salary Increase in GCCs, By Industry



The high demand for skilled professionals within GCCs continues to drive salary increases. Organizations need to develop robust talent acquisition and retention strategies, including competitive compensation packages and opportunities for upskilling in areas like Gen AI, cybersecurity, and cloud engineering.

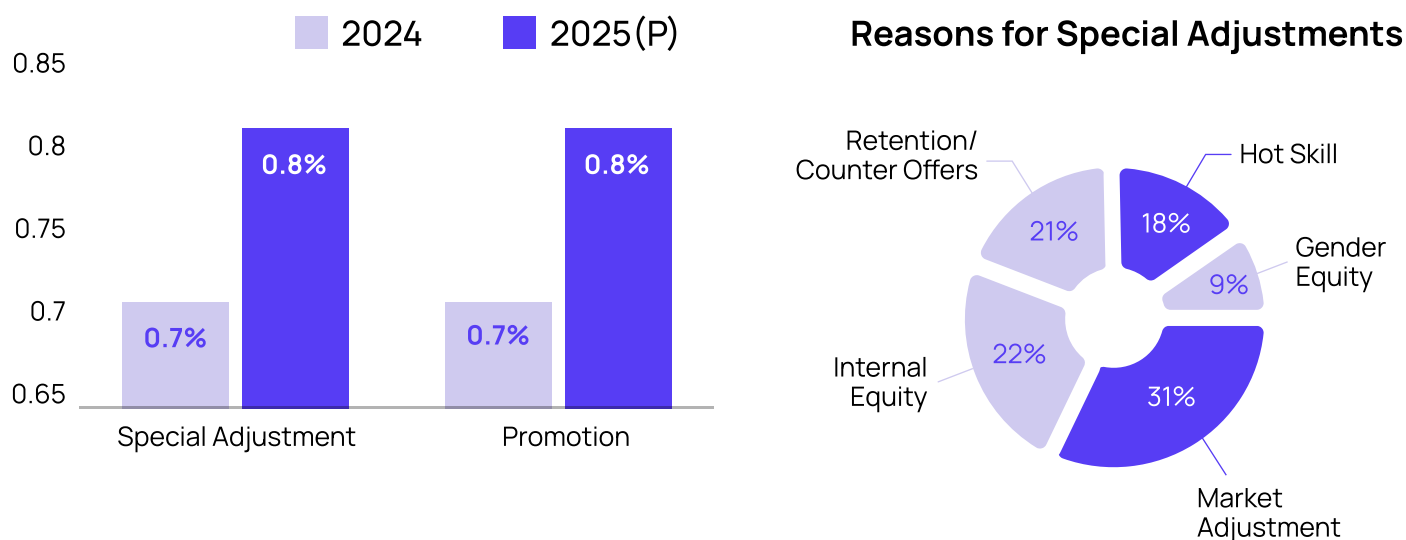
Performance management and retention strategies in GCCs

Trend 1: Appropriate variable pay practices



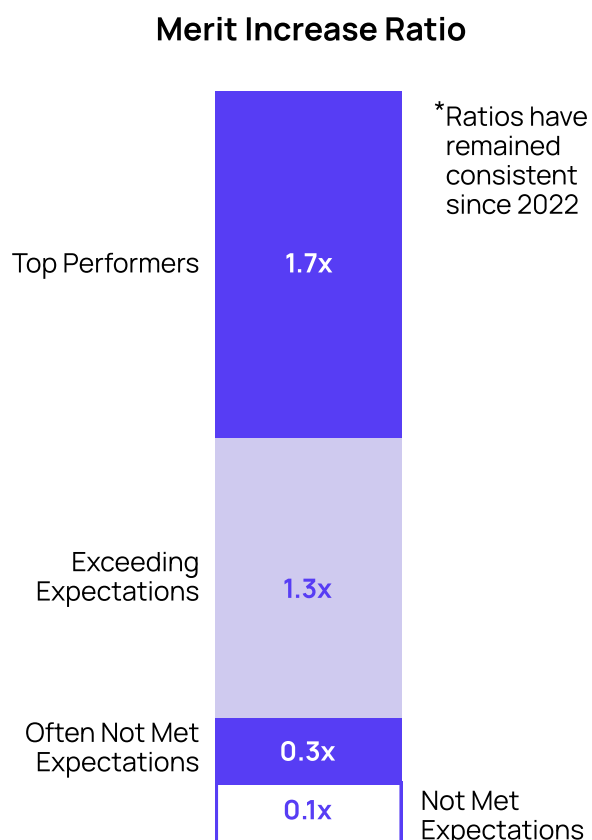
An upward trend can be seen in actual variable payouts, indicating improvements in both individual & company performance.

Trend 2: Non-merit increases to remain competitive in the market



To remain competitive in the market, companies are implementing non-merit increases, which are salary adjustments that are not based on individual performance but rather on factors like cost of living, inflation, or industry standards, to attract and retain talent.

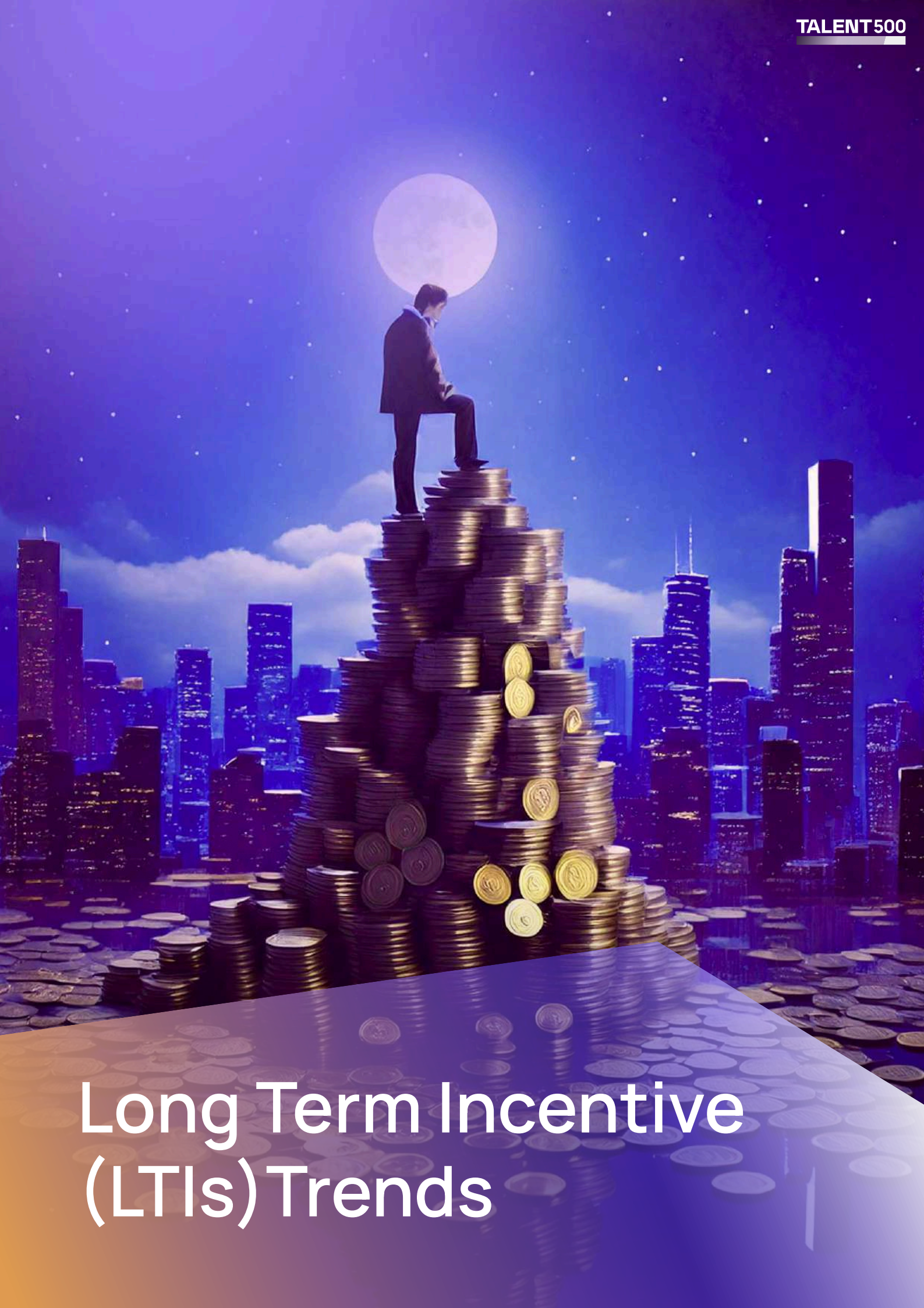
Trend 3: Allocation of different budgets based on performance



Organizations are increasingly moving from the traditional bell curve to no-rating models.

Allocating separate budgets for different talent groups (critical talent, high-potential individuals, and top performers) aids in effective retention efforts.

To attract suitable talent, rewards and benefits now emphasize emotional quotient and match global standards. GCCs are crafting competitive and appealing rewards structures, prioritizing modern benefits like ESOPs, staggered bonuses, and flexible options to align with employees' diverse needs.



Long Term Incentive (LTIs) Trends

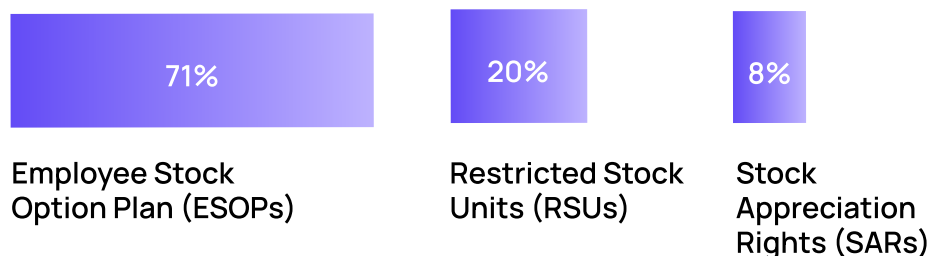
Role of LTIs in GCCs

In today's competitive talent landscape, where retaining skilled professionals is critical, organizations are recognizing that a paycheck alone is no longer enough to attract and retain top talent. To stay ahead, many are turning to Long-Term Incentive (LTI) plans as a strategic tool that helps strike a balance between talent retention, performance alignment, and wealth creation.

GCCs rely on professionals with both digital expertise and a deep understanding of core business functions, and retaining top talent is especially vital. LTIs play a crucial role in driving long-term commitment and sustained performance, helping GCCs secure the loyalty of high-potential employees, in turn fueling growth and maintaining a competitive advantage in the global talent market.

LTIs also incentivize employees to remain committed despite market fluctuations and organizational shifts, making them a key differentiating component in the 'war for talent'. By offering long-term rewards, GCCs attract and retain top-tier professionals across diverse regions, positioning themselves as employers of choice delivering specialized work.

Most prevalent LTI Options



Key Drivers of LTIs

1. Creation a sense of Ownership

LTIs cultivate an ownership mindset, ensuring employees are not just contributors but stakeholders in the company's long-term vision and success.

2. Performance Based Rewards

Performance-driven LTIs are designed to align employee efforts with strategic business outcomes.

3. Employee Retention & Motivation

With 36% of organizations citing retention as the primary driver of LTI adoption, GCCs are leveraging these programs to mitigate the impact of high attrition rates in India's dynamic job market.

4. Wealth Creation

While direct financial incentives play a role in short-term motivation, wealth creation through LTIs offer a compelling reason for employees to stay invested in the organization's success.

Evolution of LTIs

As organizations adapt to a rapidly shifting business environment, LTIs have evolved from traditional stock-based rewards to multi-faceted compensation strategies that balance talent retention, performance alignment, and wealth creation. This transformation reflects a shift from basic equity incentives to a more holistic and performance-driven approach, ensuring that employees are not just rewarded but also engaged in the company's long-term success.

Then vs. Now: The Evolution of LTIs

Traditional LTI plans	Modern LTI plans
Primarily stock options & RSUs as incentives	Mix of RSUs, performance shares, and hybrid cash-equity rewards.
Focused on senior leadership & key executives	Broader eligibility, including high-potential employees, critical skill roles, and mid-level talent.
Time-based vesting (3-5 years) without performance link	Performance-based vesting tied to achieving business metrics.
Fixed vesting schedules with little flexibility	Progressive vesting structures, milestone-based payouts, and rolling incentive cycles.
One-size-fits-all approach	Customized plans based on employee roles, industry benchmarks, and market conditions.

GCC Best Practices for LTIs

To maximize the impact of LTIs, GCCs must shift from traditional design approaches to a more agile, talent-centric model.

1. Transition from Passive to Performance-Driven Structures

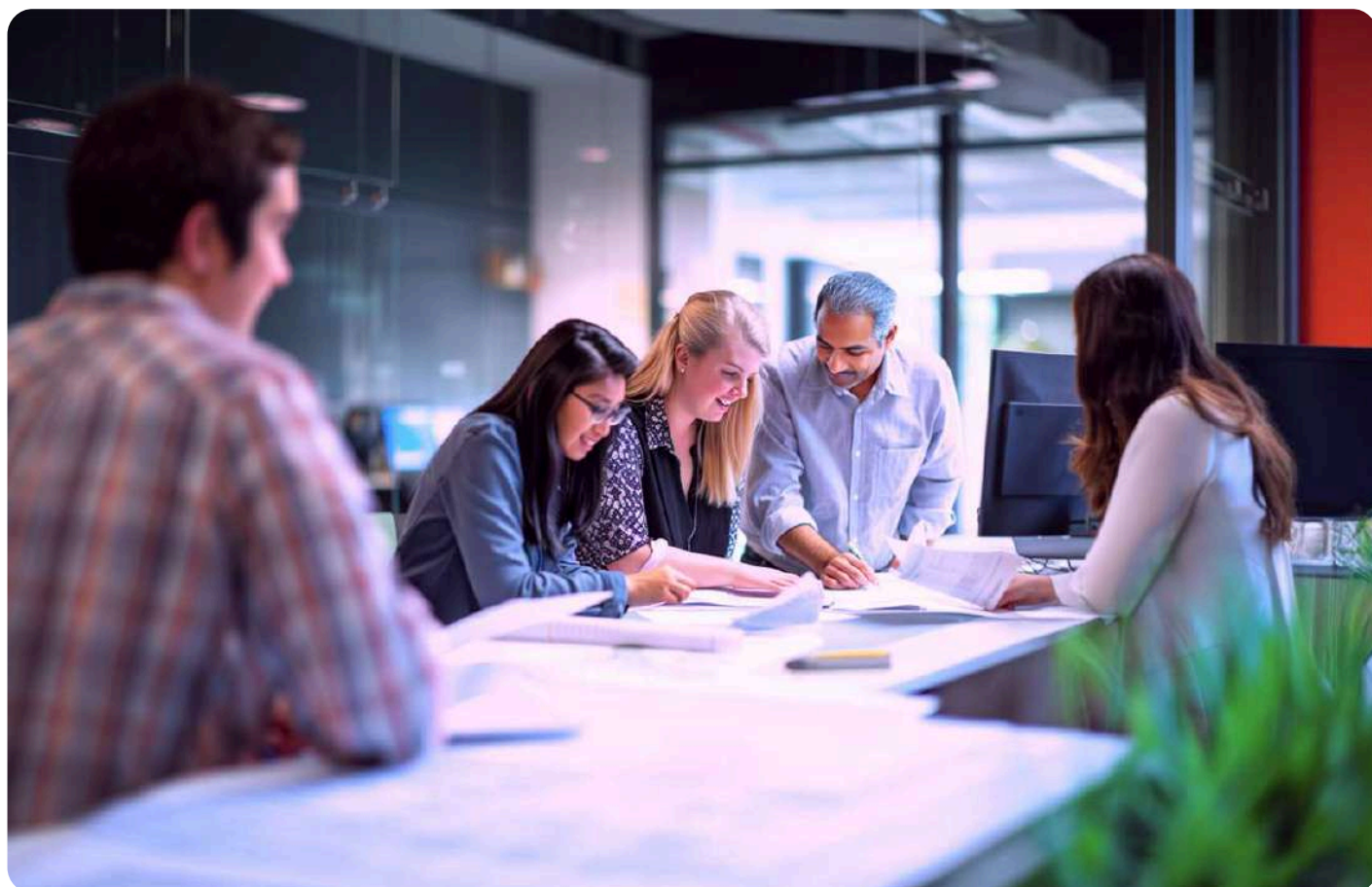
Recalibrate LTIs from purely tenure-based vesting schedules to performance-linked and milestone-triggered models that drive business accountability.

2. Broaden LTI plan Participation beyond Leadership

Establish tiered LTI frameworks to include high-impact talent segments such as digital specialists, product owners, high revenue generating teams and innovation leads — not just senior management.

3. Embed LTIs into Talent Architecture

Position LTIs as a core component of career progression, succession planning, and leadership development, reinforcing long-term engagement.





Future of Employee Rewards

Compensation and Benefits (C&B) strategies for GCCs must evolve beyond traditional corporate models to address the shifting expectations of a diverse, global workforce. Striking the right balance between global alignment and local competitiveness is essential to attract, engage, and retain top talent.

Key Considerations for GCCs

- **Multigenerational Workforce:** GCCs must cater to a workforce that spans early-career professionals to seasoned leaders—each with distinct motivations and expectations.
- **Competitive Pay and beyond:** While market-aligned compensation remains critical, employees today increasingly prioritize flexible benefits, career development, well-being programs, and purpose-driven work.
- **Tailored Compensation Structures:** The ability to customize compensation packages to suit individual preferences and life stages has become a key differentiator in today's talent market.

Future Outlook for GCCs in 2025

As GCCs prepare for 2025, they must adapt to changing talent expectations, business priorities, and market dynamics. Key strategies include:

- **Holistic Total Rewards:** Moving beyond conventional pay structures to embrace comprehensive, forward-thinking total rewards strategies with benefits as a key differentiator.
- **Agility and Personalization:** Implementing agile and personalized employee-centric policies to enhance engagement, productivity, and long-term retention.
- **Competitive Advantage:** A well-designed Total Rewards framework is no longer just about cost efficiency; it is a strategic advantage that positions GCCs as global talent and innovation hubs.

Future Ready Reward Strategy: A Forward-Thinking Approach

Rethinking Rewards: Building a Future-Ready Talent Strategy

Skills-oriented Rewards

Flat, tenure-based pay models are giving way to differentiated compensation designed around building future-critical capabilities. This strategic shift involves mapping essential skills to long-term enterprise objectives and creating tiered reward systems that directly incentivize learning & upskilling, innovation, and business impact.

Elevating Internal Mobility as Recognition

In the dynamic environment of GCCs, career growth is emerging as a key form of reward.

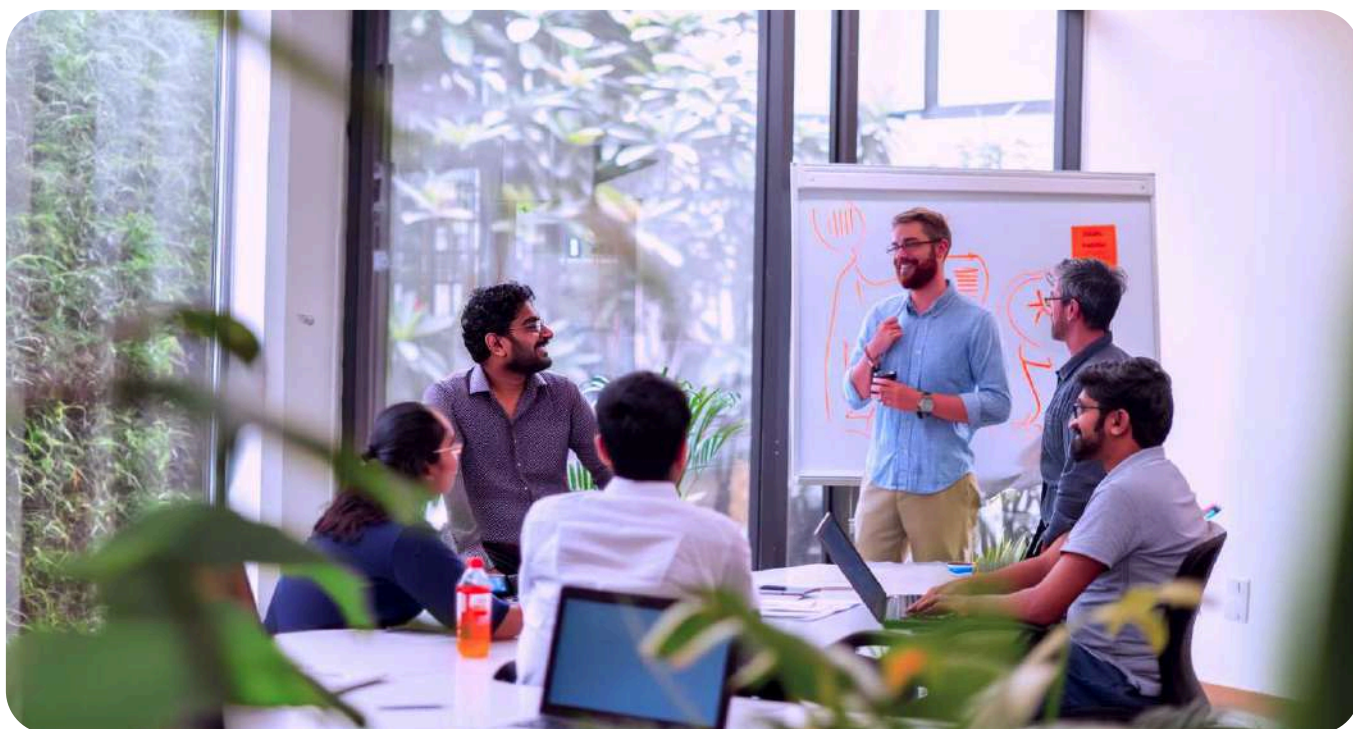
Organizations are designing structured internal career marketplaces and enabling regional and global mobility paths to retain and elevate high-potential talent. This approach strengthens employee engagement, reduces attrition, and builds a robust leadership pipeline anchored in institutional knowledge.

Making Development a core pillar of Total Rewards

In best-in-class GCCs, learning is no longer optional—it's a strategic investment. These organizations embed tailored learning and development (L&D) journeys within their performance frameworks, directly linking them to leadership readiness and long-term incentive plans.

Investing in Personal Development plans, hand-picked employees have clear career growth plans with coaching / mentoring assistance as needed.

In the evolving GCC landscape, a sophisticated Total Rewards strategy is essential to fuel growth, innovation, and talent retention. By focusing on employee-centric policies and holistic rewards, GCCs can reinforce their position as global leaders in talent strategy and workforce excellence.

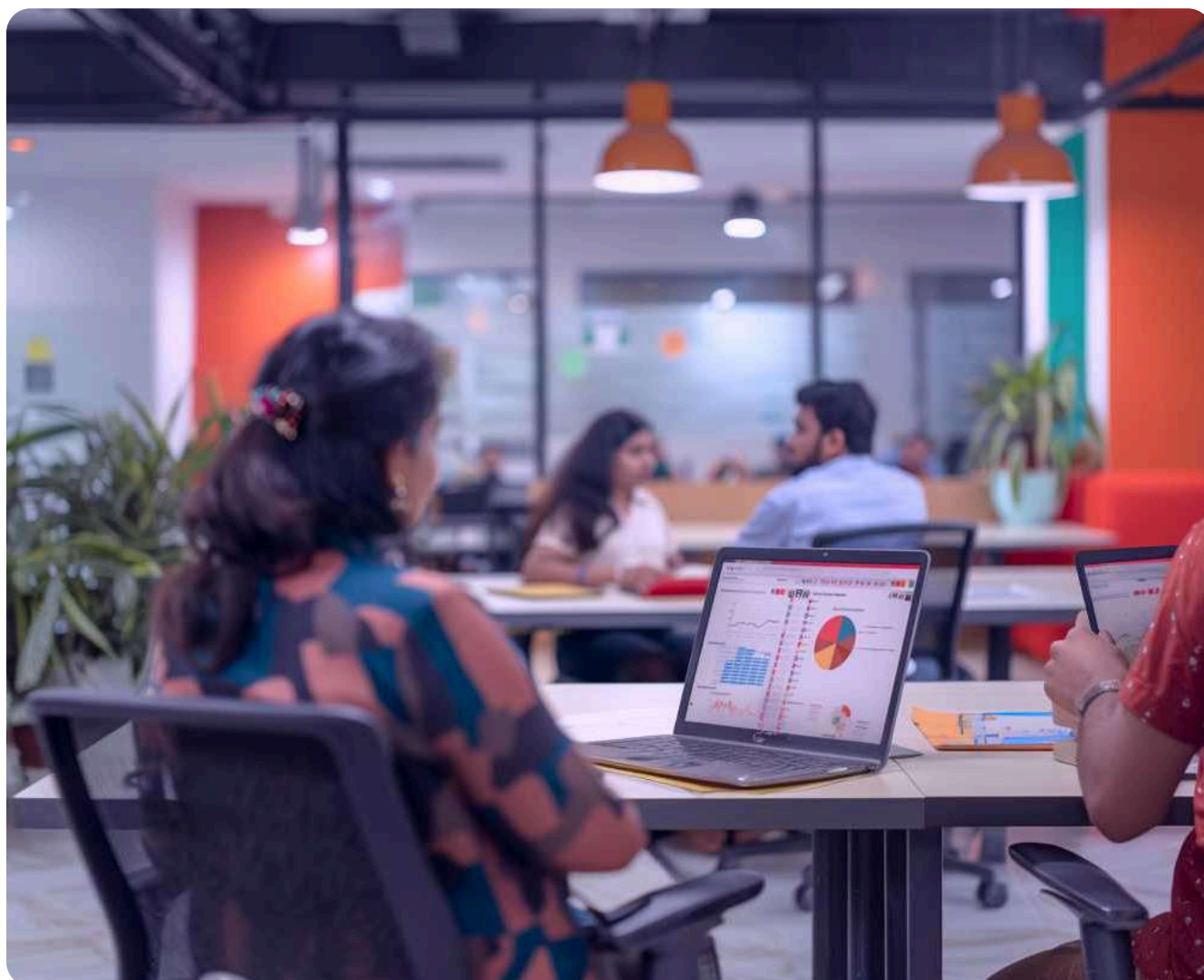


Leveraging AI & Data Analytics for Smarter Compensation Decisions

GCCs are reimagining compensation strategy by integrating AI and data-driven insights, moving away from generic, static models toward dynamic, personalized, and equitable total rewards frameworks.

Traditional compensation and benefits models are increasingly under scrutiny, often falling short in personalization, agility in responding to changing skill premiums, and demonstrating a clear return on investment. At the same time, GCCs have access to vast volumes of employee and benefits data—a resource that remains largely untapped.

By harnessing the power of artificial intelligence and advanced analytics, GCCs transform data into actionable insights. This shift enables organizations to move beyond rigid, policy-driven frameworks and embrace insight-led, adaptive strategies that evolve in real-time to meet both workforce expectations and business goals.



How GCCs are Re-imagining Total Rewards with AI-Driven Insights

Building Hyper-Personalized Benefit Plans

- Traditional benefits models fall short in today's diverse workforce.
- AI powered segmentation enables GCCs to tailor offerings to specific employee cohorts such as flexibility and learning for younger talent or enhanced healthcare for senior staff.
- This targeted approach boosts engagement, satisfaction, and overall workforce well-being.

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- AI-enabled analytics help GCCs forecast emerging talent demands, enabling agile and competitive compensation structures. These tools also facilitate rigorous, real-time pay equity audits by detecting disparities across roles, gender, tenure, and location.
 - Armed with these insights, HR leaders proactively close gaps, foster transparency, and build a more inclusive and merit-based reward culture.

Data-Driven Compensation and Pay Equity Audits

Optimizing Benefits Cost Management

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- AI-powered analytics allow GCCs to manage rising benefits costs without compromising employee value. By analyzing usage trends, performance linkages, and program effectiveness, organizations can identify underutilized or redundant offerings.
 - Leveraging AI in analytics enables data-backed decisions on benefit restructuring, reallocation and discontinuation alike.
 - Correlating benefits with key outcomes like retention and satisfaction helps quantify ROI, creating a continuous feedback loop between cost efficiency and employee impact.

Conclusion

As GCCs continue to mature and expand their footprint in India, the nature of their talent strategies is undergoing a fundamental transformation. No longer viewed as mere cost-arbitrage entities, GCCs are fast becoming strategic hubs of innovation, digital transformation, and operational excellence. This evolution is compelling organizations to rethink their approach to compensation and rewards to attract, retain, and develop high-impact talent.

Our analysis indicates that while salary increments remain a focal point, with an average increase of **9.9% projected for 2025**, they are increasingly being complemented by a more holistic value proposition. This includes long-term incentive plans (LTIPs), career development opportunities, flexible benefits, and a strong emphasis on employee well-being. Looking ahead, GCCs will need to navigate an increasingly complex talent landscape shaped by rapid digitalization, skill scarcity, and evolving employee expectations. India's GCC workforce is expected to surpass **4.5 million professionals by 2030**, reflecting the growing scale and strategic importance of these centers. At the same time, attrition rates show a steady decline, falling to **18.7% in 2023, and further to 16.9% in 2024**, signalling the growing effectiveness of integrated retention and rewards strategies.

Traditional models of compensation will be insufficient in meeting the demands of a multi-generational, diverse, and purpose-driven workforce. Organizations that adopt agile, data-driven, and personalized rewards strategies will be best positioned to build resilient talent ecosystems. **AI-driven compensation models are enabling hyper-personalized, equitable frameworks**—including dynamic benefit structures, real-time equity audits, and predictive analytics for talent demand—that align business performance with employee aspirations.

Ultimately, the future of GCCs lies not just in adapting to global trends, but in leading the transformation of work itself. Those that embrace this opportunity with strategic foresight and executional agility will define the next era of value creation—for both their parent organizations and the broader talent economy.

