

monster[®] Salary Index

A joint initiative of Monster India & Paycheck.in with IIM-Ahmedabad as Research Partner

INDIAN IT SECTOR REPORT



Prepared by

WageIndicator Foundation,
Amsterdam

Central European Labour Studies
Institute, Bratislava

Paycheck India

Indian Institute of Management
Ahmedabad



Monster Salary Index

Monster Salary Index is a joint initiative of Monster India and Paycheck.in with IIM-Ahmedabad as a Research Partner. The MSI (Monster Salary Index) has successfully empowered jobseekers with benchmarking to compare their salaries with other anonymous profiles across a broad spectrum of industry domains, experience, functional groups both in India and other global markets.

For Employers, MSI has an online Salary Survey which is run along with WageIndicator Foundation Netherlands and Paycheck.in, and IIMA as Research Partner. It aims to provide employers with practical information and helps them make informed decisions by analyzing the salary market and optimizing employee remuneration.



About the Team



Monster India

www.monsterindia.com

Monster India, India's leading online career and recruitment resource with its cutting edge technology provides relevant profiles to employers and relevant jobs to jobseekers across industry verticals, experience levels and geographies. More than 200 million people have registered on the Monster Worldwide network. Today, with operations in more than 40 countries, Monster provides the widest and most sophisticated job seeking, career management, recruitment and talent management capabilities globally. Monster India started its operations in 2001. Headquartered in Hyderabad, the company has presence in 11 other cities of India viz., Mumbai, Delhi, Bangalore, Chennai, Pune, Kolkata, Ahmedabad, Baroda, Chandigarh, Jaipur and Cochin.



In 2014, Monster mPower Search was voted Product of the Year under the 'Online Job Portals category' in a survey of over 18000 people. Monster India and DishTV partnered in convergence of the Internet and TV medium to make job services accessible to TV viewers across all cities, bridging the unmet need of the audience for whom access to the internet is limited. This first ever job search initiative is called 'Monsterjobs Active'.

The Indian Air Force Placement Cell (IAFPC) selected Monster India for a collaboration to provide a robust platform to assist retired and shortly retiring Air Warriors seek suitable second career opportunities in the corporate world. Monster also initiated 'Rozgarduniya.com' - a job portal exclusively for jobseekers in rural India, in an alliance with ITC e-Choupal to enable employers in corporate India to connect with rural talent, thus removing the traditional barriers they face in this process.

www.facebook.com/monsterindia | https://twitter.com/monster_india

IIMA

Research Partner

Indian Institute of Management Ahmedabad (IIMA) www.iimahd.ernet.in

IIMA is the leading school of management in India and one of the top rated management schools in Asia. It offers long duration programs in management, agri-business, executive management and faculty development programs. IIMA also conducts doctoral level research program in management and public systems. The institute has contributed significantly to management education of working executives, government and policy makers and armed forces. Faculty members participate in governance of firms and organisations by providing advisory, capacity building support as well as taking roles in boards and trusts. IIMA hosts Paycheck India and was the first Asian country to be part of Wageindicator.

WageIndicator Foundation

Owner of Salary Index concept and formula

WageIndicator Foundation (StichtingLoonwijzer) www.wageindicator.org

The WageIndicator concept is owned by the independent, non-profit WageIndicator Foundation, established in 2003. Its Supervisory Board is chaired by the University of Amsterdam/Amsterdam Institute of Advanced Labour Studies, the Dutch Confederation of Trade Unions (FNV), LinkedIn and Monster career site. The Foundation aims for transparency of the labour market by sharing and comparing wage data and labour conditions information. The Foundation operates national websites in more than 80 countries. The websites have a so-called 3 pillar structure: for wages & salaries, for labour law, and for vacancies and education related information. In more than 20 countries - mainly in Africa, Asia, and Central America - the national WageIndicator websites are supported with offline actions like face-to-face surveys, fact finding debates and media campaigns.

The Dutch WageIndicator website www.Loonwijzer.nl has 500,000 visitors per month, approximately 80% of whom are employees and 20% employers. WageIndicator Foundation operates globally through a network of associated, yet independent regional and national partner organizations like universities, media houses, trade unions, employers organizations, and self-employed specialists for legal, internet, media issues, with whom the Foundation engages in long lasting relationships. WageIndicator Foundation has offices in Amsterdam (HQ), Ahmedabad, Bratislava, Buenos Aires, Cape Town, Dar es Salaam, Maputo and Minsk.

WageIndicator Foundation

NieuwePrinsengracht 130, 1018 VZ Amsterdam, The Netherlands
office@wageindicator.org

Paycheck India

Salary Index Interface residing on Monster India

Paycheck India – www.paycheck.in

Paycheck India a research initiative at Indian Institute of Management Ahmedabad is part of WageIndicator, an organization that collects and shares data about wages, labour law and career in more than 70 countries. Paycheck India aims to bring transparency in the labour market by providing salary predictions for 1600 occupations in India through its Salary Checker. It also provides regular updates on state wise minimum wages in India, living wage calculation, labour laws and career advice.

monster[®]
Find Better.[™]

 WageIndicator.org



Paycheck.in

Foreword

Monster India is pleased to present to you the very first edition of Monster Salary Index Report for the Indian IT sector. After a great response to The Monster Employment Index which has become a credible industry benchmark for hiring activity across sectors, Monster launched Salary Index in April 2013, as another point of reference for the industry. We partnered with WageIndex Foundation, Netherlands and IIM Ahmedabad as our credible partners on this journey.

Is salary truly the most compelling tool for employee acquisition and retention remains to be a topic for debate and deliberation amongst employers. The deliberation is intriguing as well as valid and may carry on, but salary definitely makes for one of the key fundamentals for talent acquisition.

Our customer research and market studies over the years indicated a strong need for a yardstick that provides both employers and jobseekers with comprehensive information pertaining to job market and salary trends from a single source. The MSI (Monster Salary Index) has successfully empowered jobseekers with benchmarking to compare their salaries with other anonymous profiles across a broad spectrum of industry, domains, experience, functional groups both in India and other global markets.

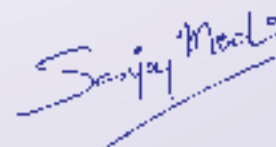
For Employers, MSI runs an online Salary Survey which is conducted along with Wage Indicator Foundation Netherlands and Paycheck.in, with IIM-A as research partner.

You are holding a copy of the first report of MSI survey for the IT Sector which covers the sector-specific wages and workers satisfaction by education, ownership of the company and gender amongst other factors. It aims to provide employers with practical information and help them make informed decisions by analyzing the salary market and optimizing employee remuneration thereby fostering a stronger work force.

There are some insightful findings in this report that would help you find, retain and manage talent better.

We wish you success in your endeavor to reach out to the right talent and would like to support your efforts by bringing in such tools and reports.

Many Thanks



Sanjay Modi
Managing Director - India, Middle East, South East Asia, Hong Kong
Monster.com

Acknowledgement

CELSI

Central European Labour Studies Institute (CELSI) www.celsi.sk

CELSI is an independent non-profit research institute based in Bratislava, Slovakia. It fosters multidisciplinary research about the functioning of labour markets and institutions, work and organizations, business and society, and ethnicity and migration in the economic, social, and political life of modern societies. Supported by its network of Research Fellows and Affiliates and a new Discussion Paper series, CELSI makes a contribution to the cutting-edge international scientific discourse. Hosting the Bratislava Office of the international WageIndicator project, CELSI provides expert data services.

Central European Labour

Studies Institute (CELSI), Zvolenská 29, 821 09 Bratislava, Slovakia
info@celsi.sk



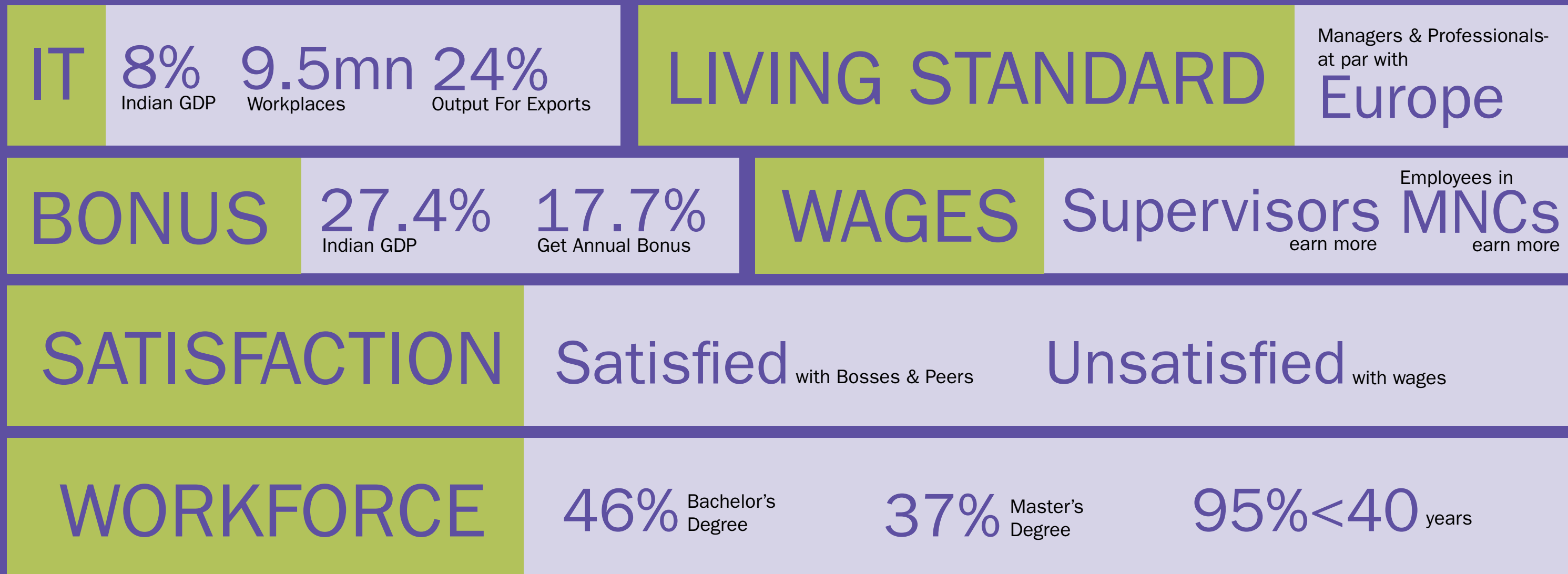
Indian IT Sector Key Findings	12 - 13
IT Sector Performance Review	14 - 17
Wages and Working Conditions in the Indian IT Sector	18 - 31
International Comparison	32 - 35
Appendix- About the Dataset and Definition	38 - 39

INDIAN IT SECTOR: Key Findings

- Information and communications technology (IT*) sector generates 8% of Indian GDP and 9.5 million workplaces. About 24% of the output is intended for exports.
- IT employees are highly educated – 46% have a Bachelor's and 37% has a Master's degree.
- 95% of employees in IT sector are less than 40 years old
- Supervisors, more experienced employees and employees with permanent contracts earn more than non-supervisors, junior employees and employees with temporary work contracts. Those working in foreign-owned firms earn more than those in domestic companies.

*We understand this industry as being inclusive of all computer, web, data, and communication activities.

- 27.4% of IT employees receive performance bonus and 17.7% enjoy annual bonus. Paid overtime/ weekend work is rare in this sector.
- IT employees are typically satisfied with their relationships with colleagues and bosses, but less satisfied with their wage.
- Indian IT managers and professionals enjoy living standards comparable with their European counterparts, but IT technicians and associate professionals are lowly paid.



IT SECTOR: Performance Review



IT SECTOR: Performance Review

IT business is very important for the Indian economy. The Indian government data show that:

- Aggregate revenues of the IT sector in India amounts to US \$ 108 billion in 2012/2013 fiscal year
- 3 million Indians work in the sector and another 9.5 million jobs depend on IT indirectly. This sector employs more than 800,000 women, which accounts for about 30% of the workforce
- Indian IT sector comprises of “world’s largest talent pool” with 4.7 million graduates and post graduates employed
- The IT sector generates 8% of Indian GDP
- The sector is growing rapidly. In 1998 the IT sector formed only 1.2% of the economy in the country
- The rapid growth of the IT sector contributed to increased prosperity of India, which enjoyed 8% average GDP growth over the last decade

The annual Survey on Software and Information Technology Enabled Services Exports conducted by the Reserve Bank of India reveals that India’s software services exports has been growing at remarkable pace. The software services exports constituted around 45% of total services exports of India as well as 3.5% of GDP in 2012-13. As per the survey, India’s total export of computer and ITES/BPO services has exhibited 20.7% growth in US\$ terms over the previous year.

Export revenues are estimated to \$ 75.8 billion and 2.3 million IT jobs depend on export. In particular, the outsourcing activities for the US and European companies are very important, generating revenue of \$ 14.1 billion.

The outsourcing and export activities are still growing healthily; nevertheless the dependency relations created by mutual trade also increase vulnerability of India to global economic cycles. This is evident by recent slowdown of Indian economy, when growth rate has fallen to 5.4%

Access to the IT Services is still limited. According to the International Telecommunication Union the internet penetration in the country is only 12.6% and the share of households connected to the Internet is 6% as per OECD data. Nevertheless, the middle class growth, particularly in the metropolitan areas, along with Indian government’s policies to develop e-governance initiatives areas fuels new internal demand for IT products.

Several major multinational corporations in IT space have origins in India, including Tata Consultancy Services, Infosys, Wipro and HCL. India is also a major base for global IT companies like IBM, Accenture, etc.

* Particularly observable in Bangalore, Chennai, Kolkata, Hyderabad, Trivandrum, Noida, Mumbai and Pune.



Wages and Working Conditions in the Indian IT Sector



Wages and Working Conditions in the Indian IT Sector

The average gross hourly wage in the industry is ₹ 346.42

This relatively high level of remuneration reflects that employees in the field are highly educated – nearly all of them reported having 16-17 years of schooling, which amounts to a college degree. The availability of technically trained human resources is a factor which supported the growth of IT firms in India. Because of strategic importance of this sector, it has received investments for structured training programs, in-house universities and affiliations with academia.

46% of the sample had Bachelor's degree and 37 % had a Master's degree. The premium for Master's degree, in terms of wages was about 45 per hour.

Overall, employees in the sector tend to be quite young – about 45% of our respondents are below 30 and about 50% belong to the 20-30 age group, the remaining 5% were over 40. When it comes to wages, young below 30 employees earn on average ₹ 234, 30-40 year olds earn ₹ 462 and over 40 employees earn ₹ 635.

*Indian IT-BPM Industry – FY 2013 Performance Review, FY 2014 Outlook, retrieved from NASSCOM on 13th April, 2014.

Table 1: Average earnings in the Indian IT industry by age group

Age Group	Percentage of Sample	Median Gross Hourly Wage
< 30	45.5%	₹ 233.51
30 - 40	49.6%	₹ 461.89
> 40	4.9%	₹ 635.10

Source: WageIndicator Foundation



Wages and Working Conditions in the Indian IT Sector

Impact of Gender

The IT industry is highly male dominated. This sector employs only 30% of women out of its total workforce.

Nearly 88% of survey respondents working in the IT sector were men. Male IT employees were also paid better than their female colleagues. A male IT worker receives a gross wage of ₹ 359.25, while a female received only ₹ 254.04 per hour. The gender pay gap in the IT industry is, therefore, about 29%.

One way to explain this inequality is through looking at the frequency of employees being in a supervisory position. About half of the total respondents reported being supervisors. This is nearly equal to the share for men, 52% of whom reported being supervisors. However, when we break down this number according to the sex of the respondents, we see that only 36% of women reported being supervisors.



Impact of Supervisory Position

There are major differences between wages received by supervisors and non-supervisors. Average supervisor receives an hourly wage of ₹ 451.63, while average non-supervisor gets ₹ 248.27. Breaking down the figure per gender, we see that the hourly wage for male non-supervisors is ₹ 255.32, for female non-supervisors ₹ 206.28, while male supervisors ₹ 461.89 and female supervisors get ₹ 375.29. In both categories, women earn about 18-20% less than men. This figure is lower than the overall gender pay gap, which means that part of the gender inequality can be explained by the fact that men get promoted to supervisory position more often than women.

The possible explanations for this could be: **(1) Job timings:** IT sector jobs often require night shifts. Women are not preferred for these jobs because of extra safety measures are required to be implemented by the employer, which result in overall higher cost for the firm **(2) Socio-cultural factors:** In Indian society, some male employees may become disgruntled when obligated to work with or take orders from women. And therefore, in the interest of productivity and profits, employers may decide to segregate men and women employees on the job, **(3) Employer's perspective:** Many employers have preconceived notions about the job capabilities of women and **(4) Marital status:** A promotion or a supervisory role is offered to an employee only after certain years of experience in the job. In India, the average age of marriage for women is 19 years. Employers feel that with marriage comes an additional responsibility for women, and hence they may not be able to devote the same amount of time to work (Varkkey, Korde, & Anand, 2012).

Thus, it is often seen that women are not preferred for promotion to higher designations. This may result in most women crowding at the lower end of the occupational hierarchy.

Table 2: Average earnings of men and women in the Indian IT industry.

Gender	%age	Median Gross Hourly Wage	Has a Supervisory Position			
			No	Yes	No	Yes
Male	87.7%	₹ 359.25	48%	52%	255.32	461.89
Female	12.3%	₹ 254.04	64%	36%	206.28	375.29
Total	100%	₹ 346.29	49.8%	50.2%	248.27	451.63

Source: WageIndicator Foundation

Wages and Working Conditions in the Indian IT Sector

Impact of Tenure

Another important factor influencing wages is tenure. More experienced employees are paid better than less experienced ones. While average worker with less than 3 years of experience gets ₹ 142.97 per hour, average worker with more than 10 years of experience gets ₹ 625.55 per hour.

Research shows that women only started being active in the IT sector recently and they find it harder to accumulate tenure due to family obligations. While 23% of women and 11% of men have less than 3 years of experience, about 55% of women and 36% of men have 5 or less years of experience. Meanwhile, 21% of male employees and only 14% of female employees have more than 10 years of experience. Female employees in the sample workforce tend to be less experienced than male employees. The gender pay gap is 14% for employees with less than 3 years of experience, 6% with employees between 3-5 years of experience, 18% for employees with 6-10 years of experience and 16% for employees with 11+ years of experience. This likely reflects the higher likelihood for promotion to supervisory position for men.

The possible explanations for this could be: (1) Women in India have to balance multiple roles and this often results in multiple career breaks (could be because of marriage and relocation, child bearing, child rearing, etc). With more number of career breaks in their job history, the bargaining capacity of women in the labour market declines. Hence, men in the same bracket earn a higher salary compared to women (Goldberg & Hill, 2007) and (2) Re-entry to the job market is difficult for women as compared to men and often women are paid less when they decide to enter the labour market again (Education International, 2011).

Table 3: Average earnings of men and women depending on the length of tenure

Tenure Groups (Years of Service)								
Gender	0-2	3-5	6-10	11+	0-2	3-5	6-10	11+
Male	11%	25%	43%	21%	144.34	215.55	394.86	635.10
Female	23%	32%	31%	14%	123.45	203.45	323.33	535.06
Total	13%	25%	42%	20%	142.97	213.63	386.84	625.55

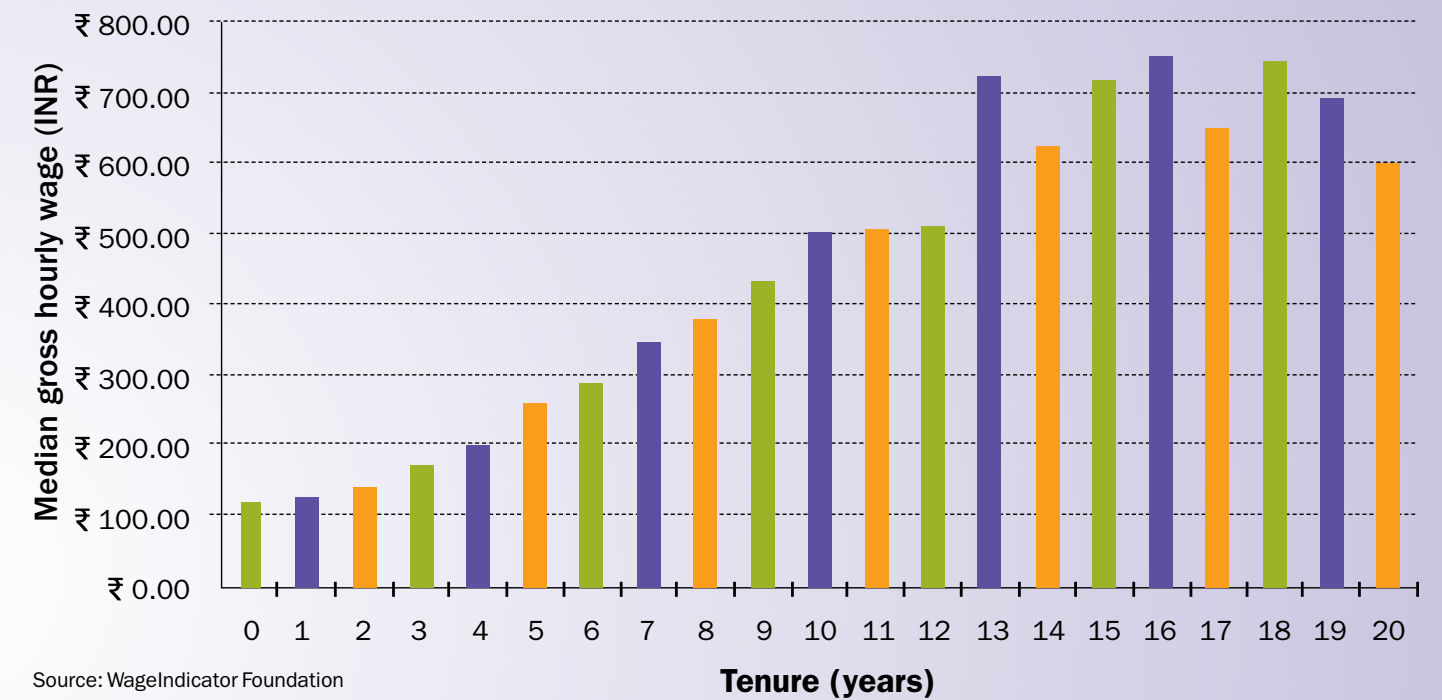
Source: WageIndicator Foundation

*Bergmann's crowding model (1974). **Becker (1957) had developed a model for race discrimination followed by employers, employees and customers. But the theory behind the model has been used by other economists and Becker himself to explain gender discrimination in employment.

***The average age of marriage in India is 18.3(UNICEF, 2001) (though it has been increasing over the years with social and cultural reforms).

Figure 1: Graphical illustration of the relationship between tenure and wage

Tenure vs. Hourly Gross



Wages and Working Conditions in the Indian IT Sector

Impact of Contract Type

The figures quoted suggest a dual labor market for men and women in the IT sector. This can be seen when we look at the data concerning the working arrangements. 76% of men, but only 66% of women have full time contracts. Male employees with permanent contracts get paid better than those employed for a limited time, for women it is the other way around. Employees with temporary contracts earn very similar wages; the wage premium for men is visible only in the segment of employees with permanent contracts. Women in the sector often prefer or are compelled to take up part-time jobs because it is expected that they fulfill primary responsibility of taking care of household activities and children (Goldberg & Hill, 2007).

Table 4: Type of contracts in the IT sector

Gender	Has Permanent Employment Contract			
	No	Yes	No	Yes
Male	24%	76%	288.68	375.29
Female	34%	66%	274.25	256.61
Total	25%	75%	285.80	359.25

Source: WageIndicator Foundation



The Impact of Ownership

There are three basic kinds of IT companies in India according to their ownership structure: wholly domestic owned, partially domestic and partially foreign owned and wholly foreign owned. Generally the more foreign capital there is in the company, the higher the wages.

Table 5: Ownership structure of the company and wages

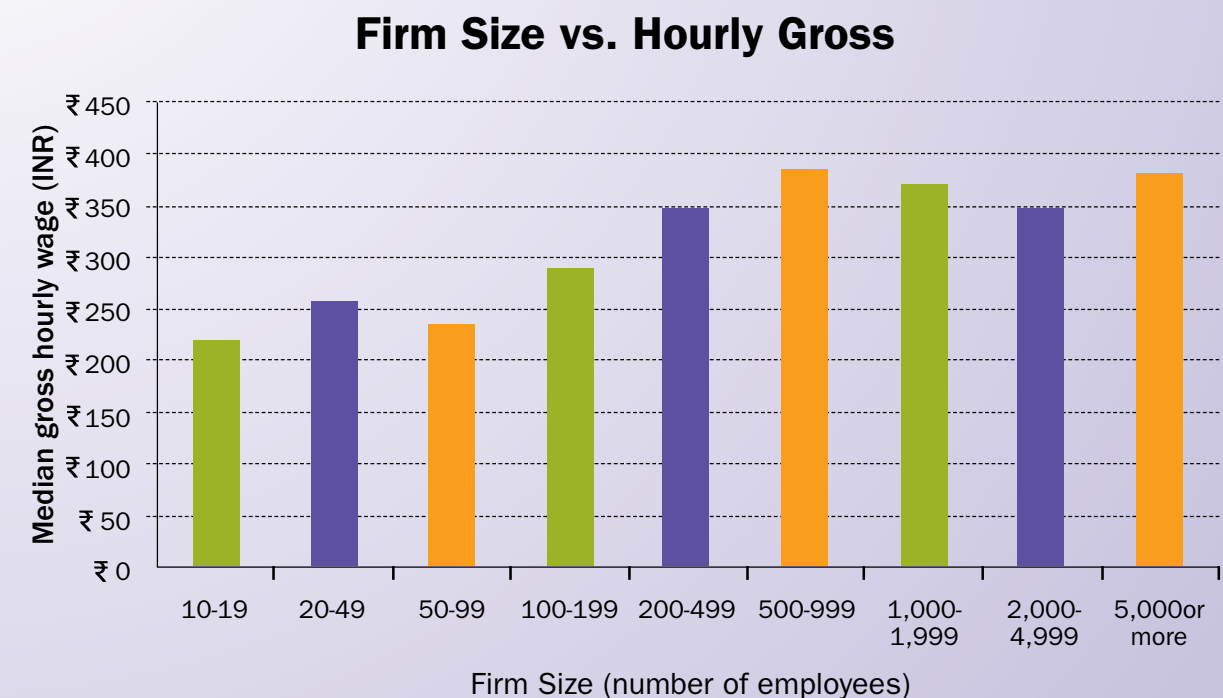
Ownership Of Company	Percentage Of Sample	Median Gross Hourly Wage
Wholly domestic owned	44.7%	261.25
Partially domestic owned, Partially foreign owned	17.6%	424.04
Wholly foreign owned	37.6%	559.40

Source: WageIndicator Foundation

Impact of Company Size

IT employees tend to work in large companies. In India about 65% of workforce in IT sector works in large to mid-sized companies. About 50% of the sample reported to work in a company with more than 5,000 employees. While in small companies (with up to 20 employees) the average reported wage was ₹ 218.57, employees in companies with more than 5,000 employees received an average wage of ₹ 383.73.

Figure 2: Graphical illustration of the relationship between size of company and wage



Wages and Working Conditions in the Indian IT Sector

Overtime Work

Only 2.1% of surveyed IT employees reported to receive extra money for night shifts or during weekends. This is generally in the form of a lump sum payment/allowance and the median payment on that account mounted to ₹ 2000 monthly. Only a tiny fraction of 0.8% of employees received compensation for working overtime, the median value of it being ₹ 1211.

Table 6: Ownership structure of the company and wages

Special Work Hours	Percentage of Sample	Monthly Median Benefit Received
Night Shifts/ Weekend allowance	2.1%	2,000
Overtime payment	0.8%	1,211

Source: WageIndicator Foundation

Bonus Structure

Employees in the IT sector reported to have received three types of bonuses: annual bonus, profit share and performance bonus. Performance bonus was the most common, received by 27% of employees, 18% of IT employees received an annual bonus and roughly 5% of employees benefited from profit sharing. IT sector enjoys the privilege of slightly higher numbers receiving bonuses as compared to the national average.

Table 7: Bonus structure

Bonus	Percentage of Sample	Indian Average
Annual Bonus	17.7%	6%
Profit Share	5.2%	3%
Performance Bonus	27.4%	18.5%

Source: WageIndicator Foundation



Wages and Working Conditions in the Indian IT Sector

Satisfaction

Employees in the IT sector were mostly satisfied with the relations at the workplace (75%), their relationships with superiors (70%) and working hours (68.2%). On the other hand, only 53.8% of respondents were satisfied with their wage. Overall, 61.1% of employees reported to be satisfied with their life as a whole. The Indian average of satisfaction with job and other related parameters range between 40 to 50% only (Varkkey & Korde, 2013). This implies that employees in the IT sector enjoy higher satisfaction levels as compared to the Indian average.

Satisfaction with	Satisfaction Level for IT
Job	65.2%
Pay	53.8%
Commuting time	64.9%
Work-life balance	63.2%
Job Security	64.8%
Work environment	65.9%
Working hours	68.2%
Relationship to colleagues	74.9%
Relationship to superiors	70.0%
Life as-a-whole	61.1%

Source: WageIndicator Foundation



International Comparison



International Comparison



The WageIndicator database enables a wage comparison across different occupational groups and across various countries globally. Because of different price levels in these countries, we compare gross wages in US dollar equivalent. This figure expresses a wage in US dollars that have the same purchasing power as the US dollars have in the USA. As a result, wages in countries with relatively low living cost, like India, are higher in comparison with the actual dollar value and wages in countries with high living cost, such as the United Kingdom, are lower. This measure is used to determine the actual living standard across countries.

What we see is that IT managers in India have a living standard comparable with their European counterparts. At the next level, the living standard of Indian IT professionals is slightly lower than in most European countries, but at the same time slightly higher than the living standards of IT professionals in Latin America. However, the wages of technicians and associate professionals is where the difference lies. Indian technicians and associate professionals earn about half of their European counterparts and their wages are comparable with Latin American ones and are slightly higher than those received by similar employees in the former USSR region.

Table 9: International comparison of gross hourly wages among occupational groups

Country	Managers (\$)	Professionals (\$)	Technicians and Associate Professionals (\$)
India	25.11	15.16	8.92
Argentina	-	12.51	8.05
Brazil	15.65	10.69	5.94
Chile	-	13.53	6.14
Mexico	18.25	13.72	5.11
Belgium	26.4	17.6	15.43
Czech Republic	21.54	15.07	10.77
Finland	29.16	19.36	15.35
France	-	22.91	13.75
Germany	-	26.73	21.09
Italy	-	16.96	15.08
Netherlands	30.49	19.31	16.26
Spain	23.41	18.14	14.82
United Kingdom	32.23	24.99	15.85
Belarus	-	3.88	3.62
Kazakhstan	8.79	5.44	3.75
Russian Federation	13.85	8.95	6.49
Ukraine	6.65	5.98	4.19
South Africa	30.55	20.32	11.18

*The classification of Managers, Professionals, Technicians and Associate Professionals in occupational groups is based on the years of work experience and the designation assigned to them by the organization they work with.

The Way Forward

Monster Salary Index is an initiative started with a vision to impart information on salary trends to help both employers and jobseekers take better decisions. This first edition of the report has tried to capture the essentials. This being a beginning, it would be a continuous process with reports at a set frequency. It will also be made accessible to employers through an intelligent interface. The analyses and coverage of the report will evolve with subsequent editions for both the supply and demand side. MSI would maintain an integrated approach in creating this exclusive industry benchmark for salaries in collaboration with industry bodies and key employers and would stick to the core objective of helping employers and job seekers to find better.

About the Dataset and Definitions

The analysis presented in this report is based on the WageIndicator dataset covering the period of March 2012 - 2014. The wage analysis is based on data collected from Paycheck India's (www.paycheck.in) Salary Calculator and Monster Salary Index from the aforementioned period. The sample used for the analysis consists of 2,329 observations.

Gross Hourly Wage and Bonuses

Gross hourly wage, for our purposes, is computed based on the hourly wage calculated on the ground of wage and working hours reported by respondents. We report median of gross hourly wage. The calculations are based on dataset cleared from outliers. Inflation was taken into account for wages reported in 2012.

Purchasing Power Parity (PPP)

Is based on differences in prices of goods and services in different country. Using the PPP index we can calculate an "international dollar" that has the same purchasing power as the US dollars have in the USA. The implied conversion rate used for India is 1:22, valid according to April 2013 WEO database. For calculation of annual wage, we assume a total of 2000 working hours per year.

Gender Pay Gap

Gender pay gap is computed according to the formula:

$$\text{PAY GAP} = \frac{\text{MEDIAN WAGE MALE} - \text{MEDIAN WAGE FEMALE}}{\text{MEDIAN WAGE MALE}} \times 100\%$$

It can be interpreted as the per cent difference between female and male median wages.

*A median is the numeric value separating the upper half of a sample from its lower half. For example, by definition of median wage 50% of the sample earn more and 50% less than median wage. **Respondents reporting wage significantly lower or higher than usual.





© Central European Labour Studies Institute (CELSI)

Bibliographic Information

Fabo, B. Varkkey, B. Korde, R. (2014) WageIndex Report India:
Wages and working conditions in the IT sector, published by the WageIndicator Foundation.

Information may be quoted provided the source is stated accurately and clearly.
Reproduction for own/internal use is permitted.