

Global Tech Firms Compete to Hire Indian Staff

BANGALORE Global firms such as IBM and Accenture are increasingly taking advantage of relatively low wages to hire software engineers in India, building up pressure on local software firms already struggling with tighter margins.

Headhunters and jobseekers say the draw of the big global name, their higher pay and employment promotion chances offshore are making it harder for the biggest home-grown firms like Infosys and Wipro to attract staff, reports Reuters.

"An offer from a top notch foreign company is just too appealing. Besides the higher pay packages, there's always the thrill of being part of a global team," said 26-year-old Anurag Garg, a software engineer working at a small Indian firm.

Software engineers in India with about two years experience are being paid about 25,000 rupees (\$533) a month, roughly one fifth of what their counterparts earn in the United States.

Foreign companies in India are offering nearly 30 percent higher salaries than their local rivals, head hunters say.

The weekly recruitment supplement in the leading "Times of India" daily is peppered with advertisements from global names like IBM, Hewlett Packard and Accenture, which are boosting local operations.

"What boom? What bust? Join the contrarian and zig not zag," says a job advertisement by Nasdaq-listed Cognizant Technology Solutions, which employs 4,500 engineers in India.

India's software services sector added 130,000 or nearly 25 percent to its workforce in the year to March, taking the sector to 650,000 and improving on 20 percent growth the previous year.

This is making it harder for local firms that have used their low cost bases to power their growth in the \$68 billion global market for outsourcing of computing services like help-desks, software design and accounting back offices.

Increasing competition, weaker demand from investment-shy customers and higher wage costs have sliced into their margins.

MARGIN PRESSURE

Infosys, India's biggest listed software exporter, sent shock waves through the sector last month when it said its profit growth rate would drop by a third this year. Wipro, the second biggest player, also warned of sliding profit margins.

They also face the prospect of losing existing staff to global competitors as these very margin pressures force them to restrain pay increases -- creating a vicious circle.

"The combination of global brand names and higher pay packages is ensuring that candidates with at least two years experience are much more willing to switch jobs than earlier," said B.R. Sheaker, director at head hunter CRV Consultants.

Walk-in interviews are common at the gleaming offices of companies in Bangalore, India's "Silicon Valley," which houses about 1,000 technology firms.

Oracle aims to add about 1,500 people in India by December to its 2,500 staff, hiring people for software, product support, consulting and back-office work.

Consulting group Accenture plans to more than double its software and back-office staff in India to 2,500 in two years. IBM has about 5,000 people in India and is still expanding. Intel aims to double its staff by the end of 2004.

"We provide staff an opportunity to move in different lines of businesses and participate in developing global products," said S.M. Udupa, human resources director at Oracle India.



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