

The Other Side of the Flat World

Success in the global services marketplace depends significantly on the outcome of the battle for Indian talent. American and European services firms have figured this out—and are taking on the India-based firms head on in people management, even adapting global HR policies to suit Indian needs. They're succeeding.

DQ
TOP
20
SERVICES

DQ



IT Best Employers: The Top 20

| Rank | Company | Empex | 2006 Rank | Change |
|------|-------------------------------|-------|-----------|--------|
| 1 | TCS | 84.4 | 1 | ■ |
| 2 | HCL Infosystems | 81.9 | 3 | ▲ |
| 3 | iGate | 80.3 | 29 | ▲ |
| 4 | RMSI | 78.3 | 2 | ▼ |
| 5 | Synechron | 74.3 | – | NA |
| 6 | IBM | 74.2 | – | NA |
| 6 | Capgemini | 74.2 | – | NA |
| 8 | Infosys | 73.6 | 4 | ▼ |
| 9 | Tavant Technologies | 72.5 | – | NA |
| 10 | Sun Microsystems | 72.0 | – | NA |
| 11 | Cognizant | 71.8 | – | NA |
| 12 | Computer Sciences Corporation | 71.3 | 19 | ▲ |
| 13 | Hexaware | 70.7 | 6 | ▼ |
| 14 | Cadence | 70.4 | 5 | ▼ |
| 15 | Accel Frontline | 68.8 | 10 | ▼ |
| 16 | Ness Technologies | 67.4 | – | NA |
| 17 | Cybage | 67.2 | 12 | ▼ |
| 18 | AztecSoft | 66.9 | 7 | ▼ |
| 19 | Aricent | 66.7 | 14 | ▼ |
| 20 | Geometric Software | 66.3 | 15 | ▼ |

Companies in blue are new entrants

■ No Change ▲ Up ▼ Down NA=Not Applicable

Source: DQ-IDC BES Survey 2007

As many as seven new entrants have pushed down many of last year's toppers by a few positions. While Synechron, Capgemini, and Cognizant are absolutely new entrants; Tavant, Sun Microsystems, and Ness did not qualify for the second round last year. IBM did not participate in last year's survey

Smugness and Infosys hardly go together. Yet, in the spring of 2004, Nandan Nilekani had famously proclaimed that the global playing field “had been leveled”. The CEO of Infosys was conversing with visiting American journalist Thomas Friedman. The change, according to Nilekani, had been brought about by technology and globalization. For once, Nilekani seemed to let go of his natural modesty as he extolled the strategies adopted by his company. And also by his other Indian peers.

Friedman was impressed. So much so that he called his wife from his hotel room to tell her that the world

was “flattening”. His book, *World is Flat*, eulogized the tactics adopted by Nilekani, Ramadorai, Premji and others, proclaiming a new world order. It was meant to be a warning note to the developed nations, particularly, America.

But even before Friedman loudly asserted it, companies like IBM, Accenture, EDS, CSC, and ACS—the North American services firms—were feeling the heat. Not only were these Indian firms taking their market share in IT services, many of them had listed in America and had soon become the darlings of Wall Street.

The Indians, of course, were beating them hands

The success in the American (or European) marketplace is increasingly depending on how successfully you compete in the Indian market for talent

down in cost. A large part of that cost advantage came from India's low-cost work force, which was equally good, if not better than the American IT workers.

It was time for them to tap that talent too. Between 2004-2007, almost all American firms—and a few European ones—significantly ramped up their Indian delivery. Today, for many of them, including the biggest of them all—IBM—have more workforce in India than in any other part of the world, excluding of course, USA.

In short, the success in the American (or European) marketplace is increasingly depending on how successfully you compete in the Indian market for talent.

While many of them were hiring rapidly, the Indian firms maintained that just hiring by paying more would not make them successful in India. Satisfying the needs of Indian employees—which are very different from those in the US (say the need for job security)—was not going to be easy.

Easy, it was not. But possible, it is.

This year's DQ-IDC Best Employers Survey (BES) gives enough reasons to believe that the non-Indian firms are steadily mastering the art of managing Indian employees, because that has become the numero uno factor for success in the marketplace.

This year's BES gives an interesting insight that seems to coincide with Friedman's 'flat world' contention. For long, Indian services companies were making the

| Employee Satisfaction Ranking | | |
|-------------------------------|-------------------------------|-----------------------------|
| Rank | Company | Employee Satisfaction Score |
| 1 | HCL Infosystems | 75.4 |
| 2 | iGate | 72.5 |
| 3 | TCS | 70.8 |
| 4 | RMSI | 69.6 |
| 5 | Capgemini | 67.6 |
| 6 | Tavant Technologies | 65.7 |
| 7 | Sun Microsystems | 64.7 |
| 8 | Computer Sciences Corporation | 63.9 |
| 9 | Hexaware | 63.6 |
| 10 | Cadence | 63.5 |
| 11 | Synechron | 63.4 |
| 12 | IBM | 63.2 |
| 13 | Cognizant | 62.4 |
| 14 | Accel Frontline | 61.1 |
| 15 | Infosys | 60.4 |
| 16 | Cybage | 60.1 |
| 17 | AztecSoft | 60.0 |
| 18 | Geometric Software | 59.1 |
| 19 | Aricent | 59.0 |
| 20 | Ness Technologies | 58.9 |
| 21 | GlobalLogic | 58.1 |
| 22 | Honeywell | 57.8 |
| 23 | Virtusa | 57.3 |
| 24 | Zensar | 56.2 |
| 25 | Nagarro | 55.0 |
| 26 | Nucleus | 54.4 |
| 27 | Tech Mahindra | 54.1 |
| 28 | L&T Infotech | 54.1 |
| 29 | Mphasis | 53.8 |
| 30 | Wipro | 53.1 |
| 31 | Patni | 53.1 |

Source: DQ-IDC BES Survey 2007

The companies that have a better showing in employee satisfaction, as compared to overall ranking are HCL Infosystems, iGate, Capgemini, Sun Microsystems, CSC, Hexaware, and Cadence. Employee satisfaction score carried 80% weightage in the overall ranking

Non-Indian services firms have also learnt how to make best talent in this 'flat' world

most of tech democratization, going from strength to strength. But, somehow, non-Indian service firms have come to terms with the new order, and are bringing the battle to India. They have realized that the Indian workforce is the key to the future and have staked a claim.

When Indians started to pitch for American IT contracts, they were the challengers; the American firms were the incumbents. In the Indian talent market, the same phenomenon is repeating itself, with the order having been reversed. It is the Infosys and Wipros who are the incumbents; it is the IBMs and Capgemins that are the challengers.

The survey results show that the world is indeed flat—equally flat for all. Or, as they often say, globalization is a two way street. We have come a full circle.

Challenge to Indian Service

If Friedman's flat world was the new world order, call it the new, new world order. In BES07, four non-Indian services firms have made impressive debut. Now there are a total of five non-Indian services firm in the list. IBM, Capgemini, Cognizant, CSC, and Ness Tech—these companies have either made a debut or have moved up in the ranking, while the Indian giants, but for TCS, have tumbled.

It is obvious that Indian services companies that had been using the global service delivery model had a lot of faith on their people management skills. While these companies were bidding and winning contracts abroad against global service companies, so were the non-Indian service companies. Not only have these global companies set up base in India, they have also studied and adopted themselves to the Indian climate. Thus IBM India is just like any other Indian IT biggie, only more attractive due to the international lineage. The implications are loud and clear. Non-Indian services firm have also learnt how to make best use of the not-so spiky world of ours.

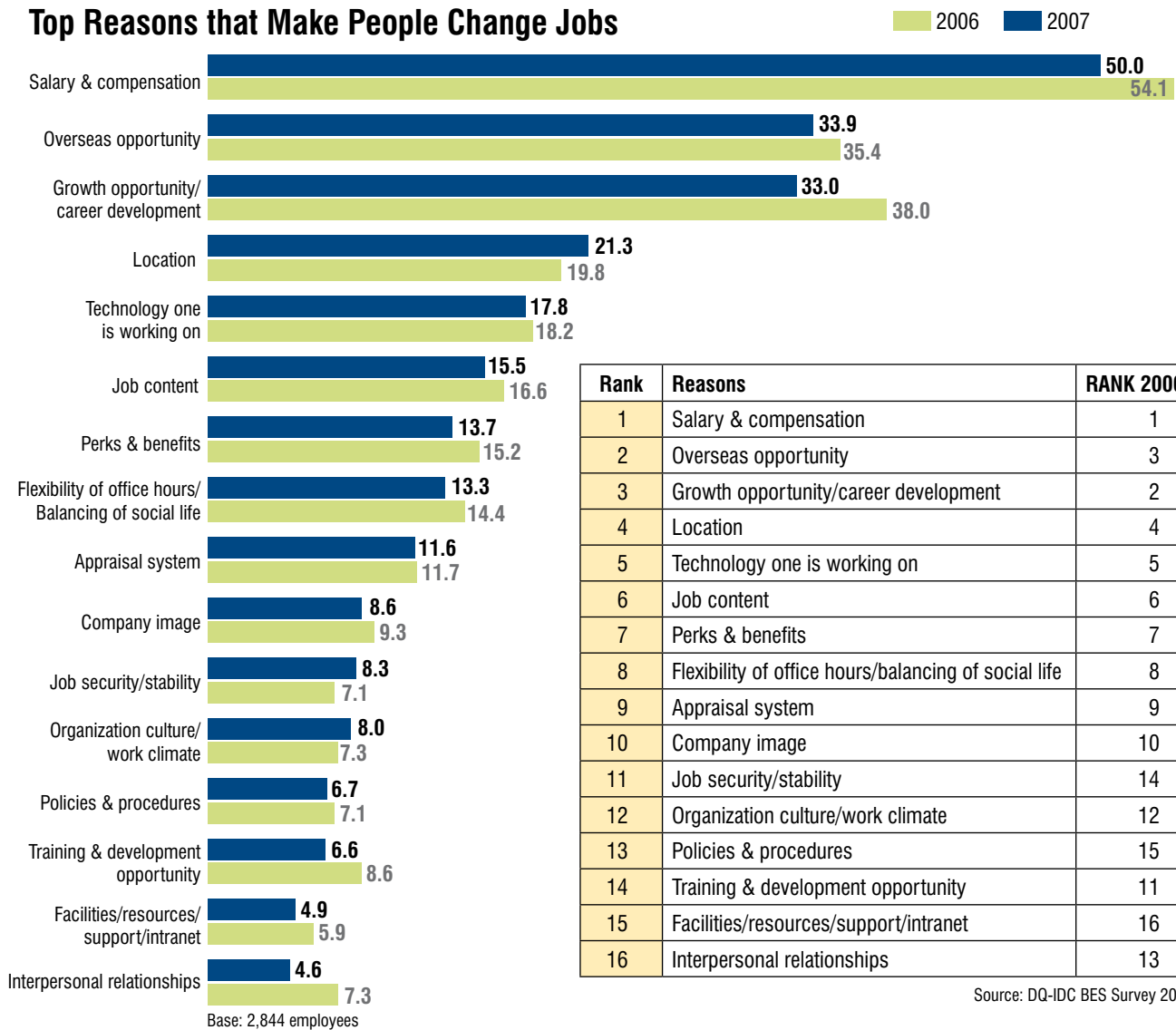
HR Ranking

| Rank | Company | HR Score |
|------|---------------------|----------|
| 1 | TCS | 13.6 |
| 2 | Infosys | 13.1 |
| 3 | Wipro | 11.5 |
| 4 | IBM | 11.0 |
| 5 | Synechron | 10.9 |
| 6 | Cognizant | 9.4 |
| 7 | RMSI | 8.7 |
| 8 | Ness Technologies | 8.5 |
| 9 | L&T Info | 8.1 |
| 10 | Tech Mahindra | 7.9 |
| 11 | iGate | 7.8 |
| 12 | Accel Frontline | 7.7 |
| 13 | Aricent | 7.7 |
| 14 | Sun Microsystems | 7.4 |
| 15 | CSC | 7.4 |
| 16 | Geometric software | 7.2 |
| 17 | Nucleus | 7.1 |
| 18 | Hexaware | 7.1 |
| 19 | Cybage | 7.1 |
| 20 | Cadence | 7.0 |
| 21 | Patni | 6.9 |
| 22 | Virtusa | 6.9 |
| 23 | AztecSoft | 6.8 |
| 24 | Zensar | 6.8 |
| 25 | Honeywell | 6.8 |
| 26 | Mphasis | 6.8 |
| 27 | Tavant Technologies | 6.7 |
| 28 | GlobalLogic | 6.6 |
| 29 | Capgemini | 6.5 |
| 30 | Nagarro | 6.5 |
| 31 | HCL Infosystems | 6.5 |

Source: DQ-IDC BES Survey 2007

As many as four of the top 20 performers in HR score did not make it into the overall ranking. That includes Wipro at #3, L&T Infotech at #9, Tech Mahindra at #10, and Nucleus at #17

Top Reasons that Make People Change Jobs



| Rank | Reasons | RANK 2006 |
|------|--|-----------|
| 1 | Salary & compensation | 1 |
| 2 | Overseas opportunity | 3 |
| 3 | Growth opportunity/career development | 2 |
| 4 | Location | 4 |
| 5 | Technology one is working on | 5 |
| 6 | Job content | 6 |
| 7 | Perks & benefits | 7 |
| 8 | Flexibility of office hours/balancing of social life | 8 |
| 9 | Appraisal system | 9 |
| 10 | Company image | 10 |
| 11 | Job security/stability | 14 |
| 12 | Organization culture/work climate | 12 |
| 13 | Policies & procedures | 15 |
| 14 | Training & development opportunity | 11 |
| 15 | Facilities/resources/support/intranet | 16 |
| 16 | Interpersonal relationships | 13 |

Source: DQ-IDC BES Survey 2007

By and large, the reasons remain the same over last year. The only significant change: overseas opportunities now matter more than growth opportunity. However, managers complain that the love for overseas is restricted to postings abroad for one-two years, unlike earlier. Most of them want to come back to India after a short overseas stint

The Charge of the Foreign Brigade

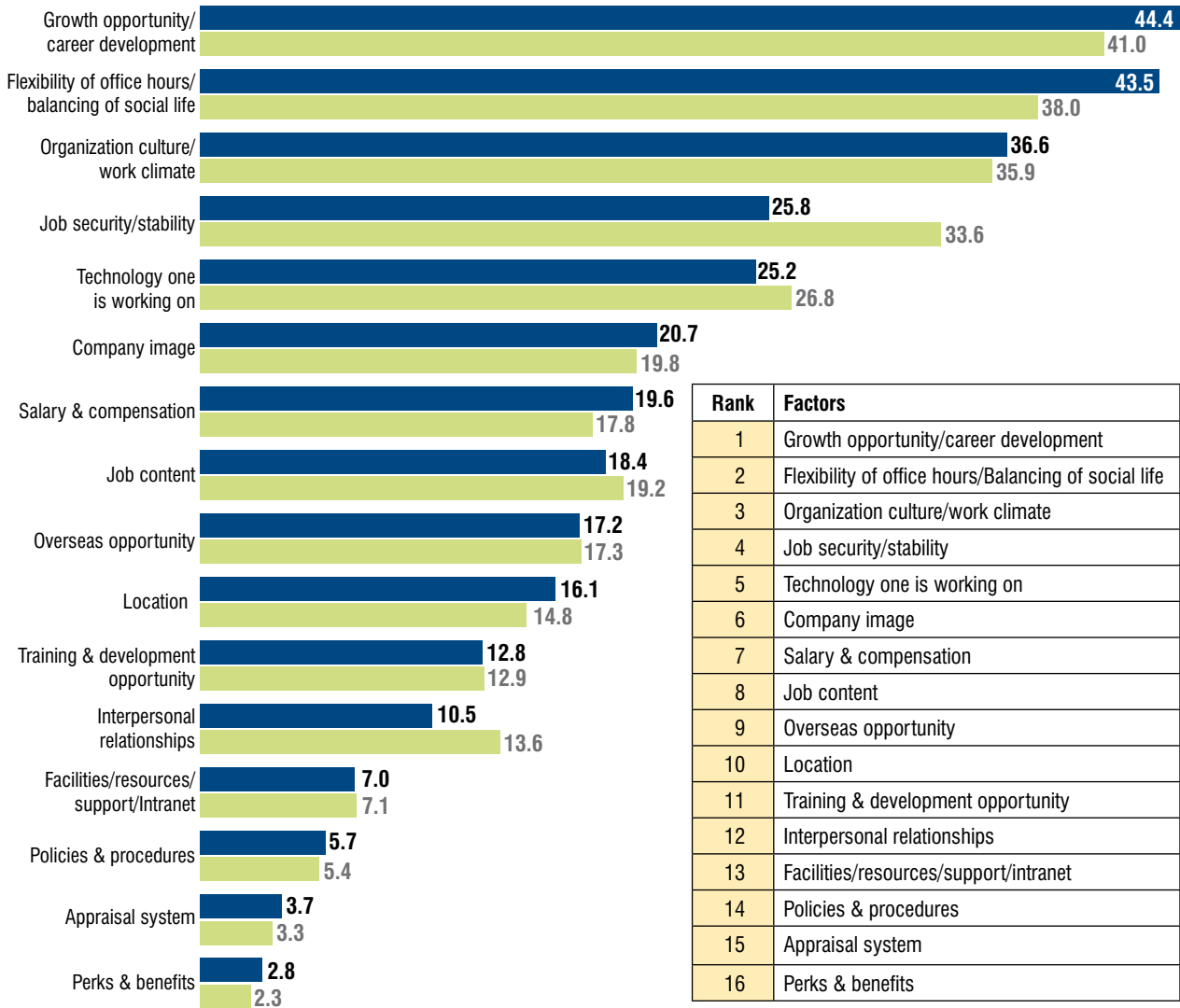
It is certainly not the first time that these non-Indian services firms have performed well on BES. Over the years, they have staked claim to quite many places on the Top 20 list. Last year, five non-Indian firms were on the list, of which three (Cadence, CSC, and Kanbay as part of Capgemini) are back again this year. There were six non-Indian firms in 2005 and over 10 in 2004. In fact in 2004, non-Indian firms topped 4 out of the 8 broad categories like image, culture, job content, etc, while they had topped 8 of 10 in 2003. Over the

last few years, non-Indian firms have been recruiting heavily, for instance, IBM India and Cognizant added around 14,000 employees each in the last year itself and were amongst the largest recruiters in India. Little wonder these companies are gaining prominence in the BES.

Of the lot, Cadence has been the most persistent. It was ranked at the very top (#1) in 2003, came in #4 in 2004, #6 in 2005, and #5 in 2006. This year Cadence falls 9 places to be ranked #14—because of a fall of 12 places in HR rankings. IBM India has been an-

The Factors that Employees are Most Satisfied About

2006 2007



Base: 2,844 employees

Source: DQ-IDC BES Survey 2007

| Rank | Factors | Rank 2006 |
|------|--|-----------|
| 1 | Growth opportunity/career development | 1 |
| 2 | Flexibility of office hours/Balancing of social life | 2 |
| 3 | Organization culture/work climate | 3 |
| 4 | Job security/stability | 4 |
| 5 | Technology one is working on | 5 |
| 6 | Company image | 6 |
| 7 | Salary & compensation | 8 |
| 8 | Job content | 7 |
| 9 | Overseas opportunity | 9 |
| 10 | Location | 10 |
| 11 | Training & development opportunity | 12 |
| 12 | Interpersonal relationships | 11 |
| 13 | Facilities/resources/support/intranet | 13 |
| 14 | Policies & procedures | 14 |
| 15 | Appraisal system | 15 |
| 16 | Perks & benefits | 16 |

Interestingly, growth opportunity and technology one is working on are the two parameters where people are fairly satisfied; yet they would change for those reasons. The toughest challenge for employers

other regular in the BES, it was ranked at #5 in 2003, #3 in 2004, and #8 in 2005. It did not participate in 2006 and this year IBM re-entered the list again at #6. IBM ranks at #3 on HR rankings and #12 on employee rankings, meaning it still has a lot of work etched out for it. The other most interesting MNC debut this year was that of the European major, Capgemini that ranks at #6, with IBM. The interesting part being that it ranks #31 on the HR list and #5 on the employee ranks, a difference of 26 ranks between the two, the second largest in BES this year.

The change is evident. In the past these companies tried to fit the operations to the processes they had brought along with them. This was certainly not the best way, as Indian employees lay a lot of emphasis on inter-personal relationships. Indians not only work for a company, but, more often than not, are married to them. So while a good pay package was always good, it was never the 'be all' of a job. Thus, a lot many employees preferred the hospitable and informal atmosphere at Indian companies rather than process driven MNCs.

'I Wish I Was There': The Dream Company

| Rank | Company | Share 2007* | Share 2006 | Rank 2006 |
|------|-------------------------------|-------------|------------|-----------|
| 1 | Infosys | 10.3 | 12.3 | 1 |
| 2 | TCS | 7.0 | 6.7 | 2 |
| 3 | IBM | 5.3 | – | – |
| 4 | iGate | 3.0 | – | – |
| 5 | HCL Infosystems | 2.7 | 0.8 | 10 |
| 6 | RMSI | 2.6 | 1.8 | 4 |
| 7 | Capgemini | 2.5 | – | – |
| 8 | Computer Sciences Corporation | 1.8 | 1.6 | 5 |
| 9 | Sun Microsystems | 1.8 | – | – |
| 10 | Cognizant | 1.7 | – | – |
| 11 | Hexaware | 1.2 | 1.3 | 7 |
| 12 | Aricent | 0.9 | 1.0 | 8 |
| 13 | Synechron | 0.9 | – | – |
| 14 | Cadence | 0.8 | 1.5 | 6 |
| 15 | Geometric | 0.7 | 0.7 | 13 |
| 16 | AztecSoft | 0.6 | 0.6 | 14 |
| 17 | Ness Technologies | 0.4 | – | – |
| 18 | Accel Frontline | 0.2 | 0.6 | 15 |
| 19 | Cybage | 0.2 | 0.4 | 16 |
| 20 | Tavant Technologies | 0.2 | – | – |

Base: 2,844 employees

Source: DQ-IDC BES Survey 2007

Companies in blue are new entrants

*The percentage of employees who voted for the given company as their 'dream company'. Excludes own employees

Even though Infosys' own employees are not too satisfied, industry-wide, it remains the dream company. Its challenge, hence, is not recruitment but retention. Noteworthy is IBM's entry, right at #3

Non-Indian companies have woken up to this unique characteristic of Indian employees and are changing themselves with a gusto. Take the case of Capgemini, its India center is not a clone of the HQ, but follows distinctive HR policies that are aimed at the Indian audience. IBM is trying to be more personal, with Sam Palmisano making frequent trips to India and displaying his love through huge get-togethers that seem like a typical Indian wedding. On the other hand, Intel, has taken a leaf out of the Tatas and is increasingly talking about its CSR activities. It would seem that these non-Indian services are adapting to the Indian work culture and beating the big Indian players in their own game.

The results of this transformation are there for all

to see. Take the case of dream companies—four non-Indian companies have made their place in the Top 10. The implication is clear: more Indians prefer non-Indian service firms to their Indian counterparts.

Even when it comes to work culture, non-Indian firms are scoring. There are four non-Indian services companies in the Top 10 with Infosys plummeting to #20 on the culture parameter. The myth that non-Indian companies pay better seems to be dispelled as there are only three non-Indian services companies in the Top 10 list. In fact Infosys is last at #20, preceded by IBM at #19.

The signs are ominous. There are still a lot of non-Indian firms, like HP, Oracle, etc that used to be part

This is my Dream—I Love it Here*

| Rank | Company | Share 2007 | Share 2006 | Rank 2006 |
|------|-------------------------------|------------|------------|-----------|
| 1 | RMSI | 79.8 | 57.9 | 1 |
| 2 | HCL Infosystems | 77.1 | 27.2 | 7 |
| 3 | iGate | 70.3 | — | — |
| 4 | TCS | 63.3 | 36.9 | 4 |
| 5 | Capgemini | 52.9 | — | — |
| 6 | IBM | 46.2 | — | — |
| 7 | Hexaware | 31.8 | 38.9 | 3 |
| 8 | Computer Sciences Corporation | 30.6 | 15.2 | 15 |
| 9 | Cognizant | 30.1 | — | — |
| 10 | Infosys | 28.2 | 36.6 | 5 |
| 11 | Sun Microsystems | 27.1 | — | — |
| 12 | Synechron | 27.1 | — | — |
| 13 | Cadence | 26.9 | 46.3 | 2 |
| 14 | Geometric Software | 18.8 | 22.0 | 11 |
| 15 | AztecSoft | 17.9 | 17.8 | 13 |
| 16 | Aricent | 16.0 | 23.0 | 9 |
| 17 | Ness Technologies | 12.3 | — | — |
| 18 | Accel Frontline | 5.2 | 15.6 | 14 |
| 19 | Cybage | 4.5 | — | — |
| 20 | Tavant Technologies | 4.5 | — | — |

Base: 2,844 Employees

Source: DQ-IDC BES Survey 2007

*The percentage of employees who consider their own company as the dream company

At least in five companies, more than half the employees consider their own companies as dream companies. While attrition as a major issue is true in India, so is this belongingness. Another case of India's contradictions

of the BES in the past but are not so now for a variety of reasons. Whereas companies like Microsoft, Accenture, EDS, SAP, Google, etc, that have been quite active in India did not participate in the survey. In the days to come, as these non-Indian services companies adapt further, they will continue to give the Indian companies a run for their employees.

Bangalore Tigers Tamed

But for TCS, the big Indian IT humpty-dumpties have taken a fall, especially the Bangalore tigers. The biggest surprise has been Wipro Technologies, which has dropped by 14 places and is out of the Top 20 list. The main reason can be its dismal performance on employ-

ee ranking. It is rated quite poorly on parameters like preferred employer (internal), appraisal, training, and culture. But has retained its HR rank, and is ranked at #3. Over the years, Wipro has had its ups and downs on the annual BES. In the first survey, in 2001, it was ranked a #8, rising to #3 in 2002, falling to #7 in 2003, to #18 in 2004, rising again to #15 in 2005 and #9 in 2006. There has been a lot of inconsistency in Wipro's performance over the years, and for the first time, this year it is out of the Top 20.

On the other hand, Infosys has dropped by 4 places and is ranked #8. Like Wipro, Infosys also has performed badly on the employee rank, falling from #8 to #15 this year.

The drop could be attributed to the fact that the company has performed badly on the following parameters: preferred employer (internal), company image, salary, and others. In fact, on a lot of parameters Infosys is at the bottom, like appraisal, people, overall satisfaction, image, job content, culture. There seems to be a major discontent brewing among Infosys employees, all this while the company makes a media splash of its foreign interns.

The explanation offered oft times is that as both these companies are ramping up rapidly, there seems to be a tradeoff. Employees joining the organization now might be expecting the same informal atmosphere that used to exist half a dozen years back, for which these companies have been known. But that personal touch might have been lost in the huge number game. Whatever might be the case, one thing is certain, the Bangalore tigers need to get their act together.

A Giant on Top

While the rest of the Indian biggies have tumbled, TCS has, in a way, improved on its performance. This year too it retains its number one position in the overall rankings. In the HR ranking, it tops the list, though there is minor drop in the overall HR score due to low CAGR as compared to last year. But on the employee part, TCS has gone a notch higher and is ranked #3.

TCS is ranked at the top on two parameters: overseas opportunity and job security. With the company going more and more global, obviously the employees seem to be excited about the opportunities opening up. The employees also seem to be quite happy, as the

Attrition Down

While the Indian employees have become more confident and are demanding more salaries, the average attrition rate of the industry has, in fact, gone down by a percentage point. It currently hovers at around 14%, unlike 15% last year.

The main reason for Indian employees leaving the company are: overseas opportunity and growth opportunity. Subsequently, retention rates have improved by a percentage point and are currently at 82% for the industry at large.

When it comes to satisfaction parameters, growth opportunity tops. Not surprising considering the industry is still growing at more than 30% and with that everyone is growing

company scored well on the preferred employer (Internal) parameter, as compared to last year.

Yet, TCS must pay attention to lower and mid-level employees as it is ranked #9 on the issue that the appraisal system was fair. It is ranked #10 for "I get regular and constructive feedback from manager/superior" and #8 "I get a sense of great professional and personal accomplishment from the work I do". TCS is followed by another Indian strong player, HCL Info, ranked at #2.

Size Does Not Matter

Year after year, there is a discussion on how well small companies have fared on the BES. When we talk of small companies it means relatively, in terms of the big Indian and non-Indian giants. This year there were close to eight small companies in the Top 20: iGate, RMSI, Synchron, Tavant, Accel Frontline, Cybage, Aztec-Soft, and Geometric. iGate's performance has been truly impressive as it gained 26 places to be ranked #3.

These small companies have performed well on the employee ranking vis-à-vis HR, implying that employees are satisfied with things like salary hikes, payment at par with industry standards or, more importantly, that employees are encouraged to take risk at work. Most of these companies have ranked high on the employee ranking, like iGate at #2, RMSI #4, and Tavant #6. Only Synchron, amongst these companies, has been ranked high on the HR ranking, # 5, and RMSI is #8.

There has also been a change in the way employees perceive these companies. Take the case of 'image', there are three small companies that have come in the Top 5. Even on the preferred employer (internal) parameter, there are two small companies in the Top 5. Though in the dream company parameter, there is only

How We Did IT

The methodology of the DQ-IDC Best Employers Survey 2007

Research Design

The survey was designed and carried out in two phases. In the first phase, HR questionnaires were sent to around 300 IT companies. These spanned systems to software companies, both domestic and exports players. The questionnaire sought information on areas such as employee strength, salary structure, training days, tenure of top management, etc. Of the 300 companies, fifty-eight participated in the first phase. Out of these, thirty-three companies were then short listed for the second round, that is, the employee survey, based on the following parameters:

Total employee size: Hardware, software and marketing IT professionals in India only, as on April 1, 2007. This did not include either back-end employees or employees posted outside India.

Revenue CAGR (compound annual growth rate from fiscal 2004-05 to 2006-07).

Average tenure of senior management (GM level and above): The tenure figure was factored by the age of the company to remove any discrepancies that may have arisen between the old and relatively new companies.

Total average training: Included the entire gamut from induction and technical to soft skills and others. The data was weighted on the total hardware, software and marketing IT professionals in the company.

Retention rate: Share of employees (at least three months-old in the company) who were still with the company on March 31, 2007.

Average salary hike (in %age)

The first shortlist of companies was based on these six parameters, which were given different weights based on their relative importance. In the second phase, a large-scale survey was conducted by IDC India among 2,844 employees of the 33 short listed companies, across the country. However, during the second phase, two companies didn't participate, and so we conducted the survey within thirty-one companies. The sampling was done on the basis of the distribution of employees in different cities. The employee survey comprised a self-administered questionnaire as the instrument with employees at different levels. This questionnaire included fifty-three statements under different broad parameters—composite satisfaction, company culture, job content/growth, training, salary & compensation, appraisal systems and people. Employees were asked to rate each of the statements on a 10-point agreement scale. The respondents filled-in their opinions on the questionnaire in the presence of IDC's trained interviewers and supervisors.

Other than the above parameters, employees were also asked about their salary structure, preferred company in the industry, etc. The Employee Satisfaction survey covered seven major cities—Mumbai, Delhi, Chennai, Kolkata, Hyderabad, Pune and Bangalore. In each city, the sample quota was assigned based on the company's employee strength in that city. A further classification

of employees was done on the basis of job profile (hardware, software and marketing) and years of IT experience (less than 2 years, 2-5 years, 5-10 years and more than 10 years). This quota system was followed strictly to get a proper representation of different types of employees in the sample. In order to retain objectivity, every attempt was made to take on an unbiased sample, and to ensure that the management of the company did not influence the selection of respondents (employees) or their responses.

BES Ratings

Scores from the HR survey and the Employee Satisfaction survey, calculated separately, were combined to arrive at a composite score. Companies were then given ranks based on the composite scores.

The HR score of the selected thirty-three companies was calculated based on the six parameters, indexed and weighted on a total score of 100. The six parameters used were—total employee size; revenue CAGR (2004-05 to 2006-07); average tenure (years); total average training; retention rate; and average salary hike (%).

The Employee survey score was calculated based on 10 parameters, which was also weighted and indexed on a total score of 100. The ten parameters used in this case—overall satisfaction score; composite satisfaction (company image); company culture; job content/growth; training; salary and compensation; appraisal system; people; preferred company (internal: percentage of respondents of a company who said their own company was the preferred one); and dream company (industry: percentage of respondents in the total sample who preferred a particular company).

The scores on the above parameters like company image, company culture, job content/growth, training, salary & compensation, appraisal system and people were calculated on the basis of number of statements under each of these parameters. A correlation analysis was run between overall satisfaction and statements across all these broad parameters. It gave us the dependency of the dependent variable (overall satisfaction) on each of these statements, which, in turn, provided the weights of each of the statements. The weighted average of the individual scores of statements gave us the scores at each of these broad parameters level, and these were used for the final ranking.

The HR and Employee Satisfaction score was weighted and indexed on a 100-point score to arrive at DQ-IDC BES score, 2007. Dataquest and IDC India decided the weights for all parameters in consultation with HR experts from the industry, and these were used in the survey analysis. The weights were finalized before the survey, to ensure complete unbiased ranking.

The IDC India team was led by Shailendra Gupta and assisted by Satya Sundar Mohanty and Shakyadev Mitra.

one small firm (iGate) in the Top 5. Small companies score on the job content front, as was made obvious from the fact that four small companies appear in the Top 5. They are also ranked highly on the culture parameter, with three in the Top 5.

The small companies have also learnt the art of retaining: RMSI is ranked at #1 and iGate at #2 on the retention rate. Though attrition is high as well, as on the same parameter, there were three small companies in the Top 5.

According to some arguments, employee rankings are no real indicator of a company's success, as a sudden windfall to cash to employees or other emoluments like ESOPs could influence that. So these companies need to get their HR processes in place to be termed as the great Indian employers.

The Ones that Lost Out

This year there have been quite a few upsets in terms of companies in the last year's Top 20 missing the list this time round. Seven companies, to be precise. As stated earlier the most notable was Wipro that has been ranked #22. The others are GlobalLogic (formerly Induslogic) at #21 and Nucleus Software at #28. Companies like NIIT, Sasken, Sierra Atlantic and Interra IT did not qualify for the employee round.

The main reason being a drastic drop in employee ranks. Take the case of GlobalLogic, while its HR rank fell by three places, its employee rank fell a whopping 15 places. In case of Wipro the fall was all the more drastic, with employee rank falling a whopping 19 places to be ranked #30. Nucleus Software's employee rank fell by 13 places and it was ranked #26. These three companies fared badly on basically three major employee parameters, namely salary, appraisal and preferred employer (internal).

Meanwhile, there were other companies like Honeywell, Virtusa, Zensar, L&T Indo, Tech Mahindra, Nagarro, Mphasis, and Patni that are ranked beyond the top 20 and could find place in the coming year or years.

Company Image

| Rank | Company | Image* |
|------|-------------------------------|--------|
| 1 | HCL Infosystems | 9.4 |
| 2 | RMSI | 9.2 |
| 3 | iGate | 8.9 |
| 4 | Tavant Technologies | 8.9 |
| 5 | Capgemini | 8.7 |
| 6 | TCS | 8.7 |
| 7 | Sun Microsystems | 8.6 |
| 8 | Synechron | 8.6 |
| 9 | Computer Sciences Corporation | 8.4 |
| 10 | Hexaware | 8.3 |
| 11 | IBM | 8.3 |
| 12 | Accel Frontline | 8.2 |
| 13 | Cadence | 8.2 |
| 14 | Cognizant | 8.2 |
| 15 | AztecSoft | 8.1 |
| 16 | Cybage | 8.0 |
| 17 | Ness Technologies | 8.0 |
| 18 | Geometric Software | 8.0 |
| 19 | Aricent | 7.9 |
| 20 | Infosys | 7.4 |

Base: 2,844 Employees

Source: DQ-IDC BES Survey 2007

*Composite score from several parameters

TCS, IBM, Infosys—the large companies do not match the image of smaller ones. Does size really matter for employees?

Roti, Videsh aur Tarakki

Salary, overseas opportunity and growth opportunity are the top three factors employees cited that would make them shift jobs—the same as last year. However, there is a slight change in priority. While salary and compensation did continue at top, this year, overseas opportunity has replaced growth opportunity as the No 2 factor. Surprising—considering that the number of Indians abroad who want to come back to India is also on the rise.

The HR managers agree, however, with the finding, while offering an explanation. Many of them contend that overseas posting is still a big lure for employees; but unlike say ten years back, today's young IT engineers do not want to go abroad to settle there. "It is very dif-

| Organizational Culture | | |
|-------------------------------|-------------------------------|-------------------------|
| Rank | Company | Company Culture* |
| 1 | HCL Infosystems | 9.3 |
| 2 | RMSI | 9.3 |
| 3 | iGate | 9.1 |
| 4 | Tavant Technologies | 8.8 |
| 5 | TCS | 8.8 |
| 6 | Sun Microsystems | 8.7 |
| 7 | Cadence | 8.6 |
| 8 | Cappemini | 8.6 |
| 9 | Computer Sciences Corporation | 8.5 |
| 10 | Hexaware | 8.4 |
| 11 | Synechron | 8.4 |
| 12 | IBM | 8.3 |
| 13 | Accel Frontline | 8.2 |
| 14 | Cognizant | 8.2 |
| 15 | AztecSoft | 8.2 |
| 16 | Cybage | 8.1 |
| 17 | Ness Technologies | 8.0 |
| 18 | Geometric software | 7.9 |
| 19 | Aricent | 7.8 |
| 20 | Infosys | 7.8 |

Base: 2,844 Employees

Source: DQ-IDC BES Survey 2007

*Composite score from multiple parameters

Again, the small companies top the list

difficult to find someone willing to be posted abroad for five-six years; but everyone wants a 1-2 years stint,” says an HR chief. The reason, he explains, is saving some good money “so that you can come back, buy a property and settle in Delhi or Bangalore.” So, in essence, it is a reaffirmation of the first point.

However, what is noteworthy is that in almost all the top parameters (except location), the scores have come down, meaning no single reason is now enough for changing the job. They want a better balance of everything.

When it comes to satisfaction about parameters, growth opportunity tops. Not surprising considering the industry is still growing at more than 30% and with that everyone is growing. Surprisingly, all talks of long hours/stress notwithstanding, most employees feel that

they have a good balance of social life and work life. And most of them are happy about organization culture and work climate as well.

The BES also asked the employees to react to specific statements. The maximum agreement was in the area of peer relationships. As many as 84.2% employees strongly agree to the statement that “my relationship with my peers make for a better work environment”. More than 81% strongly agreed to the statement that their colleagues help them when they need them. About 76% respondents strongly agreed that people in their organizations treat each other with mutual respect and trust.

The other area that got a lot of strong agreement to positive statements was company culture. Most employees (more than 70% in each case) strongly agreed about their employers’ value & ethics, fairness of business practice, honesty & integrity, and professionalism towards all stakeholders.

Not surprisingly, most of the disagreement and “somewhat” agreements were in the area of salary and compensation. Only 34% strongly believed

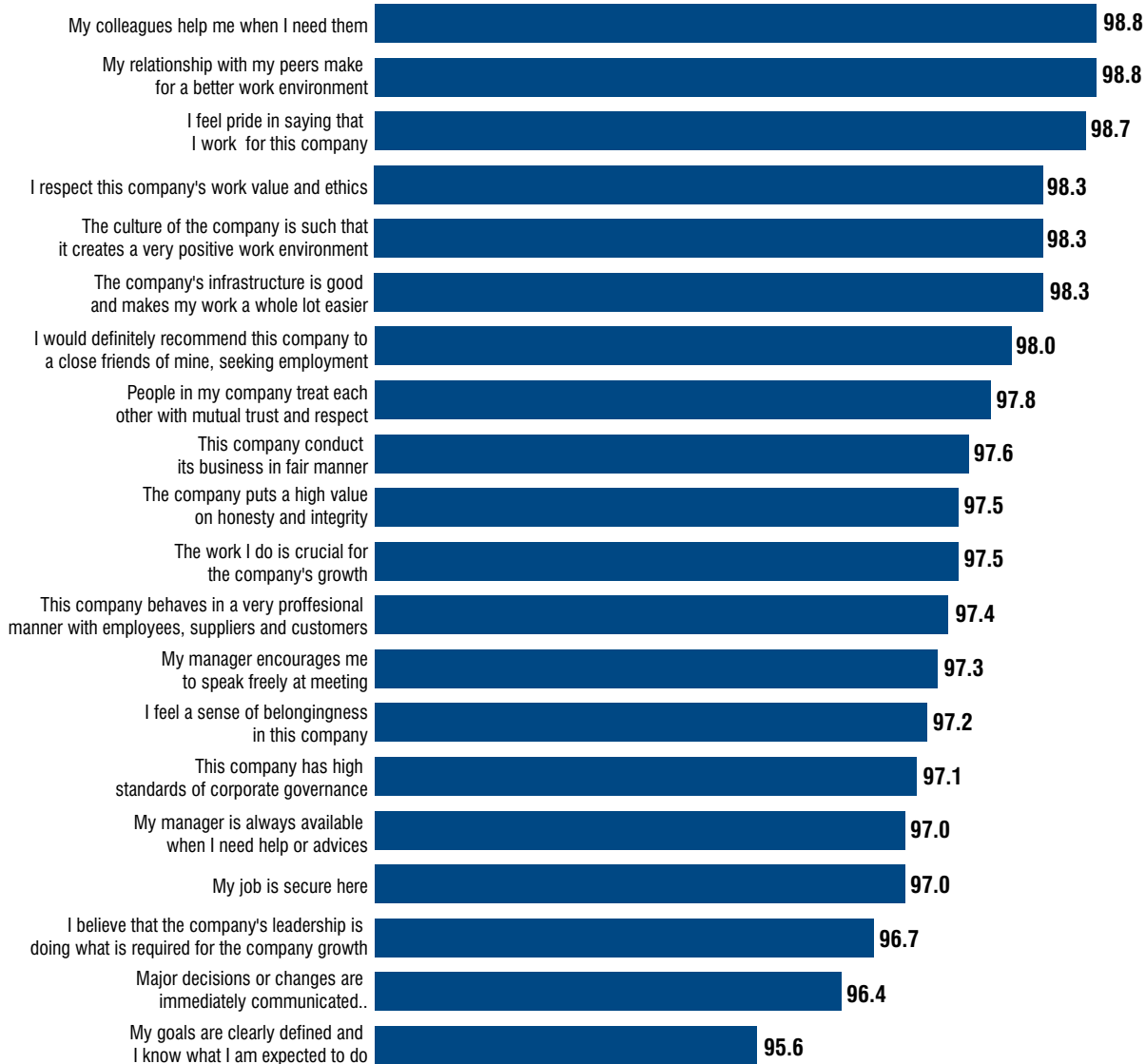
that they are getting paid at par with the industry and 28% said they are not encouraged to take risk at work.

Being Fair(er)

As India marches on with high growth and rapid development, so do Indian women. Over the last many years, the percentage of Indian women in companies has been steadily rising. In 2007 it was 23.7% (from the companies surveyed). It has grown from 14.5% in 2004 to 19.7% in 2005 and 23.6% in 2006. A growth of 0.1% point is nothing much to cheer about though, there is a lot of work that needs to be done.

The number of people who strongly agreed that the company is sensitive to its women employees has dropped over the years from 66% in 2004 to 64% in

The E-SAT Top 20



Source: DQ-IDC BES Survey 2007

It is still a very positive feeling by Indian employees. Peer relations and organization culture are the areas employees are most satisfied about. The total agreement is obtained by adding the "Strongly agree" and "somewhat agree" responses

2006, to 63.32% in 2007. It could also be due to the fact that a lot of women employees in the workforce were able to voice their concerns this year.

Summing up, it's obvious that Indian service companies are facing stiff competition from non-Indian service firms. The paradigms of the games have changed. Companies like Wipro and Infosys need to gear themselves against the turning tide. The war for the Indian employee is on, and at the moment the adaptive non-

Indian firms seem to have an upper hand.

Much water has flown since Nilekani made the assertion about a flat world. He was indeed right, the playing field had been leveled, but one doubts if he counted on the fact that non-Indian firms could also use it to their advantage.

A flat world is certainly not a safe world.

—Shashwat DC
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