TeamLease Employment Outlook Survey

January – March 2007

"TeamLease House"
26, Palmgrove Road
Off. Victoria Road
Bangalore - 560047
Ph: 91-80-25575660
Fax: 91-80-25575661

Index

I. BACKGROUND

Overall Quarter 2, the period between January – March 2007 reflect an upward drive in business outlook with the index point touching 91. This is a sharp increase of 6% over last quarter. However the overall employment outlook for quarter 2 remains consistent at 81 index points.

Given below is a list of key findings for quarter 2. The report also provides a detailed comparison sheet between Quarter 1 and Quarter 2 for easy referencing.

KEY FINDINGS

- Employment outlook index of Bangalore reflects the sharpest net increase in hiring at 7% and a net decrease in business outlook of 1%.
- Hyderabad and Pune also indicate a net employment increase over last quarter
- Employment outlook growth reflect a net increase in hiring across ITES, IT and financial services sector over last quarter
- The ITES sector indicates the sharpest net increase since last quarter at 11%
- The sharpest net increase in business outlook growth over last quarter has been in Kolkata at 13% followed by Pune at 9%, Ahmedabad 8%, Chennai at 7%, Hyderabad and Delhi at 6%
- Respondents who expressed intention to hire from Metro and Class-I is 96%. Metro and class I cities indicate an 18% net increase over last quarter
- 87% of the companies have expressed considerable intention to hire at Jr. Level, whereas 1/4th of the companies intend to hire at Middle level
- Manufacturing sector is the major contributor for the employment growth in the cities of Mumbai, Pune, Ahmedabad and Kolkata
- IT and ITES sectors are the major contributors to employment growth in the cities of Bangalore, Hyderabad, Ahmedabad and Chennai
- Financial Services sector is second major contributor of employment growth for the cities of Mumbai and Kolkata
- Quarter 2 business outlook index reflect IT, ITES and Manufacturing having a sharp increase in index points
- 1/4 of the companies have indicated an intention to hire in marketing function followed by IT and Production (18% each)
- The retail sector reflects a decrease in overall business and employment outlook over last quarter. The decrease can largely be attributed to the festive seasons between October-December, which, signify growth in business and consequent demand for people

II. OBJECTIVE

The objective of the proposed survey is to track and understand the hiring expectations of the private sector in India; this will ultimately further enable the HR sourcing companies to develop strategies with respect to their hiring/making skilled resources available respectively.

III. METHODOLOGY

The TeamLease-Employment Outlook Survey follows a rigorous, statistically validated process adhering to the highest standards in Marketing Research.

Sample Design

For the purpose of sampling a combination of database, and random sampling as a technique has been used. For non-IT/ITES companies, we have used the Centre for Monitoring Indian Economy (CMIE) database. The CMIE database comprises of all the companies listed in Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). Particularly, it provides good coverage of small, medium and large sized companies. To ensure continuity with the baseline measurement, the core random sample was drawn from this database. However to have a better understanding of the dynamics in specific industry segments such as IT and ITES companies, we supplemented the above sample with random sample of companies selected from NASSCOM in case of IT and companies registered with the website of www.bpo.india.org in the case of ITES.

Sample Size

Sectors	Total	Mum	Del	Blr	Kol	Chn	Pun	Hyd	Ahd
Sample Size	**490**	**85**	**80**	**85**	**45**	**55**	**50**	**60**	**30**
IT	**95**	10	10	30	5	10	10	15	5
ITES	**95**	10	20	20	5	10	10	15	5
Financial Services	**90**	30	10	10	10	10	5	10	5
Retail, Media & FMCG	**50**	10	10	5	5	5	5	5	5
Infrastructure	**45**	5	10	5	5	5	5	5	5
Mfg. & Eng.	**115**	20	20	15	15	15	15	10	5

Reference: Mum: Mumbai, Del: Delhi, Blr: Bangalore, Kol: Kolkata,
Chn: Chennai, Pun: Pune, Hyd: Hyderabad, Ahd: Ahmedabad

Respondent Selection

The target respondents for the study were the HR Heads. The database offered a contact name for each company listed. MARCH interviewers called into each of these companies and obtained the names of the appropriate individuals who were responsible for hiring decisions.

Data Collection

The survey instrument was then administered to the target respondents on the telephone and the responses obtained were coded at the time of data collection. Post the data collection the collated file was sent for the analysis. The analysis was then done using the software called Statistical Package for the Social Sciences (SPSS) package, which is used across the research and consulting organizations across the globe. Given the concentration of most companies and their headquarters in the top 8 major cities of Mumbai, Delhi, Bangalore, Kolkata, Chennai, Hyderabad, Pune and Ahmedabad, this study was restricted to covering only companies with a presence in these cities. A random sample was drawn from within each city with proper representation in terms of size.

Questionnaire Design

A questionnaire was used for filling the responses to capture the following information areas:

- Over all business improvement (last three months and next three months)
- Over all recruitment needs (last three months and next three months)
- Recruitment trends (across age band, across geographies, across functions, across levels)
- Full time vs. part time vacancy divide
- Demographic information about the organization

Fieldwork

A total of 490 interviews were completed during the month of November 2006 from the database. The database was a combination of CMIE, NASSCOM and www.bpo.india.org. Sufficient care was taken to get an equitable representation across the industries to remove any bias or variation which might be an attribute of a particular industry

IV. INDICES USED

We have computed certain indices to elaborate and analyze the trends in the data. A description of those indices follows:

Employment Outlook Index

The Employment Outlook Index is computed as the difference in the proportion of respondents who report an increase in hiring needs and those who report a decline in hiring needs over the next three months.

Employment Trend Index

The Employment Trend Index is calculated by dividing the Current Employment Outlook Index with the baseline index and converting the same in percentages by multiplying with 100.

Business Outlook Index

Index computed by subtracting the percentage respondents who say business in the next three months is likely to decrease from the percentage who say it will increase.

Business Confidence Index

Business Confidence Index is computed by dividing the Current Business Outlook Index with the baseline business outlook index, and converting the same in percentages, by multiplying with 100.

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QUARTER COMPARISON SHEET

Net Employment Outlook

The 'Net Employment Outlook' is derived in Percentages as the difference in the Proportion of respondents reporting an increase in hiring needs and those who report a decline in hiring needs over the next three months.

	Increase (%)	Decrease (%)	No Change (%)	Net Employment Outlook (%)
Quarter 1 (Oct-Dec 2006)	86	5	10	+81
Quarter 2 (Jan-Mar 2007)	82	1	17	+81

Net Employment outlook growth sector wise

The Net Increase/Decrease in the Employment Outlook growth sector wise is derived by subtracting the percentage of responses of Quarter 1 from Quarter 2

City	Quarter 1 (%)	Quarter 2 (%)	Net Increase/Decrease (%)
IT	88	89	+1
ITES	79	90	+11
Financial Services	82	85	+3
Retail, Media & FMCG	90	78	-12
Infrastructure	74	71	-3
Mfg. & Eng.	73	71	-2

Net Employment outlook growth city wise

The Net Increase/Decrease in the Employment Outlook growth city wise is derived by subtracting the percentage of responses of Quarter 1 from Quarter 2

City	Quarter 1 (%)	Quarter 2 (%)	Net Increase/Decrease (%)
Mumbai	95	90	-5
Delhi	91	88	-3
Bangalore	83	90	+7
Chennai	76	74	-2
Kolkata	57	57	0
Pune	80	82	+2
Hyderabad	72	76	+4
Ahmedabad	81	76	-5

Net Business Outlook

The 'Net Business Outlook' is derived in Percentages as the difference in the Proportion of respondents reporting an increase in Business and those who report a decline in Business over the next three months.

	Increase (%)	Decrease (%)	No Change (%)	Net Business Outlook (%)
Quarter 1 (Oct-Dec 2006)	87	2	11	+85
Quarter 2 (Jan-Mar 2007)	93	2	5	+91

The Net Employment Outlook stands at +81% anticipating an Optimistic trend in the Hiring needs in the Indian Employers for the second quarter and a Net Business Outlook of +91% shows an Upward trend in the growth of the Business.

Net Business outlook growth sector wise

The Net Increase/Decrease in the Business Outlook growth sector wise is derived by subtracting the percentage of responses of Quarter 1 from Quarter 2

City	Quarter 1 (%)	Quarter 2 (%)	Net Increase/Decrease (%)
IT	84	96	+12
ITES	74	92	+18
Financial Services	92	93	+1
Retail, Media & FMCG	95	80	-15
Infrastructure	93	92	-1
Mfg. & Eng.	83	90	+7

Net Business outlook growth city wise

The Net Increase/Decrease in the Business Outlook growth city wise is derived by subtracting the percentage of responses of Quarter 1 from Quarter 2

City	Quarter 1 (%)	Quarter 2 (%)	Net Increase/Decrease (%)
Mumbai	92	97	+5
Delhi	84	90	+6
Bangalore	98	97	-1
Chennai	80	87	+7
Kolkata	72	85	+13
Pune	80	89	+9
Hyderabad	80	86	+6
Ahmedabad	83	91	+8

Employment scenario

The Net Increase/Decrease in the Employment scenario is derived by subtracting the percentage of responses of Quarter 1 from Quarter 2

	Quarter 1 (%)	Quarter 2 (%)	Net Increase/Decrease (%)
Metro	43	56	+13
Class I	35	40	+5
Class II	11	4	-7
Rural	11	0	-11

Managerial level hiring

The Net Increase/Decrease in the Intention to hire across Managerial Levels is derived by subtracting the percentage of responses of Quarter 1 from Quarter 2

	Quarter 1 (%)	Quarter 2 (%)	Net Increase/Decrease (%)
Junior Level	86	87	+1
Middle Level	34	35	+1
Senior Level	17	12	-5

Intention to hire across functions

The Net Increase/Decrease in the Intention to hire across Functions is derived by subtracting the percentage of responses of Quarter 1 from Quarter 2

Functions	Quarter 1 (%)	Quarter 2 (%)	Net Increase/Decrease (%)
Marketing	31	25	-6
IT	18	18	0
Production	17	18	+1
Others	11	16	+5
Finance	11	10	-1
Administration	8	9	+1
HR	4	4	0

Full time/part time hiring

The Net Increase/Decrease in the Intention to hire across Full Time/Part Time is derived by subtracting the percentage of responses of Quarter 1 from Quarter 2

Functions	Quarter 1 (%)	Quarter 2 (%)	Net Increase/Decrease (%)
Full time	84	90	+6
Part time	1	2	+1
Both	15	8	-7

V. EMPLOYMENT OUTLOOK

The **Employment Trend Index** which is calculated by dividing the Current Employment Outlook Index with the base line index and converting the same in percentages.

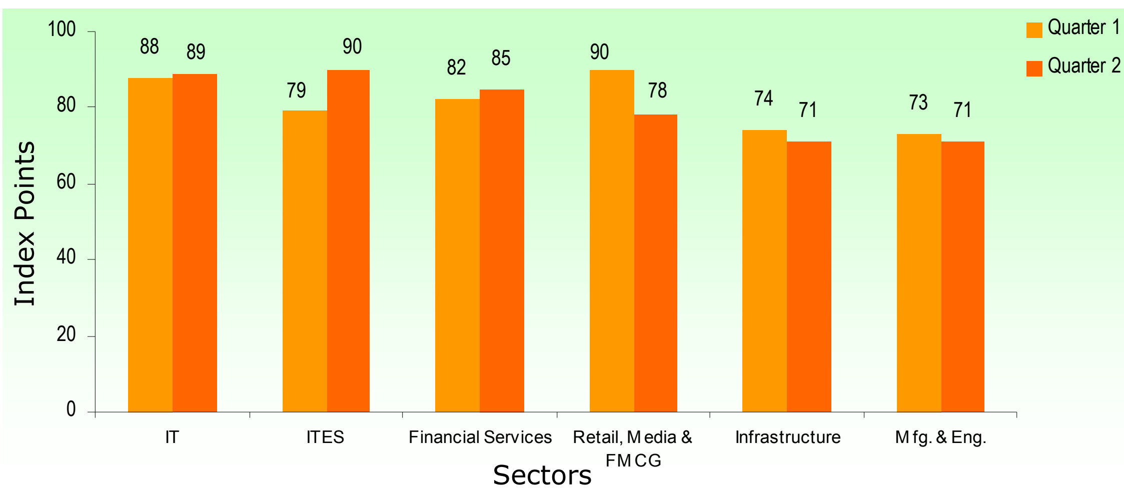
Employment Trend Index	Quarter-2: January 2007
	100

The **Employment Outlook Index**, which is the difference in proportion of respondents who report an increase in hiring needs and those who report decline in hiring needs over the next three months, is at 81.

Employment Outlook Index	Quarter-1: October 2006	Quarter-2: January 2007
	81	81

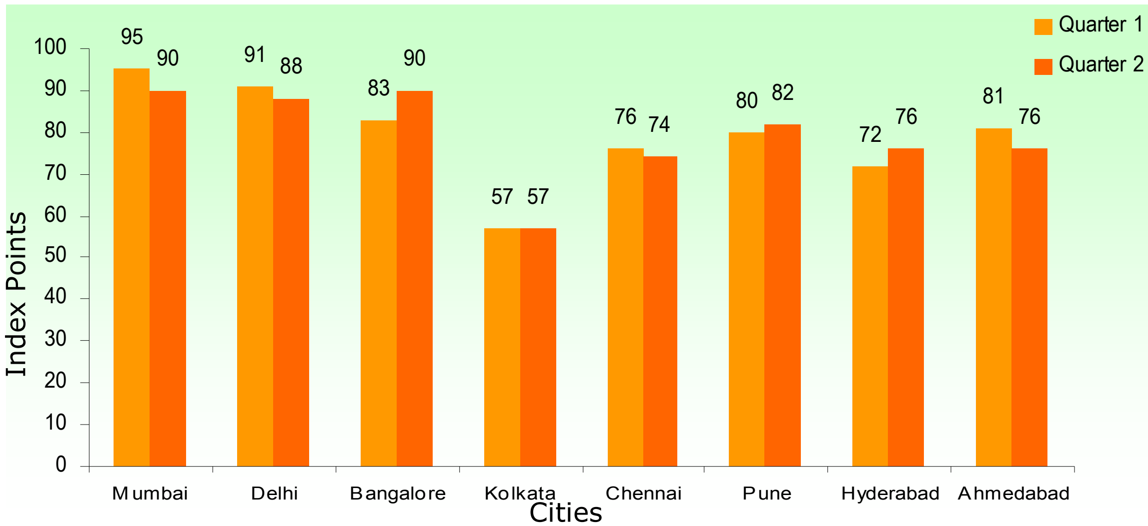
When compared to the previous quarter of October 2006 (Quarter – 1) the Employment Outlook Index remains the same.

Employment Outlook Index –Sector Wise



In Quarter-2 the ITES sector shows highest point at 90, this is followed by IT and Financial Services. While comparing to previous quarter there is no major increase in the trend for all sectors except ITES, where as there is a steep decline in Retail, Media & FMCG sector.

Employment Outlook Index –City Wise



Bangalore and Mumbai shows the highest index points at 90 in Quarter-2. Having said, when compared to the last quarter, Mumbai has shown a net decrease of 5% in hiring. Delhi as well is showing a net decrease to the extent of 8%. Bangalore continues to be bullish about hiring reflecting a 7% increase since last quarter. This if followed by Hyderabad and Pune who have shown a net increase of 4% and 2% respectively.

Employment Growth across Cities

Sector	Mum		Del		Blr		Kol		Chn		Pun		Hyd		Ahd	
	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2
IT	17	10	18	16	16	29	11	11	9	24	10	5	24	20	12	14
ITES	6	8	11	24	12	24	3	5	17	20	0	8	5	22	11	13
Financial Services	30	24	10	14	25	12	15	14	9	12	20	5	15	10	14	12
Retail, Media & FMCG	16	14	9	7	12	7	2	7	15	11	0	8	5	8	17	12
Infrastructure	4	5	16	12	15	8	5	2	9	7	0	5	8	5	11	11
Mfg. & Eng.	22	29	27	15	3	10	21	18	17	0	50	51	15	11	16	14
Total	**95**	**90**	**91**	**88**	**83**	**90**	**57**	**57**	**76**	**74**	**80**	**82**	**72**	**76**	**81**	**76**

In Quarter-2 IT and ITES sectors are the major contributors to employment growth in the cities of Bangalore, Hyderabad, Ahmedabad and Chennai, whereas manufacturing sector is the major contributor for the employment growth in the cities of Mumbai, Pune, Ahmedabad and Kolkata. In Quarter-2 Financial Services sector is second major contributor of employment growth for the cities of Mumbai and Kolkata.

VI. BUSINESS OUTLOOK

The **Business Confidence Index** computed by dividing the Current Business Outlook Index with the baseline business outlook index, and converting the same in percentages.

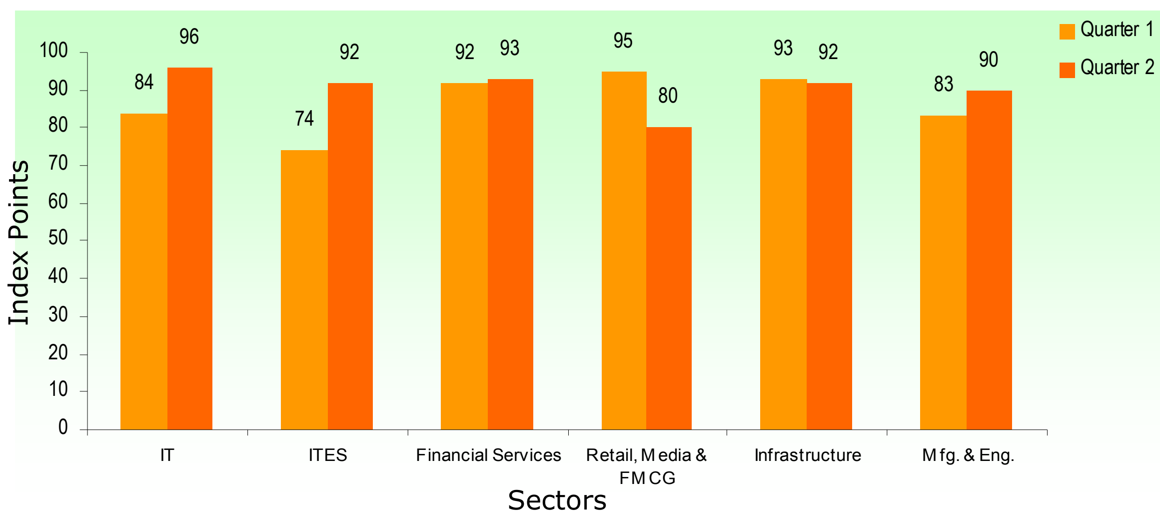
	Quarter-2: January 2007
Business Confidence Index	107

The **Business Outlook Index**, computed by subtracting the percentage respondents who say business in the next three months is likely to increase from the percentages who say it will decrease, stands at 91.

	Quarter-1: October 2006	Quarter-2: January 2007
Business Outlook Index	85	91

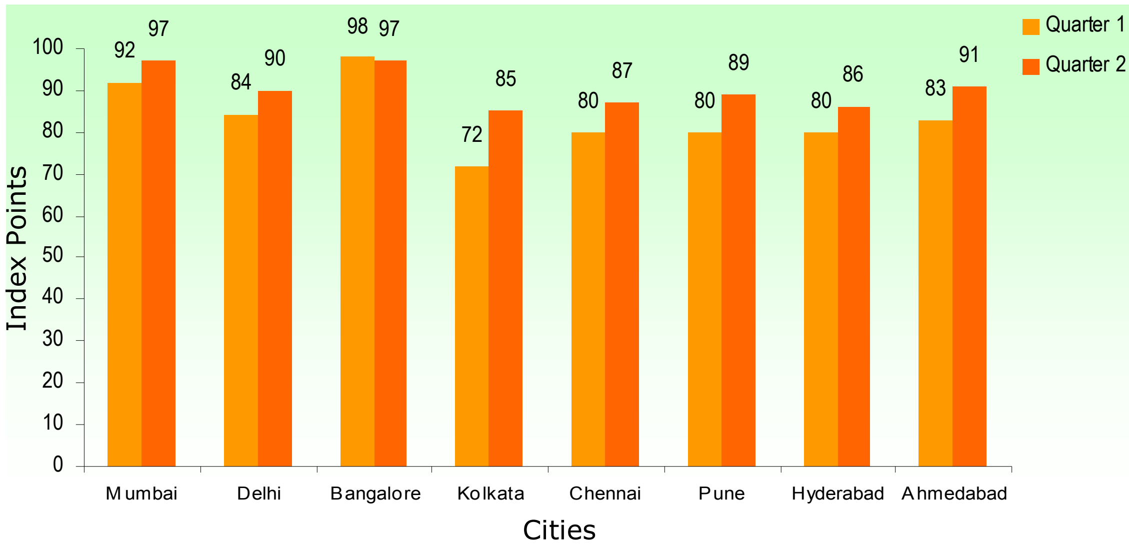
There is a sharp increase in Business Outlook Index comparing to the previous quarter.

Business Outlook Index –Sector Wise



In Quarter-2 except Retail, Media & FMCG sector rest of the sectors stand at high index point above 90. While comparing to the previous quarter, the sectors like IT, ITES and Manufacturing have a sharp increase in index points. Financial Services and Infrastructure sectors remain the same for the 2nd quarter. There is a decrease in index points of Retail, Media & FMCG sector when compared with the previous quarter.

Business Outlook Index –City Wise



Business outlook index for Mumbai and Bangalore reflect the highest index points at 97. While comparing to the previous quarter, except for Bangalore there is a net increase across all other cities. Although Kolkata's business outlook is the lowest at 72 index points, when compared to last quarter, it has the highest net increase by 13%. This is followed by Pune at 9%, Ahmedabad at 8%, Chennai at 7%, Hyderabad and Delhi at 6%

Sector Growth across Cities

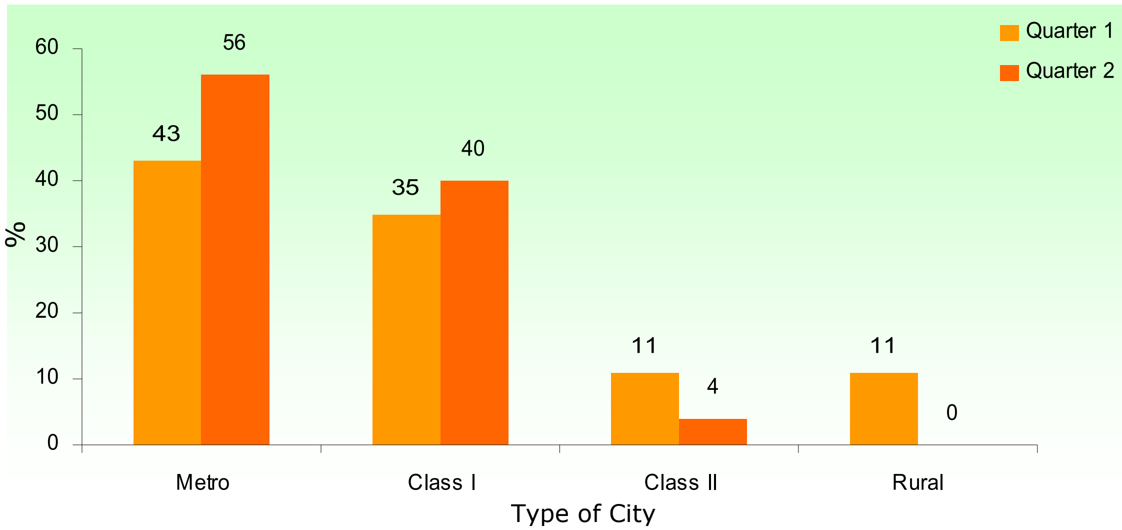
Sector	Mum		Del		Blr		Kol		Chn		Pun		Hyd		Ahd	
	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2
IT	11	12	16	16	19	34	7	11	15	19	10	4	15	23	3	5
ITES	6	6	10	22	10	21	7	12	17	25	0	13	17	22	1	12
Financial Services	32	26	10	13	24	12	16	16	17	15	20	4	17	13	2	4
Retail, Media & FMCG	12	12	11	6	17	8	11	13	8	5	0	10	8	11	16	10
Infrastructure	12	6	16	13	15	6	7	7	8	8	0	3	8	6	0	3
Mfg. & Eng.	19	35	21	20	13	16	24	26	15	15	50	55	15	11	61	57
Total	**92**	**97**	**84**	**90**	**98**	**97**	**72**	**85**	**80**	**87**	**80**	**89**	**80**	**86**	**83**	**91**

In Quarter-2 Mumbai, Ahmedabad, Pune and Kolkata cities' growth is majorly contributed by the Manufacturing and Engineering sector where as for Bangalore, Hyderabad and Chennai cities it is IT and ITES sectors. Financial Services sector contributes significant growth for Mumbai and Kolkata cities in the 2nd quarter.

VII. EMPLOYMENT SCENARIO

More than 95% of employers expect to hire in Metro and Class – I cities for Quarert-2.

Hiring across Geographical Spread



[Metro Cities: Mumbai, Delhi, Kolkata, Chennai, Bangalore

Class I – Cities- Hyderabad, Ahmedabad and Pune

Class II – Cities: Cities with population less than 20 lakhs

Rural: Towns with population less than 0.5 lakhs]

Respondents were asked to evaluate their intention to hire from Metro, Class-I, Class-II cities and rural areas. The respondents who expressed intention to hire from Metro and Class-I is 96% and from Class-II cities is at 4% for the 2^{nd} quarter. The huge demand in employment has necessitated the companies to reach out for talent from Metro and Class-I cities. When compared to the last quarter, metro hiring remains strongest with a net increase of 13% followed by a 5% increase at class I cities. The report also suggest a decline in class II and rural hiring.

About 2/3rd companies to hire at Jr. Level than at Middle and Sr. levels in Quarter-2

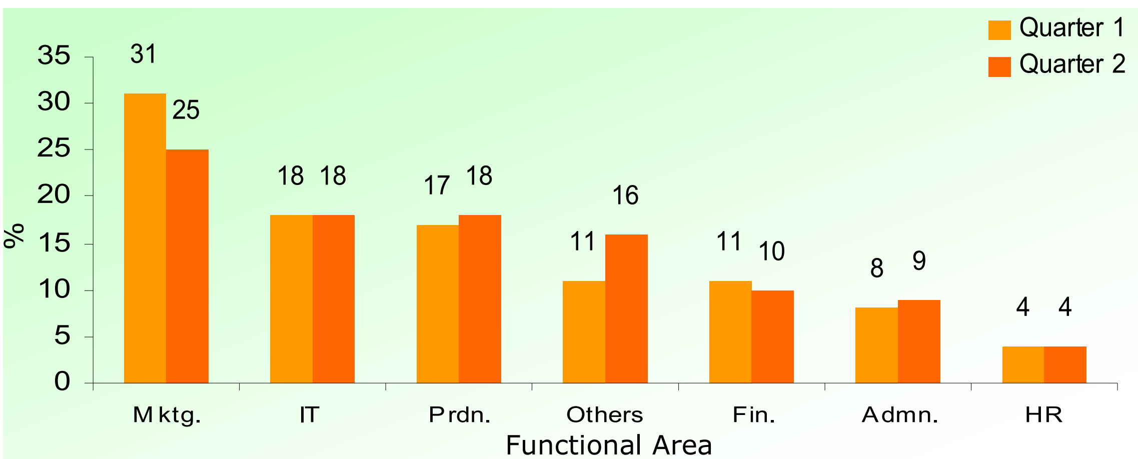
Hiring across Managerial Level

Jr. Level: 0-3 years experience
Middle Level: 3-7 years experience
Sr. Level: More than 7 years experience

In Quarter-2, 87% of the companies have expressed considerable intention to hire at Jr. Level, whereas 1/4th of the companies intend to hire at Middle level. While compared to the last quarter both junior and middle level hiring reflect a net increase of 1% since last quarter. However senior level hiring when compared to the last quarter shows a net decrease by 5%.

Intention to hire for Marketing, IT and Production functions remains the highest in Q2

Hiring across functions



** Others include Customer Service, Quality Assurance and Maintenance, etc.*

In Quarter-2 one forth of the companies have indicated an intention to hire in marketing function followed by IT and Production (18% each)

Hiring across various functions/ city	Sample Targeted	No. of responses against specific function							Total
		Mktg.	IT	Prdn.	Others	Fin.	Admn.	HR	
Mumbai	**85**	35	25	30	32	17	23	13	**175**
Delhi	**80**	31	27	16	12	11	4	4	**105**
Kolkata	**45**	12	7	15	4	8	3	0	**49**
Bangalore	**85**	20	29	15	24	11	6	3	**108**
Chennai	**55**	18	13	9	5	8	0	1	**54**
Hyderabad	**60**	22	22	25	12	5	5	4	**95**
Pune	**50**	25	5	14	2	4	13	2	**65**
Ahmedabad	**30**	19	9	9	26	9	17	2	**91**
Total	**490**	182	137	133	117	73	71	29	**742**
Total (No. of responses vis-à-vis specific functions)		**25%**	**18%**	**18%**	**16%**	**10%**	**9%**	**4%**	**100%**

At the time of study the survey instrument was administered to target respondents and there were multiple responses in terms of hiring across various functions
Note: Against a sample of 490 the number of responses were 742 for Quarter-2

VIII. INTENTION TO HIRE ACROSS FULL TIME/PART TIME

Intention to hire for full time resources is the highest at 90% for Quarter-2 as shown below than for part-time resources. This could be partly a reflection of the state of labor reforms in India that do not actively encourage the use of part-time resources.

Hiring Resources

IX. APPENDIX

The table below gives the sample profile vis-à-vis

- Employee base (No. of Employees)
- Turnover base (Rs in Cr.)

Sample Profile

Employee Base (No. of Employees)

City	<250	250 to 500	501 to 1000	>1000	Sample Targeted
Mumbai	13	19	29	24	**85**
Delhi	38	18	11	13	**80**
Kolkata	27	8	6	4	**45**
Bangalore	24	17	18	26	**85**
Chennai	14	18	15	8	**55**
Hyderabad	9	28	15	8	**60**
Pune	12	23	11	4	**50**
Ahmedabad	17	6	3	4	**30**
Total	**154**	**137**	**108**	**91**	**490**
Total	**31.4%**	**28.0%**	**22.0%**	**18.6%**	**100%**

Turnover Base (Rs. in Cr.)

City	<250	251 to 1000	>1000	Not Disclosed*	Sample Targeted
Mumbai	22	32	19	12	**85**
Delhi	33	14	13	20	**80**
Kolkata	28	8	4	5	**45**
Bangalore	38	17	24	6	**85**
Chennai	37	9	1	8	**55**
Hyderabad	22	11	4	23	**60**
Pune	17	8	5	20	**50**
Ahmedabad	15	6	2	7	**30**
Total	**212**	**105**	**72**	**101**	**490**
Total	**43.3%**	**21.4%**	**14.7%**	**20.6%**	**100.0%**

* Not disclosed – the turn over of the company; however they shared the rest of the information as desired in the questionnaire

Industry Sub – Classification

The Survey captures specific Industry sub classification across Manufacturing and Financial sector on account of its diversity as against other sectors like IT, ITES, Retail, Media & FMCG and Infrastructure.

Industry Sub – Classification (Manufacturing)

City	Engineering	Industrial	Food Processing	Others	Sample Targeted
Mumbai	3	14	2	1	**20**
Delhi	2	12	3	3	**20**
Kolkata	2	11	1	1	**15**
Bangalore	3	10	-	2	**15**
Chennai	2	10	3	-	**15**
Hyderabad	3	7	-	-	**10**
Pune	1	9	1	4	**15**
Ahmedabad	1	3	1	-	**5**
Total	**17**	**76**	**11**	**11**	**115**

Industry Sub – Classification (Financial Services)

City	Finance	Banks	Insurance	Securities	Others	Sample Targeted
Mumbai	2	14	9	4	1	**30**
Delhi	1	4	3	2	-	**10**
Kolkata	2	2	3	1	2	**10**
Bangalore	1	2	2	5	-	**10**
Chennai	2	2	4	2	-	**10**
Hyderabad	2	3	3	2	-	**10**
Pune	-	2	1	1	1	**5**
Ahmedabad	2	1	1	1	-	**5**
Total	**12**	**30**	**26**	**18**	**4**	**90**

Hiring Across Functions:

The tables below indicate the percentage of the responses taken against specific functions for Hiring Intentions.

Quarter 1

Hiring across various functions/ city	Sample Targeted	% of responses against specific function							Total
		Mktg.	IT	Prdn.	Others	Fin.	Admn.	HR	
Mumbai	85	8%	3%	3%	3%	0%	3%	2%	22%
Delhi	80	6%	3%	2%	1%	1%	1%	1%	15%
Kolkata	45	2%	3%	2%	3%	3%	0%	0%	13%
Bangalore	85	2%	2%	2%	2%	1%	1%	1%	11%
Chennai	55	3%	3%	2%	0%	2%	1%	0%	11%
Hyderabad	60	2%	3%	1%	1%	2%	1%	0%	10%
Pune	50	5%	0%	2%	1%	2%	1%	0%	11%
Ahmedabad	30	3%	1%	3%	0%	0%	0%	0%	7%
Total	490	31%	18%	17%	11%	11%	8%	4%	100%

Quarter 2

Hiring across various functions/ city	Sample Targeted	% of responses against specific function							Total
		Mktg.	IT	Prdn.	Others	Fin.	Admn.	HR	
Mumbai	85	5%	3%	4%	4%	2%	3%	2%	23%
Delhi	80	4%	3%	2%	2%	1%	1%	1%	14%
Kolkata	45	2%	1%	2%	1%	1%	0%	0%	7%
Bangalore	85	3%	4%	2%	3%	1%	1%	0%	14%
Chennai	55	2%	2%	1%	1%	1%	0%	0%	7%
Hyderabad	60	3%	3%	3%	2%	2%	1%	1%	15%
Pune	50	3%	1%	3%	0%	1%	1%	0%	9%
Ahmedabad	30	3%	1%	1%	3%	1%	2%	0%	11%
Total	490	25%	18%	18%	16%	10%	9%	4%	100%

ABOUT TEAMLEASE

TeamLease Services Pvt. Ltd, (Bangalore based) India's largest staffing solutions firm and the Number 1 player in the temporary staffing industry today. TeamLease Services, in a short span of time, has become one among the country’s top 5 players in the Permanent Recruitment space as well. The organization is currently the second largest private sector employer poised to be the largest by 2007.

In the permanent recruitment domain, TeamLease Services provide *executive search*, *database selection*, *advertised selection* and *turnkey solution*, with domain experts to anchor specific industry verticals. TeamLease Services head quartered in Bangalore, operates out of 18 other locations across India.

TeamLease adopts a holistic approach to develop company specific staffing solutions that are highly research oriented with process capabilities and a strong technology platform. Our approach is derived from organizational experience and is customized to client needs.

The explosive growth of TeamLease is attributed to the ability to leverage on its national presence and its people & technology platform. The combination of people, technology and focus enables TeamLease to deliver on its committed objective of value creation for all its clients.