

TeamLease Employment Outlook Survey October – December 2006



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I. BACKGROUND

The Indian Economy is currently witnessing considerable growth with a GDP rate of 8.4% during the last year (2005 -06) and the stock index beating all records (crossed 12,000 points on 15th September 2006). The empirical evidence suggests that India is one of the fastest growing economies.

Apart from the economic growth, India has also seen a population boom. The growth of the population at 1.38% per annum shows that India is adding up an Australia every year and a France every three years to its census. The country's total population stands at 1095 millions (2006 estimate), which accounts for 17% of the world's population.

Riding on the economic growth and population statistics, the employment industry in India has witnessed rapid changes. Urbanization, higher productivity, growth of new sectors, increased educational and vocational opportunities, merging of global borders all have impacted the structure and growth of the employment markets.

TeamLease has taken up regular survey on quarterly tracking basis to provide information to policy makers and human resources community for better planning and management of country's human capital. The quarterly survey would be made available in October-06, January, April and July -07.

The scope of the study does not cover India's unorganized sector. However, it provides an adequate representation of the economy, covering sectors of Manufacturing (Mfg) & Engineering (Eng), Financial Services (Fns), IT, ITES, Infrastructure (Infra), Retail, Media, & FMCG.

The Survey focuses on employment growth potential and hiring forecasts. It provides an in-depth understanding of hiring needs by geography and profile of the company. The study also explores hiring requirements by Management levels, function and age group; the survey captures the responses of HR Heads and appropriate individuals responsible for hiring decisions.

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
Mfg. & Engg.	115	20	20	15	15	15	15	10	5
Financial Services	90	30	10	10	10	10	5	10	5
IT	95	10	10	30	5	10	10	15	5
ITES	95	10	20	20	5	10	10	15	5
Retail, Media & FMCG	50	10	10	5	5	5	5	5	5
Infrastructure	45	5	10	5	5	5	5	5	5

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

Respondent Selection

The target respondents for the study were the HR Heads and relevant decision makers in the hiring process. The database offered a contact name for each company listed. 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), which is used across research and consulting organizations globally. Given the concentration of most companies and their headquarters are 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 August / September 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:

1. 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.

2. 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.

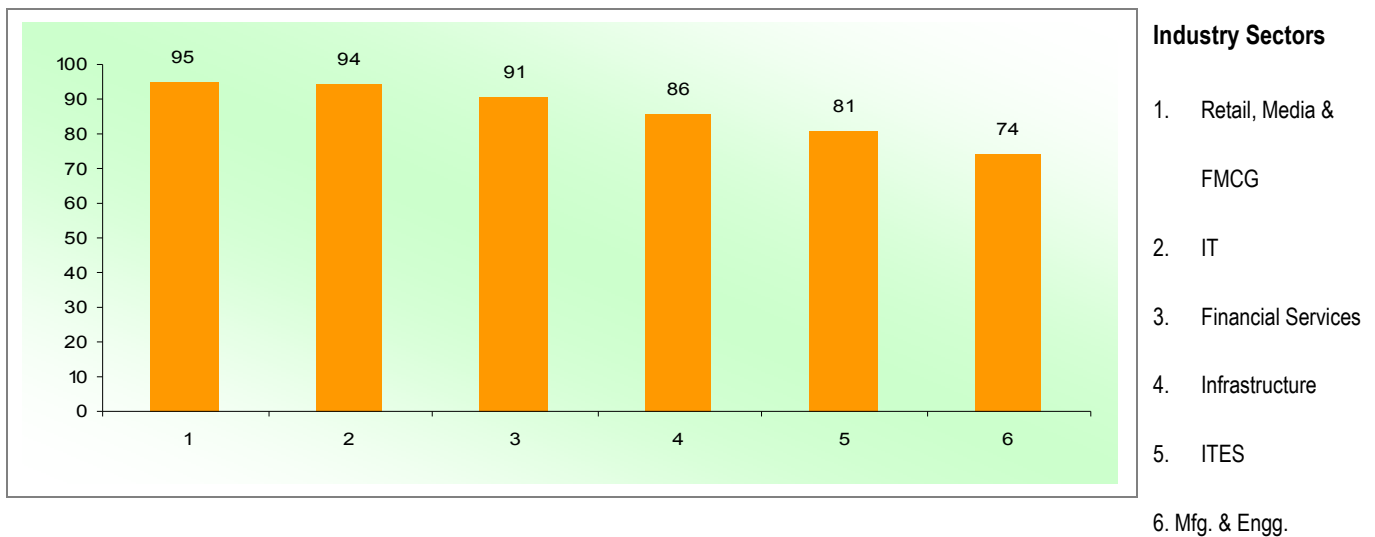


V. EMPLOYMENT OUTLOOK

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.

Quarter-1: October 2006	
Employment Outlook Index	81

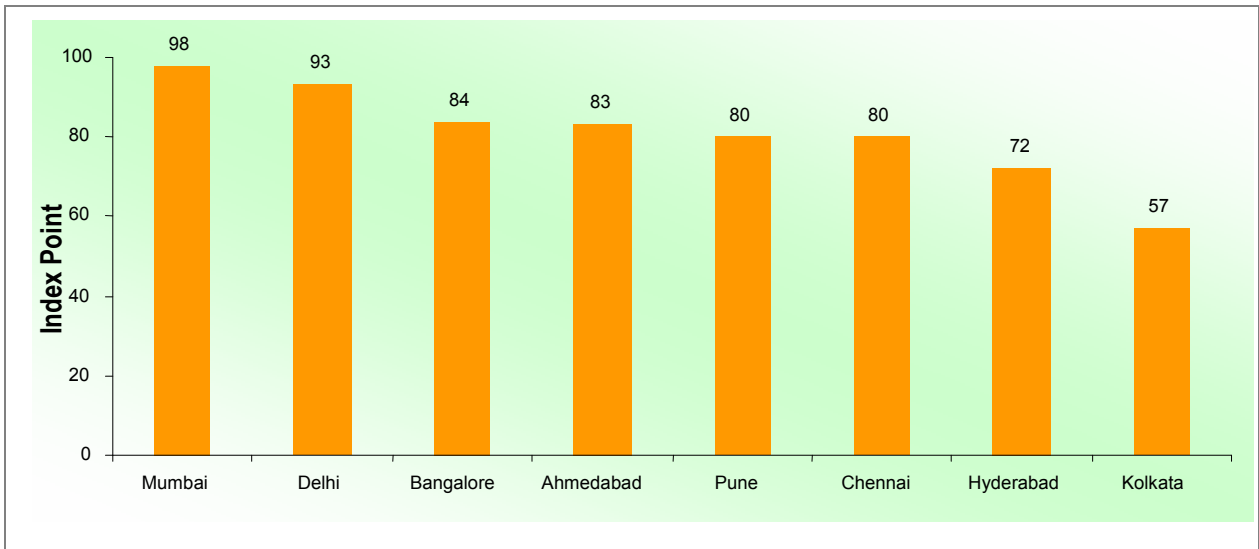
Employment Outlook Index



All the Industry sectors projects hiring at a faster pace than employment growth as per the graph given below, except in case of Manufacturing and Engineering. The growth projected is encouraging for Retail, Media & FMCG, IT and Financial Services.



Mumbai followed by Delhi and Bangalore projects the highest Employment Index point



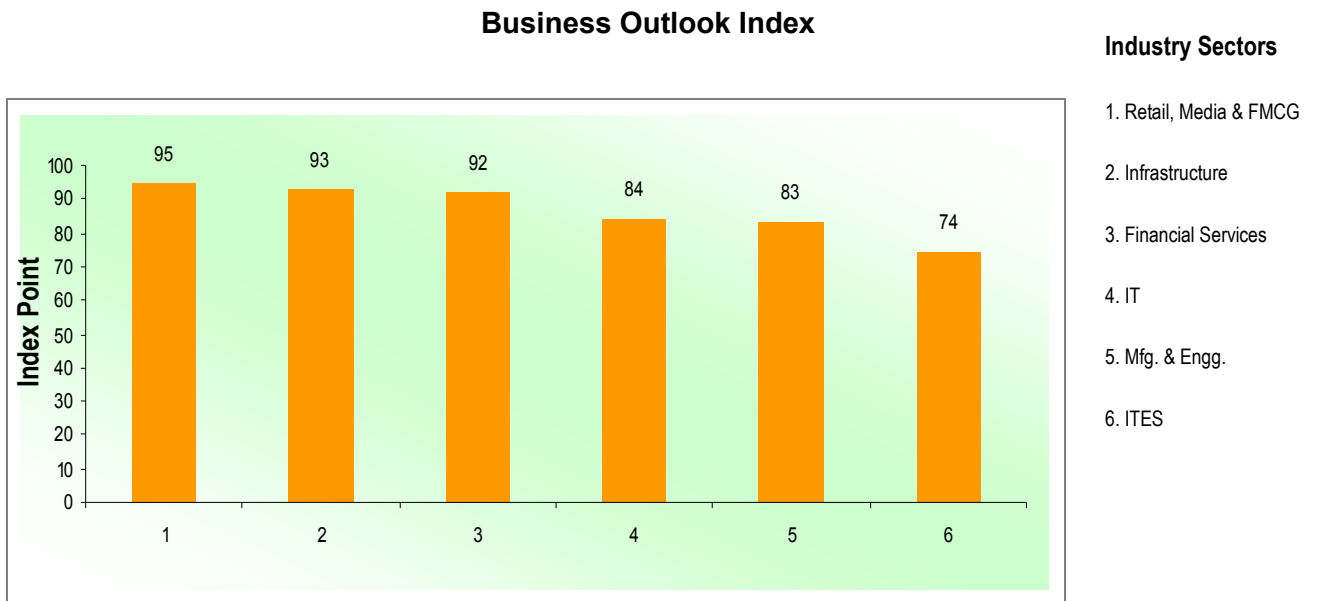
The large employment base in the Mumbai, Delhi and Bangalore suggests that the largest expected increase in hiring activity will occur in these cities over the next three months period, with the major contribution from Retail, Media & FMCG, IT and Financial Services.



VI. BUSINESS OUTLOOK

The **Business Outlook Index**, computed by subtracting the percentage respondents who say business in the next three months is likely to increase from the percentage who say it will decrease, stands at 85

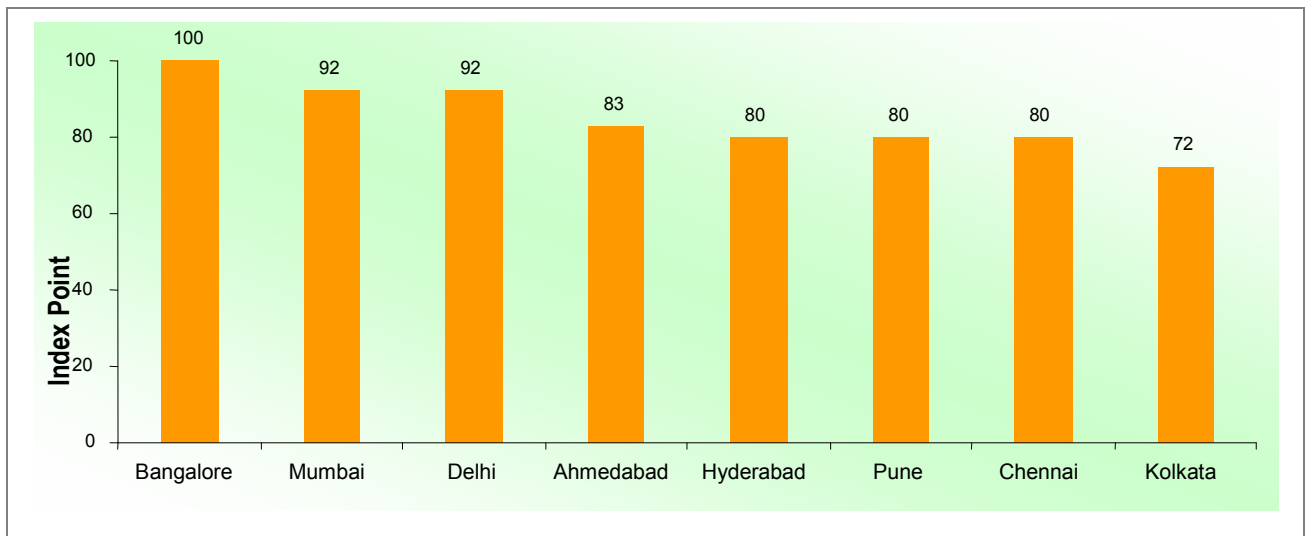
Quarter-1: October 2006	
Business Outlook Index	85



Sectors comprising of Retail, Media & FMCG, Infrastructure and Financial services projects hiring at a faster pace than business growth as per the graph given below.



Bangalore projects the highest Business Outlook Index point, followed by Mumbai and Delhi

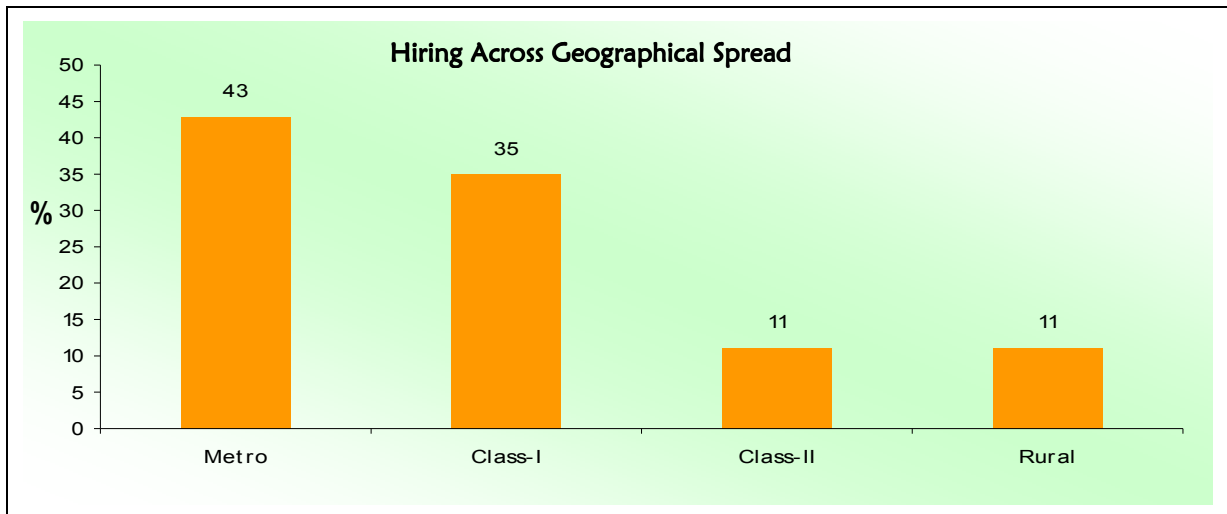


Bangalore, Mumbai and Delhi present a healthy picture of business growth in the next three months with the major contribution from Retail, Media & FMCG, Infrastructure and Financial Services. Expected buoyancy in the employment market for the above sector is reflective of their more optimistic business growth projections.



VII. EMPLOYMENT SCENARIO

More than 3/4th of the employers expect to hire in Metro and Class-I cities



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

Class 1 –cities - Hyderabad, Ahmedabad and Pune

Class - I 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 78% and from Class-II cities, rural is at 11% each. The huge demand in employment has necessitated the companies to reach out for talent from Metro and Class-I cities.



More companies expect to hire at Jr. level than at Middle and Sr. level



Jr. Level: 0-3 years experience

Middle level: 3-7 years experience

Sr. level: More than 7 years experience

86% of the companies have expressed considerable intention to hire at Jr. level whereas 1/3rd of the companies also intend to hire at the Middle level.

Intention to hire from the Marketing, IT and Production functions is the highest



* Others: Include Customer Service, Quality Assurance, and Maintenance. etc

31% companies have indicated an intention to hire in the Marketing function followed by 18% in IT and 17% in Production

Hiring across various functions / city	Sample Targeted	No. of responses against specific function							Total
		Mktg.	IT	Prdn.	Fin.	Others	Admn.	HR	
Mumbai	85	51	21	20	23	2	22	21	160
Delhi	80	40	20	16	6	8	10	4	104
Bangalore	85	13	21	14	21	20	0	0	89
Kolkata	45	14	12	15	12	6	9	1	69
Chennai	55	17	17	11	0	11	0	0	56
Hyderabad	60	15	17	8	8	13	5	4	70
Pune	50	40	0	10	5	15	10	0	80
Ahmedabad	30	20	10	20	0	0	0	0	50
Total	490	210	118	114	75	75	56	30	678
Total (No. of responses vis-à-vis specific functions)		31%	18%	17%	11%	11%	8%	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 was 678.



VIII. INTENTION TO HIRE ACROSS FULL TIME / PART TIME

Intention to hire for full time resources is significantly higher at 81% 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.

IX. APPENDIX

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

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

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

Sample Profile

Employee Base (No. of Employees)

City	<250	250 to 500	501 to 1000	> 1000	Sample Targeted
Mumbai	8	8	45	24	85
Delhi	41	10	13	16	80
Bangalore	22	14	20	29	85
Kolkata	23	3	8	11	45
Chennai	12	18	14	11	55
Hyderabad	27	10	10	13	60
Pune	20	12	8	10	50
Ahmedabad	15	7	-	8	30
Total	168	82	118	122	490
Total	34.2%	16.8%	24.2%	24.8%	100%

Turn Over Base (Rupees in crores)

City	<250	251-1000	>1000	Not Disclosed*	Sample Targeted
Mumbai	30	24	26	5	85
Delhi	26	8	-	46	80
Bangalore	48	14	11	12	85
Kolkata	11	5	1	28	45
Chennai	35	11	3	6	55
Hyderabad	37	9	2	12	60
Pune	30	-	12	8	50
Ahmedabad	20	5	5	-	30
Total	237	76	60	117	490
Total	48.4%	15.5%	12.3%	23.8%	100%

* Not disclosed - the turnover of the company; however they shared rest of the information as desired in the questionnaire

Industry Sub – Classification (Manufacturing)

City	Engineering	Industrial	Food Processing	Others	Sample Targeted
Mumbai	2	15	-	3	20
Delhi	5	13	1	1	20
Kolkata	2	7	1	5	15
Bangalore	3	10	-	2	15
Chennai	5	8	-	2	15
Hyderabad	-	7	-	3	10
Pune	1	9	1	4	15
Ahmedabad	1	3	1	-	5
Total	19	72	4	20	115



Industry Sub – Classification (Financial Services)

City	Finance	Banks	Insurance	Securities	Others	Sample Targeted
Mumbai	3	15	5	5	2	30
Delhi	2	4	2	2	-	10
Kolkata	2	2	2	2	2	10
Bangalore	3	2	4	1	-	10
Chennai	4	3	2	1	-	10
Hyderabad	2	3	3	2	-	10
Pune	-	2	1	1	1	5
Ahmedabad	3	-	1	1	-	5
Total	19	31	20	15	5	90

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.