Compensation Trend Analysis

A report by Safer-I and Women Leaders in Technology

August 2022

Table of Contents

Table of Figures

Acknowledgements

Research carried out under Safer-I campaign at WLiT Nepal

Author: Upasana Pradhan, Rachita Maharjan

Co-author: Sushobhan Chimoriya, Sonika Baniya

Initiative: Rajina Shrestha, Sonika Baniya

Research Lead: Aayesha Shrestha, Nirisha Manandhar, Samyoga Bhattarai, Suvechhaya Shrestha

Research Consultant: Anshu Subedi

Copy editor: Prekchhya Shrestha

This book has been published with the support of Open Society Foundations. The views and recommendations expressed in this book are that of Women Leaders in Technology Nepal and do not necessarily reflect the official opinion of Open Society Foundations.

We would also like to express our gratitude to everyone who took their time and energy in filling out the survey to help us gather different perspectives.

We are also grateful to every staff member, alumni, or anyone and everyone else who helped circulated the forms in their circle which helped us reach out to a more diverse pool of people.

Abstract

The Information Technology (IT) sector in Nepal is a booming industry that has seen tremendous growth. The demand for skilled IT professionals is high, and the competition to get hired by a company in this field is fierce. Compensation trends in the IT sector are changing rapidly.

The study is based on an online survey carried out by Women Leaders in Technology (WLiT) from March 2021 to May 2021. The survey was sent out to tech professionals working in over seventy companies belonging to different gender identities, ethnicities, educational backgrounds, career stages, scales of company, and so on.

The objective of this study is to understand the IT sector of Nepal in terms of compensation including salary and benefits and compensation differences in terms of the worker gender. The paper seeks to visualize the existence of gender pay gaps in the Nepali IT sector. Lastly, the paper provides recommendations on increasing the level of work satisfaction, compensation, and involvement of women and different marginalized identities.

Chapter 1

1.1 Introduction

Compensation has been an issue of interest for the last decade and salary transparency is the basic objective of this paper. The motive to start this research has been to understand key compensation trends and the scale of satisfaction across the IT sector in Nepal.

The report provides an insight into the compensation structure and trends in this field in the context of Nepal. The report is based on the salary data collected from various individuals from March 2021 to May 2021 through an online survey. The report covers all job grades/levels, from entry-level engineers to senior management professionals working in the field of technology.

There have been numerous studies globally related to the trends of compensation which explains the policies that have been prevailing internationally and the gap that can be seen in the actual compensation of people in this sector.

One serious concern that develops is due to the evolving scene of technology in Nepal as it depicts a widening gap of income inequality. The reason behind such a trend is attributed to the increasing complexities pertaining to technological advancement and globalization along with the economy of the country itself. This is why it is so important to understand the trend of compensation provided in the IT sector in Nepal.

1.2 General Background

As we look through the compensation study, it's important to keep in mind that this is one such industry that has historically been dominated by men. While women have made impressive gains, they are still underrepresented in Information Technology (IT) roles.

IT jobs roles include: Artificial Intelligence, Academics, App development, Backend, Full Stack, Business Development, Data, Design, DevOps, Digital Marketing, Frontend, IT Officer/Technician, Product Manager, Project Management, Quality Assurance, SEO (Search Engine Optimization), System and infrastructure, others.

While preparing the questionnaire, we wanted to gauge the current condition and correlation between compensation, level of satisfaction, and work-life balance of an individual working in this field.

The satisfaction among employees is directly proportional to their creativity and the value they add to an organization. The higher salary or compensation offered by a company attracts new talent, which in turn increases employee creativity. It's not just about money, it's also about creating something new and innovative for one’s company.

Work-life balance is a measure of how well the needs of one's personal life and those of one's job come together. It is important because it helps maintain health and productivity, both in one’s job and in one’s life outside work.

Pay Parity is the concept of equal pay for equal work. Nepal's new constitution prohibits discrimination in terms of pay and work-related benefits. However, this does not mean that women and men should be denied equal access to work.

Pay Parity means that an employee should be paid according to his/her performance and not according to their gender or age. Equal pay refers to a situation where every employee is paid equally for doing the same job, irrespective of their gender or age.

Pay equity and parity are not the same thing. Pay equity is the same pay for the same work. For example, if you are a woman and a man perform the same job, they should both receive equal pay for that job. Parity is the same pay for the same work in different roles or positions. For example, if you have more experience or seniority, you should get paid more than someone who does not have that experience or seniority in your role.

Parity can also mean getting paid more than someone who has less experience or less seniority in their role than you do as well (for some jobs). This type of parity would typically be seen in unionized environments where everyone receives wages based on their position instead of negotiating them individually with their employer.

The compensation gap is the difference in compensation between men and women with similar positions, responsibilities, and experience. This problem is often attributed to

unconscious bias, where employers assume that women will want to work less or be less committed because they're women.

1.3 Objectives

- To analyze the trend of Pay Equity and Satisfaction among employees in the IT Sector in Nepal
- To determine the compensation disparities between men and women among employees of IT companies in Kathmandu
- To understand the role of different factors like ethnicity, scale of the company, etc. in compensation trend analysis and worker satisfaction analysis

Chapter 2

2.1 Literature Review

There are many avenues of thinking on the topic of pay equity, but one thing most people can agree on is that all people deserve to be compensated fairly for their work [5]. While the term "pay equity" has a broad range of interpretations, generally it refers to the difference between what people of different gender earn for doing the same job. In this report, pay equity will refer to the gender pay gap in the IT sector in Nepal.

The gender pay gap is defined as the percentage difference between average female earnings relative to average male earnings across an economy or company. In Nepal, there are several complicating factors that make understanding women's pay difficult. We have tried to keep our analysis as simple as possible while still looking at some key trends in Nepalese compensation.

2.1.1 Compensation Policy in Nepal According to Nepal Labor Laws

The Government of Nepal, Ministry of Labor, Employment and Social Security has recently prescribed the minimum remuneration/wage of the worker/employees under Section 106 of the Labor Act, 2017 (2074) (“Labor Act“)[5] by publishing the minimum wage in Nepal to be NPR 13,450 a month[1]. The minimum wage has been effective from July 17, 2018(2075-04-01). According to the Nepal Labor Act (2017), a standard

workweek is eight hours a day for six days a week — a total of 48 hours. Overtime can be up to 24 hours a week or four hours a day. Overtime encompasses 1.5 times the rate of regular pay. Legal requirements outline a range of required benefits from time off to annual bonuses. Required leave includes:

- 13 public holidays (14 for women).
- 15 half-paid sick days.
- One day of vacation for every 20 days worked.
- 13 days of mourning leave.

Employees are entitled to cash in accrued leave by the end of service. They can accumulate up to 90 days of unused personal absence and 45 days of unused sick leave. Workers also receive parental leave — mothers are entitled to receive 14 weeks leave with 60 of those days paid in full, and fathers receive 15 days of fully paid paternity leave.

A notable aspect of benefits packages in the country is a required festival allowance. With religion playing a significant role in citizens' lives, employers support their celebration of various religious holidays. Benefits in companies include this allowance annually, and it should equate to one month of pay.

Compensation also includes integrated health and accident insurance. The minimum health insurance requirement is NPR 100,000 in coverage, and the employer and worker both contribute 50% to the premium. Accident insurance is a minimum of NPR 700,000, fully paid by the employer.

Nepal's new constitution (2018) prohibits gender-based discrimination with respect to remuneration and work-related benefits. This constitutional provision means the same wage for the same work. However, the problem is not only limited to discrimination in wages, it further extends to unequal access to work. Therefore, providing men and women with equal access to work at all levels should be the foremost priority.

An analytical report on Women in Business part of the National Economic Census (2018) [3] shows that the share of women workers in any sector is high when the monthly income is small and vice versa.

The share of women workers is 58 percent for monthly incomes smaller than Rs 7,600. In contrast, the share of women workers is only 12.2 percent for monthly incomes of more than Rs 25,000.

The Central Bureau of Statistics, the central agency for the collection, consolidation, processing, analysis, publication and dissemination of data in Nepal, reports that the biggest pay gap between male and female workers is in the "professional" category. In this category, for example, if a male earns Rs.23, 800 monthly, a female earns Rs.12, 000. Even in the “managers” category, which requires competency, if a male earns Rs.32, 000 per month, the pay for women averages Rs.25, 500.

The pay gap in the “technicians and associated professionals” category is not so great— the monthly salaries for men and women being Rs.24, 000 and Rs.22, 500 respectively.

2.1.2 Current State of Compensation Globally

In general, women make less than men—that’s the gender pay gap. But how much less? And what other factors contribute to the pay difference?

There is a gender-based wage gap in virtually every industry across the world, and the tech sector is no exception. A recent study done in the United States showed that women earn 82 cents for every dollar men make at the same level of experience in technology jobs; women do better than the national average, which is around 81 cents on the dollar [2].

That said, there has been some improvement over time regarding the gender pay gap. Over a 35-year period from 1980 to 2015, women’s earnings relative to men’s increased from 62 percent to 80 percent. However, progress has slowed since 2000, and together with other research showing that hiring and promotion practices are not equitable for female workers, it becomes clear that there’s still significant work to be done before all employees are paid equally based on qualifications alone.

PayScale (2022)[4] recently looked at salary data for over 1 million full-time workers and published its results in a report on gender equality.[4] Two of the most revealing findings

involved average pay vs. median pay and the gender composition of particular industries.

The pay gap by job level was not found to be very large. The median salary for someone in a Director role is $150,000, while someone in an entry-level position makes just under $65,000. That's a 77% difference.

Compared to the overall pay gap across the U.S., where women make 82 cents on the dollar compared to men (that's an 18% difference), it's clear that there isn't as wide of a pay discrepancy by job level as there is by gender.

Global Pay Equity is a new initiative by the International Labor Organization (ILO) that aims to address pay inequality in the world's workforce [5]. The ILO estimates that women around the world earn on average 23% less than men, and this gap has been widening for decades. In many countries, women are also more likely to be employed in lower-paid occupations [6] and industries, such as domestic services or agriculture, which means they have less access to higher wages and better working conditions.

The aim of Global Pay Equity is to close this gender pay gap by ensuring that all workers receive equal pay for equivalent work.

2.2 Research Methodology

2.2.1 Sample and Procedures

The 2020 Compensation Trend Analysis Survey gathered responses from March 2021 to May 2021 through a quantitative and structured close-ended online survey.

Non-probability snowball sampling technique was applied through survey outreach ambassadors. There were 249 respondents. Our analysis includes cuts of the data across multiple factors, including the scale of industry (in terms of the number of employees), salary and years of experience, tech stack, gender, ethnicity, sexual orientation, educational degree, work-family-life balance, work culture, compensation benefits and more. For greater context, tech stack is a set of technology services developers use to build a digital product, such as a website, web application, or mobile application. We also collected data on compensation satisfaction as well as information on the survey participant's job level and the number of working hours.

The results from this study have been analyzed using the weighted average valuation method to minimize the demographic bias and the effect of unusually high and/or low values.

2.3 Limitations

In the survey results of this study, there is only a few data of genders other than male and female. Furthermore, the responses of the survey are also strictly concentrated on the IT companies in Kathmandu. Thus, the survey results may not represent the experience of all genders and also of people working in IT companies outside of Kathmandu. Similarly, the non-probability snowball sampling technique used for the selection of respondence might have caused sampling selection bias.

Chapter 3

3.1 Demographic Profile

3.1.1 Gender

Among the respondents, 50.4 percent identified as female, 47.98 percent as Males, 0.4 percent identified as non-binary and 1.2 percent of respondents preferred not to disclose their gender.

3.1.2 Sexual Orientation

Among the respondents, 89.91 percent identified as heterosexual, 1.2 percent identified as asexual, 0.8 percent identified as bisexual, 0.4 percent identified as pansexual and 6.85 percent of respondents preferred not to share.

3.1.3 Ethnicity

Among the respondents, 33.19 percent identified as Brahmins, 13.69 percent identified as Chhetris, 40.66 percent (majority) identified as Janajatis in the hilly area (Newars), 6.63 percent identified as Janajatis in the hilly area (Others), 0.82 percent identified as Janajatis in the Terai area, 2.9 percent identified as Madhesis, and 1.24 percent identified as Kirantis.

3.1.4 Marital Status

Our demographic consisted of 89.91 percent unmarried, 8.87 percent married, 0.8 percent divorced and 0.4 percent widowed respondents.

3.1.5 Industry

Our report provides response data for employees in 70 IT companies based in Kathmandu. The categories included are private companies with multiple shareholders/boards of directors and private companies with sole proprietary.

3.1.6 Organization Size

We defined six organizational sizes for comparison as follows: 0- 10 employees, 10-20 employees, 20-30 employees, 30-40 employees, 40-50 employees, and 50 or more employees. About 11.81 per cent of respondents reflect organizations with 0-10 employees; 17.27 per cent of respondents come from organizations with 10-20 employees; 8.18 per cent of respondents come from organizations with 20-30 employees; 7.27 per cent come from organizations with 30-40 employees; 8.18 per cent come from organizations with 40-50 employees and 47.27 per cent (majority) from organizations with more than 50 employees.

3.1.7 Level of Profession

Among different levels of the profession, about 33.4 per cent of respondents worked at the Junior/Entry level, 43.54 per cent of respondents worked at mid-level, and 18.54 per cent worked at the senior level.

3.1.8 Roles

Among a variety of roles including academics, app development, frontend development, backend development, full-stack development, business development, artificial intelligence, data engineering, design, DevOps, digital marketing, product management, project management, quality assurance, search engine optimization, system and infrastructure, IT technical support and more, a majority of respondents identified as Backend Developers (22.35 per cent) and Frontend Developers (20 per cent) while 12.54 per cent of respondents identified as QA (Quality Assurance).

3.2 Findings

Taking a look at compensation trends across the technology industry and breaking down what this means for women, the numbers tell a story of progress, but we have a long way to go before closing the gender pay gap in tech.

3.2.1 Compensation Information

According to the response from 245 respondents, only 33.3% of the companies considered laid out information regarding compensation details, arrangements, and benefits for its potential staffs.

A significant 32.1% of the respondents were not aware of such provisions at their company. An additional 21.3% of the respondents were unsure of such provisions. And 13.3% of the respondents shared that their companies didn't have any such provisions.

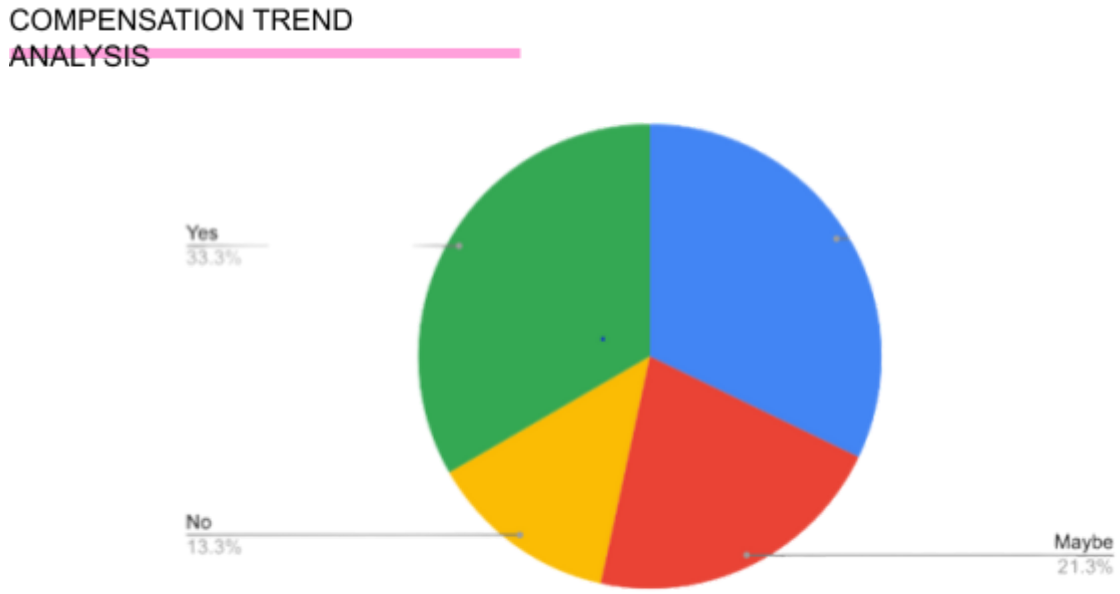

Figure 1: Compensation Information Pie Chart

3.2.2 Salary

3.2.2.1 In Terms of Gender

Out of 245 respondents, 50.4 percent identified as female, 47.98 percent as male, 0.4 percent as non-binary and 1.2 percent of respondents preferred not to disclose their gender. From the figures below, it is evident that among the respondents, more female

respondents earn from between 20k to 60k-70k range while more male respondents earn from between 70k-80k to more than 120k range. While the salary comparison in terms of respondents who identify as non-binary and those who prefer not to share seems inconclusive considering the inadequate number of responses.

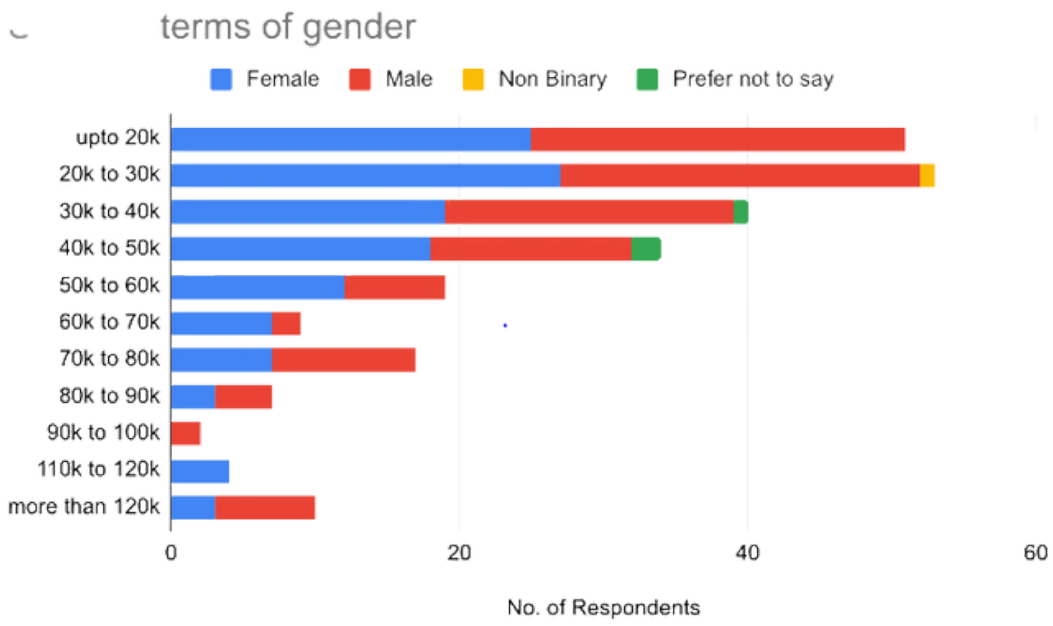

Figure 2: Bar graph showing salary in terms of gender

3.2.2.2 In Terms of Ethnicity

Out of 245 respondents, 51 respondents earned up to 20,000, among which the majority were identified as Brahmins (34 percent), 52 respondents earned between 20,000-30,000, among which the majority were identified as Brahmins (40 percent) and Janajatis (specifically Newar) of Hilly area (40 percent), 39 respondents earned between 30,000-40,000 among which majority were identified as Brahmins (41 percent), 33 respondents earned between 40,000-50,000 among which majority were identified as Janajatis (specifically Newar) of Hilly area (51.5 percent). Similarly, the majority among respondents who earned 50,000-60,000 identified as Brahmins, and the majority among respondents who earned more than 60,000 identified as Janajatis (specifically Newar) of the Hilly area.

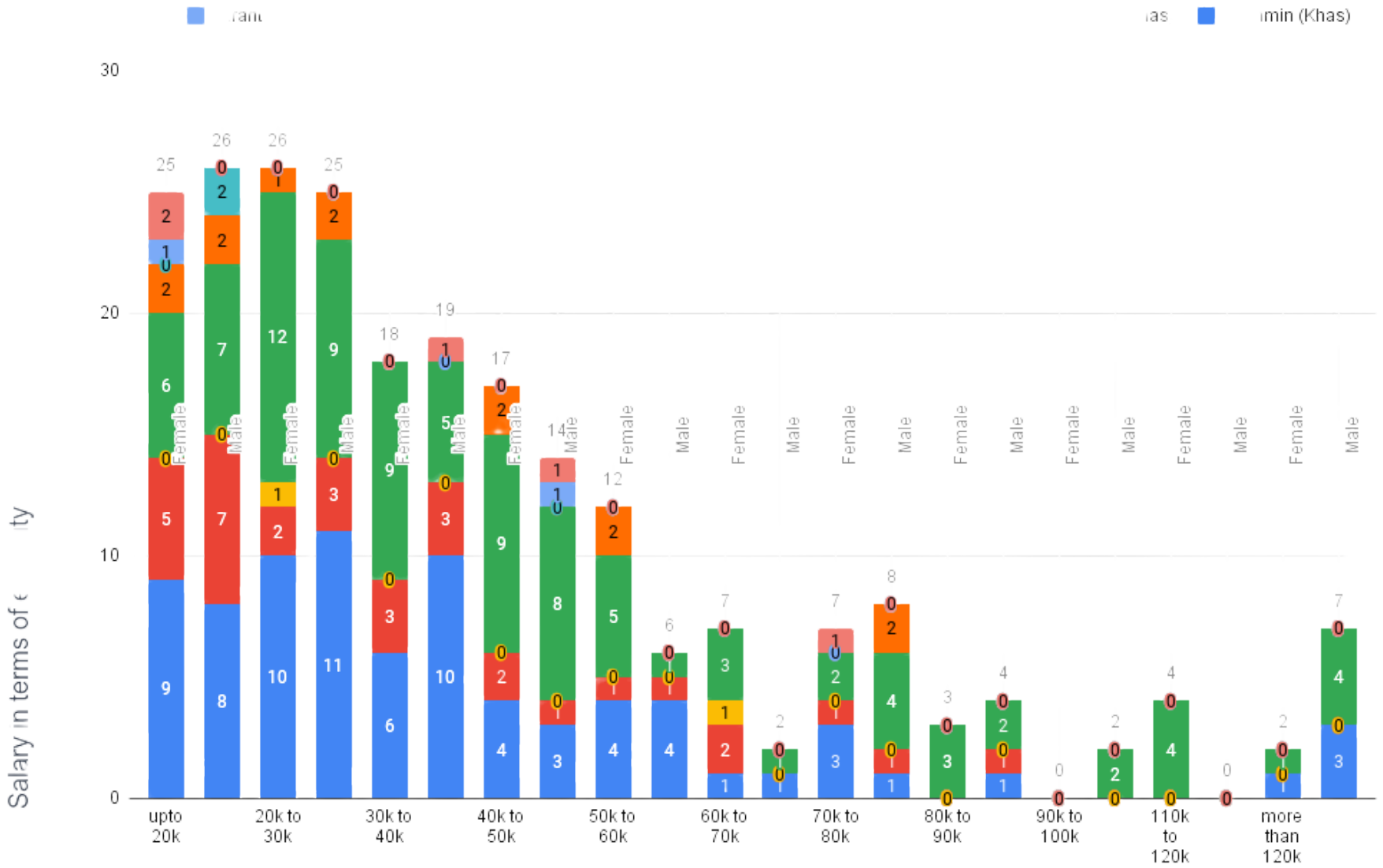
min (Khas)
Salary in terms of
30
20
10
0
upto 20k
20k to 30k
30k to 40k
40k to 50k
50k to 60k
60k to 70k
70k to 80k
80k to 90k
90k to 100k
110k to 120k
more than 120k
Female
Male

Figure 3: Bar graph showing salary in terms of ethnicity

3.2.2.3 In Terms of Level of Profession

Out of 245 respondents, among which 50 respondents earned up to 20,000, 77.7 percent were of Junior/Entry level and 20 percent were of Mid-level. Among 53 respondents that earned between 20,000-30,000 58.5 percent were of Junior/Entry level and 39.6 percent were of Mid-level. Among 40 respondents that earned between 30,000-40,000, 30 percent were of Junior/Entry level, 55 percent were of Mid-level and 15 percent were of senior level. Among 33 respondents that earned between 40,000-50,000, 78.7 percent were of Mid-level and 12 percent were of senior level.

Among 18 respondents that earned between 50,000-60,000, 88.8 percent were of Mid-level and 12 percent were of senior level.

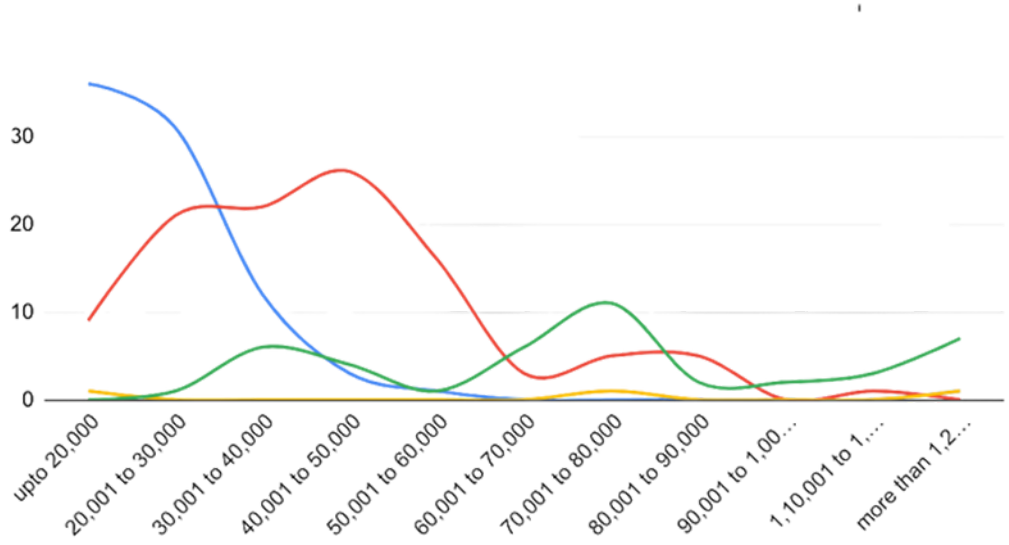

Figure 4: Line graph showing salary in terms of profession

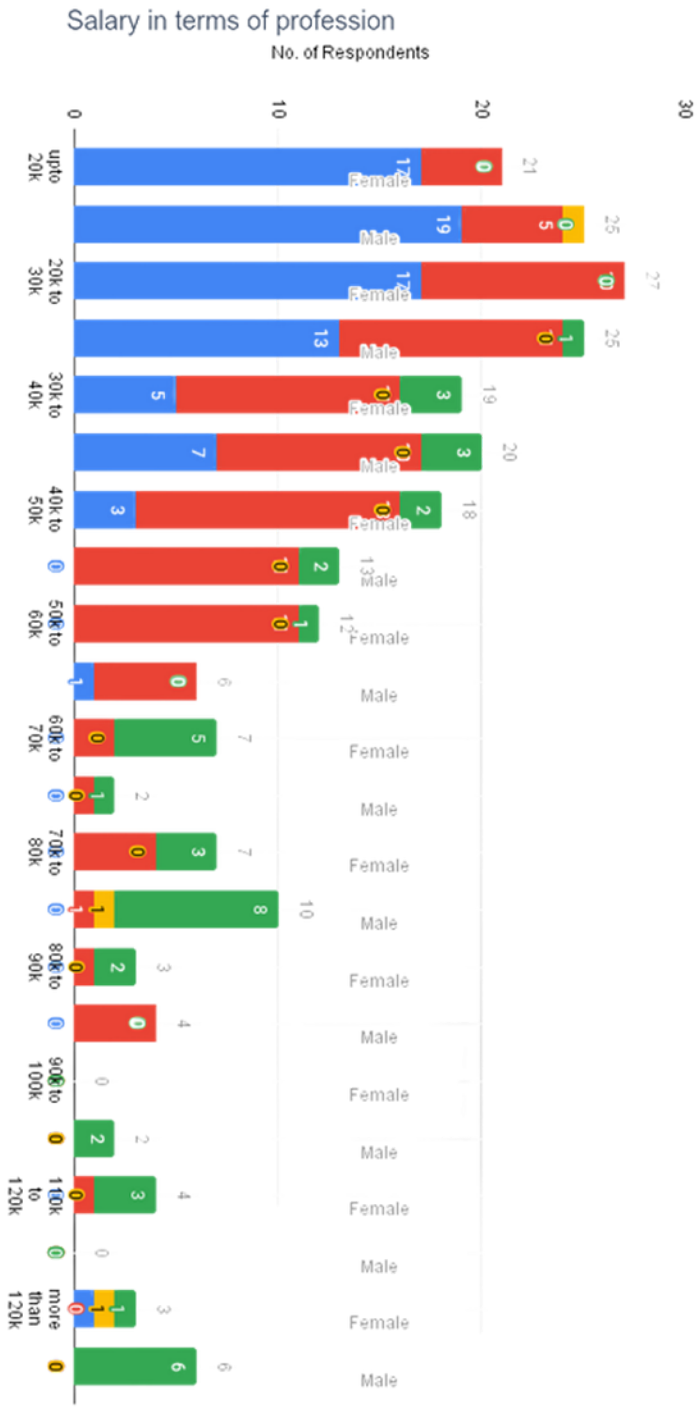

Figure 5: Detailed bar graph showing salary in terms of profession

3.2.2.4 In Terms of Working Hours per Week

As presented in the figure below, most workers worked somewhere between 40-50 hours a week. Further breaking down the number of working hours per week based on

salary and the gender of the participant showed some interesting insights. The workers who work higher hours per week tend to have higher satisfaction with their compensation trends.

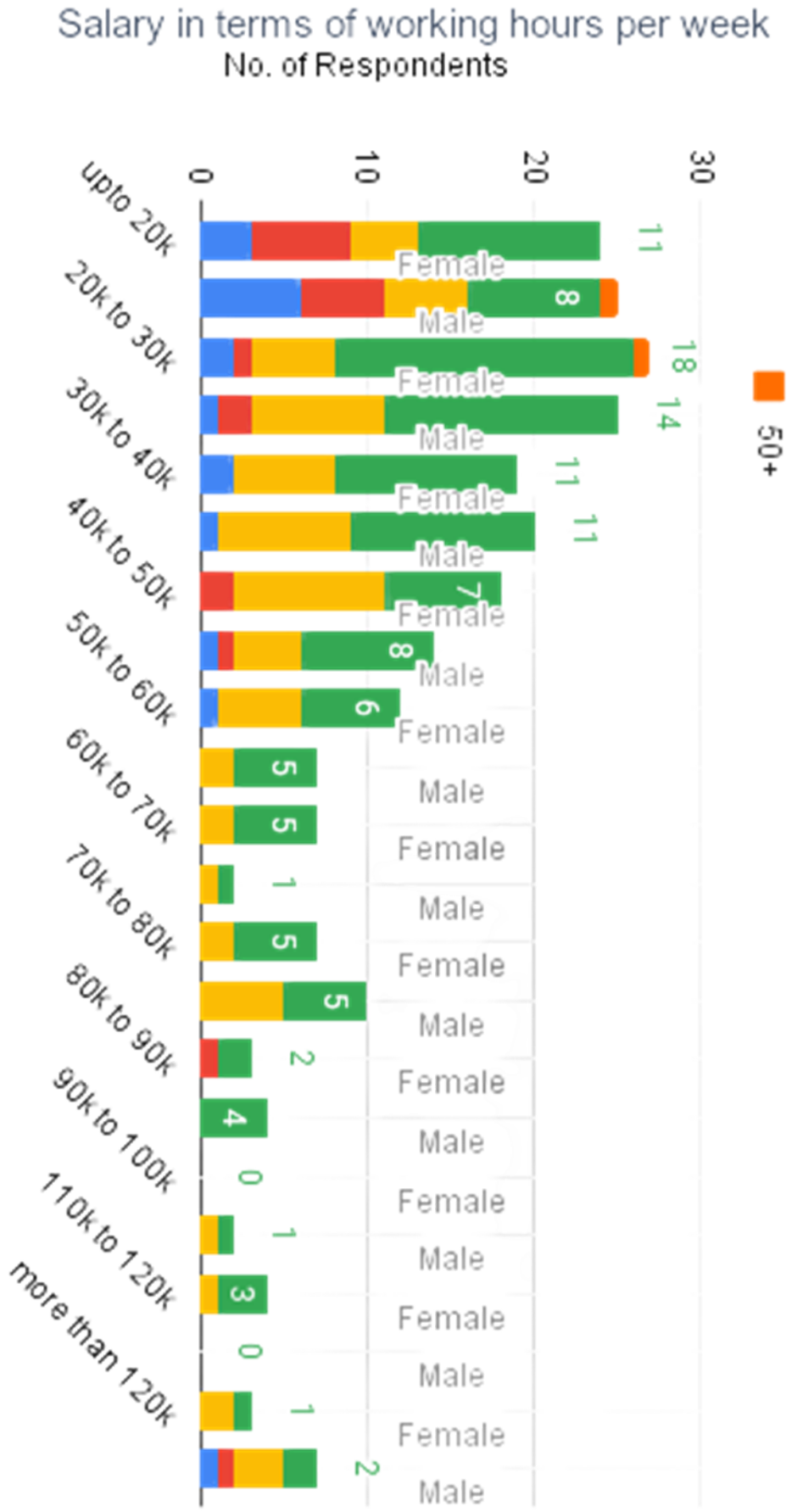
Salary in terms of working hours per week
No. of Respondents
0
10
20
30
upto 20k
20k to 30k
30k to 40k
40k to 50k
50k to 60k
60k to 70k
70k to 80k
80k to 90k
90k to 100k
110k to 120k
more than 120k
Female
Male
11
8
18
14
11
11
7
8
6
5
5
1
5
5
2
4
0
1
3
0
1
2
50+

Figure 6: Detailed bar graph showing salary in terms of working hours/week

3.2.3 Level of Satisfaction

3.2.3.1 In Terms of Gender

Out of the respondents who chose to respond to their level of satisfaction with their current wages, most people responded with a 4 or 5 level of satisfaction on a 1-7 scale. On average, male respondents were likely to have higher level of satisfaction compared to their female counterparts.

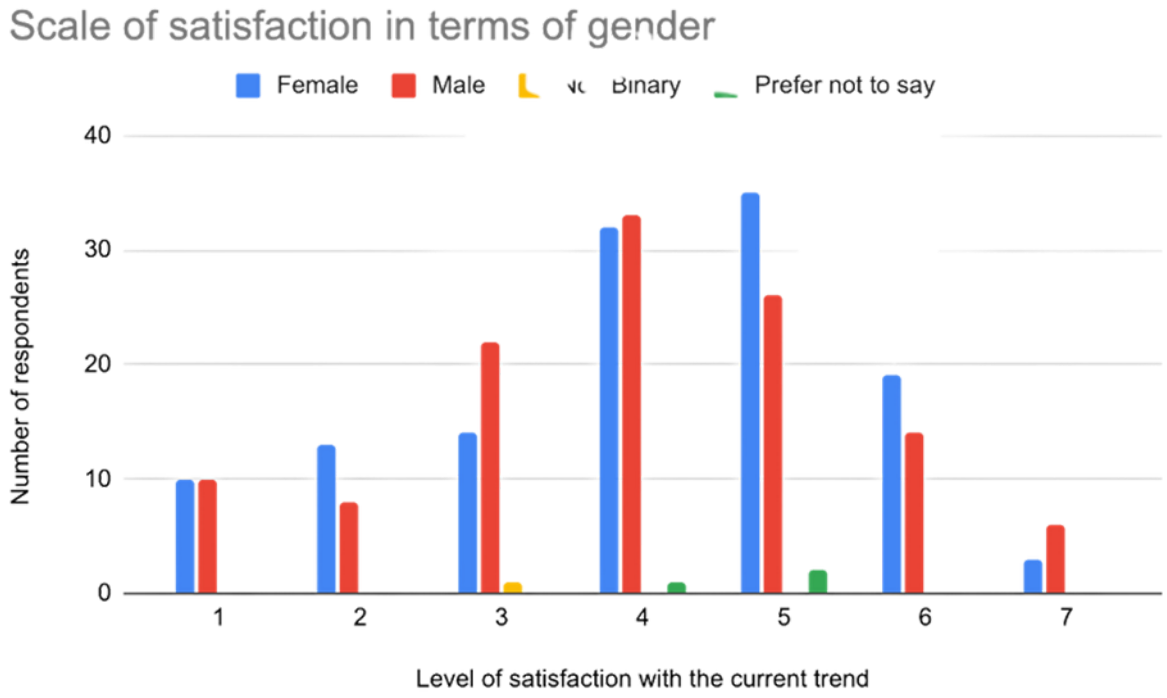

Figure 7: Bar graph showing level of satisfaction with the current trend in terms of gender

3.2.3.2 In Terms of Ethnicity

Further breaking down the level of satisfaction with current compensation trends, we can see mostly even levels of satisfaction among different ethnicities. Though there is a lack of clear difference based on ethnicity, certain ethnicities like Brahmin (Khas) have higher levels of satisfaction compared to their Janajati-Hill (Others) counterparts but the difference is still not significant.

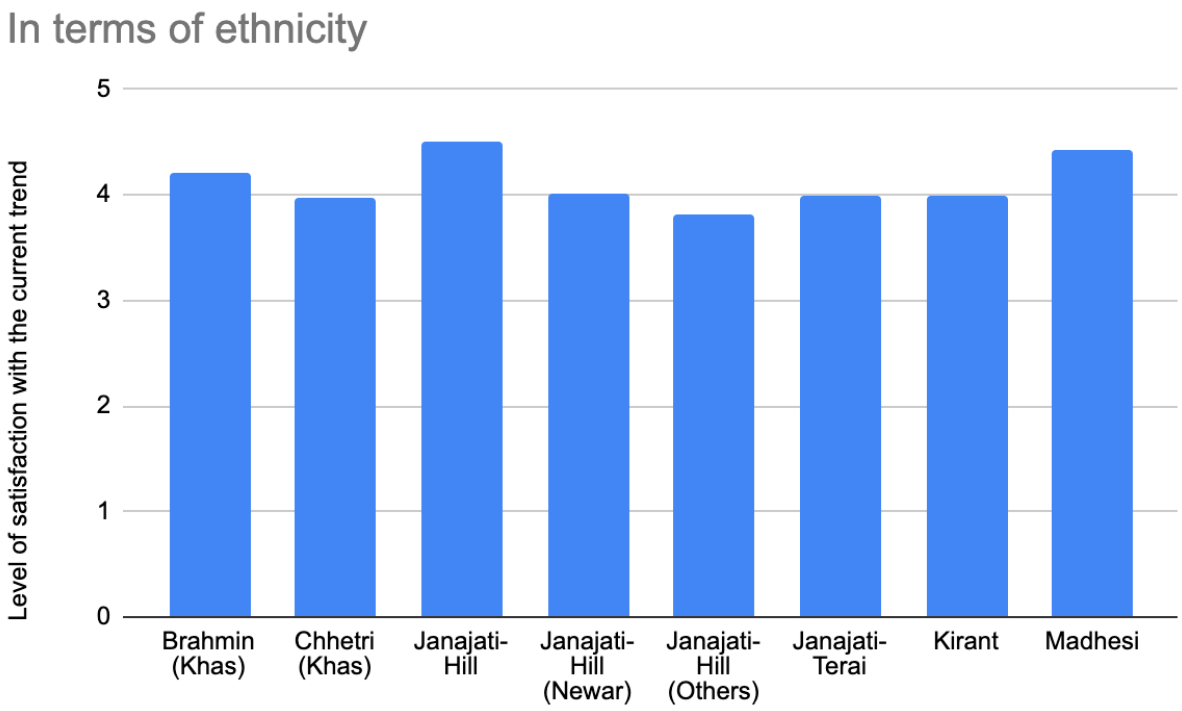

Figure 8: Bar graph showing level of satisfaction with the current trend in terms of ethnicity

3.2.3.3 In Terms of Profession

Among the respondents, the senior level workers were more likely to provide a higher rating for their level of satisfaction with the current trend followed by mid-level professionals while junior/entry level and principal level workers were more likely to have a comparatively lower level of satisfaction with the current compensation trends.

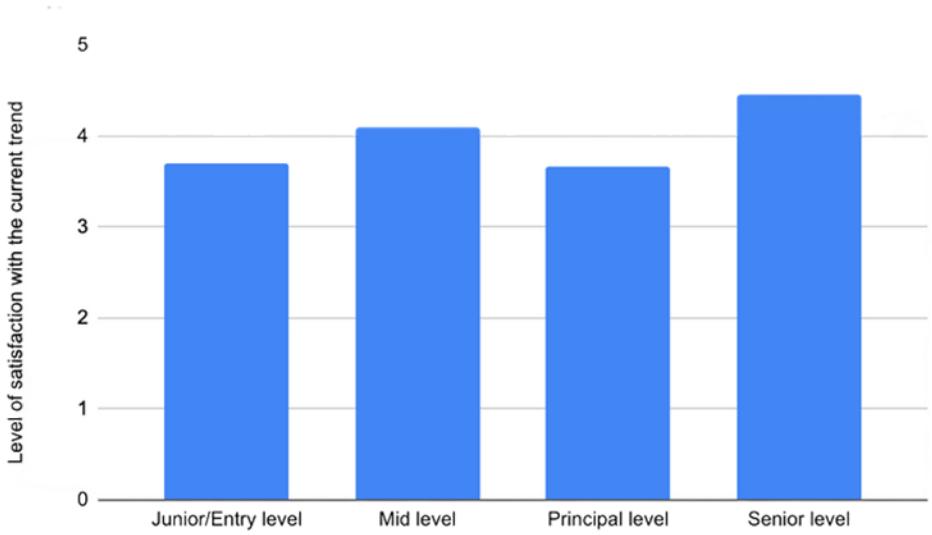

Figure 9: Bar graph showing level of satisfaction with the current trend in terms of profession

3.2.3.4 In Terms of Tech Stack

The weighted average between the level of satisfaction with the current trend and the number of respondents in each tech stack showed that respondents working as full-stack developers were the most satisfied and respondents working in app development were the least satisfied with the current compensation trend.

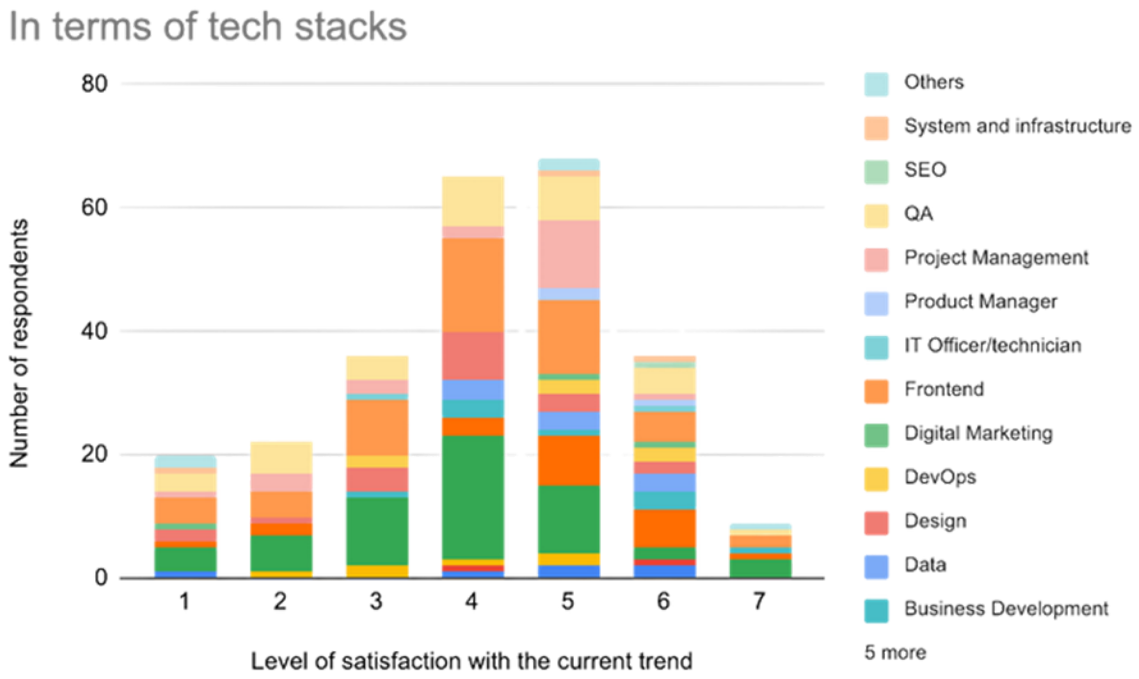

Figure 10: Bar graph showing level of satisfaction with the current trend in terms of tech stack

3.2.3.5 In Terms of Salary

The findings show that the level of satisfaction with current compensation trends increases as the salary of the workers increase. This is evident because those who earn below Rs. 20,000 have the lowest level of satisfaction while those who earn more than Rs. 1, 20,000 have the highest level of satisfaction with current compensation trends. We can see a gradual increase in the level of satisfaction until the increase in salary to Rs. 60,000 after which it hits a plateau for those earn up to Rs. 90,000. We see a reversal in trend with those who earn between Rs. 90,001 and Rs, 1, 10,000 having lower levels of satisfaction. But the trend is seen again as those who earn above Rs.1, 10,000 have the highest level of satisfaction.

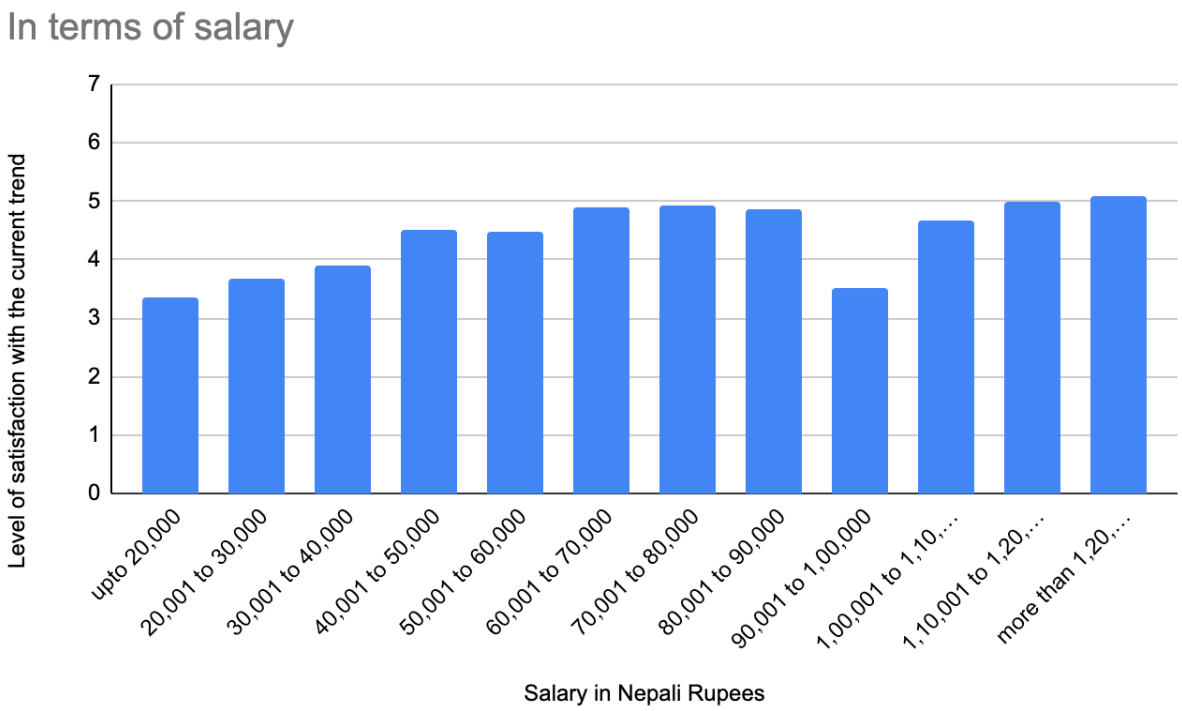

Figure 11: Bar graph showing level of satisfaction with the current trend in terms of salary

3.2.3.6 In Terms of Working Hours

The weighted average between the level of satisfaction with the current trend and the number of working hours per week showed that respondents working between 10-20 hours per week were the least satisfied with the current compensation trend and the respondents working between 20-30 hours per week were the most satisfied. The increase in the number of working hours per week from then on (after the 20-30 range mark) decreased the average satisfaction with the current compensation trend.

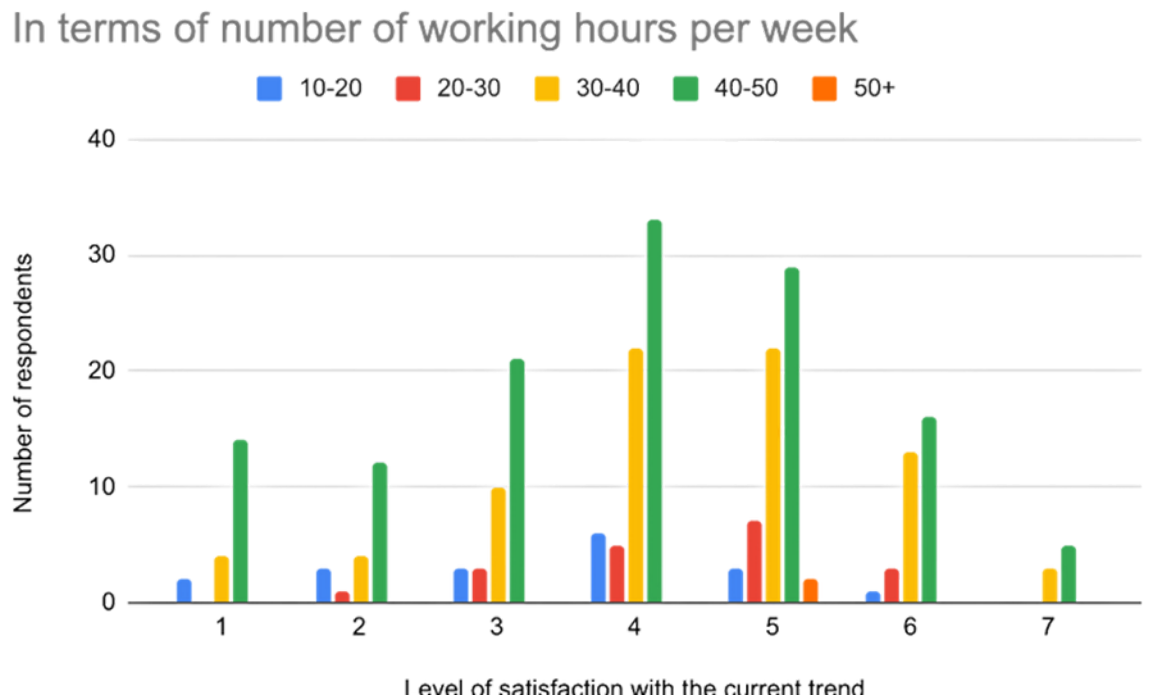

Figure 12: Bar graph showing level of satisfaction with the current trend in terms of working hours

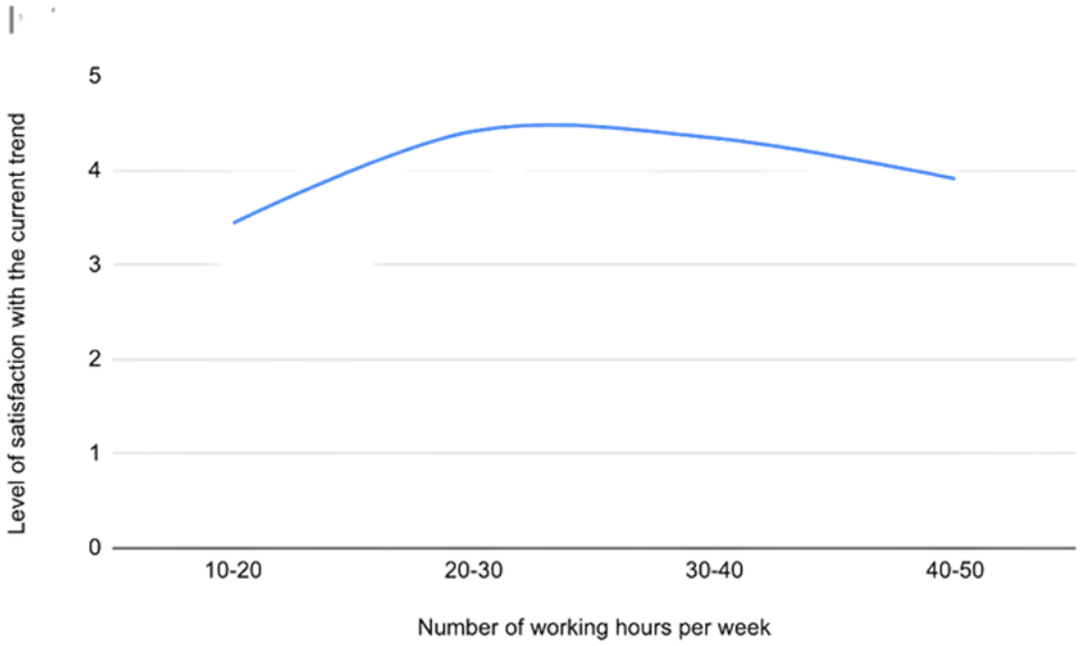

Figure 13: Line graph showing level of satisfaction with the current trend in terms of salary

3.2.3.7 In Terms of Scale of Industry

We can see slight increases in the level of satisfaction as the scale of industry grows. The workers in the small scale industry tend to have a lower level of satisfaction with compensation trends while those in a higher scale industry tend to have a higher level of satisfaction with current compensation trends.

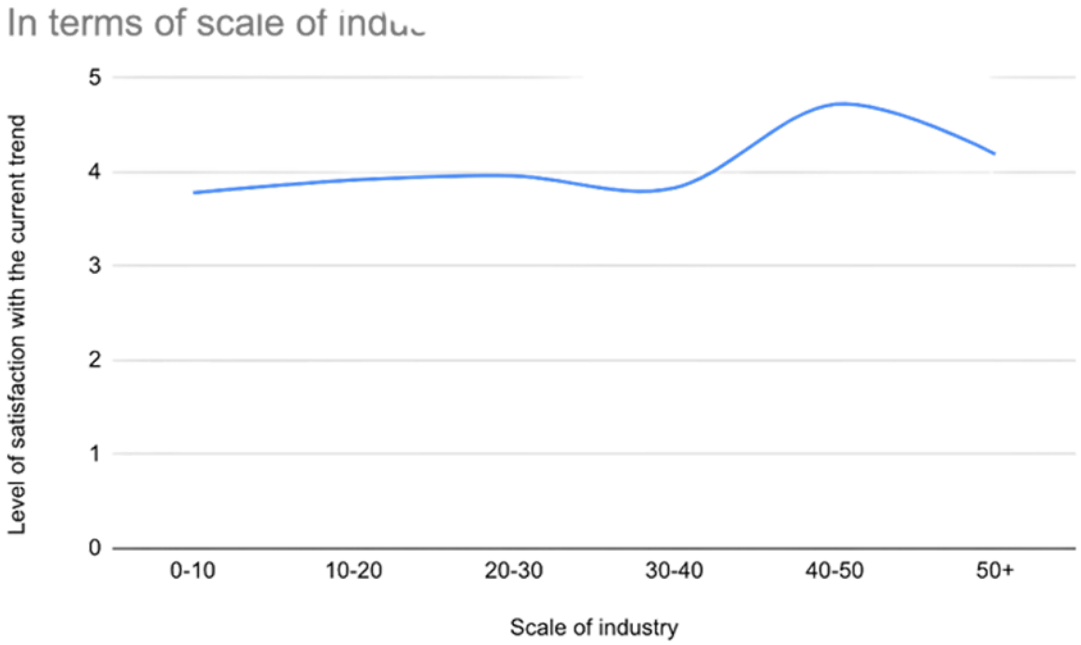

Figure 14: Line graph showing level of satisfaction with the current trend in terms of scale of industry

3.2.3.8 In Terms of Work Life Balance

Workers with lower level of importance of work life balance have higher satisfaction with compensation trends. Most participants had a 4-5 on a 1 to 7 scale satisfaction with their compensation trends and that seemed to be common across people of varying levels of importance of work life balance.

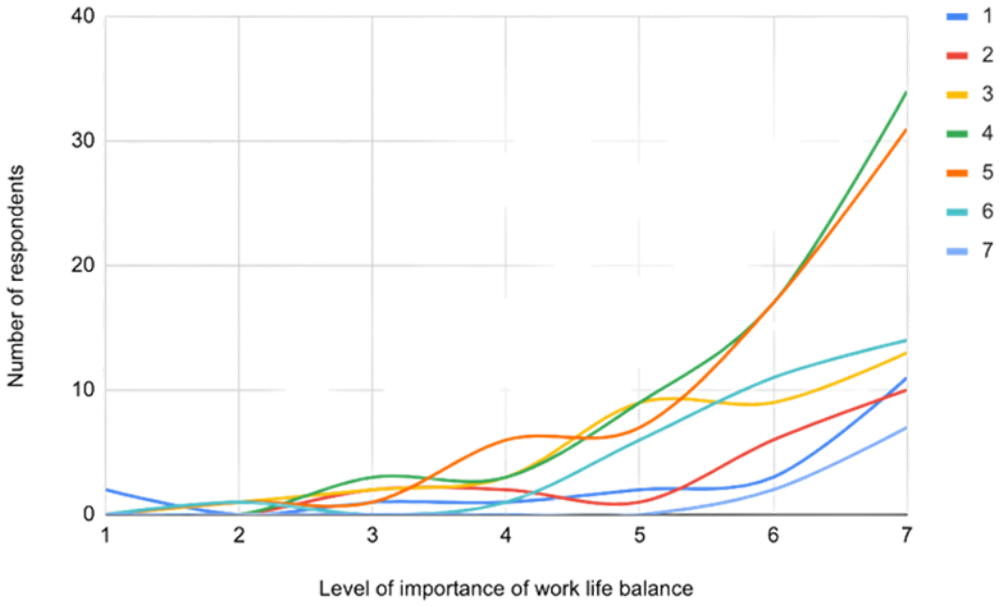

Figure 15: Line graph showing level of satisfaction with the current trend in terms of work life balance

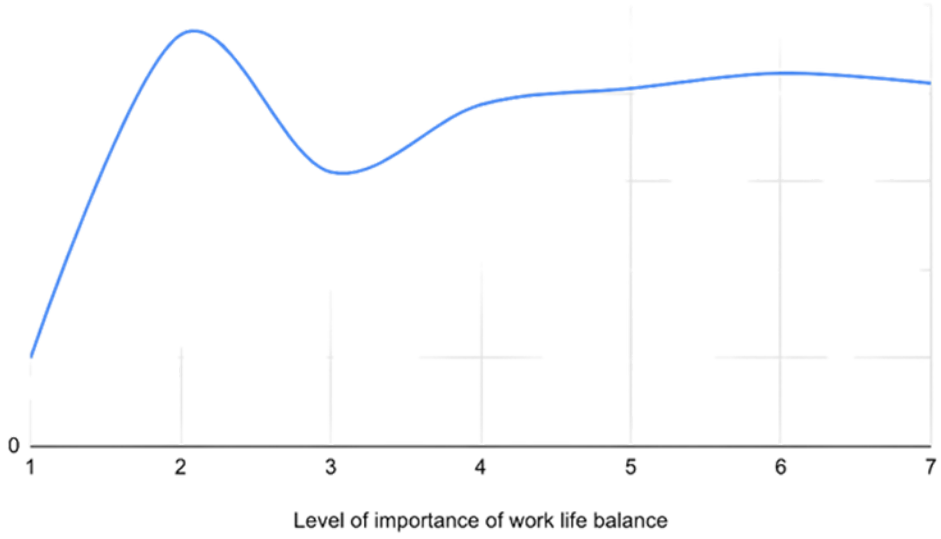

Figure 16: Line graph showing level of satisfaction with the current trend in terms of work life balance

CHAPTER 4

4.1 Conclusion

The major findings can be listed in the following points.

1. Only 33.3% of the participants were aware of the complete compensation details involved with their role and company.
2. More female respondents earned between the wages ranges of 20k to 70k while more male respondents earned between the wage ranges of 70k-80k or more.
3. No significant compensation trend differences were noticed in terms of ethnicity.
4. Most workers seemed to work 40-60 hours a week.
5. Most employees had a 4 to 5 level of satisfaction with their compensation trends on a 1-7 scale.
6. More male workers were likely to report a higher level of satisfaction.
7. Mid-level and senior-level workers reported a higher level of satisfaction compared to their entry- level and principal workers.
8. Full stack developers had the highest level of satisfaction while app developers had the lowest.
9. The level of satisfaction increases with an increase in compensation.
10. Those working a mid-number of hours at 20 to 30 hours a week had the highest level of satisfaction with their compensation trends.
11. Employees working in companies with more number of employees were likely to report a higher level of satisfaction.

References

[1] Upreti, A. R. (2018). *Labor Act, 2017*. Pioneer Law. Pioneer Law Minimum Wage Recommendations 2018

[2] Gould. E, Schieder. J, & Geier.K. (2016, October 20). *What is the gender pay gap and is it real?* Economic Policy Institute. Gender Pay Gap

[3] CBS. (2018). *Analytical Report Women in Business*. Central Bureau of Statistics. CBS Report

[4]Payscale. (2022). *2022 State of the Gender Pay Gap Report*. PayScale Insights

[5] CBS. (1993). *Labour Law 1993*. International Labour Organization. Labour Law 1993 ILO