



UNEQUAL GROUNDS: INVESTIGATING PAY PARITY BETWEEN FRESHERS AND SENIOR EXECUTIVES IN THE IT INDUSTRY IN INDIA

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Abstract: With an emphasis on rapidly expanding tech hubs like Bangalore, Hyderabad, and Pune, this study examines pay parity between freshers and senior executives in India's IT sector. The research shows a continuous and growing wage gap between entry-level workers and seasoned professionals through a thorough examination of pay structures, organizational procedures, and market-driven factors. The study looks at how these differences are caused by things like organizational hierarchy, skill demand, recruitment procedures, and education. Along with examining the wider ramifications for workplace equity and organizational performance, it also looks at how pay structures affect employee motivation, retention, and leadership development. The results highlight the necessity for IT companies to implement clear, skill-based pay plans and strike a balance between monetary and non-monetary incentives. In order to maintain talent, innovation, and competitiveness in India's vibrant IT sector, the study ends with strategic recommendations for promoting equitable pay practices.

Keywords: IT industry, Pay parity, Freshers, Senior executives, Employee retention, Organizational performance

INTRODUCTION

Over the past few decades, India's information technology (IT) sector has grown remarkably, becoming a major employer of highly qualified professionals and a major contributor to the nation's economy. However, this quick growth has highlighted a number of issues facing the industry, such as worries about the salary differences between entry-level workers and senior executives. The purpose of this study is to find out how much pay parity exists in the Indian IT sector between senior executives and new hires. We aim to comprehend the root causes and ramifications of wage inequality in this dynamic industry by looking at pay structures, career progression trends, and compensation-influencing factors. The study will examine information from a variety of sources, such as business disclosures, industry reports, and a thorough literature review on IT professionals from various experience levels.

We will look at how pay scales and opportunities for career advancement are influenced by elements like education, skills, job roles, and company size. The study will also look at the larger economic and social environment in which these differences occur, including the dynamics of the labor market, methods for retaining talent, and how globalization has affected the Indian IT workforce. For a number of reasons, it is essential to comprehend the type and scope of pay disparities in the IT sector. First of all, it can help guide policy choices meant to encourage equitable pay practices and lessen income disparity. Second, it might highlight possible obstacles to entry-level professionals' career progression, which might have an effect on industry expansion and talent retention. Finally, in a rapidly changing technological landscape, this research can add to the continuing discussion about workplace equity and the relative importance of experience versus innovation. Through an analysis of these "unequal grounds," this study seeks to offer insightful information to professionals, policymakers, and industry stakeholders negotiating the intricate landscape of pay in India's IT sector.

For a number of reasons, pay parity is an important issue in the IT industry. First and foremost, promoting gender and social equality requires addressing pay disparities. Women are frequently paid less than men for equivalent roles in a variety of industries, including IT, which contributes to the ongoing gender wage gap (Warner and Lehmann, 2019). Pay parity can be implemented to address systemic biases and create a more equitable workplace for all workers. Furthermore, attaining pay parity can have important societal repercussions in addition to personal financial gains. Because women's increased financial independence changes the dynamics of households, closing the gender pay gap, for example, has been linked to a decrease in domestic violence (Aizer, 2010). This highlights the significance of fair pay practices and suggests that pay parity may have a positive impact on the general health and safety of society. Pay parity also has the potential to improve the standing of IT companies. The organization's reputation and appeal as an employer can be improved by wage structure transparency, which can also increase social accountability and employee

perceptions of fairness (Sharkey et al., 2022). A more inclusive workplace can be created by implementing and promoting equitable pay practices, which will boost employee morale and retention.

In general, creating pay parity in the IT industry involves more than just resolving financial disparities, it also entails advancing an equitable and encouraging workplace that values each employee's contributions equally. A larger dedication to equality and justice in the workplace is reflected in the continuous efforts to reduce racial and gender-based wage disparities in the IT sector. In the Indian IT industry, pay parity between freshers and senior executives can have a big impact on recruitment, performance, retention, and motivation in both positive and negative ways.

1. Motivation and Performance: There is a complicated relationship between employee motivation and pay. According to a study on workers in the Canadian private sector, group pay and other forms of compensation have a positive impact on innovation, while performance pay and fixed pay have no discernible effect (Curran and Walsworth, 2014). This suggests that pay parity, or simply aligning salaries, may not always improve employee motivation or performance, including among senior executives and freshers. The idea of emotional salary highlights the significance of attending to psychological and emotional needs in addition to monetary compensation, which may be very important for employee motivation (Aviles-Peralta, 2024). Additionally, the negative consequences of workplace problems like rudeness can result in higher turnover and lower job satisfaction (Sharma and Singh, 2016).

2. Retention: Job satisfaction and organizational commitment, which are strongly related to the belief that one is being fairly compensated, can have an impact on employee retention. Even when the pay gap is large, there are real advantages to having an ideal amount of pay disparity in larger companies. Increased wage disparity, however, may have a detrimental impact on productivity and raise turnover for smaller businesses with less skilled workers (Przychodzen and Gómez-Bezares, 2021). Employer branding has a positive correlation with job satisfaction in the IT industry, underscoring its significance in retention tactics (Sharma et al., 2025).

3. Recruitment: According to a study on pay gap transparency, companies that report pay parity may see a temporary boost in their reputation, which may have a favorable effect on recruitment efforts (Sharkey et al., 2022). Businesses that are known for paying their employees fairly draw in talent looking for fair work environments, which results in a more motivated and diverse workforce.

Pay parity between freshers and senior executives is a complicated topic, but it is obvious that it affects a number of organizational factors, such as recruitment, performance, motivation, and retention. In order to foster a contented and dedicated workforce, addressing these factors calls for a multifaceted strategy that goes beyond simple monetary compensation and includes organizational culture and emotional aspects.

LITERATURE REVIEW

I. Historical Context of Compensation Structures in the IT Industry

Since the beginning of the Information Technology (IT) sector in the middle of the 20th century, the pay structures of this industry have experienced substantial changes. Due to the industry's infancy and conformity to conventional corporate structures, the majority of IT professionals were initially salaried workers with standard benefit packages. In order to attract and retain top talent, especially in Silicon Valley, a rapidly growing tech hub, companies started to innovate their compensation strategies in the 1980s and 1990s as a result of the industry's rapid growth and technological advancements. Around this time, stock options—a crucial part of compensation packages—became more and more common, particularly among startups. During the dot-com boom of the late 1990s, this trend peaked as the prospect of significant wealth through stock ownership became a powerful recruitment tool.

The possibility of large financial rewards drew in a lot of IT workers, who frequently accepted lower base pay in return for the chance to profit from their company's future success. The historical background of IT industry compensation structures shows notable advancements driven by a number of variables, including institutional determinants, strategic intentions, and human capital. Stock options have historically been used aggressively as a form of compensation in the IT industry. This practice has been particularly important in the IT sector in comparison to other industries, and it is not just the product of general economic relationships. Stock options are a crucial component of compensation, especially for executives and other performance-driven positions where bonuses and options rise in tandem with performance, improving the firm's performance (Anderson et al., 2000). However, the IT industry re-evaluated its compensation strategies after the dot-com bubble burst in the early 2000s. Both employers and workers realized that more sustainable and equitable approaches to compensation were required. As a result of this change, compensation packages were created that included restricted stock units (RSUs), performance-based bonuses, and competitive base salaries. Particularly, RSUs became more well-liked because they provided employees with a more reliable form of equity compensation than stock options, even in the event that the company's stock price fell or stayed the same. The global nature of IT work and broader shifts in workforce priorities were reflected in compensation structures as the IT industry developed and matured.

Flexible compensation plans that go beyond conventional monetary rewards have become increasingly popular in recent years. These creative methods consist of:

- 1. Benefits of remote work:** As communication technologies have advanced, many IT companies now provide the option of working remotely, either full-time or in a hybrid arrangement. This flexibility, which enables workers to improve work-life balance and lower commuting expenses, is frequently seen as a beneficial form of compensation.
- 2. Unrestricted paid time off:** Some businesses have adopted unrestricted vacation policies because they believe that workers will manage their time sensibly and meet work goals. This strategy can improve work-life balance and job satisfaction.
- 3. Extensive wellness programs:** Many IT companies now provide extensive wellness benefits in recognition of the value of employee health and wellbeing. These could include resources for stress management, nutrition counseling, mental health support, and gym memberships.

4. **Opportunities for professional development:** In the quick-paced IT sector, lifelong learning is essential. Incorporating training, conferences, and certifications into compensation packages is becoming more and more common.
5. **Benefits that can be customized:** Some companies have implemented cafeteria-style benefit plans, which let staff members select from a menu of choices based on their personal requirements and preferences.
6. **Equity participation programs:** In addition to RSUs and conventional stock options, some businesses are looking into cutting-edge strategies to provide workers a share in the company's success, like employee stock purchase plans or phantom stock plans.
7. **Performance-based incentives:** To promote alignment with corporate objectives, numerous IT companies have put in place complex bonus plans linked to team, individual, and corporate performance indicators.
8. **Sabbatical programs:** Extended paid leave periods may be provided to long-term staff members so they can engage in personal hobbies or rejuvenate, which may boost their loyalty and output when they return.

The IT industry's need to adjust to shifting employee expectations, global talent competition, and changing workforce demographics is reflected in these changing compensation structures. Compensation strategies will probably continue to change as long as the sector remains a major player in the global economy. They may include components like cryptocurrency payments, decentralized autonomous organization (DAO) structures, or other creative methods that keep up with emerging technologies and shifting work paradigms.

A company's strategic focus, particularly with regard to innovation, has also influenced compensation strategies in the IT sector. According to studies, businesses that prioritize innovation in high-tech industries like IT typically match their pay plans with their innovation strategies, especially for strategic employee groups like R&D staff. Pay level, compensation time horizon, and stock option vesting periods are all impacted by this alignment (Yanadori and Marler, 2006). Human capital is another important factor influencing IT compensation plans. Experience and education play a major role in deciding pay scales, IT workers with more education typically receive higher salaries from large organizations. On the other hand, people with less formal education might be paid more at smaller institutions. This implies that institutional traits and human capital endowments interact in a complex way, impacting IT compensation structures (Ang et al., 2002).

The idea of "emotional salary," which focuses on attending to employees' psychological and emotional needs, is becoming more popular, even though traditional monetary compensation is still crucial. Emotional salary emphasizes the significance of non-monetary elements like employee satisfaction, engagement, and retention in improving organizational performance, despite not being as thoroughly studied as traditional compensation mechanisms (Aviles-Peralta, 2024). In general, the IT industry's compensation structures have changed over time by combining monetary incentives, strategic alignment with organizational objectives, and an appreciation of the value of human capital. This has created a dynamic environment that is impacted by both internal and external economic factors.

II. Theoretical Frameworks Explaining Pay Disparity and Parity

Theoretical frameworks explaining pay disparity and parity in the IT industry are diverse and reflect complex interplay between market forces, organizational practices, and individual characteristics. One key framework often cited is the concept of "tournament theory," which suggests that pay disparities within firms can incentivize higher performance among employees. According to this theory, larger pay differences, especially between different levels within a company, can motivate employees to perform better in order to climb the corporate ladder. This is evidenced by a positive correlation between wage dispersion and firm profits, as higher pay incentives can lead to increased productivity and competitiveness among employees (Heyman, 2005). By illuminating the fundamental causes of wage gaps and inequalities, theoretical frameworks provide insightful viewpoints on the complex problem of pay disparity and parity in the workplace. A pillar of labor economics, the human capital theory (Becker, 1964) holds that worker differences in education, experience, and skill are the main causes of wage disparities. According to this theory, people who make greater investments in their human capital—through education, training, and work experience—are likely to be more valuable to employers and command higher wages as a result of their increased productivity.

Experience level, education, and specialized skill sets are important factors that determine pay, according to another framework that uses machine learning models to analyze compensation factors. Fair compensation is essential for keeping top talent and promoting innovation, according to this integrated theoretical framework, which also highlights the complex nature of compensation determination in the IT industry (Jaiswal et al., 2023). Additionally, one novel approach in the IT sector that ties pay to business performance is the use of employee stock options. Economic models in this context imply that stock options and other compensation plans are intended to balance the interests of executives and shareholders. This is frequently interpreted as a way to defend the industry's high executive compensation levels. According to this method, the structure of pay—such as the proportional weight of performance-based components—differs from other industries, even though the absolute level of executive pay may not (Anderson et al., 2000). Furthermore, understanding pay disparities requires addressing the issue of pay transparency. It has been demonstrated that pay outcomes are impacted by pay transparency policies, whether they are vertical (comparing pay levels across seniority levels) or horizontal (comparing pay levels among employees within the same role). Transparency laws can promote wage competition and lessen direct pay discrimination, but they can also result in aggressive wage bargaining by employers, which will lower average wages. Therefore, even though these policies have the potential to promote understanding and lessen disparities, they also present certain difficulties that must be properly handled (Cullen, 2024).

Equity Theory (Adams, 1965), which focuses on perceptions of fairness, is used in more recent literature. Workers compare their input-to-outcome ratio to that of their peers, and perceived disparities may cause discontent or employee turnover. Comparing salaries within companies can have a big impact on morale, particularly when seasoned workers observe new hires receiving comparable pay. The study of wage transparency and social comparison investigates this phenomenon by looking at how open wage structures affect worker satisfaction, output, and teamwork within an organization (Long and Nasiry, 2020). Additionally, the

relationship between pay and employee satisfaction is examined, emphasizing the ways in which pay structures can affect employee satisfaction and, in turn, retention and performance (Zayed et al., 2022).

These studies shed light on the realities and complexities of wage structures and their effects on businesses, particularly in industries like information technology (IT), where these comparisons can have an impact on employees' general job satisfaction and morale. All things considered, these frameworks point to a combination of financial incentives, open policies, organizational procedures, and technological advancements as the main causes of pay equality and inequality in the IT sector. Every framework presents a different viewpoint on the calculation and justification of compensation, offering a thorough grasp of the intricacies of pay structures in this quickly changing industry.

III. Skills-Based Hiring and the Market Value of Freshers

In the labor market, skills-based hiring is becoming more and more popular, moving the emphasis from traditional credentials to useful skills. Freshers gain from this strategy because it enables them to demonstrate their abilities and potential even in the absence of substantial work experience. Instead of only considering academic credentials, employers are increasingly looking for candidates who have relevant skills, flexibility, and a desire to learn. This trend highlights the value of acquiring marketable skills through projects, internships, and self-directed learning for recent graduates. As a result, fresher's market value is increasingly based on their skill set, ability to solve problems, and ability to contribute right away to the objectives of an organization. This change makes it possible for skilled recent graduates to compete successfully in the labor market, irrespective of their educational background or lack of significant work experience.

The realization that traditional metrics, like grades or degree qualifications, do not always predict an individual's ability to perform successfully in a job role is the foundation for the shift towards skills-based hiring. For example, graduates—especially recent graduates—frequently have theoretical knowledge, but they might not have the practical skills that employers are looking for. It may be difficult for recent graduates to meet market demands due to this mismatch between professional requirements and academic training (Omar et al., 2012; Blickley et al., 2012). According to research, employers are increasingly favoring applicants with fundamental abilities like interpersonal communication, problem-solving, and critical thinking. Higher education institutions should put more of an emphasis on these areas, as a study on the Malaysian job market shows that employers' high demands for particular soft skills present challenges for recent graduates (Omar et al., 2012). Furthermore, ethical reasoning and critical thinking are referred to as "job-proof skills" that are crucial despite job automation and technological advancements (Dumitru and Halpern, 2023). Additionally, studies on hiring practices indicate that there is a real advantage for universities to include skill development in their curricula, especially in the area of entrepreneurship, which lowers the likelihood of over-education and enhances graduate job matches (Kucel et al., 2016).

According to a British study, graduates must have skills that are applicable to the contemporary labor market in order to be employable and advance in their careers (Habets et al., 2020). Even with these realizations, the job market continues to present difficulties for recent graduates. Even for positions that have historically been filled by recent graduates, the growing need for experienced applicants may restrict their options. While recent graduates are valued for their adaptability and willingness to learn, employers frequently favor experienced workers because of perceived advantages in skills like technical expertise and industry knowledge (Rynes et al., 1997). In conclusion, fresher's market value is closely related to their capacity to exhibit applicable and in-demand skills. There is an urgent need for educational systems to change and offer strong opportunities for skill development as skills-based hiring becomes more common. In addition to improving freshers employability, this will better match graduate output with labor market demands.

IV. Employee Perceptions and Organizational Culture

Senior executives and freshers in the Indian IT sector have quite different perspectives on organizational culture and its effects, which affect their dedication, job satisfaction, and general performance. Organizational culture and employer branding are important factors for freshers. Turnover intentions (TIs) have been demonstrated to be strongly impacted by aspects of employer branding, such as social value and development value, a higher perceived value in the employer brand results in fewer TIs. According to this, companies with strong employer brands are likely to retain new hires for longer, which lowers the expense of hiring and training them (Kashyap and Verma, 2018). Furthermore, there is a strong correlation between improving employee commitment and aspects of organizational culture like performance orientation and in-group collectivism. This implies that when freshers feel like they belong to a cohesive team and work in a performance-driven environment, they are more likely to stay committed (Messner, 2013). The influence of organizational culture on senior executives goes beyond simple dedication. Perceptions of career success, performance, and potential are greatly influenced by HR practices centered on performance management, professional development, and normalized performance ratings. Executives' perceptions of their career paths and the success they can attain within the company are directly impacted by how effective these HR procedures are seen to be (Stumpf et al., 2010). Senior executives' sense of organizational identification, dedication, and inventiveness are also improved by the existence of a robust and inclusive organizational culture. This inclusiveness works especially well to promote creative problem-solving and a greater sense of belonging (Jha et al., 2023).

Another important factor in determining how people perceive an organization's culture is diversity management. Although workers at all levels agree that diversity is important, there are subtle differences in how employees from different backgrounds value diversity practices. For example, there is a positive correlation between perceived organizational performance and improved perceptions of gender diversity initiatives (Kundu and Mor, 2017). This suggests that while diversity initiatives are beneficial to both freshers and senior executives, their perceptions and values may differ depending on their personal backgrounds and hierarchical positions. All things considered, an organization's culture has a big impact on freshers by strengthening their initial commitment and lowering turnover rates through inclusive practices and strong employer branding. Effective HR procedures and

organizational culture are crucial for senior executives to advance their careers and create an atmosphere that encourages innovation and creativity. A culture that embraces inclusivity and diversity benefits both parties, which eventually helps Indian IT sector companies remain competitive and sustainable.

V. Gaps and Limitations in Existing Research

This study aims to close a number of research gaps about wage inequality in India's IT industry:

- 1. Insufficient Attention Paid to Experience-Based Disparities:** Few studies explicitly address the pay gap between entry-level employees (freshers) and senior executives within the same industry, especially in the context of India's IT sector. The majority of the literature currently available on wage inequality concentrates on sectoral differences or gender pay gaps. The purpose of this study is to offer a more comprehensive understanding of the ways in which career advancement, job roles, and experience all affect wage inequality.
- 2. Inadequate Examination of Intersectional Factors:** Although there is some research on regional, gender, and caste-based pay disparities, little is known about how these factors interact with job role and experience to affect compensation structures. By taking into account various aspects of diversity and their combined influence on wage inequality, this study aims to close this gap.
- 3. Insufficient Comprehensive and Longitudinal Data:** Many of the studies that are currently available rely on cross-sectional data or concentrate on particular groups or time periods, which restricts our ability to understand how wage disparities change over time or across various organizational contexts. The purpose of this study is to draw attention to the necessity of longer-term, more thorough data in order to comprehend the dynamics and persistence of wage inequality.
- 4. The Underappreciated Function of Skills-Based Hiring:** Although skills-based hiring is a relatively new phenomenon, especially in the IT industry, its effects on the pay gap between junior employees and senior executives have not been fully investigated. This study aims to examine how pay parity is impacted by the move toward valuing skills over traditional credentials.
- 5. Paying Close Attention to Employee Voice and Agency:** Research that is currently available frequently concentrates on market forces and organizational policies, paying less attention to how individual workers—particularly new hires—negotiate, perceive, or contest wage disparities. The purpose of this study is to investigate how employee agency and voice influence pay outcomes.

By filling in these gaps, the study hopes to offer a more thorough and useful understanding of wage disparity in India's IT industry, guiding both scholarly research and industry practice.

PROBLEM STATEMENT

India's internal compensation systems have come under increased scrutiny, despite the country's status as a global IT hub that employs millions of people and makes a substantial GDP contribution. Indian IT companies have historically used a hierarchical model for salary progression, rewarding loyalty, tenure, and experience with consistent pay raises. Pay parity between new hires and seasoned workers has, however, become more prevalent in recent years, particularly in high-growth startups and global corporations situated in tech hubs like Bangalore, Hyderabad, and Pune. The market competition for qualified talent in fields like cloud computing, data analytics, and artificial intelligence is a major factor in this change. Because of this, top freshers from universities such as IITs or IIITs frequently earn salaries that are on par with or even higher than those of mid-level professionals with five to ten years of experience. Proponents argue that this is necessary to meet the demand for specialized skills, but little is known about its wider effects on organizational loyalty, employee morale, and the development of the leadership pipeline, especially in India. Instead of intra-organizational equity across various experience levels, the majority of the literature currently available on Indian compensation practices concentrates on executive-level bonuses, sectoral comparisons, or gender disparities. Additionally, there aren't many empirical studies that examine how senior employees who are dealing with this new parity perceive fairness and job satisfaction. By investigating the extent, causes, and effects of pay parity between freshers and senior executives in Indian IT organizations—with an emphasis on employee perceptions and organizational outcomes—this study aims to close this crucial gap.

RESEARCH OBJECTIVES

This research will be guided by the following objectives:

1. To evaluate the level of pay parity in a few Indian IT companies between freshers and senior executives with five to fifteen years of experience.
2. To determine the market-driven and organizational elements—such as organizational structure, hiring procedures, and skill demand—that influence pay parity.
3. To assess senior professionals' views of motivation, job satisfaction, and fairness in relation to the salary structures that have been observed.
4. To investigate the relationship between pay parity and organizational performance indicators like leadership development, employee engagement, and retention.
5. To provide strategic advice on how Indian IT companies can manage pay plans more fairly while preserving their competitiveness.

FINDINGS BASED ON LITERATURE REVIEW

Pay parity between freshers and senior executives has been a persistent problem, particularly in high-growth startups in tech hotspots like Bangalore, Hyderabad, and Pune. This disparity is influenced by a number of factors in the context of Indian startups, especially those in the tech sector. First, startups frequently struggle financially, making it difficult for them to pay competitive wages on par with more established companies. Established companies tend to attract high-ability workers because of their complementary assets and higher. Even though this means taking a lower salary, some startups are able to draw in talented workers by providing non-

monetary benefits like a dynamic work environment and the possibility of quick personal and professional growth (Roach and Sauermann, 2023).

According to their career paths, startup workers make about 17% less than their counterparts in big, established companies, and this difference may widen over time. This earnings penalty is also influenced by the possibility of startup failure and subsequent unemployment. Nonetheless, the innovative, adaptable, and entrepreneurial work environments that startups provide are frequently what make them appealing to new hires (Sorenson et al., 2021). There is also a tendency to flee to safety during economic downturns. Job seekers may move from less established startups to more established ones during these times, which could have an impact on pay structures and the talent available to newer startups (Bernstein et al., 2023).

Startups in Indian tech hubs, in particular, use social capital to recruit talent, which is a vital solution to the problem of paying competitive wages. To handpick talent, entrepreneurs frequently rely on well-known networks and reliable referrals. In order to draw in qualified talent, incubation centers are also used as institutional sources of social capital (Mukul and Saini, 2021). In the end, startups continue to draw talent by providing exceptional opportunities and utilizing non-monetary benefits, even though there is a noticeable pay disparity between junior and senior professionals in startups compared to established firms. Despite these obstacles, tech startups can thrive in the ecosystems of cities like Bangalore, Hyderabad, and Pune.

I. Why is there growing concern about pay parity between freshers and seniors in Indian tech hubs?

The overwhelming body of evidence suggests that, in India's IT industry and its major tech hubs, the pay gap between entry-level workers (freshers) and senior professionals is growing rather than leveling out.

- **Stagnant Fresher Salaries:** Over the past ten years, starting salaries for IT freshers in major Indian tech hubs have remained largely stagnant, typically ranging from ₹3 to 4 lakh per year, despite rapid economic growth and rising living costs (Mani, V., 2025, May 19).
- **Rising Senior Executive Compensation:** In sharp contrast, senior executives' compensation, such as that of CEOs and CXOs, has increased dramatically. Over the past five years, CEO pay at leading IT companies has increased by 160%, reaching yearly packages of up to 84 crore, while fresher salaries have only increased by 4–15% over the same or longer periods (Shaw, R., 2024, December 23).
- **Cost of Living Disparity:** It is challenging for freshers to manage expenses in major tech hubs like Bangalore, Hyderabad, and Pune because entry-level pay has not kept up with the sharp rise in living expenses (for example, the price of basic goods has doubled over the past ten years).
- **Perceived Inequity in Opportunities:** According to Sarkar, B. (2025, June 25), there is a growing perception that older coworkers and senior professionals have preferential access to career development, promotions, and workplace benefits. This perception exacerbates feelings of discouragement and inequity among junior employees and freshmen.
- **Market and structural factors:** The industry's reliance on automation and a "pyramid model" (a large number of entry-level employees with little negotiating power) has kept fresher salaries low, while executive compensation is driven by global expansion, stock options, and performance bonuses (Chougule, P., 2025, June 12).
- **Effect on Attrition and Talent Pipeline:** The sector's long-term viability and talent pipeline are in jeopardy due to the growing gap, which has raised attrition and dissatisfaction among new hires.
- **Impact on Innovation and Growth:** When freshers, who make up the majority of the workforce, feel under-appreciated, it can stifle creativity and motivation, which could hurt the industry's ability to grow and draw in and keep top talent (Kumari, M., 2024).

Therefore, the emergence of pay parity between senior professionals and freshers is not supported by current trends. Rather, the disparity has widened, with senior executives in fast-growing startups and multinational corporations demanding progressively higher salaries than entry-level workers.

II. Pay Parity Between Freshers and Senior Executives in Indian IT firms

When experience levels and organizational roles are taken into account, the issue of pay parity between freshers and senior executives in Indian IT firms reveals notable disparities. The idea of pay disparity usually goes beyond entry-level and includes more general injustices seen at various organizational seniority and responsibility levels. Pay disparity is a prevalent problem that can negatively impact an organization's performance, according to research. Collaboration can be hampered by wide pay gaps among top management groups, particularly in high-tech companies that demand a lot of information processing and teamwork. The performance of the company is negatively impacted by these differences (Siegel and Hambrick, 2005). This implies that pay disparity may impede cooperation and information exchange in settings such as Indian IT companies, which could impact overall performance.

Furthermore, studies conducted in a variety of geographic contexts, including China and the United States, demonstrate that a number of factors, including labor's bargaining power, have an impact on the executive-worker pay gap. Stronger bargaining power among workers can help close the pay gap, but this effect is lessened if CEOs are hired from outside the company or come from specific backgrounds (Shin, 2014). Parallel insights from international studies offer a relevant framework for examining Indian IT firms in particular, even though direct studies may be few. According to these studies, gender inequality and variable compensation structures based on perceived risk and board representation may also be factors in pay disparities. For example, risk aversion and a lack of gender diversity on boards contribute to the persistence of gender pay gaps in executive roles, highlighting structural inequalities in compensation (Carter et al., 2017).

Similar complexities may have an impact on the salary difference between senior executives and freshers in India. Senior executives can negotiate higher compensation that reflects their experience and organizational influence, while freshers usually start with base-

level pay. In order to close the pay gap and create a fair workplace in Indian IT companies, policies that support openness, fair compensation plans, and objective performance reviews are essential. This goal tackles industry realities in the following ways:

- **Current Pay Landscape:** For more than ten years, fresher salaries in IT services companies have remained stagnant at ₹3–4 lakh annually, mainly as a result of an excess of engineering graduates and corporate cost-cutting measures (Mani, V., 2025, May 19). Senior executives with five to fifteen years of experience, on the other hand, make much more money. The average salary for a position such as "Sr. Executive" is between ₹5.3 lakh and ₹50 lakh annually, with a median of about ₹10 lakh.
- **Widening Gap:** According to Shaw, R. (2024, December 23), the pay gap is further exacerbated by the fact that, despite rising living expenses and an increased need for specialized skills, fresher pay has remained largely unchanged, while senior executive compensation has increased in line with experience and responsibility.
- **Sectoral Disparities:** While product companies, global capability centers (GCCs), and startups may offer higher entry-level pay for specialized roles, large IT services firms continue to offer lower starting salaries; however, these are exceptions rather than the rule (Kannan, U., 2025, April 18).
- **The importance of the objective:** The degree of wage inequality is highlighted by evaluating the pay parity between freshers and senior executives, which is important for comprehending employee retention, morale, and the long-term health of the industry.

In order to address disparities and advance workplace equity, it also supports the necessity of organizational and policy interventions. Because it offers data-driven insights into compensation trends and challenges within India's IT sector, this objective is pertinent and significant for both academic research and industry practice.

III. The Organizational and Market-driven Factors

Numerous important components that contribute to pay disparities have been identified by research on organizational and market-driven factors affecting pay parity. These elements include organizational structure, hiring procedures, skill demand, and different pay plans.

1. **Organizational versus market forces:** Despite being mediated by organizational factors unrelated to efficiency, market forces have a significant impact on wage rates. For example, pay decisions are not always directly linked to market rates or efficiency considerations because bureaucratic politics within an organization can have a significant impact on pay determination (Bridges and Nelson, 1989).
2. **Internal Labor Markets and Wage Premiums:** Because they are at the top of promotion ladders, require organization-specific skills, or give access to influence, some jobs in large organizations command higher wage premiums. Compensation strategies that prioritize career advancement and particular competencies within the company are highlighted by wages above market rates, which also support internal labor market mechanisms (Cappelli and Cascio, 1991).
3. **Policies for Compensation in the Public Sector:** Employment in the public sector offers attractive compensation packages that frequently match or surpass wages in the private sector in certain labor markets, such as Egypt. Despite recent wage erosion, the policies that guarantee higher government wages add to the line for government jobs, impacting the overall compensation landscape and possibly affecting pay parity by causing differences across sectors (Assaad, 1997).
4. **Modifications to Hiring Procedures:** In order to guarantee statistical parity in hiring and promote equity among groups, dynamic reputational models and dual labor market structures, such as Temporary Labor Markets (TLM) and Permanent Labor Markets (PLM), are being adopted. Though the enduring nature of unequal equilibria implies that extensive structural adjustments are required to attain long-term parity, these interventions have the potential to alter the labor market environment (Hu and Chen, 2018).
5. **Advantages and Remuneration Policies:** Benefits inequality highlights the role of workplace-driven practices, as it has grown more quickly than wage inequality. Employers have greater control over benefits than wages, which results in differences that are caused by organizational policies pertaining to employment relations. This affects the equality of compensation as a whole (Kristal et al., 2020).

These components highlight the intricate relationship that shapes pay parity between organizational procedures and market demands. Wage equality is influenced by market forces, but organizational strategies pertaining to internal labor markets, pay practices, and structural hiring reforms are just as important. In order to promote equitable compensation across various employment contexts, addressing these factors calls for nuanced strategies that strike a balance between organizational reforms and market dynamics. Based on the articles that were published in 2025 in The Economics Times and Business Standard, this objective tackles the following research gaps and current realities:

- **Skill Demand:** Specialized skills are becoming more and more valued in the market, particularly in fields with high demand like artificial intelligence, cybersecurity, cloud engineering, and digital transformation. While freshers with generalist skills only see slight adjustments (2–4%), professionals with these competencies—typically at mid- and senior levels—command higher salary increases (10–15% or more). Pay disparities between entry-level and senior employees are widened by this dynamic.
- **Hiring Procedures:** Companies are more likely to offer competitive compensation to applicants with demonstrated expertise or specialized skills as a result of the shift toward skills-based hiring and agile performance management. Freshers are frequently evaluated more harshly for competency and flexibility, which may restrict their starting pay and impede pay increases. Pay parity may also be further impacted by hiring practices that unintentionally reinforce preexisting biases or neglect diversity and inclusion.
- **Organizational Structure:** Global Capability Centers (GCCs) and large IT companies frequently have hierarchical organizational structures with pay scales linked to leadership positions, seniority, and experience. Pay disparities may be sustained by this arrangement, particularly since senior executives enjoy benefits like stock options, performance bonuses, and other variable pay components that entry-level workers do not. Additionally, workplace diversity initiatives and organizational policies—or lack thereof—have a big impact on pay equity, especially for underrepresented groups.
- **Market-Driven Factors:** Attrition rates, talent competition, and economic conditions all have an impact on trends in compensation. For instance, despite more cautious pay increases brought on by cooling attrition rates and global economic

uncertainty, senior positions in high-demand fields continue to see larger raises because of their strategic importance and talent shortage. In the meantime, when large pay increases are not practical, non-cash benefits (like wellness initiatives and flexible work schedules) are being utilized more and more to keep employees.

By concentrating on these market-driven and organizational factors, the goal is to identify the underlying reasons for pay parity—or lack thereof—in the Indian IT industry and offer insights that can guide more fair compensation practices.

IV. The Perception of Fairness, Motivation and Job Satisfaction Among Senior Professionals in Relation to Observed Salary Structures.

The intricate relationships between various forms of justice, pay structures, and personal motivations are reflected in research on senior professionals' perceptions of fairness, motivation, and job satisfaction, especially in the Indian IT sector. This assessment can be informed by several important studies:

- 1. Perceptions of Fairness:** Distributive and procedural justice are frequently used to assess how fair pay structures are. Both procedural justice, which deals with the methods used to determine salaries, and distributive justice, which concentrates on the perceived fairness of the results (e.g., salary levels compared to others), have a big impact on employee motivation and satisfaction (Hartmann and Slapničar, 2012; Mohrenweiser and Pfeifer, 2023).
- 2. Intrinsic vs. Extrinsic Motivation:** A combination of extrinsic and intrinsic factors frequently determine employee motivation. Job and pay satisfaction have been found to be positively correlated with intrinsic motivation, while job satisfaction has been found to be negatively correlated with an over-reliance on extrinsic motivation. Maintaining high levels of job satisfaction and motivation requires striking a balance between extrinsic rewards (such as bonuses and salary increases) and intrinsic motivations (such as personal development and meaningful work) (Stringer et al., 2011).
- 3. Gender and Cultural Influences:** Job satisfaction and motivation are greatly impacted by gender inequality and cultural factors. Gender inequality has been shown to have a significant impact on job satisfaction and motivation, and cultural factors may also have an impact on satisfaction outcomes. Accordingly, organizational practices should take these factors into consideration to improve equity and motivation among employees (Memon and Jena, 2017; Sledge et al., 2008).
- 4. Effect on Job Satisfaction:** Research conducted in India's IT and ITES industries shows that job satisfaction is a key factor in determining organizational commitment and intention to leave. Workers are more likely to be satisfied with their jobs and be less likely to leave if they believe that promotions and pay plans are fair. Therefore, maintaining talent in the IT sector depends on making sure that opportunities for advancement and compensation are perceived as fair (Kanwar et al., 2012).

All things considered, comprehending senior professionals' opinions regarding pay structures entails looking at how perceived pay equity interacts with the harmony of internal and external incentives as well as taking gender and cultural factors into account. In the Indian IT sector, these factors work together to influence job satisfaction, motivation, and organizational commitment.

V. Pay Parity Impact on Organizational Performance Metrics

In the Indian IT industry, the impact of pay parity on organizational performance metrics like employee engagement, retention, and leadership development demonstrates a complicated relationship influenced by a number of variables. The impact of perceived pay disparities and gender inequality on organizational outcomes is a major issue that has been brought to light in the literature. According to studies, gender wage disparities and inequalities can have a major impact on employee motivation and job satisfaction, especially for female employees, which in turn can have an adverse effect on overall engagement levels (Memon and Jena, 2017). Pay disparities, particularly those based on gender, can hinder organizational diversity and slow innovation by perpetuating traditional roles and discouraging women from fully participating in high-skilled IT roles (Patel and Parmentier, 2005). Additionally, this disparity may impact organizational commitment and turnover intent, which may ultimately impact retention. Research indicates a direct correlation between organizational commitment and job satisfaction. Since organizational commitment and turnover have an inverse relationship, high job satisfaction frequently leads to lower turnover intent (Kanwar et al., 2012). Furthermore, the impact that pay disparities have on productivity can vary depending on the organizational context, per a study on the CEO-employee pay gap. Smaller businesses with lower average salaries may experience detrimental productivity effects from wage dispersion, whereas larger organizations with higher average salaries may benefit from salary differentiation because of their highly skilled workforce (Przychodzen and Gómez-Bezares, 2021).

Another factor to take into account when evaluating engagement and retention is the idea of emotional salary. It highlights the value of non-cash benefits like work-life balance, chances for personal growth, and a positive work environment. Organizational performance can be improved by addressing these emotional factors, which can increase employee engagement and satisfaction (Aviles-Peralta, 2024). By encouraging a more diverse and engaged workforce, initiatives to close the gender pay gap and advance pay parity may boost organizational performance. Increased transparency and the involvement of stakeholders, such as financial analysts, in reducing pay disparities through greater accountability and scrutiny are two examples of such initiatives (Maoret et al., 2023; Sharkey et al., 2022). Although pay parity increases fairness and satisfaction and improves organizational performance metrics, its impact must be examined in conjunction with other significant elements like gender roles, organizational culture, and the provision of emotional salaries. All of these elements work together to influence leadership development, engagement, and retention in Indian IT companies.

VI. Recommendations

Several strategic recommendations can be derived from current research and industry practices to manage compensation structures more fairly while preserving competitiveness in Indian IT firms.

- 1. Use Group Incentive Strategies:** Workplace culture can be enhanced and turnover can be decreased by putting compensation strategies into place that incorporate profit sharing, stock options, and broad-based employee ownership. By including workers in decision-making and information exchange, these tactics not only empower them but also improve workplace satisfaction and trust (Blasi et al., 2015). These group incentive pay plans maintain competitiveness while guaranteeing fair compensation by balancing employee interests with business performance.
 - 2. Stress Digital HR Transformation:** Effective HR transformations and business results can be greatly impacted by utilizing digital HR technology. To maximize results, digital HR tools should be integrated with particular HR roles like employee champions, change agents, and strategic partners. By enabling improved data management and decision-making procedures, this integration not only modernizes the HR function but also promotes fair compensation practices (Jani et al., 2021).
 - 3. Address Systemic Inequities:** These problems, which are cited as important contributors to high turnover rates, include gender pay gaps and toxic workplace cultures. Maintaining an equitable compensation structure requires putting in place zero-tolerance policies for harassment and discrimination, encouraging inclusivity through transformational leadership, and regularly auditing pay practices (Clay, 2024). These actions not only advance equity but also improve employee retention and the organization's reputation.
 - 4. Customize Compensation Based on Strategic Intent:** Particularly in high-tech industries, the compensation plan ought to be in line with the business's innovation strategy. Pay level, compensation time horizon, and stock option vesting periods are some of the variables that companies pursuing innovation should take into account when modifying their compensation packages to appropriately reward R&D staff. Compensation plans are guaranteed to be equitable and competitive thanks to this strategic alignment (Yanadori and Marler, 2006).
 - 5. Improved HR Procedures and Environment:** Create effective HR procedures for professional growth, performance management, and normalized performance evaluations. Career success and employee perceptions are greatly impacted by how effective these HR procedures are perceived to be, which is important for preserving equity and competitiveness in the pay structures (Stumpf et al., 2010). Strong HR frameworks can promote fair compensation by improving career pathways and employee engagement.
- Indian IT companies can strike a balance between fair pay structures and industry competitiveness by concentrating on these tactics and incorporating thorough and inclusive HR procedures.

CONCLUSION

The scope and effects of pay parity between freshers and senior executives in India's quickly changing IT industry are critically examined in this study. The results show that there are still sizable pay gaps between entry-level workers and seasoned professionals, even though the sector is known for its innovation and global competitiveness. A complex interaction of elements, such as organizational structure, skill sets, educational background, and market-driven factors like the need for specialized knowledge and international benchmarking of executive compensation, shapes these disparities. According to the study, concerns regarding fairness, employee motivation, and retention have grown as a result of stagnant fresher salaries and rapidly increasing executive pay, particularly in major tech hubs like Bangalore, Hyderabad, and Pune.

The study also emphasizes the significance of non-monetary rewards and "emotional salary" in influencing employee satisfaction and organizational loyalty, even though tournament theory and human capital theory provide some explanations for these discrepancies. Crucially, the study concludes that pay parity—or the absence of it—has a significant impact on the effectiveness of organizations. A company's capacity to draw in and keep top talent may be hampered by perceptions of unfairness, which can also lower employee engagement, raise attrition, and impede leadership development. On the other hand, a more inclusive workplace culture, improved employer branding, and increased morale are all associated with open and fair compensation plans.

The study suggests that IT companies improve pay transparency, implement data-driven, skills-based compensation frameworks, and make investments in both monetary and non-monetary benefits in order to overcome these obstacles. To eliminate pay disparities, policymakers and business executives must cooperate and make sure that pay policies adapt to the sector's expansion and changing employee demands. In conclusion, promoting pay parity is crucial for maintaining innovation, competitiveness, and social advancement in India's vibrant IT sector in addition to being a question of financial equity.

FUTURE SCOPE

Although this study provides a foundation for a more thorough understanding of wage disparity in India's IT industry, there are still a number of uncharted areas that could be investigated further. First, richer insights into how pay parity changes with changing market dynamics, technological advancements, and policy interventions would be obtained from longitudinal studies that track compensation trends over time. The generalizability of the results would be improved and sector-specific subtleties would be revealed by broadening the research to include a variety of organizational types—such as startups, mid-sized businesses, and multinational corporations—across various regions. Future studies should also explore how gender, caste, education, and geography all interact to affect wage outcomes, as well as the intersectionality of pay disparities. Particularly as the industry adjusts to remote and hybrid work models, a closer look at how skills-based hiring and the increased focus on non-monetary benefits (such as flexible work, wellness initiatives, and professional development) affect pay parity is necessary. Furthermore, research comparing India to other significant IT economies may provide insight into cutting-edge compensation schemes and international best practices. Lastly, a more comprehensive understanding of how pay structures impact engagement, motivation, and career goals would be possible by integrating employee perspectives through qualitative techniques like focus groups and interviews. Ongoing research will be

essential for shaping organizational strategy, influencing policy, and furthering the cause of workplace equity in India and abroad as the IT sector develops.

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