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While the Czech Republic is trying to become a “knowledge economy,” a recent survey showed that it is among the countries where IT managers earned the least. But industry experts point out that when IT companies open branches here, they are more concerned with finding technical workers than managers.

The Czech Republic ended up as the eighth-worst paying country with an average IT manager salary of \$35,880 (Kč 960,950) annually according to international human resources consultancy Mercer. In Europe, only Bulgaria, with \$22,240 per year, had lower wages among the surveyed countries. The other countries that had lower wages than the Czech Republic were in Asia and the Pacific, with Vietnam paying the least at \$15,470, the Philippines at \$22,280 and India at \$25,000. On the other end of the continuum, Switzerland and Denmark placed first and second with annual salaries of \$140,960 and \$123,080, respectively. Analysts note several causes for the discrepancy.

One problem that analysts cite is that the Czech Republic is still considered as a country with a cheap work force. Therefore big international IT companies are moving their software production here, but keeping the management in the home country, which is mainly in Western Europe or the United States. “Lower-level roles are being moved to regions where talent is cheaper; the jobs that remain in Western Europe and the United States may be fewer in number but are the more demanding and complex roles like vendor relationship managers, internal consultants and IT business partners,” said David Van De Voort, IT work force specialist at Mercer. He added that another problem is the educational level of Czech IT specialists.

The core of this issue does not lie in IT education itself, which is at a very high level.

Hynek Rychtář a senior consultant at HR agency Talents Czech, said that country’s main universities—the Faculty of Mathematics and Physics at Charles University in Prague, the Czech Technical University (ČVUT) in Prague and Masaryk University (MU) in Brno, South Moravia— are able to turn out highly educated IT professionals, at least as far as computer skills apply.

This is supported by the experience of John Mulvey, managing consultant in recruitment company ICT Recruitment. “Our clients are extremely happy with the education the [Czech] applicants have,” he said. But the problem is that they do not have so called “soft skills,” like communication or business skills, and therefore are unsuitable for management positions, he said. However, it is possible to find some examples of properly trained IT professionals with management skill among Czech graduates.

New graduates from the Faculty of Informatics and Statistics at the University of Economics (VŠE) in Prague are the best paid of all graduates from universities in the Czech Republic. They get a starting monthly salary of € 1,347, which is nearly twice the average of graduates from all other faculties of Czech universities. The reason given is that VŠE graduates not only gain theoretical knowledge in the IT field, they also acquire some economic and business skills, and at least one foreign language, said one student from the university. Having near perfect IT knowledge, considering the huge amount of various technologies used, is now considered to be secondary at the job interviews. “Most of the graduates already have practical experience from part-time jobs. And they will be trained in the particular technology that the company uses for developing software after they are given a job,” Rychtář said about how the IT job market currently works. Since theoretical IT knowledge is common, the more broad an applicant’s skill set and knowledge base outside of IT, the more of an edge an applicant has when applying for a job.

Average salaries on the rise Although the average salary of an IT manager in the Czech Republic is lower compared to the rest of the world, it is still higher than rest of the IT salaries here. IT analysis company Gartner, which issues evaluation reports on various issues, this month issued a report called Analysis of the Czech Republic as an Offshore Services Location. One of the areas evaluated was the Czech IT sector. According to the report, annual salaries for regular programmers typically range from \$15,000 to \$24,000 annually; Czech software engineers are paid from \$23,000

to \$32,000; IT support staff earn an average of \$15,000 to \$18,000, and Web administrators earn approximately \$21,000. Those numbers are higher than, for example, salaries in India, that many international IT companies have been touting recently as the new IT paradise with highly skilled English speaking programmers. But the Czech Republic has, according to the Gartner report, one significant advantage when compared to India or other Asian countries, where information technology industry is booming—its nearness to Western Europe, which makes it easier for managers of the companies that place their branches in Prague, or other cities to not only communicate, but also to visit the branch personally.

Other advantages are that office space prices are still quite inexpensive. However, although prices in Prague are relatively lower than in similar Western cities, they have already reached the point at which IT companies would rather move their premises to, as Gartner calls them, second-tier cities, such as Brno, South Moravia. On the other hand, the rising costs do not seem to bother some companies. U. S.-based computer maker Dell, for example, recently moved its central data office to Prague. HR managers disagree with statistics. Although most of the statistics about IT wages place the Czech Republic among low-paying countries, many Czech HR managers do not agree that Czech wages are too low. “[IT wages] are definitely rising, and they are competitive, at least in Prague, where we examine the market most thoroughly. And those wages are approaching [the levels of] Western members of the European Union,” Rychtář said. Jan Červinka, CEO of business intelligence and data warehousing provider Adastra, also disputed that wages are low here, and he questioned the statistical methods that were used. “If we take into account the taxation and social insurance payments the employer has to pay, which is 35 percent extra to the gross salary, I think there can be no doubt, that Czech IT wages are not as low as statistics say,” he said, adding that also purchasing power has to be factored into the equation. He also suggests that, aside from Poland, wages in the Czech IT sector are higher than those of other Central European countries.

HR consultants would also agree that wage levels depend a lot on individual companies. “For bigger international companies, the wages are comparable to wages in western countries. But employees of smaller companies, for example developers working in [a software development language called] ‘C,’ are fairly underpaid,” said Martina Turpin, recruitment manager in recruitment agency B-Support. Another factor she cited is that branches of foreign companies often have their annual budgets set by the parent companies and cannot go beyond them. According to Turpin, this places a significant restriction on how high the wages can be.

Some experts also point out that wages are not the only factor considered by applicants who want to join the IT sector. “There are other issues like self-development, how interesting the project is that the applicant might work on, additional training and education that the company will provide him with, and of course various perks and benefits,” Mulvey explained. Those additional services and benefits that companies provide are not included in statistics, although they often have a higher value for the person than the salary itself, he added.

Salaries will rise. Almost all of the HR managers, IT company CEOs and recruitment consultants that CBW contacted agree on one point: salaries in Czech IT sector will definitely rise. How much and when they will rise is open to debate—some say it will be rapidly and others say progressively. Only B-Support’s Turpin said that wage increases might be slowed due to the influx of educated people from Eastern European and Asian countries, but she does not dispute that those salaries will increase slowly. She also offered advice on how IT companies could make the salaries they pay their employees reach a level that would prevent qualified employees from seeking employment in the West. “Czech branches should convince their mother companies to raise their budgets,” Turpin said. *

WAGES OF IT MANAGERS IN THE WORLD

Top 10 paying countries

Country Average annual salary (in dollars)

Switzerland	123,080
Denmark	123,080
Belgium	121,170
United Kingdom	108,230
Ireland	108,230
United States	106,730
Germany	106,730
Canada	93,860
Hong Kong	90,340
Australia	88,850

Lowest 10 paying countries

Country Average annual salary (in dollars)

Vietnam	22,240
Bulgaria	22,240
Philippines	31,720
India	31,720
Indonesia	31,720
Shanghai, China	33,770
Malaysia	35,260
Czech Republic	35,880
Beijing, China	36,220

Argentina

43,180
Source: Mercer