

IT firms look to change staff mix by hiring more freshers

Share of under-30 employees in India has fallen to 52% of overall workforce; WFH and other changes will translate into margin expansions for firms, say experts

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Mumbai, 7 September

Information technology (IT) services providers in the country are likely to increase fresher hirings substantially to balance out the percentage of senior employees in their workforce. This is crucial at a time when companies are exploring all avenues to cut costs and address client benefits to scale up demand.

The employee pyramid at some of the large Indian IT companies has significantly inverted.

At Infosys, the average ratio of employees below 30 used to be close to 82 per cent a decade ago. It has now come down to 57.7 per cent. Tata Consultancy Services (TCS) is no different.

The share of under-30 employees in India currently stands at 52 per cent.

“As IT companies grow, so does the average age profile of mid- and senior-level managers. Also, the number of people required per project has decreased by almost half in the past decade, on account of automation, agile and col-

laborative technologies,” says Aditya Narayan Mishra, director and chief executive officer of CIEL HR Services.

Industry experts say most companies are looking at regaining the favourable balance between new entrants and experienced personnel within the organisation to reduce the overall wage bill and realise operating margin benefits. This is likely to push hirings further, despite Covid-related headwinds.

“We see the reshaping of the employee pyramid, both onsite and offsite, driven by shorter shelf life of digital skills (restricted to only two-three years), need to be multi-skilled, and the necessity for constant reskilling,” states a report by Nirmal Bang. “Work from home/anywhere and crowd-sourcing platforms would open up talent pools that have hitherto not been tapped and keep costs under check,” the report states, adding these benefits will translate into margin expansions for IT companies in the long term.

In the June-ended quarter, TCS said it would hire 40,000 freshers from campuses for the ongoing financial year,



despite the headwinds faced due to the Covid-19 pandemic. “Our key strategy for building from the bottom up doesn’t change. The 40,000 (in India) might

become 35,000 or 45,000; that is a tactical call we will take,” says Milind Lakkad, executive vice-president (V-P) and global HR head, TCS.

EMPLOYEE REJIG

- Growing share of mid-level employees is one of the major reasons why companies are facing margin pressure
- Companies trying to regain desired employee mix
- TCS and Infosys have committed to hire 40,000 and 20,000 freshers, respectively, in 2020-21
- Companies find it difficult to get the experienced employees to pick up digital skills
- This impedes higher billing rates
- Experienced employees without any domain or technical expertise may face the heat

The Tata group firm had hired a similar number last year. Similarly, Infosys is also hiring around 35,000 in 2020-21, of which 20,000 will be freshers.

The growing share of mid-level employees is said to be one of the major reasons why these companies are facing margin pressure. The companies are also finding it difficult to get employees to pick up digital skills and are not able to command higher billing rates, say industry experts.

“Going for freshers is a margin-accretive factor. The employee-pyramid correction has been one of the goals for companies, such as Infosys. If a company has signed a five-year contract with a client, the service provider will aim for efficient execution. Margins will be better if a company deploys a trained fresher over an experienced hand in that contract,” says Ruchi Burde, assistant V-P, BOB Capital Markets.

“The mid-level workers, who are into people and project management, will face the heat. The ones in the 10-25 years experience bracket don’t bring any technology or domain expertise to the company. They should either re-equip themselves with these skills or get into the pre-sales and sales side of the company to survive,” adds Mishra of CIEL HR Services.