

GCC firms slam the brakes on hiring; IT set to take a hit

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Global capability centres (GCC) are reaching a saturation point in hiring, which will further pull down recruitment in the larger IT sector, consulting firms and recruiters said.

They said GCCs in IT and banks, which were lapping up talent in digital and non-digital skills, are turning conservative—reducing counter offers and lowering hikes for new entrants.

“The GCCs cohort saw an estimated 25,000-28,000 net additions in the quarter ended June, which is 12-15% lower than estimated headcount additions. The GCCs are estimated to hire 200,000 in FY24 versus 150,000 in FY23, but now the pressure is on the remaining quarters,” said Prasad M.S., head of workforce research at Xpheno.

Consulting firm Aon, in a study on GCCs, noted that increments to new hires have fallen compared to the last few years when a hiring frenzy pushed the IT sector to lap up talent at any cost.

“While offer decline trends have continued in line with the previous year, increments to new hires have seen a dip by 18% for digital skills and 11% for non-digital skills, compared to the previous year, hinting at a shift in talent market demand,” said Jang Bahadur Singh, director of human capital solutions at consulting Aon in India. Singh told *Mint* the urgency in GCCs to get talent



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has declined and it is now a “buyer’s market”.

The change in pace for GCCs follows a slash in hiring targets by the IT services industry. This, analysts said, is set to hit revenues in the recruitment sector, which is heavily dependent on the IT industry.

“In 2021 and parts of 2022, 70% of our mandates came from IT services and 30% from GCCs. Then the slowdown

impacted the larger IT firms while GCC mandates upped to 45%. However, in the October-December quarter, we expect a drop in mandates from these companies since they have

reached a saturation point,” said Sunil Chemmankotil, CEO of staffing firm Team-Lease Digital.

While the drop in mandates from captive units is in both permanent and contract staffing, GCCs are managing to hold on to talent through a slew of measures, including career development (growth opportunities and re-skilling/up-skilling), retention bonus and out-of-cycle increments/corrections.

A slash in hiring targets by the IT services industry will hit revenues in the recruitment sector, said analysts