

IT hiring dips 26% in November

Second straight month of decline from Sept's all-time high: Naukri Index

OUR BUREAU

Mumbai, December 9

Hiring by Information Technology companies seems to be tapering off. According to the Naukri JobSpeak index, which tracks job postings on the Naukri platform for different industry sectors, November has been the second straight month of decline in job postings from IT services companies.

As per the index, hiring activity in the sector is down 26 per cent from the all-time high activity seen in September, and is the lowest in seven months.

"Historically, IT attrition activity has had a high correlation with the JobSpeak index (73 per cent over the last five years); hence, any moderation

in the index level is an important lead indicator of employee movement within the IT Services industry," according to a report on the technology sector by Motilal Oswal Financial Services.

"While we have data on hiring moderation for only two months, and that after a massive 140 per cent y-o-y increase in September 2021, the sharp deterioration indicates either the peaking or easing of the decade-high attrition in the IT Services industry," it added.

Any easing of attrition pressure in the sector could materially impact the profitability of IT services companies under our coverage – as an increase in attrition has resulted in a



The top four IT companies added over 50,000 employees in Q2

sharp jump in both hiring activity as well as cost per employee across the industry, it said.

Increase in attrition

The top four Indian IT companies added over 50,000 employees in the second quarter of FY22, taking their total recruitment to over one lakh in the first six months of the fiscal year. The increased hiring is

also because IT companies are seeing an increase in attrition levels.

Both Infosys and Wipro reported the highest attrition rates this quarter on LTM (last twelve months) basis at 20.1 per cent and 20.5 per cent, respectively. Infosys' attrition rate was 7.8 per cent in the same quarter last year while it stood at 13.9 per cent in the first quarter this fiscal.