

Covid-19 uncertainty to hit IT hiring in short term

But firms to honour job offers that they have committed to

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If financial year 2019-20 was bad with respect to net employee hiring by mass recruiters – Tata Consultancy Services, Infosys and Wipro – 2020-21 is going to be worse, at least the first half, with so much uncertainty over the Covid-19 crisis affecting recruitment plans.

Collectively, the net employee addition by the three companies dropped 23 per cent to 49,888 in 2019-20 against 64,805 in the previous year. TCS' net addition was 24,179 (29,287); In-



fosys' 14,248 (24,016) and Wipro's 11,461 (11,502), according to company data.

The hiring slowdown was prominent in the second half due to delay in projects ramp-up as some clients were holding off spending, said Abhishek Singh of research firm Everest Group. Even before the Covid-19 crisis, TCS and Infosys had projected lower growth for FY21, he added.

Push for automation

Indian IT companies will freeze hiring till they get proper demand visibility. But they will honour employment offers made to college graduates. The total headcount in FY21 is likely to decline compared with FY20, even after factoring in lower voluntary attrition during the year, said Everest Group's Singh.

Sharing a similar view, DD Mishra, Senior Director Analyst, Gartner, said with a slowdown in demand, the end-user spending on IT services will go down significantly. The worst is yet to come for IT service providers. This will translate into lower revenues and the decline will depend on the exposure to im-

pected sectors. Many large projects are getting delayed and transformation is on hold at the moment.

As demand is disrupted, new hiring will either go on hold or stop for at least three to four quarters before normalcy is restored. The recovery is expected to start by end-2020 or start of 2021. Providers will also have to deal with cost-cutting expectations being initiated by their clients. For this, they will push for more automation and drive process efficiencies, which will further optimise the demand for resources. These measures will trigger staff redundancy in the near future.

Outlining the hiring plan, Pravin Rao, COO, Infosys, told analysts that the company would go slow and hire only on a need basis the coming year in all geographies. There will also be an opportunity to rotate subcontractors and replace them with their own people, he added.

Wipro's CEO, Abid Neemuchwala, said the company would have 'trade-offs' to make on hiring.

Positive news

There is some positive news from TCS; the company will honour over 30,000 offers it has made. Given the impact of the Covid-19 crisis on the university system, exams might be postponed to, say, June, July or some time later. But immediately after that, TCS will start bringing them on board, CEO Rajesh Gopinathan said.

An optimistic Sriram S Padmanabhan, Director, Career centre - SRM IST, said, "We expect campus recruitment to pick up by August-September, but could get delayed depending on the duration of the Covid-19 crisis. There is no indication of any drastic cut in campus numbers from companies," he added.

At SRM, over 8,500 offers have been made for the 2020 batch by companies, which have agreed to honour them, though onboarding may happen in a staggered way, he said.

