

# Back to the wall, Indian IT services cos step up temporary hiring

**Debojyoti Ghosh & PP Thimmaya**

**Bangalore, June 4:** The uncertain economic environment, leading to poor visibility for future business, has seen a large number of Indian IT services companies rely more on flexi-staffing, or hire on a temporary basis. This has given a boost to the recruitment industry in the country. The IT staffing industry in India, estimated at \$960 million and growing at 20% annually, is beginning to see better prospects as more companies opt for temporary staff

to keep costs in check. IBM India spends around \$150 m annually on flexi-staffing while the amount stands at \$70-80m for Accenture.

Kamal Karanth A, managing director, Kelly Services India, a global staffing firm, said that the hiring of temporary IT professionals has always seen a hike when the industry is not doing so well, which has been the case for the past few years. The \$76-billion Indian software export industry is today not the same job creator it once was. Bulk hiring, the buzzword for the IT sector, has been on a downward spiral with FY14 set

to hit the low spots in annual intake, which will be nearly half of what it was in its glory days of 2005-2007 when the sector created close to 3 lakh jobs every year, including a major chunk of campus recruits.

According to Nasscom, the sector had a net hiring of 1,88,300 jobs in FY13. However, for the current fiscal, the industry is expected to recruit on a wider base of 1,30,000-1,50,000 people as some IT companies are still filling up the backlog from its last year's recruitment. However, hiring on a temporary basis has still not gone mainstream

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unlike in the developed markets such as the US.

The temporary hiring by IT services companies has largely been to do lower-end jobs like application,

development and maintenance (ADM), remote infrastructure management, testing etc. Suparna Rao, co-founder & CEO, Excellence-iti, an employee assessment firm, said the entire flexi-hiring model has come a full circle in India as earlier companies were hiring people who had certain specialised or niche skills, which were not present within the organisation. She said flexi-staffing strategy could easily bring 15-20% cost savings for a company.

As software-services companies adapt to a non-linear business model, hiring patterns have been

volatile across the sector over the past several quarters. The annual net addition of employees by Infosys, for instance, during FY13 has been the lowest for the company in the past five years. It had a net intake of 6,694 people as against 19,174 in FY12. Even during the recently concluded quarter-ended March, the company added just 1,069 employees, the lowest intake in three years, highlighting how Indian IT firms are going slow on fresh hires.

HCL Technologies reduced its staff strength for a second quarter in a row during January-March. It

cut its headcount by 791 during the quarter, taking the total employee base to 84,403 as of March 2013 compared with 85,194 at the end of the December period. India's largest IT-services exporter, TCS, saw a net addition of 37,613 employees in FY13 as against 39,969 in FY12, a decline of 2,356 people.

According to Karanth, such hiring strategies also give IT firms an opportunity to focus on higher-end work or move up the value chain while allowing this entire process of lower-end hiring to the staffing firms.