

# Bugged by scarcity of skilled labour, visa problems, IT cos hire more 'temps'

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Shortage of skilled technical staff coupled with difficulty in obtaining H1-B visas for employees is prompting Indian IT companies to hire more temporary staffers in overseas locations.

By hiring temporary workers or technical sub-contractors, the companies are able to reduce their costs in the US, the UK and other European countries by up to 10 per cent. In addition, it gives them the flexibility to raise or lower headcount depending on the business volume, said Mr E. Balaji, Chief Executive Officer of manpower consultancy firm Ma Foi Randstad.

For the full year ended March 31, Tata Consultancy Services saw a 76 per cent rise in fees paid to overseas business associates to Rs 982.45 crore from Rs 559 crore the previous financial year. This expenditure, as a percentage of overall revenues, increased to 2.63 per cent from 1.86 per cent in the previous financial year. "During fiscal 2011, the

customer-centric strategy adopted by the company to service the larger volume of business requirements of its customers, required increase in the use of the services of business associates... The company normally engages these consultants to bridge shortages in certain skill-sets," TCS said in its annual report.

The IT industry is currently plagued by increased visa costs and difficulties associated with securing temporary work permits.

CLSA in a report on the industry had said H-1B/L-1 visa rejection rates for the US have doubled from 4 per cent to 8 per cent for larger companies, with rates being even higher for smaller companies.

## **RECESSION-PROOF**

Several industry insiders see the temporary-staffing business as a recession-proof industry. Even during the height of the slowdown, when permanent jobs were hard to come by, there was demand for 'temps'. In many cases, company's hiring targets were con-

verted into contract-basis jobs.

At present, though the demand for IT companies looks robust, there are still challenges in terms of demand from verticals, such as telecom and manufacturing, and from regions such as Europe.

"Coming out of the recession, IT companies have become smarter. They do not wish to lose their brand equity by being known as a hiring-and-firing company. And hence, they are recruiting temporary staffers for about six months. If they feel that the resource is bringing value to the table, the person is then inducted into the company as a full-time employee," said Mr Sunil Goel, Director of GlobalHunt India.

Infosys saw its expenditure on business associates or technical subcontractors grow by 62 per cent to Rs 603 crore (Rs 372 crore), according to details in its annual report. Similarly, Wipro saw its spending on subcontracting, technical fees and third-party applications increase by 32 per cent to Rs 2,615 crore (Rs 1,984 crore).