

Attrition in IT cos sees sharp decline

Trend Similar To What Happened During The Recession In 2008

Pranav Nambiar | TNN

Bangalore: IT companies have been witnessing a sharp decline in the attrition levels over the past couple of quarters. This is similar to what happened during the 2008 recession when attrition declined as job opportunities fell and employees grew cautious about changing jobs due to the uncertain economic environment.

Surabhi Mathur-Gandhi, senior vice-president at Team-Lease, says a similar trend is building up now as people are worried that the economic troubles in Europe could snowball into a global recession. She noted, though, that attrition levels have not yet fallen to the single-digit levels that were wit-

nessed at the height of the previous recession.

The attrition rate at Infosys Technologies dropped to 15.6% from 17% over the past two quarters. At TCS, it fell to 13.7% in the quarter ended September, after having risen for several quarters to reach a high of 14.8% in the quarter ended June. MindTree's attrition rate fell to 21.7% in the latest quarter from 25.6% in the June quarter.

MindTree CEO Krishnakumar Natarajan, however, says the fall in attrition is due to the proactive HR efforts and employee-retention initiatives undertaken by the company. The growth in the sector is strong, and thus it is not the economic climate that is driving attri-



GHOST FROM THE PAST?

tion down. "Clients continue to spend even on discretionary services (spends beyond what is required for maintaining existing IT infrastructure)," he adds.

R V Ramanan, ED-global delivery at Hexaware Technologies, says that after the global economy began to pick up following the 2008 recession, attrition levels went up quite sharply as people had more job opportunities. What we are witnessing now is a moderation from those highs. Attrition levels at Hexaware fell to 14.7% over the past two quarters from 19.6%.

"Attrition levels are now coming back to more realistic levels of 14-15%," adds Ramanan. Employment portals and recruitment agencies say hiring activity is slowing down. Amitabh Das, CEO of recruitment process outsourcing (RPO) service provider Vati Consulting, says despite IT companies

posting good quarterly results, they have begun factoring in the possibility of an impending slowdown. IT companies are now slowing down on their lateral hires (those with experience of more than about three years).

This indicates that they are expecting a moderation in growth, as lateral hires are typically ramped up in order to drive growth.

In the July-September quarter, the number of lateral hires for Infosys stood at 2,318 employees against its average lateral hiring of 4,246 over the previous four quarters. TCS hired 40% of its total recruits laterally in the September quarter as compared to 65% in the previous quarter.