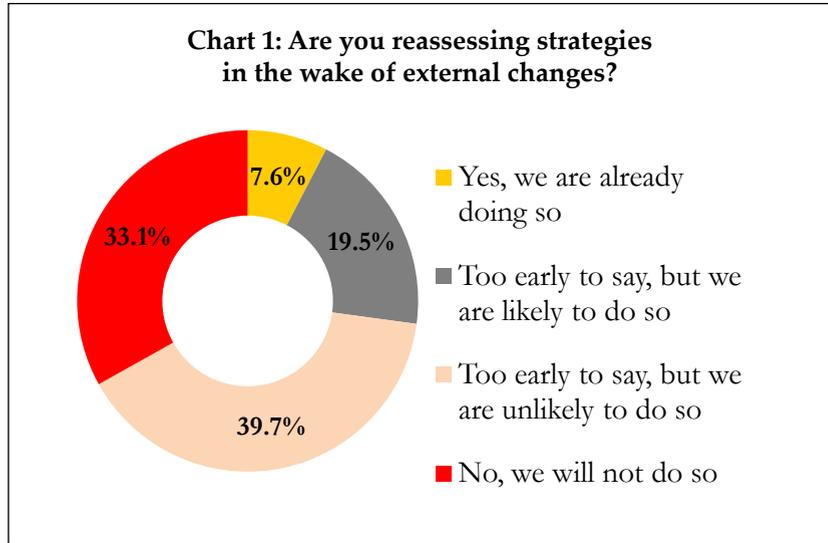


Going Slow on Hiring and Increment

In IMA's Annual HR Survey, which was conducted in December 2016 - January 2017, 27.1 per cent of the respondent companies had said they were already reassessing, or planned to reassess, their strategies – including those related to hiring and increments – in the wake of recent changes in the operating environment (such as the demonetisation of Rs 500 and Rs 1000 notes and the election of Donald Trump as the US President) (Chart 1). Of this sample, 31.7 per cent planned to reduce net new (not replacement) hiring, 30.5 per cent anticipated cutting back on increments planned for 2017-18, and 20.7 per cent expected higher 'involuntary' attrition (that is, attrition desired by the company,



and not the employee) (Chart 2).

A more recent, March survey found that organisations have in-

deed re-visited their increments, and changed their expectations for net hiring and attrition. The incre-

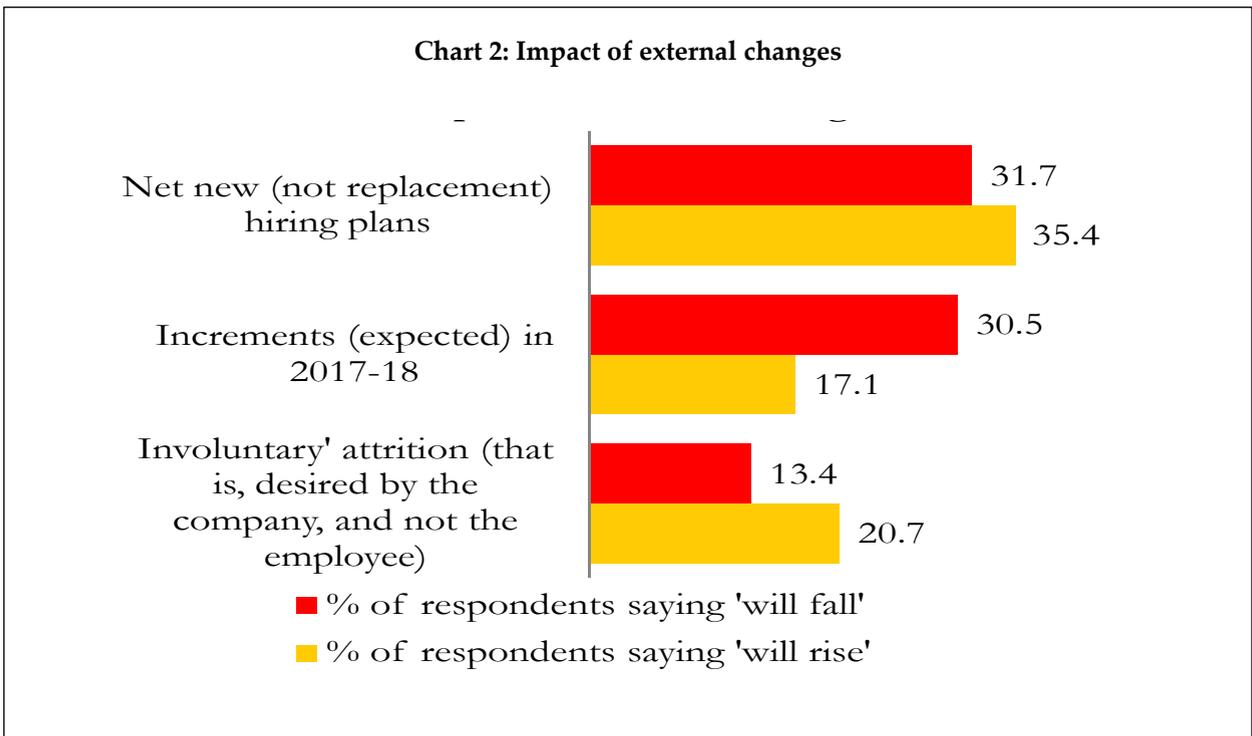


Chart 3: Increments in GFS (%), 2017-18

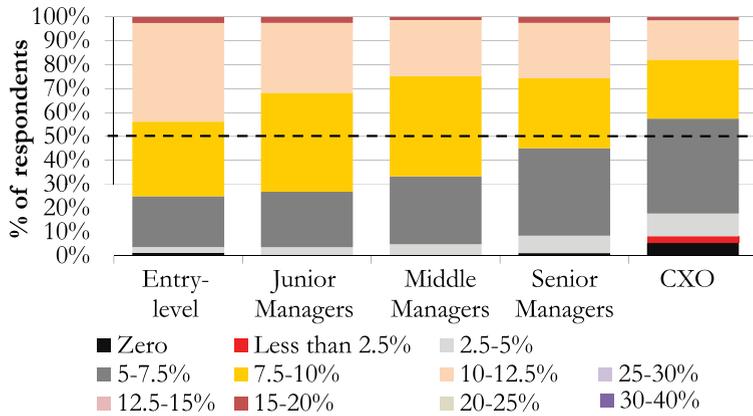


Chart 4: Change in workforce size, YoY (%)

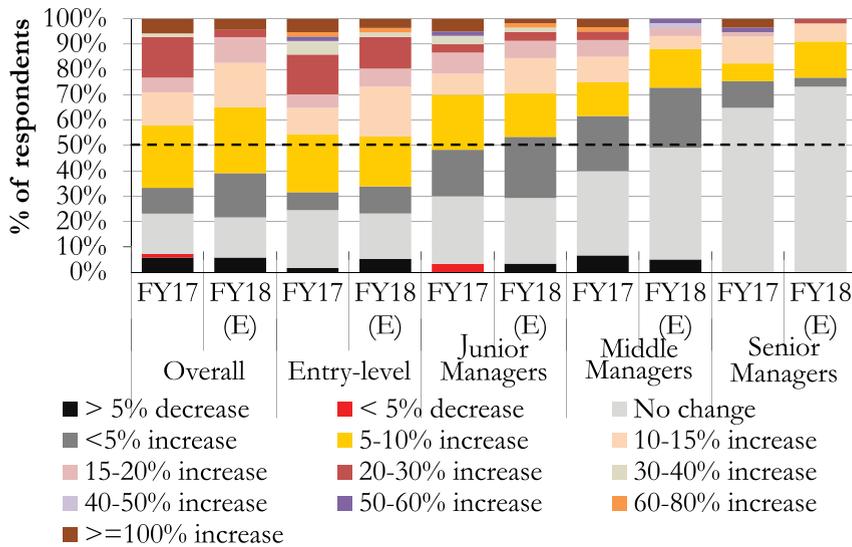
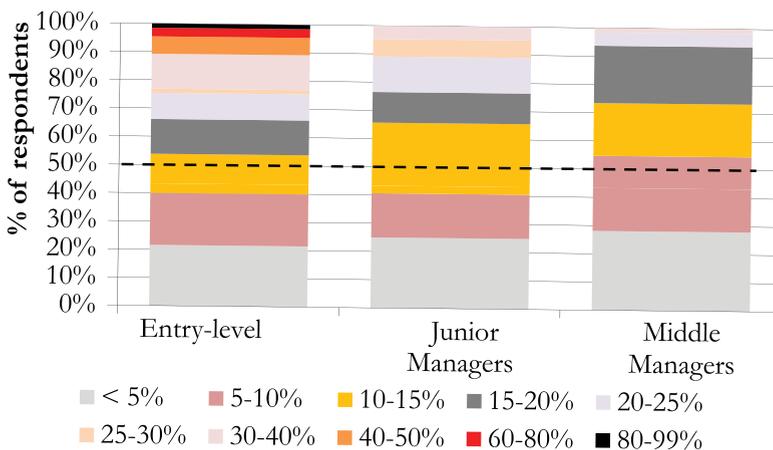


Chart 5: Total attrition, as % of workforce



ment figures reported in March (Chart 3) are lower across levels – 9 per cent (down from 10 per cent) for entry-level/frontline employees and 8 per cent (down from 10 per cent) for junior and middle managers. At the senior management and the CXO level, increments in 2017-18 are now expected to be 8 per cent and 7 per cent, down from 9.3 per cent and 8-9 per cent, respectively.

Most organisations remain conservative in terms of how many individuals they will add to their head count in 2017-18 (Chart 4). Firms are planning for only a minor increase in workforce size at junior and middle management levels (3.3 per cent and 1 per cent, respectively). They also anticipate that the size of their senior management teams will largely remain the same. At the entry-level, however, companies expect a 7.5 per cent increase in workforce size, compared to a smaller than 5 per cent expected in the earlier survey.

Further, the findings of the March survey (Chart 5) suggest that firms expect higher attrition now compared to three months ago. Total attrition (as a percentage of workforce) in 2016-17 is now projected to be 13 per cent versus 12 per cent indicated earlier, 12 per cent versus 10 per cent, and 8 per cent versus 7 per cent, at the entry-level, as well as for junior and middle managers, respectively. ■

**IMA Research for
CFO Connect**