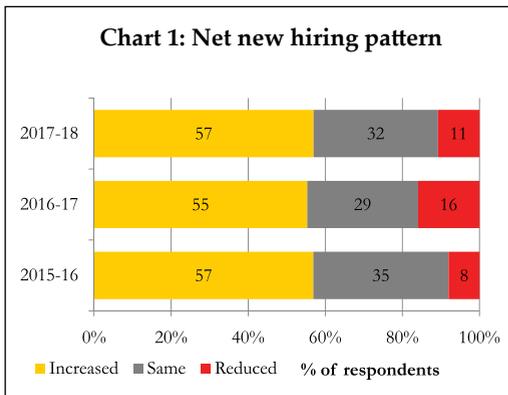


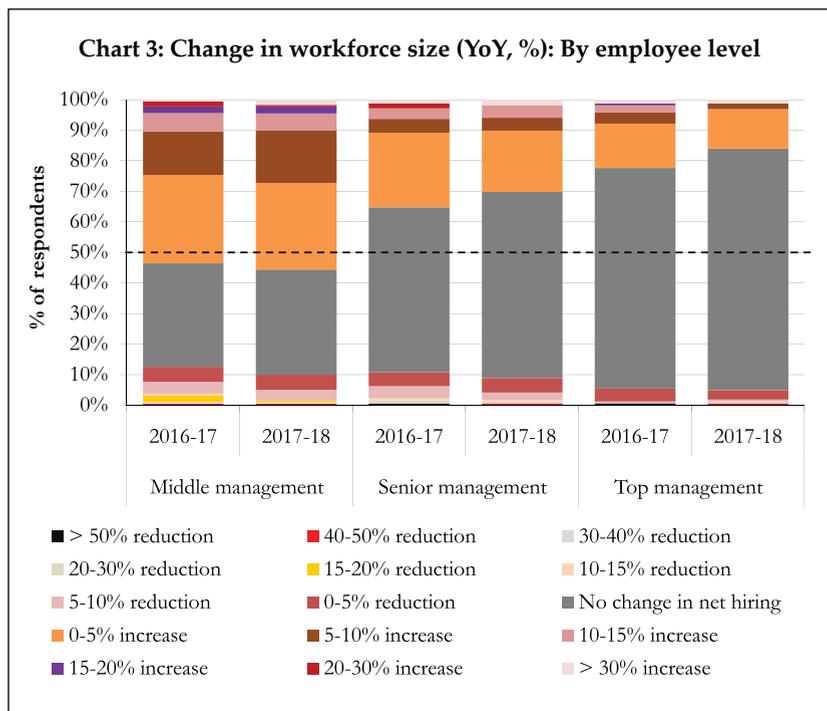
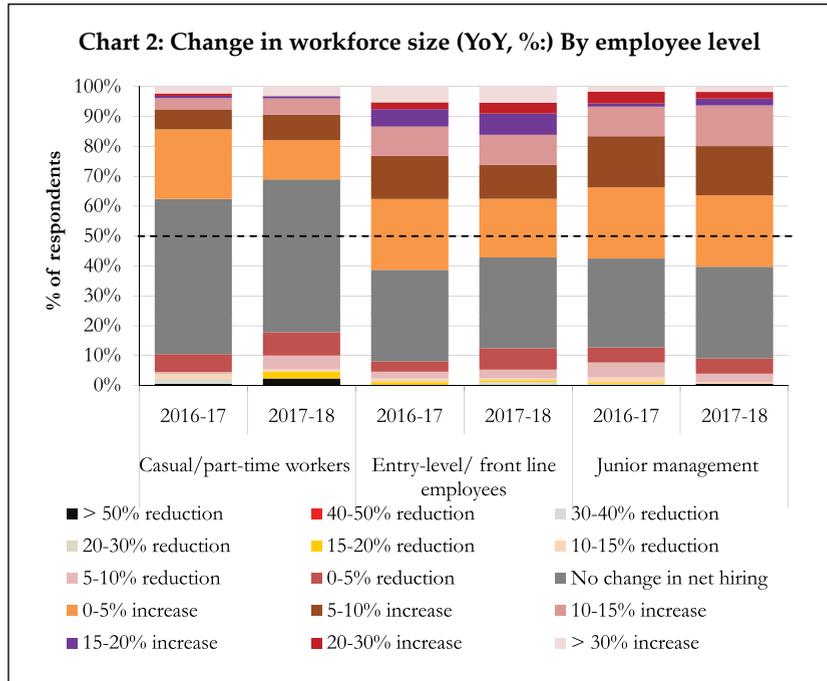
Of a Shrinking Workforce

According to the findings of IMA's Annual HR Survey, which was conducted in December 2016-January 2017 and received ~300 responses, nearly three-fifths (57 per cent) of the respondent organisations plan to bulk up their workforce in 2017-18 (Chart 1), similar to this fiscal year (2016-17). Moreover, compared to this year, a smaller percentage expect to reduce their workforce in 2017-18 (11 per cent, down from 16 per cent).



Most organisations are, however, being conservative in terms of how many individuals they will add to their headcount in 2017-18. At the median, entry-level / frontline employees as well as junior and middle management will see only a minor pick-up (less than 5 per cent) in net new (not replacement) hiring in 2017-18. Meanwhile, casual/part-time workers, as well as senior and top management, will see, at the median, no change in net new hiring (Charts 2 and 3). Those who are expanding their workforces are looking, in general, either to enter new business streams or to hire more at lower levels with the intent to train for higher responsibilities.

Blue-collar hiring patterns are also subdued. Only 27 per cent of the

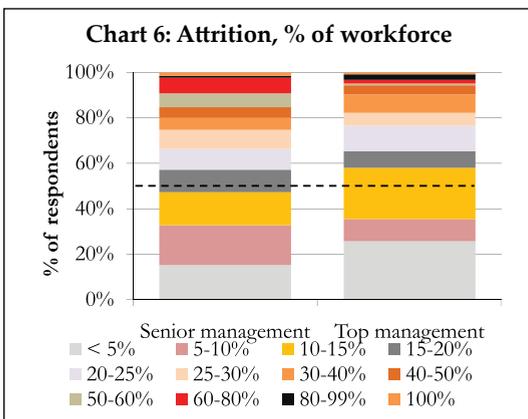
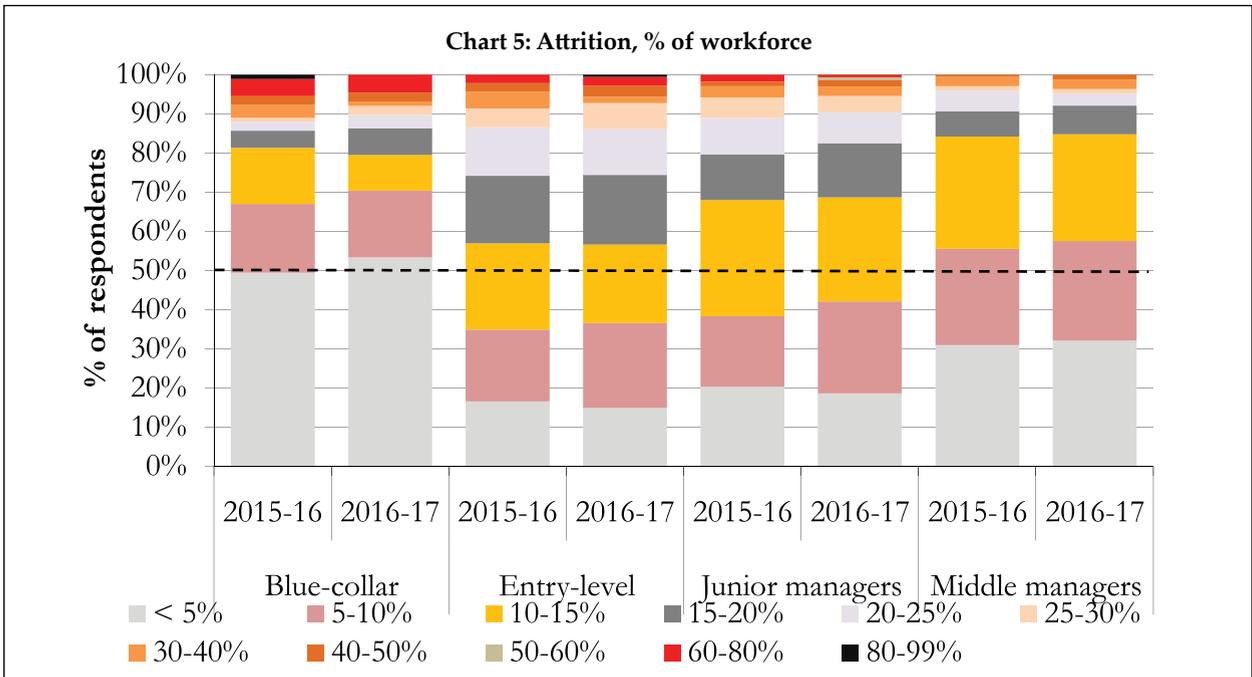
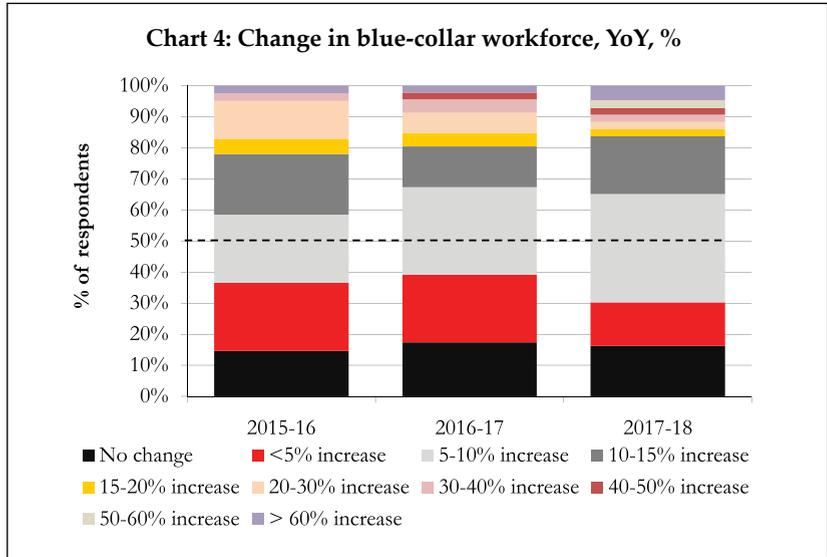


respondents plan to increase their blue-collar manpower in 2017-18, and a significant percentage (17 per

cent) plan to lower it. Moreover, the median respondent plans to increase its blue-collar workforce by a small

5-10 per cent (Chart 4). Of those who plan to raise net new blue-collar hiring, the majority (92.9 per cent) say this is being driven by expansion plans. Of those who expect to reduce it, two-thirds cite higher automation and a third, consolidation of factory operations.

Further, at the median, across employee levels, total attrition (as a percentage of workforce) is muted for blue-collar workers (5 per cent and 3.5 per cent, in 2015-16 and 2016-17, respectively). For the entry-level and junior management, it is higher – 12 per cent and 10 per cent, respectively, in 2015-16 and 2016-17. Middle management, meanwhile,



is seeing 8 per cent and 7 per cent attrition in 2015-16 and 2016-17, respectively (Chart 5). The survey findings indicate that factors such as lack of alignment with company culture and an inability to imbibe emergent skills sets are key reasons for involuntary attrition (i.e., attrition desired by the company). Among

the key reasons for individuals leaving a company are exciting new opportunities in other sectors, lack of career growth opportunities, and compensation below industry norms. Significantly, as well, firms are seeing a fair amount of churn at the senior and top levels. The median firm lost 16.7 per cent of its senior executives in the last 12 months, and 11.8 per cent of its top managers (Chart 6). ■

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