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## The Big Takeaways from Indian IT's Hiring Winter

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After a phase of over-hiring and bloated workforce in 2021-22 and 2022-23, top Indian IT companies are going slow on hiring. Global macroeconomic headwinds have led to clients cutting back on discretionary spending and the project pipeline shrinking. The country's top IT vendors- Tata Consultancy Services (TCS), Infosys, and HCL Tech have seen their headcount sliding in the July-September quarter as they reported lukewarm results. Over the past two fiscal years, Infosys has added over 83,000 employees, while TCS has added over 120,000, and HCL has added about 57,000. By contrast, Infosys has seen its net employee headcount decline by 14,470 and HCL Tech's by about 4,800 during the June-September period of 2023-24. TCS' net employee reduction stood at 5,810 in the same period. One report estimates the headcount at TCS, Infosys and HCL Tech nosediving by 50,000 in this fiscal as global challenges amplify for technology services after the Hamas-Israel conflict.



**IT companies went zealous in recruitment, sensing an ample opportunity in digitalization post the Covid pandemic. Every major company believed building the best talent pool would give them an edge over the raging competition. However, the flow of projects did not match the euphoric hiring. Then began the pressure on payroll, and the companies took to rationalizing headcount either through bench retrenchment or laying off folks with incompatible skill sets.**

Analysts do not see an upswing in client demand anytime soon. The outlook on hiring is expected to stay muted, with a few leading IT companies dropping plans to visit campuses for hiring freshers. The economy can be a fickle beast and has dealt a harsh blow to the IT industry. IT hiring took a slump as businesses faced economic downturns and uncertain times. Companies began tightening their purse strings, putting a freeze on hiring or even resorting to layoffs.

But this hiring winter has important takeaways for all IT companies juggling scale with skill. And lessons to strike the middle ground between hiring overdrive and hiring freeze.



## IT companies can navigate the challenging hiring landscape with these strategies:

**Reskilling and Upskilling:** The Indian IT industry should invest in reskilling and upskilling programs to equip its existing workforce. It ensures that experienced professionals remain relevant by retaining them and ensuring they remain relevant through this approach. For example, Infosys recently launched its 'SkillEdge' program, offering employees access to online courses and certifications to stay up-to-date with the latest technologies.

**Diversification:** Companies must diversify their service offerings and explore new markets, industries, and regions. Even when hiring domestically is limited, they can exploit new growth opportunities by expanding their horizons. This allows them to reach a larger customer base, access new markets, and tap into new sources of labor and capital. Additionally, it can give them a competitive edge over other companies that are not diversified and focused on a single area.

**Strategic Partnerships:** Education curricula can be aligned with industry demands through collaboration with educational institutions and government bodies. As a result, IT companies have a steady supply of qualified candidates who meet their specific needs. For example, the government of Singapore and Amazon Web Services (AWS) have partnered to launch the AWS Educate program, which helps students develop skills needed for the tech industry.

**Investment in R&D:** Innovation and research and development (R&D) initiatives can help IT companies stay competitive. They can differentiate themselves and maintain a competitive

edge by developing proprietary technology and solutions. This allows them to keep up to date with the latest trends and technologies and create products and services that are unique and differentiated from the competition.

**Remote and Hybrid Work Models:** Companies can tap into talent pools beyond their immediate geography by leveraging remote and hybrid work models. As a result, a more comprehensive range of candidates can apply.

**Talent Retention:** Talent retention is critical to navigating the IT hiring winter. An organization that invests in its employees' professional development will likely retain them. Enhancing skills, obtaining certifications, and advancing one's career are essential.

▪ **Cometh winter, cometh the spring ahead.....**

The IT hiring winter can be a challenging time for Indian IT companies, but it also gives them a chance to grow and change. Instead of just hiring a lot of people, these companies should focus on finding the best talent. They should also invest in their current employees and look for new ways to expand. By doing these things, Indian IT companies can survive the tough times and come out even stronger in the fast-changing IT industry. **The key to success for the Indian IT sector is being able to adapt and come up with new ideas, even when things get tough. After all, it's not the size of the team that matters, it's the quality of the talent that counts!**

This blog was originally published in Priyadarshi Nanu Pany's [LinkedIn account](#).



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