

## Vaccine rollout, falling Covid cases are adding momentum to white-collar job scene in India

### Synopsis

A decline in Covid cases as well as fatalities and the imminent vaccine roll-out for the masses have proven to be the foremost factors giving an impetus to the battered job market.



We can safely say that we are at 80-90% of the **pre-Covid job market**,” says Sandeep Gulati, managing director, ManpowerGroup India. As recently as December, companies hesitated to talk about hiring intent, which is now giving way to cautious yet concrete hiring plans in the coming months. So, what changed?

A decline in Covid cases as well as fatalities and the imminent vaccine roll-out for the masses have proven to be the foremost factors giving an impetus to the battered job market. India started vaccinating its healthcare and frontline workers on January 16 and, according to the **Ministry of Health and Family Welfare**, 7.7 million have been already vaccinated. As on Friday, the country had about 10.9 million cases and 155,447 deaths, according to the ministry’s website.

These numbers and a vaccination visibility for the general public have brought confidence back to the job market. In fact, the turnaround seems to be coming sooner than anticipated. Rituparna Chakraborty, cofounder and executive vice-president of TeamLease Services, says, “There is a clear correlation between the news on **vaccine rollout** and hiring pickup.” After the initial struggle to cope with the pandemic, companies had adopted a positive mindset and started working around Covid disruptions. They had factored in the related risks in their business approach.

**“With the impetus on Make in India gaining momentum and the availability of vaccines, the demand for the**

But over the past six to eight weeks, the vaccine rollout and declining caseloads have boosted sentiments significantly. “The booming capital markets have elevated the mood and we are in positive territory, with the worst behind us,” says K Sudarshan, managing director of executive search

## right talent will gain pace during the next fiscal year”

— Dilip Pattanayak, chief

human resources officer, JSW Steel

firm EMA Partners India. “The pentup demand has kicked up, and businesses are bullish. This is certainly good news for hiring, which is usually sentiment driven.”

### The Crisis

The job market went into a tailspin in the first two quarters of the financial year ending 2021. Hiring hit the pause

button, with layoffs and salary cuts abound across India Inc. However, the sharpest plunge in the job market took place in May to July, say leading job-market observers. The pandemic had hit all the sectors during the complete lockdown. “It continued its damage even after successive rounds of relaxation of the lockdown,” says KR Shyam Sundar, professor of human resource management at XLRI-Jamshedpur. Some sectors such as construction, seasonal industries, organised retail, hospitality and tourism bore the brunt of the pandemic. “Much of the service sector has come out unscathed but the same cannot be said of plantations, mining, construction and manufacturing,” says Sundar.

The Covid-driven crisis was unlike any companies and employees had seen. Most sectors had put a freeze on hiring for most of 2020. Employees across companies were simultaneously grappling with the fear of catching the virus, on the one hand, and of job loss, on the other. Kamal Karanth, cofounder of Xpheno, says, “The Indian job market has manoeuvred global recessions and domestic downturns in the past. But the scale of the turbulence encountered in 2020 was unprecedented.” The Centre for Monitoring Indian Economy estimated the job loss among the salaried at 18.9 million in the April to July 2020 period. “All footfall-dependent businesses bore the brunt of the extended lockdown and reduced mobility of customers,” says Karanth.

### - PAY HIKE HOPES

- An improved market is likely to translate into better increments, according to experts.
- India Inc to offer an average 6.4% increase in 2021 appraisals, compared to 5.9% last year, says Willis Towers Watson study.
- On average, 20.6% of the salary increase budget is being allocated to top performers, says Willis Towers Watson.
- At least 60% of employers intend to give salary increments and 55% bonus payouts in 2021, says Michael Page Talent Trends 2021.
- A Salary Trends survey by Aon in November projected that 87% of companies planned to hike salaries in 2021 as compared to 71% in 2020.

### The Recovery

The past six months have seen a gradual recovery in the job market. Apart from the vaccination drive, the budget has also fuelled the positive sentiment in hiring. “With so many new initiatives being introduced, like labour laws

and SOPs, the focus of this government is not only on adding new **jobs** but also improving quality of life,” says Manpower’s Gulati. It is welcome news for a market that had seen jobs starting to vanish in the initial months of the pandemic.

The Indian job market is currently catering to a combination of pent-up talent demand and expansion of enterprises, led by the information technology industry. “The market is showing positive signs of recovery with almost all industries showing growth in hiring, but with caution,” says Chakraborty of TeamLease.

#### **VACCINE MILESTONES**

**-EARLY JAN 2021: Vaccines of Serum Institute of India and Bharat Biotech get approval for restricted use in the country.**

**-JAN 16, 2021: Prime Minister Narendra Modi launches India’s Covid-19 vaccination drive.**

**-JAN 23: One mn vaccine doses administered across the country.**

**-LATE JAN: India decides to export 8.1 lakh doses of Covaxin to other nations as a goodwill gesture.**

**-AS OF NOW: Over 77 lakh inoculated in India so far.**

#### **ROAD TO RECOVERY**

-Improved Covid situation, vaccine rollout, increasing consumer demand, booming capital markets charge up the job market.

-Budget announcements expected to create more jobs, particularly in infrastructure, healthcare, insurance and manufacturing.

-Hiring is rising; junior-level sees maximum rise, but demand up in mid and leadership levels as well.

-Overall hiring momentum to pick up further in the second half of the year as more of India Inc gets back to offices

-Hard-hit sectors, including hospitality, travel and tourism, beginning to see an uptick in jobs as travel opens up.

The general optimism about the economic situation has led to a hiring spike, primarily for junior and entry-level jobs at large companies. “Vaccination drives are also helping revive severely impacted contact-intensive services sectors such as tourism, aviation and hospitality, which are showing signs of picking up,” she adds. Atmanirbhar Bharat and budget announcements are some government initiatives that are fuelling the rise of manufacturing and industrial sectors as strong growth engines. “These sectors will benefit greatly due to the China+1 policy (where companies are looking for an alternative destination to China) that the world is preparing itself for,” says Lohit Bhatia, president of Qness Workforce Management. After a decline in hiring in the first two quarters of FY21, the staffing firm saw a steady recovery in the net addition to employment — of nearly 10,000 associates in Q3 FY21 with an overall headcount of 333,000 associates.

#### **OPTIMISTIC ABOUT JOBS**

**What various surveys say about the employment market**

- **53% Indian companies are looking to hire: Michael Page Talent Trends 2021 report (Jan 2021)**
- Indians most optimistic in APAC about job and pay rise prospects in 2021: Indeed global survey (end-Dec)**
- **25% companies showed hiring intent for junior level in Jan-March 2021, against 18% in the previous quarter; at mid-level, hiring intent improved to 24% in Q4 from 20% in Q3: TeamLease Employment Outlook survey (Jan 2021)**
- **Cities like Bengaluru, Chennai and Hyderabad are leading the growth for IT job postings: Monster Employment Survey (Feb 2021)**
- **New-age companies and startups registered 35% growth in headcount in 2020 despite the pandemic: Xpheno survey of 240 companies (Feb 2021)**
- **Hiring activity recovers 14% in Dec against Nov; at a YoY level, hiring shows a decline of only 10% in Dec; index registers lowest YoY decline in the post-Covid months: Naukri JobSpeak (Jan 2021)**

Quess places the pandemic-hit job market in three distinct phases. The first was when all industries took a hit. In the second phase, sectors such as healthcare, essential-needs businesses like grocery started seeing a revival. “Phase 3 is about all sectors reviving with still some sluggishness in retail, hospitality and travel,” says Bhatia. Expectedly, the pace of hiring recovery varies across sectors, depending on how badly the sectors were hit during the pandemic. For instance, after April 2020, when the overall job market started slipping, some sectors like FMCG, ecommerce, telecom and healthcare showed more resilience than the rest. Most of these sectors are restoring jobs at a higher pace.

“Right now, hiring is all about restoring jobs lost in the pandemic,” says Suresh Tripathi, who retired this month from Tata Steel as vice-president-HR. “New jobs are likely to be created only in the second half of this year, with the inflow of investments, as announced in the budget.”

#### **HOT PROFILES**

- **Data analysts, AI, ML experts: They were already in demand but the pandemic accelerated it.**
  - **Design and product developers: The pandemic amplified the demand for professionals in these categories.**
  - **IT security managers and cloud services experts: With remote working in place, companies are strengthening the security backbone.**
  - **Financial analysts: With the rise of fintech companies, analysts with tech expertise are much in demand.**
  - **Business development managers and sales: With the pandemic throwing up new challenges, companies are building a strong marketing team to gain more market share.**
  - **Digital business developers and marketers: They are in demand across all sectors with a combination of digital and marketing skills.**
- (Source: Xpheno Business Outlook Survey, January)*

#### **View From the C-Suite**

Some experts point out that leadership-level hiring is already in motion. “Hiring is more pronounced at leadership levels. Organisations are still exercising caution to augment headcount at the mid-to-junior level,” says Dilip Pattanayak, chief human resources officer of JSW Steel. Managing Director of BTI Executive Search James Agrawal, says: “Things are looking much more hopeful. Our CXO mandates have more than doubled this quarter compared with the last one.” He cites the example of a consumer goods company they have been working with for a while. Despite doing well during the pandemic, the company had been unwilling to spend money and were tight-lipped on new hiring. But there has been a perceptible change now. “In the last two weeks, we have got six leadership mandates from them, mostly in sales, marketing and brands. They are seeing the market opening up, consumer demand opening up further. They don’t want to hold back anymore,” says Agrawal.

**“Enterprises are holding their horses to see the on-ground impact of the vaccination drive before revamping their hiring plans. For now, the hard-fundamental alternative equilibrium will remain in play”**

— *Kamal Karanth, cofounder, Xpheno*

#### **The Early Movers**

Throughout the pandemic, the technology sector has been doing well. It drove hiring when most companies had put in place a hiring freeze. With the pandemic accelerating companies’ pace to digitise, technology hiring has stayed robust. The demand for digital talent has gone up. In 2021, most leading IT companies, including services majors like TCS and Infosys, are showing more hiring confidence, as was evident in their results. The IT sector has been steadily picking up from the second quarter of 2020, though the US and Europe faced multiple Covid waves. “As a result, tech development and IT activities are shifting to India,” says Bhatia of

Quest. Rajesh Nambiar, chairman and managing director for India, Cognizant, says, “We anticipate a significant revenue acceleration in 2021 following our midteens bookings growth this year. Right now, we are 100% focused on recruiting talent.”

With the government announcing work-from-home-friendly initiatives for the ITES sector, the BPO/ITES companies saw an uptick in hiring. Tourism and travel, which was worst hit, has gradually picked up momentum on the back of domestic travel. “Even sectors like inland-leisure travel have picked up significantly. We see corporates slowly kicking off their offline training programmes and offsites,” says Sudarshan of EMA Partners India.

Retail and consumer companies are also likely to see recovery. “This should possibly be in Q4 FY21 and Q1 FY22 as the vaccination drive widens and Covid

cases drop,” says Bhatia. Auto companies, which had shut down their operations during the lockdown, are also stepping up hiring. Technology-enabled sectors like healthcare, education tech (edtech) and e-commerce are leading the hiring trajectory with an 20%-plus increase in demand over the last quarter, says Gulati.

According to a Xpheno survey of 240 startups, which employ about 115,000 people, the net workforce addition was about 30,000 despite the pandemic. Among the new-age companies, edtech has been the highest contributor to headcount growth in 2020, accounting for nearly 50%. Fintech came second.

**“Covid is behind us and the new normal is making its move at a faster pace. The decline in Covid cases and vaccination drive by GoI has overall boosted the sentiments of the economy — as also the recent budget”**

*— Sandeep Gulati, managing director, ManpowerGroup India*

#### **What's Next**

Sectors like aviation, hospitality, automotive, manufacturing, infrastructure and construction are slowly getting into the action mode, which is likely to have a net impact on other connected industries. According to observers, the IT sector will lead hiring in the coming months.

Fintech and edtech will moderate their growth curves after the sharp recovery they registered in the second half of 2020. “Sustaining the current trajectory of recovery, bolstered by a positive vaccination programme will make 2021 the ‘catch-up year’ for both enterprises and talent,” says Karanth. Xpheno estimates that nearly half a million jobs will be created due to the

release of pent-up demand. The other thriving sectors to watch for in early 2021 are logistics & supply chain, oil & energy, pharma and media & OTT, adds Karanth.

( Originally published on Feb 13, 2021 )