

Recession may cut down attrition in IT

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HR companies are upbeat that the recession in the US will reduce attrition rates in the information technology sector. "Slowdown in the economy in the US will bring a sigh of relief to sectors like information technology and ITeS, as attrition rates of these sectors will come down to 20% to 25% from present 30% to 45%," Pankaj Bansal, chief executive officer of leading HR knowledge process outsourcing company PeopleStrong told FE on Tuesday.

Bansal was speaking after the appointment of Aadesh Goyal as the chairman and managing director of the company, which is a leading HR knowledge process outsourcing company in Asia-Pacific. He said the changed demand-supply equation in the market will automatically reduce attrition, because the demand for people will dip. "There will a limited opportunity for people to change within the same sector".

[Bansal's view was echoed by Ronesh Puri, managing director of Executive Access, another leading search firm. Puri said the slowdown in the US economy could dip the attrition levels across sectors by 10% in the current financial year. "With the US heading for a recession, the growth rate of companies may not be high. As a result, the demand for people will be less, which would mean that opportunities that employees were getting earlier may not be as high," Puri said.

JP Singh, partner with a management firm, also believes that the US recession will have a positive bearing on the ITeS sector, plagued by a high attrition rate. "There will definitely be stability for some time in the country, which might extend to a year or two. With the external factors coming into play, the demand will be stabilised. The movement of people for minor variations in compensations, with demand stabilising movement across organisations, will even out," Singh said. According to an industry source who worked as a VP and global head of HR and centre head with a BPO company, whenever there is some amount of recession trend, attrition is somewhat slow.

"Basically, some amount of recession is dependent on how hot the economy is. When opportunities are abundant, companies usually face a lot of pressure from attrition. If there is some amount of recession, the