

TeamLease Employment Outlook Report: Half Yearly Edition – Apr'14-Sep'14



A comprehensive and in-depth analysis of Employment and Business Outlook for the forthcoming half year; includes statistics for 8 cities and 8 sectors, literature review insights and depth-survey findings.

PREFACE

The TeamLease Employment Outlook Report is a forward looking tool for human resource policy and decision makers, reflecting business sentiment for hiring across cities and sectors. This report carries a snapshot of business hiring sentiment for the immediate next six months with survey and analysis being carried out during the preceding 3 months.

The Employment Outlook Survey spans eight industry sectors and eight cities across India. The survey covers small, medium and large companies across these sectors, studies attrition and employment trends, and gleans information on hiring sentiments, all this covering different locations, hierarchical levels and functional areas.

The current edition of the Employment Outlook Report attempts to study the business and hiring sentiment in the Infrastructure sector through a rigorous secondary research exercise. In addition to this, we have set out to invite thoughts on hiring and talent retention from respondents that go beyond hiring and business sentiment inputs we usually solicit from them.

With the most critical drivers that influence hiring being tracked continually, the Employment Outlook Report is the only one of its kind seeking to deliver high impact hiring decision support to its stakeholders – Business & HR heads, Senior Management as well as industry policy makers.

Literature Research & Depth Survey insights

This edition of the Team Lease Employment Outlook Survey report carries: a literature research section that attempts to study the business and hiring sentiment in the Infrastructure sector, through a rigorous secondary research exercise; and a depth survey that compiles thoughts related to hiring and talent retention which respondents have shared with us in addition to the outlook for business and hiring.

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I. Executive Summary

- I. The Apr'14–Sep'14 HY sees a sentiment boost with upbeat organizations expecting business (outlook sentiment grew 4%) and employment (outlook sentiment grew 5%) to grow at a brisk pace. Reason for this optimistic outlook includes the results of the impending elections and fresh sector specific policies a new regime is expected to usher in.
 - Top gaining cities in employment outlook trends include Mumbai (up 4%), Bangalore (5%) and Ahmedabad (4%) while Delhi (4%) is projected to have an upswing in its business outlook trend. Losers include Kolkata and Chennai (both down 1% on employment outlook), Hyderabad (down 2% on employment outlook) and Pune/Chennai (down 2% on Business Outlook).
 - Healthcare & Pharmaceuticals (up 5% and 4% on Employment and Business Outlook, respectively) and Financial Services (up 4% and 5%) lead growth across both the trends. Infrastructure would witness a significant rise (4%) in its business outlook. ITeS stands to lose quite significantly (4%) on business outlook.
 - Hiring across entry and junior levels of hierarchy is going to pick up (moderately: 2% and 3% respectively). A lot of the functional areas report growth in their respective intent; with hot favourites being Sales/Marketing/Customer Service (up 5%) and Engineering (up 4%). Across most geographic levels, the growth in hiring intent is incremental.
 - Top three sectors (by city) in terms of employment outlook growth are -
 - Mumbai: Telecom (3%) / Healthcare & Pharma (2%) / Financial Services, IT (1% each)
 - Delhi: Infrastructure, Manufacturing & Engineering, Healthcare & Pharma (2% each)
 - Bangalore: IT (3%) / Financial Services, Infrastructure, Healthcare & Pharma, Telecom (2% each)
 - Chennai: IT, Retail & FMCG, Manufacturing & Engineering (2% each)
 - Kolkata: Manufacturing & Engineering (2%) / Retail & FMCG, IT (1% each)
 - Pune : Infrastructure (2%) / Healthcare & Pharma, Financial Services (1% each)
 - Hyderabad: ITeS, Retail & FMCG, Healthcare & Pharma (1% each)
 - Ahmedabad: IT (3%) / Retail & FMCG, Infrastructure (2% each)
 - Depth Surveys point to a few, rather peripheral, reasons for attrition emerging on the mainstream scene. More organizations are opening up to attributing terminated wrong-fit engagements to attrition. On a positive note, business growth – some of which is attributable to an anticipated GDP growth – is expected to significantly drive hiring activity.
 - Business outlook in the infrastructure sector is projected to increase by a substantial rate in the coming six months. This is in line with our literature research that also points towards a good business growth in this year. It also reveals that hiring is expected to increase during this year.

2. Project Objectives

The Employment Outlook Report aims at –

- Providing forward looking estimates of hiring sentiment and thus enabling its users with a tool to make effective hiring / people decisions for the immediate next quarter / half year.
- Providing *Hiring Sentiment Intelligence* for different industry sectors, business sizes and geographies, as well as across hierarchical levels and functional areas.

3. Outlook Trend Definitions

3.1 Employment Outlook Trend

The Employment Outlook Trend is a comparison of the difference in the proportion of respondents who report an increase in hiring needs and those who report a decline in hiring needs over the next three / six months.

3.2 Business Outlook Trend

The Business Outlook Trend is a comparison of the difference in the percentage respondents who say business in the next three / six months is likely to decrease from the percentage who says it will increase.

4. Insights: Literature Review

This section attempts to understand the emerging business and employment trends in the infrastructure sector during the calendar year 2014. A detailed literature research was conducted that captured the latest, reliable and authentic sources of information.

Good tidings likely for the Indian Economy

Sources indicate that the Indian economy is expected to grow at an unprecedented pace during the year 2014 – some even forecast an uptrend unseen since 1991. The country's GDP is forecast to get back to the euphoric 10%+ levels of yore. The Gross Domestic Product can be broken down into three major areas – Government spending, private consumption and FDI. Each of these areas has a major impact on the GDP.

With consumption patterns rising in a quicker manner, consumer buying is also experiencing rapid growth. On the other hand, there is a lot of activity in the FDI space and the number of global investors – and investments – into the Indian markets is steadily going up. Government spending is the funds promised to be allocated especially for infrastructure related activities. Election time spending from the central and state governments is anticipated to fuel infrastructure funding this year. All these three areas would result in a positive growth in the GDP.

Infrastructure – a massive prime mover of National Income and Jobs

Infrastructure sector is one of the major contributors to country's GDP. It consists of sub segments such as rail, roads, ports, energy and such other investment intensive avenues. It has a symbiotic relationship with GDP and as GDP grows, the Infrastructure sector is bound to see a positive growth. However, there are varied challenges faced by the sector such as delays in project approvals from the government/ regulatory authorities and an inherent lack of proper execution of projects.

Both the government and the private sector are actively involved in a range of infrastructural initiatives. For instance, the government is a major stakeholder in improving the public transportation system through Metro Rail Projects. These projects are being implemented across several states such as Karnataka, Tamil Nadu, Delhi and Maharashtra. The Metro Rail projects are aimed at reducing traffic congestion in cities.

Another important initiative of the government is the privatization of airports across Chennai, Kolkata, Ahmedabad, Jaipur, Lucknow and Guwahati. As a result, private organizations can partner with AAI and operate, manage and develop facilities at these airports.

Optimism in the sector will drive hiring

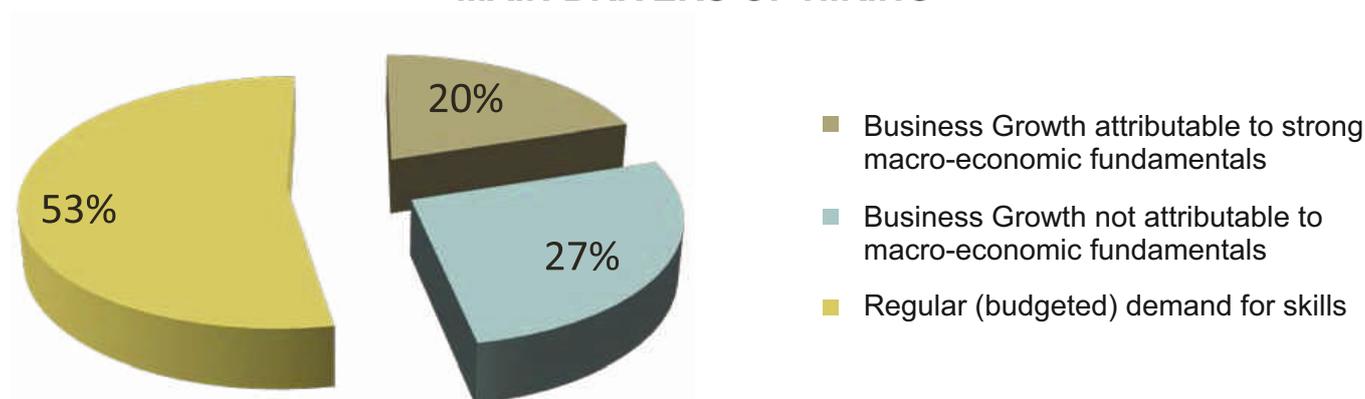
Experts opine that since there is an increasing sense of optimism surrounding the business climate in the infrastructure sector the demand for labour in the Infrastructure sector is set to exponentially increase over the calendar year 2014. Hiring activity is anticipated to be brisk in the current year. As many of the infrastructural activities are expected to be accelerated as well as initiated in the urban/semi urban areas of the country, there is a huge potential in job generation in these areas.

Our respondent surveys also support the above findings with a significant growth in the business outlook in the Infrastructure sector – among other sectors – during the coming half year. Also, across cities, Delhi seems to have the highest growth in business outlook for infrastructure sector.

5. Depth Survey Findings

For this edition of the half-year report, the depth survey objectives were laid down in the context of widespread long term optimism for fiscal 2014. Our queries were centered on when organizations would ramp up numbers and from where.

MAIN DRIVERS OF HIRING



Our hypothesis about the causal effects for hiring included business growth as a fall out of economic growth as a major factor. This, however, proved to be true in case of about 20% of the respondents who agreed with the strength of the macro-economic fundamentals we took reference to. Business growth – not necessarily attributable to economic growth (in spite of the occurrence or non-occurrence of) – was indeed cited as a driver by a good 27% of the respondents.

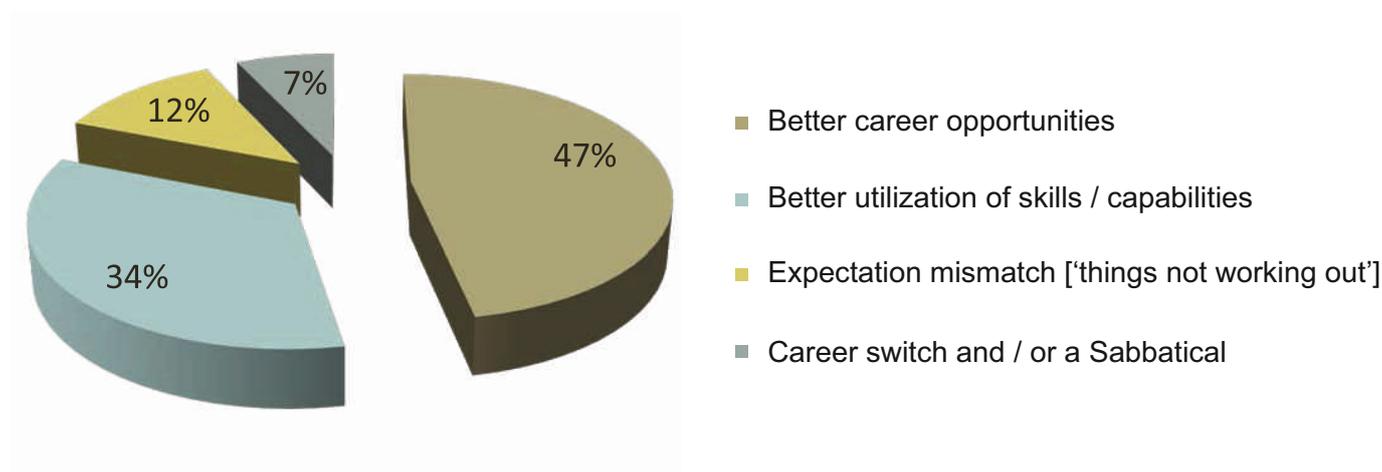
Top-up hiring and hiring for incremental (already budgeted Q-on-Q) growth requirements, which emphasized cherry picking of the right skills, made up the remaining 53% of responses.

What makes employers prefer specific tier-2 and tier-3 locations to hire significant numbers

The list of tier-2 and tier-3 locations organizations prefer hiring from remains the same [Belgaum, Coimbatore, Jaipur, Kochi, Mangalore, Mysore, Pune, Rohtak, and Madurai]. The focus is the presence of either an educational or an industrial belt.

Root causes of attrition; and the reasons for attrition this half year

Besides the most common 'root causes' for attrition – better career opportunities (monetary, mostly) and better utilization of skills / capabilities – a fairly good number of respondents (12%) attributed attrition to an expectation mismatch: a mutual admission of 'things not working out' between the organization and the employee. A significant percentage of respondents (about 7%) made the mention of a career switch and / or a sabbatical that involved further studies.



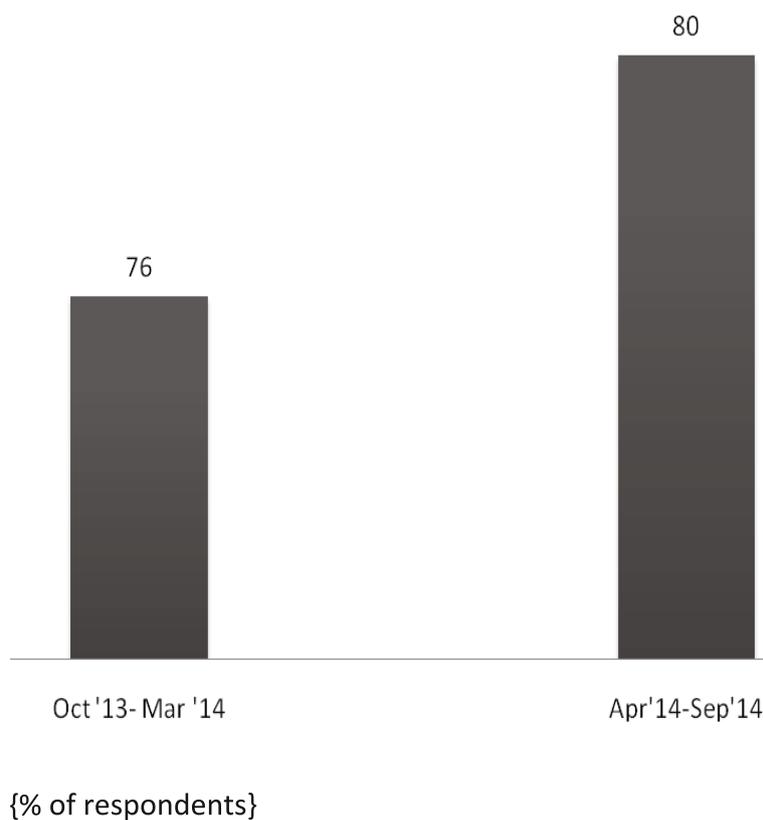
Talent retention strategy and steps to retain top talent

Almost all respondents quoted rewards and recognition and added that they had an innovative twist to the drill. A specific mention of 'bonus holidays for super-achievers' was made by one respondent.

6. Employment Outlook Trend

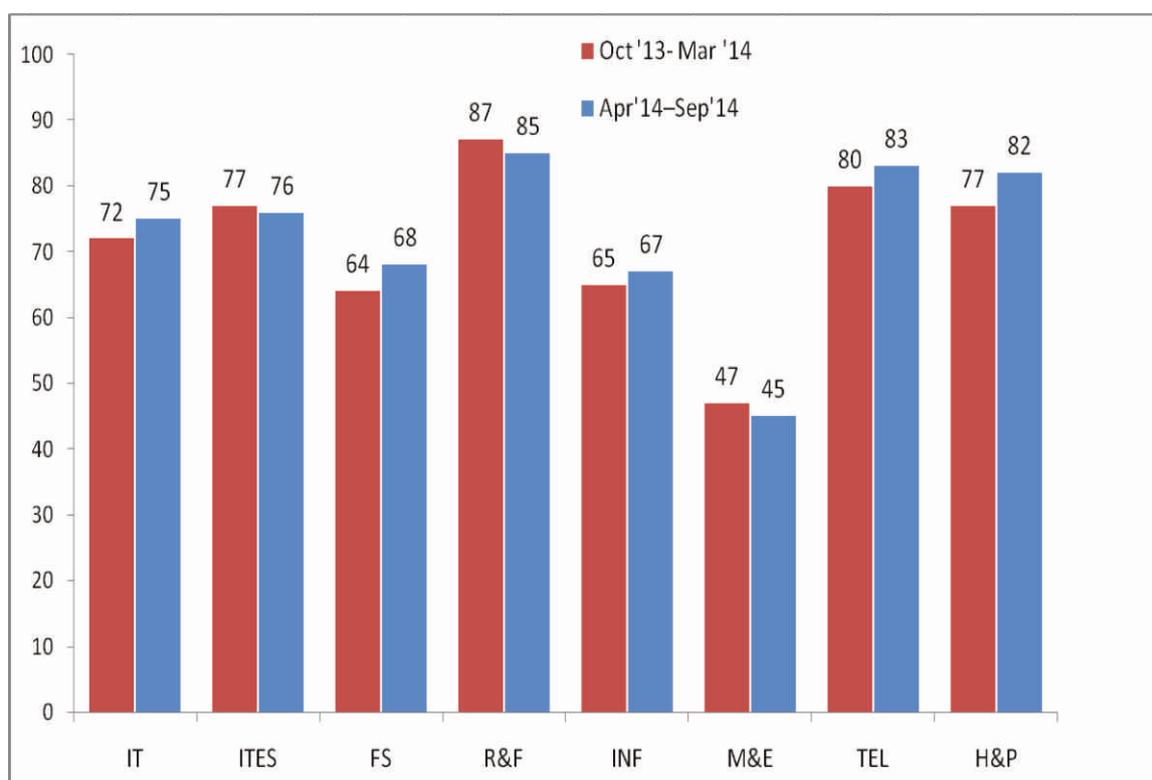
6.1 Net Employment Outlook Trend

After a bearish sentiment in the previous half year Oct '13–Mar'14, businesses are optimistic about the employment outlook in the upcoming half year Apr'14–Sep'14. The forthcoming half year also sees an uptick in the proportion of respondents who feel that there would be an increase in hiring needs across their organizations.



6.2 Net Employment Outlook Trend Growth – by sector

In the coming half year Apr'14–Sep'14, five out of eight sectors witness an uptrend in employment outlook over the previous half year Oct '13–Mar'14. Healthcare & Pharmaceuticals and Financial Services are the sectors with a bullish sentiment as there is a significant growth in the outlook when compared to the previous half year.

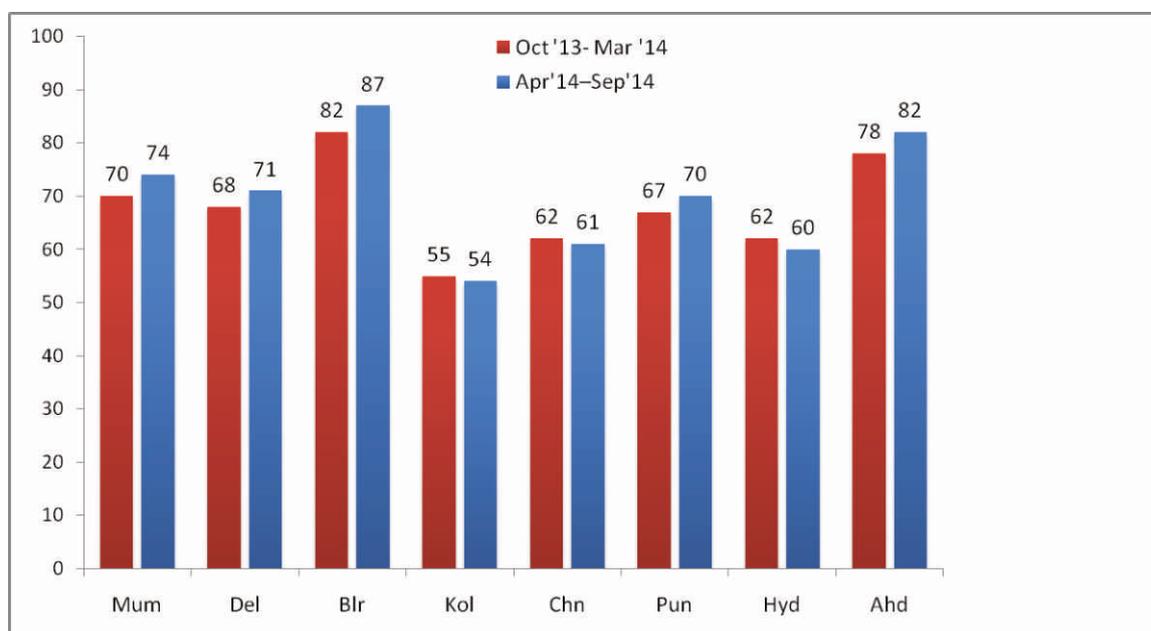


{% of respondents}

IT recovers after witnessing a gloomy outlook in the previous half year and Telecom sees growth after a flat outlook in Oct '13–Mar'14. Manufacturing & Engineering and ITeS continue to have a negative hiring sentiment like in the previous half year. Following an exuberant sentiment in the previous half year, the trend reverses in Retail/FMCG as the hiring outlook sees a marginal decrease in the coming half year

6.3 Net Employment Outlook Trend Growth – by city

City wise drill down indicates most cities having a positive hiring outlook in the forthcoming half year Apr'14–Sep'14. Bangalore and Ahmedabad continue to see a boost in their outlook as in the previous half year Oct '13–Mar'14. Mumbai has gone past the stable sentiment of the previous half year and sees a substantial growth in the coming half year.



{% of respondents}

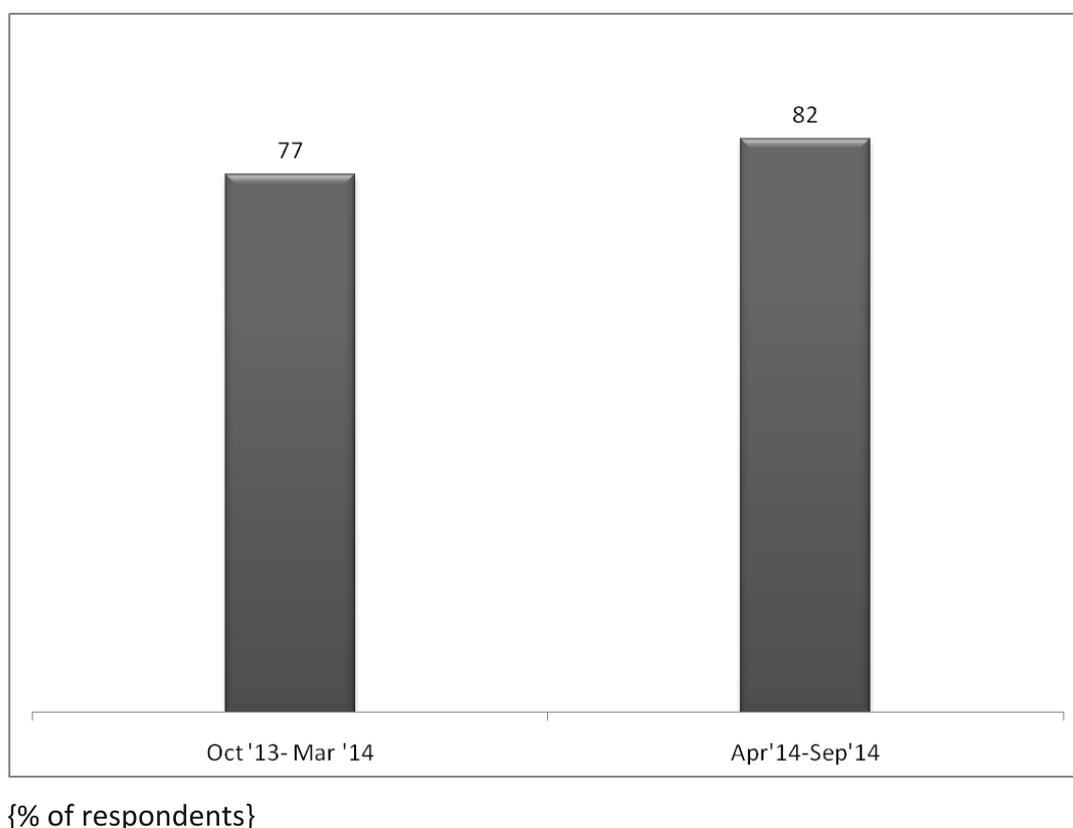
Delhi and Pune observe an increase in hiring outlook during the coming half year. Hyderabad, Kolkata and Chennai witness a slight dip in sentiment over the previous half year.

7. Business Outlook

7.1 Net Business Outlook Trend

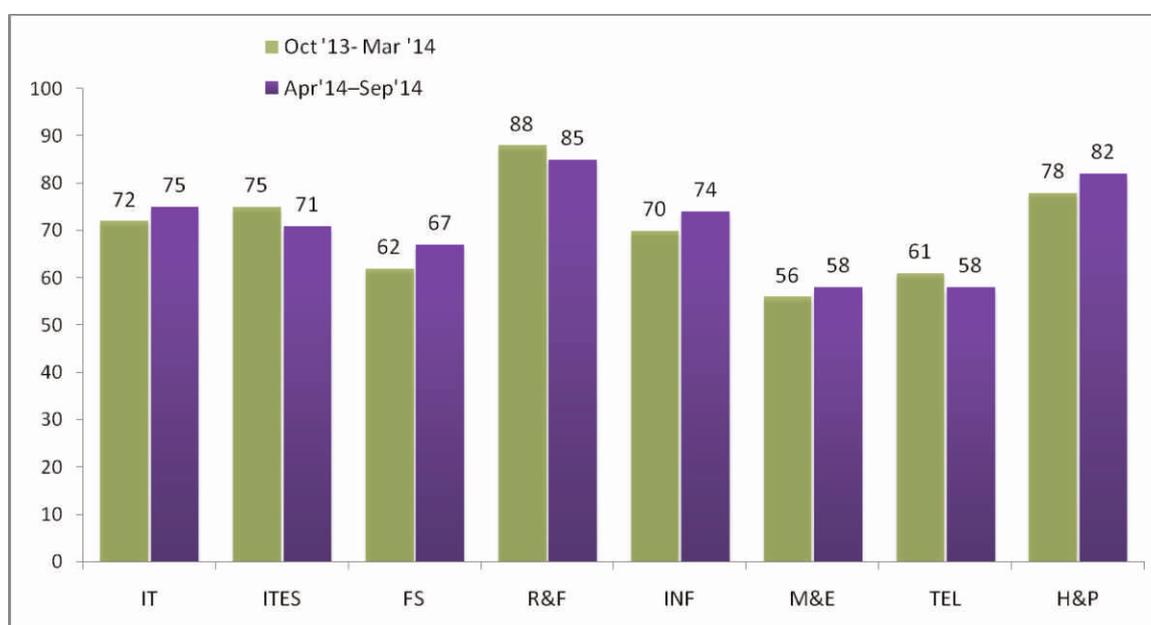
Organisations across sectors are anticipating a positive business outlook in the upcoming half year Apr'14–Sep'14 – which, good news is. This phenomenon is in continuity with the previous half year Oct '13–Mar'14 where there was an increase in the net business outlook.

In comparison with the previous half year, the coming half year witnesses a significant increase in the percentage of respondents who have expressed that there would be a increase in business outlook across their organizations.



7.2 Net Business Outlook Trend Growth – by sector

As a whole, many sectors expect good business growth in the forthcoming half year Apr'14–Sep'14. Financial Services, Infrastructure and Healthcare & Pharmaceuticals are the sectors where business outlook has significantly increased over the previous half year Oct '13–Mar'14.



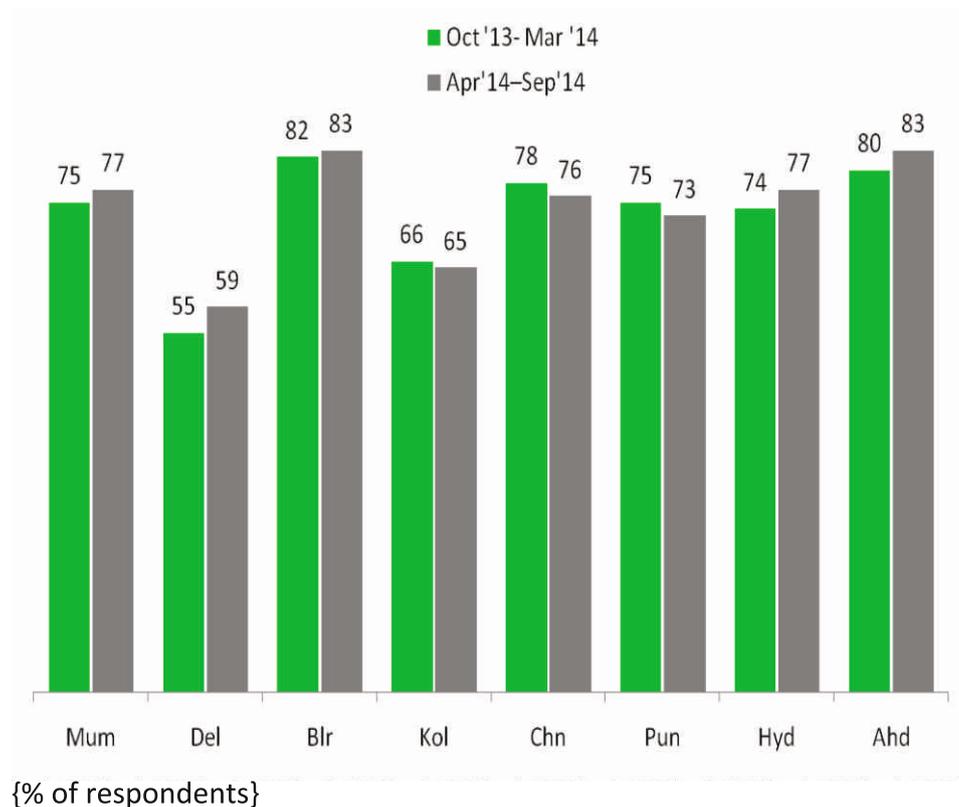
{% of respondents}

ITeS, Telecom and Retail / FMCG experience a rather dull sentiment this time. Manufacturing / Engineering and IT have recovered from their poor outlook growths of the previous half year.

7.3 Net Business Outlook Trend Growth – by city

Delhi tops the list, in terms of substantial increase in the outlook over the previous half year Oct'13–Mar'14. Hyderabad, Ahmedabad and Mumbai also register a growth in the forthcoming half year Apr'14–Sep'14, but not as significant as Delhi.

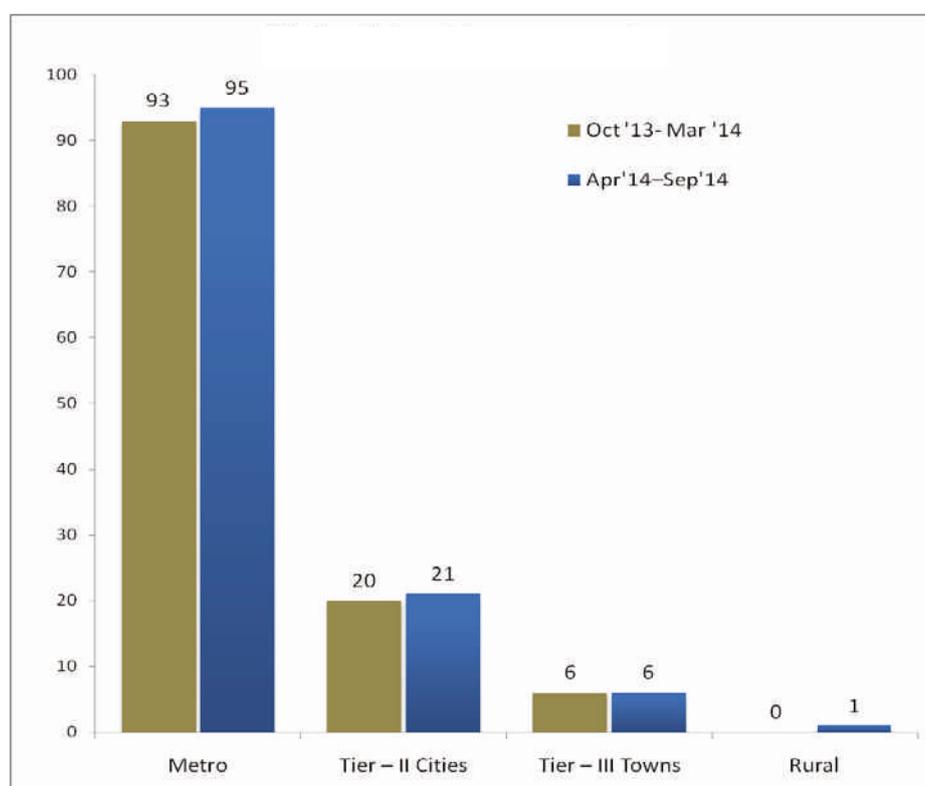
Kolkata, Chennai and Pune have a trend similar to the previous half year, when there was a decrease in the net outlook. However, this time, the dip is only marginal. Bangalore has an incremental increase in the outlook during the coming half year.



8. Hiring Intent

8.1 Hiring Intent by geography

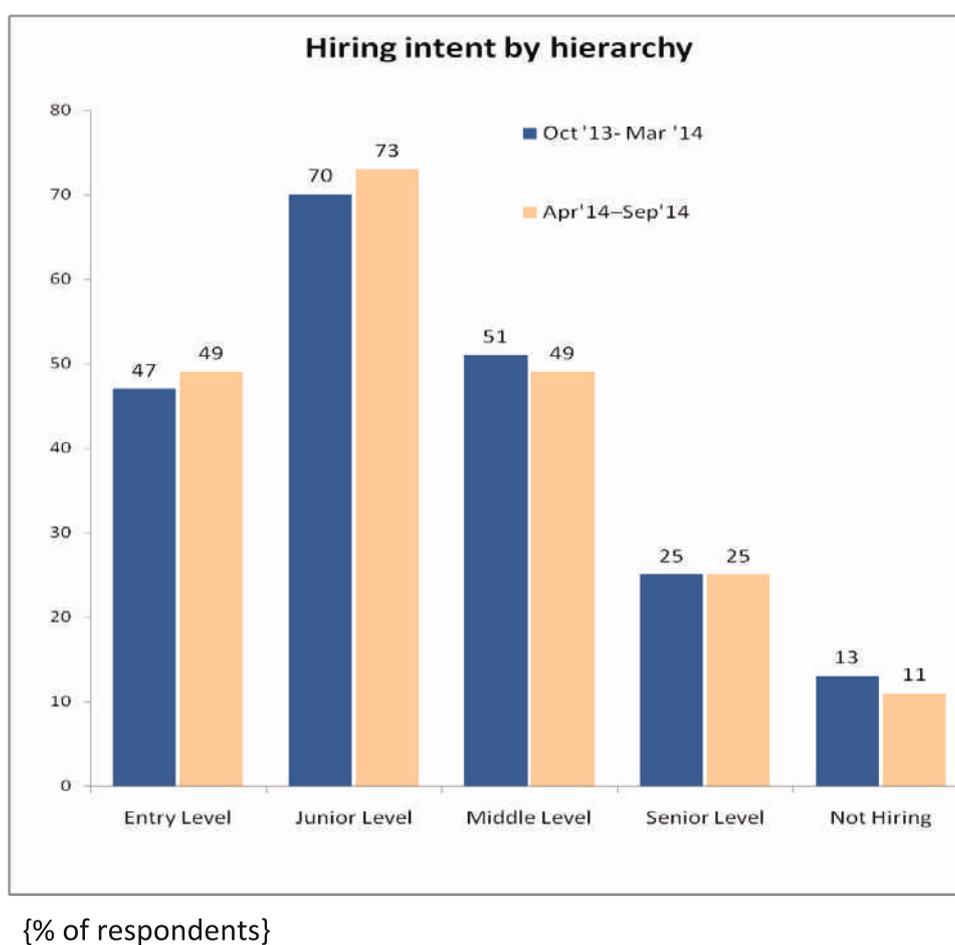
With the lone exception of tier-3 towns, geographies see an incremental increase in hiring intent during the forthcoming half year Apr'14–Sep'14 as compared to the previous half year Oct '13–Mar'14.



{% of respondents}

8.2 Hiring Intent by Hierarchy

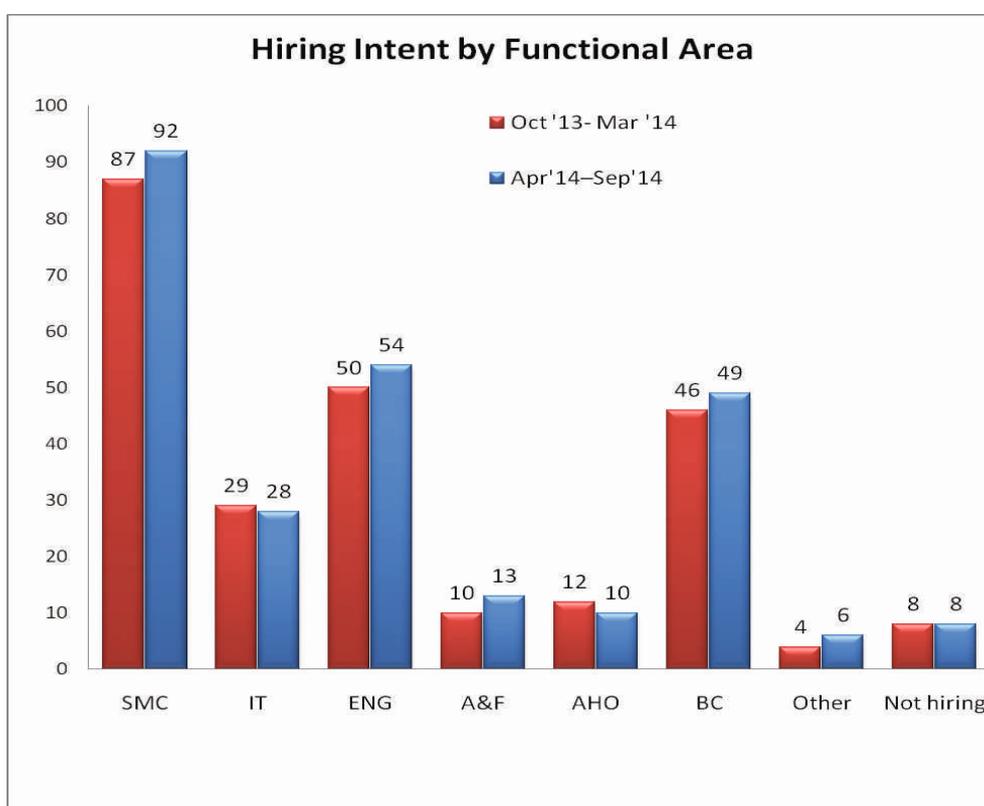
Entry and Junior levels make a comeback in the coming half year Apr'14–Sep'14 as they witness a marginal increase in their hiring intents. While Middle levels that were popular in the previous half year, Oct '13–Mar'14 with a significant growth in intent lose a bit in the forthcoming half year.



8.3 Hiring Intent by Functional Area

Five out of eight functional areas report an increase in hiring intent during the forthcoming half year Apr'14–Sep'14. Of these, Sales/Marketing/Customer Service and Engineering are expected to be high on hiring intent as there is a significant growth in these functional areas over the previous half year Oct '13–Mar'14. While, Accounts/Finance & Blue collar see a modest increase in intent as compared to the previous half year.

IT and Administration/HR/Office Service see a slight dip in their intent during the coming half year.



{% of respondents}

9. Other Trends

9.1 Employment Outlook Trends – city-sector drilldown

With the lone exception of tier-3 towns, geographies see an incremental increase in hiring intent during the forthcoming half year Apr'14–Sep'14 as compared to the previous half year Oct '13–Mar'14.

City	Half year	Total	Sector							
			IT	ITeS	FS	RMF	INF	M&E	TEL	H&P
Mum	Apr '14 - Sep '14	74	9	6	15	13	7	5	8	11
	Oct '13–Mar'14	70	8	6	14	15	8	5	5	9
Del	Apr '14 - Sep '14	71	4	3	14	16	10	7	8	9
	Oct '13–Mar'14	68	4	4	15	17	8	5	8	7
Blr	Apr '14 - Sep '14	87	8	5	12	14	9	8	13	18
	Oct '13–Mar'14	82	5	7	10	13	7	9	15	16
Kol	Apr '14 - Sep '14	54	4	3	11	10	8	6	3	9
	Oct '13–Mar'14	55	3	3	12	9	8	4	3	13
Chn	Apr '14 - Sep '14	61	7	3	6	15	10	6	5	9
	Oct '13–Mar'14	62	5	5	8	13	10	4	6	11
Pun	Apr '14 - Sep '14	70	8	6	8	8	12	10	8	10
	Oct '13–Mar'14	67	4	9	7	9	10	11	8	9
Hyd	Apr '14 - Sep '14	60	3	10	10	10	5	8	5	9
	Oct '13–Mar'14	62	3	9	12	9	5	9	7	8
Ahd	Apr '14 - Sep '14	82	6	4	18	11	9	12	10	12
	Oct '13–Mar'14	78	3	4	20	9	7	11	12	12

Note: [Shaded cells have significant increases (gray) /decreases (red) in outlook.]

9.2 Business Outlook Trends – city-sector drilldown

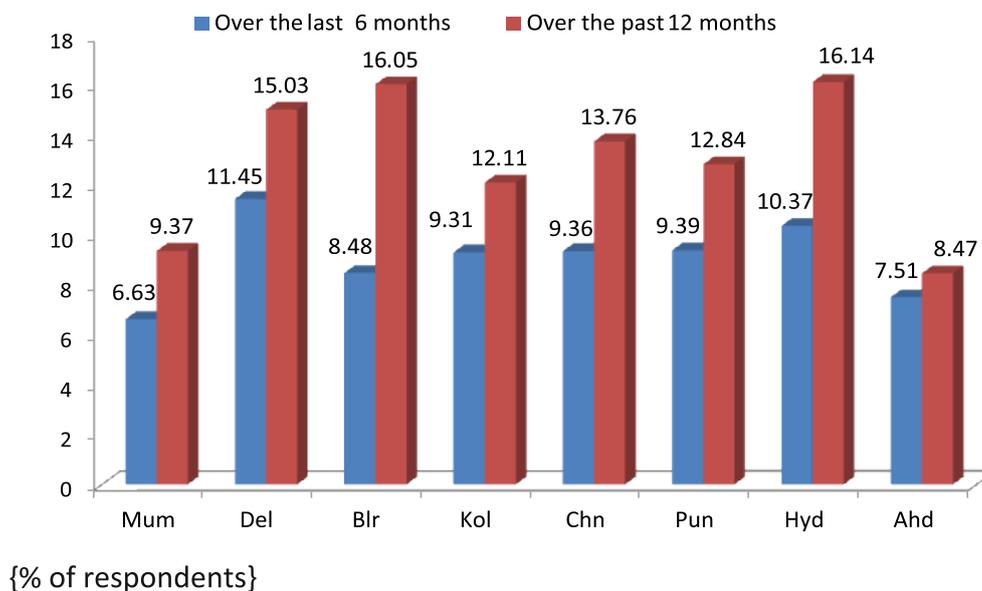
With the lone exception of tier-3 towns, geographies see an incremental increase in hiring intent during the forthcoming half year Apr'14–Sep'14 as compared to the previous half year Oct '13–Mar'14.

City	Half year	Total	Sector							
			IT	ITeS	FS	RMF	INF	M&E	TEL	H&P
	Apr '14 - Sep '14	77	3	2	13	10	20	11	6	12
	Oct '13–Mar'14	75	3	5	11	11	19	9	7	10
Del	Apr '14 - Sep '14	59	4	3	10	12	12	4	4	10
	Oct '13–Mar'14	55	3	5	9	11	7	4	7	9
Blr	Apr '14 - Sep '14	83	10	2	13	9	15	11	10	13
	Oct '13–Mar'14	82	7	3	13	12	13	9	16	9
Kol	Apr '14 - Sep '14	65	10	6	5	12	5	6	13	8
	Oct '13–Mar'14	66	11	6	5	13	7	4	11	9
Chn	Apr '14 - Sep '14	76	6	11	15	7	12	5	8	12
	Oct '13–Mar'14	78	7	10	13	8	11	6	10	13
Pun	Apr '14 - Sep '14	73	9	10	5	10	15	10	7	7
	Oct '13–Mar'14	75	9	13	6	11	14	9	7	6
Hyd	Apr '14 - Sep '14	77	10	8	13	10	9	7	5	15
	Oct '13–Mar'14	74	8	7	14	12	9	5	5	14
Ahd	Apr '14 - Sep '14	83	10	5	11	11	10	12	7	17
	Oct '13–Mar'14	80	8	4	11	12	11	10	6	18

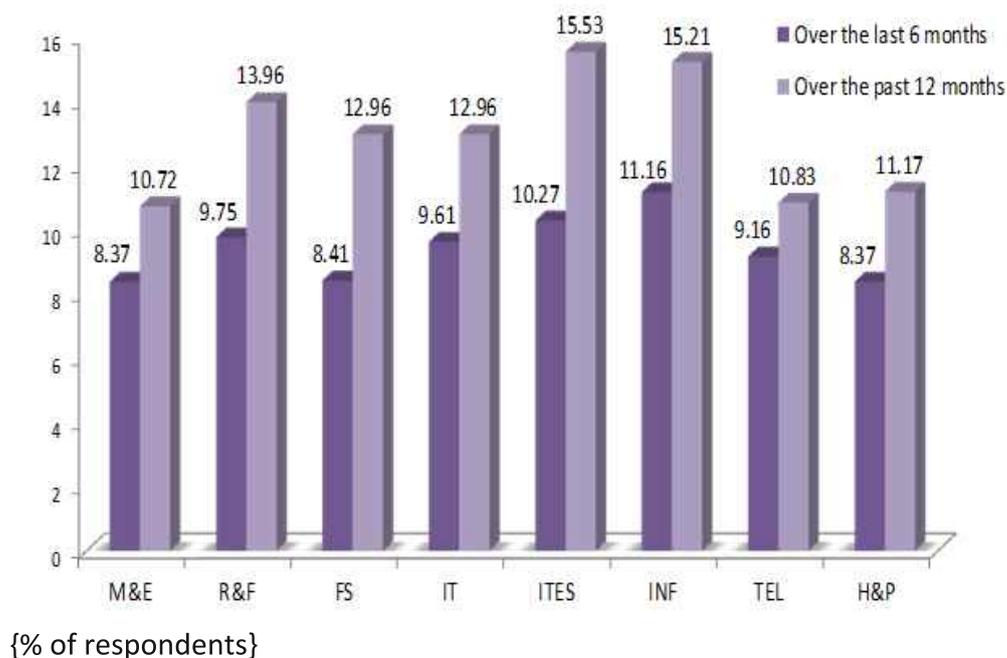
Note: [Shaded cells have significant increases (gray) /decreases (red) in outlook.]

9.3 Attrition Trends – by city

Mumbai, Kolkata and Ahmedabad witness marginal increase in attrition rates across both the periods – over the last six and twelve months. On the other hand, Delhi, Bangalore, Chennai, Hyderabad and Pune witness a slight decrease in half yearly as well as annual attrition rates.



9.4 Attrition Trends – by sector



Half yearly and annual attrition rates marginally increase in Retail, ITes& Infrastructure. While the other sectors see a slight dip in both half yearly as well as annual attrition rates.

10. Annexure

Research Methodology

The Employment Outlook Survey follows a rigorous and statistically validated process as detailed below.

10.1 Sample Design

Random sampling technique was used to identify respondents for the survey. Data sources used to collect contact data were:

1. Kompass directory for small, medium and large sized companies in the private sector. To ensure continuity with the baseline measurement, the core random sample was drawn from this database.
2. NASSCOM database for IT companies
3. Companies registered with bpo.india.org in the case of ITES and
4. Financial companies registered with the Bombay Stock Exchange (BSE).

10.2 Respondent Selection

Target respondents for the study were Business & HR Heads as well as Senior Managers with hiring mandates. The databases offered a contact name for each company listed. Interviewers called into each of these companies and obtained the names of the appropriate individuals who were responsible for hiring decisions.

10.3 Data Collection

The survey instrument was then administered to the target respondents using the CATI (Computer Aided Telephonic Interview) methodology. Appropriate computer software was used for data collection and tabulation. Please refer the following section named 'Sample Distribution' for details on city and business size-wise breakup of the sample.

10.4 Secondary Data Sources:

Literature reviews across major business and economic periodicals and highly rated research articles.

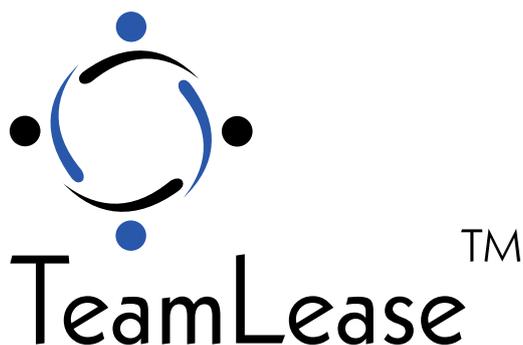
II. Sample Distribution

11.1 City-wise breakup

Sectors / City	Mumbai	Delhi	Bangalore	Kolkata	Chennai	Pune	Hyderabad	Ahmedabad	Total
M&E	6	5	10	10	10	10	9	8	68
R&F	10	10	9	9	11	11	10	8	78
FS	11	10	12	7	9	11	10	5	75
IT	10	10	9	12	10	10	10	10	81
ITeS	9	11	10	10	12	10	10	9	81
INF	10	9	10	10	10	10	11	10	80
TEL	8	8	9	10	8	11	11	6	71
H&P	10	10	10	10	10	10	9	11	80
Total	74	73	79	78	80	83	80	67	614

11.2 Business Size Breakup

	Small [Up to 249 employees]	Medium [250 – 999 employees]	Large [1,000 or more employees]
Mumbai	11	50	13
Delhi	11	52	10
Bangalore	14	52	13
Kolkata	14	50	14
Chennai	15	48	17
Pune	12	55	16
Hyderabad	12	52	16
Ahmedabad	13	42	12



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