



Covid 19 Impact on Compensation and Hiring

A Pulse Check on Industry Trends and Sentiment

May 2020

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**The report is intended to provide the broad direction and sentiment on a select set of compensation and hiring issues and is not a formal, compensation benchmarking report.*

Number of respondents: 325
 Data collected: May 2020
 Report length: 40 pages

Introduction

IMA India's *Covid-19 Impact on Compensation and Hiring Pulse Survey* seeks to assess the impact of the Coronavirus pandemic on compensation and hiring practices within corporate India. The findings are based on inputs obtained from **325 organisations** across sectors, revenue bands, and ownership categories. Responses were collected in **May 2020**, providing a current and balanced perspective on the actions that companies *have taken or are planning to take* to cope with their situation.

The survey covers the following areas:

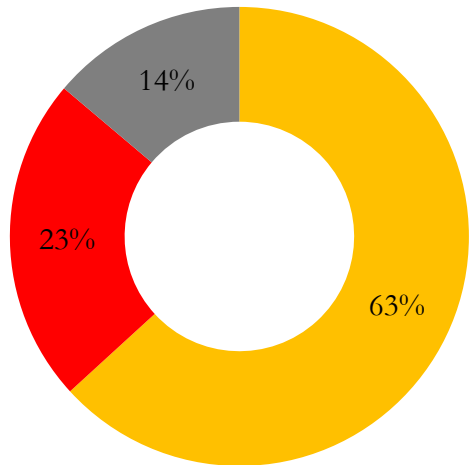
- **Bonus pay-outs:** Whether or not bonuses for FY20 are being paid out; the timelines of such payments; and any deferrals and/or reductions.
- **Increments:** Whether or not salary increments are being offered for FY21, level-wise; and reductions from earlier proposed levels.
- **Measures to cut manpower costs:** Steps companies are taking in this area
- **Hiring outlook:** A forward view on hiring plans across management levels

In addition to sectoral, ownership and revenue splits, companies have been categorised into two groups:

- **Starting month of the financial year:** 'Pre-Covid' (December-March), April, or 'post-Covid' (May-November). Clearly, those with an earlier starting month would have made most of their pay and hiring related decisions before the crisis hit while those following a later financial year still have time and, therefore, are not compelled to take immediate measures. The worst impacted are those that follow the April-March FY.
- **Essential vs non-essential services:** Businesses categorised by the government as 'essential' have had to face fewer restrictions during the lockdown, which *could* have a bearing on their financial performance, particularly in Q1 (April-June), and therefore on compensation and staffing decisions. This categorisation involved a degree of subjectivity and was made on the judgment of IMA analysts.

Survey Sample Demographics (1/3)

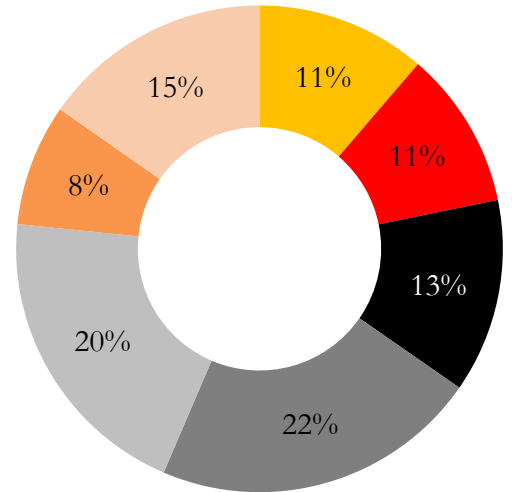
Ownership



- Foreign MNC
- Indian domestic
- Indian MNC

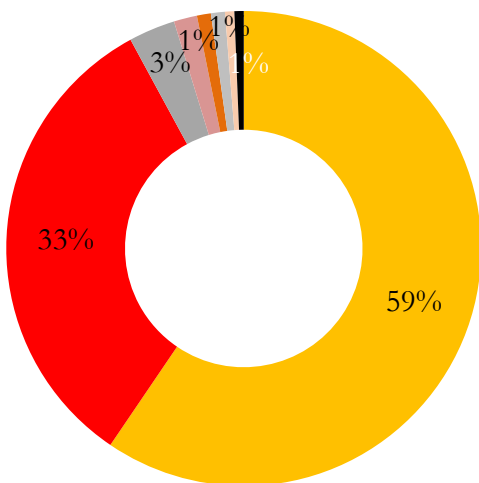
63% of respondents are foreign MNCs; 43% have revenues of over Rs 1,000 crores

Revenue Band, Rs cr



- <Rs 100cr
- Rs 250-500cr
- Rs 1,000-2,500cr
- Rs 2,500-5,000cr
- Rs 100-250cr
- Rs 500-1,000cr

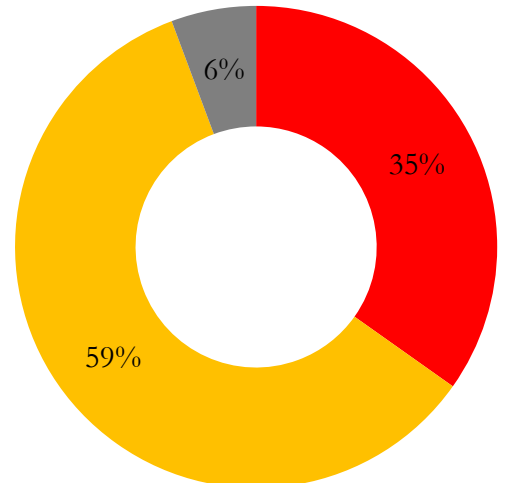
Financial year starting month



- April
- Jan
- Oct
- Jul
- Feb
- Nov
- Dec
- March

59% of companies start their financial year (FY) in April while 33% do so in January

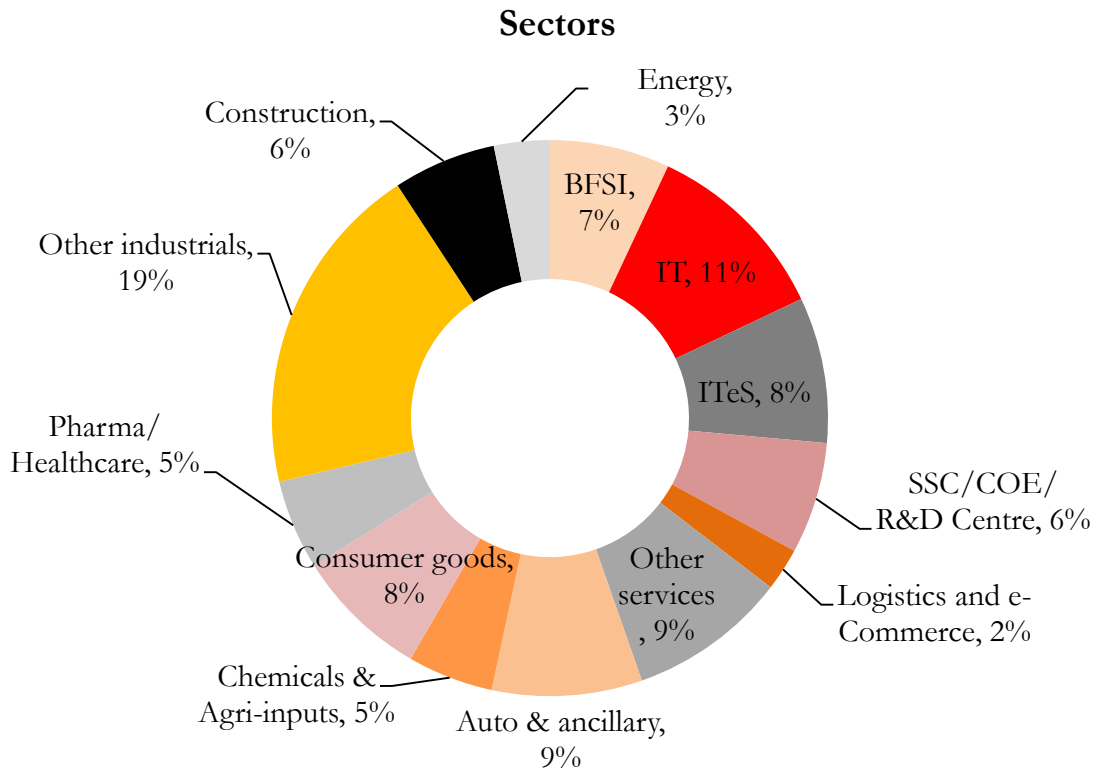
Period in which the financial year begins



- Pre-Covid (Dec-Mar)
- April
- Post-Covid (May-Nov)

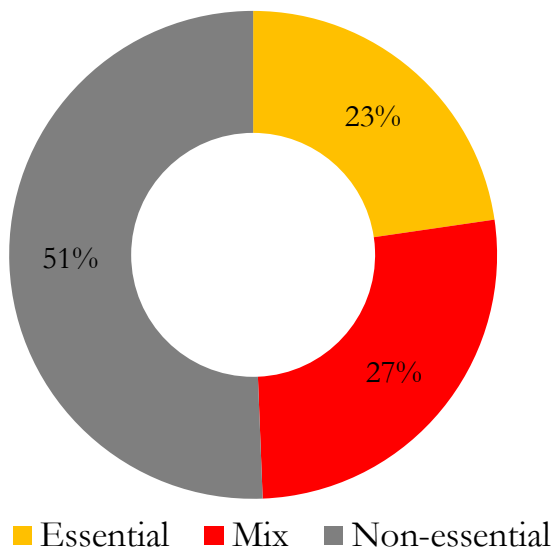
Survey Sample Demographics (2/3)

11% of companies are from the IT sector; 19% from other industrials; 9% each are from other services and the auto/auto ancillary sectors, respectively



23% of companies fall in the essential services category (those that were allowed to operate during the lockdown), while another 51% fall in the 'non-essential' group

Essentiality of services (% of companies)



- **Essential services** include BFSI, certain consumer goods, logistics and e-Commerce, chemicals and agri-inputs, pharma/healthcare and energy
- **Non-essential services** include IT, ITeS, SSC/COE/R&D centres, auto and ancillaries, construction, and other services such as hospitality, retail etc
- **The mixed category** includes companies that straddle more than one business segment some which were operational during the lockdown, and others that were not

Survey Sample Demographics (3/3)

- All Indian MNCs and most Indian domestic companies have a financial year starting in April, while over half of all foreign MNCs start their year earlier.
- Split by sector, firms in the IT and in the SSC/COE/R&D centre space tilt towards a January-December FY, most of whom are foreign-owned.

Company groupings by start of financial year		Pre-Covid	April	Post-Covid
	Overall	35%	59%	6%
Ownership	Foreign MNC	52%	39%	9%
	Indian domestic	14%	86%	-
	Indian MNC	-	100%	-
Revenue (in Rs crore)	<Rs 100 cr	33%	63%	4%
	Rs 100-250 cr	39%	50%	11%
	Rs 250-500 cr	33%	62%	5%
	Rs 500-1,000 cr	40%	57%	4%
	Rs 1,000-2,500 cr	41%	55%	5%
	Rs 2,500-5,000 cr	22%	75%	3%
	>Rs 5,000 cr	31%	67%	3%
Sector	BFSI	19%	78%	4%
	IT	50%	46%	5%
	ITeS	35%	65%	-
	SSC/COE/R&D Centre	54%	39%	8%
	Logistics and e-Commerce	40%	60%	-
	Other services	27%	73%	-
	Auto & ancillary	46%	54%	-
	Chemicals & Agri-inputs	40%	60%	-
	Consumer goods	33%	60%	7%
	Pharma/Healthcare	33%	57%	10%
	Other industrials	36%	53%	12%
	Construction	25%	67%	8%
	Energy	39%	62%	-