# Recession Revelations: How various sectors have fared on salaries & layoffs in past 5 years

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The past few years, from 2008 to 2012, have probably been some of the most volatile for the Indian economy. For companies and executives, it has been no different. First, the complexity of managing business increased many fold and made work extremely trying for corporate managers. It did not end there. Officials stared bleakly at layoffs, salary cuts and a dry job market.

How has this changed the work environment? What toll has it taken on executives? Vikram Bhardwaj, head of Redileon, an executive search firm, says people now hesitate to switch jobs, even when they are offered one. Very few are even willing to discuss job openings. The time taken to initiate a conversation on a new job and seal the offer at senior levels has doubled from three-four months to six-seven months now.

Is this widespread perception of doom and gloom also the reality? *ET Magazine* decided to get the real picture by looking at data for 2007-08, when the global recession set in, and now, 2011-12, the financial year for which the latest data for listed companies is available.

*The Economic Times Intelligence Group (ETIG)* started the analysis with BSE 500, looking at data from these listed companies on top-line and bottom-line growth, staff count and salaries. The companies that did not have data for the two financial years under study were kept out. The analysis began with 486 companies but was trimmed down to 197 due to data gaps. The firms were then categorised into different sectors to get a sectoral view as well.

The most important takeaway of the study is that the past five years have seen almost jobless growth. The 197 companies, on an aggregate, have reduced their staff by 3.2% between 2007-08 and 2011-12. If the executive is wary, then it is just a reflection of what is happening in the job market.

Meanwhile, the Indian economy â€” at 6%-plus â€” and businesses have been clocking decent growth. In fact, the top line of the selected firms rose by 74.4% during the period. And for those who managed to keep their jobs, there was good news: salary rose by about 44.9%, although it barely kept pace with inflation during the period.

Does this mean companies are not facing a challenging time? Not at all. Although the top-line growth was 70%-plus, the bottom line saw measly growth â€” of just 10.3%. Even as executives are feeling the pinch, companies and their management aren't feeling much better as rising compensation and stressed bottom line take their toll.

Here's a look at how the various sectors have fared:

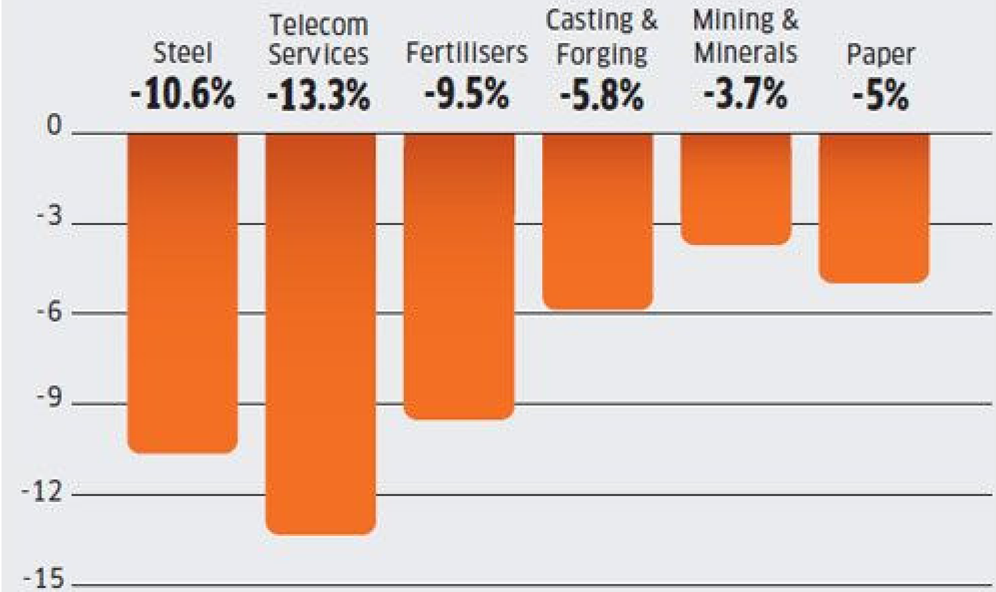
**Layoffs: B2B vs B2C**

The economic slowdown and layoffs have affected some sectors more severely than others. At a macro level, B2B companies have been facing a more difficult time than consumer-oriented B2C sectors, which have done relatively well on their staff count.

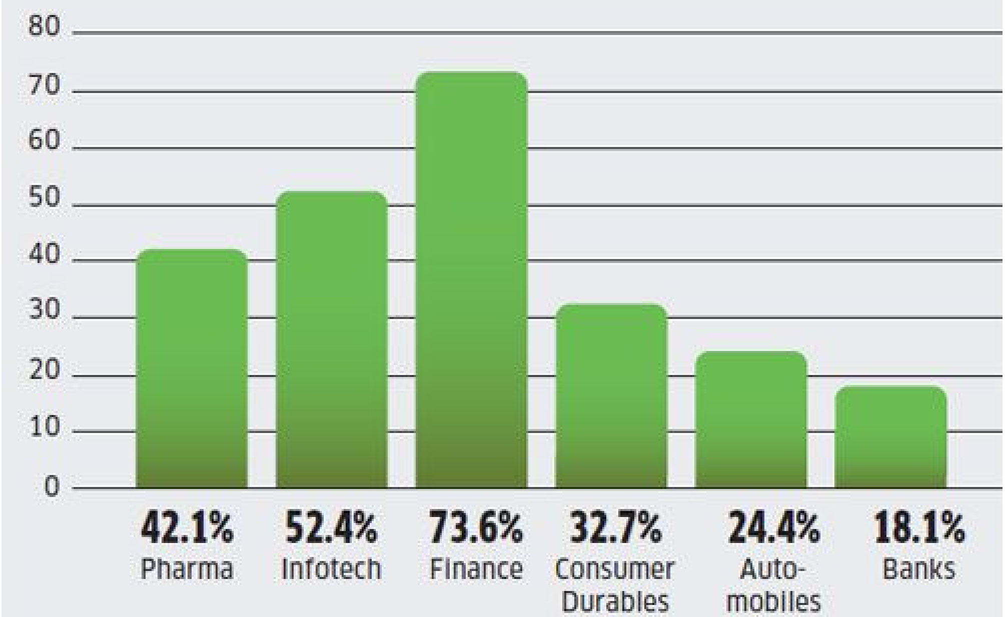
For example, steel (-10.6%), shipping (-6.4%), casting & forgings (-5.8%) have seen their staff count go down. Some sectors like telecom services (-13.3%), going through a difficult time, too have seen the number of employees dip.

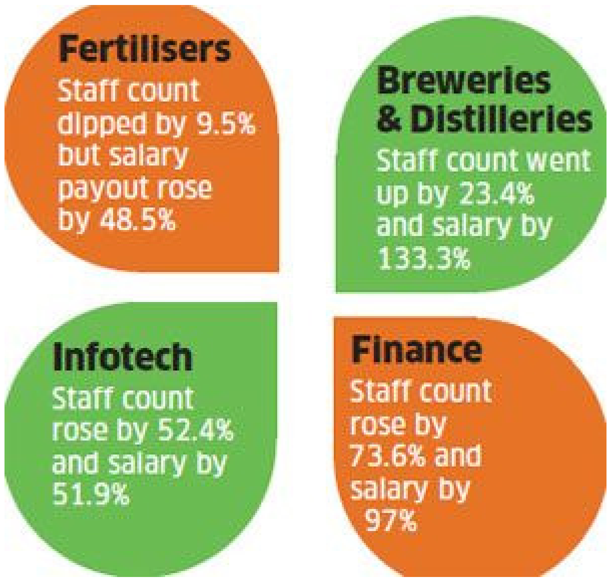
But even in this economically uncertain period, some sectors have seen the staff count increase. For example the financial sector has â€" contrary to popular perception â€" seen its employee base rise by 73.6%. IT, pharma, and transport and logistics sector have seen their staff count go up substantially.

## Staff Count Fell



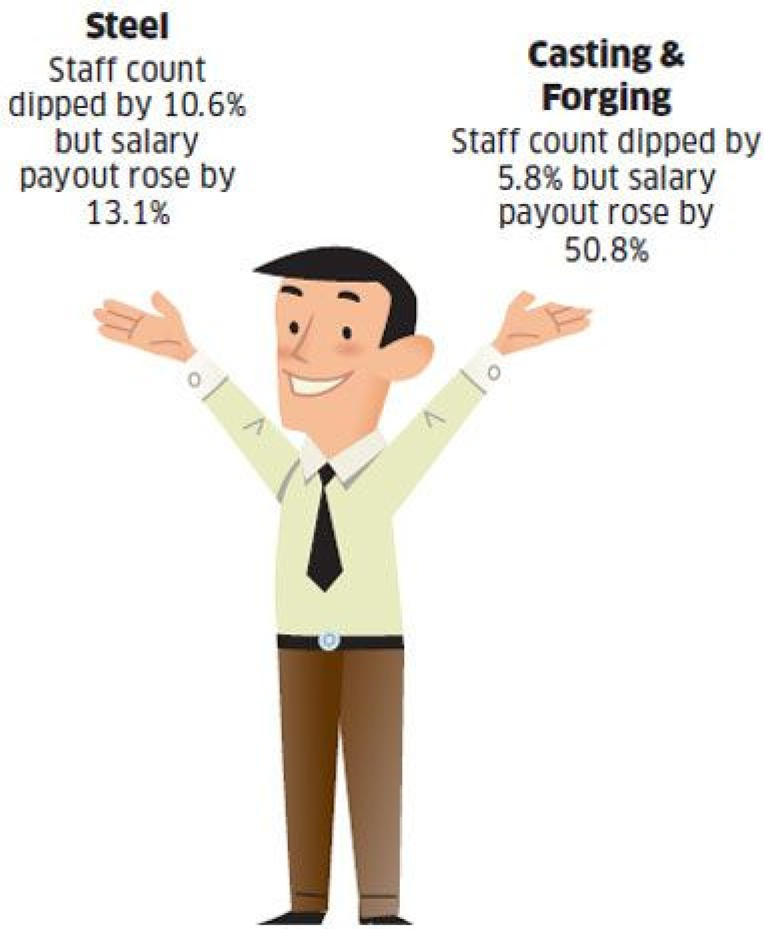

## Staff Count Rose






**Salary goes up**

What is interesting to note is that across the board â€" except for the shipping sector â€" staff compensation or salary has gone up during the period. This means wage costs for some sectors have been rising even while companies have been bringing down the number of employees. However, the hike may not have kept pace with inflation.




**Rising top line, hurting bottom line**

Sectoral variations notwithstanding, revenue growth has not been a big issue for corporate India. Barring real estate, glass and glass products, and granites and ceramics sectors, companies have posted a decent growth in top line. But bottom line in many sectors have been hurting, with a few exceptions like the financial sector, consumer durables, breweries and distilleries, capital goods and sugar: