

The hiring and firing culture of IT employees in India

In the year 2022 most companies including Amazon,alphabet,microsoft have announced job cuts. The situation exacerbated in 2023 with a rise of 59% compared to previous year. These decisions are attributed to various factors such as economic downturn, overhiring during pandemic, strategic restructuring among others. There also have been reports of silent layoff, as per AIITEU as much as 20,000 people were silently laid off. The employees are normally provided time of a month or so to find a new position within the company failing to which they are given two options either to get terminated or resign from the company. Most of them choose to resign, as mention of "termination" in relieve letter could make it difficult to get a new job. This was favorable even for companies as there are multiple legal requirements like layoff compensation, preference while rehiring, last in first out policy etc, have to be followed as mentioned in ID act of 1948 which now have been subsumed in industrial relation code of 2020, failing to which the retrenchment could be termed null and void and could even be challenged in court of law.

Similar trends have been noticed in other private sectors. The layoff increases during an economic downturn. This kind of culture further deteriorates the unemployment situation in the country and it also affects the capacity of sectors in particular and country as a whole to bounce back from economic downturn when the external situation improves. The companies would take more time to recover as when situation becomes favorable they would be going to market place to hire potential employees.

However these problems could be avoided if the government comes up with some kind of unemployment insurance. We have multiple examples like the kurzarbeit system prevalent in germany. During a recession rather than laying off, the employer cuts down the working hours and pays only for those hours, some portion of the remaining salary is paid by the government. And during normal conditions the employee and employer contributes some amount as mandated by the government as subscription to this policy. This policy is profitable to all the parties. For employees they did not lose their job and thus have a steady source of income, to employers they didn't have to go to the market place to hire when there is economic upsurge and for the government the employees did not add to the already worst unemployed poll, and further the economy could bounce back at the earliest.

