

Companies reel under pandemic onslaught, respond with cost restructuring, salary cuts

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- **E-commerce and online delivery companies have struggled to keep operating, and some have tapped technology solutions to keep going**

Amid a nationwide lockdown to slow the spread of covid-19, companies are reworking cost structures to survive, as remote work and lower discretionary spending have become the new normal.

Companies in the worst-hit sectors such as aviation and hospitality have announced immediate pay cuts. IndiGo, India's most profitable airline, was the first to announce a 25% cut in senior staff pay. Rival airlines SpiceJet and GoAir too have announced similar pay cuts. GoAir has retrenched its entire workforce of expat pilots, who are considered expensive. It has also introduced leave without pay and up to 50% pay cut for its top leadership.

On Thursday, SoftBank-funded budget hotel chain Oyo reduced salaries for senior and top-level executives. Founder and CEO Ritesh Agarwal decided to forgo his entire FY21 salary while the company's executive leadership took a voluntary pay cut beginning at 25%.

Many companies are also revisiting organizational structures to manage costs. Headhunters who spoke to Mint requesting anonymity estimated that C-suite hiring is already down by 50%, worse than during the economic slowdown in 2008-09. Many companies are trying to fill critical roles internally even if the person does not tick all the boxes.

E-commerce and online delivery companies have struggled to keep operating, and some have tapped technology solutions to keep going. Ashish Jhina, co-founder of Jumbotail, an online wholesale marketplace for food and grocery products, said the company is working to reduce delivery touch points by artificial intelligence-driven delivery promise, and route optimisation. These have resulted in 50-60% increase in productivity within the last week itself, he said. "We are working with non-essential services companies to utilise their workforce to ramp up delivery capacity. Our fully automated in-house supply chain is designed for quick on-boarding with just one-two

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hours of training and we are leveraging this to bring in more pickers and delivery executives into our system," Jhina said.

Some companies have stopped or delayed payments to suppliers to conserve cash, by invoking force majeure clauses. One of them is commercial vehicle maker Volvo Eicher Commercial Vehicles, which has decided to temporarily delay payments to some suppliers by invoking the force majeure clause. The company, though, will continue to pay its permanent and contractual employees.

Hero MotoCorp Ltd, India's largest two-wheeler maker, also invoked the clause to stop payments, but later reversed its move and decided to extend the bill discounting facility to its suppliers till 15 April. Premium motorcycles manufacturer Royal Enfield, owned by Eicher Motors Ltd, has also intimated its suppliers about a possible delay in payments.

Amid the turmoil, experts said that some of the practices adopted such as remote working could extend beyond the pandemic if employers see value, especially in the IT sector which has moved up to 90% of its employees to work from home. "We've already initiated the same in most support departments whose roles can be easily shifted and some business processes, where clients have allowed us to move to a work-from-home model. A large amount of our focus now is centered around finding the optimum balance between business continuity and social distancing norms, without at any time compromising on the health and safety of our biggest asset, which is the people that make up our organization," Rajiv Ahuja, chief operating officer at outsourcing firm Startek said.