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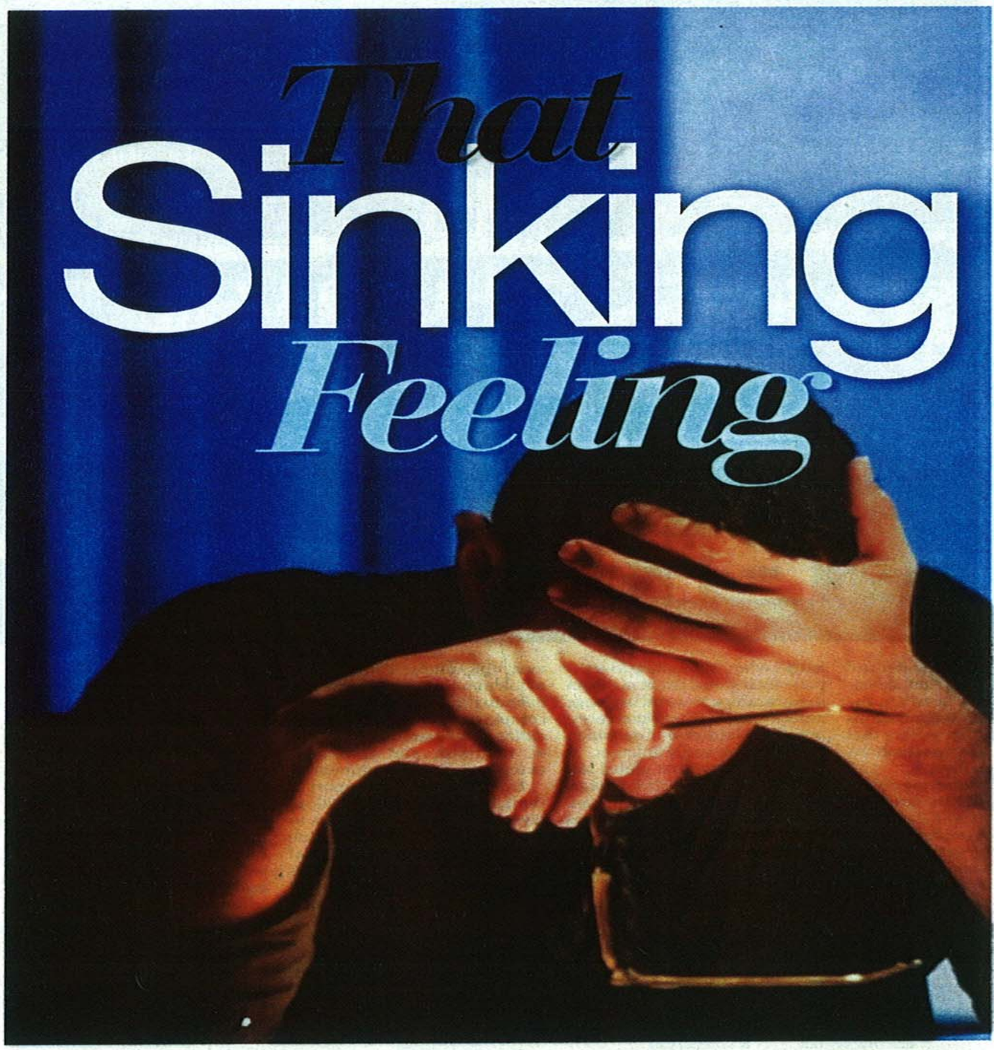


That Sinking Feeling

Bankruptcies and liquidations, M&As and restructurings, right-sizings and down right exits — are the formerly coveted multi-national jobs becoming too risky?

Reality CHECK

Moinak Mitra, Priyanka Sangani, and Dibeyendu Ganguly

SOMETIMES EVENTS far away can have consequences in the most unexpected places. As the aftershocks of the tsunami that hit Wall Street on September 15th, 2008 reach Indian shores, the effects are showing. With Lehman declaring bankruptcy and Merrill Lynch being acquired by Bank of America, there is a question that now bothers many multinational company (MNC) employees in India — are their jobs secure?

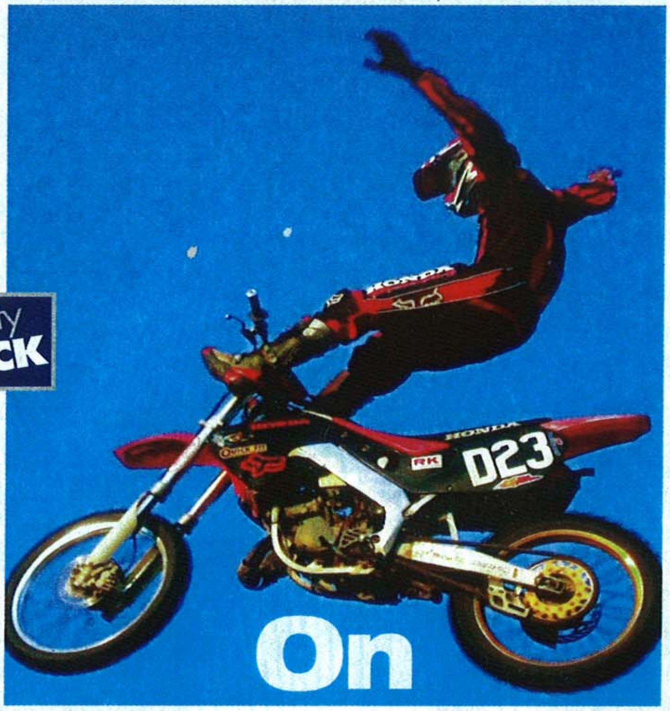
MNCs collapsing, right-sizing, or getting acquired have created a certain amount of anxiety in the past few years, which the present crisis has served to heighten. "MNCs have always tended to be a high-risk, high-reward career option. Right now, the risk part is in everyone's face," says Deepak Gupta, CEO, Korn/Ferry. Slowly but surely, employees perceptions about the safety of MNC jobs have begun to change. The same transnationals which were every MBA graduate's dream destination are being viewed with scepticism. MNCs are no longer considered to be too big to fail and they are certainly no less vulnerable than Indian companies.

"Two days after Lehman Brothers announced that it was filing for bankruptcy, the HDFC career portal saw a record 2700 hits in a single day. On a normal day, it averages between 800-900 fresh applicants," says Mandeep Maitra, HR chief of HDFC Bank, which is suddenly considered to be a safe haven in the financial market turmoil.

The collapse of companies like Enron and Anderson were the first reminders to the Indian employees how that cushy jobs can vanish in a jiffy; even earlier, big b-school recruiters like Booz Allen Hamilton had packed their bags and left on the basis of a shift in global strategy.

P 2: ON THE BRINK

PAGE 1:THAT SINKING ...



On THE BRINK

Reality CHECK

IN THE PAST FEW YEARS, some of the marquee names — IBM, Pfizer, Yahoo, HUL, Sony — have fired employees in rightsizing exercises, shaking the confidence some more. Lately, employees of MNC subsidiaries like Gillette, PeopleSoft and Aventis have had to deal with the aftermath of M&As, where people were asked to move out because integration didn't leave them with a job.

There are some factors that are inherent to MNCs that make the jobs more slippery. The matrix reporting structure based on verticalisation or geography is a tricky walk, and many Indian head honchos have slipped in the maze. MNC managers say the time taken in building consensus among various bosses in the matrix is frustrating and becomes downright dangerous if you get on the wrong side of any one of them. One high profile CEO of a media company, for example, had to quit overnight as one of his bosses complained that he wasn't being kept in the loop. In such a structure, the job content can be limiting. "The matrix structure of the MNCs leaves you partially in-charge. Then the realisation sets in that you don't have a full job," says Munesh Khanna, former head of investment banking, Merrill Lynch and now an entrepreneur.

Then there are MNCs for which India is a relatively small market, for which the global headquarters is not willing to make special concessions. Banmali Agrawala, who was CEO of Wartsila and joined Tata Power as executive director six months ago, says: "One of the problems with working with a centralised company (like Wartsila) is that its strategies are global and it doesn't create differentiated strategies for markets like India. For example, we were never able to convince our Finnish parent to make power generation products tailored for India. We had to go with what was produced for the global markets."

Changes of fortune can be sudden in MNCs, precipitated by an internal reorganisation or just a change in focus or a sudden decision to downsize or wind up operations and senior staff members suddenly get a mail that says coldly, "You are required to complete the formalities of the closure." MNCs, especially the US ones, do not retain employees because of goodwill, or loyalty or humanitarian reasons like many Indian corporates do. And often the Indian employees are the last ones to know about the major decisions. In a recent interview to CD, Shumeet Banerji, global CEO of Booz & Co, recalled his feelings when Booz Allen Hamilton decided to exit India after he had spent six years building market share: "The firm had other priorities at that time. Headquarters decided to exit emerging markets as a matter of strategy. It wasn't a good decision, but I didn't waste time getting sentimental about it."

MNCs alone are not to blame for the glitter fading. Another reason why they're losing their sheen is because Indian corporates are getting their act together. A few years back, the gap between MNCs and Indian corporates as an employer of choice was a chasm which few dared cross.

That's changed with the coming of age of Indian groups like the Tatas, Birlas and Mahindras, who now match the MNCs in terms of compensation and job content. "The paradigm started to shift 4/5 years ago and now the pendulum is swinging their way," says Ronesh Puri, CEO, Executive Access. Tata Power's Agrawala adds: "Rather than the push factor out of MNCs, it's the pull factor of Indian corporates that's leading this trend."


K Ramkumar


Mandeep Maitra

No longer is working in an Indian corporate considered a B class job, a sign that you weren't able to make it to the big league. And no one can vouch for it more than Future Group CEO Kishore Biyani who has lured talent from companies like Goldman Sachs, Coke and Hindustan Unilever. "In the recent past, we have seen a huge increase in the number of applications from MNC employees. Today I can confidently say that if I want to hire an individual, there is a very good chance that he will end up joining me," he says.

The shift is being witnessed more at middle and senior levels rather than entry level positions. Entry level employees still aspire for a MNC name on their CV for the bragging rights. "At the entry levels and in b-schools, people are still star-struck by the idea of working in an MNC, and only about 20% will actually turn down an offer from an MNC to join an Indian company," says ICICI Bank HR head, K Ramkumar. But the trend shifts in the middle management, where employees realise that their jobs aren't big enough or that they need to turn to HQ or regional headquarters for every approval and that's where the Indian companies score with a much better value proposition. "Indian companies provide a very good growth platform. Also they provide an independent platform to drive strategy," says R Suresh, CEO, Stanton Chase.

The MNCs will continue to attract talent, especially those looking for a big brand and global exposure. But some words of advice for people looking for advice before joining MNCs. Nalin Garg, VP-HR, Coca-Cola India, points to a three-fold caveat that job-seekers must exercise nowadays while hunting for that cushy position in an MNC: "The applicant must look for a company with a strong business model; there should be a certain heritage to the company, and it should have the proven tensility to withstand the rough and tumble of the markets; lastly, the applicant needs to look for places where the field he's applying for is strong enough."

Meanwhile, Lehman-Merrill's disappearing act will continue to reverberate in India for some time. Sonal Agrawal, CEO of head-hunting firm Accord, received the first call for help when she was in Goa on a global offsite and her phone hasn't stopped ringing since. "There's not much we can do apart from being there and advising them, after all there are only limited number of jobs available," she says. But still headhunters like Agrawal continue to be flooded by calls from the jittery i-bankers who are getting cold feet as the credit meltdown shows no sign of letting up and more firms appear to be on the brink.

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Deepak Gupta


Ronesh Puri


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