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Companies freeze replacement hiring

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NEW DELHI: Many companies are not hiring replacements to fill vacancies created by the departure of top executives, instead handing over responsibilities to existing managers as they try to cut costs during economic downturn. Some of them, such as engineering solutions provider Geometric and the Aditya Birla group are even clubbing roles: The Aditya Birla group recently restructured its top echelon and announced that its director (HR & IT) Santrupt Misra was being given an additional role as the CEO of the group's carbon black business.

Geometric gave additional responsibility of MD & CEO to its CFO Ravishankar G, replacing the departing Ravi Gopinath. When Kuldip Kaura, Vedanta group's metals and mining CEO retired, it did not get an outsider to replace him. Instead, it asked MS Mehta, the head of group firm Hindustan Zinc, to double up as the group's CEO. Bharat Hotels handed over the responsibility of COO to senior VP (operations and development) Vijay Wanchoo after Farhat Jamal resigned in December 2008.

Recruitment firms say companies have deliberately slowed down replacement hiring. "Given the economic slowdown, a lot of companies are taking a much closer look at replacement hiring, compared to a year ago. There is an increased focus on utilising the talent already available, though not at the cost of compromising the business," says executive search firm Positive Moves Consulting managing partner Praveen Malhotra.

Besides CXOs, companies are also spreading responsibilities at the level of business heads. Ranbaxy saw the exits of its senior executives, including its medical director and the heads of its legal and clinical research units after it was acquired by Japanese firm Daiichi Sankyo. But Ranbaxy has not yet recruited replacements, instead expanding the role of managers in the lower rung without any change in their designations.

A Ranbaxy spokesman said recruitment continues based on need. "The company has adequate management bandwidth and depth and it is our intent to continuously strengthen the operating team."

Companies are also leveraging the strategy of giving more responsibilities to existing managers as a retention tool. "It sends the right signals within the organisation, showing that the company would prefer to promote from within, rather than hire from outside," says Mumbai-based Hunt Partners country head Sunit Mehra.

Recruitment professionals say that assigning additional responsibility has its limitations. "Replacement hiring has certainly slowed, but not stopped. Given the immense pressure on cost, companies are looking at adding or spreading responsibility among the team members, but only till the time it can be managed. Eventually, one would have to bring in a leader," says Executive Access partner Charul Madan. Executive search agencies are also being asked to evaluate existing employees for vacant leadership posts. "We have seen an increase in the number of companies that have asked us to appraise internal candidates alongside the external ones," Mr Madan said.

Furthermore, companies are integrating overlapping portfolios. Electronics major Samsung recently appointed Jung Soo Shin as the new president and CEO of Samsung India Electronics as well as the head of Samsung southwest Asia. Earlier, it had separate heads for southwest Asia and India.

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