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CXO tenure: Companies look to keep it short

By Namrata Singh, TNN | Updated: Oct 17, 2016, 11.22 AM IST

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MUMBAI: Short-term contracts are quietly invading the CXO turf in India. Though it's not a dominant trend yet, apart from startups hiring executives on a contractual basis, executive search firms said some traditional manufacturing and services organizations are now making exceptions and hiring senior executives, or CXOs, on one or two-year contracts.



Time-bound contracts for senior executives have predominantly existed in the western countries. In India, even expats were hired by organizations as regular employees.

Time-bound contracts for senior executives have predominantly existed in the western countries. In India, even expats were hired by organizations as regular employees.

Suresh Raina, managing partner, Hunt Partners, said: "We are getting strong interest from large companies sharing their willingness to hire CXOs on a fixed term contract basis. A large corporate group recently hired a senior executive at a group level on a one-year

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Raina said contractual CXOs on one-two year tenures have been primarily seen in the private equity investee company and startup space, but the option is catching up in the corporate sector as well.

Traditionally, contracts for senior executives in India would include a commencement date with the expectation that the individual would continue in the employment as long as the going is good. This is clearly changing.

"With business requirements changing, niche areas have emerged which require expertise in a time-bound manner," said Sanrupt Misra, director, global HR & CEO, Carbon Black Business at Aditya Birla Group. "For instance, there could be a requirement for monitoring a large capex project. A senior executive may not want to be engaged with the organization for long. We have on different occasions, taken CXOs in specialist roles like design head or actuarial specialist, on timebound contracts," he said.

Mahindra Group, too, has hired CXOs on short-term tenures. However, Prince Augustin, EVP-group human capital & leadership development, Mahindra & Mahindra, sees this as an exception more than as a rule. "I am not sure if this is a dominant trend and it does happen on a one-off basis as a transitional plan," said Augustin.

Such arrangements are considered when roles are temporary. Ronesh Puri, MD, Executive Access, said although one-year contracts are gaining popularity with the option of renewal, two-three year contracts are more popular at the top management level.

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