



Slowdown Impact: Minimum job shifts at CXO level this year, less places to go

The Economic Times
Aman Dhall & Lisa Mary Thomson
September 27, 2009

The year 2009 may well go down as one of the most job stable years, top business leaders at India Inc have ever witnessed. Even as companies continued to lay off workers at lower ranks this year, the C-level positions — CEOs, managing directors, CFOs, CIOs, CTOs, business unit heads and legal heads — witnessed minimum job shifts in India's top 500 companies.

So while the world watched the high-profile exits of Ranbaxy CEO Malvinder Mohan Singh, ICICI Prudential CEO Shikha Sharma, Punjab National Bank CMD KC Chakrabarty, TCS CEO S Ramadorai and the much-maligned Satyam CEO Ramalinga Raju, a wide array of India's business leaders just chose to stay put.

In fact, a SundayET-Adecco study of BSE500 companies reveals that the CXO level movement has declined by one-fourth in 2009 till date, in comparison to the same period last year. While in 2009, the total number of changes in the same companies has been 166; the total number of CXO level changes for 2008 in the BSE500 companies was 226.

Speaking of the dip in job switches, Sudhakar Balakrishnan, CEO of HR services provider, Adecco India said; "Hiring happens based on forecasted economic growth. The increased uncertainty post-crisis in the US meant offtake here came down considerably. And hence there was more job stability at management levels this year."

Sector wise, it was the banking and financial services companies, which saw maximum retrenchment across levels in the current year due to the global financial ripple effect. This sector reported a 41% increase in CXO movement in 2009 vis-à-vis the same period in 2008. ICICI Bank witnessed the highest shuffle at the CXO level, with as many as five key positions changing hands.

This was the year when KV Kamath (now ICICI Bank chairman) retired from executive responsibilities to hand the baton of ICICI Bank over to Chanda Kochhar. There was also the high-profile exit of Shikha Sharma, who took over as CEO of Axis Bank this year. In case of Punjab National Bank, after its CMD KC Chakrabarty's elevation to the post of deputy governor at the Reserve Bank of India in June this year, the post of CMD is still lying vacant.

Auto remained the only other sector to show an increase in CXO level movement in 2009, compared to the same period in 2008. There was a 20% upsurge in job shifts. The

sector had posted a modest growth in production at around 3% in 2008-09 over 2007-08. Interestingly, chief financial officer of Hero Honda Motors, Ravi Sud who left the company last October to join real-estate developer Emaar MGF, chose to return to his original post in March this year.

For the manufacturing sector, on the other hand, it marked a dramatic year that saw a sharp reversal in their fortunes, which is associated with the contraction of the sector as a whole. In 2008, this sector accounted for the highest movement in the CXO level and in contrast, the number dipped by 75% in 2009.

Mr. Balakrishnan feels that it was more a case of top management people resigning to their fate during the period. "The feeling with CXO level was let me stay put here. Unless the economy rebounds, there is no point in taking a chance that could jeopardise a hard-earned career," he said. Many feared the possibility of becoming redundant in their new jobs.

Even the infrastructure and construction sector — which had a not so impressive year — reported a 54% dip in CXO movement in 2009 vis-à-vis the same period in 2008. Only five CXOs sought out new positions this year, compared to 11 last year. Recruiters say de-growth in hiring this season and less job opportunities within and outside the sector were the primary reasons for the manufacturing sector to witness least movement in 2009, compared to the BFSI, IT and chemical sector.

Devinder Chawla, partner — business advisory services, Ernst & Young, feels part of the reason for top management remaining stable this year was opportunities were lesser. "Companies were also proactive to tie down their senior level employees. Though overall the reasons vary from sector to sector," he said.