



# Expatriate Executives A New Role

A confident India Inc, which is taking on the globe by acquiring international firms, has been hiring expatriate executives to head domestic units. A growing number of companies across the spectrum, from airlines and hotels, to retail chains, consumer goods firms, pharmaceutical giants and finance majors are recruiting executives from different countries. A report by **Annamma Oommen**.

INDIANS have in recent years been heading top international corporations. They include Indira Nooyi, ceo, PepsiCo; Vikram Pandit, ceo, Citigroup; Victor Menezes, former vice-chairman, Citigroup; Rana Talwar, former group ceo, Standard Chartered Bank; and Rajat Gupta, former managing director, McKinsey & Co.

It is now the turn of foreign nationals to add value to Indian companies in their race to achieve global benchmarks. From infotech to retail, finance to apparel, and hotels to airlines, Indian companies are increasingly hiring expatriate managers. Not just to work in their newly acquired overseas subsidiaries, but in the domestic market as well.

Examples include K.R. Kim, the erstwhile managing director of LG Electronics, who joined Indian durables major Videocon; Tomotaka Ishikawa of Yamaha, who moved over to Bajaj Auto as a full-time advisor; Raymond Bickson, managing director, Indian Hotels Co Ltd; Wolfgang Prock-Schauer, ceo, Jet Airways; and Brian W. Tempest, former ceo, Ranbaxy Laboratories, and now a non-executive director of the company.

A number of industries are finding value in adding global experience to their rosters. On the other hand, expatriate managers see a lot of challenges in taking up these assignments. The experience of working in a country with diverse cultures, lack of homogeneity of markets and



ILLUSTRATION: FARZANA COOPER



**STREAMLINING PROCESSES:** Experienced expat executives help Indian textile and apparel firms to improve productivity and enhance efficiencies

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phenomenal growth rates, definitely add value to the resume of any expatriate manager. Apparel and textile manufacturing is one such sought after industry for expatriates, which has resulted in a win-win situation for both sides. Companies like Arvind Mills, Abhishek Industries, Bhilwara Group and Gokaldas Images have all got foreign nationals on their rolls, mostly as full-time employees, but also as consultants on contracts.

Apparel manufacturing units in the US and Europe have been shutting down due to competition from Asia – fashion icon Levi's has closed down 22 plants internationally, while Marks & Spencer has started sourcing almost exclusively from outside the UK. Due to this, many highly-skilled, white- and blue-collared staff are taking the slogan – if you can't beat 'em, join 'em – literally.

The induction of expatriate executives helps Indian companies in their bid to move up the value-chain by getting access to global experience and practices. Abhishek Industries, for instance, is working with

expat consultants in a bid to make its weaving and research and development efforts match up to global standards.

Dollar salaries are hardly a concern these days, as the remuneration patterns in India have undergone major changes, and are today at par with global norms. "The primary aim is to increase productivity," remarks Darshan Mehta, ceo, Arvind Brands. "In India, it takes 20 minutes to make a five-pocket jean. Overseas, it takes just half the time. Expat managers have abundant experience, which will help streamline and expedite processes."

Another sector that is hiring foreigners in a big way is civil aviation. While the global nature and relatively sophisticated clientele could dictate technical and service levels, sometimes easier found in talent pools of more developed countries, these are not the only reasons for hiring international executives.

Internal quality benchmarked to global standards is also a factor that has made airlines like Jet Airways employ foreign nationals from almost day one of opera-

tions. The airline has over 400 international executives on its rolls working in various capacities ranging from the ceo to pilots and cabin crew.

In fact, about 10 of Jet Airways' expat employees work in its management team. Foreign cabin crew is being increasingly deployed on its newly expanding international routes. Even the Kingfisher-Air Deccan combine has over 300 expatriates working for it. Overall, of the nearly 40,000 expatriates currently working in India, over a thousand are employed in the civil aviation sector.

It is not just private airlines that have hired foreign personnel. Even Air India, the state-owned national carrier, employs foreign pilots on a contract basis for its long-haul operations.

Interestingly, foreign pilots cost just about two to three times more than Indian aviators. The explosive growth witnessed by the sector over the last few years has been marked by an acute shortage of

pilots – and also a rapid turnover, thanks to poaching by newcomers – resulting in the hiring of foreigners. While it cost a lot more to employ international pilots, it ensured continuity of operations and lower hiring costs in the long run.

The consolidation being witnessed in the sector has brought more stability. Says Surajit Banerjee, vice-president, SpiceJet: "Because of sudden growth in the domestic aviation sector, there has been an interim shortage of technical personnel such as pilots and commanders leading to the airline employing a large number of expats. But we are planning to replace expatriates with Indians by the end of 2008."

Indian companies are hiring not just Europeans and Americans, but even East Europeans and South East Asians. One of the reasons for this is the relevance of their work experience, especially in the case of Asians. Many countries in South East Asia have undergone structural and

The handsome remuneration that they get is not the only incentive for foreign managers. Most are showered with attractive perquisites.

**MANAGING MALLS:** The explosive growth of the retail sector has resulted in malls hiring expatriates for specialist tasks



developmental changes similar to those being experienced by the Indian economy. Consequently, managers with successful track records in countries like Thailand, Vietnam, Malaysia, the Philippines, China and Taiwan are being wooed by Indian conglomerates.

Similarly, executives have been picked up for their expertise in mining and metals from countries like Australia, Brazil, South Africa and Poland.

Another sector that is experiencing a shortage of skilled staff is retail, which is growing at an explosive rate. Many Indian retail majors are looking at other emerging markets, including South-East Asia and

South Africa, to tap into their talent pool.

The RPG group, which had a joint venture with Hong Kong's Dairy Farm International for its Spencer retail foray, hired middle-level managers from Thailand. "Retail managers in Thailand have the kind of experience we need in India today," says Nihar Ranjan Ghosh, senior vice-president, human resources, RPG group. "Hiring Thai expatriates is expensive, but still cheaper than hiring executives from the USA or Europe."

But it is not just Indian industry that is benefiting from the expertise that these foreign managers bring to their daily operations. The latter too find the rewards more

than commensurate with their efforts, whether it is financial value or professional value addition.

Y.S. Kim served as the managing director of the start-up operations of Hyundai Motors in India from 1996 to 2002. With the success garnered in India, Kim was handed the plum assignment of setting up a greenfield project in Alabama in the US.

Obviously, his Indian experience was a plus point as it would prove invaluable in establishing Hyundai's third global plant after China and India.

Ishikawa, the former Yamaha executive, known as a turnaround specialist in the

## THE RETURN OF THE PRODIGIES

WHILE expatriate executives bring in a lot of expertise and global experience, the drawback is that most of them have to return home. The very nature of their assignment is temporary, stretching from a couple of years to at most a decade.

But corporate India is discovering a new source to get on board: executives with international exposure, men and women who can be expected to stay permanently in the country, Non Resident Indians (NRIs).

A growing number of NRIs are returning home from the US, Canada, the UK, Europe, the Middle East, South East Asia and Australia, seeking opportunities in India. Unlike their adopted homes – where economic growth is sluggish, of around two to three per cent – India continues to expand at an impressive eight to nine per cent annually.

The international exposure gained by NRIs during their overseas stint is being acknowledged by corporate India; further, compensation packages are also quite attractive, so NRIs – including engineers, technologists, physicians, surgeons, chartered accountants, bankers and professionals from other sectors – are eager to relocate to India.

Says K. Pandia Rajan, managing director, Ma Foi Management Consultants, Chennai: "We are seeing an increasing number of Indians returning



**HOME BECKONS:** NRI professionals, including surgeons, are eager to relocate to India

home for employment opportunities. This is especially true in the case of the IT and ITeS segments, as well as the retail, telecom, banking, financial services and the automotive sectors. With the infrastructure boom in the country, many NRIs are also looking to return and head construction projects."

Many NRIs are also returning home for personal reasons, including looking after ageing parents and the education needs of growing children. Obviously,

most of the returning NRIs head for cities that are witnessing buoyant growth and offer excellent career opportunities: Bangalore, Hyderabad, Chennai, Mumbai, Pune, Delhi and the National Capital Region and Chandigarh.

Of course, not all look for jobs; many set up their own business: industries, hospitals, dealerships, or consultancies. The grass, for many of the returning prodigies, is indeed turning to be greener this side of the fence.



**TAKING COMMAND:** India's burgeoning civil aviation sector has lured nearly a thousand expatriate pilots from around the globe

Because of sudden growth in the domestic aviation sector, there has been an interim shortage of technical personnel such as pilots.

two-wheeler industry, was instrumental in reviving the Japanese company's Thailand operations. With Bajaj Auto's strategy to be distinctly ahead, by developing itself as a life-style brand across global markets, Ishikawa's proven experience in the global auto industry is expected to be of great value to the Pune-based company.

The handsome remuneration in India is not the only incentive for foreign managers. Most are showered with attractive perquisites. Although Indian salaries are now globally competitive, it is on the attractive perks that expatriate executives score.

An expat ceo or some other senior executive would normally be provided a luxurious apartment in posh localities of Mumbai, Delhi, Bangalore, Chennai or Hyderabad. Also thrown in would be a couple of club memberships, a family car and children's education in international schools, besides the usual paid holidays and return tickets to the

home country. In the past, many multinationals paid their western executives 'hardship allowance' for being posted in the developing world. Today, Indian companies offer their expat executives a variety of allowances, though 'hardship' is not one of them.

With Indian entrepreneurs investing billions of dollars in acquiring international firms, there will be a growing number of expatriate executives heading domestic groups and operating out of India.

The rise of Indian multinationals will see the emergence of international executives heading different groups, as is happening in the developed world.

It is not uncommon these days to find a Frenchman heading an American corporation, or a Briton at the helm in a German firm. A growing number of Indians will no doubt take over the reigns in western companies, but increasingly, it won't be uncommon to find a Brazilian or a Chinese heading an Indian conglomerate. 🌈