# Recession - A myth or reality!

***"****I have heard there is going to be a recession,*
*I have decided not to participate "*
*~ Walt Disney*

During the last two years we have witnessed globally the phenomenal change in the pay packets of technical and non-technical executives not only in IT sector but in other sectors also. Gone are the days when we used to get surprised by watching the programme " *Kaun Banega Crorepati*". People used to feel jealous about the winner and it used to create a great amount of confusion in the minds of general public for prospective planning of the winner as to how he is going to spend one crore rupees, a huge sum. The salary levels were not so high so as to talk about crores. The sudden rise in employment opportunities in our country with unbelievable high pay packets, something which cannot be digested easily, especially when the frauds like Satyam have come to light. Well these kinds of frauds were quite common during 1980's and 1990's also. We have seen the failure of banks like Global Trust Bank ultimately gone to Oriental Bank of Commerce and losses were beyond sustainability. Now in the case of Satyam it is the question of 53,000 employees and they are all in high pay packets. The Harshad Mehta's financial scam is still there in our memory. The effects were not so damaging because the losses were incurred by people who were involved with big financial transactions. Today you will find the executives leaving the jobs just for financial considerations; there is no question of loyalty with the company. The Government jobs including the jobs with Defence Services are becoming non-lucrative. The unemployed graduate was in dilemma as to whether to join a BPO for a sum of Rs. 20,000 a month or to prepare for competitions for government jobs, it is not certain.

Let us debate what are these high pay packets especially when I know my senior colleagues with MNCs enjoying high pay packets to a tune of Rs. 4.5 crore per annum and one of my friend is getting Rs.1.2 crores per annum as HR Head of an MNC. Of course there is high level of attrition and people talk about Hot Skills Management. The HR executives are finding it difficult to retain the competent people with the company. The old management stories are going on failure path in identifying the causes. The companies are losing their brand images because of diversification and profit has become a sole motive and the consumer expectations are being ignored. The question comes as to how these companies are being able to afford such a high compensation to the people working with them.

The per capita income in our country with GDP growth is not getting increased with such a speed that a lower middle class person with an average salary of Rs.10,000 per month can afford to visit malls for purchase of household grocery items. But still I wonder some time whether crowd is there in these malls.

Lack of customers on various outlets of these malls which are making our metros comparable to world class cities is not being discouraged rather new malls are coming up day after day.

While interacting with sales boys and girls across the country in Chennai, Kolkata, Delhi and Mumbai, my main question was their salary, as to how much they are getting to maintain high standards. It was a big surprise that I came to average salary of Rs. 5,000 per month only for a contract job with no proper appointment letter. Then what is the reason for these young dynamic graduates to take up these jobs. When I asked them about their educational and family backgrounds, in most of the cases say 90% boys and girls are coming from well-to-do middle class families with quantum of 10% coming from high income group families. My long research on the aspect of employment which is generated in metros with the opening of malls gave some revealing facts. These sales personnel are doing their graduation through distance learning or correspondence. Rs.5,000 is a pocket money, may be they spend in ten days time, the salary is not a material for them and it is in fact the freedom which they got in making friends, to enjoy the life with the new definitions of character and morality. They hardly bothered about the career barring a few isolated cases, where I found the people from lower strata needing employment to support the parents while continuing the education by means of distance education or otherwise.

There has been mushrooming of BPOs commonly known as Call Centers where the requirement is only good communication skills. It is good business tactic for the people by employing large number of non-graduates with good English background. The younger generation got easily influenced to switch over from regular classes to correspondence courses because the Call Centre gives easily a monthly salary of Rs.15, 000 to Rs.20, 000 per month. There is no thinking about career plans or competitions. The concept is to live life as it comes. About 15-20% cases these Call Centre boys and girls are marrying in young age and pretend to enjoy the life for the combined salary of Rs.30, 000- Rs.40, 000 a month. Continuous night duties start giving effect after a period of one or two years and then the same person looks for 10 am to 5pm job to have a proper sleep at least. You will be surprised to know that the same couple who was getting Rs. 40,000 combined salary is ready to come for Rs. 25,000 just to have an office job during day time.

A couple of years back Mc Kinsley, the consultancy firm estimated that India's factories would need 73 million workers by the year 2015 and if we believe in rough calculations as on today's position it will be an increase of 50%. If I am talking about the aviation sector, the airlines operating in the country projected to add 440 new planes by 2010 for their fleets and for these aircrafts they may require 3200 trained pilots besides additional staff for cabin crew and handling etc., A wild calculation on this account will account there will be 40,000 vacancies in the coming three to four years if the proposed plan materializes. Indian aviation is a US$6 billion industry and all projections were there indicating a very fast growth till

2020. We have witnessed the recent lay off exercises by airlines followed by reduction in wages. They could not succeed in retrenching the people because of hue and cry by media. If you ask me, the concerned persons from airlines were not solely dependent on their job, which is why at that time some of them expressed their view, they are prepared to work on half of the salary but need the job.

The recruitment in the civil aviation sector is also a typical case, where there is mushrooming of private institutes claiming to train the people for every related job of aviation industry. The youth is attracted by promising advertisements which gives the dream of flying in the sky. The fees are taken in lakhs and hardly 5 – 10 % people get the jobs that too, out of their own merit. Look at the real facts, the boys and girls aspiring for aviation jobs are coming from mostly upper middle class who can spend 4-5 lakhs with these private institutes and for them the job is more a dream come true of flying different places in the world rather than a career.

Though we are talking about recession today and everybody is crying for the fear of losing jobs or cut in the salary but nobody is appreciating the ground reality by understanding the facts behind sudden voluminous increase in the salary levels during last 4-5 years. If you ask me, it was not even a dream ten years back to think of salary of one crore per annum. The expectations level become so high with these artificial increase that today a simple graduate thinks about of the salary of Rs.15,000 to Rs.20,000 a month whether he deserves it or not. Go to the Business Schools, a student just after entering for MBA studies not only thinks about but gives full concentration for placement and more than studies it is salary figure which is there in the mind. The government sector especially the public sectors are becoming the choice for young engineering graduates and MBAs even from prestigious institutes are now looking for the technical and non-technical jobs in the public sectors.

The recent hike by the Sixth Pay Commission has also given the value addition. The fact remains that there is less accountability and more job security in the public sector jobs. The frustration stage comes after 5-6 years of service when you realize that there is no correlation between pay and performance. There is no objectivity in the performance appraisal. In most of the cases, during the last 2-3 years the cream of the people from public sector left their jobs to join on high pay packets with the private sector, say for example, GM of the public sector getting over of Rs.50,000 per month has gone to private sector to fetch a salary of Rs. 2 – 3 lakhs per month in the position of Vice-President. The change of job by the executives who are above the age of 55yrs has not given good results in terms of satisfaction because during the last 2 years while working in the private sector, they have realized that money alone cannot motivate a person. They are facing difficult to manage 10-11 hours working a day, with six days a week, which practically becomes 7 days. Added to above, they are finding it difficult to compromise and mould with the value system and conscience level. They are trying for a comfort zone which is now a distant dream. The actual medical facility provided by the government is not there with the private sector, since they have to depend on medical claim insurance policies.

I am not here to advocate public sector or private sector jobs but I want to emphasize that even in today's scenario, there can be rational thinking of linking the pay with performance and a little objectivity to the whole process of performance appraisal both in public and private sectors. It depends a lot as to how you induct a person in the organization because today's recruits can be tomorrow's trouble shooters if you are not following the principle the right man at the right time at the right place. Even in today's scenario there is a recession all over globally in US, UK everywhere the jobs are reduced. There are ideal employers also like Tatas and Lakshmi Mittals who not only preach but practice the ideal ways of respecting the caliber and capability of employees. I may recall when the light and small commercial vehicle division of Tata motors suffered loss to a tune of Rs.500 crores about 4 years back. The Chairman Ratan Tata told to top executives to give generous increments that year so that the people do not leave on the assumption that the company was a sinking ship. The training budget of Tata motors was also double during the last 2 years.

There are companies which believe in making the personnel for them. The training is a mantra for these companies which is the result of rethinking of HR strategies and priorities. Today the techno managers are heading the HR and they are making all out efforts to rationalize their workforce focusing on retaining their best human capital by letting go the poor performers. Look at the training cost of Infosys which has touched Rs.700 crores. They are planning to take more engineering graduates for the internship in the final year so that they may work with the company. These interns will undergo 5 weeks of training programme followed by 12 weeks of project work so that by the he joins the company he is good enough for the company to bill clients for his time. The training is investment cost for getting results. In any case, the payments and facilities provided during training period to the young graduates is much lower than the salary the company would have paid to freshers who would join as employees. Why only Infosys the other corporates are also recognizing the need for taking interns so as to influence the returns. Lot many companies in the IT sector are following these practices and I think it is the best way of managing attrition.

We are making Hot Skills by way of recognizing talents and practicing the Hot Skills Management. Let all corporate think of attracting the employees with clear reason of their career planning with the company so that today's management trainee can keep aspiration to reach to the level of President of the Company in times to come. If you ask me the question as to why the people leave the job, then I must say that in most of the cases the talented people leave the company because of psychological factors rather than logical ones. People may not leave only just because of monetary considerations but they leave when the employer is not able create a bonding with them. Hot skills are the skills say Human Resource which has been tested by way of competency mapping as the most valuable resource in the organization. In today's scenario of recession it has become important to manage the Hot Skills because unless their needs and wishes are not catered we are going to lose them. There is a need to develop the concept of Hot Skills management. We cannot retain people just by enhancing pay packets. as the matter of fact the Hot Skills management teaches us to understand the manpower in the most objective manner.

Let us remember the words of William James, the Father of American Psychology, he has rightly said "The greatest discovery of the 19th century was not in the realm of the physical sciences, but the power of the subconscious mind touched by faith. Any individual can tap into an eternal reservoir of power that will enable them to overcome any problem that may arise. All weaknesses can be overcome, bodily healing, financial independence, spiritual awakening and prosperity beyond your wildest dreams. This is the superstructure of happiness".

Today everybody is talking about recession, losing jobs, cut in salary but the question remains as to whether it is a myth or reality. We need to analyse the increasing salary levels, if it was sudden or steady. In correlation with productivity and improving economic conditions with GDP Growth world over, If I joined the Government sector with basic salary of Rs. 1,100/- twenty three years back and today it is going to have an increase with the latest pay revision to the extent of over Rs.60000/- as basic pay. What will you say if the concept of competency mapping or pay linked with performance was not there?

Take the example of private sector in the scenario of recession there had been rising salaries in quite systematic manner keeping in view of appraising performance in the objective manner. But last couple of years showed sudden unexpected arise in pay packets on the pretext of developing economy and FDI. There was sudden raise in employment opportunities especially in India because of MNCs and Business processing outsourcing by UK and US. Even a non graduate with good communication skills, personality, and command over the language was been able to get a plump job with the salary structure much above the expectations. We are saying it is a boom, growth in economy and result of FDI. We cannot ignore the reasons which were mainly dependent on others. The UK and US work happy for this concept of BPO in India because of chief skilled Oman power. Today when there is a heat and slowdown in the US's and UK's economy then we are calling it as a recession.

Let us not only understand but appreciate that the artificial temporary phase cannot give stability in the long run. We must realize that a mechanical, civil, chemical, electrical and automobile engineering degree holder needs to be placed in the industry relating to his job rather than making him a software consultant in MNC on the strength of his communication skills, grasping power and personality just by giving six months on the job training.

Look at mushrooming of business schools in the country. Much other from the question of demand and supply are we producing quality management course graduates. Quality management students. When there was a quality education the industry was willing to pay higher wages co-relating performance. but today when education is coming from these business shops then if the people are not getting employment at higher wages then do not say it is recession. If the wages are cut due to under performance, then you must accept it rather than covering it up in the name of recession. I still say this present day a recession is more of a myth than reality. It is not going to take us far rather it is a temporary phase which will overcome when manpower planning will be there in systematic manner and the people will accept the real wage.

There is a need of setting goals and reviewing performance over a full business cycle and not just on the basis of medium term. The employers must ensure to reward efforts in addition to outcomes so as to create a culture in which employees are not afraid to fail. The recession today I believe is not realistic the financial set backs are temporary in nature. I am afraid for the psychological recession which is causing worry mainly because today I find the people who don't seen at all excited to coming to work. Last word to these business schools at times I feel ashamed of calling them as Business Schools because they are just being run as shops with no ethics of academics and professionalism. How many of these schools are aware of their responsibilities of making good managers just by awarding the MBA degree is not fulfilling their purpose. They need to see as to what the corporate worlds. They must act as a bridge between students and corporate world. Last but not the least; we need to have our own auditing mechanism.

Let there be decentralization of power, responsibility and accountability, so that we will not come across another Satyam in the hands of another Raju, who can play with the future of over 50,000 employees and lakhs of investors by siphoning over Rs.7000 crores of wealth, i.e., public money. Let us not be sure as investors with the brand image of financial institutions because even a company like Price Water House Cooper have failed in the case of Satyam.

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