



The more things change...

Campus recruitment trends can be an effective barometer of economic growth and market recovery

It is a persuasive argument that no graduating B-school class has had it so bad. That the job market has never been worse, that companies have never gone back on their commitments to attend campus recruitment events and have never withdrawn or postponed job offers. A compelling thought, but not quite true. If B-school is a microcosm of the real business world, placements are the counterpart for the state of the economy – echoing booms and downturns in terms of company profiles, number of jobs and salaries offered.

So, yes, the Class of 2009 had a raw deal. But then, so did the Classes of 2001 and 2002, those graduating in 1991 and 1992 and their seniors of a decade earlier. “Over the past few years, campus recruitment had become almost automatic, and 100 per cent placements in a few hours was becoming routine,” points out J.K. Mitra, whose three-year term as head and dean of the Faculty of Management Studies (FMS), University of Delhi, ended in September. “But it was unreal and did not reflect the state of the economy accurately. The correction was overdue.”

That will offer no comfort to the graduates whose pre-placement offers from Lehman Brothers weren't worth the paper they were printed on, once the financial services giant filed for bankruptcy in September 2008. But perhaps, they can console themselves by thinking of Placements 2001 and 2002, when several companies stayed away from the recruitment process altogether, while others withdrew offers and even laid off the previous year's recruits.

Now, for the good news... In the past 10 years, on-campus recruitments by companies have become substantially bigger and better. In 1999 and 2000, 30-50 companies visited B-schools during placement week. Nine years later, to quote just three examples, 97 companies attended placement week at the Indian Institute of Management, Bangalore (IIM-B), 126 were present at IIM Indore, while Mumbai's S.P. Jain Institute of Management Research (SPJIMR) played host to 119.

It isn't only the number of companies, of course. Salaries, too, have skyrocketed: the average salary at IIMs in 2000 was Rs6-7 lakh, and ranged from Rs4.5 lakh to Rs4.9 lakh at other B-schools like FMS, S.P. Jain and XLRI, Jamshedpur. In 2008, Hyderabad's Indian School of Business (ISB) stated an average salary of Rs19 lakh for corporate placements,

IIM-A students bagged offers of an average Rs17.85 lakh, while average salaries at S.P. Jain, XLRI and FMS were between Rs13 lakh and Rs15 lakh. The highest salary offered, meanwhile, rose exponentially at several institutes – from Rs6 lakh in 2000, the offer to FMS graduates jumped to \$105,000 last year, while compensation packages of over Rs1 crore (at ISB) first hit headlines in 2006.

The stories behind the eye-popping numbers – and the companies offering them – are perhaps even more interesting. “As the economy changes, there is also a change in the firms that are the drivers of growth. Placement is a reflection of that,” says Saral Mukherjee, placement chairperson at IIM-A. Here's how that played out in India.

Until the 1990s, economic growth was largely consumer-driven. Naturally then, the big guns on B-school campuses were FMCG companies – Hindustan Lever Ltd (HLL), Procter & Gamble, Nestlé, Cadbury, Marico and Reckitt, among others. Also calling the shots were large companies like Asian Paints and Tata Administrative Services, and ‘established’ multinationals like Grindlays, Citibank and ICI Paints.

With the opening up of the economy, top-rung management consultancies like McKinsey, Boston Consulting Group and Bain made their way to B-school campuses and were soon followed by global investment banks like Lehman Brothers, Goldman Sachs and J.P. Morgan. “The value proposition of these companies was different – significantly higher compensation, an international career and the opportunity to work with smart people from all over the world,” points

out the regional head of an international recruiting firm. Not surprisingly, the list of favoured recruiters – those who got prime slots during the placement process – changed dramatically and quickly.

However, as the millennium changed, the employer of choice changed again. The dotcom craze had a domino effect on MBA recruitment – not only did IT firms hire fresh executives in unprecedented numbers, they also poached experienced middle and senior managers from across industries, leaving India Inc with an unexpected staff crunch. The result: salaries shot through the roof as each management graduate juggled multiple blue-chip offers.

It didn't last. Within a year, the dotcoms were dotgones and MBA students, the joke goes, redefined B2B and B2C –





now, they stood for 'back to banking' and 'back to consulting'. The definitions have retained their relevance for each succeeding generation of MBAs since then – the internal rankings may change, but the preferred employers remain familiar names.

The bigger changes in the past 10 years have been in the way recruitment is conducted. For most companies, talent scouting is no longer restricted to placement week at the B-schools of their choice. Rather, they work on building their brand equity on campus all year long. "There is much greater interaction between firms and students," says Rajiv Misra, professor, operations, and chairperson, placements, XLRI. "It starts with the summer internship in October and carries on past final placements in February. Sponsored events, informal talks by senior executives, guest lectures by industry people, as well as small, live projects for student groups, are now fairly common." FMS' Mitra agrees. "Events have become part of the fabric of the institution and corporate support in the form of sponsorships, participants or judges, in addition to the live projects, are increasingly important," he says.

For the companies, there's a two-fold advantage in deepening their relationships with B-schools. Not only do they remain top of the mind when students decide placement slots for recruiters, but through the events and projects, they can also help fill any skill and knowledge gaps they perceive in potential employees, improving their job-readiness.

Another first is multiple recruiting teams that include younger employees. "In the past decade, alumni feedback has become important in campus placements. That has shaken the paradigm of who goes to campus – more and more companies are depending on younger executives to tell their stories," agrees Anjali Bansal, partner, Spencer Stuart, an executive search firm.

Building that connect during the summer placements is equally, if not more, critical. For B-schools, the summer internship has always been important – it is a course requirement, after all. Over the past few years, though, its significance for students and recruiters has also risen dramatically. Apart from the growing importance of alumni feedback in making career choices, students are increasingly relying on their first-hand experiences to decide whether there's a personal fit with the company. Placement officers at several B-schools point out that after last year and its resultant uncertainty, pre-placement offers (PPOs) have been especially welcome and have seen an unusually high degree of acceptance. At IIM-C, for instance, in 2004, just 22 offers were made to 242 students before placement week. That number increased to 90 (batch size: 291) in 2008 and dipped slightly to 56 (batch size: 265) in 2009.

A high conversion rate (of summer trainees to regular employees, through PPOs) would also suit most companies admirably: FMCG major Marico, for instance, sets a 50 per cent target every year, while Boston Consulting Group takes

interns with every intention of getting them on board full-time later. After all, the six to eight month period of the internship is the perfect opportunity to decide whether the student is a good cultural fit or not, and a decision to hire immediately converts the cost of the internship into an investment in the new recruit. Abbasali Gabula, chairperson, external relations at SPJIMR, points out another advantage: "Since both, company and candidate, have examined each other thoroughly, there is less chance of their calling it quits within a few months of joining." Attrition in the first six months is fairly high among fresh management graduates, he adds.

The increased campus-related activity is only part of the

reason recruitment has become an expensive function for companies. Sometime in the past decade or so, B-schools began charging a fee from companies for participating in the recruitment process, with an additional sum payable for every student who accepts an offer. Some institutes even hike these fees, depending on the slot the company is given during the placement process.

Still, you won't find too many recruiters grumbling about the expense. On the contrary, points out Anita Ramachandran, CEO, Cerebrus Consultants, an HR consultancy, they are likely to continue recruitment drives

at the top B-schools during a downturn, even as they cut back on their activities at second- and third-tier schools, though it will prove more expensive overall. That's because most companies now follow a layering strategy when it comes to talent acquisition. They head to the top schools for high calibre, potential leaders and seek their line managers at schools further down the pecking order.

The data for recent placements at Tier II and III schools certainly bears out that argument: most institutes preferred extending their placement sessions (in some cases, indefinitely), while students accepted offers at salaries that were lower than those offered last year. Chennai's Great Lakes Institute of Management closed its placements at salaries that were about 10 per cent lower than last year's average, as did T.A. Pai Management Institute. Sydenham Institute of Management Studies Research and Entrepreneurship Education conducted placements in three phases for an average salary of Rs7.05 lakh (Rs8.01 lakh last year); while NITIE declared 100 per cent placements, but in August, against the usual January.

Even the bigger schools haven't remained unaffected by the downturn. After a gap of several years, public sector undertakings found takers at the top-tier institutes: 41 at IIM-A, 36 at IIM-C and 65 at IIM Lucknow. Job security may have been the key driver, but the choice didn't mean a huge monetary sacrifice for most students – after the Pay Commission last year, public sector banks aren't poor paymasters anymore, which is probably why they decided to chance approaching the B-schools. Guess some things do change, after all.

The bigger changes have been in the way recruitment is conducted. Talent scouting is no longer restricted to placement week at the B-schools of the company's choice