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# BUSINESS & MANAGEMENT

CHRONICLE

A Magazine for MBA Aspirants

**YEAR IN BUSINESS**  
REVIEW 2008

**MANAGING CAREER**  
IN CRISIS ERA

**INTERVIEW**



Dr Nitin Nayak, Director  
Bharti Vidyapeeth, IMED Pune

**JOBS**  
**FEAR**  
&  
**FUTURE**

**Free**

**MOCK MAT**  
**SOLVED CET**

**Management Test**

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*The Fear & future*

As the fear of loss of livelihoods looms large, the increasingly interconnected world could have avoided the bust, had the 'boom' period not overwhelmed them to the extent that they conveniently ignored the doom that was waiting to unfold.

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Year 2008 started on a high note and in India everybody seemed optimistic about the growth rate crossing 9% but with the turn of the year in September the Sub Prime crisis hit the US which in turn affected the big banks which had invested loosely. Along with it the other issue that worried the world included inflation, soaring prices of crude oil and food prices and also food shortage in many parts of the world. While the debate on why the crisis was on, its clutches spread around the world affecting the first thought immune developing markets.

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American dream balance sheet yet to be opened as Europe replicates Asia in a plunge of economic crisis. Turbulence in the global financial markets could translate into nasty surprises for the various Indian sectors.

We have examples of Eastman Kodak which shed off its floundering pharmaceutical business and starting a new one as it was not able to manage the existing workforce!

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Financial services company Reliance Money has tied up with Infinity Financial Solutions, a financial products and services distribution company in Malaysia. The partnership will allow Reliance Money to offer its services to a large number of non-resident Indians and persons of Indian origin in the Asian country.

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Director  
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# Managing Career IN CRISIS ERA

- Jaspreet B. Chandok  
- Siddarth Baliga

More than enough have already been written about the demise of world economy. It is real or just cyclical phenomena of economy, to keep the demand supply mismatch in balance. We are going to find answer to some of these questions in this article, and its impact on the education sector and future job trend.

Crisis, Recession, Bailout, socialization of capitalist economy were the buzzword of second half of year 2008. Year started with a bang, share market indices were on all time high, whether in US or Europe or Asia. But suddenly the world market started crashing and the reasons were mortgage crisis led financial failure of major banks in US. The trickle down effect started engulfing the world and slowly all major economies started bleeding. Oil, gold, currency, auto, finance, insurance, tourism, real estates, aviation all sectors started responding in negative way. The liquidity crisis fueled by the failure of mighty financial institutions has been compensated by the announcement of bailout packages by all major economies of the world. But the weight of the package seems not enough to balance the burden of crisis.

In these tough times when, Governments all over the world are trying to infuse liquidity to control the situation, the job market is facing draught like condition. How long this draught will continue or take the shape of famine to kill thousands as happened in 1930's crisis, nobody is in position to say anything about it. All future projections regarding the shining economy suddenly turned out to be a chimera. What is the real condition, world is really heading towards prosperity or just a game played by the hedgers to just make money and keep the welfare of the world at bay.

Whenever the corporate world faces the hardship, it starts cutting its expenditure and the first victim of this cost cutting mechanism is none other than the valuable employees. This time also when most of the companies are facing the liquidity crisis, along with slowing demand, they started firing employees. Already millions of jobs are lost in US and European markets and the impact is clearly visible in the developing economies.

According to World Bank projections about the 2009 trend, it clearly depicts that the growth rate will slowdown if not go in negatives. US, UK, Germany and Japan are already in recession and are cutting the bank rate heavily to infuse money in the market to keep the demand supply equation in balance. In which direction this tide will turn and for how long this reverse trend will continue is not easy to answer, because it takes years to win back the faith of investor and confidence of consumer.

With financial institutions crumbling, thousands of employees were laid off as the jobs became redundant. Since all sectors are inter-dependant in some way, the meltdown which started with the financial sector is affecting other sectors as well.

No sector is insulated from any other sector in a practical economy. It is obvious that if unemployment and wage rate decreases, the disposable income decreases. This leads to lesser demand for goods which drives down the GDP.

Since there is a wide gap between demand and supply of manpower, only the fittest will survive in such a scenario. The most relevant candidates only are likely to be called for a job interview.

## Possible Consequences

- There will be a large pool of qualified unemployed candidates.
- Only the most relevant candidates may be considered for any position.
- It will be an employer's market. Salary negotiation will be difficult if not impossible.
- Since relevant candidates will be readily available, career changers may find it difficult to switch careers.
- Since experienced candidates will be available fresh graduates may find it difficult to obtain suitable employment.

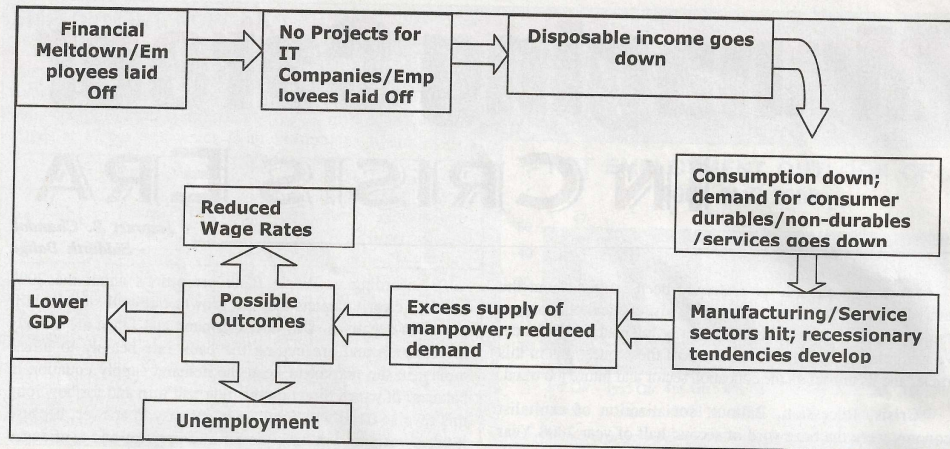


“ Management schools in India do not have the culture of research. We have just begun to see interest in research where corporate houses are collaborating like in the West. This augured well for India.

“The country should be a laboratory of thinking and innovation.

C k Prahalad

○○ Cover Story



- Average wage rates will come down.
- Impact on education sector

Any impact on employment opportunities will directly affect the education sector. During economic slowdowns and times of shortages in job market it is natural to expect the number of enrolments at Universities to rise. People would like to upgrade their skills and acquire additional qualifications to gain an edge over others. Students completing under-graduation may directly move on to a graduate programme rather than entering the job market. During a booming period, the opportunity cost of studying may be high. But during recessionary periods, studying further seems to be the best option.

But during a downturn, jobs are in short-supply as compared to number of available candidates. Hence, employers will employ better candidates at lower wages. So it makes sense to brush up one's skills and be one step ahead of others to win that much needed job. Additional qualifications, skills, well crafted resumes all make a difference between a possible selection and a rejection.

At the same time, competition for admissions to higher degree programmes will also intensify. Students who have recently completed schooling or undergraduate programs will apply for higher education. Professionals who have been laid off may consider upgrading their skills. Suddenly, the number of places offered by Universities will fall drastically short of the number of applicants.

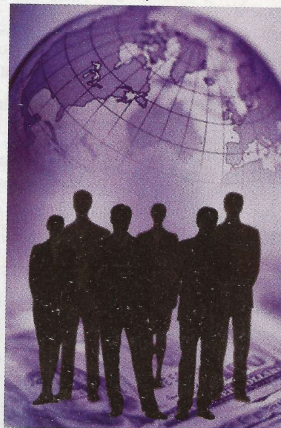
Advantages of higher education in general and management education in particular are generally evaluated only from the availability of placements. Placements will definitely not be very bright during recessions. This is because the market will anyway be

flooded with experienced job-seekers, who will be willing to work at reduced wages. Of course, experienced candidates with recently upgraded skills may have an added advantage.

From another perspective, if parents are unemployed/ underemployed, how can they finance their wards' education? Even Universities may not have a big fat scholarship fund that was available earlier. There are news that all major universities in West are reducing budget and cutting seats to cope with the crisis. As far as Indian hopefuls of Western degree are concerned, they are going to pay more just because of appreciating money compounded by the tough loan. Mid-career professionals who were unexpectedly laid off may have various financial commitments and may not have kept contingency reserves handy. So they may find the cost of mid-career education prohibitive.

The government can actually utilize this opportunity to fuel economic growth once again. If the government issues amount of high powered money which is used to fund students' higher education and for educational infrastructure development. This will have four benefits. Firstly, students' education will be financed and quality graduates will be available. Secondly, employment opportunities will be created in terms of teaching and non-teaching staff. Thirdly, infrastructural development in terms of building construction, purchasing equipments etc will again pump in money into the economy which will enable growth and finally all the above actions will increase the consumption spending which will drive the economy into another period of boom.

The end result will be a pool of qualified job seekers seeking employment in an economy which would have again started growing because of an investment in these very candidates. It is for sure that world is not going to end in this crisis, we have



faced several such crisis of environmental and political nature and successfully come out of it, even this time we will come out of this economic crisis successfully, with little bit of pain. That is all about human spirit. All we need to understand is that, what is required in this situation, what is the demand and how to brush up skills according to the demand of market economy.

Today's Indian youth is more focused, target oriented and upfront with upcoming needs and accordingly opts for the education degree which is demand driven, job-oriented and unbiased for gender. It is this need which is of course market based which has changed education trends in Management and thus bringing up various non-conventional courses, to Management, being introduced in general educational institutions, in India. Experts declare that success in the 21st century is all about 'Ideas', and a management education helps in fine-tuning these ideas. A post graduate degree of MBA comes into play. The monetary difference between a first-degree hire and a Masters degree graduate can be as high as 150%. The MBA continues to be more attractive to corporate recruiters than other degrees or backgrounds.

MBA talent remains in demand, even as businesses deal with a bad economy. That's one of the key findings from the 2008 Corporate Recruiters Survey. The survey finds 6 per cent growth in the proportion of employers seeking to hire MBA graduates. Nearly two-thirds of respondents (64 percent) said they had hired MBA graduates in 2007, and even more employers (70 percent) plan to hire MBAs in 2008. Coupled with a projected 11-percent increase in the average number of hires, these findings point to a positive job outlook for MBA graduates. As far as salaries are concerned, compared to placement figures of 2008 there will not be much hike in the figure in 2009.

Nearly half of employers that recruit on campus confirm that their-campus recruitments for 2009 will remain the same. But there is a category of employers who aggressively pursue MBA recruitment (15 percent), compared with those who consider MBA graduates but do not actively recruit them (9 percent), plan to decrease on-campus recruitment in 2009 compared to, 2008. Healthcare, pharmaceutical, and products and services firms, are the major recruiters and are more likely to hire MBA graduates in 2009 as compared to 2008.

The top five job areas for graduates in this year's survey include:

1. finance/accounting (31%)
2. marketing/sales (20%)
3. consulting (17%)
4. general management (14%)
5. operations/logistics (9%)

India's rapidly-growing economy is bringing up demand for new skill sets. Educational institutes are introducing new and unheard of courses to meet industry demand. Welinkar

Institute of Management, Mumbai, plans to roll out a diploma programme in judiciary management soon. ICRI recently launched a full-fledged course on medical tourism, besides inpatient services & ward management.

As emerging new sectors throw up new challenges, India would look for relevant skills to meet them. And there in lies opportunities for educational institutes. Graduates with conventional MBAs often fail to make the cut as these industries need specialized skills. This challenge is now sparking off a trend: MBA programmes specifically tailored for different industries. These include courses in international business, investment management, banking and finance, corporate secretaryship, project management, health services management, hospital management, catering science and management and shipping and port management.

Also noticed in India is the demand for MBA's in the rural markets. The population residing in the rural market is ideally very affluent and can afford an MBA easily. Taking hold of this opportunity at the right time, Hyderabad-based business education major ICFAI is expanding its presence in non-metros. Traditionally since time immemorial Business Study Institutes have been offering the following five specializations.

### Marketing - Front - end Sales

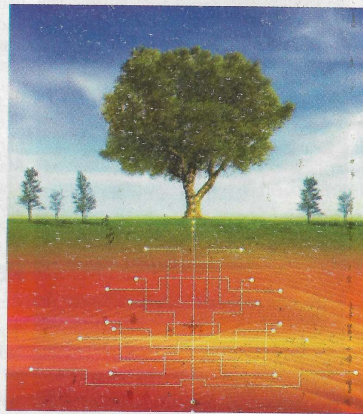
It offers career in sales, brand management, or market research. Marketing plays a key role in the industries such as fast moving consumer goods (FMCG), advertising and market research, sales & distribution, and product or brand management.

### Operations Management

You should possess an eye for detail, the ability to negotiate, can keep your calm in tough situations and have sound technical knowledge. Manufacturing, sales and distribution companies are likely to target such specialization students. Operations play a key role in the fields of quality control, material management, productivity improvement, inventory control, production planning, supply chain management and logistics.

### Finance

This field requires extremely high analytical ability, playing with numbers and balance sheets. It is one of the most vital functional areas of any organization. Careers in banks, financial consultancies, or financial institutions are what can be targeted after a finance specialization. Finance plays a key role in the fields of consumer and investment banking, institutional finance, merchant banking, corporate finance and international finance.



## Systems Management

It involves custom-development of IT solutions in all areas, from putting up online daily sales to developing Enterprise Resource Planning (ERP) solutions. One has to become a bridge between the client (internal/external) and programmers; and generally require people with good technical skills coupled with good business domain knowledge.

Systems play an important role in the fields of systems consultancy, account management/project management, systems department of organizations, business development and sales & marketing.

## Human Resource Management

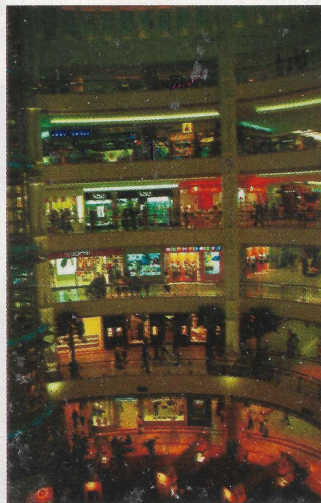
Although it is a support function, it is equally important as the rest of the specializations. One needs to be a good communicator and should present oneself as competent, dependable and charismatic. It plays a key role in the fields of human resource development, personnel management and industrial relations.

Management has seen an upsurge of a few specialized courses recently. This is due to the fact that Industry is demanding more and more product specialized MBAs today. Some of the major areas in management sprouting up are given below.

Some of the new sectors in the global market, have a huge demand for MBAs. Not only are these sectors providing recruitment opportunities presently, but will also continue to do so in the near future. Few of such prospective sectors for MBA professionals to work in are listed below.

## BANKING, FINANCIAL SERVICES AND INSURANCE SECTOR (BFSI)

It is forecasted that the future demand for talent in the Indian financial sector will out-number the supply, thus creating a skills shortage in the Banking, Financial Services and Insurance Sector (BFSI). According to a report released by Confederation of Indian Industry & ICRA Management Consultancy Services (IMaCS), the total increment in demand for manpower in the Indian BFSI sector will be above 4.5 to 5.0 million per annum by 2015. The employment opportunities listed are likely to come up mainly from the banking and non-banking financial services. Although the recent economic slowdown in U.S. has been majorly due to the banks' bad debts. It has turned the world around and has given professional MBAs a run for their job. But this phase can be analyzed as a temporary slowdown in the financial sector and banks. This surely will give way to an improved economy in times to come.



Institutes in India are already catering to this demand. One of these Institutes is SIMS, Symbiosis Institute of Management Studies offering Post Graduate Program in Retail Banking & Sales. This is a joint venture between Standard Chartered Bank (SCB) and SIMS. SCB is the largest foreign bank operating in India and its Consumer Banking Academy will leverage on the academic rigour of SIMS to develop professionals in the banking industry.

## RETAIL SECTOR

India is one of the top ten emerging retail markets all over the globe. There are approximately 4.3 million retail outlets spread the nation. According to Retail Association of India (RAI), there is a demand for 1.25 million retail personnel which will go up to 3.25 million by the year 2008-09. The retail trade industry is predicted to add 2.1 million new jobs between 2002 and 2012, an increase of 14% (U.S. Bureau of Labor Statistics). The organized retail industry in India is a mere 3 per cent [estimated at Rs 35, 000 crore], which highlights the huge opportunity available, and it is poised to grow to Rs.110, 000 crore by 2010.

Companies like Reliance India, Pantaloons, RPG Group, Titan, Raymonds, Westside, Barista, Bata, Caffe Coffee Day, Crossword, Food World, Nilgiris and Trent are some of the big Indian companies which have opened their retail chains in India. Shopping complexes, Malls, Multiplexes are spreading not only in metropolitans but in newly developing cities as well. To keep track of the marketing ethics involved in retail, it needs trained professionals to manage their outlets.

The emerging boom in retail industry has forced the academic institutions to offer programmes in Retail Management. MBA (Retail Management), Post Graduate Diploma Program in Retail Management (PGPRM), Post Graduate Program in Retail Communications Management (PGRCM), Post Graduate Diploma in Retail Management (PGDRM), Post Graduate Programme in Retail (PGPR) and Diploma in Retail Management (DRM) are some good options. It develops a broad and in-depth understanding of all aspects of retail management.

Another new trend seen in the retail sector is forward integration by retail chains like Pantaloons themselves. They have partnered with Welingkar Institute of Management and KJ Somaiya Institute of Management Studies and Research to create two retail MBA programmes.

## HOSPITALITY INDUSTRY

According to the World Travel and Tourism Council, the travel and tourism industries have grown by 500% in the last 25 years and it is estimated that tourists will spend US\$884 billion in foreign coun-

tries on tourism related activities. In the past few years the tourism industry had grown manifold and expanded its horizons to the sunshine sand and sea holidays to a wide range of new activities such as cultural tourism, adventure tourism, sports and leisure activities and eco-tourism. The Hospitality and Tourism industry is one of the fastest growing and most dynamic industries in the world yet still short of qualified and experienced professionals. One needs skills and professional training to succeed in the fast-paced, international field of hospitality. Currently, there are more than 20 crore jobs. By 2013, it's predicted to reach 25 crores.

Worldwide Tourism boom has increased the demand for professionally trained resources who can look into the operational, marketing and management issues related to this particular sector. The focus is on Tourism Economics, Environmental Issues in Business, Managerial Leadership, Event Management, and Hospitality Industry Management. There is a huge gap between the demand and supply of trained hospitality workforce along with the challenges of attrition which the service sector faces. The present attrition by Jet and Kingfisher airways as a part of their tie-up can only be addressed as an occasional one. It cannot be seen as a case study to conclude for the demand of the whole aviation industry in India and abroad.

To fulfil the growing human resource demands of the industry, numerous schools of hospitality have sprung up. MBA in Tourism and Hotel Management is one of the specializations being offered in India seeing the growing demand of the Hospitality Industry.

### **THE MEDICAL AND HEALTHCARE INDUSTRY**

According to a survey by the Association of British Healthcare Industries (ABHI) in early 2000, there are over 15,000 hospitals in India. Therefore it is the right time to take a plunge into the healthcare administration and management arena. Healthcare industry in India has assumed significant importance and registered tremendous growth in recent years. The demand for quality healthcare is going to further increase with the increased awareness about health resulting in phenomenal growth of hospitals. The recent decision of the government allowing the entry of private agencies in health insurance is an important step to improve this sector of the industry.

Institutes are conducting courses and making necessary modifications in the syllabus as per the requirements of the healthcare industry. They are emphasizing more on topics like IT, quality and finance management along with the actual topic- Hospital Management.

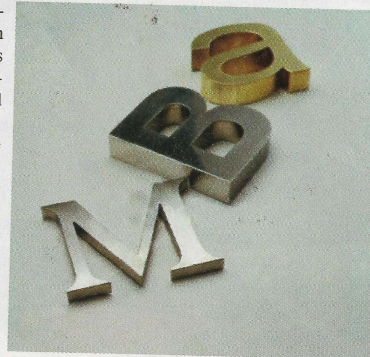
## **OTHER UPCOMING FIELDS OF MBA**

### **MBA in Entrepreneurship**

MBA in Entrepreneurship is not only for people who want to be an entrepreneur, many organizations especially companies in dynamic industries such as technology and media require degree holders with MBA in Entrepreneurship for their managerial positions to lead the companies toward continued development. This MBA courses focus on business administration strategies that encourage innovation and flexibility.

### **MBA in Design Management**

A design management career offers plenty of scope. With the apparel market coming up in a big way in India, this course is also gaining popularity. Due to globalization, many a foreign brands of garments are coming up in India. They do have technical staff, but an MBA with the technical knowledge of garment formation and quality can be the ideal resource for a garment company.



### **MBA in Disaster Management**

Earthquakes, hurricanes, killer tornadoes, landslides, large floods and wildfires are among non-routine hazards and emergencies that require emergency management personnel to manage and successfully respond to these disasters. In recent years, world community has seen challenge with more complex hazards such as Tsunami and terrorist attacks, require well trained disaster management team to respond to the needs of the people and areas affected in a quick and efficient manner. This urgent need of trained disaster management experts has created a good career opportunities for those who like to choose this field as their career path.

### **MBA in Water Management**

Countless degree courses, often with a basis in engineering, offer training in Germany in the ever more important fields of water quality protection, water sourcing and waste water treatment. Although a new field, it requires not only the study of management but the understanding of the environment and preserving water. Thus it can be seen that the new sector in economy of India are opening new areas of employment in the MBA degree recruitments. But all these areas listed above are relatively new and upcoming. Except for retail which presently has a hold in the Indian economy, other specializations are yet to start in full swing. "It would not be wrong to say that the scene above confirms the statement that "The only thing constant in this dynamic industry is CHANGE".