

NEWSLETTER

INTERNATIONAL

 ENGLISH VERSION

INDIA



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“KEY TO SUCCESS IS DOING BUSINESS THE INDIAN WAY”

What characterizes the executive segment of the Indian HR market?

The talent pool in India is shallow for senior and upper middle management. There is an acute shortage of qualified, accomplished managers with the right mix of corporate norms, entrepreneurial zeal, and integrity.

Competition for talent is therefore very high in India. In the current job market, the combination of talent and a global mind-set in a candidate is inadequate. Employers are selective and compete fiercely to hire the right candidate from the limited available pool.

Naturally, the combination of high demand and short supply encourages “job hopping.” People tend to switch jobs quite frequently. Tenures are getting shorter – India is an employee’s market these days.

Talent mobility is a challenge in India because of lack of portability in schooling, and extended family ties in the home cities. Re-locating CxOs to remote locations is nearly impossible.

Companies seeking to recruit should also keep a few legal issues in mind. The challenge here is around notice periods and confusion on non-compete clauses. While employees may currently have a non-compete in their contract, enforceability is suspect. But potential employers may be cautious about hiring such candidates.

What advise can you give a European company wishing to enter the Indian market?

The key to achieving success in the Indian market will be doing business the Indian way, instead of imposing global business processes and practices. Investing in and empowering local talent will be beneficial. The needs of the Indian consumer and the company’s offerings should be in sync.

Organisations need to culturally orient and settle intercultural talent if they want to see more success stories. Additionally, partnerships with Indian companies need not be limited to joint ventures— European companies and multinationals should also consider strategic alliances with local players.

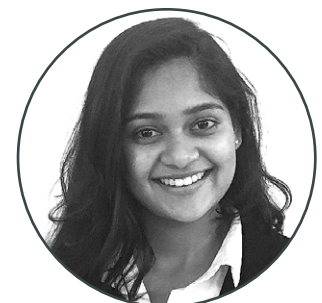
In what geographies do you predominantly work? Which industries are especially active at the moment?

We predominantly work in the South Asian market focusing on the Indian region. We also have alliances in the European market.



Arjun Erry

Partner, Hunt Partners Mumbai



Tavishi Das

Associate, Hunt Partners Mumbai

HUNT PARTNERS

LEADERSHIP
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Hunt Partners is a leading Leadership Talent advisory firm covering the Europe-India-Asia corridor, founded in 2003 and maintaining principal offices in Delhi and Mumbai. CT Executive Search and Hunt Partners cooperate closely throughout the South Asian region.

Recently in India, the Industries that are showing growth and have been actively hiring include E-commerce, Consumer, Real-Estate and Digital. The professional services industry, too, is picking up pace.

On the other hand, industries like Automotive, Telecom and Aviation are in troubled waters. The Pharmaceuticals sector is also under stress due to strict regulation challenges.

How are European companies regarded in India?

Some of the top European companies are leading the Automotive, Industrial Equipment, Heavy Engineering and Capital goods segment in India.

Such companies are considered as highly reliable and responsible by the Indian market due to their quality of products and services as well as their ability to localize their offerings. Thus, many have created a strong and stable position in the market. Prospective talented employees want to be associated with such companies due to their high reputation and performance in India.

“PLACING THE RIGHT COUNTRY MANAGER IS DECISIVE”

What steps do European companies typically take when entering the Indian market?

The approach is not very different from that in other countries. Many companies first visit fairs in India to gain an overview of the market. This includes the local customer structure and competition as well as licensing and customs issues.

Especially smaller companies then often decide to work with one or more dealers. These distribution partners usually also act as importers, assuming the transport and customs clearance responsibility for the producer. For the European company, this is a low-risk option because virtually no investment is required.

However, sales through distributors does not allow for the development of market knowledge and contacts with end customers. Also, the pricing is beyond the control of the manufacturer. If the dealers do not engage in the sales to the desired extent, leverage for motivating the partners is limited without a local presence.

Many companies therefore decide to set up a sales office with their own employees in India. This allows a closer management of the dealers, but also the initiation of direct business with end customers.

When buying capital goods, the factors of service and maintenance are of great importance to the customer. The establishment of an Indian subsidiary enables manufacturers to offer these key functions on their own responsibility, rather than relying on external service partners.



Christian Tegethoff

Managing Director
CT Executive Search

What do you recommend companies that want to set up a distribution company in India?

Placing the right Country Manager is decisive for the success of the subsidiary. A company should thus adequately invest in the search and selection of candidates for this key role.

In addition to industry and product knowledge, key qualifications include an understanding of how international companies work and the highest degree of personal integrity. In India, there is no shortage of eloquent candidates who can sell themselves well. However, it is important to verify the information provided and to corroborate written references through interviews with former superiors.

Once the Indian subsidiary is established, a close connection to the corporate headquarters is important. Particularly smaller companies tend to underestimate the training and coordination efforts associated with the management of geographically remote branches.

The Indian colleagues require dedicated contact persons in the European or regional HQs to work efficiently. If possible, these interfaces should be planned for and assigned before the Indian subsidiary is installed.

EXPATRIATES IN INDIA: VISA, WORK CULTURE, SOCIOECONOMIC AND PAYROLL CONSIDERATIONS

India is the second most favoured destination for expatriates that want to work in the emerging markets. Over the past few years, India's rapidly growing infrastructure, industry, and services sectors have opened to greater foreign investments and multinational corporations.

This development has led to numerous employment opportunities for foreign nationals working in skilled and specialized roles in the country. Accordingly, the sectors in India that attract the largest number of foreign professionals are administrative roles in construction and engineering, followed by telecommunications and IT, and financial services.

As greater foreign funding has resulted in hiring of foreign expertise, India's living and working environments have also adapted to global cultural standards. This is particularly so in its tier-1 metropolitan cities, where Special Economic Zones, industrial and software parks, as well as corporate centers have created conditions conducive to new jobs with an international profile.

ANALYSIS

By



DEZAN SHIRA & ASSOCIATES

Your Partner for Growth in Asia

Since 1992 **Dezan Shira & Associates** supports foreign companies and investors in Asia and directs them through the complex legal situations of different countries and regions. In India, the firm is represented with offices in New Delhi and Mumbai.

Registering an Indian employment visa

Expatriates first in-country encounter with Indian bureaucracy often occurs at the Foreign Regional Registration Office (FRRO).

The following documents are typically required for FRRO registration for foreigners visiting India on a long-term visa (more than 180 days):

- Application form in quadruplicate (Form A);
- Passport and visa in original;
- Four passport-size photographs;
- Proof of residence in India;
- Copy of employment contract and undertakings by the employer.

The visa holder must ordinarily provide:

- A completed visa registration application form;
- Six passport size photos of the applicant;
- A copy of the photo page within the passport;
- A copy of the visa page within the passport;
- Proof of address, such as a driver's license or utility bill, from the visa holder's home country;
- A notarized copy of a lease deed/agreement or a C-Form from a hotel of residence; and,
- Visa registration fees.

The employer must ordinarily provide:

- Two copies of a permission letter that requests approval for the applicant's visa registration;
- Two copies of a sponsorship letter that pledges responsibility for the applicant's activity in India and promises to repatriate the applicant at company cost if any adverse conduct comes to notice;
- Two copies of a letter confirming the visa holder's residential address in India;
- Two copies of an employment contract that specifically states the monthly salary, designation, tenure of employment, etc.;
- The company's Incorporation Certificate.

All documents, with an exception for the Incorporation Certificate, must be original copies, drafted on company letterhead, signed by a senior manager, and marked with the company's official stamp.

Once the FRRO is satisfied with the above documents, a "residential permit" to stay in India is issued to the foreign national.

Work culture and business etiquette in India

In India, the workplace set up is often hierarchical with clear boundaries between management levels.

The country's business etiquette is a combination of Western and Eastern practices, but local customs do permeate relationships. These need to be acknowledged for successful business interactions.

Appealing to a person's honor and being respectful of each other's roles and expertise is also important when beginning a discussion or conducting business with an Indian colleague or associate.

Population of foreign nationals in India

A country-wise break-up is not available for foreign nationals working in India (excluding people from neighbouring countries settled as refugees or economic migrants). The high minimum salary threshold set by the Indian government at US\$25,000 (salary and allowances) for foreigners seeking an employment visa effectively ensures their small population to high-ranking and specialized positions. However, this minimum wage rule does not apply to foreigners employed as language teachers and translators, ethnic cooks, embassy staff, and academics in central higher education institutions.

Safety in India

India's general level of safety varies. Generally, expats will not be exposed to violent crimes but they should keep guard against instances of petty crime, pickpocketing, and small scams. Women should be cautious when traveling alone, especially at night. India does face the threat of terrorism and foreigners will find that security checks are robust in the country's major cities, particularly at government buildings, hotels, sports venues, malls and shopping centers, transport centers, and places of worship.

Quality of education in India

Most expatriate families send their children to private or international schools. The curricula, learning environments, teaching philosophies, and fees in these institutions vary widely, and parents must choose a school that aligns with their budget and expectations. International school fees are among the most expensive, and foreign hires should ensure that they have a sizeable allowance in the employment package to accommodate this.

Level of healthcare

Public hospitals in India often employ well-trained English-speaking doctors and nurses. However, a lack of equipment, funds, staff, and overcrowding means locals and expats opt for private care whenever possible. All expats moving to India should ensure that they have adequate health insurance coverage.

Hiring household help in India

Most locals hire household help – such as cooks, cleaners, and drivers – in India but expats need to consider several factors. These include finding the right source – local agencies, which may operate illegally and provide only native-speaking staff; expat-focused domestic staff agencies like Domesteq; and international groups.

Due to the high supply of labor in India, there will be abundant local references – here language skills and identity verification become important considerations.

Domestic workers may be part-time, full-time, and live-in. When hiring domestic staff, expats should verify their background and identity, either via the recruiting agency or intermediary or by registering with the local police station.

Employment contracts in India

Indian employment laws do not generally specify for an employment contract to be in writing except for a few state specific laws. However, it is highly recommended to discuss the employment terms and enter into a contract to avoid ambiguity. Indian employment contracts usually include the following details:

- Details of the involved parties;
 - Job description;
 - Probation period, if any;
 - Salary details;
 - Work location;
 - Date of commencement of employment;
 - Contract type: permanent or fixed-term;
 - Miscellaneous entitled benefits;
 - Leaves entitled;
 - Notice period;
 - Conditions of termination; and,
 - Restrictive clauses such as non-compete, non-solicitation, confidentiality of information, and trade secrets.
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EXECUTIVE SEARCH

EXECUTIVE SEARCH EXPERTS IN EASTERN EUROPE AND THE EMERGING MARKETS

CT Executive Search focuses on placing key positions in Eastern Europe and the Emerging Markets – in Russia / CIS, Africa, the Middle East and Asia. We are experts in cross-border search processes and identifying high-performing candidates, adding value to international companies. Leveraging a broad network of analysts and consultants across Eastern Europe and the emerging markets, CT Executive Search has established itself as a reliable partner to well-reputed multinational companies.

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