

'India Inc can gain from likely global recession'

Cos Can Add Talent While Others Cut Jobs, Buy Cheaper Assets Amid Fire Sales: Mgmt Experts

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Management experts are advising India Inc to capitalise on opportunities that a possible global recession could throw up rather than withdraw into a shell. The advice comes amid their belief that India is a "bright spot" and will not be impacted the same way as developed nations.

While revisiting learnings from past downturns would also stand organisations in good stead, experts said what companies should certainly avoid is shutting doors on new opportunities and decreasing manpower.

The wrong way for Indian companies to respond to tough economic conditions and the likely recession, said Vijay Govindarajan, Coxe Distinguished Professor at Dartmouth's Tuck School of Business, is to cut costs across the board, reduce discretionary spending in areas like R&D, freeze new hiring, and reduce headcount.

Although global tech giants have done exactly that — that is, reduce headcount — Govindarajan said a recession is the best time to acquire resources for forthcoming expansion, all while competitors cut back. "The biggest and most important resource — talent — is more readily available now than during an expansionary phase. It's also an opportune time to acquire companies and buy assets at fire-sale prices. In addition to gaining employees and assets, it's the right time to gain market share by attracting dissatisfied customers from compe-

titors as they cut down on services," he added.

In a recent interaction with TOI, Wharton School dean Erika H James had said, although the general tendency is to retreat and be conservative, her advice would be to use these times to identify opportunities for investing. "This will set you up for the longer term," said James. She added, "If other people are retreating, this is your opportunity to really go in and capitalise on what others are not doing. So that you can be well positioned, I

sionals who are being laid off from the tech sector as they begin looking for steadier employment opportunities."

In his reflections for 2022-23, Aditya Birla Group chairman Kumar Mangalam Birla wrote, "As India further opens up to trade and investment, forms new alliances and reaffirms old ones in the changing world order, it will have a unique place in the global economy. It is now up to us, its people, its companies, and its leaders to harness these opportunities in India's favour."

CORPORATE CHECKLIST

➤ Target consumers not happy with their current cos that stop certain services to cut costs

➤ Aim to expand global footprint by making investments in different countries

➤ Leverage the India Stack (suite of software aimed at bringing all into digital age) to speed up digital transformation

➤ Add more manpower while others lay off, like recruit techies who lost jobs recently

➤ Look for mergers & acquisitions at bargain valuations

➤ Keep on lookout for opportunities as downturns don't last long but are certainly followed by longer periods of expansion



would say be more aggressive to the extent that you have the resources to really invest." Her advice to corporate leaders is to hedge their bets and invest in many different areas around the world.

Govindarajan said, "Leveraging the India Stack (the suite of software bringing all Indians into the digital age), it's the time for big Indian conglomerates to accelerate digital transformation by integrating their industrial assets with digital technologies to create new pockets of value. Companies can now hire those engineering and information technology profes-

Hindustan Unilever's CEO & MD Sanjiv Mehta recently told TOI how, as a global picture, he does not see recession becoming very deep.

Govindarajan said, "Times are undeniably tough, and the near future doesn't look rosy. But history has shown us time and again that downturns tend to be short-lived and are followed by long periods of expansion. Winners that emerge during these challenging times are those that capitalise on the opportunities and acquire the right assets, customers, talent, and competencies at the right prices."