More India Inc Top Bosses Hitting Exit Button Post Covid

As many as 110 MDs, CEOs of NSE-listed cos quit in Jan-Oct 2023 & 2022; churn mirrors global trend

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Bengaluru: India Inc corner-room exits are mirroring a global trend — scaling new highs, after slowing down during the height of the pandemic.

As many as 110 managing directors or chief executives who were also on the boards of NSE-listed companies quit in the first 10 months of 2023, according to data compiled for ET by primeinfobase.com.

The number is the same as that in 2022 for the first 10 months, and these two consecutive years mark the highest CEO/MD turnover for the January-October period in the past decade. In comparison, in 2014, there were 65 CEO/MD departures in the first 10 months, and 79 during the entire calendar year.

The numbers are in line with global trends. According to the Global CEO turnover Index by leadership advisory and executive search firm Russell Reynolds Associates, global annual CEO rate turnover fell from 10% in 2020 to 8.9% in 2021.

As countries moved past the pandemic, it reached a five-year high of 11.2% in 2022 and remained high in the first three quarters of 2023.

In India, there were 96 CEO/MD exits in the first 10 months of 2020, which dropped to 93 in the corresponding period in 2021, according to the primeinfobase.com data.

A majority of the exits in 2023 were classified as resignations, the data revealed. Turnover numbers through the years have been cyclical, but overall, on an upward trajectory.

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The Big Churn

Key Reasons for Resignations

Declining tolerance for underperformance

Increasingly challenging business conditions

War for top talent

Sector	No of CEO/MD cessations
Consumer discretionary	24
Financial services	20
Industrials	19
Commodities	18
Energy	11
IT	8
FMCG	3
Healthcare	3
Services	3
Utilities	1

SOURCE: primeinfobase.com

NOTE: Positions captured are those on the boards of NSE-listed cos

GYAN MALLIK

PROGRAMMES ROLLED OUT TO HIRE FEMALES AFTER A HIATUS

Cos Help Women Rejoin Workforce

Indian cos are rolling out "returnship" programmes to empower women seeking to rejoin the workforce after a career break. **Brinda Sarkar** & **Sreeradha D Basu** report. ▶▶ 3

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Board members, corporate governance advisory firms and hiring experts attribute the churn to a variety of factors including higher expectations and declining tolerance for underperformance in the hot seat; an increasingly complex and challenging business environment fraught with disruptions as well as a war for top talent.

The top job is getting far more difficult, said Harsh Mariwala, chairman of consumer goods firm Marico.

"Be it geopolitical disruptions, inflationary pressures, the pace of tech development and what it will do to business; regulatory frameworks that are getting more complex; the impact of climate change or making a transition to digital — there are many complexities and huge uncertainties in the environment and the CEO needs to cope with it all, while being answerable to the stakeholders," he said. Agrees Pankaj Arora, managing director of Russell Reynolds Associates.

The top job is getting far more difficult, says Harsh Mariwala of Marico

"The job of the CEO has become oversized, with increasing demands and complexity, and CEO is often seen as a silver bullet. Increasing CEO compensation is reflective of the increased remit and responsibilities and demand-supply situation though most of it is pay-for-performance."

LOW ATTRITION RATE

At the time of the pandemic, there was a lot of uncertainty about the future. Everyone hunkered down and did whatever was required of them, which was seen in low attrition figures as well, said Pranav Haldea, managing director of Prime Database Group.

After the pandemic, not only was there the pent-up attrition backlog, but there was also a huge revival in the overall economy which translated into a lot of opportunities at the top level.

PAY HIKES

"At the top level, talent is scarce and in a growth market, there are bound to be several movements. This is also reflected in the quantum jumps which CEO/MDs have received in their remuneration post pandemic. On the flip side, being at the top comes with a lot of scrutiny and risk, making it more difficult to hold on to as well," said Haldea. The consumer discretionary sector topped the list for CEO turnover with 24 leaving their posts in the first 10 months of 2023. The financial services sector saw the second-highest churn rate, with more than 20 leaving, while industrials saw 19 CEO/MD exits.