



PLACEMENT DILEMMA: FLIPKART'S DEFERRED JOINING DATES

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Abstract:

Till recent April 2016, Flipkart-one of India's most well known, successful and respected e-commerce company had a phenomenal job placement relationship with one of India's most oldest, reputed and premier management institutions, The Indian Institute of Management [IIM]. FlipKart's job offers at IIM campuses had always attracted handsome number of their students to opt even more over international offers and get lucrative high paying dynamic careers in initial years when e-commerce industry sailed high. As always, this year too for the 2016 passing out batch the company had made offers. But, things took a dramatic turn this year when it was time for student joining. The local press and medias on May 2016 reported that- Flipkart is deferring the joining dates of selectees tentatively to December 2016 and not absorbing them on initially agreed date of June 2016. However, IIM-A was not able to come towards for a consensual affirmation on this company's unprecedented decision, triggering IIM-Ahmedabad to shoot off a displeased e-mail to FlipKart's Management. Therefore, this research paper attempts to understand in depth and the grounds on which FlipKart had to post-pone student joining dates. Through the case, study also reflects what it means and how this issue will define the process of future campus placements way forward.

Index Terms: IIM, Flipkart, Placements, Industry, B-School, Recruitment, Selection & E-Commerce

1. Introduction:

Acquiring Campus Placement is a dream of every job aspiring graduate student. Therefore, placement office of each institution works very hard every night and day to attract leading companies on one hand to the campus and training their students on the other for the same. The placement process in general always takes place in good faith between institution and recruiter for the best interest of the students. The foundation for such a relationship generally would be based on trust, loyalty, honesty and more importantly commitment between the agreeing parties. As such, any pre-existing difference of opinion between the either parties are to be solved before hand while agreeing visit date. Clauses and Conditions are also changed or amended based on demanding situations there on; but are also to be ensured with high professional transparency either through proper bilateral or trilateral communications involving recruiter, student and institution. The Student Placement council involving student representatives are also on boarded to assist the Placement Office in this entire process. Therefore, when the news about scuffle between FlipKart and IIM-A on student joining dates broke in the media for the very first time, questions were raised on transparency and credibility of campus recruiters as well as recruiting as a process in general. Though it is not the first time that any corporate has deferred the student joining dates citing business reasons; there are variety of instances in the past as well where companies have also even cancelled, deferred or prolonged joining dates [1]. Hence, the need for researching this very important topic of relevance arose with reference to higher education to analyse various implications falling out of this controversy.

2. Objectives:

To educate readers that job placement opportunities are directly dependant on

industry, market and business's future growth prospects only, subject to even ups and downs in the economy. Getting selected in campus not necessarily means he/she will be on boarded on company rolls as on agreed confirmed provided date even provided in the offer letter. To make know the people about implications of concealed communications caused during fixing job placement partnership events due to lack of a bonafide concrete partnership framework between the college and recruiter. The aim of this paper is to also convey to the public that Higher Education Student Placement partnerships between Institutions and Recruiters lacks a solid broad comprehensive concrete legitimate framework and arrangement for handling or safeguarding or protecting unhappy outcomes from like the one case discussed in this research paper.

3. Research Methodology:

The paper utilized the Livemint news media report [2] as a foundation to research and reflect on the conflict of desires between the company and institution. For study purpose, above media report was developed as a full fledged business case for analysis and interpretation of the matter. Postulates were constructed in the process as a basis of further reasoning and discussion concerning the matter.

4. Case Description from Reporting at www.livemint.com:

India's largest e-commerce firm Flipkart.com, has deferred the campus recruited Indian Institutes of Management (IIMs) graduate joining dates by six months for whom it made job offers during this placement season, as the company looks to trim costs amidst a funding crunch. The development may hurt Flipkart's image as an employer during campus hiring in coming years. The eminent IIMs are considered as the most important selection ground for top corporates. *Livemint* reported this month that Flipkart, which has been battling to raise fresh funds, has cut hiring along with spending on discounts, offers and marketing. Apart from hiring a few senior level leaders, Flipkart has reduced hiring over the past two months in order to save expenses and control costs, *Livemint* reported on 6 May.

The deferment in reporting dates could impact the relationship between IIM and Flipkart, an email from IIM-Ahmedabad's Placement Chairperson to Flipkart co-founder Binny Bansal and HR head Nitin Sethi said the company had made 17 job offers at IIM-Ahmedabad. IIM Placement office demanded that Flipkart give a written commitment that these students will be absorbed by December 2016. The B-school also requested that either the period of deferment be lowered or the compensation for deferment be increased. E-mail also said that unilateral decisions with rude shocks will also do little to strengthen the relationship bond between company and campus.

The on-line retailer reacted to the delay stating is largely due to restructuring that the organization is currently transitioning where they have re-designed their campus hiring program in order to align that with their new focus and provide meaningful opportunities to campus selects. As part of re-design, firm is working on a decentralized set-up that takes into account specific requirements as per the business unit. As part of the restructuring process, company will be postponing the joining of the new recruits by a few months of time. This postponement was essential by the fact that Company is undergoing an organizational redesign that involves creation of new units in some cases and integration of a few units. Instead of June 2016, the new selects will now be part of the enhanced campus program in December 2016. Organization will also be paying additional joining bonus money to all campus recruits offsetting the delay.

5. Case Findings:

As you read and reason the case qualitatively through logical judgements above, there is a clear cut negative impacts from this tussle elucidated as below:

- ✓ **Clear Conflict of Mutual Desires:** This conflict, very much defeats the spirit of campus placements i.e. collectively ensuring career of graduate students. It also leads to deterioration of professional relationship between company and institutions.
- ✓ **Student Future at Stake:** Since students will be out of job till new joining subject to uncertainty again, or may have to look for temporary jobs/internships till next date of on-boarding that too with uncertainty, there will be a commotion on the minds of students in beginning their career and therefore shaping their lives.
- ✓ **Possibility of Increase in Student Loan NPA:** The cost of completing a management education is very expensive for which students borrow from banks. If students aren't able to earn compensation through career, then chances of them defaulting the borrowings is high. This trend may increase the Non-performing Assets for the banks.
- ✓ **Poor Transparency and Non-Disclosure:** Deferring of joining dates typically happens when companies are unable to either predict or wrongly predict the demand for fresh recruits. Most start-ups in the country are struggling to meet their hiring commitments in the face of a funding crunch. Apart from discounts and advertising, employee costs are the largest expense for e-commerce companies. Flipkart entities reported a loss of over a crore of rupees for the previous year ended and rival Snapdeal also posted a loss as well in the same year. In the last financial year, the losses at both firms are likely to have risen, according to analysts and investors. Therefore, in the light of these circumstances Flipkart could have stipulated a joining disclaimer, terms and conditions or even maybe a subject clause stating that student on-boarding is subject to conducive business atmosphere only for being convenient for joining. In that case, either the students would have had proceeded to check other offers or IIM's would have had alternative arrangement done to substitute Flipkart's offer again in the best interest of students.

6. Case Analysis and Interpretation:

Well, for constructing meaningful inferences, interpretations and conclusions, let us analyze the argument perspectives from both Recruiter FlipKart's side and as well as IIM's. Since this kind of debacle was going on [3] different campuses in India, IIM-A's Placement Team finally decided to bring this on a public foray stressing on the need for open debatable topics on ethical conduct of company's communication or behavior in relation to campus placement process. The IIM-A's questioning to Flipkart's management through an e-mail, covered below debatable points in relation to conduct of placement related communications [4].

(a) Company's Unilateral Decisions: In this case, when the company intimated the deferment to IIM, their decision was unilaterally based on company's future business forecasts. They seem to have not involved IIM and student selectees in discussing a win-win proposition of solving this situation either through tri-partite or bipartite, neither they seem to have communicated this whilst registering for the placement season or atleast during while conducting the placement event given the fact being aware of volatile situation of present e-commerce industry.

Postulate for (a): (i) Normally, the corporates believe/stipulate that Business Schools and Management students must understand the industry environment before hand of all companies registering for placements and all corporate job placements come with risks. These inherent business risks are evident and has to be communicated by Professors to Students clearly or Students should self-update through open sources and research. This

knowledge should enable the students in making placement choices and choosing offers. So, atleast the placement team could have queried to affirm/confirm whether the placement of students on stipulated joining dates would be final (ii) However, since the logic of relationship runs over open communications, atleast employing recruiter FlipKart could have disclosed but in this case seem did not. Therefore to opine and debate, the divide arose in the case since both parties here remained mum believing in both parties's cutting edge industry knowledge and inherent risks in professional communications.

(b) Decisions Negatively Impacting Stakeholders: Now that the company's unilateral decision has been in force to defer, it has deeply impacted the career future of students and credibility of business school placement process in the minds of stakeholders.

Postulate for (b): (i) Recruiter's deferment decisions impacting career future of selected students serves as a basis for reasoning or discussion that which party is responsible for Students's future dilemma OR that no party is responsible at all - meaning students are on their own i.e should look for internships till next joining dates or look out for a different company or job altogether. Even, Institutional image in the minds of stakeholders and Students would be tarnished due to psychological negative thinking for example may be the placement cell chose a wrong company for placements or concealed the possible outcome with the students. (ii) The unpleasant outcome that arose out in this case largely suggests for discussion back to pre-campus placement era – i.e when educational institutions only granted degree and that securing job is the self responsibility of the student to hunt one through applying in companies outside the college post completion of studies only. (iii) That Campus Placement partnership between college and recruiters created was perceived in our country as a lifelong till death relationship “guaranteeing” to provide unconditional job guarantees for the graduating students. (iv) That because of technology exaggerated era of media hype and frenzy which created image about business schools and placements in the minds of stakeholders as idol of repute, are we seeing these actions and reactions?

(c) Reporting Transparency and Communication: Well, atleast IIM-A in its good faith and ethical conduct shot a e-mail to Flipkart demanding a win-win deal for its students post the deferment is a phenomenal gesture needing applause. FkipKart for a moment seem did not confirm to IIM-A that the student joining is subject to corporate restructuring outcome or market forecasts either while partnering or even conducting the placement event.

Postulate for (c): Therefore to opine and debate, in the best interest of professional communications and relationship management, couldn't “Joining subject to conditions” have been agreed before hand and communicated to students? Students would have been in a better position to decide and move or choose..Placement team could have done alternate arrangement. To elucidate this further, beliefs and thoughts arise as to are we lacking a robust partnership framework for a placement agreement and execution process? Because as of today, all placement partnerships seem to work based on trust or past relationships or maybe even by the prestige of institution. If companies are approaching institutions for placement based on past relationships, domestic city of institution where it is operating or image and ranking, then that approach of companies could also be viewed as a bias against other higher educational institutions. There are also unestablished cases of few college management lobbying companies for placement visit by providing them free 5 star accommodation, air transport, ground logistics and hospitality. Since no corporates are publishing the list of institutions they visited for placements this year justifying their choices and why are they not visiting other india's

educational institutions as per any legitimate reporting standards, then reporting transparency and communication remains as a subject recommended or assumed as a basis for reasoning, discussion, or belief. Also, in this case, since employing co. FlipKart has deferred the student joining to December 2016 subject to uncertainty, can we understand or call this as a 100% placement till then from stakeholders's angle?

(d) Recruiter's Unprecedented Moves: The Partnership between Institute and Company in case of placements continues in good faith throughout from hiring a institute's student and his subsequent career thereon with the recruited company. Therefore all crucial developments impacting this relationship should be solved through bilateral or tri-partite decision making involving Student, Company and Institution.

Postulate for (d): Well, in Flipkart's case, IIM's E-mail seems to claim that company without taking IIM or Students into good faith or confidence unilaterally passed the deferment decision based on their company policy. Moreover, it was unexpected or unprecedented without even giving a slightest of the hint about the upcoming change to their stakeholders. (i) Therefore, should we have a legal framework to agree on such impasse post the selection process for solving it democratically, bilaterally or tripartite. (ii) Or the framework should prevent or stop the company from making unilateral decisions on placement cases.

7. Conclusion:

To bring the curtains down on this debacle, with postulates constructed through analysis and interpretation of the case- one can conclude that other than lodging displeasure with the deferring employer to the most, neither placed students nor the college placement cell can do anything about deferment. Maximum, just like IIM-A pushed for a better deal for their students's benefit in this case like increased joining bonus in addition to the promised amount and written confirmation for deferred december joining or may be keeping the recruiter out of next placement season, colleges can only best represent their students's case to the employer towards a fair deal in these circumstances. But again, since the employment need in business arises only if there is a skill requirement for carrying out such specific business tasks which again is subject to market changes and conditions, employer's decision always becomes final. The best workable option would be a robust Memorandum of Understanding [MoU] or a Prenuptial agreement which maybe even enforceable by law if required in near future between the institute and the recruiter where the clauses on ifs and buts of the post placement selection outcome subject to rapid market and business changes has to be either bilaterally or trilaterally agreed consensually between the stakeholders involved in placement process. Whilst the deferment of joining date decision by employer as per their policy unilaterally remains a debatable and hot topic, atleast market competitors are exploiting this situation to gain advantage over their fellow players like for example- Amazon has stepped in to offer jobs for those whose joining dates are deferred by Flipkart...you decide!

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