

### Nomura: will things get messy after Jesse?

31 July 2009

**Simon Mortlock**

Speculation is mounting that the recent resignation of Nomura's Asia ex-Japan chairman suggests the bank is still struggling to integrate Lehman Brothers' staff into its business. But in Singapore and Hong Kong, Nomura's internal culture wars seem much less acute than they are in London and New York.

Jasjit "Jesse" Bhattal, Lehman's former chief executive in Asia, is the most senior Lehmanite to step down since the acquisition. While dozens of leading bankers from the US firm quit immediately after the deal, Bhattal's comparatively late departure is perceived as more disturbing for Nomura because he had more time to assess the merger's success.

The firm now faces a difficult few months workforce-wise. Nomura has guaranteed bonuses for some senior Lehman staff at top-of-the-market 2007 levels, fuelling resentment amongst its original employees and leaving it exposed to further defections when these payouts are made in October (and for a select few, in March next year).

"The crunch will come post bonuses. Nomura will want to manage the process so it loses the Lehman people it wants to lose, but retains the strong performers," says Andrew Price, a director at Global Search Partners.

#### Did the WSJ get it wrong?

The *Wall Street Journal* recently reported a range of non-monetary culture clashes, from Nomura traders who start the day with a company song, to female employees attending training sessions on tea making, hairstyles and wardrobes.

But while in Western countries Lehmanites might be feeling ill at ease with Japanese working ways, they generally have fewer complaints in Singapore and Hong Kong.

"The cultural differences aren't so extreme here because a lot of ex-Lehman staff are of course Asian and are more adaptable to Japanese ways. I know an ex-Lehman guy in the Hong Kong Nomura office – he isn't so fixated with the differences that the *Wall Street Journal* was whingeing about," comments one headhunter, who asked not to be named.

A Japanese cultural guru also suggests an innocent explanation for Nomura's allegedly bizarre behaviour towards women workers: an introduction to the intricacies of Japanese culture.

"The tea ceremony is a beautiful thing," says Rob Johnson, a Japanese cultural expert at Kwintessential, an intercultural communications company. "It's very ritualistic and stylized and is about preparing the tea in a certain way. Women can become tea masters."

And let's not forget that Lehman, as a former testosterone-driven bulge bracketer, wasn't exactly the embodiment of workplace equality itself. "It makes me laugh hearing these poor Lehman people cry to the *WSJ*. How sorry I feel for them – with their massive bonuses coming up," says the anonymous headhunter.

If anyone is entitled to moan about the integration in SG and HK, it's Nomura's own employees. They are the ones who got laid off as their Lehman colleagues secured their bonuses, adds Price.

But whatever the concerns about its employment practices, the new, bigger Nomura is at least now back in the black, making a net profit of US\$120m for the second quarter as trading profits surged and rising stock markets boosted its retail brokerage.

---