

Developing talent for global needs

After establishing itself as an outsourcing hub, India needs to emerge as a reservoir that can meet global requirements for talent

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Globalisation and the outsourcing boom have undoubtedly transformed India. From a developing country, we are today an emerging economy and a super power in the making. Over the last few years, India has clearly moved up the off shoring value chain – from being a low-cost destination we are today known as a knowledge hub to the world.

The outsourcing boom has already begun to play a large role in India's growth process. In the financial year 2006-07, the IT/ITES sector recorded export revenues to the tune of \$39.6 billion, contributing 5.2% of India's GDP. The sector is expected to grow at 24 to 27% CAGR and is poised to record exports of \$60 billion by 2010.

But where do we go from here? Clearly, the growth paradigm of the developed world requires fuel of another kind – they need knowledge workers and skilled professionals. The developed world's requirement of skilled professionals is only going to increase with time. By 2020, the developed world will have a shortage of 40 million working people, says a report -- *India's New Opportunity – 2020* – brought out by the All India Management Association (AIMA), the Boston Consulting Group (BCG), the High Level Strategic Group and the CII.

The developed world is already finding it difficult to find talent. A recent study undertaken by global HR consultancy Manpower Inc -- *Talent Shortage Survey; 2007 Global Results* – says 41% of employers worldwide are having difficulty filling positions due to lack of suitable talent available in their markets. The countries hit by this acute talent shortage are – Costa Rica (93%), the USA (62%), Japan (61%), New Zealand (62%) and EMEA (31%). Talent shortage appears to be the least problematic in India (9%), Ireland (17%) and China (19%), points out this survey.

For the developed world, this is a serious matter. Manpower shortages can cripple economic growth. It can escalate wage rates, thereby reducing the competitiveness of these countries.

For India, the workforce shortages in the developed world pose a humungous opportunity. Despite the increase in jobs, educated unemployment in India is on the rise. By 2012, India could have an unemployed population anywhere in the range of 19 to 37 million, the largest share of which will be educated youth. By

2020, India is estimated to have surplus working population of 45-50 million people.

With this surplus working population, it may appear that India has all it takes to bag the '40-million-jobs' opportunity. However, the reality is far divorced from that. India is facing a peculiar manpower paradox – while it is a young country (over 50% of its population is below the age of 25 years), even domestically it is facing a shortage of skilled manpower.

The manpower crunch in India is more serious than we think. The reason – while urban India has witnessed a stupendous growth in jobs, in much of India children still drop out from school, girls are still not sent to school and youngsters are forced to take up jobs instead of completing their graduation.

Despite 60 years of independence, our system does not ensure 'education for all'. Out of the 200 million children in the age group of six to 14 years, 59 million children are not attending school in India. Even those who get educated are often not employable. Every year, 300,000 engineering graduates and approximately 2 million graduates pass out of colleges. But only 10-15% of graduates are suitable for employment in offshore IT and BPO industries. Nearly two-thirds of the 300,000 engineering graduates need to be reskilled, so that they can get jobs in the IT industry. This lacuna in the education system had prompted us to launch programmes like GNIT, way back in 1992.

Even those who find jobs need to undergo training and be re-skilled. Today, India needs to skill/re-skill 1 million working executives. Emerging sectors such as retail, banking, financial services and insurance (BFSI) industries are facing acute shortage of manpower. The banking industry, which currently employs 900,000 people, is expected to add 600,000 more over the next five years. But it's unclear how this increased demand will be met.

The shortage of skilled talent threatens to slowdown the Indian IT and ITES industry, if the education system does not keep pace with the rising talent needs. As per estimates, by 2010 the industry will need approximately 850,000 additional skilled manpower.

Therefore, while there is a big opportunity knocking at India's door, a concrete action plan is needed to convert it into reality. India needs a sharp focus on global talent development. This can be done by making education and vocational training more market-driven.

If the education system does not transform itself, we may lose out to other BRIC economies, particularly China and Russia. In terms of sheer numbers, the

opportunity lost can be huge. As per estimates, remote services could bring in \$133-315 billion of additional revenue into the country every year and create an additional 10-24 million jobs (direct and indirect) by 2020.

The task of developing global talent can be approached in two ways - by companies/training institutes going global in order to develop talent in those nations, and by developing talent indigenously. At NIIT, we are working on both these models of global talent development.

Given our vast pool of qualified manpower, track records in service delivery in sectors like IT, and lower costs, India appears poised to cash in on the 40-million-jobs opportunity. However, several initiatives on the part of the industry, government, NGOs and industry associations are required to convert the opportunity into reality.

Clearly, the existing education and training infrastructure cannot meet all the manpower needs. We need to begin from the primary schools in villages and cities, work with underprivileged children and encourage them to get educated. We need to change our education system and focus on job-oriented courses.

Education and vocational training need to be aligned with market demand. This can be done by mapping the demand for professionals today and by projecting future demand and working towards enhancing the skill-sets needed for these jobs. At NIIT, we have tied-up with the ICICI Bank (NIFBIT) to train people for the banking sector and with IIMs to hone managerial talent (NIIT Imperia). We now plan to take this approach forward to other sectors, such as retail, banking, insurance etc.

While India has some natural advantages - it has the world's largest English speaking country. Countries like China are working overtime to cash in on the global labour crunch. A fifth of the Chinese population is learning English. British Prime Minister Gordon Brown has said that the total English-speaking population in China will outnumber the native speakers in the rest of the world in two decades.

Therefore, there is a pressing need to act fast. From an outsourcing hub, India needs to transform itself into a repository of talent that can feed global demands for skilled workforce. We need to focus on global talent development, so that an increasing number of Indians can find jobs overseas or in offshoring outfits, such as BPOs and KPOs. Given India's track record, we have all it takes to meet the world's global talent needs.