Staff reskilling gets costlier at IT companies

Declining profit margins seen as an issue in deciding to spend time and money; however, it is becoming a priority area

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Mumbai/New Delhi, 24 February

Reskilling of employees is formally a key agenda item for the information technology (IT) and business process management services sector. Both the industry body, Nasscom, and individual companies offer multiple alternatives and platforms for this.

However, this is also expected to become a costlier affair for individual companies. The rising complexities of newer technologies would require them to invest more time and resource, sector leaders say.

Employee training or reskilling, and increasing the revenue from digital offerings, have been two focus areas of almost every IT services company, through this financial year. A reason is the need for service providers to take on the entire responsibility of providing skilled resources to non-tech companies. The industry also cannot afford to work in an 'assembly line' model any more, with different parts of the workforce learning and performing different tasks in a project life cycle.

"It is a big challenge, not one that can be solved by doing small things like learning by watching a video or reading a book or attending a lecture...it's an expensive problem...It will cost at least a couple of thousand dollars per person," says Sapnesh Lalla, chief executive officer (CEO) at skill development company NIIT.

According to the World Economic Forum's (WEF) latest numbers, each employee would require up to 100 days to reskill by 2022.

"The number of days required for reskilling will keep rising from the current WEF outlook. More companies will have to adopt recruitment practices to complement their reskilling needs," said Vala Afshar, chief data evangelist at Salesforce.

Companies are looking to retrain employees across roles, from freshers to mid-management and even senior levels. The sector has for long been investing in training freshers and the cost for doing so has been relatively low -- they are new to the company and there is no loss of productivity. "Earlier, people didn't mind putting so much money in training because they were reporting higher profit margins to support it. Now, margins have reduced. So, everything gets reduced," explained Akhilesh Tuteja, who heads the IT advisory practice for consultancy KPMG in India.

It typically takes three months to train a person in a new skill, he said. Also, one would not be immediately as productive with the new skill, as with a legacy skill. The loss of productivity is a cost as well.

Last year, Nasscom and the central government, in a joint initiative, announced a 'Future Skills' portal for member companies in the IT and IT-enabled services industry, to reskill employees across nine emerging technologies. Of the 4.5 million employed in the sector today, 1.5-2 mn are expected to require reskilling over the next four to five years.

"Skilling has always been an area of investment for every company and now Nasscom has created this portal for their use. The industry has enough levers to continue to make decent margins, in spite of the cost it incurs towards skilling or infrastructure," feels Keshav Murugesh, group CEO at WNS Global Services and vice-chairman at Nasscom. WNS has partnerships with NIIT to train professionals specifically on data science and analytics roles, catering to its business needs. The country's largest IT services company, Tata Consultancy Services, in partnership with WEF, has committed to retrain 10 mn people globally by 2020. The company says it has so far 'upskilled' 292,000 employees through internal programmes.

Many other companies are switching to simpler and accessible internal training portals and programmes, to upskill their workforce.

"Putting employees on 100 days of training requires physical infrastructure, financial investment and enough trainers for the job, all cost and time-intensive. Instead, we have gamified our reskilling initiative through personalised open source programmes which employees can use anywhere on the move," said Nitin Rakesh, CEO and Director at Mphasis.

Such training programmes, accessible from anywhere, are increasingly linked to client requirements and incentivised for employees to increase the participation "This is our biggest investment outside IP (Intellectual Property) engagements," added Rakesh.