CAHRS Working Group—Talent Management Challenges for the India Market

February 19, 2013 — Bangalore, India
Hosted by General Electric

Author's Note: Given the disparate nature of the items discussed during this session, the notes are organized along the lines of "Topical Areas" rather than the chronological order of what was said in the meeting.

Opening Comments

The group was welcomed by Steve Miranda of Cornell and David Lobo of General Electric (GE). After introductions, David shared that part of the day's activities would include a tour of GE's Technology Center following the lunch break. The group then proceeded into discussions.

On February 19th, 2013, CAHRS Managing Director Steve Miranda facilitated the second of two February Working Groups (WGs) aimed at dealing with Human Capital challenges specific to Asian markets. This session focused on the recruitment and retention challenges unique to the Indian talent market and how companies are dealing with these issues. The WG was held at the General Electric Technology Center in Bangalore, India and was attended by 20 individuals from 14 CAHRS partner and guest companies. These included AP Moller-Maersk, Caterpillar, IBM, Corning, Ericsson, General Electric, HCL Technologies, Hewlett Packard, ITC Hotels, Procter & Gamble, SPI, Terex, Tyco and Volvo.

What's unique about recruiting and retaining talent in the India?

1. Relationships are more important than transactional effectiveness when compared to other parts of Asia. Specifically, companies in which the recruiters or managers do a good job of developing a one-to-one connection with both prospective and current employees stand a much better chance of attracting and retaining those individuals.

2. The rate of increase in the housing costs for middle-class Indians was seen as one of the primary forces behind an upwardly spiraling wage scale. The continued demands for increased compensation was not viewed by the participants as "greed" on behalf of employees but rather as simply an attempt to "stay even" as it regards to the attainment of a middle- to upper-middle class lifestyle. This is especially important in India where the ownership of one's own house is seen as very important within the context of India culture.

3. As with other Asian markets Gen X and Y are seen as being more motivated by money than Baby Boomers who are more motivated by security. However, with the booming Indian economy and the continued growth of strong Indian local companies, even Baby Boomers are making job changes that they previously may not have considered.

4. One can think of the Indian talent market as being broken into three categories which follow the same framework as is used when describing Indian cities. Namely, Tier 1 (largest), 2 and 3 (smallest) cities. For the Tier 2 and 3 cities the level of talent is not as robust as Tier 1 cities (e.g., Mumbai, Bangalore, and Delhi) and in the past, these cities would serve as "feeder towns" for the larger metropolises of Tier 1. However, with the continued increase in wages, more Western Multinational Corporations (MNCs) and Indian corporations are establishing global centers in the Tier 2 and 3 cities, thereby continuing to increase upward wage pressures.
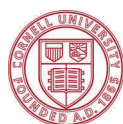
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5. Unlike more mature Asian markets (e.g., Singapore, South Korea, Japan), prospective recruits are not asking about just the job they are interviewing for but also about what two to three jobs may potentially follow the immediate role. As such, companies need to be very prepared to answer longer-term career development questions in specific terms and not just vague generalities.

6. Be careful not to "broad brush" the overall Indian talent market because retention rates vary greatly from industry to industry. In those areas where economic growth has stabilized from its previously red-hot rate, retention rates, while still high compared to other regions of the world, have also stabilized.

7. While some industries remain in hyper-growth mode, participants felt that over the long run, this pattern of increased stabilization leading to lower attrition rates should repeat itself across a wide number of industries.

8. The issue of "career velocity" (how fast an individual expects to move up the organizational ladder) is seen to be larger in India than in any other market. Making this more of an issue is the belief amongst participants that the Indian human capital market has a global reputation for having a much higher level of experienced managers than it actually has. This results in relatively inexperienced managers being given large portfolios of management responsibility for which they are very often inadequately prepared. This is especially true at the middle-management level.

9. For many Indians, professional success in the eyes of society is defined as becoming a manager and moving up the organizational hierarchy. This is because hierarchical "place" is strongly linked to social status in Indian culture. As such, career progression is almost always defined as vertical rather than to also include lateral (i.e., for the purposes of job enhancement or "rounding out") and often comes into conflict with many Western MNC's development frameworks which are putting an increasing emphasis on lateral skillset enhancement.

What specific actions are you taking to deal with these challenges?

1. When recruiting at universities bring in a cohort of students rather than ones and twos. This helps to create a group "stickiness" which helps with retention. However, these individuals tend to compare compensation, so any monetary differentiation will quickly be known and questioned.

2. Create programs that reach out to the families as well as the employee. The family role is much more important in Indian society than it is in the typical Western country. In the West, establishing a connection with parents (and sometimes even grandparents) would be seen as overly intrusive. In India, it's sound competitive practice.

3. Creating cafeteria-style development opportunities to address the differing needs of the various generations within the workplace. This involves moving from a philosophy of "equal" to one of "fair" since these generations place very different demands upon the employer.

4. One company indicated that while its current employment value proposition consists of a blend of Western, Asian and Indian attributes, it is beginning to see the need for an Indian leadership framework that may be very different than their currently used global framework: exactly what this looks like is still in a state of flux.

Human Capital Challenges for the Emerging Market

5. Sometimes the West's use of inquiry as a leadership methodology is problematic within an Indian culture that often calls for the supervisor or leader to "have the answers." Given this, one partner shared that its company has to put specific training programs in place that deal with different ways to make decisions. Though the program is not specific to the Indian or American cultures, it has proven to be highly effective in working through various challenges.

6. While the sense of nationalism continues to grow in India, an assignment to the United States is still seen as highly desirable, especially for younger Indians. The participants agreed that, in the eyes of the employees, job assignments in the USA bring with them increased compensation, respect and "marriage-ability." As such, organizations are joining together to lobby the U.S. government on the issues of work Visas for Indians as well as overall immigration reform.

What's the competition doing to get your talent?

1. Some organizations are not offering more money to college graduates but giving them "inflated" titles.

2. The marketing of an organization's infrastructure (e.g., office facilities, on-site recreational facilities, desktop configurations, intra-organizational social media communities, etc...) is being used more and more by larger companies.

3. Some organizations have resorted to raiding of entire groups or departments when they land a large project in a given area. This has been facilitated by consultants whose specific mandate is to develop "talent maps" of other organizations. It's therefore critical to have a good retention plan in place for the two to three key players in the most important groups as these are often the individuals targeted first in situations like this.

4. A new competitor has surfaced. In the past, Indian government agencies were often used to source all types of talent, especially entry-level talent in technical areas. Given the competitive wages Western MNCs were able to offer, many employees left these agencies for new opportunities. Nowadays, government workers are less prone to do so because their employment packages include elements the western MNCs are not offering; specifically, housing, transportation, enhanced healthcare and better long-term job security.

5. Some organizations are leveraging the emerging sense of Indian nationalism by using recruitment messages such as, "The 'good work' in this organization is done in India. That other organization does all its 'good work' in the USA."

6. Given the huge increase in both the quality and scope of the telecom infrastructure over the past few years, more organizations are marketing their flexible work benefits as a key employment proposition differentiator, especially to female candidates. This is very important because within the Indian culture, there is still a strong expectation that women handle the "house work" even if they are working.

What's new with the recruitment and retention of female employees in India?

1. One participant shared that while the view towards female participation in the labor force has improved in the large metropolitan areas, there has not been this same level of improvement across the board. The pressure on women is sometimes exacerbated by the joint family living arrangement wherein the woman is often called upon to be the provider of both child- and elder-

care services. Given this reality, some companies have begun to reach out to husbands, in-laws, and other direct relatives in an attempt to create greater awareness, acceptance and pride as it relates to a woman's role in the work environment. While it can sometimes take up to two years to get appropriate levels of family and community buy-in, this strategy appears to be working in terms of decreasing overall female attrition.

2. One partner company described a program it created to showcase women who had taken a "professional break" in order to have and raise children and were now returning to work. The partner reported an enormous increase in the pride of employees around this program as well as increased acceptance rates on job offers to female candidates.

3. Some large MNCs have taken a proactive approach to both the recruitment and development of their female employees. This includes in-house developmental programs aimed specifically at women as well as collaborative MNC educational initiatives aimed at encouraging the continued education of India's overall female population.

4. As India grapples with managing its diversity as a nation, some organizations are creating employee-led, management-embraced employee councils in an attempt to give more authority to people "doing the work" (vs. managers). This concept has been extended to the creation of councils focused specifically on women.

5. Because of the importance of education in the Indian culture, employers lose younger top-performing female employees to Universities when these employees decide to leave work to pursue advanced degrees. While not necessarily threatening to the overall employee population, given the relative lack of part-time degree programs in India, this has the potential to turn into a real issue with top female performers.

6. The groups discussed the relative role of women in the two largest developing markets in the world: India and China. While India has made much progress over the past several years, China was still seen as being ahead in terms of overall utilization of female talent. The group felt that much of this might be attributed to China's big push for economic reform in the mid 70's and 80's which had a collateral benefit of removing many societal obstacles related to gender bias.

7. In addition, prenuptial agreements in China sometimes contain clauses which indicate the couple will not have children, thus allowing both husband and wife to fully pursue their professional careers. Participants agreed that this sort of agreement would be unfathomable within the context of Indian culture.

8. There was also a view that while India has had and does have several high profile female leaders, overall China appears to be more comfortable with women in key leadership roles. All of which highlight the need for continued societal educational initiatives by the government, corporations and non-governmental organizations (NGOs).

What about the sourcing of Executive talent?

1. For certain roles within certain industries, talent sources are limited because of the need to stick with domain expertise (e.g., telecom, pharma, etc…). Even though India is a huge market, these positions can be exceptionally hard to source because of the relative lack of appropriately skilled executives available. As a result, certain executives have built a career of "making the rounds" as they move from one MNC to another within a given industry.

Human Capital Challenges for the Emerging Market

2. Companies operating within an industry for which there are no strong indigenous Indian competitors will almost certainly have to bring in an expat or source from an MNC who operates within the same industry. Participants shared that they have not had much luck trying to take someone from an "adjoining industry" and "force-fitting" them into an executive role.

3. Sometimes India is not as fully leveraged as a location for executive development as it could be. Depending upon a company's global culture and the importance of India to its overall strategy, it can be viewed as either a wonderful or horrible job assignment. It's important to assess the reality within a particular organization and then accept that the talent that will be attracted will be a reflection of India's priority in the overall corporate strategy.

4. An organization's ability to attract top-level executive talent will be driven by a combination of a company's corporate brand and how long it has been operating in the country. If the company has not been operating long, an exceptionally strong global brand is necessary. Companies operating for a long time do not require as strong a brand.

5. Once in the company for one to two years, some top-level executives have requested that India be carved out as a separate P&L from the overall global of Asia-Pacific financial statement, with commensurate increases in local autonomy and decreases in oversight. Companies need to be thoughtful when considering this request, balancing the need for driving autonomy and ownership against the possibility of increased operational and/or compliance risk.

6. Although at the high level differences still exist, the compensation delta between expat executives and top-notch Indian executives has shrunk dramatically over the past several years. Organizations need to understand and accept the fact that while India may be an emerging market, wage levels for top performing executives in certain industries can be as high as in any market around the world.

What are your biggest frustrations when dealing with "Corporate?"

1. There was near unanimous agreement that the biggest challenges with "corporate" occurred when the individuals they were dealing with had either never worked in or had responsibility for non-HQ markets. When this was the case, long periods of time are needed to help explain why a particular program or initiative won't work in India or why India might require a special exception for a given program or benefit. The Indian allowance for foreign travel was cited as an example.

2. All participants agreed that their organizations were very well served when corporate staffers had either worked previously in a non-HQ country or had made the effort to both understand and travel to non-HQ markets.

3. The current Western priority on short-term (e.g. quarterly) results was viewed as exceptionally frustrating. Infrastructure, management systems, talent pools and corporate culture all require time to germinate and sprout into long-term, sustainable initiatives. It is therefore very challenging to be told to act as the corporation's growth engine while simultaneously not be allocated adequate resources or levels of flexibility.

4. Organizations that were not as globally experienced as others were viewed to be more prone to make hair-trigger decisions on budgets, personnel and resources than those that had developed the knowledge around what is required for long-term success in global markets. While all acknowledged the need to drive towards profitability and contribution, there was consensus that some-

times there was a large mismatch between expectations/goals and the allocation of resources. This was seen as often being caused by "corporate" believing the solution to be as straightforward as "simply do over there what we do over here." In general, the group felt European headquartered organizations tended to take a longer view of investments and payback periods than American HQ-ed organizations.

5. Most participants felt that their corporate counterparts were not as good at intercultural competence as they (corporate) believed themselves to be. If this fact is not likely to change, one specific way around it is to set out a series of core global principles that a given program (e.g., compensation, training, benefits, etc…) should be adhering to and then leaving the specific implementation to the specific country. A pre-implementation joint review by both corporate and the country human resource team can then be used to ensure that each party's needs are being met.

6. If an organization does not have global principles in place, another approach is to include corporate staff during the design phase of the program. When doing this, always remember that the willingness of corporate to do something different is directly related to the country's relative strategic importance to the company's overall strategy.

7. One partner shared that being straightforward and honest is a good way to establish a positive reputation in the Indian talent market and that corporate needs to recognize the need to customize employee messaging for India. As an example, the first time the company downsized, corporate asked the HR team to indicate that "people who have performance issues are being asked to leave." The result was a communications and morale disaster. The second time, the team pushed back on corporate and messaged a more truthful, "The organization's growth in India was not as high as we had forecasted and as a result, we will need to reduce headcount." The second downsizing was met with much higher levels of understanding and decreased levels of employee upset.

8. The best way to get alignment with corporate is *not* to indicate "we're different" but rather to state, "Here's the issue we're facing, the solution we're proposing and the anticipated impact if we are not able to implement the proposed solution."

Working Group Participants

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