



Attracting and Keeping India's Best and Brightest: It's not Just about the Money!



As India's economy continues to grow at an impressive rate, companies are facing a shortage in what is perhaps the most crucial resource of all - talent. Pick up any newspaper and you will read about CEOs and senior leadership lamenting the shortage of talent across sectors. CEOs constantly rate the acquisition and retention of talent as their primary growth inhibitor today. And while they are justifiably concerned about the availability of skilled individuals, they are especially worried about the future pipeline of leaders and managers. In a recent study on leadership in Asia conducted by Korn/Ferry International, in association with the Economist Intelligence Unit (EIU), 76% of the 331 executives surveyed said that developing leaders for the future and succession planning was one of the top talent management priorities for their company's Asian operations.

Even as companies try to come to grips with the long-term implications of this talent crunch and find the appropriate long-term solutions, right now they are doing the predictable: trying to cope with a demand-supply gap, by simply upping the ante. As widely reported earlier this year, this has resulted in rising salaries – with companies across industry sectors expected to give out 14% or higher increases in 2007 making it the fourth consecutive year in which Indian salaries are growing by double digits.

At the most senior level, compensation in India is already closing in on global standards. In middle management, while there is still a gap between salary levels in India and abroad, that gap is closing fast. Compensation packages even of management graduates are mirroring this trend.

On the one hand, this rise in compensation is predictable – a natural correction of salaries that at one point were one of the lowest in the world. However, the sharp increases in salaries across sectors over the last few years, now begs the question: is the resulting growth in compensation sustainable? And more importantly, can this ever-rising compensation actually help companies retain their best people for the long-term?

There are limits to how far companies can keep increasing their manpower costs, given the need to compete and maintain their bottom lines. Companies will therefore be required to adapt to the changing environment and look beyond monetary compensation to other ways of attracting and retaining the talent they need.

In fact, global surveys indicate that the top reason people leave their jobs is because they do not like their boss and the number two reason is because they do not feel they are being developed or given adequate opportunities. Companies are successful at retaining their best people when their people feel like they have great opportunities with those companies.

Smart companies understand this and are responding by going beyond compensation to manage the talent crunch. They recognize that in order to reap the benefits of India's demographic advantage, companies that are still leading the pack tomorrow will be those that invest more today in:

- **Being an Employer of Choice:** With the war for talent intensifying, companies need to become “employers of choice”, differentiating themselves by investing in a supportive work culture that offers strong prospects for career growth along with retirement benefits, family support, and other benefits
- **Building a Pipeline of Leaders:** Companies need to focus their efforts on developing employees across all levels of their organization, but leadership talent must be considered a top priority if they are to build a sustainable business. Those companies that put in place the necessary systems and structures to support learning and development of high-potential individuals will build an internal supply of leaders that can lead future success. Companies that are proactively building from within have a clear advantage. Global companies like J&J, Shell and GE as well as Indian companies like Tata, Wipro and Infosys have made it a point to be known for having the systems in place to build world-class leadership, which enables them to attract talent more easily than others.
- **Training & Career Growth:** Companies need to facilitate re-skilling/ up-skilling of its existing talent pool. Providing them with the exposure to work in cross- functional or even cross-cultural teams can create a better, more globally ready talent pool.

As more and more Indian companies realize the need for a strategic approach to solving their long-term talent requirements, the focus will shift towards creating an environment that develops and nurtures talent by providing the right opportunity. This will eventually lead to a diversified and extensive Indian talent pool ready to take on challenges not only in India but also globally.



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