



Outsourcing Within India

India's rapid growth spurs investment in a professionalized approach to finding and keeping top talent

A 2003 study by Goldman Sachs projected that over the next 50 years India will have the fastest-growing economy in the world – larger than Italy's in 10 years, larger than Britain's in 15 years and the third largest economy, five times the size of Japan's, by 2050. Already, Indian companies are posting annual gains of 15, 20 and 25 percent. As a result, the country is being touted as the world's fastest growing free market democracy. During his March 2006 visit, President Bush recognized the country's exceptional growth and ambition, and emphasized the importance of trade between the U.S. and India.

It makes perfect sense, then, that more and more multi-national corporations (MNCs) are positioning themselves to become part of India's success story. Among its many attractions is the vast and highly attractive human resource pool: well-educated and English-speaking, with an average age of 25. On the surface, there seem to be many talented candidates to help companies keep up in this fast-paced business climate.

While it is true that India remains one of the preferred destinations for financial institutions and technology and other companies to base their call centers, the need for talent is becoming much broader, particularly at the middle levels. Currently, research and development, investment banking, accounting, marketing and sales professionals are in hot demand. But finding the right people with the appropriate blend of skills and experience for these positions is not as easy as one might think. Furthermore, retaining these people in a climate more competitive than Silicon Valley in the '90s is making the management of human capital more and more complicated for local companies and MNCs alike.

Companies with a presence in India are discovering that finding and keeping talented people requires a more sophisticated approach and a larger investment than ever before. It is an investment many are starting to make to stay competitive.

In particular, the following trends are emerging:

- **Fresh Management Grads Command Top Dollar** The caliber of talent coming out of India's leading academic institutions in recent years has made them a sought-after source of candidates for MNCs filling positions in other countries. Graduates of the top three Indian Institutes of Management with only a few years' work experience are being offered salaries unheard of in the past – some starting as high as \$185,000 (USD). This upward trend impacts all organizations seeking to tap this attractive talent pool and keep them away from competitors. As a result, more innovative retention programs are being created by Indian companies, such as training and development programs and "retention bonuses" for employees who stay for at least 12 months.

- **Informal Networks Replaced by Professional HR Processes** Traditionally, people in India have climbed the ranks and found opportunities by leveraging their personal networks, all with the belief that it was *who* you knew more than *what* you knew that would help you rise to the top. Likewise, the concept of “recruitment” was based on tapping in to communal and familial networks and pulling strings to build management teams. As MNCs flood the Indian market, a more professionalized approach to HR and recruitment at all levels has emerged and the concept of working with a recruiter to land jobs with the most prestigious companies in India and beyond is becoming more widely accepted.
- **Investment in Recruitment Outsourcing Growing** As the demand for talented employees in India goes up day by day, so do the resources required to manage the search and hiring process. Many MNCs are directing their money toward recruitment outsourcing companies to help them find mid-level managers and professionals. They, as well as local companies seeking more thoughtful HR strategies to keep up, look for outsourcing firms that do more than just peddle CVs. Since Futurestep entered the Indian market in late 2005, its scientific methodologies and rigorous processes to deliver the right candidates in the fastest cycle times have been sought after by organizations looking to talent as the key to their long-term success.

As India continues to grow and evolve, so will the demand for good people. The more competitive and successful it becomes, the more critical human capital management will be. Luckily, companies are beginning to see that an investment in human resource processes, and the outsourcing services that can help make them successful, is a way to gain competitive advantage for their organization’s future.



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