Who’s Got Talent?
The Great Global Talent Hunt
January 2013

Author:
NV “Tiger” Tyagarajan
President and CEO, Genpact
The Great Global Talent Hunt - Exploring New Trails

Executive summary

The core of a business is the talent underpinning it. Lack of such talent can impact businesses and pose grave challenges to every industry.

As the global landscape changes, emerging as well as advanced economies are faced with a scarcity of employable talent. Increase in demand, longer lifespan affecting the age ratio at workplaces, and unemployment among less skilled workers are key issues that are forcing organizations to think of groundbreaking ways of acquiring and managing talent.

Starting at the very root, organizations need to collaborate more actively with educational and government institutions and make sure the education plan is aligned with industry requirements and focuses on skills that are most crucial for businesses today. A sea change in the outlook towards learning, and leveraging under-utilized sources can open new doors for organizations to discover talent. Genpact, as a leading supplier of talent to organizations worldwide, has been implementing inventive people practices and adopting fresh approaches to attract, retain and engage the best talent in the world.

A dichotomous challenge – casting a shadow on economies of the world

According to a recent report by the McKinsey Global Institute, by 2020, employers could face a shortage of as many as 13% of highly skilled workers – that is 40 million less workers than they need. Developing economies could face a shortfall of 15%, or nearly 45 million, medium-skill workers¹.

The situation reflects a challenging and dynamic global context within which organizations are operating today. Various technological innovations including e-commerce, mobile applications, cloud computing and social media have altered the way businesses function, bringing technology to the forefront of daily operations. The natural corollary to this is that the demand for high skilled labor, trained in quickly evolving new technologies, has increased. This demand is arising in a demographic context of increased life spans, older people spending more years at work, smaller family sizes and, in the more developed nations, less young people entering the workforce. The trends that are currently being observed, the shortage of high skilled workers and growing unemployment among less skilled workers, have serious implications for societies, governments and businesses around the world. These include growing gaps in income between different sections of society and the reduction of productivity within businesses – productivity that is critically needed to drive growth in gross domestic product (GDP).

Projections for 2020

Shortage of as many as 13 percent of highly skilled workers

Shortage of as many as 15 percent of medium skilled workers

¹ McKinsey Global Institute, ‘The World at Work; Jobs, Pay and Skills for 3.5 Billion People’, June 2012
Organizations need to acknowledge the fact that the talent crisis is a global problem affecting advanced economies as much as newly developing ones. In the developed countries, we are observing severe and increasing unemployment, among young people without university degrees as well as among older workers who do not have the required skills. This could lead to increasing gaps between different income groups, heightened social tensions and a need for governments to step up social security programs. To address these issues, these economies will have to implement measures such as encouraging immigration of highly skilled workers, increasing enrollment in higher education and attracting educated women into the workforce.

Concurrently, developing and fast growing economies such as India and China cannot sustain their growth rates without a highly skilled labor force. They may face diminished growth rates along with, in countries like India and other South Asian economies, soaring numbers of urban poor or those living on agricultural subsistence. Projections suggest that, in these economies, the capacity of institutes of higher learning would need to double or triple to deal with the millions of people who already need and will continue to need training.\(^2\)

**Talent imbalance in the global labor market will continue to intensify**

**2020E**

<table>
<thead>
<tr>
<th>HIGH-SKILL WORKERS</th>
<th>MEDIUM-SKILL WORKERS</th>
<th>LOW-SKILL WORKERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHORTAGE!!</td>
<td>SHORTAGE!!</td>
<td>SURPLUS</td>
</tr>
<tr>
<td>Total: 38-41 MM</td>
<td>Total: 45 MM</td>
<td>Total: 89-95 MM</td>
</tr>
<tr>
<td>China: 23 MM</td>
<td>Other Developing Economies: 31 MM</td>
<td>Developing Economies: 58 MM</td>
</tr>
</tbody>
</table>

**Implications**

**Advanced Economies**

- Polarization of Incomes
- Increasing public sector burdens
- Social tensions

**Developing Economies**

- Large no. of low skilled workers trapped in urban poverty
- Slower growth in value added industries

**Talent Imperatives of Companies**

- Retraining mid-career workers
- Raising Labor force participation of women
- Retaining older high skill workers in the labor force
- Vocational training of adults with little or no formal education and job skills
- Collaboration with government to craft curricula
- Skill saving technologies, knowledge codification

Demand-supply gap of skills is real and big. We will have to:

- Compete for and retain talent
- Exponentially scale up talent factories
- Build and access diverse hiring pools

*Source: MGI Research*

\(^2\) Ibid
Address the shortage: Adapt, discover & evolve

Organizations must address these challenges and invest in potential solutions. Businesses need to adapt, discover and continually evolve sophisticated retention and development practices to deal with the veritable war for talent today. Innovative measures are required, in many areas, including changing the mind-set of industry. At Genpact, we have been implementing well-thought-out strategies to combat the talent crisis in multiple ways.

Genpact hires about 20,000 people in a year and the number reduces by 15,000 in a year. Overall we train 40,000, new and existing employees, in a year. In a situation like this, if we do not innovate people practices that attract, retain and engage the best talent in the world, we, quite simply, fail.

Adapt and advance strategies to find the right talent

Organizations today are struggling to tap into the talent necessary to fill the high-skill gap in a way that is cost-effective and supports the company’s ever-changing requirements. The supply of people capable of filling this void is limited at best, as traditional universities have yet to incorporate programs capable of meeting this industry-level demand. Organizations need to be able to foresee the kind of talent that is needed and plan recruitment and training strategies, to attract new talent and to create talent pools they can tap into.

Attack the very root of the crisis – curriculums must be aligned with corporate requirements

The new skills that today’s organizations need their employees to have are, largely, not being taught by educational institutions. An illustrative point, organizations spend as much money training university graduates as they would on people without a university degree. In effect, they have their own university. Therefore, one of the requirements is to work with educational institutions and governments in order to ensure that relevant content is included in curriculums - content that enables undergraduates to leave college better prepared for the demands of the working world.

At Genpact, we have created associations with educational institutions in China, the US (MIT) and India (IIM Udaipur, IMT Ghaziabad) to inject relevant content into their curriculum and create innovative solutions to develop and tap talent that can cope with a changing market environment.

We have also implemented a program to create employability through skill-building, to build a ready supply chain and to widen our talent pool for business continuity. The ecosystem draws from over 300 colleges across over 25 universities globally. Genpact has made offers to over 6000 non-technical graduates directly from a vast range of campuses to be trained across major domains. Genpact partners with eight government bodies globally and has up-skilling partnerships with over 20 large private institutional networks that provide access to aspirants in smaller cities and different geographies. The program has scaled up three times since 2011, focusing on over 30 unique skills across industries and products with coverage across 80% of our delivery centers.

Build a ready supply chain and widen our talent pool for business continuity
Reach out to every entity – public-private relationships can ease the crunch

Improving the talent situation is a massive task and it requires committed and innovative public-private partnerships between governments and businesses to address the imbalance that prevails today. Governments, societies, institutions, even families need to adapt because the requisite shift will have implications on the way schools operate, the skills that are imparted at different ages and the value of college degrees. This is a challenging proposition but it is a shift that is critically needed. In the words of the International Labor Organization (ILO), it is only “effective skills development systems which connect education to technical training, technical training to labor market entry and labor market entry to lifelong learning that can help countries, sustain productivity growth and translate that growth into more and better jobs.”³

Unearth hidden resources – tap underutilized talent

Another strategy that today’s organizations need to invest in is to tap underutilized sources of talent more effectively. A recent OECD (Organization for Economic Co-operation and Development) study has pointed out that on an average only 60% women are employed in OECD countries.⁴ In 2008, the ILO found that “at the global level, the employment-to-population ratio – an index to how well economies are taking advantage of the productive potential of their working-age population – was 49.1% for women in 2007 compared to 74.3% for men.”⁵ The need for skilled workers is increasingly urgent and unlikely to abate soon. Therefore, companies need to broaden the labor pool and think about how they can include more women in the workforce by creating structures that support women to make the decision to start working.

The need is to address the obstacles that are preventing women from working. For many women, this is simply the inflexibility of the average working environment and the unfeasibility of spending 8-10 hours a day at a workplace away from their households and children. This could be addressed by allowing employees to deliver services from home. And by working towards a paradigm shift where companies look at services delivered and tasks accomplished, rather than time spent behind a desk, as a measure of performance. In addition, different scheduling of working hours may be an option, in some contexts. For instance, women may prefer to start work earlier in the morning and end in the late afternoon rather than the evening, better suiting their schedules at home. Being offered this option may, therefore, attract them to the prospect of taking on workplace commitments. Towards this end, companies could institute staggered work timings and offer this on a rotating basis to their staff in general, enabling them to achieve a better work-life balance.

Genpact’s flexible and innovative people practices enable employees to balance their personal and professional priorities with ease. This gives them the freedom to be effective at work as well as home. As analysts point out, “those companies and countries that evolve quickly to bring women into the workforce today give themselves a better chance to prosper over the long term. Those that don’t will struggle to stay competitive.”⁶

³ ILO, ‘Skills for Improved Productivity, Employment Growth and Development’ (Report 97 V, 2008)
⁴ “Gender and Sustainable Development: Maximising the Economic, Social and Environmental Role of Women,” OECD, 2008
⁵ ‘The Underworked Solution; Women and the Talent Crunch’, Manpower, World of Work Insight, 2009
⁶ ‘The Underworked Solution; Women and the Talent Crunch’, Manpower, World of Work Insight, 2009
Discover new magnets to retain your human capital

While the usual incentives such as providing equity, high levels of remuneration and appreciation are effective to a certain extent, the real motivator, to keep people in their jobs, is the faith that their employer can take them to levels of performance, training and knowledge that they did not think they could reach.

It is fascinating and exciting to see how career paths can be developed. In our industry, employees who start their career by making collection calls become chartered accountants (CAs) or certified public accountants (CPA) during their tenure and switch can take them to levels of performance, training and knowledge that they did not think they could reach.

Multiple career paths across industries, domains and functions

One individual can explore multiple career paths across industries, domains, functions and geographies, all within the same organization. For companies like Genpact, retention starts with hiring. If we hire people that are hungry to learn, we can retain them by offering them what they are looking for—food for their particular hunger. This brings us back to one part of our raison d’etre, talent development.

Continuously evolve, retrain and retool

About 40% of new jobs in the coming decade will be in skilled trades or technology including computer animation, or network support. At a corporate and personal level a complete mental shift is needed, away from thinking about education as a one-time activity, followed by then using this learning for the rest of one's working life. This traditional approach cannot work anymore at any level of a company. Let alone learning acquired twenty years ago, skills acquired as recently as five years ago are becoming irrelevant fast. Thanks to rapidly evolving technology, even the worker on the factory floor needs regular skills training. In other words, every company needs to think of itself as a knowledge company and every worker is a ‘knowledge worker’.7

A true knowledge company systematically builds continuous training and learning into its way of operating. Such organizations “maintain and develop the knowledge of their employees as their prime assets” since human capital is the key component of value in these companies.

Genpact supports on-the-job learning for employees to help them move into more complex and more senior roles within the organization through structured learning programs for leadership development. This continual learning approach is essential today for maintaining a workforce that can deal with the changing realities of their jobs. We believe in re-training and re-tooling rather than replacing.

Talent development — Hire for ability, train on skills

Employee Value Proposition

Genpact Training Academy helps us hire at low cost-low skill and yet meet customer service requirements

Our breadth of services enable us to offer higher value jobs for career growth across domains

7 The term was originally coined by Peter Drucker, who described a ‘knowledge worker’ as one who works primarily with information or one who develops and uses knowledge in the workplace.
‘Lifelong learning’, as an approach, is a cornerstone of Genpact’s philosophy.

For example, our ‘Education at Work’ program supports more than 10,000 employees to take various courses including MBA, and domain-specific courses.

**Leverage technology to span the gap**

Certainly, these adaptations would require infrastructural and technological changes. For instance, data systems may need to be changed to accommodate people being able to access information from home. Many corporations would find this shift in mindset challenging. In addition, it is essential to maintain a feeling of community among a distributed workforce. Innovative companies deal with this by creating their own social media platforms, where staff could interact with each other, share learning, ask questions and feel supported. These platforms should be accessible to a wider community of peers so that staff learn, not just from their direct colleagues but from the entire ecosystem.

**Looking ahead**

It is clear that companies need to invest in long-term strategies to address the increasing dearth of talent that is being faced globally. We need to be able to foresee what talent will be needed, plan recruitment and retention strategies, develop innovation and flexibility to attract new talent and create workplace structures to support this. In what some are calling the ‘human age’, we are beginning to realize that pivotal to attaining competitive advantage is the talent we discover, employ, train, develop and retain. We are in a brave new world, inextricably linked to new technology, invention and ever more sophisticated processes, none of which will yield the results we aspire to without the human beings to execute it.
About the Author

NV “Tiger” Tyagarajan  
President and CEO, Genpact

Based in New York, Tiger is credited as one of the pioneers who transformed Genpact (formerly GE Capital International Services) into a high-end business process and technology management company. Today, Genpact is an acknowledged leader and serves its global customers from 74 operations centers in 21 countries with over 60,500 employees. The company manages over 4,500 processes for more than 600 clients worldwide across the banking and finance, capital markets, insurance, manufacturing, healthcare, pharmaceuticals, consumer products, retail, transportation and business services sectors. Genpact is publicly listed on the New York Stock Exchange under the symbol ‘G’.

Tiger began his career with the Unilever Group in India where he spent seven years in sales and marketing and then three years with Citibank’s Consumer Financial Services businesses in business, sales, operations and credit. He joined GE Capital in 1994 as Head of Risk in India and went on to become CEO for GE Capital’s Global Consumer Finance and Auto Financial Services operations in India.

In 1999 he became CEO of GE Capital International Services, significantly expanding its service offerings and operations. In 2002, he transferred within GE to the Global Commercial Lending Businesses in the U.S. as Global Head of Six Sigma and Global Operations.

Tiger rejoined Genpact in February 2005 as Executive Vice President, Sales, Marketing and M&A, was promoted to the position of Chief Operating Officer in 2009 and was named President and CEO in June 2011.

Tiger has a degree in mechanical engineering from the Indian Institute of Technology, Mumbai, and an MBA, majoring in Finance and Marketing, from the Indian Institute of Management, Ahmedabad.

About Genpact

Genpact Limited (NYSE: G), a global leader in business process management and technology services, leverages the power of smarter processes, smarter analytics and smarter technology to help its clients drive intelligence across the enterprise. Genpact’s Smart Enterprise Processes (SEP™) framework, its unique science of process combined with deep domain expertise in multiple industry verticals, leads to superior business outcomes. Genpact’s Smart Decision Services deliver valuable business insights to its clients through targeted analytics, reengineering expertise, and advanced risk management. Making technology more intelligent by embedding it with process and data insights, Genpact also offers a wide variety of technology solutions for better business outcomes.