

## EMPLOYEE HIRING IN IT INDUSTRY- INDIA: AN OVERVIEW

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**Abstract:** India has a unique set of scalability and flexibility; large scale availability of labour, network of Tier-II/III cities offering further cost reduction and increased spend in infrastructure, creating an unparalleled advantage for the country when compared to other location. What we have also seen is a maturity in the demand side as well, which is slowly moving away from cost based services to demand for higher-end solutions and measurable business value. India also has a highly rationalized and competent provider base which drives the favorability factor for the country over other nations. This goes a long way in creating a favorable environment in the country, thereby touching the lives of many across regions. The resurgence of the individual can nowhere be more obvious than it is right now in India. After the bashing which the human resources HR industry took last financial year when the world was reeling under depression, it appears that in 2015 the tables will have fully turned. The professional is back in demand. And how? Bold and fearless, he experiments with unique career models, confined in the belief that his talent is of critical need to the organization, whichever way he choose to package it. Across levels, across industries, hiring targets are aggressive, ramp-up plans firm, and growth is big on the agenda of every organization. The recruiter is busy again.

**Key Words:** Resilient, Hiring, Outsourcing, Diversity, Demographic and Migration.

### 1. INTRODUCTION:

The fact that India's is a resilient economy built equally on internal consumption driven by its constantly rising affluent middle class is evident from the steady growth of the GDP in the recent quarters. Even with a still shaky U.S. and an indifferent Europe, who were seen as the primary customers for India's products and services? Indian companies are neither tentative nor conservative in their expansion. Hiring outlook for first quarter 2015 is up by an average of 41 per cent across all regions in India, with the West and South leading the recruitment numbers. A dip in hiring in the Northern region at 31 per cent is a bit of a surprise and probably reflects the saturation levels of infrastructure at the prominent cities of the North and the lack of suitable tier II alternatives. The HR industry, which includes the verticals of permanent hiring, temp staffing, job portals, training and HRO, is estimated at Rs. 20,000 crore (based on the data of service tax paid by this sector) and set to grow to Rs. 20,800 crore by 2011. Spurred by a YOY (year-on-year) growth of around 45 per cent, the HR industry has itself become a prominent employer of respectable standards with over five million professionals working in this space.

The Indian IT industry has extensively contributed towards a consistent growth of the nation's economy thereby putting India on the global map. Projected to become a \$225 billion industry by the year 2020, the IT-BPO (Business Process Outsourcing) industry has become one of the significant growth drivers for the economy. In addition to contributing towards the economy, this industry has positively impacted the lives of many at a socio-economic level in areas such as employment, standard of living and diversity.

It has played a major role in transforming the country's image to an innovation and entrepreneurship hub; one which offers the best world-class technology services and solutions. From a rural and agricultural-based economy, India is evolving as knowledge-based economy

### 2. SERVICE DELIVERY MATURITY:

India is the most mature outsourcing market, with the country-based service providers having developed end-to-end service delivery capabilities around all verticals. What is now being witnessed currently is an increased globalization in service delivery, cross-border collaboration and partnerships to enhance service offerings and re-engineering of the talent pool for greater productivity and efficiency. . A number of organizations have started restructuring themselves around verticals and centres of excellence in order to develop and deliver end-to-end services. Some of the important factors that are proving to be game changers for an increasing set of customers today are development of solutions around platforms, cloud-based products integrating business intelligence, and application development tools. To sustain wide ranging transformation for clients today, there is a growing need to create an incremental set of enhancements which include best-in-class learning and practices.

### 3. RESILIENT ECONOMY:

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### 4. CORE COMPETENCIES:

The HRO (human resource outsourcing) segment which was probably one of the last services to jump on to the outsourcing bandwagon has, in the last three years, established its value proposition quite unquestionably. The peaks and deep troughs of the economy which one witnessed in recent times underscored the need for the organization to stay focused on core competencies and leave the routing administrative activities of staff to professionals. This credo has gained sufficient critical mass in the last 12-14 months.



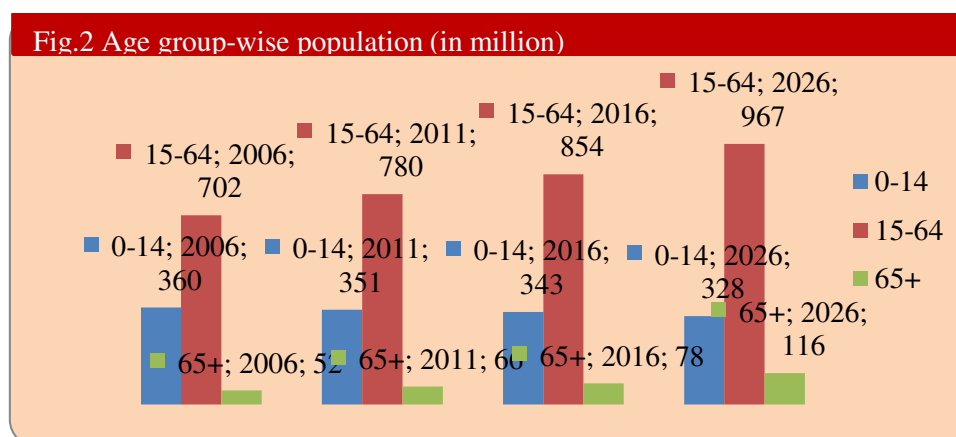
Source: Manpower Employment Outlook Survey-2015.

Data on companies outsourcing HR activities has seen a sharp upward curve, not only in number but also in the range and scope of the activities which come under the outsourced ambit. Businesses both from new and old economy industries have taken to HR outsourcing despite initial challenges in terms of confidence and capacity building.

As companies realize the need to be more nimble and flexible, HRO is a clear decision on the CXO's list. Standard HR functions, like employee selection (hiring, background verification, exit formalities, and compensation benchmarking), payroll (which includes check creation, tax handling, full and final settlement, sick leave management and vacations), benefits (health, medical, life insurance, travel, Cafeteria), and risk management have been outsourced.

### 5. DIVERSITY AND INCLUSION:

Diversity and inclusion of different talent pools a strategic focus area for most multinational organizations is also currently in the process of being handed over to experts. They facilitate culture building, diversity audits, diversity recruitment at all. India witnessed heightened activity on diversity during the year 2009-10. Surprising all doomsday naysayers who predicted that woman's jobs would first go under the axe as a fall-out of recession.



Source: THE HINDU survey of Indian Industry 2015.

It seems that more and more business leaders are keen on increasing the participation of women in the Indian workplace with as high as 65 per cent of organizations mentioning gender diversity as key focal point for financial year 2015. And this has led to a considerable rise in the number of boutique firms which offer one or a combination of the above services.

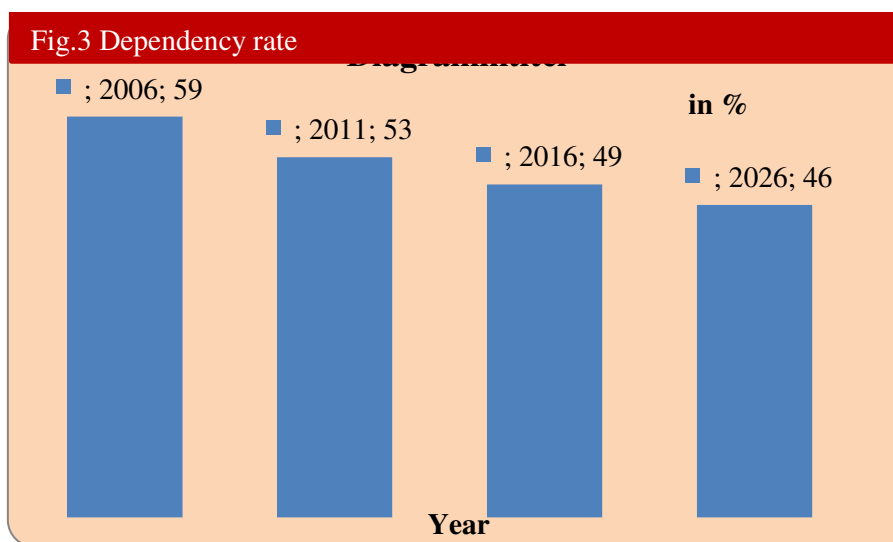
But as with every product or service, a constant re-jig in terms of cost versus value in the minds of the customer leads companies to seek unique and customized services from the HR partners. Companies today require HR consulting firms to think beyond the brief come up with solutions not just for attracting talent, but also retaining them and developing leaders. Attrition in the Indian workplace is one of the biggest issues that companies face and this has been one of the critical items on the checklist for viewing India as an investment destination. Organizations look for solutions from their HR partners on increasing the stickiness of the employee (especially at junior/entry levels) for periods beyond 18 months. And here is where the discussion on what the employee wants becomes very relevant.

## 6. DEMOGRAPHIC DIVIDEND:

Consider the demographics: India today has over 780 million in the economically productive age group of between 15 to 64. Overall literacy rate has grown from 44 per cent in 1950 to 65.38 per cent as per the 2001 census, enabling the inclusion of additional talent pools into the workforce.

The dependency ratio of unproductive members of the population to those economically productive has fallen sharply to 53 per cent and will continue to dip by an average of 5-8 percentage points till 2026. To give a simple comparison. India is in the same position that China was in the early Eighties with the average age an Indian today being an enviable 25 years. Contrast this with other countries such as Japan (average age: 44.7), US (average age: 36.6) and Europe (average age: 40.1) and you can imagine the huge potential India has in terms of exporting talent.

China's current economic boom, based largely on the outsourcing of manufacturing (as against services outsourcing of which India is undisputedly the world's numero UNO) largely developed over the past three decades, has been the direct consequence of this spurt in the productive population.

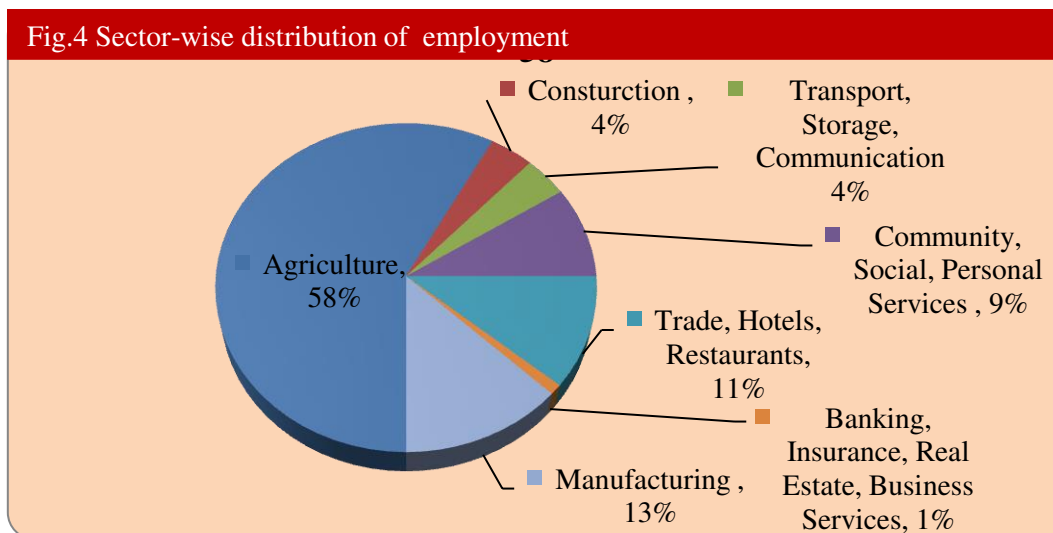


Source: Population Reference Bureau-2015.

Even though 58 per cent of India's workforce is still employed by the agriculture sector, there is consistent increase in the migration of talent from rural India to urban. According to some estimates the current proportion of population under 25 years in India is 51 per cent and the proportion under 35 is about 66 per cent. This predominance of youth in the population is expected to last until 2050. While the average age of an Indian in 2020 is expected to be 29 years, the average age for China is expected to be 37. All of which proclaim that India enjoys the world's most promising demographic dividend.

## 7. GENERATIONAL COHORTS:

But let us not pop the champagne yet, because this boon also metamorphoses into a bane, when you begin to picture the complexity in India's workforce. For the first time after 1947, Indian industry has brought together four distinct generational cohorts which up till now were only seen in politics and films. All set to become the world's most populous country in 2030, India transformed from a high-fertility, high-mortality country to one where infant deaths plummeted to under 60 per 1000 births in 2004, from a high of 140 in 1972. Declining death rates among children, infants and mothers has also led to the average life expectancy of an Indian to rise to 67 in 2008 from under 50 in 1970.



This has resulted in the enhancement of the working age from 60 to about 65 for an average Indian, while at the same time, industries such as BPO, ITES and retail have lowered the entry age to as less as 18. And so, one find four generational segments which manifest themselves in the Indian workplace. It is quite laughable when the western definitions of certain generational segments are broad-brushed to Indian segments. The definition of a generation is itself something like this. A group of people defined by age boundaries who were born during a certain era and shared similar experiences and social dynamics when growing up. If ‘sharing similar experiences’ is key to the definition of a gem segment, then by no stretch of imagination can one use the data collected for western groups to their equivalents in India.

**8. BABY BOOMER:**

A case to point is the so-called baby boomer segment, born between 1945 to 1960. The western-born Baby Boomer grew up in an affluent, prosperous world where thousands of industries were being set up all over the country, innovation was rampant and income levels zoomed up to never-before numbers.

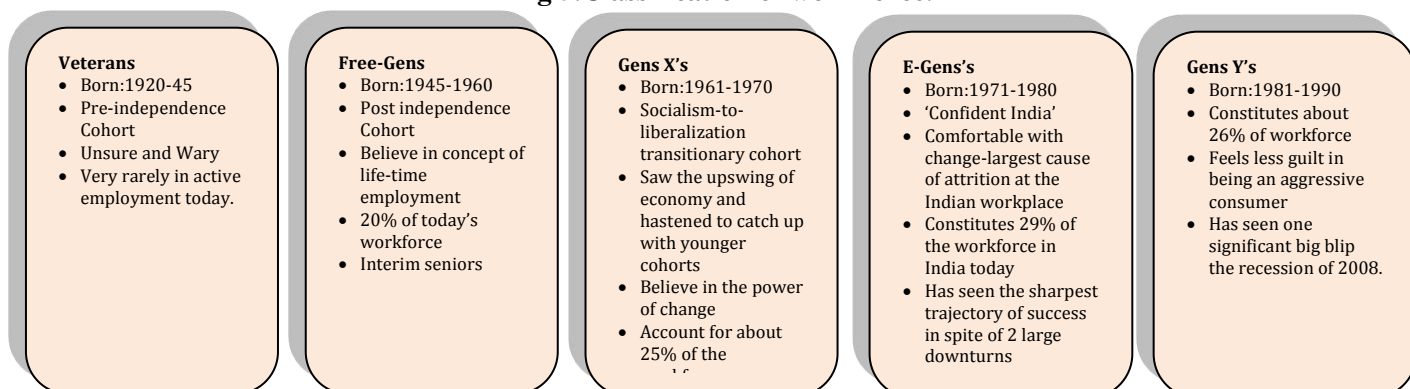
Oil exploration and the advent of computers created all sorts of new businesses which brought profits in obscene multiples. Free love and flower power were a heady mixture.

Whereas, around the same time, the free-gems-counterparts to Baby Boomers in India, watched their nation, emerged from the deep, dark oppression of colonialism whose systematic bleeding of national resources has left the country bone dry. They saw their land, cleaved into two parts, resulting in the world’s largest mass exodus. They observed India struggle with its population explosion, seek guidance from the erstwhile USSR, set up half a dozen five year plans and still retain her tag of being among the poorest nations in the world. This group has attitudes and value systems which are impossible to attribute to the western baby boomer and obviously vice-versa hold true.

**9. THE NEW CLASS:**

Similarly, the segment which is referred to as Gen X is actually the amalgam of two segments in India. Gen X’s are the older cohort born between 1961-1970. This segment saw the upswing of the economy, focused all energies on a respectable white-collar job and gradually began developing the confidence that India could indeed hack the economic puzzle. Most of India’s current business heads belong to this group and they combine a good blend of conservative outlook with the speed of today’s decision making. The younger half of the group (as per the western description of Gen X), are what we call the E-Gens or the electronic generation in India.

**Fig 5.Classification of work force.**



This group, born between 1971-1980, saw India change into a dynamic engine of growth which followed liberation. They saw salary hikes of over 40 per cent per annum for years in succession, annual GDP figures rising tantalizingly close to the double digit mark and knew that in IT was the magic of overnight success. This cohort brings a very international approach to work and in most organizations this is the group which is snapping at the heels of top management.

The last segment-the Gen Y's- is possibly the only segment whose mainstreaming into the global classification is accurate to some extent. Born between 1981-1990, the Gen Y's believe that the cycle is turning and the Asian Tigers will challenge the west, but not too soon. Given this kaleidoscopic blend of cohorts, it becomes absolutely imperative that more thought, effort and time is invested in designing workplace which engage and motivate the employee. Copy-pasting western philosophies of segmentation and motivation will surely not apply to India's brand new professional. Truly Indian styles of working, of employer engagement and management will need to be created. Gone are the days when a paternalistic managerial style using the beaten carrot-and-stick approach gave results.

Even the flip side-a friendly, collegial style of super-vision, one made enormously popular by the knowledge industry sector does not always deliver the necessary outcome. What is required is a complete customization of careers, providing unique employee value propositions which address themselves independently to each cluster.

## 10. INVESTMENT IN R & D:

The strident call of the day therefore is for additional investment in employee research, original to India. The HR industry, while offering a plethora of services all pertaining to that most inexplicable of resources-human resources-should also begin to value add by looking at what makes the Indian professional create value for himself and his organization. The answers could be myriad-flexible careers for the Indian woman professional, mentoring opportunities-gurukul style-for the senior manager, co-creation prospects for the knowledge worker, these and then some could be the new engagement drivers.

Insights into what triggers passion and commitment in each employee's psyche will probably carry the answer to the question of what precisely engages today's Indian professional-whether she or he belongs to the Gen Z, Gen X, E-Gen or Gen Y.

## 11. CONCLUSION:

The extraordinary growth of the Indian IT-BPO industry over the last decade is a matter of pride for us. We will definitely be witnessing some exciting times ahead as well. The next decade will be essentially different from the last one, owing to a radically restructuring global economy evolving customer needs, services and business models.

And at the heart of all of this would be innovation, talent development and business infrastructure. At this critical juncture, it is imperative for the industry, Nasscom and the government to articulate a long term growth perspective and work seamlessly towards achieving it.

The resurgence of the individual can nowhere be more obvious than it is right now in India. After the bashing which the human resources HR industry took last year when the world was reeling under depression, across levels, across industries, hiring targets are aggressive, ramp-up plans firm, and growth is big on the agenda of every organization. The HR industry, which includes the verticals of permanent hiring, temp staffing, job portals, training and HR industry has itself become a prominent employer of respectable standards with over five million professionals working in this space. In addition to contributing towards the economy, this industry has positively impacted the lives of many at a socio-economic level in areas such as employment, standard of living and diversity. India is evolving as knowledge-based economy. The efforts of the industry towards the holistic development of the economy and the society will continue to make a positive impact and change the lives as it has done so far. Further, the industry has played an active role in developing the country beyond regions, empowering diverse human assets, driving technological innovation to transform client businesses, and enhancing the overall brand image of India.

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