

LYNDA
GRATTON
ON INDIA

THE TALENT FACTORY OF THE FUTURE

India's working population will overtake China's by 2030. The most formidable talent pool in the world is a huge advantage — and challenge.

AN INDIAN WOMAN RIDES THROUGH THE NEW DEHLI STREETS

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India's economic rise has been dramatic. But as the growth slows, what does the future hold? Lynda Gratton offers a personal view.

India has been an important part of my life for over 15 years. My first professional visit to the country was with the late, great, Professor Sumantra Ghoshal as we put together the newly launched Global Business Consortium (GBC). The focus of the programme was on globalisation and the plan was to take six senior executives from six companies to India to see this rapidly developing country. Many of these executives had never been to India and watched in awe, in many cases bordering on horror, at the sheer frantic scale of Mumbai and Bangalore. We visited factories, government offices and universities, speaking to economists, CEOs and NGO leaders.

What we saw was a country defined by diversity, energy and potential, but also a country defined by inequality, poverty and crisis.

In many ways, India has changed dramatically since I first visited. The diversity, energy and potential that I saw on my first visit have become the foundation of some of the most interesting cities in the world, which in turn are home to some of the world's most sophisticated organisations. India's ability to match speed and scale has granted it growth rates that the industrialised nations of the world haven't seen for generations. Even though India's economy has slowed of late, while the rest of the world recovers from crisis, India still grows at an impressive seven per cent.

This growth is partly fuelled by India's demographic dividend. With half its population below the age of 25, the country's unmatched vitality is quickly producing an expansive and globally connected network of entrepreneurs. Add to this growing connectivity and India's working population is set to overtake that of China by 2030, giving rise to the most formidable national talent pool in the world.

However, that population bulge is both a blessing and a curse. Some of the underlying problems I witnessed 15 years ago persist. India is still a land of inequality, poverty and crisis. Its physical infrastructure of roads

is vastly underdeveloped and has left many rural areas excluded from the exciting economic activity of its urban centres. As a consequence, regional economic disparity is still a crippling problem, with the average income in Bihar less than 15 per cent of that in Goa. Illiteracy is high, with only 75 per cent of Indians over the age of 15 able to read or write.

Since the GBC days I have become ever more involved with India, as one of the founding faculty of the Indian School of Business, as a member of the editorial board of the Indian management magazine *Smart Manager*, and as the director of the Future of Work Consortium (FoW). In this research and development consortium, executives from over 50 companies from the USA, Europe and Asia have come together to learn, think and experience the future. In workshops in New York, Singapore, Mumbai and London we have explored how the forces of technology, globalisation, society, demography and resource constraints are shaping and defining organisational structure, leadership and work. One of the innovations of the consortium has been the development of a three-day virtual 'Jam' which is an online platform designed to bring people together from across the world to debate a number of issues. We have run six of these Jams with topics ranging from the leader of the future, to complex collaboration and the impact of technology on productivity. We have also designed a series of surveys to get a deeper understanding of organisational practice. As a result of this we have written more than 60 case studies about innovative management practices. I have also kept a blog (<http://lyndagrattontfutureofwork.typepad.com>) in which some of my perceptions of India are described.

What has been fascinating about this consortium is to see first hand the trajectory that companies around the world are taking as they prepare for the future, and indeed to benchmark them against each other in their future proofing capabilities. In particular it has been very interesting to take a closer look at the Indian companies that have been members of our consortium — the IT service firms Tata Consulting Services (TCS), Wipro and Infosys and the manufacturing companies Mahindra Group and the Aditya Birla; and indeed companies like Unilever, Randstad

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and Standard Chartered Bank that have a significant Indian footprint.

Looking closely at the trajectory of these companies and their employees, three aspects strike me. First, that there are some unique aspects of the India talent pool that I believe will create long term competitive advantage for the country. Second, that some of the most exciting innovations around people are taking place within Indian companies. And finally, that when it comes to supporting the societies they operate in, some Indian companies are really stepping up to the challenge in a way that the government has been unable to do.

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The Indian talent pool

The sheer scale of population growth in India means that, although it lags behind Europe and America in terms of per capita educational attainment, the country is on the path to becoming one of the world's educational powerhouses. For example, in 2008, India produced twice as many people with advanced degrees in engineering and computer sciences as the United States. Yet India is also facing a managerial talent shortage, for although the educational infrastructure is growing fast, the development resource needs of companies are growing even faster. Since the 1950s in the West, multinationals like GE, Philips and Unilever have played the role of 'talent factories', systematically developing large swathes of managers who both stay and go onto the wider ecosystem of the company to create new businesses. With the exception of Tata and Hindustan Unilever, India has historically had no such talent factories. As a consequence, leadership and managerial skills in India are rare because, in effect, India was a closed economy until the early 1990s.

In one of my blogs in 2011 I mused on the challenges of leadership

development, and argued that India could become one of the world's most important leadership talent pools. Here was my reasoning. In the Future of Work Consortium (FoW) we asked executives about leading in the future. Two core competencies emerged: the capacity to tolerate the ambiguity that many will face in this fast changing world; and intercultural sensitivity as the joining up of the world brings greater numbers of nationalities into the frame.

Both competencies are fiendishly difficult to develop since they go way beyond the theoretical framing of much executive development and are both fundamentally experience-based competencies. It's almost impossible to become tolerant of ambiguity if your life has been structured and predictable, and it's hard to become inter-culturally sensitive if you have only grown up with people just like you. It is interesting to reflect on to what extent structure, predictability and homogeneity is the day-to-day experience of many young adults growing up in the developing economies, and to what extent this narrowness of experience will potentially stunt their potential as future executives?

I remember puzzling over the challenges of developing executives for the future as I sat with a senior team of Infosys in their campus in Bangalore. It began to realise that growing up in developing countries like India is essentially a daily lesson in tolerance of ambiguity. In Mumbai, the choking traffic makes concepts of punctuality almost impossible; the power cuts in many Indian cities mean that it's tough to plan with precision; whilst the growing chasm between the rich and the poor forces every executive to confront the ambiguity of the distribution of riches. Under these circumstances ambiguity is rife, and tolerance the most adapted response. And it's not just tolerance of ambiguity that developing countries like India may have a lead on. It's also cultural sensitivity. As we toured the campus of Infosys, our guide told us that the canteen serves over 40 different types of Indian food. Those from Maharashtra for example will not eat fish or meat, the Jains will not eat anything that has been dug from the ground and could have a living insect on it. In fact each region of India has



01 Technopark, Kerala: Home to more than 45 software, hardware and international companies
02 Busy commuters walk past a beggar with a child asleep in her arms

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its own language, own food and own customs, even its own preferred deity. There is no one homogenous culture that envelops them all. So when young people join the campus of Infosys or Wipro or TCS from across the subcontinent they are put with people who may look superficially like them, but in reality are very different — and it is in working with these differences that cultural sensitivity emerges.

What this suggests, is that as we look for the talent pools where future leaders may be developing, we would be wise to look to the developing countries like India. It is in these places that life's daily experiences of ambiguity and diversity may well be creating the crucibles of experience from which the next generation of CEOs will emerge.



Innovative management

Our benchmarked research with the FoW consortium also suggested that some of the most interesting management innovations are coming out of India. In our consortium we have seen how Infosys, for example, has virtually connected more than 50,000 employees to discuss the future strategy of the company. We have also seen how TCS has built world-class capability in managing the 80 per cent of their employees who work in virtual teams.

Many Indian organisations are also experimenting with different ways to manage and develop leadership at scale. At the Mahindra Group, for example, young managers are given the chance to address real-time business problems by shadowing those at the most senior levels of decision-making. Since 2003, Mahindra has been running shadow boards for high potential managers under the age of 35. In each of the group's divisions and companies, between eight and ten young managers representing a cross-functional team are brought together and given the responsibility and resources of a senior management committee.

Over a two-year period, these young managers are encouraged to deliberate on a number of projects of their own choice, and make recommendations to their senior management mentors, who are usually the managing directors or functional heads of the division. The mentors provide cohesion and feedback, and hone good ideas that emerge from the shadow boards. Successful ideas of the past have included diversifying into commercial vehicles, developing a 24-hour helpline and entering the retail industry.

Business and society

In a country as large and diverse as India, the challenges of infrastructure, education, poverty and resources are immense. What has been interesting is to see how some Indian companies are increasingly involving themselves in these challenges.

Indian companies face a huge potential skill gap. While the technical education in the Indian Institutes of Technology is of a high level, the general education standards across the country are poor. For India's rapidly growing IT sector this could be a disaster. Yet instead of accepting this, these companies have reached out into communities across the continent to significantly impact the development of millions of youngsters. We have seen, for example, how executives at Wipro are working with tens of thousands of colleges across India to train teachers to develop IT skills, build state-of-the-art curricula and encourage students to become what they term 'work-ready'. With a recruitment target in 2011/12 of 60,000, the teams at TCS are also playing a similar role in helping young people across India understand from an early age what the most valuable skills for the future are, and how best to acquire them. Like Infosys they also work closely with hundreds of thousands of teenagers to actively increase their skills.

The challenge India faces is not just about building a talent pool; it also faces some of the world's greatest societal challenges. Often it is women who are at the intersection of poverty, illiteracy and unemployment. Some Indian organisations have already started to develop strong links into the society. Ma Foi, which is a business within the Randstad organisation, is

the largest HR services provider in India. It has a significant footprint in India, with over 85 offices in 52 locations. The Ma Foi Foundation was started to bring sustainable change to the lives of women, youth and children in the communities where Ma Foi operates, and is heavily integrated into the broader company.

For example, one of the foundation's activities, Project Sornam, aims to improve financial inclusion of the poor, with particular focus on empowering women as a way of helping an entire family. The project operates through self-help groups, each with about 15 women from the same neighbourhood, aged between 18 and 60. Groups are given access to vocational training programmes to provide tools that will help these women start their own business. These programmes are also linked to a micro-lending initiative: each member makes a small contribution towards a common pool, which can be used to provide loans for projects.

Ma Foi's role is to identify leaders for these groups, provide practical assistance and give overall guidance and mentoring support. After the initial incubation time, groups can usually manage to sustain themselves through the development of their projects. The new ventures provide a monthly income to group members' households. After six years of work, Project Sornam has close to 2,500 operational groups impacting more than 35,000 women.

Every January and September for over a decade I have visited India to see friends and to run a series of workshops with Indian executives. The contrasts I see now are as profound as they always were. In a 2011 blog I wrote of seeing a small child sleeping in the middle of one of Mumbai's busy pavements, commuters stepping over her as they rushed to their offices. That same trip I visited the campuses of Infosys and Wipro and saw the extraordinary rigour and professionalism of the many thousands of young employees as they went about their daily working lives. Both images have stayed with me. They represent the challenges and the hopes of modern day India. I cannot wait to see what happens in the next decade, and I certainly anticipate continuing my association with this extraordinary country. **□**