

Anil Gupta: India and China

When I talk to the heads of HR for global organizations, India and China are high on the agenda. Organizations expect a good deal of their revenue growth to come from these two countries and that means rapidly expanding the workforce there.

Anil Gupta and Haiyan Wang know these two countries well and share their insights in their new book [*Getting China and India Right*](#). I spoke to Dr. Gupta.

DC: What does an HR professional need to understand about talent in India and China?

AG: The single biggest point of difference with what HR professionals in the West are used to is the condition of the labour market, and in particular, the high rate of growth. The issue is not so much at the blue-collar level as at the white-collar level, whether it be engineers, programmers or managers. When an economy grows at a high rate demand for talent begins to exceed supply. When that happens you see a relatively mercenary attitude in employees and job hopping becomes common.

So, by far the biggest single factor is not a cultural issue, but a labour market issue. It's similar to what you would have seen in Silicon Valley in the 1990s. Of course, if we are looking at the last three months conditions have changed, but if we are talking about the last five to 10 years then what I'm saying is true.

DC: There's been a slowdown, but I expect that talent shortages will soon be a problem again in both countries.

AG: GDP growth for the fourth quarter of 2008 in China is estimated at 6.8% and India at 6.7%; so even in these times the two economies are still growing at a decent pace.

A recent survey by Manpower of 3,727 firms in China noted that the number of firms that were adding jobs was 10 percent higher than the number cutting jobs. It's just one data point, but this along with the growth rate indicates jobs are still being added rather than cut.

Of course there are regional variations. If you look at Guangdong province in southern China, which is dominated by export industries, there has been a real slowdown. In India the IT sector has been badly affected because 35-40% of their IT exports are to the financial sectors in the U.S. and Europe.

DC: What are the other important HR issues?

AG: Three issues come to mind. First, not only does the lack of supply of professionals mean there is high turnover, it also means that people get to management positions at a fairly young age. You will find 30 year olds in India and China who have much more senior jobs than people in the same age range in the U.S. or Canada.

Because people get promoted at an earlier age, a certain percentage of them don't have the required skills in managing people.

Another issue is that companies find they have to invest a lot more in nurturing the ecosystem from which they recruit people. Retailing has been growing at a very healthy

pace in India, but there is no supply of retailing professionals since historically it has been an industry of mom and pop stores. So the companies that are setting up large format retail chains are also putting retail management programs into schools. They'll provide guidance on the curriculum, provide financial support and even send their own experts in as guest lecturers. We see the same sort of thing in construction and IT.

Intel set up its operations in Central China because the supply of talent was more abundant and less expensive than in the coastal cities. But in Chengdu they couldn't get exactly the skills they needed, so Intel set up courses and curriculum and brought in their people to help train students. The International Hotel Group is doing the same thing for the hotel industry in China.

A third point is that there is a need for a lot more investment in company training and development than may be the case in more mature economies.

DC: Are there any cultural issues in India or China that makes talent management different from Europe or the U.S.?

AG: Yes, and here I would say that India is somewhat more of a special case than China. In India the family context is hugely important. A company's job offer letter should court not just the individual but also the person's parents. Even for an educated computer science professional the parents will have a significant impact on the person's decision, not just in terms of recruitment but also ongoing retention. Companies try to engage the whole family by inviting them to events such as the celebration of Diwali.

In China, something I hear from a lot of companies—and this may not really be a

cultural factor—is that employees are very concerned about the opportunity for learning and development. They know their future can be very bright as the economy powers ahead, but they also know how much they can benefit from these opportunities will depend on their own level of development. Companies that invest in training find they have an easier time retaining people than those who focus solely on salary.

DC: Is the legacy of the Cultural Revolution an important factor in China?

AG: The Cultural Revolution ended in the mid-seventies so people around 50 years old will have lived through that and have had a radically different experience than the next generation. But more generally the phenomenon I see is that there are very significant differences in the experiences of people born only five or 10 years apart. If I look at my own interactions with college graduates in China I see there is a huge difference in terms of self-confidence and English skills even in the last four years. So HR leaders need to be aware of how big the difference in attitude may be between people of different ages in China.

Another issue that is peculiar to China—which I've heard about from many managers in many companies so I presume there is some truth to it—is that as a result of the one child policy many young professionals are only children. They have been pampered by their parents and grandparents and may have limited skills at working horizontally in a team context.

DC: How is the HR function perceived in India and China?

AG: That is an interesting question. In the U.S. HR has struggled to be seen as strategic. But in China and India historically getting

capital has been easy, and talent has been the scarce resource. So HR is much more readily seen as strategic in these two countries than it is in the U.S.

DC: Perhaps we can close with some advice about recruitment.

AG: For recruitment we found labour market branding is very useful both in India and China. For example, Dell is a very well known brand in the U.S. but it is a relatively new entrant in India. Just because it is a big global company it doesn't mean it has as high a profile as an employer in India. To put this in perspective think of a company like British Aerospace; it's a big company but its local profile in Canada or the U.S. may not be that high.

So Michael Dell comes to India a couple of times a year and the company will make special efforts to get him interviewed by the press. This is aimed more at the labour market side of branding more than the product market side.

Another thing to be aware of is that in these countries jobs are probably seen as a way to make money rather than as a means for self-actualization. Professionals in India and China will be less interested in job satisfaction than their peers in the U.S. and more interested in compensation.

Finally, you should look beyond the tier-one cities for talent. The tier-two and tier-three cities will have the raw material of talent: hard working people who have a college degree. What we run into is a last-mile employability problem. The person may have the right technical skills, but not basic communication skills, perhaps not even basic business etiquette skills. These deficiencies are easy to correct, but companies must be aware of the need to correct them.

This just gives you a taste of some key areas but it does illustrate that there are important differences between India and China and the U.S. or Europe, and if you are aware of these differences it helps HR a lot.

Thanks to John Chaisson, a faculty member at the Thought Leader Institute in Atlanta (<http://www.tlinstitute.com/>) for help with this interview.

If you know an HR person with responsibility for China or India, they would probably appreciate a copy of *Getting China and India Right*.

David Creelman writes and speaks on human capital management. Learn more at www.creelmanresearch.com.