Promoting diversity helps companies increase revenue by attracting new customers, identifying new markets, improving success in cross-cultural negotiations, stimulating innovation, and boosting growth potential through non-traditional hires. Additionally, diversity is key for Indian companies in addressing the increasingly competitive talent shortage. By expanding the pool of eligible candidates, Indian companies gain access to the top talent. Understanding this connection between business goals and diversity goals is the first step leadership takes when choosing to advance women or other underrepresented groups into leadership positions.¹
The Case for Talent

Increasingly, Indian companies are focusing on recruitment, development, and retention of talent to gain a competitive advantage—not just among other Indian companies, but also among multinationals with a presence in India. While India has no labor shortage, talent is in demand and in very short supply. Recently, Infosys reported that of the 1.3 million recent job applicants only 2 percent were qualified or even employable. This shortage is predicted to get worse. The report, India’s Demographic Dilemma predicts that there will be a shortage of 750,000 skilled workers over the next five years. During this same period there will be a surplus of 1.3 million unskilled and unqualified workers. Because of the projected annual GDP growth of 7 percent and this projected talent gap, it is essential for companies to engage a key component of economic growth—the skills and talents of women.

*Jobs that are most difficult to fill in India include sales representatives, engineers, research and development positions, executives, and accounting.*

*45 percent of employers in Asia Pacific state the problem is lack of available talent.*

![Percentage Change in Difficulty Finding Talent to Fill Positions: 2010-2011](chart)
EDUCATION AND TRAINING: Education and training will be critical not only in filling this talent gap, but to the overall economic development of the nation. Goldman Sachs believes lack of quality education is holding back India’s economic growth. The overall quality of talent produced by Indian educational institutions does not match the skills required by global organizations. Modernizing India’s education system is essential.

Demand for graduates over the next five years is likely to be 13.8 million; with only 13.2 million students graduating, India will face a shortfall of 600,000 graduates.

Of those students enrolled in higher education, 40.3 percent are women, and of those women, more are opting for MBAs (an increase from 16 to 19 percent between 2004–2006). Even so, women continue to have trouble moving up the ladder and are stuck at the junior and middle management levels.

The Case For Stronger Financial Performance

DIVERSITY IMPROVES FINANCIAL PERFORMANCE. In 2010, McKinsey & Company analyzed companies from Europe, Brazil, and India, among others, showed that companies with the highest share of women in their senior management teams outperformed those with no women by 41 percent. In terms of return on equity, the “top-quartile group exceeds by 41 percent the group with no women
A study of the top 30 firms on the Bombay Stock Exchange found that those with women leaders of family-owned businesses fared better in annual growth rates than the Bombay Stock Exchange 30 as a whole for the previous five years.¹⁰

(22 vs. 15 percent)."¹⁸ While these numbers do not demonstrate causality, the conclusion shows that higher performing companies have more women in their executive committees.¹⁹

DIVERSITY GIVES A COMPETITIVE ADVANTAGE. The results of Cedric Herring’s 2009 study show that companies with more gender and racial diversity outperform those with less in terms of sales revenues, number of customers, and market shares. Herring suggests growth and innovation occur when people from various backgrounds work together and generate new ideas.²¹

DIVERSITY IS COST EFFECTIVE. The cost of employee turnover is generally 100 to 200 percent of the annual salary and benefits of the former employee.²² Once talent is found and hired, it is most cost effective to retain that talent.

Indian Women Are Just as Ambitious as Indian Men²³
**MARKET SHARE:** Companies with a diverse team can increase revenues by attracting new customers and opening new markets. Employees who understand the values, regional and cultural backgrounds, or languages spoken by clients or customers will provide a higher level of service as well as spot new markets before their competitors. A diverse workforce can also improve service while providing better support and understanding to the existing customer base.

**CHANGING DEMOGRAPHICS:** In India, the middle class is expected to grow to almost 10 times its current size in a little over 10 years (McKinsey predicts 59 percent of consumption will come from this rising middle class). Meanwhile, women are the largest emerging market of consumers the global economy has ever seen (in Europe and America women decide on 70–80 percent of all household purchases). But many companies have failed to invest in understanding women as consumers and therefore are losing out on a significant return known as the “gender dividend.” To fully capitalize on this gender dividend, organizations must employ strategies aimed at integrating women at every level. A women’s perspectives must be embedded into key decision making processes.

- Households that can afford discretionary spending will grow from 8 million today to 94 million by 2025.
- Middle class incomes are estimated to become 58 percent of India’s total income by 2025.
- By 2020, 100 million economically active individuals will enter the Indian labor force (equal to the combined labor force of the UK, France, Italy, and Spain).
- Women are changing the retail markets in India. More than one-third of all car purchases were influenced by women. 16 percent of Accord buyers, 12 percent of Jazz customers, and more than 15 percent of General Motors India’s buyers are women.
Indian Companies Strengthening the Talent Pipeline

The *Gender Diversity Benchmark for Asia* report concludes that India has the smallest percentage of women in the total workforce (between China, Hong Kong, Japan, Malaysia, and Singapore) and the largest pipeline leak occurring earliest in womens’ careers—between middle and senior-level positions (48 percent decrease). **Indian women are giving up their careers much sooner than professional women in other Asian countries.** Some companies in India are working to close that leak and get more women into senior management.

- **Google** launched the *Google India Women in Engineering Award,* to target and find talent early at the university level. In 2010 Google India organized a week-long event “The 6th Sense: Diversity Week in India” to increase awareness of differences, across not only genders but cultures and sexual orientation.

- **Tata Consultancy (TCS)** helps address the talent shortage by working with university leaders on curriculum development, the faculty hiring process, faculty training, and providing TCS employees for guest lectures.

- **IBM India’s** diversity policy targets not only employees, but the entire system of suppliers, partners, and vendors. In addition, IBM India is one of the few companies that provides sensitivity training to its managers on lesbian, gay, bisexual, and transgender employees.

- In 2003, **Infosys** launched a global council of six internal, senior women who were tasked with conceptualizing and implementing an initiative that would create a gender-sensitive environment to attract, hire, and retain top talent, including women. Between 2003 and 2006, the retention rate for women increased, which Infosys attributes to its programs and policies. Infosys recognizes that retaining top talent is essential to being a global leader in the marketplace.

- **Pfizer India’s** priority is to retain high-potential women in this growth market. Pfizer recently launched “Creating a High-Performance Community” with goals to ensure top female talent is supported and feels valued, and to strengthen the connection between Pfizer’s high-performing women and their women customers.

- **ABG** launched formal, company-wide talent management in November 2003 to introduce uniform practices across all its companies. The objective was threefold: to institutionalize a set of core talent management processes; to provide a common standard by which to assess talent; and to establish common standards for attracting, identifying, and developing talent company-wide.

- **Softbrands India Pvt. Ltd.** launched a leadership program with the goal to establish consistency in management practices, establish a common language, and support employee growth.

- **HSBC India** introduced the *Flexible Work Arrangements (FWA)* program in 2008. Since the program’s inception, an estimated 10 percent of HSBC India’s employees have used FWA, and the bank has succeeded in retaining approximately 4 percent of the employees who had resigned or expressed the intention of resigning by offering them the option to participate in the FWA program.

- **Shell India’s** core values of respect and inclusion, work/life balance, and FWA allow women to excel especially in the IT and business process outsourcing groups, which have hired significant numbers of women.
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