

INDIA EMPLOYABILITY SURVEY REPORT 2014



Foreword



International education is valued by employers

As organisations strive to compete and drive business growth in an increasingly global marketplace, they place significant importance on international education in the talent they recruit. In this context, employability is a key consideration for Indian students as they evaluate options to pursue education opportunities across the world.

With a view to assess the employability of Indian students who graduate from UK and foreign universities, the British Council commissioned IMA India to understand employer attitudes and study the 'market' for foreign-university graduates in India. A range of organisations across different industry sectors were part of the survey sample.

Hiring foreign-university graduates is an integral part of the talent strategy for a large percentage of companies. The survey reveals that foreign university graduates score favourably on several parameters. For example they are found to be better prepared for a job, require lesser training, and stronger communication and critical thinking skills. All these factors contribute to the attractiveness of foreign university graduates.

Among preferred source countries for foreign university graduates, UK is favourably placed at the top behind US. Other countries such as Germany and Australia rank a distant third and fourth respectively. This is not a surprise, given the UK's long standing core focus on quality. Four of the world's Top 6 universities are from the UK.

The study underscores the fact that employers prefer employees who are not only technically proficient, but also score high on softer skills such as working in diverse intercultural contexts, which are important to thrive in a global work environment.

I hope this report serves as a useful tool for organisations as they define their talent strategy for a globalised world. I am confident students will also benefit from this study as they seek to make informed choices on education opportunities.

Rob Lynes

Director, British Council India

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Introduction

Indian students have been going abroad for higher education in large numbers. In 2011¹, close to 230,000 Indian students chose to study abroad. While the US and UK continues to be popular destinations for outbound Indian students, countries such as Australia are also drawing Indian students in larger numbers.

A key factor that determines the attractiveness of a foreign education destination is the employment prospects for students after completing education.

The British Council sought to assess the employability of Indian students who graduate from foreign universities including those from the UK. The objective was to understand employer attitudes towards foreign-university graduates and how they compared with graduates from Indian universities. For this purpose, it commissioned IMA India to study the 'market' for foreign-university graduates in India.

The results contained in this report summarise trends at the macro level. They also report differences across the sample set-sector-wise, ownership-wise and size-wise.

Methodology

This report is based on the results of a large-scale primary survey. *200 HR Directors / Staffing Directors* of organisations in industries that hire foreign-educated students responded to a detailed online questionnaire, which sought their views on:

- The employability of graduates from Indian and foreign universities in technology, business and other disciplines
- The strengths and skill gaps in students from these categories
- Whether they have hired students from foreign universities, and why
- Their experience with hiring students with degrees from India, compared to other countries
- Whether they believe that the quality of students varies with the country of education
- Whether they plan to hire students from abroad, i.e., if they are not doing so already

The results contained in this report summarise trends at the macro level. They also report differences across the sample set-sector-wise, ownership-wise and size-wise.

¹ Source: *World Education News & Reviews*

Executive Summary

A large share (41 percent) of the companies surveyed have hired at least one foreign-university graduate in the last two years. However, only a minority (13 percent) *actively* seek and recruit students with foreign degrees.

Moreover, only about 26 percent of companies increased their hiring of foreign-degree holders in the last three years; even fewer (20 percent) intend to do so in the next two years.

Generally, degrees holders from foreign countries bring several advantages to the table:

- They are considered more readily-employable than their peers from Indian universities, and require less training
- Curricula at institutions in these countries are more closely aligned to the needs of industry
- On an average, such candidates also possess stronger skills in areas that matter more to businesses, communication skills, critical thinking, the ability to solve real-world problems and subject knowledge

For companies that recruit graduates from foreign universities, the US is the most preferred source-country, followed by the UK, while Germany is a distant third.

Internship can be a good lead-in to permanent jobs. A majority (66.3 percent) of firms currently have an internship programme; more than half (57 percent) of those who do not, plan to start one in the coming years.

Most companies rate job boards and third-party portals as their top channels for recruiting new employees. For logistical reasons, direct campus recruitments and human resource consultants play a less important role in recruiting candidates from abroad, than they do in terms of hiring local graduates.

For firms that have not hired any foreign university graduate recently, the single most important factor preventing them from doing so is that they do not feel a need to look beyond local talent pools.

Respondent Set

Chart 1: Sectoral Split of Respondents

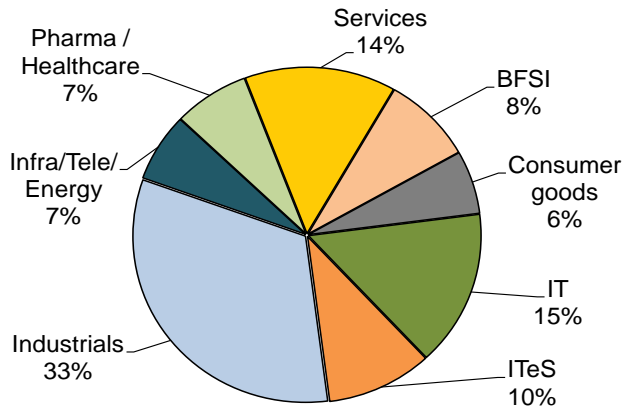
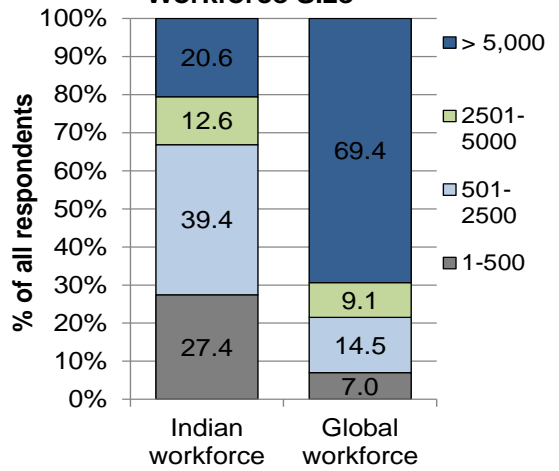


Chart 2: Respondents' Workforce Size



200 companies responded to a questionnaire on the employability of graduates from foreign and Indian universities. The sector-wise split (Chart 1) indicates a diverse sample representing the broad spectrum of industry in India.

59 percent of the companies were foreign firms; the remaining 41 percent were Indian firms or joint ventures with a majority Indian holding.

The respondent set is also both diverse and highly representative in terms of workforce size as per defined in Chart 2.

Findings: Hiring Trends over the Last 2 Years

Chart 3: Number of recruits at the entry level

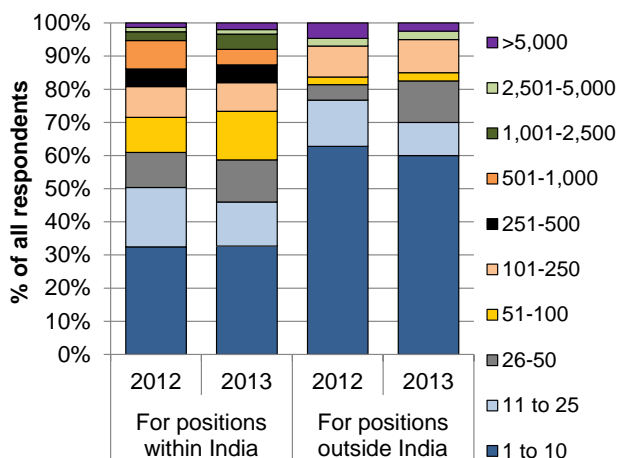
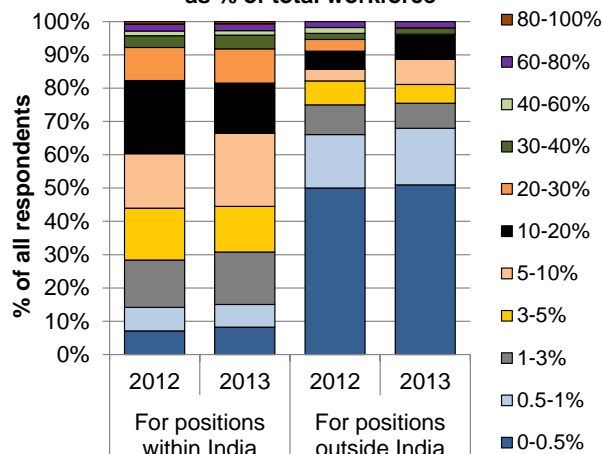


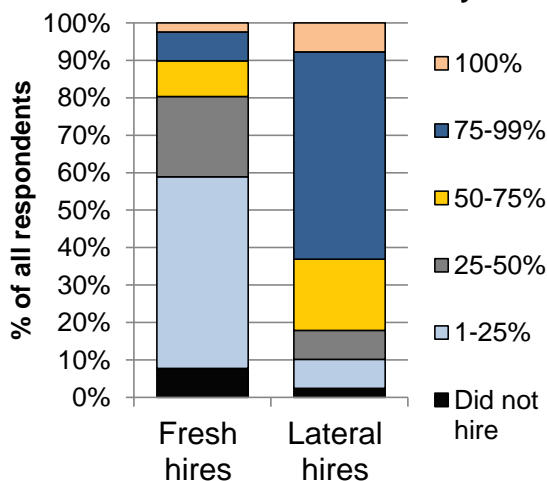
Chart 4: Number of recruits at the entry level as % of total workforce



In 2013, on average, companies hired 26-50 new employees for entry-level positions within India, but just 1-10 employees for positions *outside* India (Chart 3). As should be expected, smaller companies hire fewer people in absolute terms. Firms with less than 500 employees in India hired 1-10 workers in 2013, while those with over 5,000 workers hired between 251-500 workers.

New recruits form a small minority in most firms, indicative of low-to-moderate turnover rates – and, also, relatively slow job creation. On average, they made up 5-10 percent of a firm’s Indian workforce, and just 1 percent of its global workforce (Chart 4).

Chart 5: Fresh and lateral hires as % of total number hired last year



Companies report a preference for lateral hiring vis-à-vis fresh hiring as defined in Chart 5. This suggests a relative preference for experienced workers. In the last one year, for the vast majority of firms, fresh hires (i.e., recent graduates with little or no prior work experience) accounted for less than 25 percent of total hires. New recruits from lateral sources (i.e., from other organisations) accounted for 75 percent or more of all recruitment.

Table 1: Fresh hires as a percent of total hiring

	Percentage
By sector	
BFSI	10.0
Consumer goods	11.5
IT	19.0
ITeS	21.0
Industrials	20.0
Infra /Tele / Energy	13.5
Pharma / Healthcare	8.0
Services	25.0
By ownership	
Foreign	14.5
Indian	22.0

The number of fresh hires as a percent of total hiring varies by sector and ownership type, as well as by size. Sector-wise, fresh hires made up 25 percent of all recruitment in services firms (Table 1), but 10 percent or less of recruitment in BFSI and pharmaceutical/healthcare firms. These differences suggest a marked preference for prior experience in certain sectors, but not necessarily in others.

Further, Indian firms are more likely than foreign ones to hire fresh graduates. In terms of size, fresh hires account for a much higher share of the total in larger companies. On average, firms with an Indian workforce size of less than 500 have 15 fresh hires for every 100 recruits, but this proportion goes up sharply, to 40-per-100 workers for firms with more than 5,000 employees. Similarly, there is a marked difference between companies with a small turnover and those with large revenues (above USD 1 billion). Fresh hires accounted for less than 20 percent of the total in small-to-mid-sized firms, but 47.5 percent in large ones.

Findings: Recruitment of Foreign-University Graduates

Chart 6: Recruitment of students with foreign degrees in the last two years

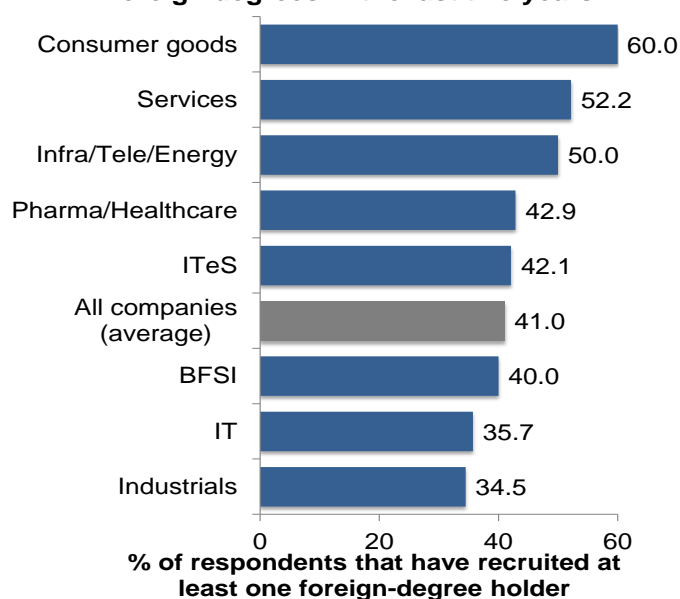
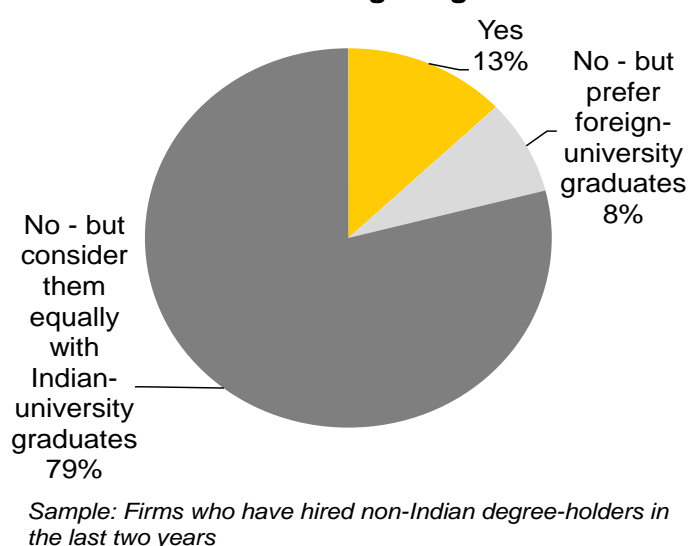


Chart 7: Active recruitment of students with foreign degrees

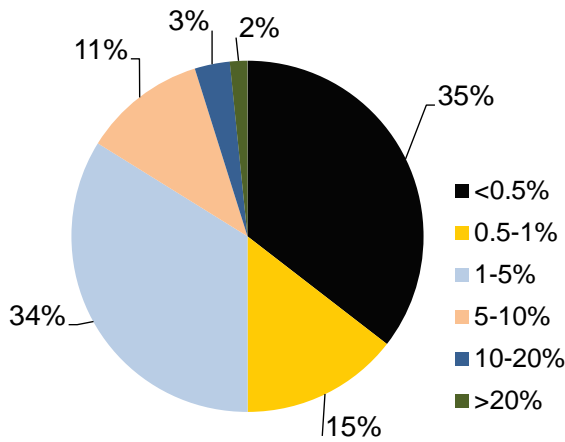


A very substantial share (41 percent) of all companies have hired at least one foreign-university graduate in the last two years (Chart 6). Consumer goods, services, and infrastructure, telecom and energy firms are most likely to have hired candidates with a foreign degree. Interestingly, foreign companies lead Indian ones by *only a small margin* in terms of the number of hires from abroad.

Only a small share (13 percent) of companies in India have *actively* sought out and recruited foreign-university graduates (Chart 7) in the last few years. For the vast majority of firms, both Indian- and foreign-university graduates are considered with equal interest.

Significantly, *Indian companies* (19 percent) are actually *more likely* than *foreign ones* (9.8 percent) to *actively* seek foreign-university graduates. However, when adding together the active recruiters and firms that *prefer* foreign-university graduates to Indian ones, this gap narrows sharply- 23.8 percent of Indian companies compared to 19.5 percent of foreign ones.

Chart 8: % of Recruits who have a Foreign Degree



Sample: Firms who have hired non-Indian degree-holders in the last two years

Table 2: Graduates of foreign universities – Percent of all new recruits last year (by sector and ownership)

	Median Range, %	Foreign-university graduates (Percent of firms)		
		1-5%	>5%	>10%
By Sector				
BFSI	< 0.5	20	0	0
Consumer goods	< 0.5	33	0	0
IT	0.5-1	40	10	0
ITeS	0.5-1	25	25	13
Industrials	1-5	37	16	5
Infra/Tele/Energy	0.5-1	33	0	0
Pharma/Healthcare	0.5-1	25	0	0
Services	1-5	33	44	11
By Ownership				
Foreign	1-5	34	22	5
Indian	0.5-1	33	5	5

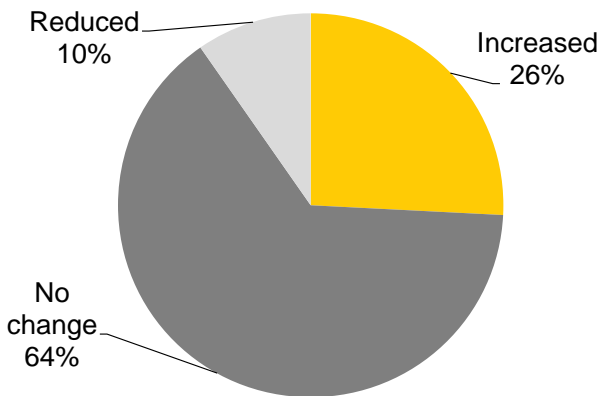
Foreign-degree holders make up a very small share of the labour force in most companies. For exactly 50 percent of all companies, graduates with foreign degrees accounted for less than 1 percent of new recruits (Chart 8).

Services and (perhaps surprisingly) industrial firms, hire a greater share than average of foreign-degree holders (Table 2). Significantly, though, it is in the ITeS sector that the greatest share of firms (13 percent) hires a tenth or more of their recruits with foreign degrees; services and industrial companies come next.

At the other end of the scale, BFSI and consumer goods companies hire less than 0.5 percent of their recruits from foreign universities. *No one* in these sectors hires more than 5 percent of new employees from foreign graduate pools.

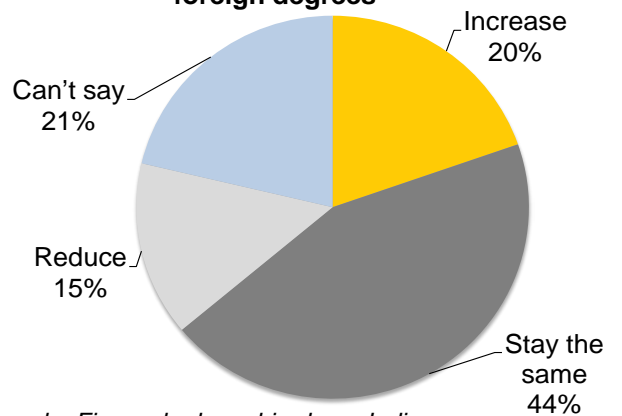
In terms of ownership, foreign companies are significantly more likely to have a larger share of the workforce coming out of foreign universities. In terms of size, small companies (those with 500 or less workers in India) are somewhat less likely than large ones (over 5,000 employees) to have hired any foreign-degree holders in the last two years.

Chart 9: Increase/decrease of hiring of foreign university graduates in last three years



Sample: Firms who have hired non-Indian degree-holders in the last two years

Chart 10: Expected increase/decrease in the share of new recruits who have foreign degrees

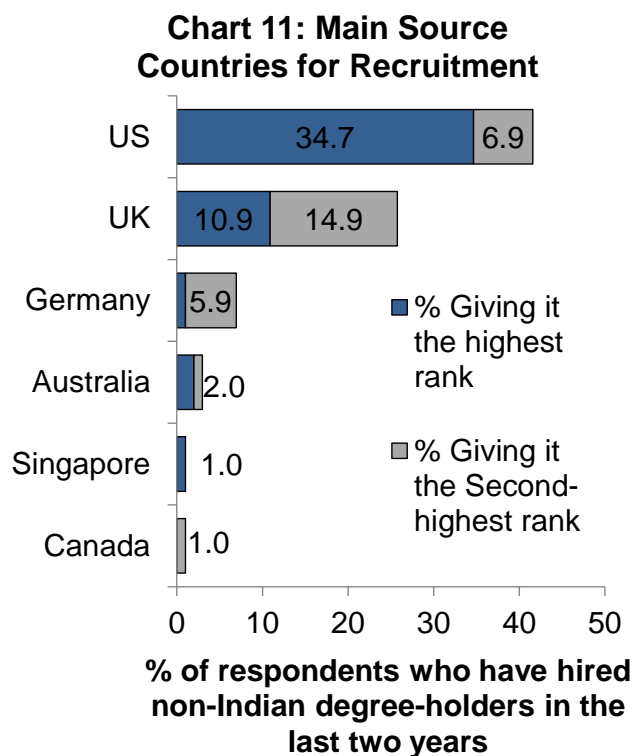


Sample: Firms who have hired non-Indian degree-holders in the last two years

Going by the survey results, relatively few companies in India have, in recent years, changed the extent of their hiring from abroad (Chart 9). What's more, only a small share is *likely* to do so in the near term (Chart 10). Among those respondents who shared their reasons for *either* increasing or decreasing their foreign-graduate hiring, the main factors cited included:

- Quality issues and global expansion plans (for companies that raised their hiring from abroad)
- Alternatively, the availability of strong talent pools in India, or questions about the long-term commitment of expats to working in India (for companies that reduced their hiring)

Findings: Preferred Source Countries for University Graduates



For the roughly 41 percent of companies that recruit graduates from foreign universities, the choice of source-country is, and is likely to remain, mostly a two-horse race – with the US coming out on top, followed by the UK (Chart 11). Germany stands at a distant third.

Findings: Internship – An Entry Point to a Job?

Chart 12: Internship Programme

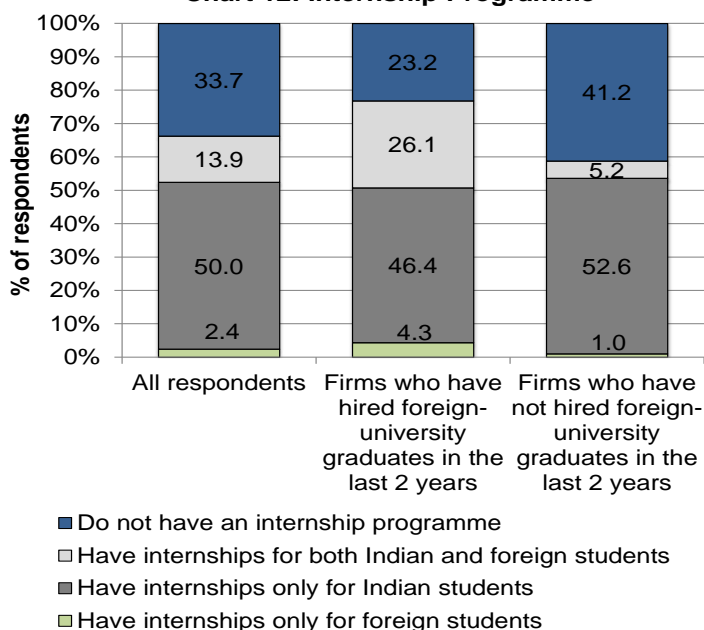
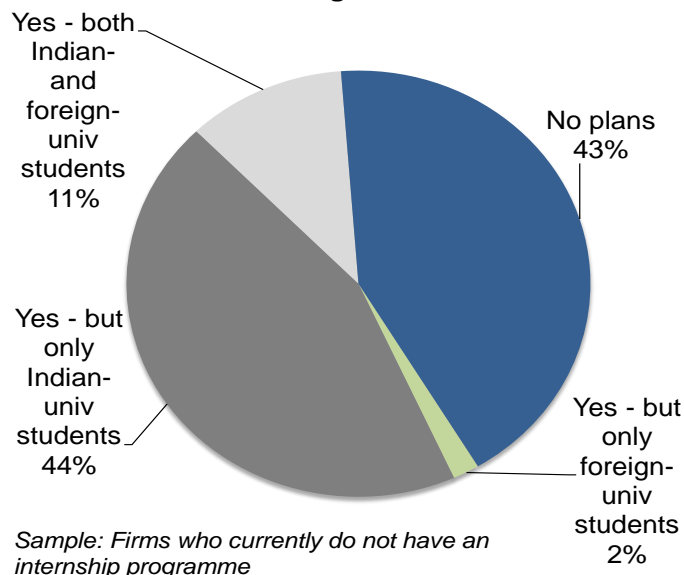


Chart 13: Plans for inviting Interns from Indian or Foreign Universities



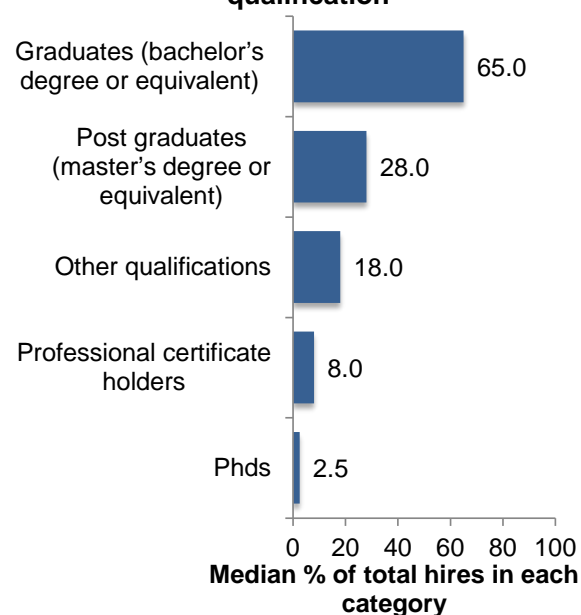
Given the stated need for ‘real world’ experiences, the case for strengthening internship programmes within organisations is strong. Internships are, at times, viewed first as ways to build employer brands in future generations, and to gain ‘hands and feet’ in times of pressure. Clearly, however, internship programmes can also be, and often are, a good lead-in to full-time employment in a company. Not surprisingly, therefore, a majority (66.3 percent) of firms have an internship programme of some kind (Chart 12).

Crucially, companies that have hired from abroad in the last two years are also more likely to have in place an internship programme that welcomes foreign-university students. In this regard, larger companies – those with an Indian workforce size of over 5,000 – are a good bet. More than 20 percent of them hire interns from *both* India *and* foreign universities, compared with just 5 percent of those with a workforce of fewer than 500 people.

A large share of firms that currently do *not* have an internship programme, plan to have one in the coming years (Chart 13). However, only a minority of companies are open to having interns from abroad. These are probably the companies that educational institutions can approach first for student placements.

Findings: Preferred Qualifications

Chart 14: All new hires - split by qualification



At the average firm, 65 percent of *all* new hires have a bachelor's degree or its equivalent as their highest qualification (**Chart 14**). Next in line are candidates with a master's degree. At the very bottom of the scale are PhDs. In between are professional-certificate holders (CFAs, CIMAs, ACCAs) and those with 'other qualifications' (mostly engineering-diploma holders, but also a smattering of high-school graduates, medical doctors, and other diploma holders).

This varies by sector, and by ownership type (**Table 3**). IT/ITeS/and Industrial firms prefer graduates, whereas BFSI, Consumer Goods, and, to a degree, Services firms prefer post-graduates. The need for specialist skills is felt most in infrastructure, services, and pharmaceutical and healthcare companies.

Table 3: Median Percentage of New Recruits

	Professional certificate holders	Bachelor's degree or equivalent	Master's degree or equivalents	PhDs
By Sector				
BFSI	10.0	45.0	56.5	2.0
Consumer goods	20.0	44.0	50.0	3.5
IT	3.0	82.5	15.0	2.0
ITeS	8.0	78.5	15.5	1.0
Industrials	5.0	70.0	21.5	2.0
Infra/Tele/Energy	10.5	60.0	22.5	17.0
Pharma/Healthcare	10.0	60.0	29.5	10.0
Services	9.5	50.0	35.0	10.0
By Ownership				
Foreign	5.0	63.0	30.0	2.0
Indian	10.0	65.0	20.0	5.0

Findings: Preferred Disciplines of Study

Chart 15a: % of Firms Hiring Indian-university Graduates from the Following Disciplines

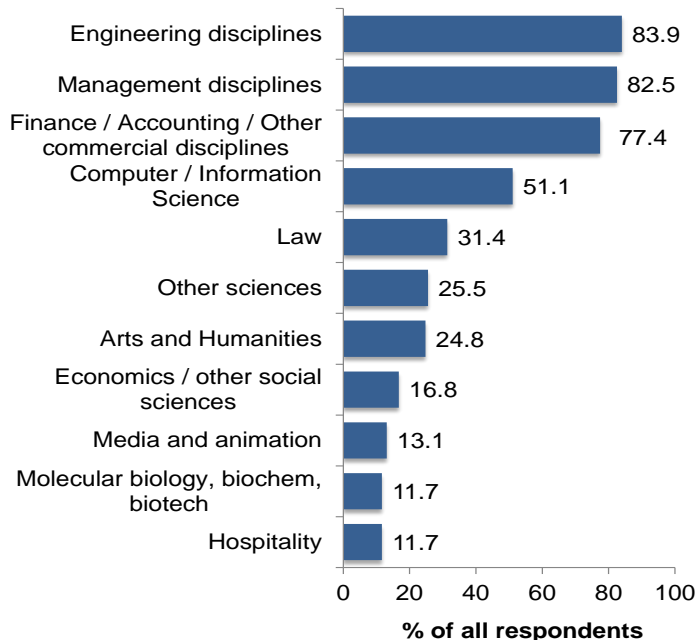
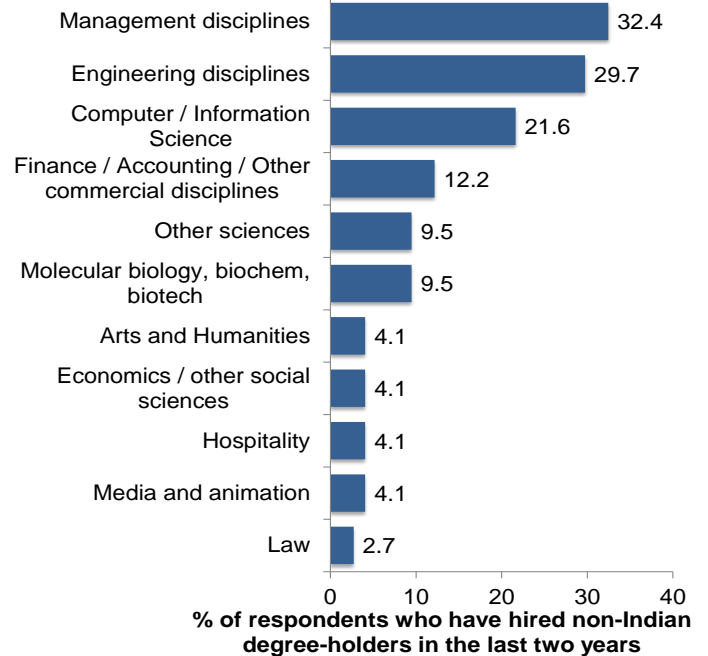


Chart 15b: % of Firms Hiring Foreign-university Graduates from the Following Disciplines

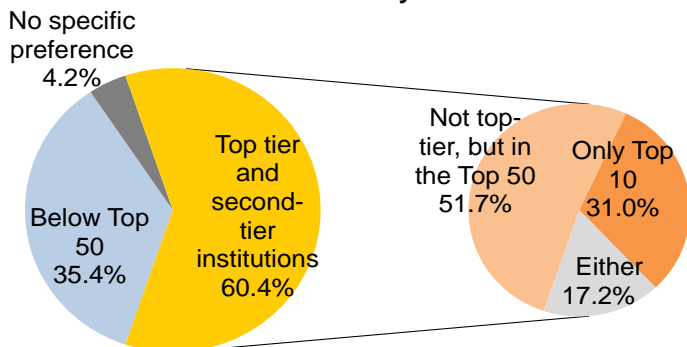


The results point to a strong preferences, across sectors, ownership type, and size, for students with degrees in four broad disciplines. In general, firms look for engineers; management graduates; those with training in finance, accounting and other commercial disciplines; or computer/information scientists (Charts 15a and 15b). Interestingly, however, while 77 percent of companies overall hired graduates with degrees in finance/accounting/other commercial disciplines, just 12.2 percent of companies that hire foreign-university graduates did so.

Most strikingly, perhaps, less than a quarter of firms hire graduates from India who have degrees in the arts and humanities; economics and other social sciences; other (non-computer, non-engineering) sciences; and media and animation from India. Even fewer (10 percent or less) hire people with such degrees from abroad.

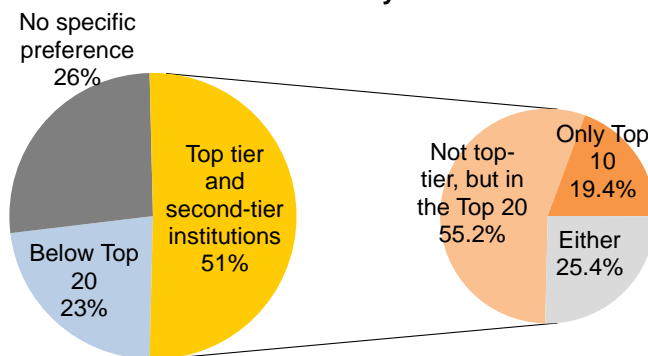
Findings: The Question of Quality

Chart 16: Types of Foreign Institutions from which organisations have recruited in the last two years



Sample: Firms who have hired non-Indian degree-holders in the last two years

Chart 17: Types of Indian Institutions from which organisations have recruited in the last two years



Sample: All respondents

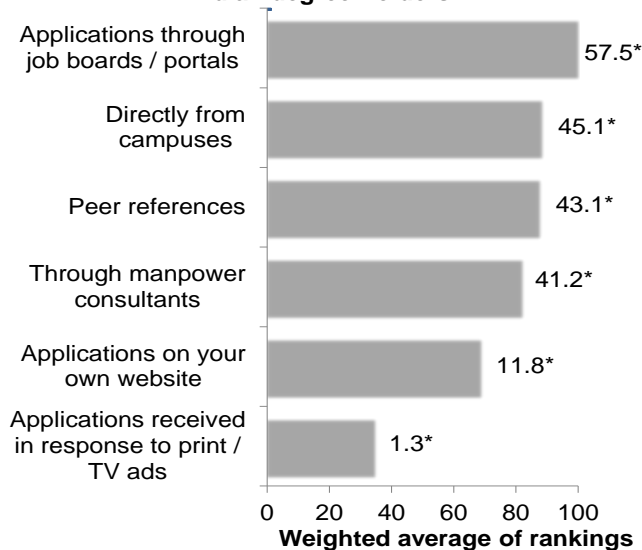
The results indicate that firms are more exacting about which types of *foreign* institutions they hire from – as opposed to which types of *Indian* ones they are open to. More than 60 percent of companies that hire abroad have taken in candidates *only* from among the top 50 global universities. *Of these*, close to a third (31 percent) hire only from the world's ten best institutions (Chart 16). In comparison, just over half (51 percent) of all companies report hire *only* from the top-20 Indian institutions, and less than 20 percent of *these* firms hire only from the top-10 (Chart 17).

These differences could be due to several reasons:

- A greater familiarity with Indian universities (and therefore a willingness to explore the lower-ranked ones);
- A desperation for talent, which forces companies down the quality ladder; or
- The nature of the talent pool itself – wherein more foreign-degree candidates seeking jobs in India come from the global top-50 than from the lower-ranked ones.

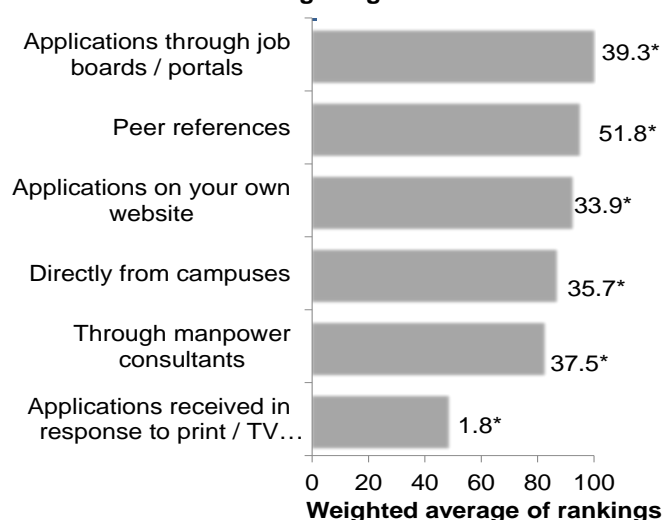
Findings: Preferred Recruitment Sources

Chart 18a: Top Sources of Recruitment: Indian degree-holders



* Percent of all respondents ranking in top two

Chart 18b: Top Sources of Recruitment: Foreign degree-holders



* Percentage of respondents (who have hired non-Indian degree-holders in the last two years) ranking in top two

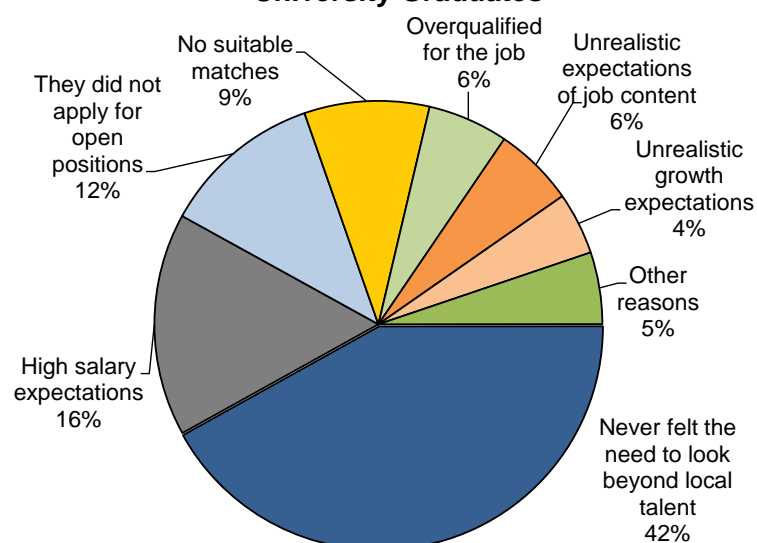
Most firms, regardless of whether they are hiring Indian or foreign degree holders put job boards and third-party portals at the top of their list of preferred recruitment sources (Charts 18a and 18b).

For cost and logistical reasons, direct campus recruitments and human resource consultants play a less important role in recruiting candidates from abroad, than they do for hiring local graduates. However, larger companies (5,000+ workers in India) are more likely to go directly to campuses than are small ones. Over half of such firms rank campus recruitment as their top choice for hiring Indian-university graduates, and, equally significantly, half of them *also* rank it in their top-2 for hiring foreign-university graduates.

Peer references matter *more* for companies looking to tap into foreign-trained talent pools, and almost 52 percent of firms rank this as one of their top 2 sources for hiring such workers.

Findings: Reasons for Not Hiring from Abroad

Chart 19: Reasons for not hiring Foreign-University Graduates



Sample: Firms who have hired only Indian degree-holders in the last two years

59 percent of respondents (99 firms) have *not* hired from abroad in the last two years. Guiding them were a range of factors (Chart 19), but most importantly, a large number have never felt the need to look beyond India.

Other reasons for sticking to Indian talent pools included:

- Unrealistic expectations about salaries, job content or career growth among foreign-university graduates;
- Not having any, or very few, foreign university applicants for open jobs; or
- Not finding suitable matches from among these applicants.

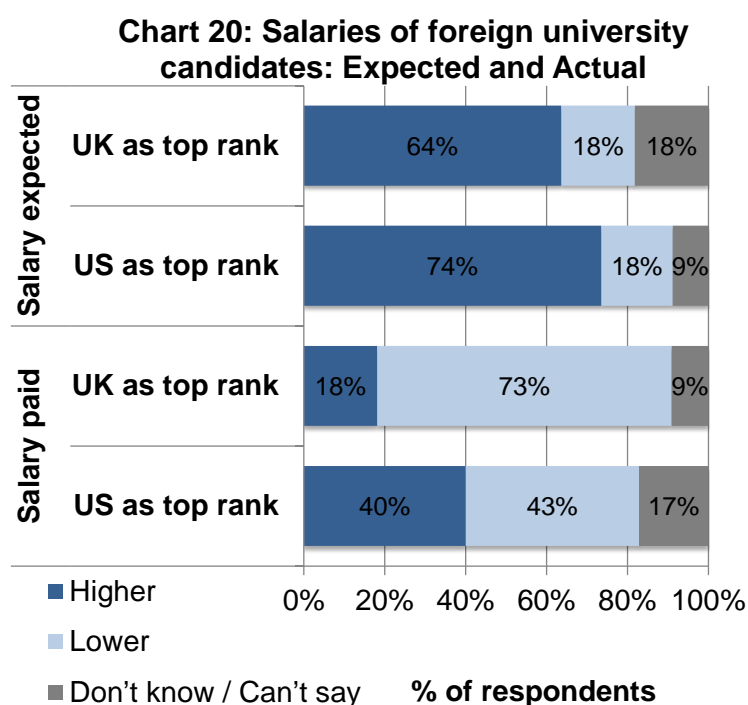
Findings: Costs of Hiring from Abroad

Firms that hire from abroad will necessarily need to balance the potential costs—higher salary expectations, issues of cultural fit, etc. against the benefits, such as readier employability, the quality of curricula, and relative skill levels.

On the cost side, 72 percent of the companies say that foreign-university graduates *expect* higher salaries than do similarly-qualified Indian ones. On average, graduates from abroad expect to be paid about 25 percent *more* than their peers with Indian degrees, and 20 percent expect as much as a 50 percent premium, or even more.

However, these expectations are not always matched by reality: a much-smaller 38 percent of firms *actually pay* higher salaries to graduates from abroad, and the average premium paid is fairly modest.

There are important variations between firms that prefer to hire from the UK, and those that hire most often from the US (Chart 20). 64 percent of firms that put the UK at the top of their source-country list say that foreign-degree candidates expect to be paid more, but just 18 percent *actually pay* out higher salaries and 73 percent clearly state that they do *not*.



On the other hand, more companies that rank the US in first place say that candidates from abroad not only *expect* higher salaries (74 percent), but that they also *pay* them more (40 percent).

Clearly, a US degree commands a premium – though again, on average, in the sub-25 percent range – more often than a UK degree does. From a marketing perspective, however, this suggests that a UK degree can be ‘sold’ to organisations as a more ‘competitive’ option.

Findings: Benefits of Hiring From Abroad

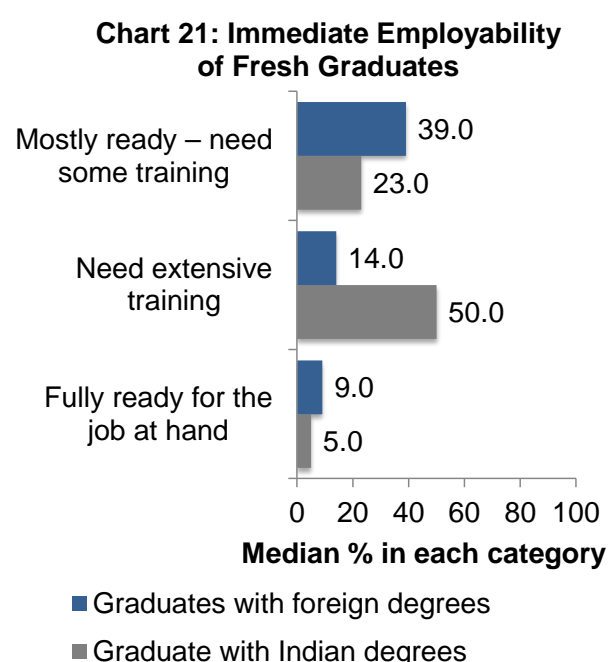
On the benefits side, there are three broad factors to consider:

- How readily-employable a foreign-university graduate might be relative to someone with an Indian degree
- How *closely aligned* are the curricula of foreign and Indian universities to the needs of industry.

Whether his or her skillsets are stronger in areas that matter *most* to companies

On all three counts, there is a clear advantage to widening one's search net, to include foreign universities.

Ready employability

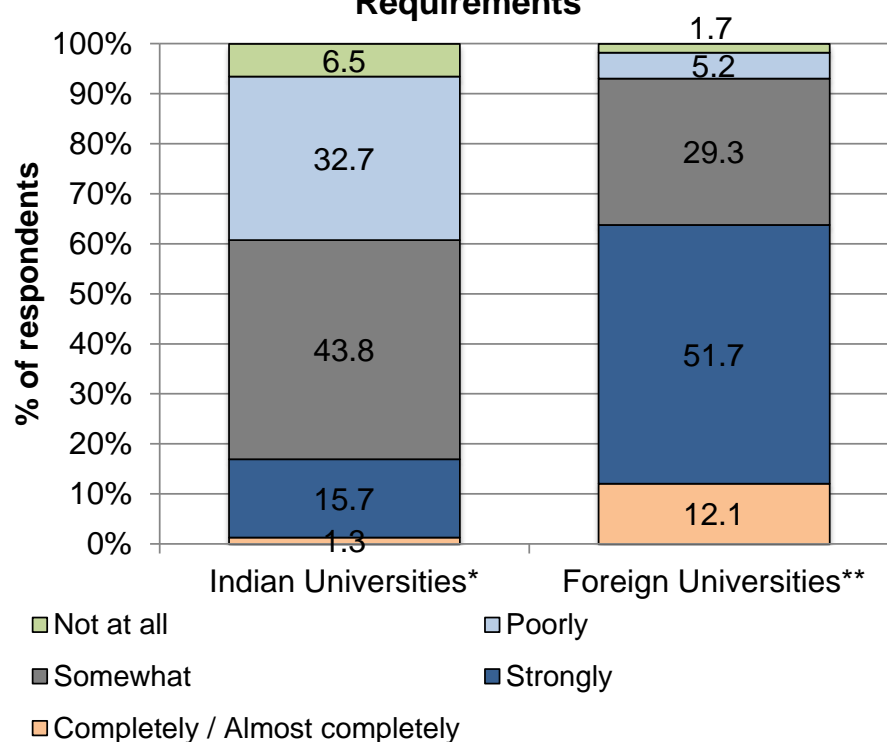


Very few candidates (under 10 percent), either from India or from abroad, are considered *fully ready for the job at hand* when they first leave university (Chart 21). However, students from abroad generally need less training than ones who study in India, and more of them are 'mostly ready' to hit the ground running. On the other hand, far *fewer* foreign degree holders than Indian ones are thought to *need extensive training*.

Across sectors, as well, the general perception is that foreign-degree holders are more likely than ones with Indian degrees to be ready for the job from day one. The gap is widest in the pharmaceuticals/healthcare industry, and in the infrastructure, telecom and energy space. In the former, a two-thirds majority (69 percent) of fresh Indian-degree holders require extensive training, but only a quarter of foreign ones do. In the latter, this gap is wider still : 66.5 percent, compared to just 5.5 percent. A notable exception is the BFSI sector. Here, the average firm believes that half (50 percent) of Indian-degree holders need extensive training, but that *even more* 85 percent of foreign ones do.

Alignment of Curricula

Chart 22: Alignment of Curricula to Job Requirements

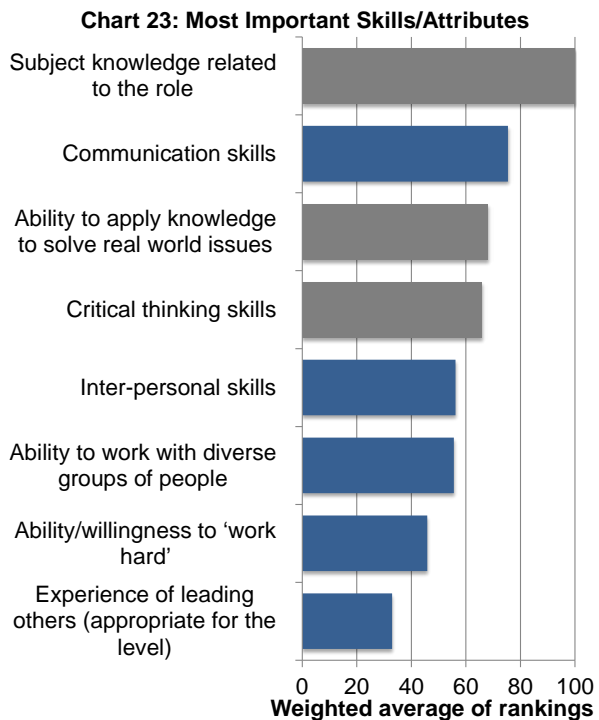


* Sample: All firms

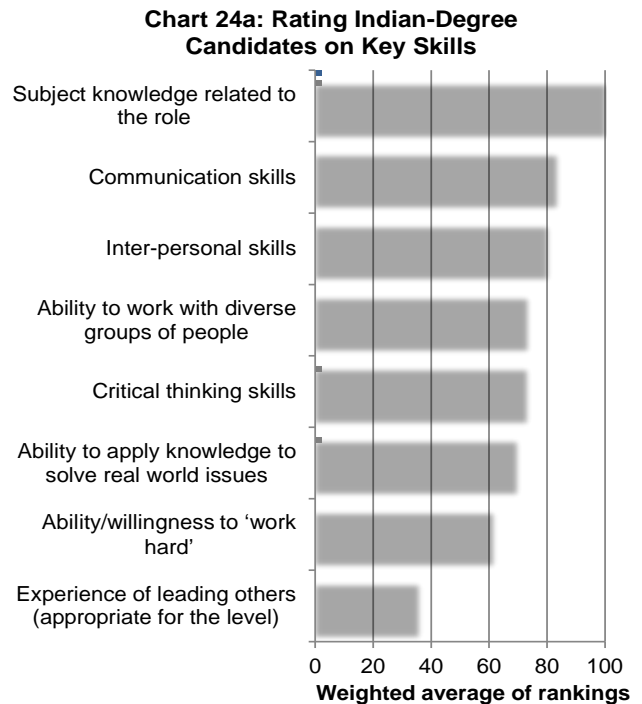
** Sample: Firms who have hired non-Indian degree-holders in the last two years

To an extent, ready-employability is linked to the quality of a university's curriculum, and also, how closely it is linked to job requirements. Here, again, there is a substantial negative gap between what is on offer in India, and what can be obtained abroad. Foreign curricula are much more closely aligned than Indian ones with the needs of Industry (Chart 22). Nearly 40 percent of companies believe that the curricula of Indian universities is either not at all aligned, or only poorly aligned, to their needs. The contrast with foreign university curricula is stark: nearly 64 percent see a strong-to-perfect fit to industry's needs.

Rating Candidates on Important Skills



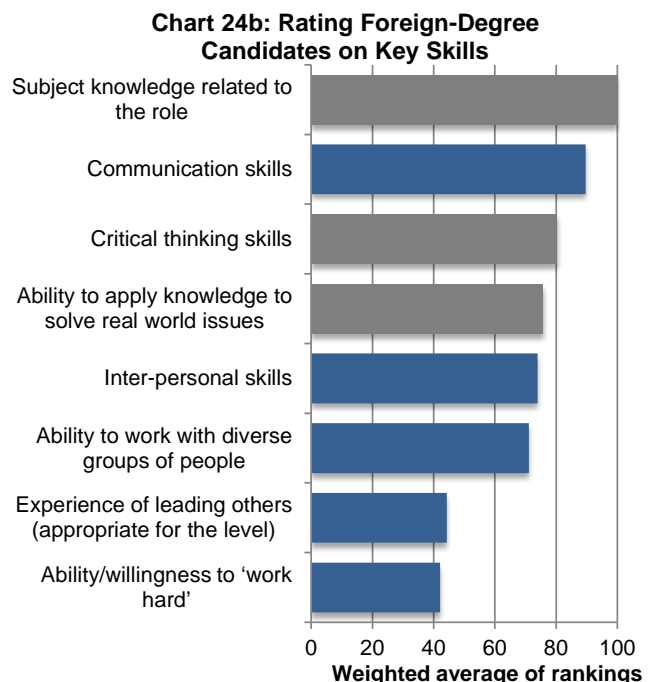
* Blue indicates 'soft' skills and grey indicates 'hard/technical' skills
Sample: All Respondents



* Blue indicates 'soft' skills and grey indicates 'hard/technical' skills
Sample: All Respondents

Not surprisingly, given today's environment of increasing regulation and government oversight, integrity comes out on top of almost every firm's list of the skills or attributes they value most in new recruits. However, integrity is an attribute that is not only difficult to measure often; it does not become clear until it is too late but also, impossible to teach. Excluding it from the list, what appears to matter most is subject-knowledge related to the job (Chart 23).

Comparing foreign- and Indian-degree holders, the former appear, in general, to have strong 'technical' skills critical thinking, the ability to use knowledge to solve real- world problems while Indian-university graduates are relatively stronger on the 'soft' skills, such as working with diverse groups of people, and inter-personal skills (Charts 24a and 24b).



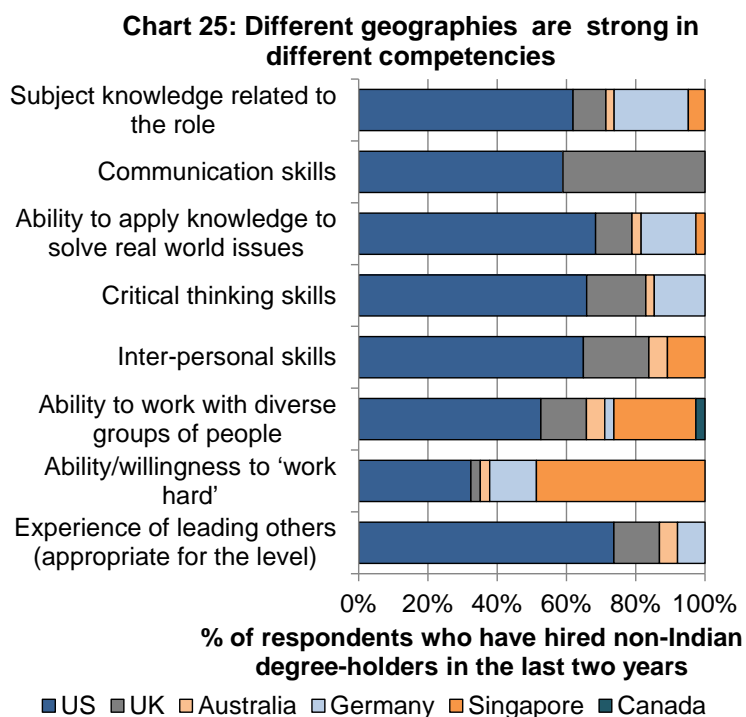
* Blue indicates 'soft' skills and grey indicates 'hard/technical' skills
Sample: Firms who have hired non-Indian degree-holders in the last two years

Comparing foreign and Indian degree holders with *each other* (rather than within *themselves*, as above), the results are even more striking (Table 4). Nearly across the board, foreign-degree holders come out ahead with more companies giving them high ratings, and fewer giving them low ratings, than for Indian firms.

Table 4: How do Indian- and Foreign-Degree Holders Compare with Each Other?

Skill / Attribute	Percentage saying 'High Levels of Competency'		Percentage saying 'Low Levels of Competency'	
	Indian degree holders	Foreign degree holders	Indian degree holders	Foreign degree holders
Subject knowledge	21.1	34.5	6.6	5.2
Critical thinking	10.5	25.9	11.2	3.4
Applying knowledge to real world issues	6.6	25.9	13.2	1.7
Inter-personal skills	12.5	22.4	5.3	1.7
Communication skills	9.2	46.6	8.6	0.0
Working with diverse groups of people	13.8	20.7	5.9	3.4
Ability/willingness to 'work hard'	15.8	12.1	2.6	0.0

Findings: Matching Skills to Countries



Are certain geographies just *better* than others at producing certain types of skills or attributes? Going by the results, it would seem as though the US leads the way on almost every major skill, with the exception of being able/willing to 'work hard', where tiny Singapore comes out ahead of everyone (Chart 25). The UK and Germany fight for second place in most arenas, and the UK is a clear second in terms of communication and inter-personal skills.

While these results may well be representative, given the clear bias among respondent companies to hire candidates from the US and the UK, some of the numbers may be getting skewed because firms simply *do not have* much experience with graduates from other countries to be able to make an accurate assessment. On the other hand, the overwhelming strength of the educational system in 3 to 4 geographies may well be *why many students go there in the first place*, and why firms hire mainly from these countries.

Insights and Quotes from the Panellists

Terry Dray

**Director of Graduate Advancement, Employer Engagement and Alumni Relations
Liverpool John Moores University**

Key insights for students and graduates:

- Students and graduates must focus on ‘raising their game’ and ‘embracing the challenge of becoming employable’.
- They should also acquire ‘social, intellectual and cultural capital’ in order to meet the challenge of ‘*presenting*’ themselves as attractive candidates to potential employers in the face of severe competition.
- Students and graduates entering workforces need to be ‘*inter-connected, collaborative, mobile, networked, flexible, and resilient*’. They must also ‘develop cultural sensitivity’. Most importantly, they must be ‘emotionally intelligent’.
- Whilst student and graduates often possess the required skills, abilities, competencies, and behaviours, at times, they struggle to articulate their thoughts.
- Students must ‘reflect, record, and remember and therefore learn from past experiences. This will allow them to be confident, articulate, and explain their competencies well during job interviews.
- Universities and employers can partner to help students and graduates understand the evolving nature of work.
- Together, they can help students develop an ‘effective tool-kit’ to enable them to be ‘tactically savvy’ and manage the complexity of making a successful transition from campus to workplace.

Universities can co-develop industry-relevant curricula together with employers:

- Curricula can be ‘*co-designed, co-developed, and co-delivered*’ by industry and universities together.
- Universities should ‘listen’ to industry, and then ‘act’. However, in order to change, they have to first understand the areas in which graduates are not up to the mark.
- At the same time, companies must provide ‘detailed, granular information, and analytical detail’ and not ‘broad statements’ about existing skills gaps.

The relationship between industry and academia must be for the long-term:

- This requires, first of all, trust between industry and academia.
- Faculty / administrators in universities must be familiar with both academia and industry, and must be credible.
- Universities should ‘professionalise’ their relationships with industry.

David Lobo
Senior Human Resources Manager GE, India

- The producers of 'initial' talent – the universities – are producing talent which industry says is 'not ready to hit the ground running'.
- Explaining the preference for experience:
 - Companies prefer to hire a person with a few years' experience, compared to a fresh graduate, primarily because the former is able to articulate and convince the company that 'they know what they are doing', and they can be 'productive from day one'.
 - Competencies such as the capacity to work independently in the first job; the ability to understand problems, break them down, and then solve them; the capability to manage projects through difficult situations, and organisational skills matter. Most fresh graduates understand this. However, they often lack confidence in their own abilities when they join their first job.
- Investment in relationship-building:
 - Companies should not treat relationship building with universities as a CSR agenda – it is a '*survival*' agenda for the future.
 - Further, it requires strong involvement both by the HR community as well as by business leadership.
- The value of internships:
 - Internships are more likely to 'work' – that is, more interns hired as full-time employees – if they are structured and professional.
 - At GE, internship programmes 'create an environment that builds the GE brand in the mind of the intern'. This makes it likely that at the end of 12 months of the internship, people wish to be hired as full-time employees. To a large extent, this is due to the 'quality of work' given to interns – and this is where business leaders have a role to play – which provides interns with a 'great experience' and 'real responsibility'.

Manish Sinha
Director, Talent Management, Asia Pacific and Japan, Becton Dickinson

- Partnerships between employers and universities tend to foster more at the post-graduate level, and for business schools.
- Graduates tend to be treated as 'work-in-progress' – the common assumption is that only post-graduate degree holders are 'ready talent'.
- Often, companies face the challenge of finding the right job for a humanities graduate – except for jobs such as those in sales, most other jobs require specialised skills. A university must first *identify* the needs of industry, and then change curricula accordingly. Perhaps the categorisation of arts and commerce is too simple – there is a need for 'innovation in the course design'.
- The industry-academia relationship must be for the long-term – companies are not comfortable about hiring people from institutions whose quality is not familiar to them.
- Industry looks for graduates who can 'think smartly and on their feet, as well as communicate well, and have learning agility'. Reducing the pressure to excel in academic performance in universities – through internships, exposure to facets beyond academia, and preparation for the real world – would help.

Sameer Wadhawan
Vice President – Human Resource and Services
Coca-Cola – India and South West Asia

- Several companies now view universities less from the perspective of a 'recruitment programme', and more from that of 'relationship programme'.
- India's demography – 600 billion people below the age of 40 – implies a certain 'dilution of the quality of education'.
- A 'graduate' is often 'not considered ready for positions of responsibility'. In the consumer goods sector, for instance, a graduate is hired only for a certain set of jobs, many of which are not very aspirational.
- Increasingly, as universities compete for student placements, curriculums are being 'globalised'. However, the greater need is for greater localisation of curriculum – universities must consider the 'target segments and markets', and 'customise their curriculum'.
- The products of companies such as Coca-Cola are increasingly being sold through modern retail, and modern retail management is rising as a core competency. Yet, almost no university in India offers a course in modern retail. One exception is the strategic retail management certification programme offered by ISB Hyderabad in collaboration with Coca-Cola.
- The role of academia:
 - Critically, the education sector must ensure that its collaboration with industry is 'marketable, commercial and sustainable'.
 - Universities are keen to make a difference – taking a cue from companies that run finishing schools, they are increasingly expressing a willingness to do that for firms, given the right support and inputs.
 - Further, universities are beginning to hire industry experts and professionals on their curriculum boards.
- The value of internships:
 - Internships help a company position it as an attractive 'prospective employer brand'. In addition, they also 'demystify' the work place.
 - Coca-Cola hires top students from universities as interns, and they work on *live* business cases for about 3 months. This effort to make it worthwhile for interns has paid off – they hire many of interns through pre-placement offers, and their intern retention rate is a high 90 percent.

Recommendations

Key Takeaway

1. Graduates with degrees from foreign universities appear to have a substantial edge over those who have studied in India, on a range of skills that firms seek in their employees. If leveraged more fully, this can be a valuable talent pool for companies to tap into, and thereby fill some of their existing skill gaps. Yet foreign-educated talent has not gained adequate traction in India, despite being generally better prepared for jobs upon graduation. A more active engagement between organisations and Indian students returning home can help remedy the situation.
2. Meanwhile, students with degrees from abroad should actively consider tapping into a job market that is still underdeveloped. They will, however, need to modify their expectations in terms of salaries, job content, and so forth. They will also need to compete with a domestic talent pool that most companies see as 'good enough' or 'large enough'. In fact, most companies who do *not* hire foreign-trained students cite these two factors as the main reason they do not actively look abroad for talent.
3. Although students from abroad are generally considered to be more work-ready upon graduation, there is often a substantial 'fit gap' between university curricula and the requirements of industry. To address this lacuna, industry and academia must build longer-term, strategic engagement and stronger linkages with each other, with formal programmes for engagement beyond the placement season. This would include co-developing curricula to make it more relevant for industry, and to cater to its specific skill requirements.
4. Internships can be used strategically to fill skills gaps in organisations. However, they must have clear linkages to full-time work opportunities later, as well as a focus on augmenting academic learning, in addition to providing work experience for students. Moreover, they must be aligned to students' interests and aptitude.

Recommendations for Industry:

1. Building stronger linkages with academic institutions to get more 'work ready' talent is a key imperative. Co-development of curricula and creating work experience opportunities is essential. Can this be prioritised in HR's strategic agenda?
2. A longer-term, strategic engagement with academia must be high on HR's priority list, and not something that is viewed tactically (i.e. just during hiring season). Until this happens, the reality of barely-ready fresh talent is unlikely to improve.
3. Indian industry's engagement, even at an individual level, with their 'alma mater' is poor. Could this be a starting point to impact academic curricula?
4. As many in industry are already doing, the development of courses for targeted talent segments (such as mothers returning to work after a gap) can be a bridge to receive back known talent pools. Collaborative engagement among companies can influence academic institution thinking in this regard.
5. Larger institutions need to look at funding universities and colleges for R&D, as happens in the more developed countries. This makes for futuristic thinking, key in these times of constant change, and aids the creation of more sustainable bridges between industry and academia.
6. Training programmes for fresh recruits range from one to two years. Is there merit in having universities developing these programmes to take the pressure of organisations and shorten the time taken to prepare/repair talent for quicker productivity?
7. The focus of internal training is currently – and rightly – towards the development of soft skills. Indian-university graduates are ranked reasonably high on some score, but there is a need for recruiters to seek out and prioritise these skills more clearly during the hiring process.
8. Internships should be used strategically to gain longer term value, with clear linkages to full-time work opportunities later, and with thought to augmenting academic learning, rather than just adding temporary 'hands and feet'.

9. Is there merit in considering liberal arts/pure sciences students more actively, given the need for softer skills and critical thinking ability?
10. 41 percent of industry employs foreign-educated talent, but this is not gaining enough traction, despite categorically readier and better-trained talent. Informal engagement with Indian students returning home indicates that they seek opportunities, but cannot seem to break into a fairly rigid job market. Can this be resolved through more active engagement? CHROs of MNCs, for example, might use their counterparts abroad to identify local talent. Could technology offer an answer?
11. Most firms appear to target only top universities, in India as well as overseas. Whilst in India, that might be understood due to core knowledge of available quality, the greater bulk of Indian students in global universities go to mid-tier universities, many of which are keen to expand their impact here. This will be a sourcing area that is not targeted enough.
12. It is hard for returning students to assimilate, particularly culturally. This is identified as a key weakness. Could this be managed better?

Recommendations for Universities:

1. Academic curricula in India are thought to be weakly aligned with industry's requirements, especially in terms of integrated thinking that can be applied in real life work situations. Universities need to assess their content, as well as their structures of learning, and find ways to tackle this weakness.
2. Drawing from the above, the approach to knowledge is still in silos. The integration of different knowledge segments is considered weak and therefore, academic input does not seem to create 'work readiness.'
3. Technology makes for a rapidly changing world, and resultantly, fast-shifting industry priorities and requirements. How are curricula being developed to look at this 'blue ocean' of rapid change?
4. 'Real world' readiness could be created by much more intensive effort around internships and aligning these to students' interests and aptitude. How is that effort targeted currently, and what are the subsequent follow-throughs to ensure the right placement?
5. Industry partnerships must be actively sought. Otherwise, at some point, the advantage of churning out enough 'quantum' will be lost for lack of quality. The UK has strong examples of such work, where academic curricula are co-developed, with keen participation, across sectors, by industry. How is this being prioritised by university administrations?
6. Institutions must move beyond the 'placement' mind set to one of relationships, as must industry at the other end. The exchange of knowledge is crucial, with formal programmes for engagement with industry beyond the placement season.
7. Could curricula itself concentrate on easier bridges on and off work to ensure integration of strong work experience? Otherwise, how do you beat the lateral hiring syndrome?
8. Most universities spend too little time on industry-focused research. In this respect, academic institutions should work to lead industry thinking, as opposed to merely responding to it. Funding may be one constraint, but so is mind set.
9. Foreign universities need to develop a much deeper 'in country' presence, which enables them to showcase their qualities, and build relationships not just through indirect representation. Indian universities have established relationships with large brands and businesses, which can be hard to break into.
10. Indian industry's requirements will always be specific to a unique consumer market, and a complex and volatile regulatory environment. The ability of foreign universities to ensure that students understand these issues is critical.
11. Foreign universities must sensitise their students on differences in work environments across countries. Industry considers the higher salary expectations of students educated abroad a big obstacle to hiring them. As long as local talent exists, this will be an easy 'turn off'. It falls to college administrations to set expectations appropriately.
12. Peer references are critical to placement, and are recognised as such. However, these are not actively utilised by the ambassadors (alumni) that exist, particularly from foreign universities.

Recommendations for students from foreign universities

1. The importance of staying abreast of the latest trends – in industry, in politics, but critically, in future world technologies that businesses will invest in, and in high growth sectors, cannot be understated. This ability to think laterally, to make linkages, and to think ‘forwards’ will define success – and failure.
2. Salary expectations, particularly for those from foreign universities, must align with ground realities – that the cost of living here is high relative to pay. At the same time, Indian increment levels surpass those in most other countries.
3. All else being equal, you compete with a large local talent pool, and one that brings with it the key skill of understanding cultural nuances better. They also have established relationships with universities. Are your expectations real enough to beat this competitive set?
4. Foreign graduates – or those trained in foreign universities – must be able to honestly answer, to themselves and to recruiters, whether they are in India to build a career, or only because job opportunities abroad are currently limited. Industry can tell the difference, and will always hesitate to recruit those who do not show a commitment that extend at least into the medium-term.
5. The emerging economies may offer the greatest opportunities for growth, but you have to be prepared to deal with ambiguities. You also have to recognise that your lack of understanding of the immense diversity of culture, environment and markets within India can be a disadvantage. How can you aim to build this knowledge to be at a level playing field?
6. Engage more closely and actively with your academic communities to recognise where opportunities will come from – the effort has to be two-way. Managing your existing alumni network to ensure peer references will be as important.

Recommendations for students from Indian universities:

1. The world is flat, and it cannot be emphasised enough how important it is to stay abreast of the latest trends – in industry, in politics, but critically, in future world technologies that businesses will invest in, and in high growth sectors. This ability to think laterally, to make linkages, and to think ‘forwards’ will define success – and failure.
2. There appears to be no linkage to real-world requirements in academic knowledge gained in university. Take internships most seriously to bridge this gap. Equally, seek out work experience before, during and after academic years to gain a faster fillip once industry has absorbed you as fresh talent.
3. Salary expectations are driven by the market availability of talent. As the Indian economy remains muted, so will hiring expectations. Recognise the importance of quality of work and position over salary.
4. Link your choices of academic courses more closely with your innate interests in order for career growth paths to be easier aligned to your interests, and build longer term stability – a key ask from industry. Specialisation too early may be a weakness in India’s current educational formats, and this may make choices harder. Students will need to make up through a strong understanding of their own capabilities, and select courses that align most to those and resultant aspirations.

Conclusions

This study, based on a survey of 200 HR / staffing Directors, an in-depth panel discussion, and qualitative inputs from a number of leading companies operating in India, points to promising, but not yet fully tapped, opportunities, both for Indian industry, and for students with degrees from abroad. The UK, in particular, could bolster its already-strong presence as a preferred destination for higher education.

The unmistakable finding of this report is that foreign-educated students rank higher than ones with degrees from India, on a range of skills that employers value; that they generally require less training and are more readily-employable than their peers with Indian degrees; and that, while many of them expect higher salaries than people with comparable skills from Indian universities, the 'premium' that firms *actually* need to pay is often either non-existent, or fairly low.

What would greatly aid the process of main-streaming foreign-degree holders into Indian workforces are stronger tie-ups between academia on the one hand, and industry on the other. University curricula are often not well aligned to the real-world needs of employers, though foreign universities appear to do somewhat better on this score. There are also, quite often, large gaps between the expectations of students who have trained abroad – in terms of pay, job content, etc – and the reality of working conditions in India. A dialogue between educational institutions and employers; the expansion of internship opportunities (which can provide a lead-in to full-time employment); and, at the university level, some amount of expectations management, would go a long way towards bridging these gaps.

For their part, students with degrees from abroad will need, if they are to compete with large and strong local talent-pools, not only to take a more realistic view of employment conditions in India, but also to take a longer-term view of their own goals and priorities. Employers seek people who can make a deep commitment to their work, and are likely to favour only those candidates who can demonstrate that they are there for the long-haul.

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