Assessing the Right Talent and Job Readiness for India’s Professionals

Challenges and opportunities in the India hiring sector
The outlook for India’s economic and business growth across key sectors remains buoyant. Employers continue to seek new hires across the board, from entry level to senior management. One critical factor in the ability to maximise growth through recruitment is, of course, trust: trust in an applicant’s work readiness, ability to perform and commitment to the role.

Whilst India, like many countries, has long reported talent shortages across multiple industries, there have been encouraging signs recently in tackling these skills gaps. India’s commitment to getting 150 million more skilled people into work by 2022 is beginning to pay dividends, and specific initiatives such as “Make in India” bode well for future talent development.

Of course, it is arguably more difficult to measure the impact of such investments with India’s employers and hiring managers across the breadth of its hiring needs from entry level right through to CEOs. The emphasis on education and training is largely – and understandably – on up-skilling young people in India and widening access to university. But are they job-ready?

But it’s not just about entry or graduate-level staff. Is there any evidence to suggest that such a focus on entry-level qualifications may be having a knock-on effect on recruiting the right calibre of middle managers? Are middle managers themselves guilty of not staying relevant in India’s rapidly evolving workplaces by not pursuing further training? And are there more relevant qualifications for them to pursue? Furthermore, how much credibility and trustworthiness is attributed by hiring managers to candidates’ resumes?

It is the underlying factor of trust – and within it the many hiring-related challenges - that Pearson VUE in partnership with IMRB International’s (an independent research firm) Educational and Training Research Cell, India, has sought to better understand, through in-depth interviews with some of India’s top hiring managers.

We hope you will agree that the results tell a story about the work that still lies ahead in building trust in job seekers’ abilities, skills, loyalty and job performance. Whilst this study cannot be taken as a complete picture of the India employment market, we hope that it may inform the ongoing debate on solutions by supporting both job candidates in being better prepared for job roles and employers in finding and retaining talent.

Divyalok Sharma
Director – Client Development
Pearson VUE
July 2015
Executive summary

This unprecedented study asked 100 Indian employers, from a range of sectors, about their challenges in hiring new staff - from entry level to senior management. On an average, the hiring managers that took part in this study had recruited almost 35,000 new staff – 341 per company - in the last two years.

The study results reveal an underlying and ongoing challenge for India’s employers in finding and retaining skilled, qualified talent across India. Subsequently, many of these employers are making compromises when hiring talent and this may well be impacting their retention of new staff.

The study also shares employers’ views on potential solutions. Whilst it appears that the national initiative on entry-level skills training may be improving the availability and suitability of candidates in recent years, a lack of role-relevant skills and qualifications at management level, for example, remains a considerable on-going issue. As a result, employers interviewed are calling for more role relevant certification for the study and assessment.

However, there is at least a perception issue with job candidates’ claimed credentials – with most employers interviewed being concerned about false CV claims. Many are also concerned about potential cheating in professional tests – a perception that differs greatly depending on how the professional assessment was administered.

Further, many employers in the study provide internal training after hiring – perhaps due to the compromises they make – but the evidence suggests that it is not successful enough in either closing the skills gap and/or helping employers to retain their best talent.

About the study

The report and the statistical data are based on the feedback from 100 hiring managers from medium to large (250+ to 1,000 staff) employers across India. The respondents represent India’s diverse range of sectors including manufacturing, IT, finance, professional services, construction, real estate, media, education, logistics and healthcare. Interviews were conducted in late 2014 and purposive sampling approach was adopted for this project.

Hiring managers were asked questions regarding their past, current and future challenges in the recruitment of entry level staff, middle managers, and senior managers.

Finally, we have sought to interpret the results in wider contexts where relevant and this should be evident by the use of italics.

“On an average, the hiring managers that took part in the study had recruited almost 35,000 new staff – 341 per company - in the last two years.”

Out of 100 hiring managers...

- 58% Worry about test cheaters
- 70% Concerned by false CV claims
- 36% Have verification challenges
- 61% Face difficulty in retaining middle managers
- 56% Lack trust in junior candidates’ abilities
- 53% Have issues finding senior managers
- 47% Can’t find senior managers with right credentials

What hiring managers need

- 71% State that specialist industry certifications could be a solution
- 69% Believe that creating advanced industry certifications could be a solution
- 82% Want more secure and trustworthy assessment like computer-based testing
Key messages

The message to job candidates
Since the lack of relevant qualifications was frequently cited as a challenge across all levels of seniority, one message to job candidates – particularly managers – is that if they gain the appropriate qualifications relevant for the job role, and perhaps even the sector, employers will more likely hire them.

The message to employers
Employers that may have made compromises when hiring due to a lack of qualified job candidates may well improve staff retention by supporting new staff with obtaining professional certifications. These could be undertaken as part of their probation period, for example.

The message to industry and educators
It may well be that for some industries and for some levels particularly MMs and SMs – suitable learning and assessment programmes are just not currently available, widely taken by candidates or that they might be delivered in a format (pen & paper) that may be seen as less credible by employers/candidates.

In which case, the call is on professional bodies in India to work with employers and educational institutions to develop the specialist and higher-level qualifications that employers need. Further work is necessary to identify those sectors and qualifications that would most benefit employers whilst increasing candidates’ chances of securing employment.

Study results: key challenges for employers in India

Ia. Middle management (MM) presents the biggest challenge in recruitment and retention across India’s employers

When it comes to filling management positions, hiring managers (HMs) are facing incredible difficulties in finding the right talent and keeping them. 69% of HMs find it difficult to hire the right MM candidate from the available pool across India and almost half (46%) find it challenging to hire MM candidates with the right qualifications for the given role.

Another concern is once HMs do manage to navigate the available talent pool, they struggle to keep their best MM talent. Six in ten (61%) say that their organisation has difficulties in retaining middle managers, and it’s a problem that is deepening, with over a quarter (27%) stating that retention has worsened in recent years.

Factors that have worsened in the last 5 years

<table>
<thead>
<tr>
<th>Process</th>
<th>%</th>
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<tbody>
<tr>
<td>Tenure that the candidate continues with the organisation</td>
<td>27</td>
</tr>
<tr>
<td>Availability / pool of suitable candidates</td>
<td>16</td>
</tr>
<tr>
<td>Finding appropriate candidate with relevant qualifications</td>
<td>8</td>
</tr>
<tr>
<td>Ascertaining ability of the candidate for the job role</td>
<td>5</td>
</tr>
<tr>
<td>Trust in candidate credentials presented</td>
<td>8</td>
</tr>
<tr>
<td>Verifying the credentials</td>
<td>7</td>
</tr>
<tr>
<td>Managing external agencies that perform candidate verifications</td>
<td>1</td>
</tr>
</tbody>
</table>

Figure 1: Which process / factor has worsened the most over the last 5 years? Base N= 85

Challenges hiring middle managers

<table>
<thead>
<tr>
<th>Challenge</th>
<th>%</th>
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<tbody>
<tr>
<td>Candidate impersonation</td>
<td>18</td>
</tr>
<tr>
<td>Managing candidate verification</td>
<td>14</td>
</tr>
<tr>
<td>Screening applications</td>
<td>19</td>
</tr>
<tr>
<td>Verifying the credentials</td>
<td>24</td>
</tr>
<tr>
<td>Trust in candidate credentials presented</td>
<td>28</td>
</tr>
<tr>
<td>Ascertaining ability of the candidate for the job role</td>
<td>45</td>
</tr>
<tr>
<td>Finding appropriate candidate with relevant qualifications</td>
<td>46</td>
</tr>
<tr>
<td>Tenure that the candidate continues with the organisation</td>
<td>61</td>
</tr>
<tr>
<td>Availability / pool of suitable candidates</td>
<td>69</td>
</tr>
</tbody>
</table>

Figure 2: From this list, could you please tell me the challenges you face while hiring middle level executives? N=85
For junior positions, both general graduates and professional, the biggest challenge for hiring managers is in ascertaining the ability of candidates (56%) in performing the relevant job role. There’s a suggestion that is deepening, with 16% reporting it has got worse over the past five years.

With entry-level graduates (ELGs) being a much wider applicant base, it is also perhaps not surprising that almost half (43%) find screening from a large pool of candidates an issue.

“Almost 6 in 10 (58%) have compromised when hiring talent without the right qualifications.”

For junior positions, both general graduates and professional, the biggest challenge for hiring managers is in ascertaining the ability of candidates (56%) in performing the relevant job role. There’s a suggestion that is deepening, with 16% reporting it has got worse over the past five years.

Again, retention is an important issue at the top, with 44% saying that their organisations are facing challenges in retaining their most senior talent.

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“Almost 6 in 10 (58%) have compromised when hiring talent without the right qualifications.”

With concerns over qualifications and suitability for roles from the available talent pool, employers have not been holding out for the perfect candidates. Instead, almost 6 in 10 (58%) have compromised when hiring talent without the right qualifications – which may impact productivity and costs and is a likely contributor towards the reported issues with retaining talent.

This situation is unlikely to improve in the short-term, with over half (51%) experiencing a shortage of relevant qualified candidates for positions they are currently recruiting for.

Whilst the study did not obtain a full response from all employers, there is an indication that operations functions are proving the most difficult to hire (51%) such as programmers, sales, HR, production and marketing, across both entry and middle management.
3. There is significant distrust in candidates’ credentials

Whilst there is one issue finding the right talent with the right credentials, there is an additional perception problem with some of the candidates’ claimed credentials. The overwhelming majority, 7 in 10, of hiring managers are concerned about false claims on resumes – whether entry level or senior management.

A lack of trust - False claims

<table>
<thead>
<tr>
<th>False claims of qualifications</th>
<th>Security of examinations administered</th>
</tr>
</thead>
<tbody>
<tr>
<td>70% 26% 4%</td>
<td>44% 50% 6%</td>
</tr>
</tbody>
</table>

Cheating/impersonation in professional testing

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Don’t Know/Can’t Say</th>
</tr>
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<tbody>
<tr>
<td>58%</td>
<td>40%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Figure 7: When a candidate presents his/her qualifications or certification programs completed, are the following factors a concern to you/your organisation? Base N=100

It is no surprise that those three quarters of HMs aim to verify qualifications before hiring. However, for general entry-level candidates for example, over a third of HMs (36%) struggled to verify candidates’ claimed credentials, suggesting that there is not a robust system in place to do so. This presents a universal challenge to employers and is not confined to India. However, the sheer number of entry-level employees in India suggests a significant impact for employers.

More surprisingly, HM’s concerns even extend to how the candidates’ qualifications were actually obtained, with over half (58%) worried that candidates may have cheated on a professional test - even if they have a relevant qualification. Tied with this, a similar amount (44%) of HMs are concerned about the security of an actual qualification achieved, suggesting less trust in qualifications gained for example, through pen & paper – where there is a belief that fraudulent activity is more likely to happen.

This suggests that the perception of employers in India is that pen & paper testing in professional exams is actually undermining the perceived credibility of the qualification – regardless of the actual level of cheating / fraud in any given exam.

Potential solutions?

1. Skilling young people is improving availability of candidates

The National Skill Certification and Monetary Reward Scheme has seen over 1.4 million young people trained in a range of sectors working across 22 national skills sector councils in recent years. There is certainly a sense that there have been improvements in recent years in the availability of relevant candidates – which endorses the investment made in this regard.

Around half of HMs (49%) felt skills gaps particularly for ELGs and over half (56%) for ELPs feel are improving.

This in turn may also have had a direct or indirect impact on availability of suitable managers, since over half (54%) found the availability of MMs had improved over the last 5 years.

Skills gap amongst entry level candidates is improving

<table>
<thead>
<tr>
<th>ELP</th>
<th>ELG</th>
</tr>
</thead>
<tbody>
<tr>
<td>56%</td>
<td>49%</td>
</tr>
<tr>
<td>32%</td>
<td>31%</td>
</tr>
<tr>
<td>9%</td>
<td>14%</td>
</tr>
<tr>
<td>3%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Figure 8: Overall, would you say that the skill shortage amongst the entry level graduates is improving as compared to 5 years ago? Base N=70.

Overall what do you think about the skill shortage amongst the entry level professional graduates? Base N=75
2. More role-relevant and trustworthy certifications and pathways…

There is a strong need to help young people get the basic skills they need to compete for entry-level employment. However, there is a strong call from employers for more investment in specialist sector certifications – for both juniors and management. The vast majority (71%) state that specialist certifications could or would be a solution to hiring problems. In addition, 69% hold the same view for introducing more advanced certifications.

This is arguably strong evidence to suggest that certification pathways are in greater demand - either going beyond the current government sector skills’ initiative - or as separate industry / professional body initiatives.

Some of the biggest sectors that employers believe would benefit from such investment included healthcare (100%), construction/real estate (86%), IT (65%) and manufacturing (63%).

3. …But credentials could be trusted more

The potentially alarming perception that most candidates may make false claims in credentials from employers (7 in 10) is dramatically improved when relevant qualifications have been gained through a computer-based test (CBT). The vast majority (82%) are confident that CBT is more secure and easier to evaluate. Consequently, over six in ten (65%) state that such qualifications are more trustworthy as there is less chance of dishonesty from a candidate (63%).

Figure 9: Would you say that the availability of candidates have grown for middle management positions when compared to the last five years? Base N =85

- Improved: 54%
- Remained the same: 36%
- Worsened: 6%
- No response: 4%

Figure 10: Do you think a specialist certification for your core work domain would be a solution to the problems you have experienced when trying to hire employees in your organisation? Base N=100

- Yes/Maybe: 71%
- Don’t Know/Can’t say: 6%
- No: 23%

Some of the biggest industries that employers believe would benefit from investing in certification

- Healthcare: 100%
- Construction/Real Estate: 86%
- IT: 65%
- Manufacturing: 63%

Figure 11: What do you think are the possible advantages of using CBT? Based N=100

- Ease of administration
  - A benefit: 91%
  - Not a benefit: 9%
  - Don’t Know/Can’t Say: 4%

- Ease of evaluation
  - A benefit: 90%
  - Not a benefit: 10%
  - Don’t Know/Can’t Say: 5%

- Test security
  - A benefit: 82%
  - Not a benefit: 12%
  - Don’t Know/Can’t Say: 6%

- Trustworthiness of certification
  - A benefit: 65%
  - Not a benefit: 27%
  - Don’t Know/Can’t Say: 8%

- Lesser chance of dishonesty by candidate
  - A benefit: 63%
  - Not a benefit: 25%
  - Don’t Know/Can’t Say: 12%

Whilst this number is impressive, it is perhaps not even higher as there are, multiple interpretations of ‘computer-based testing’. Whilst more secure than paper & pencil, some prevalent forms of CBT in India such as online tests delivered without a live or remote proctor are currently best suited to lower-stakes exams.
4. There will be a continued trend to greater internal testing and training

In terms of hiring, half of hiring managers use CBT tests in their own recruitment practices, largely for entry-level positions (64%), though at relatively high levels for MMs (47%). CBT in recruitment is seen as easy to administer (91%) so it is little surprise that 63% of those who currently do not use a CBT recruitment test are either definitely launching or are considering a CBT test in the next two years.

<table>
<thead>
<tr>
<th>Is CBT used when hiring specific seniority groups?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry level - Professional</td>
</tr>
<tr>
<td>Entry level - General</td>
</tr>
<tr>
<td>Middle management</td>
</tr>
<tr>
<td>Senior management</td>
</tr>
<tr>
<td>No response</td>
</tr>
</tbody>
</table>

Figure 12: While recruiting does your company use any CBT in the process? For which levels is it used? Base N = 51

Methodology

Objectives
To better understand the challenges faced by employing organisations in finding and hiring suitable candidates

Sample and recruitment:
Medium and large organisations; respondents were from HR teams and included hiring managers as well as appropriate head of line functions

Methodology:
A primary study with a personal interview approach (face to face / telephonic) approach was implemented. Each interview took an average 15 minutes

Time Table:
Data collection was conducted from October to December 2014

Full report available on request:
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Research Execution and Analysis:
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