

www.dqindia.com

DATAQUEST

Vol XXIV No 24 | December 31, 2006

The Business of Infotech

CYBER MEDIA



Azim Premji
Shiv Nadar
FC Kohli
Kiran Karnik
NK Patni
Ajai Chowdhry
Raj Saraf
N Vittal
Sridhar Mitta
Hemant Sonawala
Ashok Jhunjunwala
Ganesh Natarajan
Manoj Tirodkar
S Sadagopan

**YEARS
OF
INDIAN
IT**

The People /20 The Companies /90 The Path Ahead /96

The Decades /46 From the Editors /12



NAREN K PATNI, chairman & CEO, Patni Computer Systems

On **Human Capital** for **Global Competitiveness**

The success of the Indian IT industry is essentially a saga of human capital development. From the humble beginnings of computing in India 50 years ago, when we experimented with a few computer installations in some institutes, we have built what is now the world's largest repository of computing talent.

The constant stream of quality technical talent produced by the likes of IIT and regional engineering colleges has been significantly boosted by several private institutes in India with one mission: to provide mass education to people in information technology.

In the knowledge economy, human capital is the real differentiator; it is therefore crucial to acquire, develop and retain the best talent. Equally important is the need to harness knowledge, skills and initiatives of people, and spur innovation and organizational growth. IT companies are not focused only on making profits. They are pro-active in contributing to the economic progress of the society. The organizational purpose to create value for all the stakeholders stretches the capabilities of the employees to continuously innovate and deliver results.

The emergence of a new order has given birth to new paradigms in management. Organizational structure has lost its relevance as change leaders have defined processes that support entrepreneurship and efficiency. The conventional leadership styles have faded. Employer-employee relationship based on shared vision has fostered a greater degree of ownership within the employees. This radical transformation of the workplace has helped companies become better 'developers of human capital'.

Though, the Indian IT industry has witnessed a steady growth in the past few years, we need to gear up for the challenges that lie ahead.

The global demand for qualified technical resources will potentially outstrip the supply in the next five years. However, India is positioned well to address this global skills scarcity given its large pool of qualified manpower. Half of our population is under 25 years and has the potential to become a part of the global workforce. The

surplus of Indian working population vis-à-vis current G-6 countries such as the US and Japan, can be translated into what economists call 'demographic dividend'. Our government needs to take notice of this and give immediate attention to providing primary and secondary education to the masses. There is also a great need of aligning the existing education system with the needs of the industry.

The industry needs to collaborate with the government and academic institutes to develop effective approaches, especially for tertiary professional and vocational education. This is necessary for a beneficial 'demographic transition'.

Industry chieftains recognized that in a knowledge-based industry, intellectual capital would provide a competitive advantage to their firms

Today, we are faced with the challenges and issues associated with the development of a global workforce. Globalization, rapid technological changes, operational excellence and customer intimacy are of utmost importance for Indian IT companies. Given this context, the role of HR practitioners will evolve to becoming

strategic partners contributing to the success of business plans, by developing creative HR policies pertaining to recruitment, retention, motivation, and reward.

As mergers and acquisitions become commonplace and offshore services model matures into a global delivery model, globalization of HR will become a major challenge. In this context, we will have to redefine our human capital roadmap and reconstruct the value chain that is necessary to leverage the multi-ethnic, multi-cultural workforce. We need to evolve a new HR manifesto, which should include contribution to the success in global business, integration of diverse cultures and innovation in HR processes, thus helping India to emerge an economic superpower in the next 50 years. ■