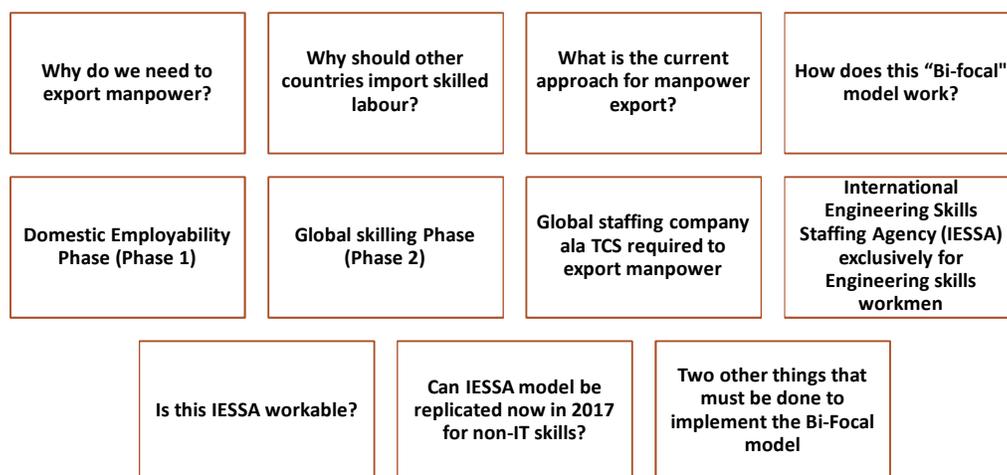


How to create a Billion-Dollar Engineering Staffing Company

A NOTE BY T. MURALIDHARAN
CHAIRMAN, TMI GROUP

The Coverage



Turning skill capital of world Rely on a twin approach of short, customised training for domestic employability and a longer one for global skills certification

In the next decade, India will have a surplus labour force of 4-5 crore. India can bridge the global labour shortage if the youth are imparted the right skill sets — Prime Minister Modi said while launching the Skill India initiative in July 2015. He said if China is the world's 'Factory', India should be the world's 'Skill Capital'. Where are we against this objective in 2018? In my opinion, it is yet to take off because we have adopted a wrong approach. Here, I examine the reasons and propose a new approach to make it happen.

Export Manpower

Simple. We cannot create enough jobs every year for the 18 million people who are looking for non-farm jobs, including 12 million fresh youth joining the workforce on attaining the working age and over 6 million migrating from agriculture. Against this demand, we have created 2-4 million jobs a year. The Economic Survey 2018 forecast that India will add 7 million jobs in 2017-18. Even if we create 7 million jobs per year, we are still short by 11 million. So we have no choice but to export manpower.

Why Others Will Welcome

Simple. Demographics of the ageing population and changing dynamics of skill requirements. Traditionally, the Middle East and Africa are the destinations for Indian youth. Many new countries like Japan, EU, Germany, Australia and South America are ageing and are also not able to attract youth to certain skilled occupations due to poor employment terms. Even robots cannot kill the demand for these occupations in the next 10 years. So, these countries will have to relax their visa norms to attract foreign workers.

Japan, which is hosting 2020 Olympics, will need skilled manpower in areas such as construction and hospitality. It will amend its visa regime to allow foreign labour and over one lakh Indians are expected to be a part of the skilled workforce for the Games. Some 10,000 young workers from India will arrive in Tokyo soon under the Skill Development Ministry's Technical Intern Training Programme with Japan's International Training Cooperation Organisation. This is in addition to the workforce required to meet the on-going demand for people in certain occupations.

Current Approach

The current strategy is to identify youth, skill them and export them 'as is – where is'.

Many States have created government organisations (not PPP) to source and even train workforce prior to departure. They even provide consular support in the 'destination' country.

Unfortunately, this is not working because of

three reasons:

- Government cannot operate with the agility of a private enterprise
- Current focus is on freshly trained skilled workmen whereas the demand is for experienced and globally certified workmen. Japanese apprenticeship model is very rare
- Role of export agent ends when a migrant worker lands in the 'destination' county and critical support system during the migrant's tenure is absent

Bi-focal Model

Is there another approach? Yes. Let me present my bi-focal model. In this model, skill training is divided into two phases — a short, customised training for domestic employability for freshers and a second phase, which will be long and lead to global skills certification programme for experienced workmen. India should export workmen after the second phase who will be replenished by workmen coming out of the first phase.

Domestic Employability Phase (Ph I)

Here the employer drives curriculum, quality norms and certification, pre-assessment and guarantees a job on course completion. Training will be short, since it will be customised for a single employer and a single job role. The training pedagogy will be focused on producing day one productive people. Employer must pay for sourcing and training costs while student should invest for his stay and living costs. Employer can claim refund for the costs from the government after a 90-day retention.

The government will provide subsidised accommodation by setting up (in PPP) working men/women hostels and expense support for first work month.

Global Skilling Phase (Ph II)

In this, sector skill councils will drive and define global skill standards. Training will be for over two years in eight quarters, for global certifications, in two or three stages. Employee pay hikes will be linked to sector skill council certification stages achieved during the two years. Skilled workforce will also be trained in English or one other foreign language essential for migration along with global skills in these two years.

Any skilled and experienced (with minimum two years of work experience) employee has the option to sign for the Phase 2 of the programme and must meet the pre-qualification criteria. Training will happen on employer premises or at the nearest global ITI centre. Government must invest in capital expenditure required for training and senior employees will be trainers. Employee and government will share the training costs.

Employer will first pay for the training and claim the government share through skill refunds.

New Bodies

These two-phase solution requires a manpower export agency (see graphics for criteria). Besides, to implement the model, India will have to create an International Engineering Skills Staffing Agency (IESSA) exclusively for engineering skills workmen (see graphics on contours).

Is IESSA workable?

Yes. India's success in IT industry is due to TCS, which commenced as an onsite staffing agency for IT roles — crudely called 'body shopping' in the late 80s. Later, others like Infosys, Wipro and HCL mastered the art. Market valuation of TCS stood at Rs 6 lakh crore (\$90 billion) in Jan 2018. IESSA valuation will also reach a billion dollar within 10 years and provide a handsome exit to investors.

IESSA for non-IT skills

We can replicate the IESSA model for skills in engineering, construction and services sectors like hospitality. Indian workforce has a great track record in the Middle East and hence migration or working outside India is not only socially acceptable but also preferred.

Two other things that must be done to implement the bi-focal model:

- Bi-lateral country level agreements: Government of India needs to negotiate with global skilled workforce programme/temp-migration through ILO and enable multilateral and country-to-country agreements to export manpower after Phase II training
- Large corporates must participate: They must join as investors and sign up for Phase II. The government can sign up a large number of big and MSME employers for this programme. The biggest benefit for the employers is salary capping. For example, if all workmen in a skillset after three years' exit after Phase II to IESSA and the exiting employees are replaced with entry-level fresh employees coming out of Phase I, then the salary of workmen will remain capped. This will make the employer more competitive. Unionisation issues will be minimised due to low residency of the workforce.

The government must move quickly if it wants India to become the skill capital of the world.

(The author is Chairman – TMI Group; participant – Global Forum for Migration & Development)

Why do we need to export manpower?

18 million people who are looking for non-farm jobs, which includes 12 million fresh youth joining the work force after attaining the working age and over 6 million people migrating from agriculture

Against this supply, we have created 2 million to 4 million jobs a year

Quoting a research by P. Ghosh, a professor at IIM, Bangalore, and SK Ghosh, chief economic adviser at State Bank of India, the Indian Economic survey 2018 forecasted that India will add 7 million jobs in 2017-18

Even if we create 7 million jobs per year, we are still short by 11 million jobs per year. So we have no choice but to export manpower

Why should other countries import skilled labour?

Demographics of ageing population and changing dynamics of skill requirements

Traditionally Middle east and Africa have been the destinations for Indian youth

Many new countries like Japan, EU & Germany, Australia and South American countries are ageing on one side and on the other side are not able to attract youth to certain skill occupations due to poor employment terms.

Even the robots cannot kill the demand for these occupations at least in the next 10 years.

So these countries will have no choice but to relax their visa norms to attract foreign workers in certain occupations.

Japan is a classic example

Japan is hosting the 2020 Olympics and therefore needs skilled manpower in construction, hospitality etc.

Japan will amend its visa regime to allow foreign labour and over one lakh Indians are expected to be part of the skilled workforce for the 2020 Tokyo Olympic Games.

10,000 young workers from India will arrive in Tokyo soon under the Skill Development Ministry's Technical Intern Training Program (TITP) with Japan's International Training Cooperation Organisation (JITCO).

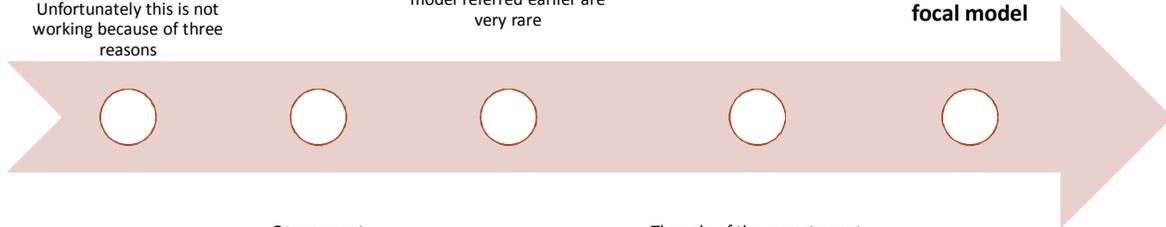
This is in addition to the workforce required for on-going demand for people in certain occupations

What is the current approach for manpower export?

Many state Governments have created government organisations (not PPP Entity) to source and even train work force prior to departure. They even provide consular support in the "destination" country. Unfortunately this is not working because of three reasons

The current focus is on freshly trained skilled workmen. The demand is for experienced and globally certified Workmen. The Japanese Apprenticeship model referred earlier are very rare

**Is there another approach?
Yes. Let me present my Bi-focal model**



Government cannot operate with the agility of a private enterprise.

The role of the export agent ends when a migrant worker lands in the "destination" county and critical support system during the migrant's tenure is absent.

How does this “Bi-focal” model work?

In this model, skill training is broken into two phases

The first phase, a short, customised training for domestic employability for freshers

a second phase which will be long and will lead to GLOBAL skills certification program for experienced workmen.

India will export workmen after the second phase who will replenished by workmen coming out of the first phase

Domestic Employability Phase (Phase 1)

Here the employer drives curriculum, quality norms and certification, pre-assessment and guarantees a job on course completion.

Duration of training would be short, since the training will be customised for a single employer and single job role.

The training pedagogy will be focussed on producing day 1 productive people. Employer must pay for the sourcing and training costs while student should invest for his stay and living costs during training. Employer can claim refund for the costs from the government after 90 day retention.

Government to provide subsidised accommodation by setting up (through PPP MODEL) working men/women hostels and provide first work month expense support.

Global skilling Phase (Phase 2)

In this phase, Sector skill councils will drive and define global skill standards.

Training will be conducted over two years in 8 quarters, for global certifications, in two or three stages.

Employee pay hikes will be linked to sector skill council certification stages achieved during the two years.

Skilled workforce will also be trained on English or one other foreign language essential for migration along with global skills in these two years.

Any skilled and experienced (minimum two years of work experience is required) employee has the option to sign on to the phase 2 of the program and must meet set pre-qualification criteria.

Training to happen on the employer premises or at the nearest global ITI centres. Government will invest in the capital expenditure required for training. Employer to provide senior employees as trainers. Employee and Government will share the training costs.

Employer will first pay for the training and claim the Government share through skill refunds.

Global staffing company ala TCS required to export manpower

It must be a legal pathway

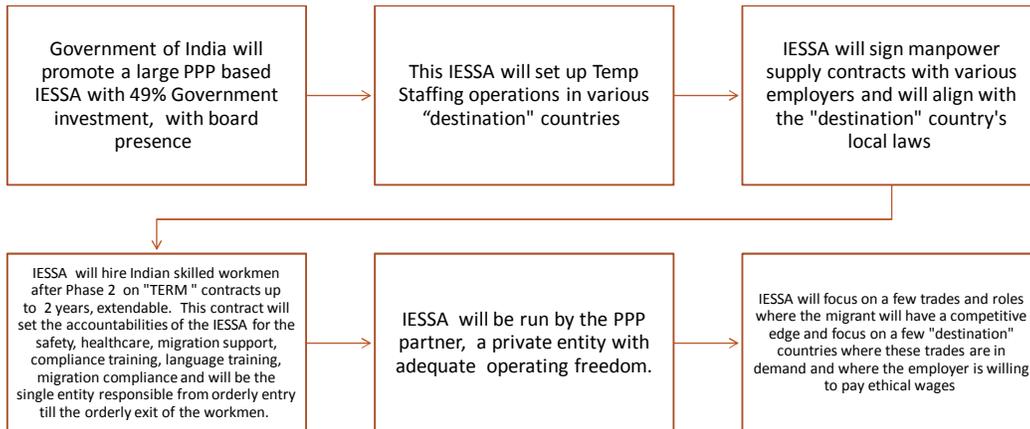
It must be "Accountable" to the migrant for a "safe" migration

The Source country must have part of control to ensure that the interests of the migrant and "Source" country are protected

It has to be a part of the Governmental Architecture because it must be scalable. The "Source" country government must provide Grants, Equity, soft loans and provide logistical support to set up a Supply Chain for Sourcing & Assessing talent

To implement the model, India will have to create an International Engineering Skills Staffing Agency (IESSA) exclusively for Engineering skills workmen

International Engineering Skills Staffing Agency (IESSA) exclusively for Engineering skills workmen



Is this IESSA workable?



Yes. India's success in the IT industry is due to TCS or Tata Consulting Services which commenced as an on-site staffing agency for IT roles - crudely called "body shopping" in the late 80's.

After TCS companies like Infosys, Wipro, Satyam, HCL mastered the art.

TCS had a market valuation of Rs 6 trillion (90 billion US\$) in Jan 2018.

IESSA valuation will also reach a Billion US\$ within 10 years and will provide handsome exit to the investors.

Can IESSA model be replicated now in 2017 for non-IT skills?



Yes, we can for skills in the engineering, construction and services sector like hospitality.

Indian unskilled and skilled workforce have a great track record in the middle east and hence migration or working outside India is not only socially acceptable but is preferred.

Interestingly, Indian labour in the Middle East worked on "short term - non-migratory" contracts successfully for several years.

But the labour did not get a fair deal and were ill-treated due to absence of an IESSA and unfair recruitment Consultants and Middle men who fleeced the labour.

Highly Skilled Indian - Migration to the US Story



Indian immigration began in the mid-19th century, with more than two thousand Indians living in the United States, primarily on the West Coast, by the end of the century

As of 2013, more than 2 million Indian-born immigrants resided in the United States, accounting for 4.7 percent of the 41.3 million foreign-born population

H-1Bs issued to people born in India -
2016 126,692 (68%)
out of 1,85,000
Fresh/Reissued/Extended Visas

Indian community highly visible

Low salary arrangement

Backlash from Trump administration

Semi & Un-Skilled Indian - Migration to Saudi Arabia Story



Indians in Saudi Arabia (3 million in 2015) are the largest community of expatriates in Saudi Arabia.

India and Saudi Arabia signed an agreement to manage and organize the recruitment of domestic workers in January 2014. Between January 2014 and April 2016, **500,000 Indians** moved to Saudi Arabia for employment

The agreement (**short-term – typically two years**) includes a provision which stipulates that sponsors must pay a guarantee of US \$2,500 for each Indian worker they recruit

Challenges

Lack of regulation of smaller employers and ill-treatment of workforce

Illegal overstay

Remittance to home country and less spend in the receiving country

Two other things that must be done to implement the Bi-Focal model



Bi-lateral country level agreements

Government of India will negotiate global skilled workforce program/temp-migration through ILO, multilateral and country to country agreements to export manpower after Phase 2 training.

Large Private sector corporates must participate

Both as investors and sign up for Phase 2 of the program. Government will sign up large number of big and MSME employers into this program. The biggest benefit to the employers is salary capping.

For example, if all workmen in a skill set after three years exit after phase 2 to IESSA and the exiting employees are replaced with entry level fresh employees coming out of Phase 1, then the salary of workmen will remain capped. This will make the employer more competitive. Unionisation issues will be minimised due to low residency of the workforce.

Planned Migration Model – Futuristic



Indian government must move quickly if it wants to become the skill capital of the world

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