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Corporate recruitment practices and the hierarchy of graduate employability in India

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Abstract
Policy and academic circles in India put forth the argument that the country's demographic dividend puts it in an optimal position to win the race between education and technology across nations by expanding higher education opportunities. This article examines the recruitment practices of 13 leading corporations in high-growth sectors in India. Based on detailed qualitative interviews, it explains why these corporations are unlikely to increase the demand for graduates in ways imagined by policy-makers or proponents of skills-biased technological change. Companies in India are locked into an intense 'war for talent', but only for graduates in India's top-tier universities. We argue that there is a close correspondence between India's highly elitist university system and corporate talent management strategies, creating a narrow pool of highly-mobile Indian corporate elite, but resulting in limited prospects for the wider Indian workforce. In this talent market, the success of the top corporate elite rests on keeping the elitist character of higher education, rather than widening labour market opportunities. This paper also seeks to explain why top corporations in India engage in this 'war for talent' when they are not always certain their investments pay off.

Keyword: Higher education expansion, corporate talent management, employability

Introduction
India, like many other developing countries, aims to expand higher education opportunities. Observers note that the country's higher education sector is in the massification stage (Altbach 2014; Varghese 2015; Yeravdekar and Tiwari 2014b). Gross enrolment ratio (GER) in higher education was 25.8 per cent in 2017/18, with a policy target to hit 30 per cent GER by 2021 (Ministry of Human Resource Development 2018). The underlying assumption is that the expansion of higher education opportunities will increase the stock of knowledge and skills in the country, thereby meeting the demand for talent by corporations and put the Indian economy on a strong footing towards advanced economy status (Agrawal 2014; Khare 2014; Malik and Venkatramanan 2017). The view that human capital is the most important driver of economic development is consistent with the policy prescriptions of many international organisations, including the World Bank (Dahlman & Utz 2005). It is also consistent with the view that India is well placed to win the race between education and technology given its demographic dividend with a large population of young people (Altbach and Jayaram 2010; Bhatia and Dash 2010). India's phenomenal success in the information technology sector, specifically the ability of its Indian Institutes of Technology (IITs) to nurture talent that are running Fortune 500 companies, gives some credence to the view that the country has the capacity to accelerate its current pattern of economic growth.

1 Based on the three-tier classification system by Trow (2006). Countries with a gross enrolment ratio (GER) in higher education of less than 15 per cent said to be in the elitist stage, countries with a GER of between 15 and 50 per cent to be in the massification stage, and countries with GER in excess of 50 per cent to be in the universalisation stage.
There is no denying that there is much room for reforms to India’s expanding higher education system. A range of priority areas have been identified in various scholarly articles and government reports. The themes include (1) sustaining the increase in the participation rate of Indians in higher education (Agarwal 2009; Jacob 2018); (2) improving graduate employability through curriculum reforms and strengthening academia-industry linkages, with estimates that hardly a quarter of engineering graduates and only 10 percent of other graduates were currently employable (Blom and Saeki 2011; Gokuladas 2010; Khare 2014; Kulkarni and Chacadi 2014; Malik and Venkatraman 2017); (3) creating a robust quality assurance and accreditation system in the university sector to raise standards (Agarwal 2009; Gambhir, Wadhwa and Grover 2016); (4) improving the resourcing and administration of higher educational institutions including increasing infrastructure spending and removing political lobbying of faculty appointment (Altbach 2014; Yeravdekar and Tiwari 2014a); (5) the pros and cons of private sector provisions in higher education (Agarwal 2009; Varghese 2015; Yeravdekar and Tiwari 2014b); and (6) enhancing equality of access to higher education by under-represented groups (Jacob 2018; Varma and Kapur 2010).

On the whole, these reforms concentrate on the supply-side of higher education. However, to focus solely on supply-side issues of higher education is to ignore that graduate employability hinges as much on how employers structure their demand for graduates. We understand graduate employability in terms of the ‘duality of employability’, where employability resides in the absolute and the relative (Brown, Hesketh & Williams, 2003). The absolute dimension of employability relates to making an individual productive in the economy through investments in education, work experiences and other efforts. The relative dimension relates to how the individual is positioned relative to others in the competition for jobs. Here the availability of jobs and the rules that structure recruitment into such jobs are key. For instance, if educational quality has improved and successfully nurtured 100 competent graduates but if there are only 20 graduate jobs available, then the relative position of most of the graduates have not improved even if they are better qualified in absolute terms. Equally, if the industry practice is to recruit for reasons not related to performance as the case in patronage systems or apartheid systems, then there is also little improvement to the relative employability of these graduates.

To properly understand the relative dimension of graduate employability and the nature of job competition, our focus should shift from just the individual graduates or undergraduate education itself to studying the relationship between the higher education system and corporations’ recruitment practices. We argue that India’s current success in nurturing top corporate talent is based on restricted access to its top colleges in a strategy that is hand in glove with companies’ ‘war for talent’ practices (Michaels et al. 2001). Based on the belief that business success depends on the contributions of the top 10-20 per cent of the workforce, the ‘war for talent’ gives disproportionate privileges to those hired from elite universities with corporations investing significantly in them in terms of pay and developmental opportunities that put them on a trajectory to top jobs. By design, corporations cannot offer the same opportunities for those hired from lower-tiered universities. We found that even as these companies perceive themselves to be in a period of technological upheaval and intense competition, they go to the same elite institutions to recruit. Of concern is that this narrow talent model is likely to frame how companies make use of digital technologies, with the risks of labour reduction and standardisation or deskilling...
of higher-level skills through the automation of jobs below the ‘talent radar’. Of significant interest is that corporations themselves are uncertain of the outcomes of their investments in ‘Tier 1’ graduates, despite elaborate and costly efforts put into courting this elite group. We therefore argue that human capital theory and signalling theory cannot fully account for the persistence of ‘war for talent’ strategies in India. Reputational capital through processes of institutional isomorphism (Hawley 1968; DiMaggio & Powell 1983) driven not just by attempts at branding and legitimating the knowledge work that they are engaged in seem to be important, fuelled by high levels of uncertainty in rapidly-changing business contexts that prompt firms to engage in ‘safe’ ways of making changes that do not undermine the distributive norms of the organisation.

Our findings highlight the importance of examining the interdependence of education systems and corporations to understand the potential limitations of higher education reforms in India. Without disrupting the interdependence of its highly tiered university system and ‘war for talent’ corporate recruitment practices, India will fail to capitalise on its demographic dividend.

**Methodology**
The methodology employed is an analysis of the talent management models of 13 leading corporations in India across four high-growth sectors, namely, banking and finance, information and communication technology (ICT), professional services, and pharmaceuticals and biotech. These four sectors are also widely seen as early adopters of digital technologies. Of the 13 corporations, 10 are foreign-owned transnational corporations (TNC), 2 are Indian TNCs and 1 is a small-and-medium-sized enterprise (SME). Our choice of TNCs was informed by their status as dominant players in their sector and at the forefront of digital innovation. The SME interviewed as part of the study was included because it was known as a ‘digital disruptor’ offering a contrasting perspective to the TNCs. All corporations were interviewed between 2016-2017 in three key Indian cities: Bangalore, Mumbai and New Delhi. Interviews were conducted first with senior corporate executives (CEOs, regional heads, and directors). These interviews were based on “conversations with a purpose” (Burgess, 1988; p. 102), to uncover strategic developments in the sectors, including the actual and potential game changers. The senior leaders were then requested to nominate high potential talent with 5-10 years of work experience for the research team to conduct interviews on the latter’s career journeys. These individual narratives allow for the corroboration of the perspectives gathered from corporate leaders to appreciate the extent to which corporate, as well as national talent management approaches, were played out at the individual level. In all, 30 senior corporate executives and high potential talent were interviewed in India, including three high potential talent who had been posted to Singapore. The majority of the interviews were conducted face-to-face, with a handful conducted via telephone because of scheduling constraints. **Table 1** provides a breakdown of the number of interviews conducted by sector.
**Table 1: Number of interviews conducted in India by sector**

<table>
<thead>
<tr>
<th>Sector</th>
<th>No. of companies</th>
<th>No. of senior corporate executives interviewed</th>
<th>No. of high potential talent interviewed</th>
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<tbody>
<tr>
<td>Banking &amp; finance</td>
<td>3</td>
<td>5</td>
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<td>Infocommunications technology</td>
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<td>6</td>
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<td>Professional services</td>
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<td>Pharmaceutical &amp; biotech</td>
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**India’s tiered university system and ‘war for talent’ practices**

The use of elite universities by leading corporations for their recruitment activities in advanced economies like the United States of America and the United Kingdom has been well-documented (Binder, Davies and Bloom 2016; Ho 2009; Rivera 2015). Elite universities are top sites for recruitment in what has become known as ‘war for talent’, the belief that business success increasingly depends on the contributions of 10–20 percent of the workforce, as it is top talent (including high potential talent) that is believed to add much of the value to the organisation. The limited supply of top talent justifies income differentials as productivity is said to depend on the exceptional performance of a few (Michaels et al. 2001). Becker et al. (2009) take the stratification of the workforce further, to include the differentiation of jobs in an organisation. In this model, companies distinguish between ‘A’ jobs (strategic), ‘B’ jobs (support), and ‘C’ jobs (surplus) based on their business strategy. Talented employees are spotted and groomed into ‘A’ jobs, creating a strong classification of people and jobs in the organisation between those identified as talent, and the rest of the workforce.

Less known is how ‘war for talent’ practices are enacted in developing economies. The higher education system in India has a clear hierarchy (Altbach 2014). At the top of the hierarchy sits the Indian Institutes of Technology (IITs) and the Indian Institutes of Management (IIMs), referred to by the corporations that we interviewed as Tier-1 institutes. The origins of these institutes were elitist, being set up in the 1950s and 1960s as part of India’s post-independence strategy to groom a cadre of technical and managerial elite (Bassett 2009; Varma and Kapur 2010; Vergis 2014). Thus, by design, the number of IITs and IIMs and enrolment numbers have been kept very small. From the 1950s to 2000, there were only 6 IITs and 6 IIMs. It was only in 2008 that the government finally succumbed to political pressure to expand the number of IITs and IIMs. Yet, the total enrolment into these institutions remains small. In 2018, the 23 IITs took in only 11,279 undergraduate students, while the 20 IIMs took in around 4,318 students for their flagship post-graduate programme. According to Agarwal (2014), of the 400,000 graduate engineers produced each year in India, the IITs supplied less than half a percent of the qualified manpower. Entry into the IITs and IIMs is thus extremely competitive and is a key marker for socio-economic success (Varma & Kapur 2009). The clear tiering of the IITs and IIMs as elite institutions is reflected in the special autonomy granted by the Indian government, helping to preserve the elite character of the IITs and IIMs, even as massification of higher education in India proceeds,
with Altbach (2009) noting that the bulk of the higher education system remains "undifferentiated" (p.16).

Senior executives in all 13 corporations reported that their recruitment activities are stratified to fit the hierarchy of universities. Highly elaborate activities have been drawn up to target IITs and IIMs, while fewer resources are devoted to recruitment in the rest of the universities. There are very close links between the leading companies and the IITs and IIMs, mainly in the form of sponsorship arrangements aimed at profiling the companies to prospective hires. These arrangements tend to include internships and industry projects, rather than direct involvement in teaching and learning. Although the IITs and IIMs are perceived by the companies we interviewed as a cut above other universities, not all IITs and IIMs are alike. The first-generation IITs and IIMs are the most well regarded, putting companies in fierce competition to cream 'the talent'. These elite institutes too have systematic mechanisms for facilitating this talent search. Leading TNCs are tiered in regards to how they can participate in campus recruitment activities, with top-end corporations participating in Day 1 of graduate recruitment, which allow them early access to the very top level of students as identified by the institutes. The offer these companies make to these students is typically a management associate position with premium pay and specialised developmental or 'stretch' opportunities, including international postings within the first few years. The next rung of corporations participates in Day 2 and so forth. It is a matter of prestige for companies to be placed on Day 1 of campus recruitment. Competition is so stiff that Day 0 has emerged, whereby the very top-end of TNCs have the option to recruit the best students before campus recruitment even starts, facilitated by these elite educational institutes.

The HR head in a leading foreign bank describes the intense competition among top TNCs in India to recruit from India's Tier-1 universities:

There is a war and it is pretty well-established. Even before it starts, you sneak in on Day 0 to ringfence your pool. It is a huge matter of prestige.

Another HR director in a foreign infocomm TNC explains the reason for the intensity of the competition:

The biggest of corporations - MNCs, start-ups - are vying for the same talents. We are trying to go to the top five or six IITs. The competition is really hot because you are competing with the best [corporate] brands.

It is necessary for this company to offer premium pay packages and developmental opportunities to Tier-1 recruits, otherwise the graduates will not be interested to join the company:

For the rest of the colleges, we are pool-hiring, which means we hire from a pool and then we distribute based on what is required. For IITs, we go for a special job description, for a role which is created for them. For IITs, we cannot go for pool-hiring. Otherwise, they will not join.

Likewise, a HR director in a leading home-grown infocomm TNC employs the same strategy of reserving good jobs for Tier-1 recruits:
If I were to hire from a regular engineering college, it would most probably be for coding. If I were to hire from the IITs, it would be maybe for my innovation projects, maybe for something that is far more futuristic. So there is a tiered approach in terms of who lands up where.

Therefore, in many ways the elite university recruits are already on a path for corporate success where they are provided with ‘stretch’ opportunities at entry point, and rewarded handsomely. For a sense of the privileges the elite graduates enjoy, one foreign pharmaceutical TNC that only recently started courting such graduates finds that they have to pay these inexperienced graduates the equivalent of what staff with 6-8 years of experience earned. In a foreign professional services TNC, elite university recruits enjoy a 40 per cent wage premium over recruits from lower-tiered universities. Cognisant of their considerable market power, a HR director in a foreign bank complains of ‘prima-donna behaviour’ among these Tier-1 graduates:

People do roll-out the red carpet for [Tier 1] graduates. Some demand to get sent overseas within 6 months of joining, as well as hefty salary hikes.

Here, the absolute and relative dimensions of graduate employability come into sharp focus. Altbach (2014) characterised India’s higher education system as “a sea of mediocrity, in which some islands of excellence can be found” (p.505). Yet he also argues that none of the IITs and the IIMs could be regarded as world class universities despite intense positional competition for entry. Yeravdekar & Tiwari (2014a) similarly note that world class universities have eluded the Indian higher education system. Based on major university ranking tables, the IITs and IIMs are not in the top 100 universities of the world. In part, this is due to the fact that they are highly specialised institutions but their poor performance in ranking tables has also been linked to their high student to faculty ratio and a lack of focus on research (Khare 2014; Yeravdekar & Tiwari 2014a). If we were to take university league tables at face value, then IIT and IIM graduates would not have scored well in the absolute dimensions of graduate employability when compared to their counterparts in other countries. Yet, because they enjoy premium positions in terms of the hierarchy of employability in their home country, they are the target of ‘war for talent’ strategies of corporations in India that puts students on a trajectory to global jobs.

We expected to find differences in talent management models across the foreign TNCs, local TNCs and the SME that we interviewed. But we found that talent management practices converge across the sectors and firm types with some variations. Across the firms, the talent pool was designated at between 10-20 per cent of the workforce. Foreign TNCs tend to enjoy a higher ranking in terms of access to students than local TNCs. The sole SME that we interviewed do not participate in campus recruitments directly, but was well entrenched in the ‘war for talent’ by buying talent for some of its key functions. Given that the companies interviewed are dominant players in the market, there is a reason to expect the practices to be generalisable to other corporations in India.

The chase for ‘talent’ despite unclear returns
Despite the elaborate chase for talent from IIT and IIMs, there is in fact very little evidence provided by the corporations in terms of the marginal productivity of these graduates that justifies the huge investments in them. There are references to the “intellectual horsepower” of these graduates, but more often than not, senior corporate representatives indicate that
these students have been thoroughly tested through the highly competitive entry examinations and therefore “must be talented”. Such discussions typically include reference to the fact that entry into IITs and IIMs is harder than getting into elite American or British universities, and that there are many notable alumni who are running global companies. An R&D director in a leading foreign infocomm TNC provides the following explanation:

It's simply because the entry criteria is so high. [The applicant acceptance rate at] Harvard [University] is about five and a half percent. For IITs in India, it is less than one and a half percent. The course curriculum, there will be some differences…but it's not dramatically different. I think the filtering process they go through...is what sets them apart.

Thus, despite the fact that corporations are making heavy investments in this narrow pool, they are unable to articulate the actual contributions of this elite group. A HR manager in a leading foreign bank is candid that the bank does not know if the investments are paying off:

That's one of the discussions that we've had recently...That's what we're struggling with, because honestly we don't know. The honest answer is we don't know.

Another HR director in a local Indian IT company acknowledges that the quality of such graduates varies:

A few of them definitely stand out. They are absolutely head and shoulders above somebody whom I would hire from a regular engineering college...But would I say this is the standard for all? I wouldn't. Like in any other selection that you do, you will have the bright ones and you will have the not so bright ones too.

In some cases, the performance expectations are in fact waived. A HR manager in a foreign TNC in the pharmaceutical industry describes a new programme she designed to recruit these IIT graduates. Their line managers are perplexed because the recruits seem to “know nothing”, yet command high salaries equivalent of those with six to eight years of experience. The HR manager agrees with the operation managers to a certain extent:

The managers are right because the trainees don’t know the industry. They don’t know the products but they are not expected to know. We take off the performance.

In any case, it would be hard to make a judgement on the actual contributions of these elite recruits because their considerable market power mean that they tend to leave the organisations after just two years. Consider the following quote by the HR director from a leading foreign bank whose strategy is to cream the top of the IITs and IIMs ahead of campus recruitments on so-called ‘Day 0’:

The graduates [from elite institutes] are a very bright lot to be sure. They have very high IQ levels for quantitative roles and analytics. They also have a high entrepreneurial spirit with the ability to question, challenge the status quo, and even question the DNA of the bank. Clearly there is a fit there. What we can’t manage is 80 per cent in that category and compensate them in the same way, because a lot of them leave to join start-ups and Ivy League universities. We call it ‘planned attrition’. It’s a good way for talent to come in. It’s ok if they give us two years of their experience.
Here, it is noteworthy that the HR manager’s description of the contributions of Tier-1 recruits is linked to their personal attributes such as “entrepreneurial spirit” and “ability to question”, rather than their actual work performance. This is not surprising as it is hard to imagine how a fresh recruit can contribute in a significant way to a leading bank’s operations within just two years of work, no matter how ‘talented’. Yet, we are often told that having them for just two years was “good enough”.

The irony is that the same corporations also inform us that they are increasingly diversifying recruitment to include Tier-2 universities to address the retention challenge. These recruits are seen to be just as good, given time. For instance, the same HR manager of a foreign leading bank that was engaged in intense ‘Day 0’ recruitment activities ads:

We have to alter the strategy to look into Tier 2 universities. These recruits stay on. They do similar jobs; we won’t differentiate. The pay scales are different but it will normalise over time. Their education fades into the background.

Here, human capital theory and signalling theory - the two major theories explaining the relationship between education and the labour market - cannot fully account for the Indian case. Human capital theory would suggest that elite universities are valued by corporations because of the way they are preparing the next generation of talent. In rapidly changing business contexts, we should see that elite institutes would be reforming themselves in line with changing corporate requirements. However, the criticisms levelled against the IITs for the high faculty-student ratio, the lack of research, and limited funding suggest that the quality of their curriculum reforms is probably not the case (Altbach 2014; Khare 2014; Yeravdekar & Tiwari 2014a). Moreover, the corporations themselves do not have any robust ways of measuring the contributions of these graduates. This is not to say that the elite university recruits are not good, but that the quality is more varied than commonly assumed. Signalling theory would emphasise the role of elite institutions in providing a high-class generic education that supply outstanding ‘raw talent’ that companies can build on to move the organisation forward. In other words, elite universities ‘signal’ the potential productive capacity of the recruits that would reduce the inherent risks in occupational selection. However, the considerable market power that the elite university recruits commands mean that there is hardly space for organisations to properly develop these individuals since their tenure in any one company is frequently a short one. Evidence based on the above analysis suggests that it is Tier 2 university recruits who have the most development potential. In the next section, we highlight how the concept of reputational capital may help explain the persistence of ‘war for talent’ strategies.

Reputational considerations for ‘war for talent’ strategies
If corporations are uncertain on whether their investments are paying off, if they have observed the quality of recruits from elite institutions to be uneven, and if they recognise that recruits from Tier 2 universities can perform just as well given time, why do ‘war for talent’ practices persist? It suggests to us that companies recruit from elite institutions for reasons other than the search for unique individuals capable of outstanding performance.

Here, reputational capital (Brown and Scase 1997; Edwards 2010, Rindova et al. 2005) may offer an explanation for the persistence of ‘war for talent’ strategies. The language that companies in our study use in describing their ‘war for talent’ strategies is very much about
the corporate reputation of the firm. The terms “employer branding”, “prestige”, “brand presence on campus” among others, are often used by our respondents to describe their Tier-1 hiring strategy.

Reputational considerations in hiring are well established in financial and professional services, where companies are selling nothing apart from the value of their human resources in consulting and analytical services. Market leaders need their clients to see that they are recruiting the ‘best of the best’ from leading universities. Our study shows that the ‘war for talent’ has become more intense in recent years as all 13 corporations in the four industries adopt similar recruitment strategies that requires further unpacking of the nature of reputational capital-building in rapidly changing contexts.

Here, we follow Hawley (1968) and DiMaggio and Powell (1983) in describing the process of institutional isomorphism, whereby given the same set of environmental conditions, companies make their organisations increasingly similar to their competitors. In particular, DiMaggio and Powell (1983) highlight that uncertainty is a powerful force that encourages imitation in organisational forms or what they called ‘mimetic isomorphism’. The more ambiguous the goals of an organisation, the greater the extent to which the organisation will model itself after organisations that it perceives to be legitimate or successful. Modelling after such an organisation is possibly seen as a ‘safe way’ of proceeding in uncertain times.

All the companies we spoke to perceive themselves to be in a ‘disruptive’ phase driven largely by new technologies. To be seen as the best is increasingly difficult especially as they need to deal with both change within the organisation as well as the challenge from other companies, particularly start-ups. Therefore, we see how hiring strategies are homogenised across the corporations as they deal with the issue of shifting their business strategy.

In a major European infocomm company in India, when it decided to reposition itself into a cloud computing company as part of a shift in global business strategy, it started to target the IITs. Along with many of its competitors, it has been impacted by the shift to cloud computing and the challenge now posed by players in other sectors such as Google, Apple and Uber, and by start-ups with innovative ideas about how to do things differently. In an interview with the Head of HR, we were told that they were increasingly targeting the IITs because these graduates were seen to be a “cut above the rest” and added terrific value even if they only stayed with the company for a couple of years. While it was unclear how their performance was being measured, especially in comparison to others who had not enjoyed preferential treatment, it became clear that targeting the IITs was also part of a rebranding exercise that legitimates the new type of knowledge work the company wants to be known for. In other words, its hiring strategy now reflects reputational considerations previously established in professional services, given that its workforce now needs to be more client-facing and responsive to clients’ needs than ever before:

The company is changing tracks now to be a cloud organization and the kind of culture, the kind of people, talent needs are very different in a cloud organization...So you create your own application, you deploy it, your customer uses it. Your customer can in real time tell you what's working, what's not working and then you make enhancements to it. So the release cycle becomes shorter. And you need to make sure that in the first go, your product or your
release are of high quality because the chances of failure could mean that the entire application would not work in an organization. So it has to be of superior quality. Your entire development has to be at that level.

Likewise, prior to 2014, a major foreign pharmaceutical TNC in India did not have a management trainee programme. The HR manager highlighted that its talent model had to be “very scientific”, as its workforce could only engage with doctors with no opportunity to advertise to patients. This has led to what she perceived as a “conservative workforce” who are largely “homogenous”, lacking in “diversity of experience, thought, approach”. The ‘war for talent’ practices she introduced since 2014 was in keeping with the broader organisational strategy to rejuvenate the workforce, and shift from “traditional” ways of doing things. This was especially as the global headquarters had picked India as the market to pioneer a new strategy in generic drugs. She highlighted that the company now needs “to take bets on talent”. At the undergraduate level, a management trainee programme was introduced for the first time to build “brand presence” on campus. Summer internships were also introduced. In addition, at the leadership level, she injected talent from outside, buying talent from non-pharmaceutical sectors including the fast moving consumer goods industry. She acknowledges that staff in the company felt “threatened” by the changes but she sees it as a process of “changing mind-sets” as the recruits have a “fresh way of thinking”.

The irony is that in the context of rapid change, even as corporations converge around ‘war for talent’ practices, the model is far from suitable in rapidly changing contexts. It requires a moderate level of stability due to the enormous investments placed on individuals in the early years of their career. As a hiring manager of a leading foreign bank in a TNC in India explained:

Banking cycles have only gotten shorter and shorter, and shorter, [and] with that, the skills required to be successful. It used to be derivatives…If I were to play the larger game, now it looks like it’s going to be technology…The best banker is going to be a technocrat, and not a person who understands the markets business. Because markets, I needed to trade well, now probably the computer can do it better…I need to understand how to get the technology right on the computer. So I feel like the base of this place changes so…that’s one of the struggles in defining a successful [talent] programme. Because you need to have longer-term measures, and there is no long-term in banking.

As DiMaggio and Powell (1983) note, the “ubiquity of certain kinds of structural arrangements can more likely be credited to the universality of mimetic processes than to any concrete evidence that the adopted models enhance efficiency” (p.152). As the case in India highlights, ‘war for talent’ strategies are tied to reputation-building in rapidly changing contexts, rather than any objective measure of improving corporate performance.

A further point to note here is although business pressures may be perceived as the same across countries, it is contextual factors that shape institutional isomorphism. The responses to rapidly changing contexts are thus likely to be different in different countries, subject to the set of conditions in a country. While the Indian subsidiary of the major European infocomm company shifted to ‘war for talent’ practices as part of a global repositioning strategy, these practices are not being adopted at the European headquarters:
No, our conversations will be very, very different in [European headquarters]. Their reality is different. There are work councils and all that, which is like a trade union there. So the career growth is really different. Their reality is very different from our reality. In terms of culture, we live and breathe the same values but the organizational value is very different in general, than in India, China or in Singapore.

**Future demand of the workforce in India**
The persistence of ‘war for talent’ strategies for reputation-building has very important implications on the future demand of the workforce in India. None of the corporations interviewed indicated that they would increase the number of highly skilled employees in their ranks. To quote a HR director from a local infocomm TNC on the appetite for recruiting from non-elite institutions:

We've been very selective in terms of where we go because engineering colleges in India have mushroomed everywhere. That's probably the bane of the country because you're producing far many more engineers than what you can really absorb into corporations.

The above quote clearly shows why the mass higher education system in India is unlikely to lead to more ‘employable’ graduates, without a change in how corporations define and manage talent. The same sentiments are echoed in another foreign infocomm TNC, where its hiring manager expresses concerns about the employment prospects of graduates from non-elite institutions. She says:

We have top talent, the top brass. All the organizations clamour for those kind of people. So for them, the sky is the limit because all organisations want to buy that talent, build that talent and do everything with the dream of that talent. But at the same time people who are coming in the second and third category, which is the good and the average category, they are finding it very challenging because for one job there are 50 people for it. So yes, there is talent that is available, but the jobs are limited.

Of concern is that when talent is seen as residing in a limited pool of people, it makes it easy for firms to simply consider automation to be the replacement of humans with technology for jobs below the ‘talent radar’. These sentiments are expressed by senior HR executives on the likely impact of technology changes on jobs. A HR director in a global bank shared that it had not been hiring much, with the number of analysts hired going down. The opportunities with digital technologies have shifted the conversations from a focus on productivity through improvements in work performance to a focus on potential savings from labour costs, and she anticipates that the demand for new graduates is likely to decline. She observed:

Previously, the discussions were around productivity. With technology coming in, the focus is on cost arbitrage. With robotics, jobs that are repetitive can be done by algorithms…How will that change the colour of my workforce? Do we still need freshies? We probably need those with experience who are very specialised…We have seen changes with technology, but we have not seen the end of it.

A HR director in a local infocomm TNC also talks about how in her own HR team, her focus is on using automation to replace people:
Everyone is thinking of how do I automate this piece of work. So, I think what we reading about 20% of the jobs getting wiped off is pretty real. I'm seeing it on a daily basis, in terms of just my own little function where I can see jobs just going off.

However, there is no inevitability in technology adoption. In fact, the reality is that some corporations are not so eager to embrace technology. The same HR director in the local infocomm TNC highlights the difference between having a digital-ready workforce and the digital transformation of the business:

So if digital is out today and if my employees don't understand digital, I've lost. I've lost the game completely. It's a tricky situation because when I say digital, it's not that my margins are going to be higher than what I have today. So at the cost of killing a lucrative profitable business, I actually have invested in something which is futuristic because that is where the entire world is moving.

Here, we find that the prospects for the future employment of graduates from non-elite institutions in India are extremely limited, if the current set of corporate recruitment practices continue. There is certainly no evidence for skills-biased technological change (Autor 2015) in the Indian case. High potential talent represents a small percentage of 10-20 per cent of the workforce in leading corporations in India, which as the above quotes show, could set organisations up to look at automation to substitute labour for non-talent positions.

Yet, there is no reason to think that technological unemployment through rapid automation of jobs including degree-level jobs is inevitable in India (Brown, Lauder and Cheung, 2020). Rather our analysis has shown that the weak prospects for graduates in non-elite universities are linked to the interdependence of the Indian education system and corporate recruitment, both of which as social institutions have the capacity to reform.

Conclusions
We have argued that issues around increasing demand for graduates cannot be looked at by just focusing on supply-side issues of higher educational reforms. The relative dimension of graduate employability and how this is shaped by job competition, demands that we look at the structure of interdependence between the higher education system and corporate recruitment practices. Different national contexts are likely to generate different models of skill formation system and corporate landscape, giving rise to different patterns of interdependence between the education system and corporations with different prospects for the future of graduate employability.

For India, its elite education system with origins in post-colonial India is hand-in-glove with the 'war for talent' practices that dominate India’s corporate base in recent years, giving rise to a group of highly mobile Indian talent but with limited prospects for the rest of the workforce. In this regard, the current policy focus on supply-side issues of improving the quality and quantity of higher education will not fundamentally enhance the prospects for graduate employability for those from non-elite institutions, unless accompanied by reforms in terms of corporate sectors towards operating with a wider view of talent.

We have argued that there is nothing inevitable about 'war for talent' practices in corporations, given the likelihood that the convergence of hiring practices across
organisations is linked to institutional isomorphism as a ‘safe’ strategy to cope with rapidly changing contexts. Despite ‘war for talent’ being shown to be less suitable in dynamic times given the lack of industry stability to justify investments in a small group of individuals very early in their career, to date there is little evidence of companies in India adopting a wider definition of talent. That some companies are acknowledging that those from non-elite institutions are making significant contributions to the company, may ultimately lead to a different approach but future analysis will need to consider issues of reputational capital in both Indian higher education and the labour market. There are also significant risks that the deployment of digital technologies will lead to automation replacing graduate jobs, which will further compromise the employment prospects for India’s increasing pool of graduates.
References


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