

‘India’s workforce quality is superior’

INTERVIEW: DIETER SCHEIFF

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*Dieter Scheiff, CEO, Adecco Group holds that the Indian staffing market would acquire greater importance in times to come. This will occur with the country’s young demographic profile and its superior quality workforce. Not surprisingly, the company is looking at strengthening its position in India. Recently, it upped its stake in the Bangalore-based Indian staffing firm PeopleOne to 100%— it had bought a 67% stake in the organisation in 2004. Globally, Adecco enjoys a dominant position in the world staffing market and is the biggest human resource recruitment firm. It has 7,000 offices in 60 countries. Meanwhile, in the financial year (calendar) 2006, the group had sales of Euro 20.4 billion. The group places over 7 lakh people everyday with its network of over 1.5 lakh clients. In an interview, via email with **Taneesha Kulshrestha**, he says that going forward, Adecco may also still have further acquisitions in India. He is optimistic about positive changes that may come about with the new Chinese labour law coming into effect from January 1, 2008. Excerpts:*

As a staffing market, how important is India for you?

With a GDP growth of 8-10% year-on-year, India is one of the world’s fastest growing market and is, therefore, key for the Adecco Group.



How much does Adecco’s India operations contribute to your global revenue and what are your expectations for the same going forward?

Currently, 40,000 people are working in Adecco India. The contribution of the Indian operations to the total Adecco Group revenue of Euro 20.4 billion and profit of Euro 611 million (2006) is still marginal due to the lower salary levels compared to the levels of Europe or the US. However, in terms of potential growth, India and China are key to the Adecco Group.

Are you looking at any more acquisitions in India? What is the rationale for upping your stake to 100% in PeopleOne? Can you share your growth targets with us?

We are currently screening the market in the US, Europe and Asia for professional acquisitions. However, we are also looking at some specific emerging markets such as India and China for good specialised general staffing businesses. We agreed that when we acquired 64% of PeopleOne (2004) to increase our stake to 100%. This is where we have now reached and are happy about it.

In India, what segments of the market including senior, middle, junior or temping are growing the fastest for you?

At the moment, we see a strong demand for middle and senior management due to shortage of talent. We also see great potential in specialised general staffing.

If we look at global trends, do you find more executives looking for job opportunities in India?

The language and cultural understanding is key to the success of executives, especially in the Asian market. If executives speak the local language and have international expertise, I see great opportunities in India.

What sectors are attracting these people and what are the key concerns?

We especially see great demand in the information technology and automotive sectors, notably also for engineers.

Do you find Indian salaries beginning to approach global salary levels?

We see a closing of the gap with the salary levels in the western world, especially for the higher-skilled employees. We do not anticipate any immediate impact from the rising rupee on overall salary levels.

What do you think of the workforce quality in India across different levels?

India's work force quality is superior. I will give you some examples: in India we have the largest English-speaking population outside of the US, which is important in an increasingly globalised world. India has a booming IT industry and no worldwide company can successfully compete without a state-of-the-art IT infrastructure. The workforce is cost-effective, highly educated and has a high level of cross-border mobility.

With greater globalisation and integration of individual economies, should we still have cumbersome visa regulations and caps on the number of professionals allowed to enter particular countries?

Adecco approaches candidate mobility on a global scale. Adecco, for example, trains employees in Poland to work in Norway and nurses from Bangladesh to work in Italy. As a company with global reach, we are able to identify talent needs around the globe. In general terms, we see deregulation and the lowering of entry barriers for labour as a great benefit for the worldwide economy. Over time, we will begin to see the benefits from the new Chinese labour law, which will come into force as of January 1, 2008.

Given the changing world demographic profile, do you see any key trends when it comes to the migration of labour?

India has a great competitive advantage vis-a-vis Europe as well as China due to its demographic profile. In 2020 the majority of the population in Europe will be over 40 years. In 2015, a third of the population of China will be older than 50, while at the same time 60% of India's population will be younger than 30. This will be of great advantage for India, especially for those who are well-trained and educated.