

# GO FOR THE SKILL

Small cos are on a hiring spree once again. And to fill in the skilled workforce gap, they are training them too, say Tapash Talukdar & Ashish Agashe

**A**ROUND the end of last year, a group of businessmen in Faridabad, an industrial township and aspiring satellite town on the outskirts of Delhi, got worried about the shortage of skilled workers in their factories. During the peak of slowdown, most companies had rationalised manpower to offset for shrinking business, but to their horror their owners found that what they had built up during the good times as a solid workforce was fluffy—there was a serious need to skill up or infuse fresh blood.

Time was short. Customer orders had started trickling in, showing signs of an economic recovery. So, small companies, which were contract manufacturers to local companies such as Escorts, JCB, and Yamaha, together with the local industry association designed a new manpower-training program for fresh engineers. They created modules for semi-skilled and skilled workforce and started imparting training and hands-on knowledge by engaging them on the shopfloor. The first-year batch of 200 engineers are set to complete their training next month. They will join different companies, but all will bring the same things to the table—trained hands, higher productivity and value-based skills.

"It's a win-win situation for industry association as well as for fresh engineers who want to earn a decent salary after undergoing the course," says Rajiv Chawla, president of Faridabad Small Industries Association, who planned the workshops. The industrial town has 18,000 units with a turnover of Rs 15,000 crore and employs around 5 lakh people. Most of the units are into light-engineering, besides textiles, dyeing and household appliances. Most of the skill shortage has been in technology-based companies in areas such as ERP solutions and product-design. The companies need around 3,200 trained people in the next two years.

Around 10% of Indian SMB firms are planning to hire additional staff, according to a study by Access Markets International, a New York-based firm. These same small businesses were not as greatly affected by changes in the national and global economy as the mid-market firms. A major reason for this is that around 84% of the SMBs have only a single location, earn almost three-fourths of their revenues from local areas, and their operations are mainly confined to local territories, the study says. Little wonder then that all of them are looking to get new and trained manpower to



help them get to the next level of performance.

Down South, the Rs 17,500-crore Tirupur knitwear industry is training locals to meet its skill shortages in tailoring, printing, processing, dyeing and embroidery, areas that are critical to survival. After tying up with National Institute of Fashion Technology (NIFT), the Tirupur Exporters Association has trained over 350 people to enhance professional skills. The companies, like R Sivaram's Classic Polo, expect the government to step in to train people to fill the shortage of around 20,000 people.

Raja Shanmugham, chairman of NIFT-TEA, the joint association of NIFT and TEA, expects 5,000 more units in the next five years. "Our effort is to match the standards of such industries," says Mr Shanmugham. The knitwear industry in Tirupur employs over 6 lakh people at present.

In the Bangalore-Belgaum belt, startup companies and existing SMBs involved in supplying to aerospace companies such as Boeing and Airbus and to defence industries have all drawn up hiring plans, that require trained manpower to handle sophisticated equipment and manufacturing processes where there is zero scope for error. "We will hire this quarter as well as next," says P Subramanian, chief executive officer at SEC Industries, which supplies to defence and space organisations DRDO and ISRO, respectively. Demand from them has gone up as India's offset policy has brought huge orders, directly proportional to the orders placed by Indian government to foreign defence firms.

For the last 15 years, Mumbai-based SME Chamber of India, has been running a separate

has undergone a change, with much greater participation of the manufacturing companies that are facing a clear shortage of trained manpower.

VK Venkatachalam, the chamber's secretary general, says the objective is to achieve a more practical focus and also go beyond just doing business in India. "We are having a programme in two days wherein they will discuss business with Belgium, particularly in the diamond cutting sector." The association has also roped in government bodies such as Export Credit Guarantee Corporation and the ministry of MSME to participate in the programme.

D'Oneil Vaz, chief executive officer of Mumbai-based HR firm Blue Sky, which works with over 35 SMEs, says contrary to the public belief, Indian SMEs laid off lesser people than bigger companies during the slowdown, concentrating instead on arming them with more skills. "The family-owned characteristics of an SME held promoters back from retrenching in many cases, and instead re-trained them," Mr Vaz says. He points out that during the global slowdown, the domestic market held firm for most SMB products. "The India story held on throughout," he says.

Now with all the training, the companies are looking to re-hire some of the retrenched people apart from hiring the new crop of people being trained across the country. Currently, all the sectors, except BPO, financial services and retail, are witnessing hiring activity, he says. "I have clients in diverse sectors such as IT, manufacturing, FMCG and engineering and all of them are hiring," says Vaz.

"SMEs saw slower growth and put brakes on hiring. However, they are now hiring again, after participating in re-training them," said Prof K Kumar, who heads the NS Raghavan incubation center at IIM Bangalore. BPO firm 24/7 Customer plans to hire more than 1,000 people this

**INDIAN SMEs LAID OFF LESSER PEOPLE THAN BIGGER COMPANIES DURING THE SLOWDOWN, CONCENTRATING INSTEAD ON ARMING THEM WITH MORE SKILLS**

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year as clients repeat orders and they get new ones, as the economic gloom lifts in the west, says its chief marketing officer V Bharathwaj. Companies such as theirs are also participating in new training courses.

The government is also chipping in. "Our skill development mission is targeting to train Rs 50 crore people," says HP Kumar, chairman, National Small Industries Corporation (NSIC). The targets for NSIC have been revised from training 12,000 people a year, the number has gone up more than four times—around 55,000 people will be trained this year, he says. The good times are slowly but surely coming back.

(WITH INPUTS FROM RAVI TEJA SHARMA & ANIRVAN GHOSH)