2016
LEADERSHIP TALENT CHALLENGES IN INDIA:
IMPACT & SOLUTIONS

Insights for talent teams in India on the extent and effect of leadership talent challenges - and what they can do about it.

Linked in. Talent Solutions

INTRODUCTION

The success of an organisation is significantly determined by the quality of its leadership. In fact, research suggests the CEO, in particular, is responsible for up to a quarter of a company's performance.[1]

Finding quality leaders is critical to your organisation's success, so it's no real surprise that 78% of HR decision-makers in India say that it's difficult to fill leadership positions in their organisations.

This report investigates the tangible impact the leadership talent challenge has on the ability of businesses to grow and examines the success of strategies organisations are employing to address the challenge.

We surveyed 352 HR decision-makers from large companies in the Asia Pacific (APAC) region (97 based in India) to understand the challenges they face in recruiting leadership talent for their organisations.

[1] Source: Timothy J, Quigley, Craig Crossland and Robert J. Campbell, Shareholder Perceptions of CEO Impact, Strategic Management Journal 2016

EXECUTIVE SUMMARY

- **Filling leadership positions is difficult** and unlikely to become easier in the near future. 78% of HR decision-makers in India say that it's difficult to fill leadership positions and 53% are pessimistic about the hiring outlook for leaders over the next five years.

- **They have high expectations and they don't have the skills.** The top reasons organisations find it hard to find leaders are unrealistic compensation/benefits expectations and a lack of soft skills and leadership competencies. **The skills gap reflects the complexity of modern leadership roles.**

- **This is impacting the business.** A majority are seeing an impact on **Ability to Meet Clients' Needs, Employee Engagement,** and **Ability to Attract New Clients.** Of particular concern, 37% say there has been a large detrimental impact on Innovation in their organisation.

- **Organisations need to shift their thinking on leadership**. They need to change their mindset on how to find, develop, and inspire leaders. Whilst succession planning is the most commonly adopted and successful strategy used, other commonly used strategies are not always the most impactful.

Filling leadership positions is a challenge

There is a significant gap in leadership talent

Organisations are finding it tough to find and attract quality leadership talent. We looked at the extent of this problem in India and found that not only are organisations worried about filling roles, they see turnover as a major compounding factor.

Organisations in India are struggling to fill the leadership gap

The majority of respondents report that it's difficult to fill leadership positions in their organisation. 53% of HR decision-makers do not see this leadership gap closing in the short term and are pessimistic about the hiring outlook for leadership positions in the near future.

78%

of HR decision-makers in India say that it's difficult to fill leadership positions in their organisations

Leadership hiring difficulty: Outlook over the next 5 years

8%

39%

53%

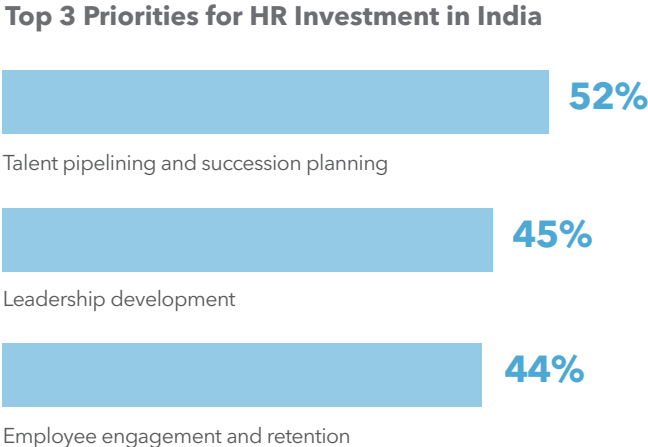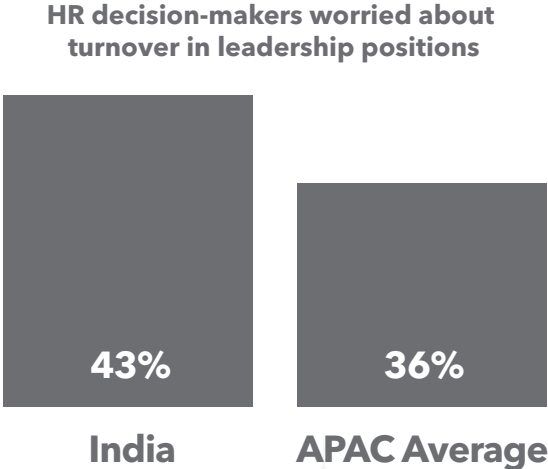■ Optimistic   ■ Pessimistic   ■ Not Sure
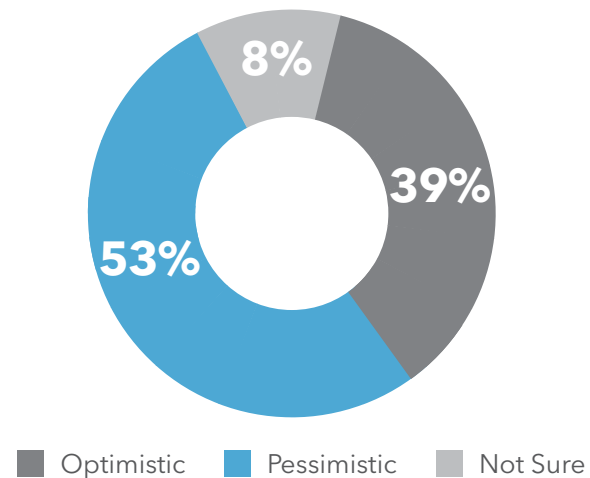
* In your organisation in your region, how difficult is it to fill leadership positions (senior management and above)?
* In your region: Do you think it will become more or less difficult to fill leadership positions in your organisation over the next 5 years?

Concern about turnover is reflected in HR investment priorities

Retaining employees in leadership positions is a significant concern in India. On average, 43% of HR decision-makers in India are worried about the level of turnover in leadership positions in their organisation. This concern is reflected in the prioritisation of HR investment in succession planning and leadership development.

HR decision-makers worried about turnover in leadership positions

India	APAC Average
43%	36%

Top 3 Priorities for HR Investment in India

52%
Talent pipelining and succession planning

45%
Leadership development

44%
Employee engagement and retention

* In your region: Are you concerned about the current level of turnover in leadership positions in your organisation?
* In your region: What are the top three priorities for HR investment in your organisation?

The challenge extends to hiring leaders from 'local talent'

62% of HR decision-makers in India report difficulty filling positions with local talent, which is relatively favourable compared to the APAC average (72%). However, the majority also report that local talent hold less than half the leadership positions in their organisations.

62%

of HR decision-makers
in India say that it's difficult
to fill leadership positions
with local talent

% of leadership positions held by local talent

56%

>50% positions held by local talent

44%

<50% positions held by international talent

* In your region: How difficult is it to fill leadership positions with individuals from the region (i.e. homegrown/local talent)?
* In your region: What proportion of leadership positions in your organisation are held by individuals from the region (i.e. homegrown/local talent)?

High compensation expectations are the key reason for difficulty in hiring leaders in India

Unrealistic compensation expectations and a soft skills deficit are perceived as pain points

The number one perceived reason for difficulty in leadership hiring, endorsed by 45% of respondents in India, is applicants' unrealistic compensation/benefit expectations (higher than the APAC average: 33%).

Soft skills deficit is also seen as a main reason for the hiring challenge (by 30%), reflecting the complexity of modern leadership roles and the range of skills required to be a successful leader in the APAC region.

Reasons for difficulty in filling eadership positions in India

45%
Compensation/benefit expectations are too high

30%
Applicants lack soft skills, including key leadership competencies

28%
Lack of a leadership development focus within the organisation

28%
Applicants lack hard skills / technical competencies

26%
Geographic location of positions is less desirable or requires relocation

18%
The organisation is not well known in the region (weak talent brand)

18%
Low number of total applications (regardless of applicant quality)

12%
Applicants have insufficient years of professional experience

* In your opinion, what are the main reasons that your organisation is having difficulty filling leadership positions?

Competition for exceptional leadership talent has intensified

Organisations have raised their expectations of leadership candidates, requiring exceptional soft skills as well as skills and competencies needed for today's complex and fast changing technological environment

Fierce Competition

"Organisations will need to continue to differentiate themselves in order to be front of mind for candidates… Whilst I think our organisation is getting better at developing internal talent and attracting external talent, so are other organisations so the pace of improvement is really important."

"Increasing competitiveness for talent in [a] growing region with [a] limited pool of qualified candidates, increasing pressure and [the] complexity of labour laws [is] impacting global mobility."

Increasing Expectation for Leadership Roles

"There is not enough talent that can come at leadership roles and manage the complexity, agility and vision needed to succeed. A lot of talent will be younger because these technologies are new - Cloud, Social Cognitive, Mobile, [and] Analytics etc but they lack the leadership maturity [e]specially in growth regions."

"…leadership skills needed for [the] future are more [focused] on EQ [Emotional Intelligence] which is increasingly difficult to find and develop."

Need for Internal Pipelining and Development

"The majority of our leadership positions are filled from our internal succession plans so it is important we continue to engage and retain our future talent with potential."

"Internally, without an effective leadership development programme in place, there is no deep bench in the leadership pool."
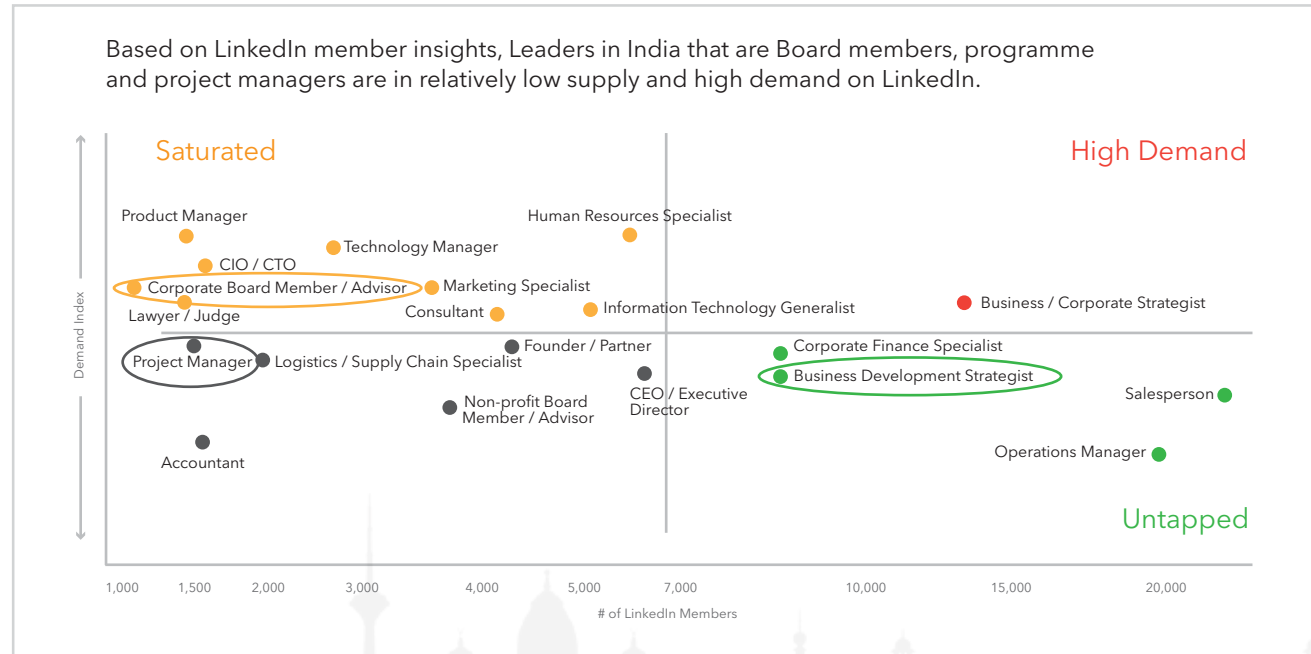
* Why do you think it will become difficult to fill leadership positions in your organisation over the next 5 years?

Leaders in program / project management and on boards are the most difficult to hire

Low supply and relatively high demand is causing hiring difficulty for leaders in specific functions

Across APAC HR decision-maker respondents, the functions with the greatest leadership hiring difficulties are:

- Business Development
- Program & Project Management
- CEO/Board of Directors

Based on LinkedIn member insights, Leaders in India that are Board members, programme and project managers are in relatively low supply and high demand on LinkedIn.

Saturated

High Demand

Product Manager
Human Resources Specialist
Technology Manager
CIO / CTO
Corporate Board Member / Advisor
Marketing Specialist
Lawyer / Judge
Consultant
Information Technology Generalist
Business / Corporate Strategist
Founder / Partner
Project Manager
Logistics / Supply Chain Specialist
Corporate Finance Specialist
Business Development Strategist
Salesperson
Non-profit Board Member / Advisor
CEO / Executive Director
Accountant
Operations Manager

Untapped

Demand Index

1,000 1,500 2,000 3,000 4,000 5,000 7,000 10,000 15,000 20,000

# of LinkedIn Members

* The following is a list of functions that your organisation might recruit for. In which function(s) do you have knowledge of your organisation's leadership recruitment efforts and outcomes?

* In your region: How difficult is it to fill leadership positions (senior management and above) in the following function(s) in your organisation?

Note: LinkedIn Recruiter activity and member data are used to measure supply and demand for talent

The leadership challenge is proving
to have a business-wide impact

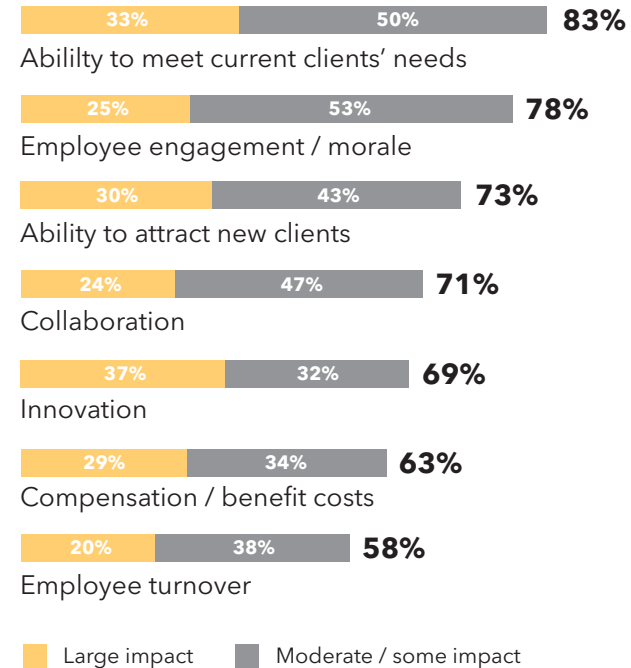# The leadership talent challenge is having a business-wide impact

The impact of leadership hiring difficulties is felt in areas vital for an organisations' future success and growth

The majority of HR decision-makers in India experiencing difficulties filling leadership positions are seeing a consequent negative impact on many areas of their business.

The majority of respondents are seeing an impact on **Ability to meet current clients' needs**, **Employee engagement**, and **Ability to attract new clients** - three core areas underpinning current organisational success and future growth.
Of particular concern, 37% say there has been a *large impact* of leadership hiring difficulty on **Innovation** in their organisation.

Even the least impacted area, **Employee turnover**, is reported to be affected in the majority **(58%) of cases**.

Negative business impact from difficulty to fill leadership position in India

	Large impact	Moderate / some impact	Total
Abililty to meet current clients' needs	33%	50%	**83%**
Employee engagement / morale	25%	53%	**78%**
Ability to attract new clients	30%	43%	**73%**
Collaboration	24%	47%	**71%**
Innovation	37%	32%	**69%**
Compensation / benefit costs	29%	34%	**63%**
Employee turnover	20%	38%	**58%**

Large impact   Moderate / some impact

You mentioned that it was difficult to fill leadership positions in your organisation. To your knowledge, how much, if at all, has this difficulty negatively impacted any of the following.

Strategies to address
the leadership challenge

Strategies are being put in place to reduce the challenge

Respondents who were optimistic about the future leadership talent landscape have strategies in place to address succession planning, talent branding and leadership development

Succession Planning / Internal Pipeline

" [W]e are focusing more on talent development /succession planning. We prefer to create homegrown talents that we will promote to leadership roles when the need arises[.] "

" We have an active succession plan and talent pipeline so our next in line leaders are currently being developed for more senior roles. "

Talent Brand

" We are building our brand in different areas and diversifying our staff and culture which should result in better attraction of the right people in the future. "

" We have a clear employer brand, and a clear strategy for the business and what we want in leaders. "

Leadership Development

" We have designed and put in place a structured leadership program which is a combination of theory and realtime projects. This focuses on different aspects including situational leadership, risk taking, strategic thinking, etc. "

" As an organisation we are making a lot of investment in developing leadership internally. Hence we would see the impact of that investment in the next 5 years. "

* Why do you think it will become less difficult to fill leadership positions in your organisation over the next 5 years?
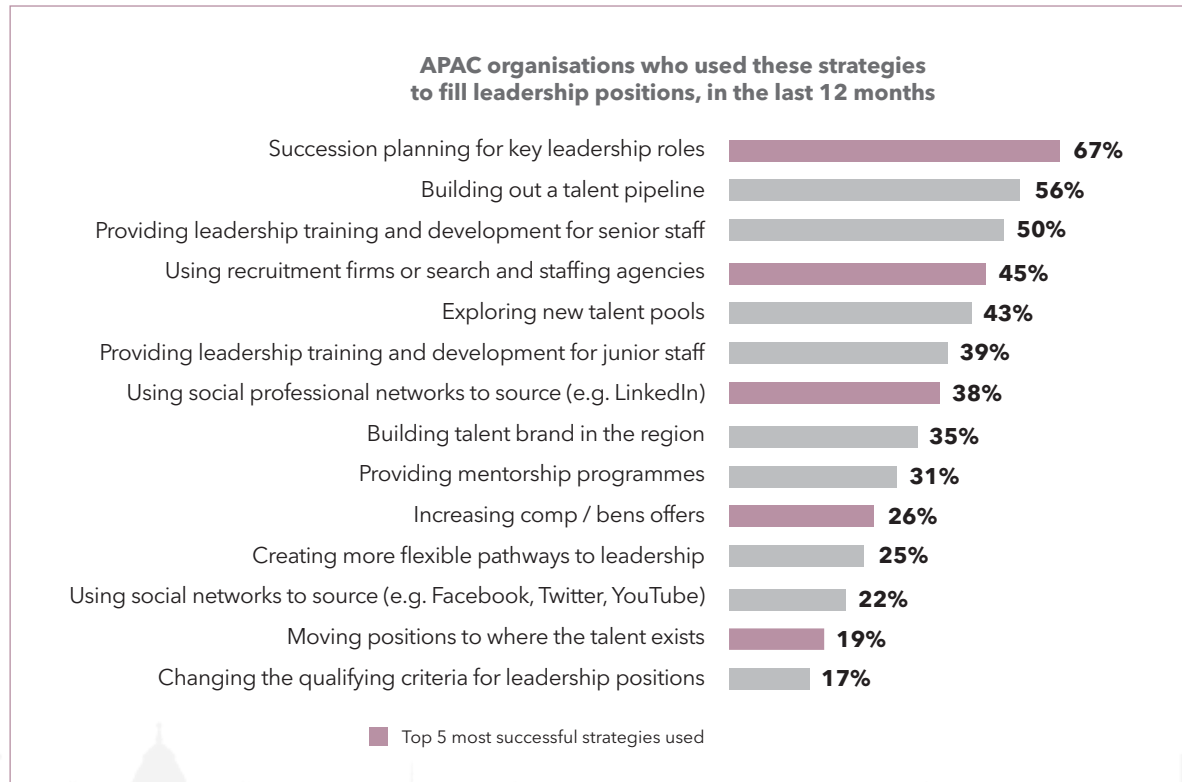
Succession planning is the most commonly adopted and most successful strategy used to address the leadership talent gap

Organisations are implementing numerous strategies to address the leadership gap, these strategies are not always the most successful methods

Succession planning is the most commonly used strategy (by 67%) and the most successful strategy (for 70% of adopters) used to address the leadership talent gap.

Despite this, 1 in 3 HR decision-makers reported that their organisation had not engaged in succession planning for key leadership roles in the past 12 months.

Strategies that proved successful for adopters but are less commonly used in APAC represent an opportunity for organisations to gain a competitive advantage in the search for leaders. These include: **using social professional networks to source talent, moving positions to where the talent exists,** and **increasing compensation/benefit offers.**

**APAC organisations who used these strategies
to fill leadership positions, in the last 12 months**

Strategy	%
Succession planning for key leadership roles	67%
Building out a talent pipeline	56%
Providing leadership training and development for senior staff	50%
Using recruitment firms or search and staffing agencies	45%
Exploring new talent pools	43%
Providing leadership training and development for junior staff	39%
Using social professional networks to source (e.g. LinkedIn)	38%
Building talent brand in the region	35%
Providing mentorship programmes	31%
Increasing comp / bens offers	26%
Creating more flexible pathways to leadership	25%
Using social networks to source (e.g. Facebook, Twitter, YouTube)	22%
Moving positions to where the talent exists	19%
Changing the qualifying criteria for leadership positions	17%

■ Top 5 most successful strategies used

* Which, if any, of the following strategies has your organisation actively pursued in the past 12 months to help fill leadership positions?

* Which, if any, of the strategies pursued in the past 12 months have been successful in helping you fill leadership positions?

What you can do to identify and build your talent pipeline

Organisations in India need to shift their mindsets for how to find, develop, and inspire leaders – at all levels

What can you do to identify and build your leadership talent pipeline?

1   **Align your leadership talent strategy with your business strategy** – Determine which skills, behaviours and roles are needed to successfully execute your business strategy. Your organisation's success depends on the effectiveness of your leadership pipeline.

2   **Embrace data to identify and broaden your leadership talent strategy** – LinkedIn can help you with talent pool analyses, providing detailed information about talent in a particular area and/or industry. These reports can help you determine where to recruit based on the overarching supply and demand for a particular type of leadership talent with different skills in a given region.

3   **Utilise LinkedIn survey data to build your talent brand** – Survey data can bridge the gap between what is being offered and what leaders want. By knowing what's important to leadership talent, you can craft your organisation's brand to reflect your strengths and appeal to your target audience.

4   **Think horizontally as well as vertically when building your leadership pipeline** – Organisations tend to focus their efforts and their dollars on the top end of their leadership pipeline. To ensure your talent and leadership pipeline stays full, leadership development should extend to all levels of the organisation and to your most critical roles.

5   **Provide learning and development at the moment of need** – Leaders have limited time to devote to learning. To bridge the skills gaps of your current leaders and accelerate the development of future leaders, your leadership development programme should include a blend of approaches and technologies that are available when and where needed.

Locating local talent for your leadership talent pipeline

There are over 680,000 leaders* in APAC on LinkedIn

Across the APAC region, **Singapore**, **Mumbai** and **Sydney** are the cities with the greatest number of Leaders on LinkedIn.

Mumbai and **New Delhi** are the top cities, by number of LinkedIn members, in India.
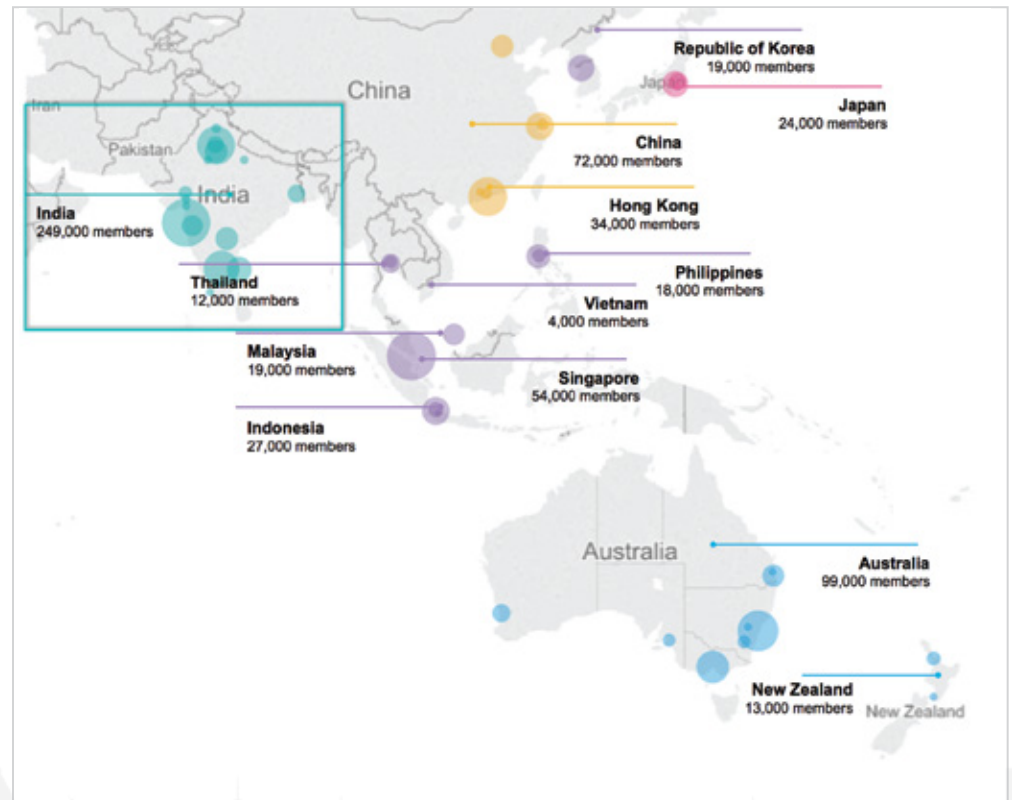
Top 10 Locations	# LinkedIn Members
Singapore	54k
Mumbai, India	53k
Sydney, Australia	37k
Hong Kong	34k
New Delhi, India	33k
Bengaluru, India	29k
Melbourne, Australia	24k
China	24k
Shanghai City	17k
Indonesia	17k

Republic of Korea 19,000 members
Japan 24,000 members
China 72,000 members
Hong Kong 34,000 members
Philippines 18,000 members
Vietnam 4,000 members
Singapore 54,000 members
Malaysia 19,000 members
Indonesia 27,000 members
Thailand 12,000 members
India 249,000 members
Australia 99,000 members
New Zealand 13,000 members

Note: See methodology for LinkedIn Insights definitions of 'leaders', note that it differs from the LinkedIn Research Survey

Talent branding can help bridge the gap between what is being offered and what leaders want

LinkedIn survey research enables us to assess the needs of leaders across India when assessing job opportunities

By knowing what's important to leadership talent, you can craft your organisation's talent brand to reflect your strengths and appeal to your target audience.

Our research for India confirms that compensation is a key consideration when leaders in India are looking for a job.

An organisation with a long-term strategic vision is almost as equally as important as a good work/life balance and a strong career path. These secondary considerations could be incorporated into your talent branding strategy.

What are leaders in India looking for in a job?

Top 5 Most Important		
Excellent compensation & benefits	65%
A company with a long-term strategic vision	52%
Good work / life balance	51%
Strong career path	51%
Challenging work	45%

Ability to make an impact	37%
Values employees contributions	37%
A place I would be proud to work	36%
Culture that fits my personality	29%
Strong employee development	25%
Job security	24%
Having a good relationship with your superiors	18%

* Please select the 5 most important factors when considering a job opportunity. Source: LinkedIn Talent Drivers Survey Q3 2015, 1,100 Indian leader respondents

Research Methodology

We surveyed 177 HR Managers and 175 HR Directors or above working in large companies (500+ employees) in the APAC* region about the unique challenges they faced filling leadership positions in their organisations. Members working in companies in the Staffing or Government industries were excluded.

LinkedIn members who met the above target criteria (based on the information on their LinkedIn profile) were invited to participate in an 8-minute online survey via an e-mail invitation in March 2016. The survey was provided in English only.

Survey screener questions confirmed that our respondents worked in a corporate HR department and had at least some influence on HR strategy and budget allocation.

* *Countries included: Australia, New Zealand, Singapore, Hong Kong, India, Malaysia, Japan, Korea, Taiwan, Philippines, Vietnam, Indonesia and Thailand*

Insights Methodology

The insights and analysis in this report represent the world as seen through the lens of LinkedIn data as at May 2016. As such, it is influenced by how members choose to use the site, which can vary based on professional, social, and regional culture, as well as overall site availability and accessibility.

Our LinkedIn data analysis classified 'Leaders' as members identified as either Directors, VPs, CXOs, Partners or Owners with greater than 10 years experience that are employed at companies with more than 500 members.
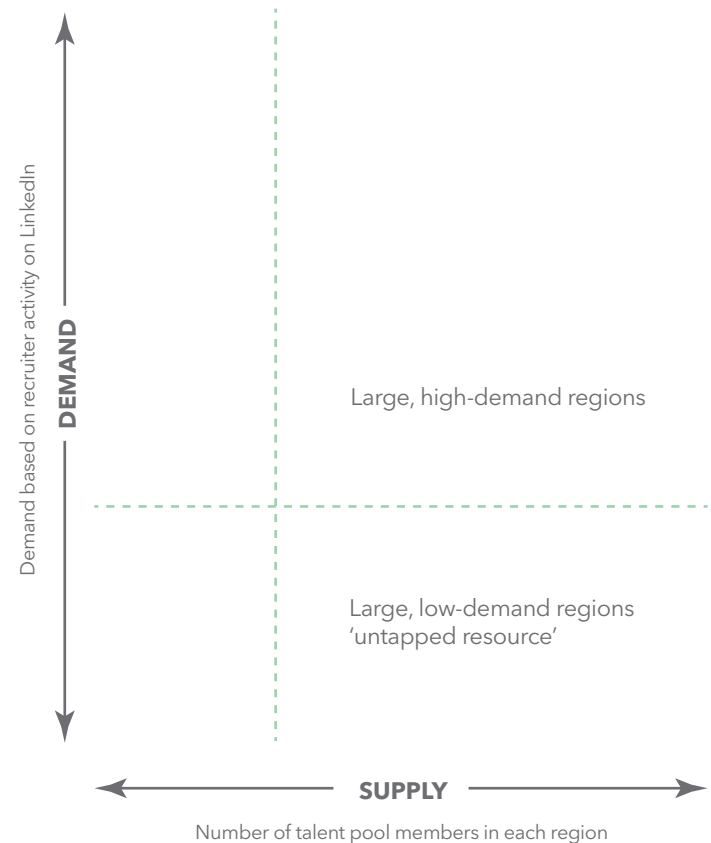
'LinkedIn Q3 2015 Talent Drivers Survey' is undertaken every six months and is a representative sample of LinkedIn members:

- In Q3 2015, 404k+ professionals in NAMER, Europe, APAC, LATAM and MENA took this survey.

- Survey asks respondents to 'Please select the 5 most important factors when considering a job opportunity'.

'Supply and Demand' on LinkedIn are determined by member volumes and LinkedIn Recruiter activity.

- A higher demand index means that professionals in those professions are receiving relatively more contact from recruiters than their peers in other professions on LinkedIn.

LinkedIn Supply & Demand

Demand based on recruiter activity on LinkedIn

DEMAND

Large, high-demand regions

Large, low-demand regions 'untapped resource'

SUPPLY

Number of talent pool members in each region

About LinkedIn Talent Solutions

LinkedIn Talent Solutions offers a full range of recruiting solutions to help organisations of all sizes find, attract and engage the best talent.

Founded in 2003, LinkedIn connects the world's professionals to make they more productive and successful. With other 433 million members worldwide, LinkedIn is the world's largest professionals network.

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About the Authors

Alexandra Roza
Head of Sales, APAC
Lynda.com
linkedin.com/in/alexandraroza

Alexandra leads the APAC Lynda.com sales organisation at LinkedIn. Alexandra and her team of sales professionals are passionate about enabling APAC customers' success through the power of transformative learning.

Lorraine Hester
Senior Research Associate
LinkedIn Research
linkedin.com/in/lorrainehester

Lorraine enjoys working on exciting research ventures that provide clear value to clients and collaborators. Lorraine has experience coordinating large-scale qualitative and quantitative projects, survey design, data analysis and insights communication.

Lucy McDonald
Insights Analyst
LinkedIn Talent Solutions
linkedin.com/in/lucymac

Lucy is passionate about data and empowering organisations to use data-driven insights to solve complex business challenges. Lucy is skilled in business analytics, research and consulting and is experienced in partnering with large enterprise companies in the APAC region.

Josh Coulson
Senior Insights Manager
LinkedIn Talent Solutions
linkedin.com/in/joshcoulson

Josh leads the APAC LinkedIn Talent Solutions Insights team. Partnering with the LinkedIn sales team, Josh and his team work closely with LinkedIn's largest customers in the APAC region, solving problems by providing data driven insights.

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