



High performance. Delivered.

Overcoming India's skills challenge

Transforming India into a High
Performance Nation



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The Peacock is the national bird of India. It evokes vibrancy, grace and pride, and metaphorically translates into India's emergence on the global stage as a High Performance Nation.

Accenture believes that India's high performance journey is supported by four strong pillars. Each pillar conveys a distinct, strategic imperative and the four pillars combine to create the High Performance Nation. These pillars are Digital Citizen, Empowered People, Innovation Economy and Collaborative Ecosystem and are represented by the four birds riding on the back of the Peacock, thus integrating into a lively and robust whole.

India has set aggressive goals of faster, more inclusive and sustainable economic growth to become a high performance nation. But a large part of its working-age population is unable to productively engage with sectors identified to drive the nation's future growth. The reason? Lack of market-desired skills.

The private sector, either on its own initiative or under the auspices of public-private initiatives operated by agencies such as National Skills Development Council (NSDC), has been undertaking initiatives to address this problem.

We conducted a first-of-its-kind survey of 2000 trainees, 23 training partners and 20 private companies employing skilled youth associated with NSDC supported initiatives and those trained under the auspices of Accenture's 'Skills to Succeed' Program.

We found that the injection of private capital and entrepreneurship is helping to solve two key chronic deficits faced by the vocational education training (VET) ecosystem: the first associated with poor quality training and physical infrastructure and the second associated with a paucity of job offers.

But to address the ambitious national target of productively engaging 500 million skilled youth by 2022, the training ecosystem needs to address an emerging problem of drop outs – VET-trainees who do not accept job offers or quit jobs due to job profile, job environment or pay scale.

Drawing on the best from the international experience and local best practices, we have developed a five-step action plan customized to the Indian reality. This comprehensive plan aims at eliminating expectations-delivery mismatches across the training value chain and reducing the probability of trainee drop-out. This plan will help create a better environment for trainees to pursue vocational careers and the nation to achieve faster, inclusive and sustainable growth.

Foreword by NSDC Leadership

India is uniquely positioned for next century of economic growth. We have millions of young Indians ready to join the workforce. A large number of industries are competing to hire from this young labor pool.

We at NSDC along with our training partners are trying to facilitate creation of skills infrastructure to increase the supply of skilled youth into the market place. Since our inception, we have been working with our training partners towards delivering skilled talent to the industry and delivering the right jobs to the trainees; and have achieved much success at that. The results of efforts spanning over 27 States/UTs having 2,511 physical and mobile training facilities in 352 districts nationwide, has encouraged us to embark on an ambitious journey to train 1 million youth this year 2013-14, with greater vigor.

But before embarking on this journey we wanted to understand the perception of our beneficiaries, viz. trainees and industries employing them, with regards to the efforts being made by us and our partners on the ground.

We therefore collaborated with Accenture to conduct this analysis across ours and Accenture's largest training partners under the Skill to Succeed Program.

The insights we have derived from rigorous analysis of the survey data collected through interviews of 2000 trainees, 23 training partners and 20 employers is enormous. We are indeed happy to see that our training partners have helped in improving the experience of the trainees during the trainings and that one in two trainees being trained at partners being support by NSDC and Accenture is actually getting placed. At the same we also recognize that work still remains to be done in areas such as pre-joining counseling and post-placement support. We clearly see the urgency in plugging some

deficits in these areas, which if not bridged may lead to increasing number of trainees reject offers or compel them to leave their jobs in future.

This report by drawing on global leading practices and through rigorous econometric analysis has identified a comprehensive solution to this emerging problem. It also provides some very hands-on actions, which can be implemented by training partners in collaboration with other players in the skilling ecosystem to address deficits in these areas. As we move ahead to achieve our immediate and long-term goals insights from this report will come in very handy.

India's rising status in the global economy and changing lifestyles have made employers and trainees dream big; and rightly so. But the marketplace of skills is still at its nascent stages and we all need to put our heads down and work patiently towards achieving our dreams. It will not happen overnight. Like Mr. S Ramadorai, Chairman NSDC has rightly said, "Skilling a nation is like a long distance race, not a sprint."

The country is facing a massive opportunity to be the next economic superpower of the world; and only skilled demography can help achieve this destiny.



Dilip Chenoy
CEO and Managing Director, NSDC



Atul Bhatnagar
COO, NSDC

Foreword

Skills and knowledge are key drivers of macroeconomic growth and socioeconomic stability. Looking at the socially stable economic performance of economic giants such as Germany and China across business cycles, we see an interesting fact. That is, those equipped with market-relevant vocational and business skills –especially young people—are better placed to take advantage of the knowledge-shifts that are shaping economic growth and to adjust to economic shocks.

About to be home to one-fifth of world's working-age population, India's path to becoming a high performance nation is certainly going to be shaped by its ability, at scale, to impart market-relevant business and vocational skills to its youth.

I am pleased to see that the private sector is steadily rising to the challenge. We at Accenture launched the 'Skills to Succeed' (S2S) initiative in 2009-10 with India as a key geography of operation. It is also very interesting to see how public private partnerships (PPPs) are shaping up in the space of skills development. Largely driven by the National Skills Development Corporation (NSDC), since 2009-10, these PPPs have laid a strong foundation of a robust scalable training infrastructure.

In June 2012, NSDC and Accenture decided to jointly embark on an analytical journey to understand the impact of its investments over the last three years. The key objective was to understand if the investments were indeed helping its direct beneficiaries, the trainees, and indirect beneficiaries, industry. Our survey of 2000 trainees across NSDC and Accenture's S2S programs reveals the highly encouraging performance of these two initiatives. In that short span of time, these initiatives have

been able to deliver high-quality physical and learning infrastructure. Most importantly, these initiatives have been able to generate job offers for half of the participating trainees.

The survey also reveals challenges, which the initiatives will need to address as they mature and scale. The most important challenge concerns drop outs – trainees who do not accept job offers or quit jobs due to job profile, job environment or pay scale. We need to address this challenge with speed. This is because, even if NSDC and Accenture programs were to generate job offers for all its students, a sizeable number would either not accept them or would leave within a month. Our research shows that trainees drop out because of a series of mismatches between trainee expectations and what programs are actually delivering.

This challenge can be surely overcome as the VET-ecosystem matures. But, simply emulating best practices is not enough. Progress will require a paradigm shift in our thinking and approach. We have recommended a five-step framework in this research report which can address this emerging challenge if it's implemented by all the relevant stakeholders collaboratively. We have also recommended a series of implementable measures to address deficits in specific areas where trainees need maximum support from training institutions.

Before I conclude, let me thank the NSDC, partners of NSDC and Accenture, as well as senior executives of companies who participated in this study. I also sincerely thank the team of global experts, Prof. Lisa Lynch, Prof. J. Singh and Dr. Robert J. Thomas for guiding the research team and helping them derive and verify useful insights.



Avinash Vashistha,
Chairman and Managing Director,
Accenture India

Executive Summary

India faces a historic opportunity. The country will be home to 700 million people of working age by 2020, a demographic situation that if leveraged properly can transform the country into the next economic superpower.

India's 12th five-year plan calls for faster, more inclusive and sustainable growth. And such growth will only be made possible by a highly skilled workforce. Skills development is more critical than ever.

To contribute significantly to the overall target of developing new skills in 500 million people in India by 2022—mainly by fostering private-sector initiatives in skill development programs—the government created the NSDC in 2009. On their own, a host of private organizations including Accenture also came forward and launched a series of initiatives to achieve this national goal.

With ambitious targets to achieve and finite resources available, NSDC and Accenture undertook an interim impact assessment exercise to identify course corrections and insights applicable to skilling initiatives at a national and regional level.

This unique research exercise encapsulates all stakeholders in the training value chain—the trainees, the training providers and the employers. We surveyed 2,000 trainees enrolling in vocational courses delivered by 17 NSDC and six S2S providers across India, accounting for a majority of the skilling effort that the two initiatives are supporting. In-depth interviews with these 23 NSDC and S2S training partners were conducted. We also interviewed 20 executives in managerial positions from many large- and medium-size organizations that hire people from the 23 training partners in our study.

This study maps the perceptions of each of these key stakeholders across the five stages of the skills development value chain. This approach has helped validate the performance of the VET system starting with the pre-joining counseling stages, through the actual training implementation and continuing to post-placement support.

Impact assessment – key findings

The survey results clearly indicate that the injection of private capital into India's VET system is helping overcome traditional challenges of poor and inadequate infrastructure. Trainees are extremely satisfied with all aspects of physical infrastructure (classroom seating, power supply, drinking water, sanitation etc.) and learning infrastructure (trainers, course material, lab facilities etc.).

The private initiatives have also recorded high placement rates for its trainees, with 50 percent of the trainees who complete training receiving job offers within three months of their training. But there is still room for improvement when it comes to stages of the skills development value chain that involve human interaction such as guidance and counseling. A significant gap exists between what trainees expect in the stages of pre-joining counseling and pre-placement support, and what is delivered by the training providers. For instance, while 50 percent of the trainees reported that guidance on resume preparation was extremely important, only 21 percent said they received such help.

The 'expectations-delivery' mismatch is leading to high numbers of drop outs—trainees quitting jobs within a month of joining, or those not willing to accept offers made to them. The survey results reveal that a third of the trainees that were offered jobs either did not accept the offer or left within a month of their start date. When asked about reasons for dropping-out, close to half (48%) said they were dissatisfied either with the job profile or the pay offered.

Finding a solution

The drop-out phenomenon is not unique to initiatives of NSDC and Accenture, let alone be unique to the Indian VET ecosystem. Many countries, developed and emerging alike, have faced similar challenges and have deployed innovative strategies that can serve as guide posts for India.

Germany's Dual Vocational Training System (TVET) ensures that drop-outs are minimal by requiring industry to participate actively and fund training. Similarly, China has used technology to upgrade the quality of its vocational-education trainers, empowering them with industry-knowledge and information about market-desired skills.

But India's unique demographic characteristics and societal setup demands that a customized solution be devised. With this motivation, we used a multivariate stepwise regression technique to understand the factors that drive trainees to drop-out. We learned that trainees younger than 18 were less likely to drop out. We believe that younger trainees, those who are right out of secondary school, are extremely eager to learn and earn, and this becomes a strong motivation to not drop out. In addition, trainees with bachelor's degrees and those that joined the manufacturing sector were also found to less likely drop out.

Lessons from the econometric analysis of relevant data were utilized to create a comprehensive action plan that can help overcome the expectations-delivery mismatch and improve the attractiveness of VET. Accenture has defined a five-step action plan for stakeholders of the VET ecosystem, aimed at reducing drop-out rates and creating a career ecosystem that would ensure stable careers for the beneficiaries of VET.

The five-step comprehensive action plan

Step one is to attract prospective candidates at a very young age, preferably between 15 and 18. Deploying best practices from other successful national campaigns such as the Pulse Polio campaign can make vocational education and training a visible national priority. To attract youth, the government and training partners must develop a proper understanding of who and what influences youth to enroll as trainees in VET.

As a second step, training providers should break down course modules into short-duration semesters that alternate with apprenticeship stints at companies. This would not only provide on-the-job experience to trainees but also an opportunity to earn while they learn.

Training modules must go beyond providing job skills alone—they must also develop transferable skills. This third step will especially help individuals from rural, low-income locations who are placed in companies that operate in cities. For example, computer skills, English-speaking skills and civic knowledge could all help enhance trainees' employability. Moreover, guidance and support from former trainees can go a long way in helping these individuals adjust to a new environment.

The fourth step in the plan recommends paying stipends to trainees during their apprenticeships. This will provide an incentive for them to continue training and set expectations regarding compensation in a trainee's chosen career. The fifth and final step focuses on stakeholders. Vocational training must cease providing one-time transactional services and instead support lifelong learning and career growth for trainees. In order to successfully do so, technologies and integrated operations should be used to help training providers streamline the post-training follow-up mechanisms. As stakeholders with a role in defining and driving the ambition of transforming India into a high performance, all of us participating in the process have a task cut out for ourselves.

Actions to strengthen the performance of training partners across each element of the training value chain

Major expectation mismatches were found in three of the five elements of the value chain. Training partners can initiate actions to bridge these gaps in three major areas – pre-joining counseling, pre-placement support and post-placement support.

Pre-joining counseling

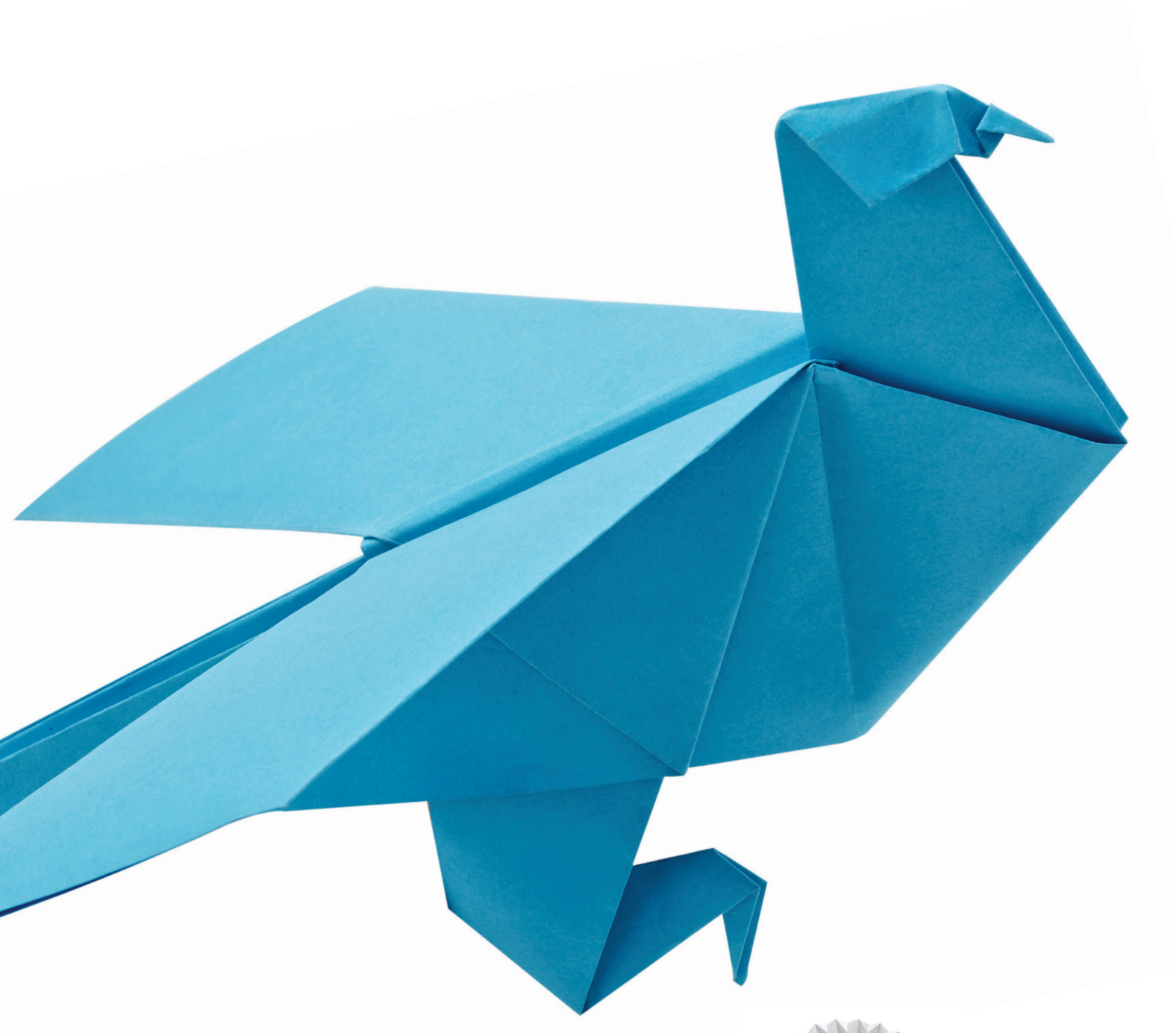
- Provide counseling services in the local language on toll-free telephone lines.
- Use Know Your Trainee (KYT) programs to understand the key factors motivating the trainee to join the VET program; the short-term and career goals of the trainee; the long-term career goal of the trainee; current economic compulsions and responsibilities; the soft-skills possessed by the trainee at the time of joining (e.g. clarity of communication; English-speaking skills; degree of ease with technology); special requirements or support they would require, especially in the trade they are likely to choose; the minimum salary expectations; and expectations at the workplace.
- Share success stories using innovative-media channels to boost their confidence in vocational training.
- Provide a snapshot of the actual work-profile to trainees through videos.
- Give them a perspective on the life-skills they would acquire after being trained at the Institute and its utility for their career development.
- Connect prospective trainees to those who have attained employment across various trades.

Pre-placement support

- Help them in resume preparation.
- Organize mock interviews and provide timely feedback especially on soft-skills deficits.
- Advise them on job profiles to target.
- Provide them opportunities to interact with industry before the placement process.

Post-placement support

- Collectively, training centers can provide 'MAGIC' (Mentoring, Assistance, Guidance and Instruction Centers)—a post-placement support system for trainees across various cities with support of industry.
- Incentivize employed trainees to upgrade skills and also to recommend new trainees.



The Eagle stands for the dramatic influence of power through its fast flight supported by a strong build just like the Empowered People of a High Performance Nation, who drive India's growth with skills that are economically significant, richly diverse and tuned to future leadership opportunities.

Why now in India?

Skills development: more critical than ever for India

Powerful nations and economies have historically been built by the strength and sheer number of its people. Industrialization in the United States began in the late 1800's and had its foundation in the factories that were fueled by millions of hardworking workers.¹ In the late 1900's, following economic liberalization, China emerged as the next manufacturing superpower. Its strength being its manufacturing cities built by armies of skilled labour.²

India faces a similar historic opportunity. The 700 million-strong workforce that the nation will have by 2020³ will provide a demographic dividend. But to capitalize on that dividend, India will need to empower workers with the right skills.

The Indian government recognizes the importance of skills development as part of driving economic growth. Its 12th five year plan calls for faster, more inclusive and sustainable economic growth.⁴

Manufacturing, retail, construction, banking and tourism are among the key sectors that will serve as India's next growth engines. However, cost competitiveness alone can no longer drive sustained and accelerated growth for businesses in these sectors. Increasingly, these enterprises will need to continually enhance value for their customers while remaining competitive on the cost front. To do so, they will require not cheap labor but a skilled workforce that can harness capital, knowledge and technology to drive growth across these key sectors and transform India into a high performance nation.

Vocational education and training (VET) will be essential for equipping these workers with the skills needed to be employable and to drive national growth. To support this skilling effort, key stakeholders—including trainees, educational institutions and businesses—must work together.

Making skilling scalable: ongoing efforts

The Indian government is already taking steps to establish a scalable model to train about 500 million people in vocational skills by 2022.

Before 2009, the government provided skills training to young people predominantly through industrial training institutes (ITIs) located around the country. These institutes remain a critical component in the nation's skilling system and offer vocational and technical training to thousands of youth every year. Yet the ITI system faces several challenges, such as poor physical and learning infrastructure, limited scalability and uncertain stakeholder satisfaction.

To complement the ITI system, the government established the National Skill Development Corporation (NSDC) in 2009. This unique public-private partnership (PPP) aims to promote skills development by fostering the creation of large, high-quality vocational institutions. NSDC funds are used to build scalable, for-profit vocational training initiatives. Its mandate also includes enabling support systems such as quality assurance, information systems and train-the-trainer academies directly or through partnerships with training providers. The NSDC has a target to train 150 million youth by 2022 through the PPP model.

As of May 2013, NSDC with its 61 funded partners had trained around 650,000 people in 350-plus districts across 30 Indian states/Union Territories.⁵

The private sector has stepped up as well. Sometimes, those efforts dovetail with government programs, as in the case of the NSDC. At other times, businesses are leading their own initiatives. Accenture's Skills to Succeed (S2S) is a case in point. A global initiative; this program seeks to develop vocational and other skills in 500,000 youth across the world by 2015.⁶

Why this research: interim analysis needed

With ambitious targets to achieve in a fixed time frame and finite resources available, Accenture and NSDC decided to conduct a quick, interim analysis of NSDC's and Accenture's VET initiatives. We had two objectives:

Micro objective: Identify any course corrections required to achieve the initiatives' targets and draw insights from the experiences of other similar initiatives.

Macro objective: Identify lessons and develop insights applicable to skilling initiatives at a national and regional level.

To meet these objectives, we conducted a survey of NSDC and S2S trainees, training partners and executives from companies that hire trainees from NSDC and S2S VET programs. (See "About our research.")

About our research

Our assessment counts among the most exhaustive primary-research efforts undertaken for vocational and technical skills in India. The research comprised three parts. First, we surveyed 2,000 trainees enrolling in vocational courses delivered by 17 NSDC and six S2S providers across India (See Figure 1.) accounting for a majority of the skilling effort that the two initiatives are supporting.

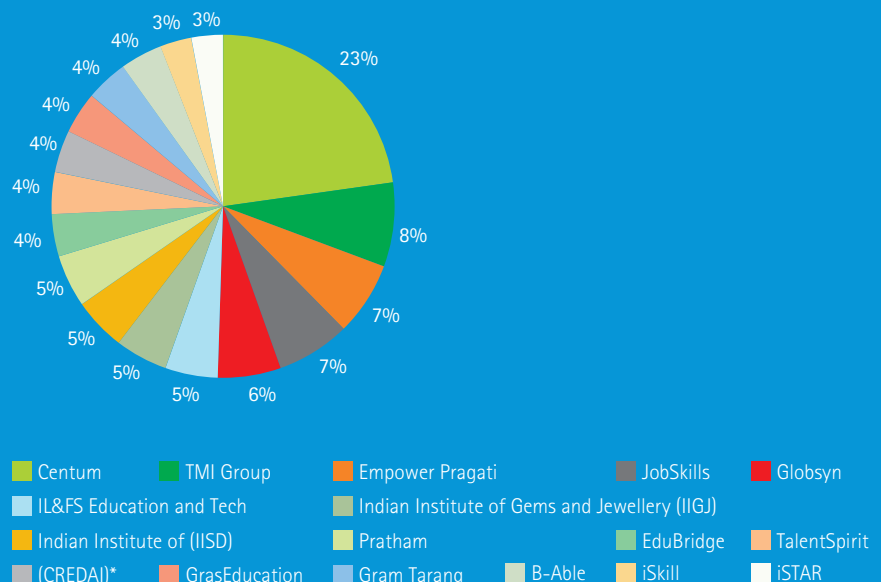
Second, we conducted in-depth interviews with these 23 NSDC and S2S training partners. Third, we interviewed 20 executives in managerial positions from many large- and medium-size organizations hiring from the 23 training partners in our study.

We based our primary-research approach on the assumption that training value is created through a series of links in a "chain." (See Figure 2.) Value creation starts with the counseling of trainees before they join a program.

Through pre-joining counseling, training partners help trainees select suitable courses as well as understand matters such as the enrollment process and the desired outcomes of the program.

Primary training value is created through training program implementation, which is enabled by physical and learning infrastructure, course curricula

Figure 1: NSDC trainees by training provider



Source: Accenture-NSDC trainee survey, 2013
 *Confederation of Real Estate Developers' Association of India

and trainer performance. This important link in the training value chain usually attracts the most investment and attention.

Program implementation is followed by pre-placement support. In this link, training partners' help learners prepare for the job-placement process, including assisting them with resume preparation and coaching them on how to take part in a job interview.

Placement process is the next link in the training value chain. Because job placement is often considered a measure of a training program's overall effectiveness, our research pays special attention to trainees' employment status.

The training value chain ends with post-placement support, which is vital for ensuring that training translates into productive engagement in the workforce.

Figure 2: The training value chain



Impact assessment

Our research findings reveal that private partnerships have helped to produce major gains. Our findings also highlight areas where performance can be improved across the training value chain.

Private partnerships have helped...

Clearly, injection of private capital into India's VET system is helping overcome a chronic problem; namely, challenges with physical and training infrastructure predominantly impacting performance of public skilling infrastructure. More than 75 percent of the trainees we surveyed reported being extremely satisfied with the availability of physical infrastructure (classrooms, lighting, power supply, drinking water and sanitary facilities) at the training institutes they attended. More than 60 percent said they were extremely satisfied with the availability of learning infrastructure (trainers, software, hardware, lab facilities, factory visits and study materials). (See Figure 3.)

Even placement rates, which is considered to be one of the most important metric for measuring performance has witnessed encouraging results. Half of the trainees in our survey who completed the program are seen to be offered jobs through the placement process organized by the training providers. (See Figure 4.)

...But there is room for improvement

Our findings also show that training providers although performing satisfactorily, can considerably improve their effectiveness on links in the training value chain that depend heavily on human interaction—especially pre-joining counseling, pre-placement support and post-placement support.

Figure 3: Trainee satisfaction with training infrastructure

Trainees extremely satisfied with physical infrastructure

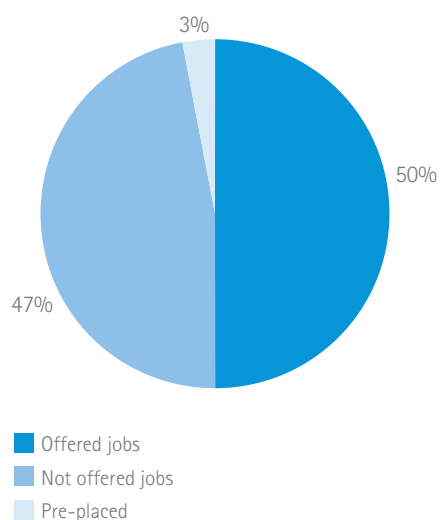
	Classrooms	Lighting	Power Supply	Drinking Water	Sanitary Facilities
Availability	77%	76%	70%	76%	74%
Accessibility	70%	70%	66%	72%	70%
Quality	70%	66%	66%	71%	66%
Utilization	73%	71%	69%	73%	67%

Trainees extremely satisfied with learning infrastructure

	Software	Hardware	Lab Facility	Factory Visits	Study Material
Availability	65%	63%	62%	58%	70%
Accessibility	58%	58%	57%	55%	64%
Quality	59%	54%	55%	53%	63%
Utilization	62%	57%	57%	54%	65%

Source: Accenture-NSDC trainee survey, 2013

Figure 4: Trainee employment status



Source: Accenture-NSDC trainee survey, 2013

Pre-joining counseling

Just over half (53 percent) of the trainees we surveyed reported receiving any kind of pre-joining counseling. Of the trainees who said they received such counseling, only 35 percent completely agreed that the counseling provided clarity on the final outcome of the program. Moreover, only 32 percent of the trainees we surveyed completely agreed that pre-joining counseling answered most of their questions about the program. (See Figure 5.)

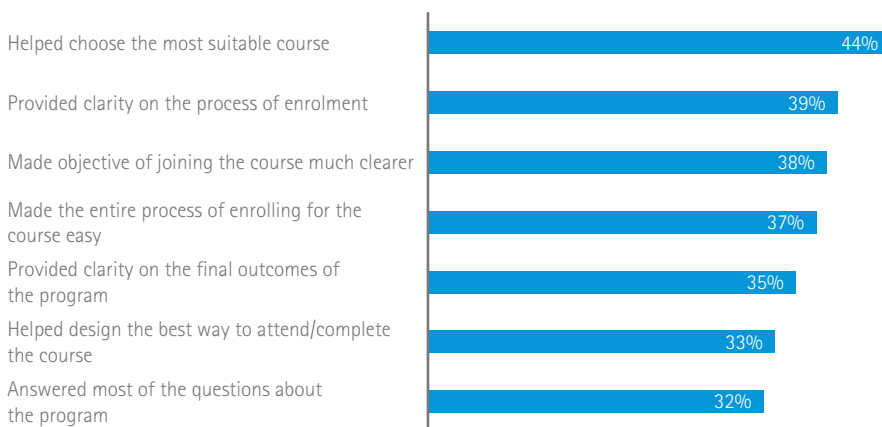
Pre-placement support

Trainees were highly satisfied with training implementation but are seen to want more in the area of pre-placement support. For example, while 51 percent of trainees considered mock interviews an extremely important form of support, just 25 percent of them reported receiving such support. And though 50 percent identified help with resume preparation as extremely important, only 21 percent reported receiving such help. (See Figure 6.)

Post-placement support

While 76 percent of trainees surveyed received post-placement support, only 32 percent were highly satisfied with the overall service. (See Figure 7.)

Figure 5: Trainee perceptions of pre-joining counseling



Source: Accenture-NSDC trainee survey, 2013

Figure 6: Trainee perceptions of pre-placement support

	% of trainees considering it to be extremely important	% of trainees experiencing complete implementation
Mock interviews conducted to assess strengths/weaknesses	51%	25%
Receiving interview details in advance	42%	20%
Receiving training materials for interviews	49%	21%
Guidance for resume preparation	50%	21%
Advise on job profiles to target	46%	20%
Timely feedback	48%	22%
Area of trainee interest taken into consideration	48%	23%
Aggression shown by trainers to find recruiters	46%	18%

Source: Accenture-NSDC trainee survey, 2013

Figure 7: Trainee perceptions of post-placement support

	as a % of trainees that received support
Support towards acclimatizing with new location	38% highly satisfied
Support towards polishing transferable skills	37% highly satisfied

Source: Accenture-NSDC trainee survey, 2013

The emerging challenge

Our interim analysis reveals a particularly important challenge that must be addressed comprehensively and immediately. That challenge constitutes what we call drop-outs: trainees who do not accept job offers or who leave jobs within a month of their start date. Our discussions with a broader spectrum of training providers and employers show that dropping out is becoming a national—and critical—issue.

Drop-outs: a critical issue

A third of the trainees in our study who were offered jobs either did not accept the offer or left within a month of their start date. Twenty-eight percent of those who did not accept job offers or who did accept but quit within a month cited dissatisfaction with the job profile as the key reason for their decision. Another 20 percent of the same group of trainees identified inadequate pay as the key reason. (See Figure 9.)

Many employers we interviewed described how trainees who joined their ranks soon become disillusioned by the realities of the job and by the pay they receive. A senior executive from a large food and beverage multinational operating in India told us, "The trainees are coming [in] with dreams of a different kind of job, and many leave quickly."

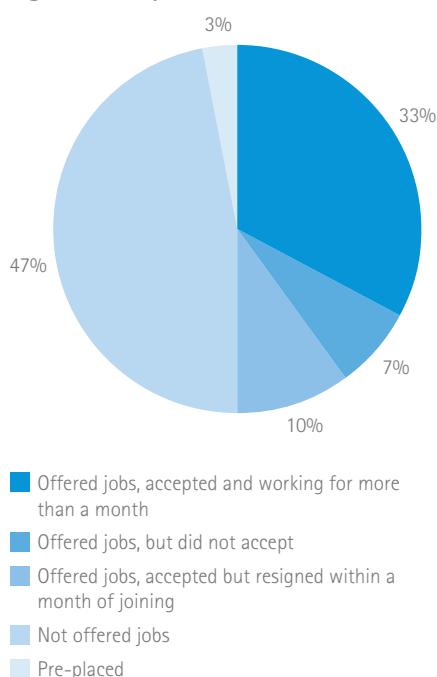
The challenge associated with drop-outs is not unique to training partners or initiatives of NSDC and Accenture. Highly focused initiatives such as the Himayat

program – a training and job-placement program for unemployed youth from low-income households in Jammu and Kashmir – have experienced the same problem. Of the 1,245 youth who were trained and offered jobs in the first phase of the Himayat program, 950 took jobs. However, only 569 were found to be on their jobs after four to six months on the job, suggesting that around half of the batch dropped out.⁷

If the drop-out problem goes unaddressed, large pools of young, skilled workers will remain unemployed in spite of being offered jobs by the VET-system. Youth will start losing trust in India's skills-building system to deliver gainful employment opportunities. Skilling agencies will find it increasingly difficult to attract young people, which could jeopardize the nation's goal of putting 500 million youth to work by 2022.

Analysis of the reasons for dropping out may generate ideas for addressing the problem.

Figure 8: Drop-outs



Source: Accenture-NSDC trainee survey, 2013

Figure 9: Top reasons for dissatisfaction with job offers

Reason Cited	% of drop-out trainees
Not satisfied with job profile offered	28%
Not satisfied with remuneration offered	20%
Companies approaching did not offer good profiles	5%
Placements were in different cities than base city	4%
Not satisfied with city of placement	4%

Source: Accenture-NSDC trainee survey, 2013

Reasons for dropping out

Expectations-delivery mismatch across the training value chain

The training providers and trainees in our study share different perspectives about reasons for receiving training at VET centers. (See Figure 10.) As much as 73 percent of the trainees we surveyed said that making a positive career change was the key reason for joining a vocational training program. However, less than 33 percent of the training providers we interviewed identified positive career change as a key motivation for trainees. Moreover, 33 percent of the trainees said they enrolled in programs for personal development purposes, including gaining confidence. But only 9 percent of training providers cited these motivations as key reasons for joining training.

Failure to see training program goals from a trainee's perspective will naturally make it difficult for trainers to effectively advise trainees during pre-joining counseling and other links in the training value chain.

Deeper analysis of the study data shows that the trainees who quit within a month of taking a job are much less satisfied with the pre-joining counseling and the pre-placement support they received than those who did not quit. Only 11 percent of the trainees who quit within a month are highly satisfied with pre-joining counseling services, as compared to 20 percent of the trainees still working after a month. Similarly, just 21 percent of the trainees who quit within a month of joining are highly satisfied with pre-placement support, as compared to 32 percent of the trainees working after a month.

Figure 10: Reasons for enrolling in vocational training

Reasons for joining training	Trainees	Training Partners
To get employment and be economically well off	69%	64%
To attain a positive career change	73%	32%
To attain a better remuneration	59%	32%
To learn a specific skill that is mandatory for this industry	51%	27%
To economically support my family	55%	18%
To develop confidence and overall personality	33%	9%
Due to pressure from family and friends	16%	9%

Source: Accenture-NSDC trainee survey, 2013

Pre-joining counseling and pre-placement support are instrumental in clarifying matters such as which jobs would make a good match for trainees and what compensation they can expect to receive after completing training.

While 100 percent of the training partners claim to be providing pre-joining counseling, only 53 percent of the trainees reported having received it. And whereas 64 percent of the training providers agree that pre-joining counseling helps clarify the final outcomes of the program, only 35 percent of the trainees felt that the counseling helped them achieve those outcomes. Even in the most critical areas of pre-placement, mismatches exist between expectations and delivery (as seen in Figure 5).

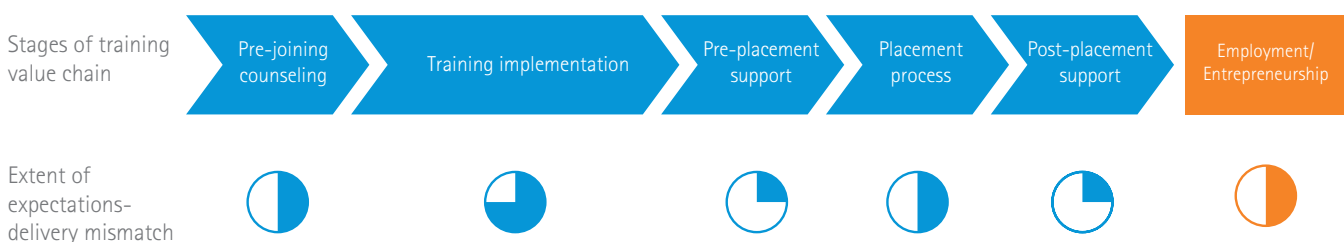
What role do employers play in this situation? Apparently, they are not well positioned overall to make up for any deficiencies in VET services. For example, many employers we spoke with acknowledged that they do not have the resources to groom trainees during the formative years of their careers. As one

executive from a large food and beverage chain told us, "In this industry, we need volumes and we hire from training providers because they give us volumes." A senior executive from a conglomerate explained, "I can see so much potential, but at the same time we don't have enough resources internally to be able to...train recruits at that level."

Also, while trainees naturally expect to earn a premium wage for their skills, employers seem averse to paying such a premium for trainees coming from VET agencies. More than 70 percent of the trainees in our survey who are working in the manufacturing sector, and well above 60 percent who have jobs in the retail sector, earn less than INR5,000 per month. In many states in India, this amounts to only slightly more than the compensation earned by unskilled labors working in rural employment guarantee schemes.

The extent of expectation-delivery mismatches varies across the links in the training value chain. (See Figure 11.) But taken together, the mismatches deal a harsh blow.

Figure 11: Degrees of expectations-delivery mismatch across the training value chain



A path forward

VET system stakeholders must collaborate closely to develop a future course of action. They must recognize that the problems they face have been encountered and tackled before in different parts of the world. Learning from others' experiences can significantly enhance their chances of success. But stakeholders must also realize that India is a unique nation with its own economic, social, geographical and cultural characteristics. Force-fitting best practices from other nations will only lead to failure; hence stakeholders must arrive at a customized solution that provides the best returns on investments in the VET system.

Other nations' solutions offer insights...

The expectations-delivery mismatch that leads to drop-out is not unique to India's vocational education system. Many developed and emerging economies have faced similar challenges. And they have deployed innovative strategies to overcome them.

For instance, Germany's Dual Vocational Training System ensures there is a job ready for every trainee enrolled in vocational school. After students complete their mandatory years of schooling (usually around age 18), they apply to a private company for a two- or three-year training contract. If they are accepted, the government supplements trainees' on-the-job learning with broad-based education in their field of choice at a publicly funded vocational school. This helps to set trainees' expectations about the type of job they will get, right from the first day of the training. Trainees who pass the course examination also receive a certificate that enables them to transfer to similarly oriented businesses if they decide not to continue with the initial employer contract.⁸

In Australia, an apprenticeship system forms the backbone of the country's technical and trades skilling effort. But the system faced several problems, including low completion rates, inconsistent training quality, poor wages for apprentices and a lack of mentoring support. In its 2011-2012 budget, the Australian government decided to earmark A\$101 million for mentoring. The funds support mentoring assistance for up to 40,000 eligible Australian apprentices, over four years, in the traditional trades as well as in small- to medium-size businesses. Mentors will be experienced tradespersons and will help apprentices learn to manage difficult situations (such as living away from home) and complete their training.⁹

Meanwhile, China's position as a global leader in manufacturing is ably supported by its vocational and technical education system. Enrollment in secondary vocational

education totals about 22 million, more than half of high school enrollment – the highest proportion in any country in the world. China has worked to ensure that teachers in vocational schools stay current with the requirements of modern industry. For example, such teachers are required to spend one month working in industry each year, or two months every two years. In addition, many schools employ a significant number of part-time teachers who also work in industry.¹⁰

During our interviews with employers, the individuals we spoke with made recommendations mirroring the strategies adopted by other countries to overcome VET system challenges. A frequently mentioned idea centered on developing on-the-job training for specific skills. Employers said that such training could be made part of a company's training curriculum. Moreover, companies could provide a certificate to prove that someone had completed training. Such certificates could also support job placement. Some other employers we interviewed said that training partners should conduct short-term sessions for trainees at work locations in urban environments to help rural-born trainees gain familiarity with the realities of living in urban settings.

Continued learning also emerged as a key recommendation from the employers we interviewed. Many suggested that training providers could create accessible platforms (such as training websites) for trainees to continue building knowledge and skills relevant to their vocations even after completing VET coursework.

A few training providers are already implementing certain best practices tailored to specific links in the training value chain. These practices are helping to overcome the expectations-delivery mismatch and improve the attractiveness of VET to young people. (See "Best practices across the training value chain.")

Best practices across the training value chain

Pre-joining counseling

Build a connection

To engage young people in training, providers need to connect with relevant communities such as schools, colleges, village panchayats and NGOs. The Indian Institute of Gems and Jewellery (IIGJ), for instance, approaches schools and colleges to create awareness of the sector, including career opportunities. The IIGJ also conducts workshops and competitions on jewelry design to spark young people's interest in the sector.

Engage parents

Effective training providers inform trainees' parents about the career opportunities and the dos and don'ts of extracting the most value from training. Parents can in turn guide their children's decisions. For example, Gras Academy conducts pre-joining counseling with students and their parents to make sure trainees make more informed decisions.

Pre-placement support

Establish a dedicated placement team

Training providers need to set up an independent team that identifies placement opportunities, connects with companies and conducts pre-placement grooming for trainees. Empower Pragati has established such a team, which provides pre-placement support to trainees during the four weeks before the placement process begins.

Organize guest lectures by companies

Empower Pragati collaborates with employers to organize lectures and workshops for trainees about what companies will expect from trainees once they are hired. This helps prepare trainees not just for the placement process but also for employment.

Post-placement support

Provide life skills

Once trainees have been equipped with job skills and have been placed with a company, they need to be provided with more general life skills that keep them employable. Centum, for instance, counsels trainees on communication and language skills and advises them on the proper attire for their work environment.

Help trainees make the transition

Training providers need to help trainees make the journey from education to employment. Centum also sends a team member with trainees to their job site. The team member verifies employment details and counsels trainees on managing food and lodging expenses before their first paychecks start coming in. Gram Tarang sends local cooks with batches of newly employed batches of trainees.

But customization is critical

While stakeholders in India's VET system can learn from other nations' efforts, a customized solution is needed because of India's unique characteristics.

To generate ideas for such solutions, we further analyzed the data from our trainee survey to understand factors influencing drop-out in India. We used a multivariate stepwise regression technique to understand which independent variables might significantly explain the probability that a trainee will drop out. Given the sample size, we did not split the data into development and validation samples. To obtain robust results we did not perform a gender-specific analysis. The results were arrived at with 90 percent confidence. (See Annexure for details of the model.)

We found three variables that stood out and that explained close to 50 percent of the drop-out phenomenon. (See Figure 12.) The three variables were then decomposed further to understand the motivations of trainees whose profiles matched the three variables.

The first variable is age. Interestingly, the probability of dropping out decreases for trainees who enroll in VET programs at ages younger than 18 years. A possible motivation is that young people who are

Figure 12: Relation and share of contribution of top three factors to trainee drop-outs

Significant Variables	Relation	% Contribution	Interpretation
Age less than 18 years	Negative	18.2%	A trainee of age below 18 years is less likely to drop-out
Graduate	Negative	14.5%	A graduate trainee is less likely to drop out
Sector enrolled in: Manufacturing	Negative	14.3%	A trainee joining the manufacturing sector is less likely to drop out

just out of high school or are starting college may be more eager to learn and earn on the job.

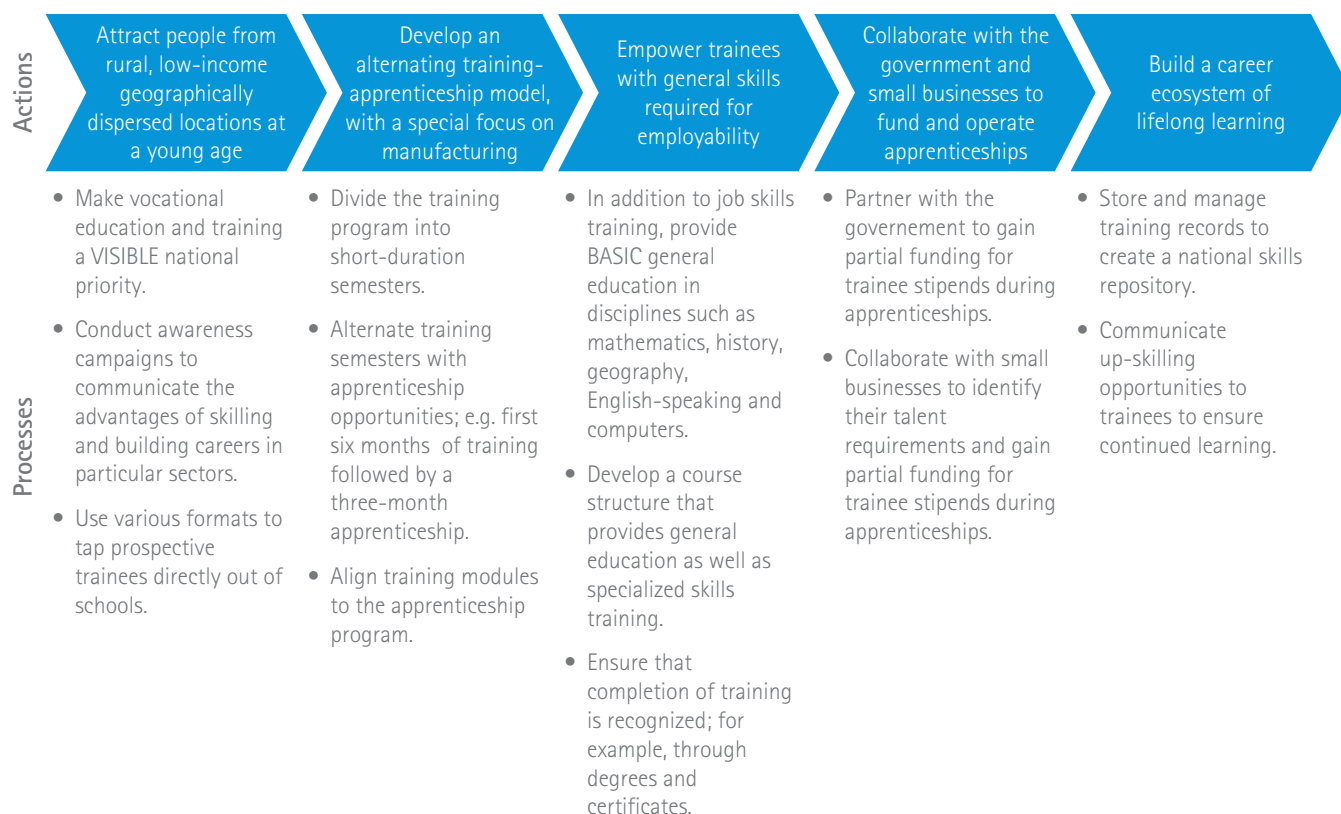
College education seems to be another important variable. The trainees in our study who have college-level education and hold graduate degrees were less likely to drop out than trainees with lower or higher levels of education. Perhaps they are motivated by the more realistic career expectations they hold and therefore are more willing to stick with a job for the long term so as to build their career and economically support their families.

Sector constitutes the third variable. Trainees from the manufacturing sector show a lower likelihood of dropping out than those from other sectors.

Manufacturing, offers trainees a clearer career path, a more predictable work environment, and more importantly has a higher rate of trainees being locally employed, which may explain the lower drop-out rates.

While learning from international examples and other best practices is essential, replicating them can only provide part solutions to the skills challenge being faced by India. They must instead form a bedrock for an end-to-end action plan. One that is needed to overcome the expectations-delivery mismatch, reduce drop-out and improve the attractiveness of VET for young people. Accenture has developed such a plan.

Figure 13: Accenture's five-step action plan



A five-step comprehensive action plan

Drawing on the findings from our multivariate analysis and discussions with employers, skilling agencies and trainees, Accenture has defined a five-step comprehensive action plan for VET system stakeholders, aimed at eliminating expectations-delivery mismatches across the training value chain, reducing the probability of drop-out and creating a better environment for trainees to pursue vocational careers. (See Figure 13.)

The first step is to attract people to vocational education at a very young age, preferably between 15 and 18. By adopting best practices from other successful national campaigns (For example, Pulse Polio is an immunization campaign established by the Government of India in 1995-96 to eradicate poliomyelitis (polio) in India by vaccinating all children under the age of five years against polio virus. In 2012, India was declared free of polio by WHO), the government, the NSDC and the private sector must make vocational education and training a visible national priority. The government, with the support of training partners, must also increase awareness about vocational training among young people at all schools levels. The German system does this by creating a connect with high school students during their schooling. Efforts to increase awareness levels need to be complemented by strategies to increase attractiveness of VET for young people.

To attract youth, the government and training partners must develop a proper understanding of who influences youth to enroll as trainees in VET-institutes.. Trainees we interviewed identified an overarching influence of family and friends in shaping their decision to be a part of the VET system. Hence, training providers may consider creating referral programs where existing or past trainees can refer their friends to VET-institutes in return for incentives such as partial fee waivers or gift coupons respectively.

Young people from rural, low-income locations who are right out of school are eager to learn, but they also want to start earning a decent paycheck as soon as possible. This is where the second step comes in. Training providers should break their courses into short-duration semesters. At the end of the each semester, trainees should be given an opportunity to work for a company as part of an apprenticeship program. Through such means, trainees will learn on the job and build a better understanding of work life. Entering a work environment soon after joining a training program helps set realistic expectations while also enabling trainees to change their course modules depending on their career goals. In the German system, students are employed by companies on a contractual basis right after they leave high school.

The manufacturing sector is probably best placed to support such an apprenticeship program as part of the VET system. With services sector growth peaking in the range of 9-11%, and agricultural productivity not showing sustained improvement, over the last decade, manufacturing will now have to shoulder the responsibility of helping India sustain a high growth trajectory.¹¹ Since 1991, the sector's contribution to national GDP has remained stagnant at close to 16%.¹² The manufacturing sector has tremendous latent potential to not only drive faster, more sustained growth but can also help the India achieve its agenda of inclusion. The Government of India acknowledges the role manufacturing can play in propelling inclusive growth in the new manufacturing policy that was drafted in 2011. The policy aims to create 100 million manufacturing jobs by 2022.¹³

Training modules must also go beyond providing job skills alone—a key principle in the third step of our action plan. When individuals from rural, low-income locations are placed in companies that operate in urban locales, some are seen as lacking in “employability” skills. Coupling basic courses that help improve overall employability with job-specific skills training can go a long way toward addressing this challenge. For example, computer skills, English-speaking skills and civic knowledge could all help enhance trainees' employability.

Moreover, guidance and support from fellow ex-trainees can go a long way in helping these individuals acclimatizing to the new environment. Training providers and employers may decide to jointly devise mentoring programs, assigning one existing employee to one or more new trainees to help in the acclimatization process. Ensuring that that the mentor and the mentee speak the same language and are from the same state or location can also boost the confidence of the new trainees.

Recognizing trainees who complete a training program is equally critical. Nationally as well as internationally recognized degree programs for the VET system will improve its attractiveness among youth. For instance, a graduate program in manufacturing, with multiple areas of specialization to choose from, can provide factory workers with valuable credibility while also improving overall talent mobility.

The fourth step in our plan recognizes the fact that stipends paid to trainees during apprenticeship provide incentive to continue training and set expectations regarding compensation in a trainee's chosen career. While training providers empower trainees with the rights skills and knowledge, employers will need to play their part by being willing to pay a premium for valued skills. Providing paid apprenticeship opportunities to fresh trainees, helping them through the apprenticeship phase and creating a career path after they complete training can help set trainee expectations and keep employees motivated on the job. Since most of India's manufacturing sector comprises micro-, small- and medium-size enterprises (MSMEs), apprenticeship programs will require additional financial support from the government to provide trainees with stipends.

The fifth step focuses on the notion of stakeholders shaping the future together. Until now, vocational education has been driven by employer demand. Training providers churn out large numbers of skilled workers who may be absorbed by businesses but who soon drop out or lose their jobs because they are unemployable.

It is time for the skilling ecosystem to become a career ecosystem that will not only generate volume in terms of number of trainees but also build value for trainees and employers alike.

Instead of being driven by employer demand, a career ecosystem will adopt a trainee-centric approach whereby trainee expectations will be set correctly and then met, thus preparing trainees for successful careers. Vocational training must cease providing one-time transactional services and instead support lifelong learning and career growth for trainees. Empowering trainees with skills that make them more generally employable will ensure that they are not limited to a particular vocation in a particular sector.

In addition, technologies and integrated operations can help training providers streamline the post-training follow-up mechanisms. A skills repository to document and monitor trainee profiles to identify up-skilling opportunities and needs can support ongoing learning. Country-wide directory services, accessible on mobile devices, can help trainees access post-placement support services as well as keep them updated on the latest trainings available in their sector or fields of interest.

This action plan dovetails with India's 12th Five Year Plan targets. By tapping younger candidates for training from rural low-income locations, empowering them with general skills and building their careers in important growth sectors such as manufacturing, the plan can help India meet its goals of inclusive, accelerated and sustainable growth.

Strengthening performance across key elements of the training value chain

The following are measures which training partners can execute individually or collectively to bridge expectations-delivery mismatches. Three areas require particular focus: pre-joining counseling, pre-placement support and post-joining counseling.

Pre-joining counseling

Institutionalize counseling: In many VET centers, counseling is done by training faculty who may not be sufficiently skilled to counsel. To overcome this problem, training partners should appoint specialist counselors or impart the necessary counseling skills to their existing faculty.

Know your trainee fully: The Know Your Trainee (KYT) processes at many VET centers collect information to map socioeconomic and even sociocultural profiles of their trainees. But KYT processes should also capture information on the factors that motivate trainees to join a VET program. The KYT process must collect information on what a trainee is passionate about, the soft-skills he or she already possesses and short- and long-term career goals. This information will help programs design course material, improve the choice of jobs to be offered, and build trainees' soft skills. For an example of a model KYT pre-joining form. (see Figure 14.)

Establish a skills counseling helpline:

In collaboration with industry, training providers must launch a skills helpline capable of providing basic counseling. For in-depth discussions, the helpline must guide candidates to the nearest training centers recognized by the NSDC or by state and central authorities. The helpline must be operated with the support of people who can communicate with the callers in the local language. The human touch is critical—pre-recorded messages should be avoided.

Make innovative use of

communication channels: Counselors at VET centers must share success stories through documentaries and short videos. This will boost the confidence of prospective trainees not only regarding the trade they are learning, but also in vocational training as a whole. With the help of IT tools, training centers can even simulate the actual workplace and give the applicants a quick snapshot of on-the-ground-realities. They would also give them a perspective on the life-skills they would acquire after being trained and their utility for further career development. Using the power of mobility, programs should connect prospective trainees to those who have attained employment across various trades.

Pre-placement support

Help trainees bridge soft-skills deficits: Trainees need to be able to persuasively articulate the skills they have acquired to prospective employers. Hence, it's important that they receive timely and substantive support in preparation of their resumes, in bridging their soft-skills deficit, and in confidently answering questions during interviews.

Support trainees in identifying the right company and job: Training centers must provide trainees with the opportunity to interact with industry before the placement process begins, and must also help them figure out on their own which jobs are best aligned to their aspirations, capabilities and needs.

Post-placement support

Establish MAGIC—the post-placement support system: Our interviews with all stakeholders show that trainees are much in need of mentoring. They also require assistance on day-to-day matters such as locating the nearest and cheapest grocery store, on how to open a bank account, and on ways to remit money to their families. They also seek specific instructions from the training center towards doing better at the workplace. Collectively, the training centers across the country can weave MAGIC – a web of Mentoring, Assistance, Guidance and Instruction Centers. Each NSDC partner can put in place a dedicated help-desk at each of their facilities which can provide this support. Employed students must also be in a position to virtually take instructions from their training centers at MAGIC desks that are accessible near their place of stay or work.

Incentivize students to upgrade skills and enroll friends: Training centers should regularly send updates on future courses to trainees on their mobile devices and sufficiently incentivize them to take these courses. They must also incentivize their employed students to help training centers attract prospective trainees. For example: training centers can provide cash vouchers to employed trainees for redemption at grocery stores or at eating joints near their place of stay or work once students recommended by them complete training successfully.

Figure 14: Trainee profile form

Personal information

1. Name:
2. Age:
3. Detailed address and other coordinates:
4. Details of parents and siblings:
5. Other personal details:

Passion

6. The skills that trainee is passionate to pick up:

Existing skills profile

7. Soft skills with the trainee at the time of joining:
8. Other technical/non-technical skills with the trainee at the time of joining:
9. Skills passed on to the trainee from the family:

Motivations/compulsions

10. Extrinsic (non-personal) factors motivating the trainee to join the course:
11. Personal factors motivating the trainee to join the course:
12. Personal compulsions pushing the trainee to enroll into the course:
13. Family concerns pushing the trainee to enroll into the course:

Aspirations

14. Short term career goals of the trainee:
15. Long term career goals of the trainee:
16. Sector(s) in which the trainee would like to build a career over the long-term:
17. Gross monthly income a trainee wants to enjoy at the end of three years of completing training:

Expectations from the prospective job

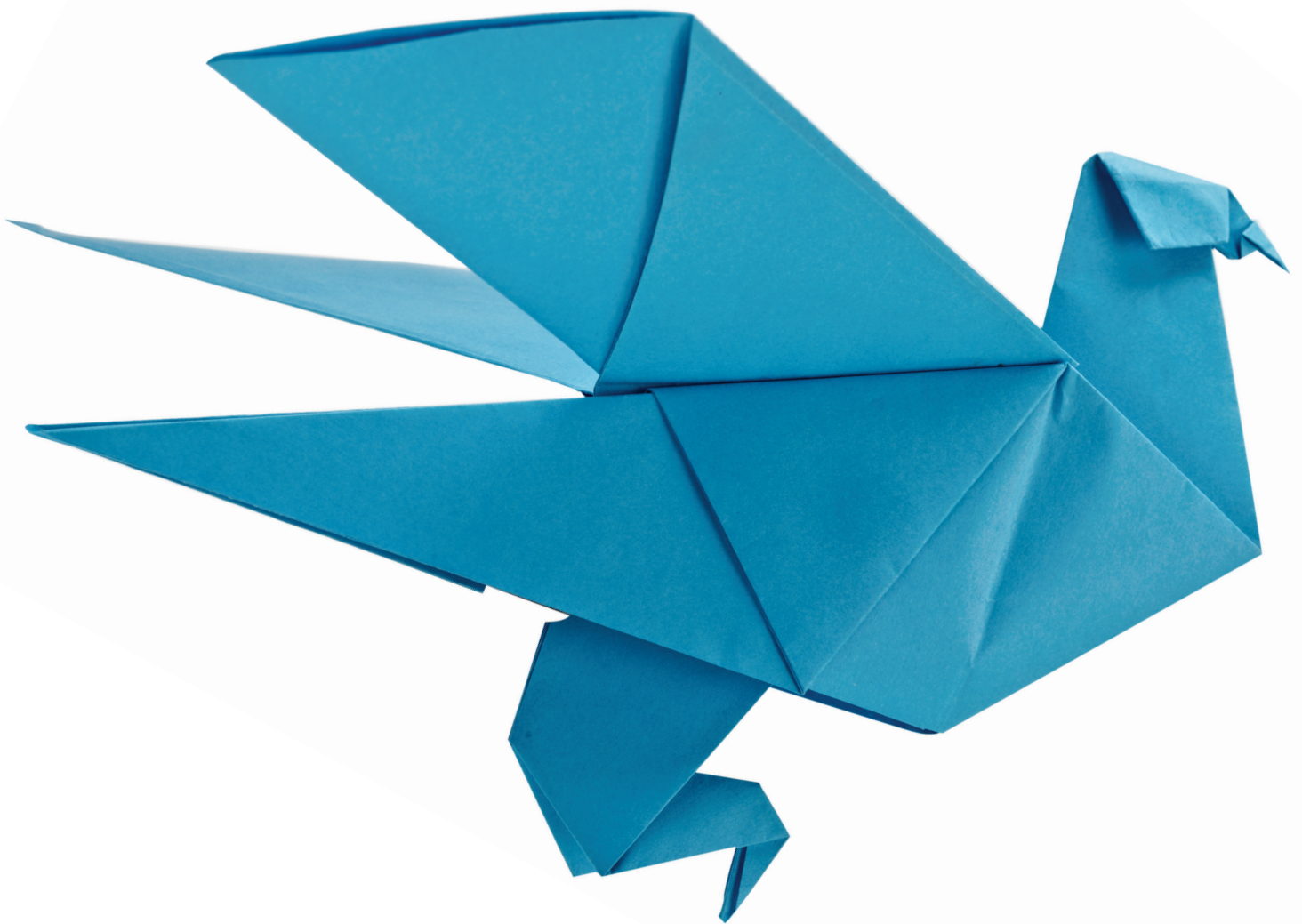
18. Income band, the trainee will prefer when offered a job through the training-center:
19. Trainee's image of the workplace given the choice of the course:
20. Besides income what will the trainee value most at the workplace:

A task cut out

As stakeholders defining and driving the ambition of transforming India into a high performance we have a task cut out for ourselves.

This is the moment to act collectively and decisively towards empowering our youth to become a part of this journey to high performance. We have put together a comprehensive action plan to create an environment wherein our youth will acquire the desired vocational skills and carve a career for themselves out of the same.

We now need to action it.



Annexure

To understand the key drivers of trainee drop-out (defined as responders who joined and left the job within a month or did not accept the job offered) we used stepwise logistic regression technique on the overall sample data.

Logistic regression is a part of a class of statistical models called generalized linear models. This broad class of models includes ordinary regression, as well as multivariate statistics and loglinear regression. The dependent variable in logistic regression is usually dichotomous, that is, the dependent variable can take the value 1 with a probability of success q or the value 0 with probability of failure $(1-q)$.

The goal of logistic regression is to correctly predict the category of outcome for individual cases using the most parsimonious model. Logistic regression calculates the probability of success over the probability of failure. To accomplish this goal, a model is created that includes all predictor variables that are useful in predicting the response variable. Given the exploratory nature of our research, we use the stepwise regression technique in our analysis. Stepwise logistic regression helps us find the most parsimonious set of predictors that are most effective in predicting the dependent variable.

In our analysis 'dropout rate' is the response variable. Predictor variables used include responder profile attributes, and survey results of parameters along the training value chain such as pre-joining counseling, programme implementation, course structure, trainer evaluation, pre-placement, and placements.

Step wise regression, at 90% confidence interval shows a mix of variables that relate to the probability of a trainee dropping out. Results indicate a mix of variables that are profile-driven like

trainees of age less than 18 years, and being married which relate negatively and positively to drop rate, respectively. Sectors like Tourism show higher likelihood of trainees dropping-out as compared to IT or Manufacturing. Results also indicate importance of training specific attributes like effectiveness of pre-joining counseling and satisfaction with the course content that lead to lower probability of dropping-out. Education level also seems to be important variable with graduate responders less likely to drop out.

Final regression equation

$$\text{Log } [P[\text{drop outs}] / [1-P] \text{ of drop outs}] = -0.20 + 0.45*(\text{Married}) + 0.58*(\text{Tourism Sector}) - 0.49*(\text{Extremely Satisfied with pre joining counseling}) - 1.97*(\text{Age less than 18 years}) - 0.50*(\text{Graduate}) - 0.83*(\text{Manufacturing Sector}) - 0.34*(\text{Average on Course Structure Ratings}) - 0.42*(\text{IT Sector})$$

Assumptions

1. Model created for overall survey sample of 2000 trainees (NSDC + Accenture S2S).
2. Model reads are directional given the overall sample size.
3. Stepwise regression used to identify significant variables, at 90% confidence interval.
4. Given the restriction on size in a sample survey, data was not split into development and validation sample. Model created on overall sample.
5. Acceptance of lower concordance, given the nature of variables included in survey data that limits the ability to create transformed variables.

Findings

Significant Variables	Relation to a trainee dropping out	Estimate	Percentage contribution to explaining the phenomenon of a trainee dropping out
Age less than 18 years	negative	1.9746	18.2%
Graduate	negative	0.506	14.5%
Sector enrolled in: Manufacturing	negative	0.827	14.3%
Average Ratings on Course Structure	negative	0.3389	11.2%
Sector enrolled in: IT	negative	0.4228	11.1%
Extremely Satisfied with Pre-joining Counseling	negative	0.4921	11.0%
Sector enrolled in: Tourism	positive	0.5845	10.9%
Married	positive	0.4536	8.8%

Helping India on the journey to high performance

Four drivers for policy makers and business leaders

The **Hummingbird** symbolizes agility with a sensory supremacy to evaluate the surrounding environment, thus closely tying it to the Digital Citizen pillar of a High Performance Nation. Digital Citizens leverage technology as a "sense" to transact efficiently with the world at large.

The **Albatross**, a large sea bird, covers vast distances with optimal exertion and energy by flying in large groups. Thus, this bird demonstrates the effectiveness of driving results through a Collaborative Ecosystem, the fourth pillar of a High Performance Nation.

The **Eagle** stands for the dramatic influence of power through its fast flight supported by a strong build just like the Empowered People of a High Performance Nation, who drive India's growth with skills that are economically significant, richly diverse and tuned to future leadership opportunities.

The **Baya Weaver**, a weaver bird, defies convention to create intricately woven hanging nests that protect both itself and the community from predators, exemplifying innovation that seeks to address the needs of the masses. The bird thus represents the Innovation Economy pillar of the High Performance Nation.



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Accenture is a global management consulting, technology services and outsourcing company, with approximately 266,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$27.9 billion for the fiscal year ended Aug. 31, 2012. Its home page is www.accenture.com.

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About NSDC

The National Skill Development Corporation India (NSDC) is a one of its kind, Public Private Partnership in India. It aims to promote skill development by catalysing creation of large, quality, for-profit vocational institutions. It provides funding to build scalable, for-profit vocational training initiatives. Its mandate is also to enable support systems such as quality assurance, information systems and train the trainer academies either directly or through partnerships.

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