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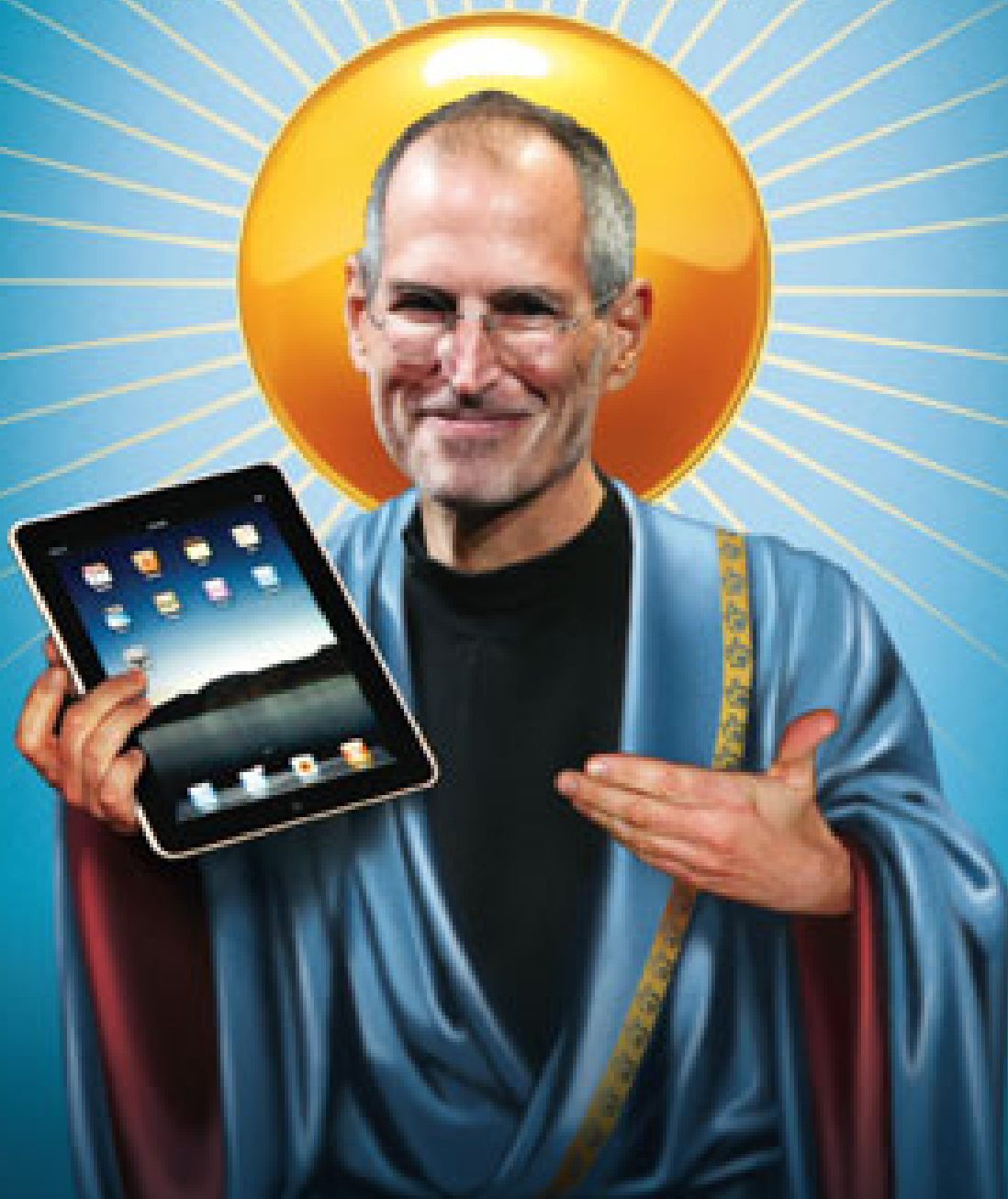
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Testing India's graduates

The engineering gap

DELHI
India's tech workers are not as good as the country hopes and America fears

EACH year India produces about twice as many engineering and computing geeks as America, counting those with bachelor's degrees or a Master's in Computer Applications, a conversion course. This "engineering gap" is a source of pride in India and consternation in America, which fears the cutting and pasting of high-tech jobs from West to East.

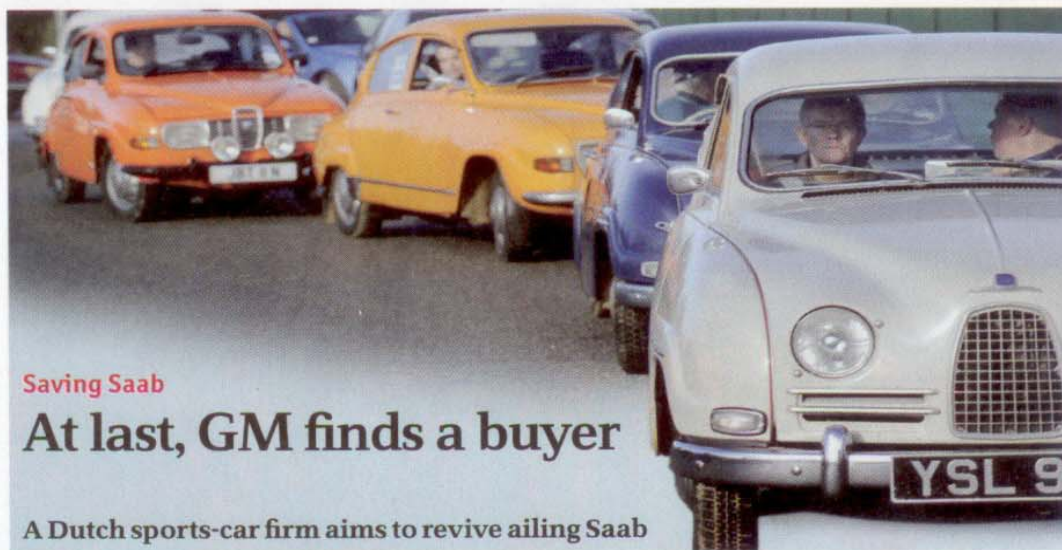
Himanshu and Varun Aggarwal are two of India's formidable techies. They hold degrees from top institutions in Delhi and Massachusetts. But if the brothers exemplify the engineering gap, the firm they started together in 2007, Aspiring Minds, is busy debunking it.

According to the company, only 4.2% of India's engineers are fit to work in a software product firm, and just 17.8% are employable by an IT services company, even with up to six months' training. A larger share could cope in business-process outsourcing (call centres and the like). These findings are even gloomier than the 25% figure for employability that has been bandied about since 2005, when McKinsey released the results of a survey of international companies.

Aspiring Minds has subjected thousands of engineering and computer-science students to a standardised test, akin to the Graduate Record Examination (GRE) required by American universities. The test gauges students' analytical, verbal and quantitative skill, as well as features of their personalities. Called the AMCAT, it draws on theories Varun studied at the Massachusetts Institute of Technology, which helps him assess the difficulty of questions. But how many questions must a student answer correctly to be considered "employable" by an IT firm? Aspiring Minds tested people already employed by such companies, looking for correlations between the test results of past recruits and their success on the job, as judged by managers.

The company is not the first to bring standardised testing to India. Prometric, which administers the GRE, has several test sites around the country. But Aspiring Minds keeps costs down by running its test in the computer labs of the colleges themselves, rather than on dedicated infrastructure. The test is designed to withstand power cuts (it picks up where it left off when electricity returns) and the viruses that fester on public computers in India.

Because they recruit so many people,



Saving Saab

At last, GM finds a buyer

A Dutch sports-car firm aims to revive ailing Saab

DEATHBED reprieves do not get any more dramatic than the agreement reached by General Motors on January 26th to sell Saab, its Swedish subsidiary, to Spyker Cars, a boutique Dutch maker of sports cars. Last month, after two attempts to find a buyer for Saab had failed, GM ordered the winding-down of the firm's operations. Even the brand's many supporters, mobilised by the website Saabs United, had given up hope.

Now Saab has at least a chance of surviving. Under the terms of the deal struck with Spyker's entrepreneurial chief executive, Victor Muller, GM can claim to be getting \$500m for Saab. Spyker will pay about \$74m in cash. In addition, GM will receive preference shares worth \$326m in Saab Spyker Automobiles and will keep about \$100m from Saab's operating capital. In return, GM will continue to supply powertrain assemblies and the new Mexican-built Saab 9-4X crossover that is based on Cadillac underpinnings.

Two things were critical to getting the deal done. The first is that Mr Muller's investment company, Tenaci Capital BV, agreed to buy out the 29% holding in Spyker of Vladimir Antonov, a Russian investor. Mr Antonov will also leave Spyker's supervisory board. One reason GM decided at the last moment not to sell its Opel/Vauxhall division to a consortium involving Sberbank, a state-owned Russian bank, was the fear of intellectual property finding its way to Russia.

The second is the Swedish govern-

ment's new willingness to underwrite a €400m (\$563m) loan to Saab from the European Investment Bank. Despite the threat to jobs in Sweden, the government had been reluctant to sanction a bail-out of the country's second most important carmaker. But with an election in September and Ford's sale of Volvo to Geely, a Chinese carmaker, imminent, it concluded that keeping Saab going was the lesser of two evils.

As for GM, it is avoiding the costs of closing Saab down and is getting a small but useful pot of cash—even if its preference shares bring in nothing. Ed Whittacre, the hard-charging 68-year-old former telecoms boss who said this week that he would be staying on as GM's chief executive, sees it as another step on the way to paying back the \$5.7 billion GM still owes taxpayers. The firm may also escape the fury of Saab's many fans who rightly blamed GM's mismanagement for the firm's decline.

Whether Saab will survive in the long term is less clear. Its new 9-5 is a good-looking car and Saab's engineers are relishing the chance to show what they can do when liberated from the dead hand of GM. But sales will need to recover quickly from fewer than 40,000 cars last year to nearer 100,000. Much will also depend on Saab's ability to produce distinctive cars assembled from a medley of components bought from suppliers. The task is hard, but with the reservoir of goodwill that Saab can still tap, it is not impossible.

India's big IT firms cannot sift every job candidate carefully. They instead confine their search to the top colleges, using campus as a proxy for quality. The AMCAT confirms that the percentage of good recruits for IT services firms drops by about half outside the top 100 colleges. But Varun points out that this wider pool of students is about ten times larger. He reckons that over 80% of employable students are out-

side the top 100 campuses, where potential employers do not look for them.

Varun hopes that the AMCAT will give these invisible students a cheap and effective way to catch employers' attention. India will need to overhaul many of its colleges if it is to make more of their graduates employable. In the meantime, the country's IT firms cannot afford to overlook the students who already are. ■