

Recruitment Challenges in Global Capability Centers (GCCs): An Analysis of India's Talent Acquisition Landscape

MANOHAR R

Manoharr10802@gmail.com

Dayananda Sagar college of Engineering- Dept of Management Studies Co Author

Dr. SHREEVAMSHI

nshree118@gmail.com *Dayananda Sagar college of Engineering-*

Prof. Dept of Management Studies

Abstract - Global Capability Centers (GCCs) have transformed themselves from cost-reducing back office departments into strategically focused centers of engineering, artificial intelligence, and enterprise innovation, with India itself having over 1,700 centers employing almost 2 million people and contributing annual revenues of over USD 64 billion. Such fast growth has put immense pressure on the recruiting function. This paper aims to explore the main challenges of recruiting in GCCs, paying particular attention to the Indian environment. To do so, secondary information is used: reports from the industry, studies by consultancies, and scholarly literature related to talent acquisition and employer branding. In total, six interconnected challenges of recruiting in GCCs have been identified, namely the shortage of specialized and new technologies' talent, specifically of generative artificial intelligence, cloud architecture, and cybersecurity specialists; high levels of employee turnover and infant turnover among new joiners; leadership readiness problems preventing the localization of senior management positions; increased competition for employers due to the presence of over 1,700 centers competing for one and the same talent pool; infrastructure and quality problems associated with hiring people in Tier-II and Tier-III cities; and legal, taxation, and data compliance problems associated with international recruiting. The results show that talent recruitment under the GCC approach has moved from being a volume-oriented and cost-oriented process to a capabilities-oriented strategic approach, whereby organizations that do not view talent acquisition as a board-level activity could face delayed projects and increased cost inefficiencies.

KeyWords: *Global Capability Centers, talent acquisition, recruitment, attrition, employer branding, India GCC, skills gap.*

1. INTRODUCTION

Traditionally viewed as an offshore or nearshore centre wholly-owned by a multinational company, the model of the Global Capability Center (GCC) has evolved into a hub system owning product lines, filing for patents, and staffing global leadership positions during the last decade [1]. The initial cost-reduction approach based on labor arbitrage has given way to an evolved system, where India remains at the center of such evolution, accounting for more than 1,700 GCC centres within 2,900 facilities employing around

1.9 million professionals and bringing about USD 64.6 billion in revenues in FY2024, which is expected to surpass USD 100 billion by 2030 [1], [3]. According to the latest data from the industry, the number of GCC centres increased to 2,117 operating within 3,728 units in FY2026, which demonstrates 32 percent growth since FY2021 and suggests that the industry continues growing [3].

In this context of scale of expansion, recruitment within GCCs has undergone a fundamental transformation. Whereas previous iterations of offshoring involved large-scale campus recruitment drives along with indiscriminate hiring for transactional functions, the latest iteration of GCCs is engaged in the quest for specialized capabilities of artificial generative intelligence (GenAI), cloud computing, cybersecurity, and data engineering against more than 1,600 competing centers [1]. Around 364,000 new jobs at GCCs were expected in India in 2025 alone, with the number of professionals in GCCs being forecasted to be between 2.5 and 2.9 million by 2030 [2], [4]. The activity of recruitment that was once a part of operational excellence has now been transformed into an area that determines competitive advantage; the Ceipal GCC Talentscope India 2026 Report, co-developed with People Matters, found that 58 percent of GCCs take more than 45 days to fill important positions and that 50 percent of GCCs are hiring without the use of predictive analytics [5].

The change has happened amidst a wider wave of changes in service delivery across the globe. While the traditional third-party companies specializing in providing IT-services and BPO

were absorbing the bulk of the demand for technologists coming from offshore clients earlier, today, the competition for the best talent between such companies and GCCs is evident in the gap of 15 to 22 percent in salaries offered by the GCCs as opposed to the IT-service provider for the same position [16]. At the same time, the maturity of the GCC market in India has resulted in a paradox – while the concentration of the GCCs in one region gives them an advantage, today it makes the situation more complicated because the high level of competition makes it harder for the GCCs to hire people [13], [20]. It is important to understand the paradox and the mechanism of its emergence in order to be able to cope with it successfully.

In this paper, an attempt will be made to systematically analyze the recruitment problems of GCCs, taking the example of India where more than half of all GCCs in the world reside [3]. This will be done by drawing on insights from both the industry consultancy reports (NASSCOM, Zinnov, EY, Ceipal) and academic literature on talent acquisition theories and employer branding. This paper is organized as follows: Theoretical background of the topic under consideration is presented in Section 2; Methodology of the research is described in Section 3; Section 4 provides the profile of the GCC talent market; Section 5 discusses the main recruitment problems faced by GCCs along with data, tables, and figures; Section 6 analyzes the results comparatively; Section 7 suggests strategic recommendations; and finally, Section 8 provides conclusions.

2. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Historically, recruitment and talent acquisition were understood within the paradigm of competitive labor markets. The core idea behind the "war for talent" framework was first developed in the late 1990s at McKinsey & Company, where researchers claimed that with an economy shifting towards knowledge-based work, the limitation on the organization's growth is not a lack of capital but the shortage of talented people [6]. It can be easily applied to the situation in the Gulf Cooperation Council states, as the limitation on growth is not capital or real estate, but talent [1], [7].

A second line of research focuses on employer branding, which is formally defined by Ambler and Barrow as the bundle of functional, economic and psychological benefits provided by being employed in an organization [8]. Signaling theory suggests that prospective employees evaluate their future employers based on imperfect information such as their previous experience, reviews from current and past employees, and the firm's reputation in the labor market, and, thus, the employer brand is essential in reducing search costs and increasing the quality of the talent pool [8]. In this sense,

Tanwar and Prasad develop the idea that employer branding contributes to retention by creating a psychological contract between an employee and the organization through EVP [9]. Systematic review in the recent years reveals that, despite twenty years of academic discussion on the topic, organizations still have difficulties to implement employer branding in a consistent way, especially in the case of geographically dispersed and matrix organizational structures like GCCs [10].

Another pertinent framework from which to examine this issue is that of human capital, where investment into education and skill training is viewed as similar to investments in physical capital in terms of being an economic decision that generates returns in terms of productivity and wage increase [11]. In the case of GCC organizations, this framework is useful for understanding the premiums in terms of 30 to 40 percent above average software engineering salaries paid to those who possess GenAI, cloud and cybersecurity knowledge because of their comparative scarcity and contribution to productivity [12], [13]. Literature related to employer brand experience (EBE) further develops the concept of branding from its narrow focus on pre-hire marketing into one that covers the actual experience of employment and emphasizes that recruitment and retention efforts should be seen as interrelated, because a negative onboarding and cultural experience negatively impacts the employer brand for potential future candidates due to word-of-mouth communications and review platforms [14]. This idea is especially important for GCC organizations given the few technology hubs (Bengaluru, Hyderabad, and Pune) that exist there, resulting in the denseness of information networks between candidates [15].

Fourthly, the construct of the psychological contract may also play an important role in this study. The psychological contract refers to the implicit expectations between the employer and the employee formed at the time of recruiting the latter and broken or confirmed in the first few months of the employment relationship. When the communication process at recruitment generates expectations regarding ownership, globalization, and swift career development but fails to meet them, a violation of the psychological contract takes place, leading to early voluntary resignation and thus the "infant attrition" effect, known in GCC research as defined in Section 5.3 [9], [14]. Fifthly, another construct to be used in the research will be that of the resource-based view (RBV) of the firm. According to the RBV, the sustained competitive advantage of the organization is based on its valuable, rare, inimitable, and non-substitutable resources. Applied to talent management, this construct means that the unique combination of skills, cross-cultural competency, and deep subject-matter expertise needed for GCC positions constitutes a truly scarce organizational resource that cannot be bought en masse through salary

premiums given the inelastic demand for specialists in GenAI and cyber security in the Indian labour market [11], [12].

Lastly, the signaling theory provides another perspective on the importance of employer branding and recruitment process design regardless of the remuneration offered by the organization. The reason for this is the fact that job applicants have no way of assessing the internal culture, future orientation, and the strategic significance of any particular GCC task prior to their employment. As a result, applicants use certain signals, which include the structure of interviews, level of seniority and clarity of the recruiting manager, the rate of response and reputation, in order to make inferences about unobservable [8]. Thus, slow or unclear recruiting processes, described above in Section 5.2, operate as negative signals and can discourage top candidates from applying for jobs even if they offer competitive salaries, as top candidates tend to have several concurrent offers [7], [19].

Combining all the strands mentioned above, it is clear that recruitment issues facing the GCCs cannot be solved through mere compensations. The shortage of specialized human resources, the reliability of the employer brand against more than one thousand other competing centers, meeting or not meeting the candidates' expectations from the recruiting process, and the interdependence of the two processes of recruitment and retention constitute the empirical problems analyzed in Section 5 below.

3. RESEARCH METHODOLOGY

The methodology of the present study involves qualitative research based on secondary synthesis of data suitable for an emerging and evolving industry issue where survey data cannot be publicly shared owing to their proprietary status. The data has been gathered from four types of sources: (a) leading industry reports such as NASSCOM-Zinnov India GCC Landscape Report series of 2024 and 2026, NASSCOM GCC Annual Report 2024, and Zinnov Salary Increase, Attrition and Hiring Trends report [1]-[4]; (b) industry commentaries by consulting firms like the EY GCC Pulse Survey 2025, EY Future of Pay 2026 Report, and Ceipal-People Matters GCC Talentscope India 2026 Report [5], [12], [13]; (c) practitioner sources that highlight recruitment challenges of practitioners in the form of companies offering expertise in GCC talent and staff placement [7], [15]-[19]; and (d) academic literature on employer branding and talent management [6], [8]-[11], [14], [20]-[22].

Triangulation of data from at least two different sources was carried out to avoid dependence on the method used by one source of information. Data points in numerical form such as

numbers of workers, attrition rates, salaries, and hiring durations were tabulated into comparison tables and were represented by graphs including bar, scatter and trend graphs for analysis of trends among different functional positions, cities and skill types. Since the GCC industry is changing very fast and the frequency of publication depends on the publisher, figures are shown along with their respective reporting years and should be understood as trends rather than a single census. The study is mainly exploratory in nature.

A number of limitations should be considered. Firstly, the industry reports are often written or supported by the consulting firms and HR technology providers having an obvious commercial stake in the GCC advisory business market and thus creating certain optimism bias in growth forecasts despite the fact that problems are stated without any exaggeration. Secondly, since all statistics provided are based on aggregate figures per country or sector, the paper is unable to reflect firm-specific differences – some GCCs within the same city and sector might face completely different recruitment environments due to the difference in their brand awareness, functional responsibilities and leadership. Thirdly, the fast-changing nature of the industry makes the statistics provided in 2025 and early 2026 publications possibly outdated by the time of this paper's publication; when possible, the most recent statistics were used, and the dates are given explicitly. These limitations are inherent for research of the kind and do not affect in any way the validity of the conclusions made.

4. THE GCC TALENT LANDSCAPE: SCALE AND TRAJECTORY

To appreciate the recruitment issues highlighted in section five, one must first contextualize them in relation to the unprecedented growth path of the industry. While the GCC talent pool in India rose from 1.2 million professionals in FY2022 to 1.9 million in FY2024, representing an average annual growth rate of around 6.3% for installed talent and 9.8% in revenue growth during this period [4], the latest FY2026 statistics reveal that the talent pool is now estimated at 2.36 million professionals spread across 2,117 centers with 506 of the Forbes Global 2000 companies having a GCC in India along with 583 mid-market centers and 504 private equity backed entities [3]. Figure 1 shows the growth path in relation to consulting firm estimates till FY2030.

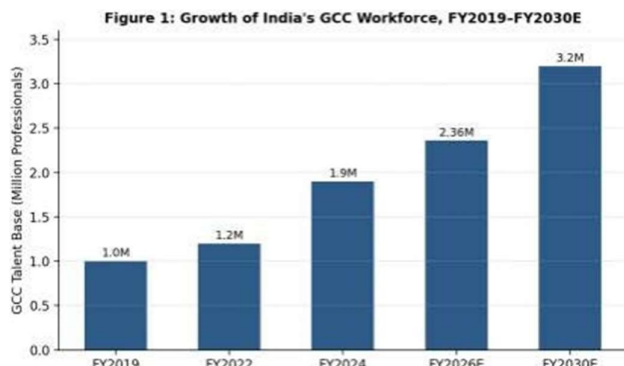


Fig -1: Growth of India's GCC Workforce, FY2019–FY2030E (Source: NASSCOM–Zinnov, 2024, 2026 [1], [3], [4])

This growth is unevenly spread out. Ninety percent of GCCs continue to operate from just six cities: Bengaluru, Chennai, Hyderabad, Delhi NCR, Mumbai, and Pune, while Bengaluru alone operates almost 900 GCC facilities and between 35 and 40 percent of total sector activity [13]. Moreover, GCC office space grew to 29.2 million square feet in 2024, whereas government policy, both at the level of Union Budget 2025–26 National Framework for GCCs and state governments' policies, such as Maharashtra GCC Policy 2025, is trying to establish new GCC centers in Tier-II cities such as Coimbatore, Kochi, Indore, Jaipur, and Ahmedabad, accounting for around 12 percent of total GCC recruitment in early 2026 [16], [17]. India graduates more than 2.5 million STEM graduates each year and, thus, appears to have rich talent pool; however, as described in section 5, this graduate supply exists in parallel with the shortage of skills required by GCCs [3], [13].

Changes in the composition of demand underpinning this growth have also been significant. United States-based companies still account for an estimated 70% of new GCC formation in the region, yet there has been a clear diversification in terms of what types of companies are setting up their GCCs in India beyond the technology space: European consumer goods companies like Carlsberg and Sanofi, Middle Eastern real estate organizations like DAMAC, and international hotel chains like Marriott have all formed Indian GCCs in the last two years, highlighting how this business model has spread to sectors that did not traditionally offshore key functions [3]. This has implications for recruitment as it increases the number of hiring profiles based on particular domains that GCCs need to source from at the same time: A BFSI-oriented GCC and an FMCG-oriented GCC can share similar technical expertise (cloud, data, AI) while having entirely different domain expertise requirements [3], [17].

Maturity is another crucial dimension of variation. Through the use of the Zinnov GCC Maturity Framework, about 44 percent of Indian GCCs have matured into the “Portfolio Hub” level of maturity, which is marked by end-to-end ownership of products or platforms and extended innovation agenda, compared to a significantly lower base just five years back [1], [4]. The penetration of digital technology has also increased along the same lines; for example, AI/ML and Data Science capabilities are present in 86 percent of GCCs, compared to just 65 percent in FY2019, while Cybersecurity capability penetration increased from 55 percent to 88 percent during the same period [4]. Since mature GCCs take up more critical and high profile work, their hiring needs become increasingly senior, multi-functional, and leadership oriented, which is exactly the area of talent shortage discussed in Section 5.4.

5. RECRUITMENT CHALLENGES: EMPIRICAL FINDINGS

5.1 Niche and Emerging-Technology Skill Shortage

The biggest challenge when it comes to recruiting employees is a gap between overall supply of talent on one hand and supply of specialised, emerging technology-related skills on the other hand. Although India churns out the highest number of engineers compared to any other nation in the world every year, GCC employers identify GenAI and LLM engineering, cloud engineering, cybersecurity, and data engineering, which did not exist five years ago [12], [13]. As per EY GCC Pulse Survey 2025, 83 percent of GCCs are aggressively scaling up GenAI and 58 percent are working on agentic AI, but India has 53 percent shortfall of workers skilled in AI compared to demand, indicating that only one out of every two GenAI jobs are available right now in the Indian market [1], [12]. People having GenAI and LLM engineering skills earn 30 to 40 percent premium over software engineering salaries and the premium increases at the leadership level where Directors and above positions in matured GCCs earn in excess of ₹1 crore per annum on average including equity stakes [12], [13].

Figure 4 plots the relationship between the intensity of hiring demand for six priority skill categories and the salary premium each commands, illustrating that GenAI/LLM engineering sits in the most competitively strained quadrant — simultaneously the most sought-after and the most expensive capability to acquire.



Fig -4: Skill Demand Intensity vs. Salary Premium in GCC Hiring (Source: [12], [13])

Table 1 summarises the demand intensity, reported shortage severity, and compensation premium across the primary technical skill categories referenced across industry sources.

Table -1: Skill Demand, Shortage Severity, and Compensation Premium by Category

Skill Category	GCCs Prioritising Skill	Reported Shortage Severity	Salary Premium vs. Standard SWE	Primary Source Year
GenAI / LLM Engineering	83%	Very High (53% AI-skill deficit nationally)	30–40%	2025–26
AI/ML & MLOps	63%	High	20–30%	2025–26
Cloud Architecture & DevOps	58%	High	15–25%	2025–26
Cybersecurity	55%	High	18–25%	2025–26
Data Engineering & BI	54%	Moderate-High	12–20%	2025–26
Domain-Technical Hybrid Roles	66%	High (thin combined pool)	15–25%	2025–26

The problem is not consistent across all experience bands. Recruitment of junior-level employees is still quite plentiful — some 42 percent of jobs at GCCs go to people with up to three years of work experience [20], indicating the sustained strength of India’s output of fresh graduates for basic programming, SQL, and API integration. The critical shortage occurs in the three-to-eight-year mid-level category, where candidates need both deep skills as well as the ability to communicate and manage stakeholders that a GCC needs, because these individuals are expected to interface directly with their counterparts worldwide and not follow the usual IT services delivery management model, which involves going through a layered structure of intermediaries [19], [20]. Recruiters from multiple practitioner sources state that this experience band is the most contested part of the market, with counteroffers and recruiting happening exclusively in this experience range [7], [18]. This indicates that even a substantial pipeline of STEM graduates is a poor indicator of available mid-career GCC workforce, as the latter requires a few years of development of skills and experience in the field.

5.2 Hiring Velocity and Time-to-Fill

Alongside the problem of candidate skills, GCCs also suffer from an inherent speed issue when hiring. The report entitled ‘Ceipal GCC Talentscope India 2026’ states that 58% of GCCs take more than 45 days to fill essential positions, an issue that is exacerbated in GCCs whose centers now assume complete responsibility for end-to-end delivery of products and platforms instead of just providing support [5]. Delays in recruiting impact delivery timelines, increase burnout due to overreliance on current employees and ultimately lead to increased costs as companies are forced to hire through premium-fee recruiters or engage in counter-offer wars in order to address gaps [16], [18]. Contrary to traditional IT-service providers who conduct campus recruiting in large numbers (and able to extend more than a thousand job offers per cycle), GCCs normally hire people in specialized role-specific pipelines that involve multiple rounds of interviews (usually four or even more – technical assessment, cross-functional interview panel and hiring manager round specifically targeting communication skills of the candidate with international stakeholders) [19].

Beyond just the initial void, there are knock-on effects of delays in hiring. These include delayed product roadmaps and reduced innovation capacity in exchange for firefighting in addition to the reliance on contract or vendor labor to mitigate any delays. This is an intermediate solution that has its own cost premium and continuity risk when the eventual hire arrives [16], [18]. Some GCCs have addressed the issue of delayed hiring through funnel optimization such that time is compressed without impacting the quality of the process: combining technical and panel interviews into a longer single day of interviews, giving hiring managers preapproved salary ranges to make offers immediately, and creating pools of already pre-screened bench candidates for high churn role categories to eliminate the need for any searching process at all once there is an open role [19]. Those GCCs that have adopted these processes claim higher fill rates than the 58 percent average for industry-wide roles that take longer than 45 days to fill, indicating that while the structure of hiring is challenged by the lack of candidates, hiring velocity itself is still, remains substantially a function of process design rather than an immovable constraint [5].

5.3 Attrition and "Infant Attrition"

Recruitment in the GCC context cannot be separated from retention, because high attrition effectively multiplies the recruitment burden. Total annual attrition levels among Indian GCCs vary from 15% to 25%, but the mean figure hides a lot of variance, with attrition rates in AI, cloud and data science positions reaching over 27% - 30%, above the benchmark for attrition in traditional IT services of about 21% [11], [16]. Costs of hiring and training replacement for a mid-level or senior technical employee amount to 1.5 – 2 times annual salary when considering recruiting fees, onboarding process and knowledge

transfer costs [11]. A specific case of this challenge is the phenomenon known as "infant attrition" – quitting of the employees within the first 90 – 180 days of employment – experienced by about a third of GCCs and driving 37% of the centers to adopt special programs monitoring new hire quality [5]. The particular challenge of infant attrition is that it entails an almost complete loss of the sunk cost of recruiting, interviewing and onboarding the candidate without producing any productive outcome yet and often points to the disconnect between expectations formed during recruiting and reality experienced on the job. — precisely the recruitment-to-retention feedback loop identified in the employer-brand-experience literature discussed in Section 2 [14].

Figure 2 compares attrition rates across functional categories, illustrating the disproportionate churn concentrated in the most in-demand technical roles.

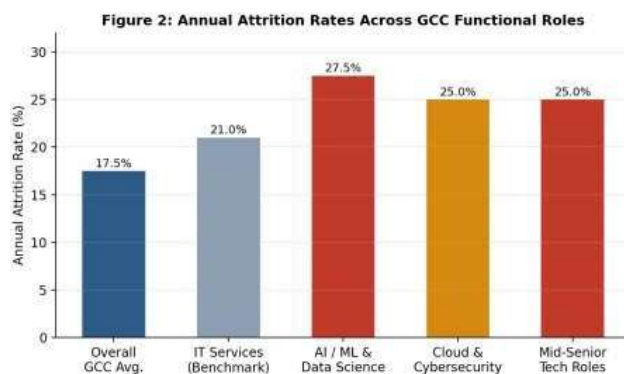


Fig -2: Annual Attrition Rates Across GCC Functional Roles (Source: [11], [16], [20])

However, there is good news for some market segments, which have reported decreased rates of attrition from pandemic highs. Specifically, some mature GCCs have reported their overall attrition declining to 12-15%, with historical lows of 12.6% observed among a subset of established GCCs, which demonstrates how strategically targeted investment in retention may help stabilize the otherwise volatile nature of the sector [5], [20]. Most common interventions behind such an improvement include skills-focused retention initiatives focused on continuous upskilling as opposed to rigid role definitions, opportunities for internal mobility and participation in project marketplaces allowing people to switch functionally without leaving the company, performance-based evaluation instead of presence-based measurements, and structured onboarding aimed at reducing initial stages of attrition [20]. It should be noted that 72% of GCCs are now providing long-term incentives for retaining employees, a significant increase from the previous scheme where stock options and deferred compensation was available primarily for leaders [20]. Given the overlap in the talent pool used by companies for recruitment

and retention efforts, every point of attrition avoidance in functions translates directly into lower recruitment needs.

5.4 Leadership Readiness Gap

Another, not so apparent yet important, challenge is that of senior hiring. Indian GCCs have come a long way in terms of localization of global jobs; in fact, more than 6,500 global leadership positions have been created in the Indian centers till 2024, out of which 1,100+ women have been appointed into international leadership roles, and 13 Fortune 500 companies have more than 25 percent of their global patent contribution coming from the Indian centers [1], [17]. But despite this progress, as per the EY GCC Pulse Survey 2025, about 80 percent of the GCCs continue to localize only less than 10 percent of their global leadership positions in India. This shows that there are few India-based professionals available who are equipped enough to take up decision-making roles across enterprises [13]. Organizations that have delayed the appointment of a GCC Head, a position demanding both knowledge of local operations and global stakeholder management, find that execution is poor, delivery quality suffers, and first-year attrition is higher as the lack of local leaders empowers their teams to depend upon headquarters for all decision making [15]. Companies that take care of this by having succession planning, cross-posting between headquarters and the GCC, and formal mentorship programmers report improved continuity and reduced dependence on a small number of key individuals [1].

Recruitment challenges associated with this leadership problem manifest themselves in two ways. Firstly, the number of candidates having both a strong local understanding of the business operations and the trust of the overseas headquarters is too small to be effective in external headhunting efforts, since the potential candidates for such positions are, by definition, passive and not actively looking for a new job position [15], [18]. Secondly, the absence of a leadership team with a background in India limits the ability of the organization to make independent local hiring and pay scale decisions, since the confusion regarding decision-making rights between the GCC and headquarters is considered the major governance problem preventing GCC from executing its duties effectively [11]. The GCCs that have clearly defined what kind of decisions the local leadership team is able to make independently without headquarters approval manage to recruit faster since their talent acquisition teams do not need to go through lengthy multi-week and multi-timezone decision-making process [11], [15].

5.5 Employer-Brand Competition Among 1,700+ Centers

With over 1,700 GCCs – 1,600 or so of whom compete head-on for the same AI, cloud, and data talent – new players confront an employer-branding challenge unique to this wave of offshoring [1], [16]. GCCs just starting up or scaling up find themselves in competition with well-established technology captive centers at companies like Google, Microsoft, SAP, and Walmart, who've taken well over a decade building a reputation for themselves as employers in India's major technology centers [19]. When assessing an offer, candidates are increasingly concerned about more than compensation, considering what the India center is supposed to be responsible for ("what's this center really responsible for?") as well as opportunities for career development, flexibility, and cultural fit – exactly the benefits Ambler and Barrow outlined in their original conception of employer branding [8], [19]. For organizations moving into India for the first time, the task of establishing an employer brand quickly enough to attract top-notch talent is cited again and again in practitioner literature as one of the most daunting challenges of early-stage recruitment, and something which requires partnering with specialized RPOs or executive recruiting firms with curated candidate networks [16], [18].

In addition to this, the problem becomes even more pressing due to the high structural similarity of the value propositions of many centers within the GCC: virtually all of them mention "MNC stability," "global exposure," and "product-grade work" in their advertisements using identical wording, thereby diminishing the differentiation potential of any one organization's message and forcing candidates to look more at softer signals like employee testimonials, alumni referrals, and word-of-mouth from existing employees [8], [19]. The advice for new players in the consulting industry is shifting towards advising the investment into verifiable differentiation at early stages, namely publishing the ownership of the products and platforms used by specific names, being honest about the career progression and not giving unrealistic timelines, and allowing the candidate to speak directly with the current India-based employees rather than just recruiters and/or hiring managers based in HQ [15], [19]. This approach allows attracting more passive candidates who by their very definition have a job already and therefore need a much higher level of signaling to be convinced to switch companies [7], [8].

5.6 Tier-II and Tier-III City Expansion Challenges

Given the increasing costs associated with Tier I hiring along with talent saturation, GCCs have been forced to focus on expanding operations into Tier II and Tier III cities like Coimbatore, Kochi, Ahmedabad, Jaipur, and Indore that will account for nearly 39% of the GCC employee base by 2030 and which offer talent costs 20 to 35 percent lower in addition to 10 to 12 percent lower attrition compared to metro cities [17], [20].

But geographical diversification also brings its own recruitment challenges. Regional differences in terms of culture, process, and local talent pool size can result in variation in quality of recruitment and slower ramp up with simultaneous expansion into many regions at once [18]. The documentation process, management resources, information technology, and office space need to grow with an increase in headcount; companies which make recruitment targets without scaling up their real estate and specialized recruiting vendor network in these emerging cities often hit capacity issues [16].

Linked to this is the issue of the depth of the specialized talent pool available in Tier-II cities compared with the six metros which dominate. Although there has been a 71,000 increase in the pool of general engineers and IT-BPM professionals in emerging clusters in just the year 2024, the concentration of specialist expertise in AI, cloud computing, and cyber security continues to be skewed in favor of Bengaluru, Hyderabad, and Pune – implying that Tier-II expansion is currently more suited to expanding basic and medium complexity jobs than senior and specialist positions covered in Section 5.1 [1]. As such, a number of GCCs have taken up the deliberate geographical phasing strategy of leveraging an existing metro for AI and platform architecture leaders, and scaling delivery and support functions in emerging cities rather than trying to set up an entire capability center in a new location on day one [11], [16]. The benefit of such a phased approach is that it helps avoid inconsistent quality of recruitment in different locations because the most judgmentally intensive recruitment is done in teams who already have their calibration standards.

5.7 Cross-Border Legal, Tax, and Data-Compliance Complexity

Recruitment for GCCs becomes all the more complex considering the regulation involved in cross-border, matrixed employment. Regulations pertaining to labour laws, taxation, and classification of workers differ across jurisdictions significantly, and even in India, the enactment of four Labour Codes from November 2025 onwards has brought about significant changes – including the mandate that 50 percent of the salary should be included in basic pay – that determine how the package needs to be negotiated [7], [20]. Data protection compliance creates another set of challenges as the GCCs recruiting employees who process cross-border data have to comply with both India's Digital Personal Data Protection Rules 2025 as well as other extra-territorial legislations such as GDPR, and in turn the risk of cyber-security has increased greatly with India's CERT-In publishing 390 vulnerability advisories and 1,530 alerts out of roughly 2.94 million cyber incidents in 2025 itself [16], [20]. These compliance requirements are increasingly impacting recruitment in their

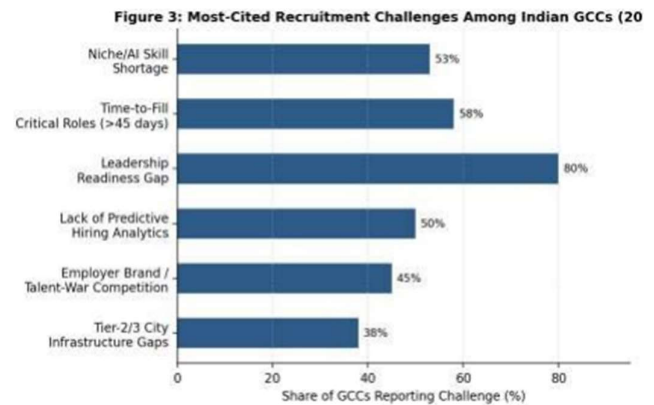
own right, because the jobs related to data protection, cybersecurity, and regulation technology are becoming essential hiring concerns.

Hiring complexities due to compliance challenges have a bearing on the mechanics of the hiring process itself. Worker-classification regulations determine the nature of employment arrangement that would be used, whether contract staffing, fixed-term employment, or permanent hiring, and getting this wrong means not only having to pay fines but facing a significant reputational risk. Many GCCs ensure that all offer-letter templates go through the legal scrutiny, either in-house or outside, and this adds additional time to an already elongated process [7], [20]. Compensation benchmarking across national borders is no less complex, given that transfer pricing regulations determine the way costs are allocated between GCC and its parent company, which means that compensation ranges approved by global total rewards team may lag the market movements and therefore require India-based recruiters to seek exceptions for popular jobs rather than using pre-approved compensation bands [11]. Companies with legal and compliance liaison capacity built into GCC's human resources team, instead of having to consult centralized headquarter-based legal department on each issue, report faster offer turnaround times [7], [11].

5.8 Predictive Analytics and AI-Adoption Gap in Recruitment Operations

Another issue is the state of development of recruitment technologies themselves. While GCCs are at the cutting edge of enterprise AI usage for their operations, according to the Ceipal GCC Talentscope India 2026 Report, 50 percent of GCCs are currently making important hiring decisions based on non-analytical data [5]. It is also the case that while agentic AI for recruitment is the number one priority for GCCs when it comes to adopting HR technologies, the current hiring infrastructure in most centres is not equipped to facilitate it [5]. The irony of the situation is that centers which hire AI engineers to build enterprise machine learning systems for their parent organisations often lack AI tools of their own, namely structured hiring workflows, predictive quality score for candidates and vendor governance dashboards [5]. Companies which have already integrated AI assessment tools into their hiring process reported measurable improvements like a 40 percent decrease in recruiter screen time, 25 percent drop in offer-to-join dropout rate and 85 percent of candidate join intent prediction [21].

The ranking presented on Figure 3 shows the prevalence of recruitment challenges described in this section,



based on industry surveys.

Fig -3: Most-Cited Recruitment Challenges Among Indian GCCs, 2025–26 (Source: [1], [5], [12], [13])

5.9 Sectoral and Cross-Cultural Variation in Recruitment Difficulty

The degree of difficulty in meeting these challenges varies according to the verticals within which these companies operate. Technology-based GCCs, which have been set up by software, cloud, and internet companies, tend to be among those who report the largest pools of candidates available to them, but at the same time, the fiercest competition for the same very small pool of people who can help with artificial intelligence and platform engineering skills. This is because they are both the largest source of demand and the strongest competitors in branding themselves [12],[19]. On the other hand, BFSIs, health and life sciences firms, and more recently retail, hospitality, and industrial firms face the challenge of sourcing not only these very hard-to-come-by skills but also candidates who have specific domain skills in areas such as actuarial science, clinical data standards, or supply chain engineering [3], [9]. According to the EY GCC Pulse Survey 2025, 66 percent of GCCs currently list domain expertise as one of their main priorities in hiring candidates, almost equalling the 63 percent who list AI/ML skills.

Another potential variable is related to cross-cultural considerations and communication expectations. Since GCC project teams are required to work in cooperation with other parties within North America, Europe, and other regions, the importance of the criterion of good communication skills in working with partners from other countries has always been recognized as one of the most crucial – and most challenging to evaluate – criteria for candidates having purely technical or

academic background [12], [19]. STAR-interviewing technique (Situations, Tasks, Actions, Results), which aims at evaluating candidates' cross-functional collaboration skills and flexibility, has become practically mandatory for the final round of selection process because of this very challenge, which is implicitly accepted by the entire GCC industry as technical skill alone is a poor predictor of success [19].

6. COMPARATIVE SYNTHESIS

In Table 2, the author combines the challenges outlined in Section 5 along with their respective key causes, quantitative measures, and the most commonly recommended measures to mitigate such issues as well. The table reveals that even though every one of those challenges comes with its own operational footprint, all of them are mutually dependent. Namely, skill shortages affect salary and time-to-hire; slow hiring creates additional pressure for the existing employees and drives up attrition rate; the negative attrition experience negatively affects the employer brand required for recruiting, while poor local leadership adversely impacts decision-making processes required for addressing all other four problems. Such mutual dependency is in line with the recursion inherent in the employer brand and experience relationship [14]; it confirms that the GCCs cannot solve the recruitment challenges in isolation – an integrative approach to talent management is required [1], [15].

Table -2: Comparative Synthesis of GCC Recruitment Challenges

Challenge	Principal Cause	Key Indicator	Common Strategies	Mitigation
Niche/AI shortage	skill Demand growth outpacing specialised supply	53% AI-skill deficit; 30–40% salary premium	Skills-first upskilling; sourcing	hiring; broadened
Slow velocity	hiring Multi-stage, quality-focused interview design	58% of GCCs take >45 days for critical roles	Compressed interview funnels; standing candidate pipelines	
Elevated & infant attrition	Psychological-contract mismatch; competitive poaching	18–30% annual attrition; 1 in 3 GCCs cite infant attrition	Structured onboarding; internal mobility; LTIs	
Leadership readiness gap	Thin pipeline of India-based global decision-makers	<10% of global leadership roles based in India (80% of GCCs)	Succession planning; cross-posting; documented decision rights	
Employer-brand competition	1,700+ competing centers for overlapping pools	Generic propositions value differentiation	Specific messaging; employee-led hiring conversations	mandate

Examining the phenomenon through the lens of the frameworks provided in Section 2, the trend in Table 2 seems to indicate a resource-scarcity phenomenon rather than an operational one. In the case where the cause of the problem is absolute scarcity of potential recruits for a particular skillset, such as the GenAI and cybersecurity skills in the current situation, a compensation-driven approach will yield progressively lower results, since increasing the pay package simply moves candidates among competing GCCs but does not increase the

pool, which is consistent with the RBV model's notion that certain resources are inherently not readily produced [11]. On the other hand, in the case where the cause of the problem lies in information asymmetries or process inefficiencies, such as recruiting speed, clearness of the employer brand, and infant attrition rate, the evidence in Section 5 demonstrates that it is possible to generate outsized benefits relative to the cost from operational and communication-oriented actions, consistent with the expectation in the theory of signalling that candidates react heavily to the quality of the recruitment process itself even when the compensation component remains unchanged [7], [8].

7. STRATEGIC RESPONSES AND DISCUSSION

GCCs' leading firms have resorted to a number of converging approaches in dealing with these challenges. Firstly, GCCs are moving towards skills-based recruitment over role-based, organizing their hiring process based on skill clusters such as combined artificial intelligence and data or cloud and security groups rather than job titles and creating "skills observatories" which monitor the latest technologies' developments to be able to hire beforehand [2]. Secondly, recruiting efforts are becoming diverse both in terms of geography – expanding into Tier II and Tier III cities and universities – and in terms of discipline: some GCCs have been purposefully hiring from humanities and design to recruit for mixed technical domain positions which can only be filled by computer science channels in insufficient quantities [2], [17]. Lastly, remuneration strategy is becoming more complex: 75% of GCCs now offer long-term incentives in addition to base salary in the form of ESOPs and RSUs to their mid-level contributors in addition to the top-tier and are predicting an increase in salary of 10.4 percent in 2026 over 9.6 percent in the IT services industry while paying 20-35 percent more than industry averages [12], [13].

Fourthly, and in keeping with the employer-branding research discussed in Section 2 above, mature centers are making a deliberate effort to improve employer brand clarity – that is, to define clearly what the India center controls functionally, without depending solely on the parent company's reputation – because job applicants today look at GCC jobs in terms of how specific and strategically significant the mandate for the center is [8], [19]. Fifthly, mitigating infant attrition and the problem of leadership readiness necessitates a proper process of onboarding, clear career progression pathways and succession planning measures like cross posting from headquarters to GCC, which have been correlated with significantly better first year retention rates and reduced dependency on key individuals [1], [5]. Finally, bridging the gap between recruitment technology adoption that was identified in Section 5.8 above –

through predictive analytics and vendor governance – is surely one of the highest leverage short term interventions, considering the demonstrated reductions in screening time and offer-to-join drop out [5], [21].

In combination, these examples lead to one general conclusion: the idea of the "war for talent," which has been dominating the discourse of HR strategy during the last twenty years, is especially relevant for the GCC segment due to the fact that GCC companies are combining compensation competitiveness of technology giants with geographic clustering and skills specific to a fast-growing innovation system [6], [7]. This means that recruitment in GCCs is now no longer an HR activity but a strategic competence which will allow GCCs to fulfill their role of being innovation centers rather than cost centers [2], [15].

8. IMPLICATIONS FOR PRACTICE, POLICY, AND FUTURE RESEARCH

The results have separate implications for three different groups of individuals. To the HR professionals and talent acquisition managers working in GCCs, the research shows that recruitment KPIs must go beyond time-to-fill and cost-per-hire and focus on lead measures of employee turnover risk, like offer acceptance ratio for passive candidates, ninety-day survival rate, and manager perceptions of role expectations match at the thirty-day stage, because they better reflect the psychological contract-related factors affecting infant turnover presented in Section 5.3 [9], [14]. They should consider employer branding and recruitment processes as one and the same process, as signaling theory reveals that recruitment friction serves as a negative signal of quality for the most attractive applicants [7], [8].

For policy makers, especially state governments that wish to compete to attract GCC investments via incentive programs similar to those mentioned in Section 4 above, the implications of the study are that infrastructure and fiscal incentives by themselves will not suffice; they need to be complemented by investment in specialized skills and vocational training capabilities in new Tier-II and Tier-III markets. The reason for this being that, as far as the constraints to GCC expansion are concerned, specialized human capital is now more binding than real estate or even capital costs; therefore, policies that finance such AI, cloud computing, and cyber security upskilling programs, in collaboration with local universities, could prove more fruitful.

As a starting point for future academic study, the use of secondary data from industry about the GCC labor force —

unavoidable because most large samples of GCC labor forces come from proprietary sources — indicates an obvious opening for primary research through surveys or interviews conducted with GCC employers' talent-acquisition executives, especially to analyze cause-and-effect relationships in terms of employer-branding initiatives versus acceptance of offers and ninety days' retention. Comparative research comparing recruitment methods in the GCC ecosystems of India, the Philippines, Poland, and Latin America would further help to establish what of the issues raised here are particular to the size and density of the Indian ecosystem and what are more generalizable traits of the global captive center system [6], [10].

9. CONCLUSION

GCCs have evolved past the stage of mere back-office cost arbitrage centers to emerge as innovative engines of business transformation and global decision making, with the GCC landscape in India alone estimated to hire 2.9 million people and create revenues of more than USD 100 billion by 2030. The success path, nevertheless, has been accompanied with a number of inherent recruitment challenges which have surfaced due to the rapid expansion that is taking place. In this research paper, six recruitment challenges have been identified and discussed – niche skills shortage, emerging technology skills shortage, low recruitment velocity, high and infant attrition, leadership readiness gap, increased brand wars between employers, inconsistent geographical scalability, regulatory complexities in cross-border hiring and technology adoption gaps within the recruiting process.

The above findings suggest that the challenges are not isolated from each other, which means that a disjointed approach to solving any particular challenge, for example, increasing compensation without considering whether the company is prepared from the leadership side or does not have a clear brand, will not yield sustainable results. The most successful way for the GCCs to move forward will be to treat the process of recruiting talent as a strategic one. This means that they need to predict the need for skills in advance, diversify the sources of talent geographically and by specialty, develop a believable and precise brand of an employer, deliberately work on developing the local leadership pipeline, and implement advanced recruiting operations enabled by AI technology. As the model of GCC continues to evolve from execution-driven delivery centers to true intelligence hubs, companies that are able to strategically manage talent acquisition will gain competitive advantage from India's talent pool.

In the end, the recruitment problems discussed in this paper should not be seen as temporary problems arising out of a hot

labor market, but as intrinsic problems of a maturing industry where the limit to growth is no longer capital investment and infrastructure, but human capital itself. The GCCs that recognize this change early and manage their recruitment process as rigorously as they would manage any financial or technological architecture will be the ones that take India's size advantage and turn it into an organizational capability difference over the next decade.

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BIOGRAPHIES (Optional, not mandatory)

	Manohar is a Talent Acquisition Associate at Embark with a strong interest in talent acquisition, employee engagement, strategic workforce planning, and human resource management. With experience in recruitment, candidate sourcing, talent assessment, and hiring coordination, he focuses on identifying and attracting suitable talent while contributing to the development of an inclusive and employee-centric workplace. His professional interests include employee retention, attrition management, workforce diversity, gender-neutral workplace practices, employee experience, performance management, and organizational culture. He is particularly interested in understanding how effective recruitment strategies, employee engagement initiatives, and people-centric HR practices can improve employee satisfaction, organizational commitment, workforce productivity, and long-term retention. Manohar also explores emerging areas such as employer branding, talent analytics, diversity, equity and inclusion (DEI), employee well-being, competency-based hiring, learning and development,	succession planning, and strategic talent management. His work emphasizes practical and inclusive approaches to addressing contemporary workforce challenges, particularly in areas such as employee motivation, retention strategies, workplace inclusivity, and sustainable human capital development. Manohar aims to contribute to HR practices and research that bridge organizational objectives with employee expectations, supporting effective talent management, an inclusive workplace culture, enhanced employee engagement, and sustainable organizational growth in a dynamic and evolving business environment.