

Message from our leaders

Introducing the Deloitte Human Capital Trends India Report 2017

Deloitte is proud to present this special excerpt of the Global Deloitte Human Capital Trends 2017 report summarizing the key trends and priorities for HR and business leaders in India and is designed to complement the global report.

The key theme of the report this year is "Rewriting the rules for the digital age". In the report we focus on the dramatic changes the world of business is seeing and the impact of these changes on way HR delivers value in organizations—the new rules for HR.

This report reveals how global trends are making an impact in India with the rise of digital disruptions mandating a change in the way organizations operate—with a shift to stronger focus on leveraging networks, collaborative working, and agile business delivery. The

report also covers the ways in which leaders are managing the new workforce which is young, techno-savvy, diverse, and global.

We are delighted to share the key findings from Deloitte's 2017 Global Human Capital Trends survey–India report. Over 10,000 HR and business leaders, in over 140 countries, participated in Deloitte's Global Human Capital Trends Survey in 2017; over 600 of these were based here in India. We would like to thank People Matters for their supports in helping us with the data collection.



Gaurav LahiriPartner & Human Capital
Consulting Leader
Deloitte India

From the desk of the NHRDN Director General

At the outset, let me place this on record that over the years, NHRDN looks forward to the release of Global Human Capital Trends Report by Deloitte and India Report in collaboration with us.

In the backdrop of the ever-changing global business scenario, the workplace as well as its human resources need to constantly adapt itself to unpredictable circumstances. The purpose of the 2017 Global Human Capital Trends is to help organisations and leaders to be better equipped to face these challenges head-on, and emerge victorious.

The India report draws on responses from over 600 leaders from across India who took part in a comprehensive global survey of more than 10,000 business and HR leaders in over 140 countries. Deloitte in India conducted this fifth annual survey, with National Human Resource Development (NHRD) Network as the regional partner.

The India report has been designed to complement Deloitte's 2017 Global Human Capital Trends report "Rewriting the Rules for the Digital Age". Specifically, this country report summarizes the challenges facing organisations today and the business and HR

capabilities required to address them; this tailored report presents and compares the India results with both the global and APAC results. We believe both of these reports will help apprise business leaders on the critical HR and talent issues impacting organizations throughout the country and across the world.

Deloitte's 2017 Global Human Capital Trends Report begins with the key finding that the need for organizations and HR professionals to 'go digital' can prove to be a true catalyst to success. Beyond digitizing HR platforms and nurturing digital workplaces and technology-savvy workforces, the focus is now on investing in technology that can help further efficiency levels of its human resources. With advances in this realm and clear benefits of embracing technology, there is an increased level of acceptance of the concept of truly digital organizations. Job role redesign is on the cards as concepts of Robotics, Al, sensors, cognitive computing and augmented workforce increase in popularity. In the wake of these changes, the need for the HR function to proactively counter any unfavourable outcome is ever-present.

I am sure this report will profit your mind and help the readers to navigate the maze of digital age.

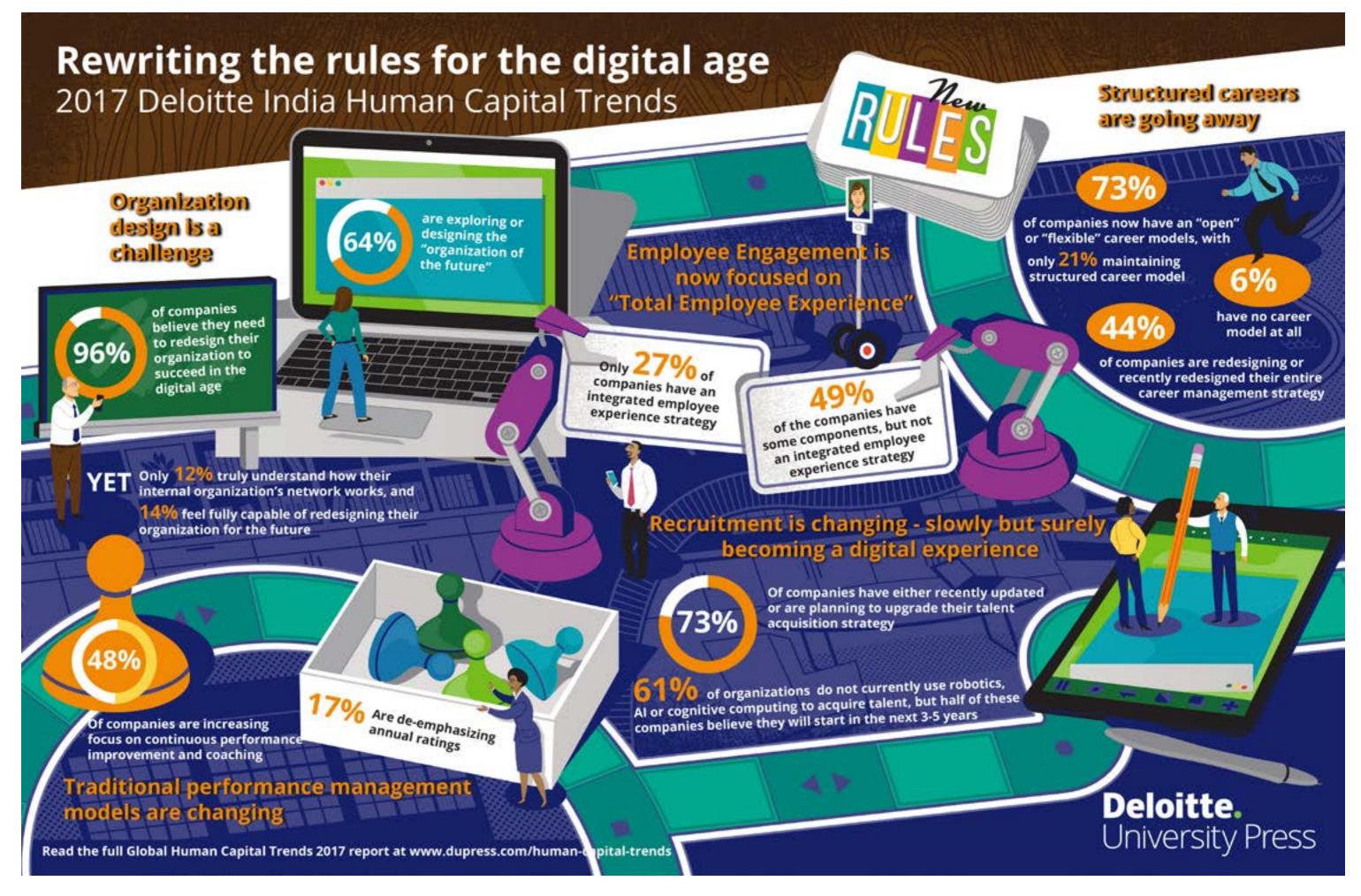
Happy Reading!

Dhananjay



Dhananjay SinghDirector General
National HRD Network





This year's 10 trends

The 2017 Deloitte India Human Capital Trends report, drawing on a survey of more than 600 HR and business leaders across India, takes stock of the challenges ahead for business and HR leaders in a dramatically changing digital, economic, demographic and social landscape.



THE ORGANIZATION OF THE FUTURE: ARRIVING NOW

As digital transforms the business landscape, the successful organizations of the future will likely be those that can move faster, adapt more quickly, learn more rapidly, and embrace dynamic career demands.



PERFORMANCE MANAGEMENT: PLAY A WINNING HAND

Across industries and geographies, many companies are redesigning performance management from top to bottom, from goal-setting and evaluation to incentives and rewards and seeing the business benefits.



TALENT ACQUISITION: ENTER THE COGNITIVE RECRUITER

Recruiting is becoming a digital experience as candidates come to expect convenience and mobile contact. Savvy recruiters now have access to new technologies to forge connections with candidates and strengthen the employment brand.



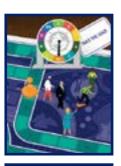
THE EMPLOYEE EXPERIENCE: CULTURE, ENGAGEMENT, AND BEYOND

Rather than focusing narrowly on engagement and culture, many leading organizations aim to improve the employee experience as a whole, supported by a multitude of pulse feedback tools, wellness and fitness apps, and employee self-service technologies.



CAREERS AND LEARNING: REAL TIME, ALL THE TIME

The half-life of skills is rapidly falling, placing huge demands on learning in the digital age. The good news is that an explosion of high-quality content and digital delivery models offers employees ready access to continuous learning.



DIGITAL HR: PLATFORMS. PEOPLE, AND WORK

HR is being pushed to take on a larger role in helping organizations to "be digital," not just "do digital." The process starts with digital transformation in HR, as HR leaders explore new technologies, platforms, and ways of working.



LEADERSHIP DISRUPTED: **PUSHING THE BOUNDARIES**

Today, many organizations need a completely different kind of leader: a "digital leader" who can build teams, keep people connected and engaged, and drive a culture of innovation, risk tolerance, and continuous improvement.



PEOPLE ANALYTICS: RECALCULATING THE ROUTE

Analytics is no longer about finding interesting information and flagging it for managers. Now, data are being used to understand every part of a business operation, and analytical tools are being embedded into day-to-day decision making.



DIVERSITY AND INCLUSION: THE REALITY GAP

Diversity and inclusion at the workplace are now CEO-level issues, but they continue to be frustrating and challenging for many companies. Why the gap?



THE FUTURE OF WORK: THE AUGMENTED WORKFORCE

Paradigm-shifting forces such as cognitive technologies and the open talent economy are reshaping the future workforce, driving many organizations to reconsider how they design jobs, organize work, and plan for future growth.

Learn more: www.deloitte.com/hctrends



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Top Trends in 2017 for India

The fundamental shifts in the way of doing business that have produced seismic changes in the way Human Capital is managed and leveraged are consistent across Global and Indian respondents.

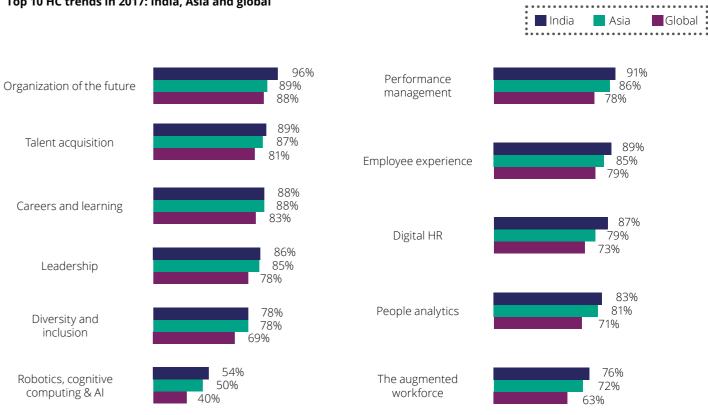
The core theme this year is digital disruption leading to a rapid change in the way in which all business is conducted — which is perhaps why nearly 96 percent of respondents indicate that building the organization of the future is their highest priority. This year's study also reveals that while leaders are adapting to new organization models, and making adequate progress in digitizing processes, HR is struggling to adapt itself and leverage the more new age leaps of technological progress.

Considering the high pace of change which is directly affecting the opportunities available for India Inc. to grow, it is not surprising

that trends which are closer to the front-line business results such as Performance Management and Talent Acquisition have made a come-back into the top 10 trends this year, and that too towards the top of the pile.

The survey results also tell us that Indian business stakeholders feel strongly about making the change required to compete with the world on a level playing field on an urgent basis-this is reflected in the importance index for which India is in the top three ranks worldwide on 9 out of the 10 Global trends seen this year.

Top 10 HC trends in 2017: India, Asia and global



Note: Ratings for "The augmented workforce" and "Robotics, cognitive computing, and Al" both relate to the broader trend on "The future of work" discussed in this

The importance of the trends in absolute terms has not diminished, but there has been a relative trending up in overall urgency expressed by respondents towards acting on these trends.

The table below shows the ranking of the 2017 trends relative to 2016, and indicates whether, and by how many places, they have risen or fallen since last year.

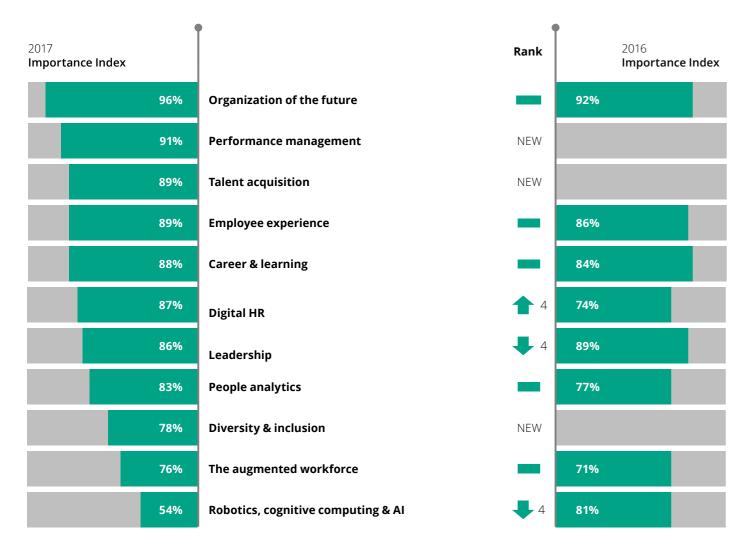
The only trend that moved up (by four positions) is Digital HR which indicates that technology, in all aspects of business, has had a large impact on the way HR operates and adds value.

Leadership came second last year, with 89 percent, but has slipped to sixth place this year, despite an equivalent importance

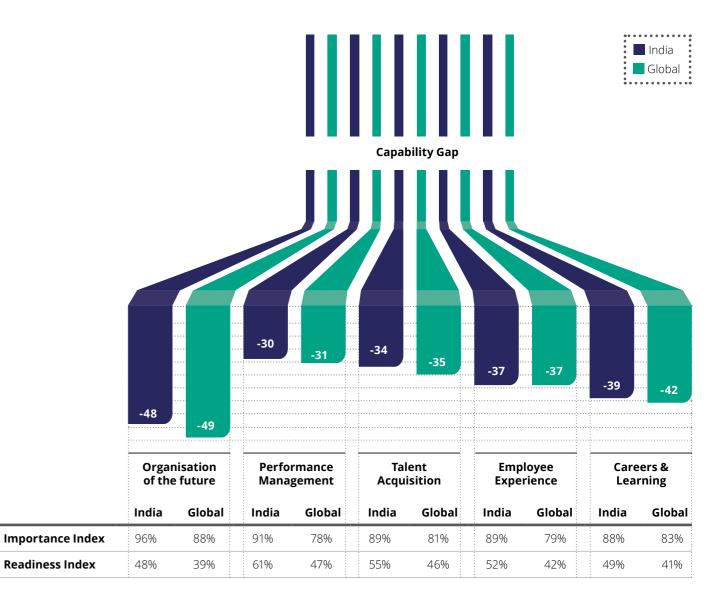
compared to 2016.

Performance management re-emerges as a priority trend for India, switching places with Careers and Learning, with 91 percent respondents identifying it as "important" or "very important", in comparison to 78 percent respondents globally. Talent acquisition too emerged as a new trend and jumped straight towards the top of the list. Diversity and Inclusion, an area fast gaining importance globally, has also un-surprisingly made an appearance in the top 10 trends for India this year.

Top 10 India trends in 2017 compared to 2016



The Global Human Capital trends survey measures both the importance of critical trends and issues, as well as an organization's perceived readiness to address the challenge. We label the difference between the importance and readiness for specific trends the "capability gap" – a measure of how prepared organizations are to respond to the most urgent human capital issues.

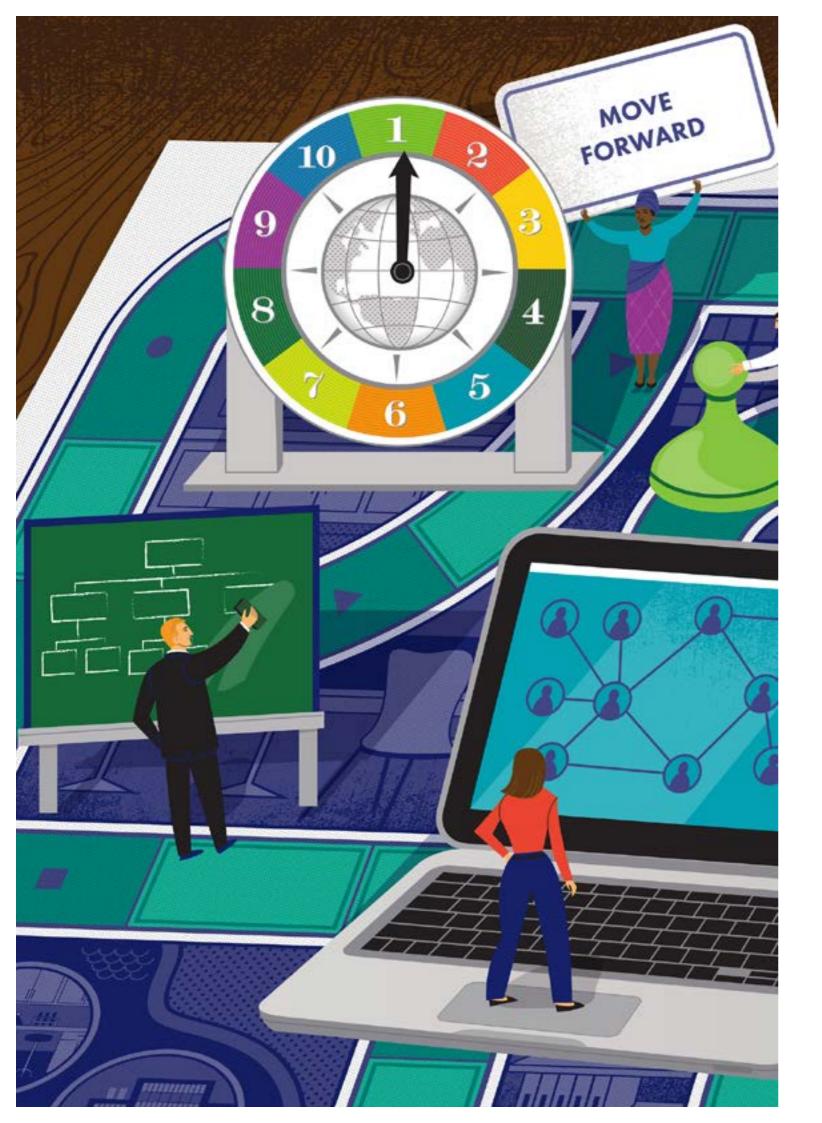


Interestingly, the capability gap across the top five trends remains the same with 4 out of 5 respondents not ready to meet the requirements.

While India Inc. demonstrates stress to leverage data and digital technology to improve the work, workplace and workforce, the actions taken to build readiness to make this change seem slow. This may be either because of the lack of technology integration maturity or an aversion to take a risk on such initiatives. While there is much ground to cover before we are ready to transition to the new age of Al and cognitive technologies.

India Inc. needs to take the steps necessary and not get caught in an endless "wait, watch and react" loop to build on the already existing paradigms. India Inc. needs to invest in the capabilities and do so at a high pace, if it wants to count itself as one of the Global leaders, and not be just another follower.





The organization of future

Arriving now

Globally as well as in India, the evolution of the organizational structure to facilitate newer ways of working-agile teams, making better use of tools, incorporation of technology etc.has emerged as the top human capital trend this year.

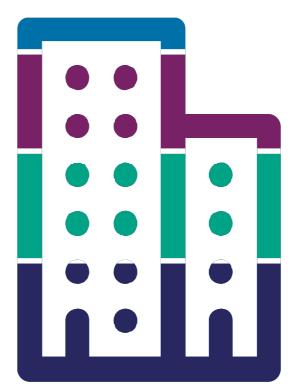
A dynamic growth environment, faster adoption of changes in technology (by consumers as well as employees), and everincreasing competition have forced organizations to review and update their ways of working and usher in the organization of the

For the second year in a row, Organization design has emerged as the top human capital trend. In India, respondents overwhelmingly rated building the organization of the future as their top priority

with close to 70 percent rating this as "very important".

This level of interest signals **a shift from "designing the** organization structure" to "actively building organization ecosystems and networks". In recent years, organizations are evaluating new business models and have initiated efforts to understand the changes required to their organization structure. In fact, 57 percent of the respondents indicated that they are either designing or already implementing the organization of the future.

Journey of building, designing and implementing organization of the future



We have not started the journey

We are designing our organization of the future

We are exploring our organization of the future

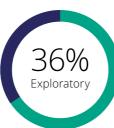
"Must have" characteristics of the new organization







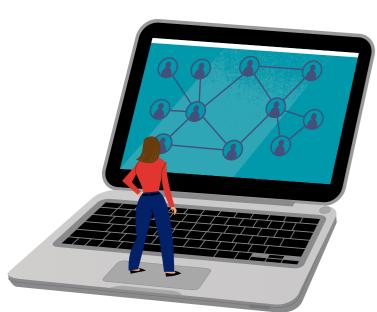




All this activity brings us to the question: When an organization says it is building for the future, what specific areas are they focusing on?

The Deloitte HC trends report 2017 has indicated that Indian organizations primarily are giving high importance to three aspects–Agility, Customer Centricity, and Collaboration.

Organizations are starting to move towards structures that allow them to be closer to customers. For example, a large Indian diversified group recently moved from a business unit structure to a customer segment based structure to provide a more integrated experience to their customers across their products and services. Additionally, organizations are focusing increasing amounts of



executive time and corporate funds to develop new ways of working which are best suited to leverage the talent within the organization to its fullest potential. This has meant innovative uses of technology and automation of basic processes, so as to allow greater focus on value addition by the human capital.

On account of sweeping changes in business processes, the roles and accountabilities of people have also undergone a change. Common platforms and greater sharing of knowledge have also allowed organizations to simplify their structures and open up opportunities for collaboration and teaming across internal and external networks. Organizations are seen to be utilizing several ways to drive internal and external networking such as

assignment based projects, team based goal setting, and use of third party specialists and teams. On the other hand, understanding the value of these networks is rated as an important component of this trend, but a large number (38 percent) of respondents in India have indicated that this aspect is currently weak in their company.

This simplification of structures has several advantages, the most important of which is greater flexibility in decisions and actions. To take the example of the digital push in India, many companies are moving towards making their whole top teams "digital" as opposed to driving the same through a dedicated position. This has allowed companies to align their top leadership on the "digital agenda"—and thus are much better positioned to "being digital" and not simply "adding a digital layer" to the existing organization.

This trend denotes a fundamental shift in the way organizations view the future of work—with a greater focus on flexibility, simplicity, teaming, and leveraging technology to a much greater extent.

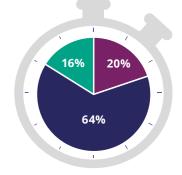
HR Capability Scorecard

Companies in India are reasonably confident of the ability of their respective HR departments to drive the changes required in the Organizations structure space. Some potential focus areas could be 'implementing new tools, techniques, technologies, and mindsets to support teaming across external networks' and 'Understanding network analysis implications for organization structure'





Implementing new tools, techniques, technologies, and mindsets to support teaming across external networks



Implementing new tools, techniques, technologies, and mindsets to support teaming across internal networks



Simplifying your organization



Understanding network analysis implications for organization structure

Note: All percentage figures shown are rounded to the closest integer



Performance management

Play a winning hand

The evolving nature of both work and workforce is driving the urgency to reinvent Performance management. The 2017 Human Capital Trends research features performance management as an immediate short term priority for most Indian organizations.

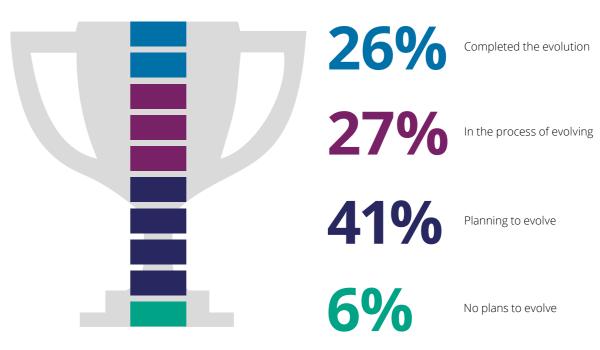
Over the past few years several global majors such as GE, Google, Microsoft, Adobe, IBM, Deloitte, SAP, and Accenture have started to move away from the traditional annual, rating based performance review model. Taking a cue from the global trends, 2016 witnessed many India based organizations such as TCS, Wipro, Infosys and Snapdeal dropping annual performance reviews and forced rankings, and exploring alternate methods of performance assessment.

This year, performance management resurfaces as a

key trend, ranking four positions higher than the global statistics. More than 9 out of 10 organizations in India see performance management as being "important" or "very

important" and 61 percent organizations are "ready" to change it. Today Indian organizations are facing two key challenges—one, the dynamic business environment has necessitated organizations to respond swiftly, and two, the dominant demographic is only getting volunger.

Organizations evolving the Performance Management systems



In terms of business environment, global majors (across sectors) infusing investments into their Indian operations coupled with the explosion of start-ups in India has led to re-defining the rules of the game. These new rules result in the need for frequent engagement with employees. **Organizations now need to spend more time helping people use their strengths—in teams characterized by great clarity of purpose and expectations.**

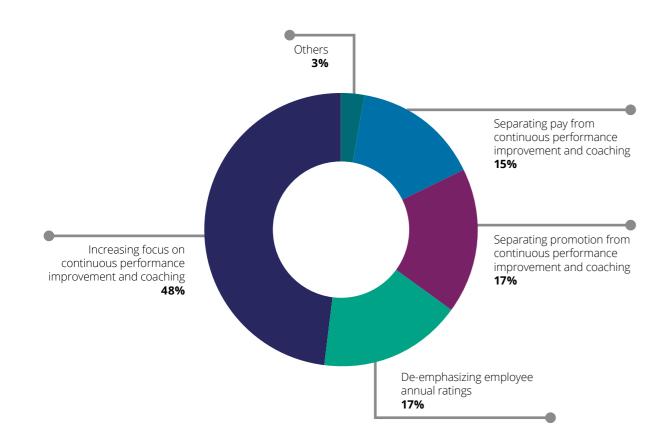
On the demographic front, India is also slated to become the youngest country in the World by 2021, with 64% of its population being Millennials (as per the 2013-14 Economic Survey). The "up or out" performance management process eventually ties back to assessments and level of pay while a high-potential millennial today seeks regular developmental feedback and career progression advice, not just "once and done" reviews. Companies thus need to shape their strategies to remain relevant to this workforce.

The resurgence of the trend in the 2015 trends research, organizations were discovering the <u>secret ingredient</u> for new age performance management. Starting 2016, companies have been deploying new performance management principles to a greater extent through the following measures – agile goal

management,
de-emphasizing annual
ratings and linked pay
implications, and increasingly
focus on continuous
performance coaching.

- Three in four Indian organizations believe their goal management is aptly positioned to measure performance and motivate their employees through reward, recognition and incentives.
- While compensation and performance review cycles continue to be annual, four out of five Indian organizations believe they have effectively put in place mechanisms to provide employee with timely feedback.
- Three out of five organizations have moved to a quarterly or more frequent performance feedback and mentoring check-ins.

Moving towards a new Performance Management Model



HR Capability Scorecard

While HR is <u>reinventing performance management</u> principles, HR technology still has a way to go. The vast majority of performance management (PM) software tools in the market today are designed to manage the annual process. Integrating the new PM principles in real time by leveraging technology is the next focus area for HR to complete the shift from performance management—the process—to performance development—the mind-set.



Note: All percentage figures shown are rounded to the closest integer



Talent Acquisition

Enter the Cognitive Recruiter

As Indian companies continue on their path of rapid growth and attempt to disrupt the business ecosystem, talent acquisition remains one of the most crucial pieces in the puzzle.

The war for talent is only getting more intense; it is hardly surprising that Talent Acquisition has emerged as one of the top trends in India this year. The statistics also back this up-close to 90 percent of respondents in India rated this as either important or very important to their organizations. However, while Talent acquisition emerged as one of the top trends for human capital in India, in

terms of readiness, almost 45 percent of the respondents rated their organizations as not ready or somewhat ready.

In terms of keeping up with the changing trends, 37 percent of Indian firms have updated their talent acquisition strategy within the past year, and another 36 percent are currently re-evaluating their strategy for changes to talent acquisition programs.

Talent Acquisition Strategy



Updated our talent acquisition strategy and programs within the past year

Currently re-evaluating talent acquisition strategy and programs

Updated our talent acquisition strategy and programs within the past 3 years

No plans to re-evaluate our talent acquisition strategy and programs

Updated our talent acquisition strategy and programs within the past 5 years

In some aspects, India is on par with the global HR practices. For example, changing attitudes towards social media, the increasing confluence of various social media platforms, **and the explosion**

of mobile data in India have meant that professionals are increasingly more willing to engage on social media and thus are more accessible to recruiters than ever before.

Recruiters, on their part, are paying more attention to social networking and making efforts to reach out to and attract talent via this medium. More than 70 percent of respondents said their organizations currently use social media adequately to list jobs and identify talent.

Indian companies are also aware of the advantages of integrating recruitment (across markets, geographies, business lines, departments) to give a consistent experience to employees and potential hires. This includes integration of systems and processes, as well as the top down leadership commitment to driving the same.

On the more cutting edge aspects of "new age" recruiting, India shows significantly lower levels of readiness. While

some companies are implementing gamification or simulations (particularly for induction and joining processes), and using basic analytics for hiring, most of the aspects which are radically transforming recruiting in more evolved markets are yet to make

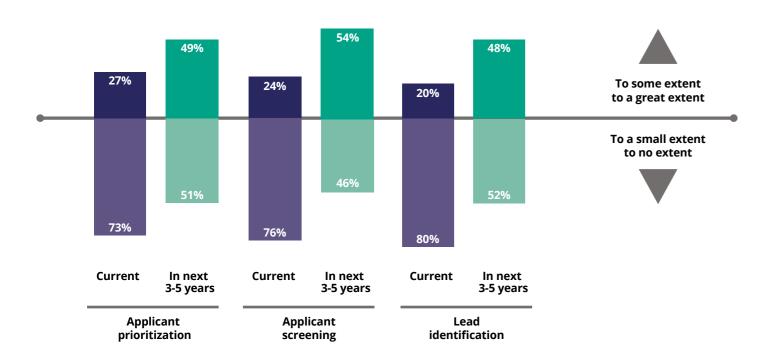
significant traction in India. Currently, organizations use social media only for basic identification of candidates, but do not undertake more advanced approaches such as data scraping, or multiple levels



of screening based on social media activity. Furthermore, the usage of robotics and Al in India in the Talent Acquisition space is not present to a large extent.

While there is a long way to go, on a positive note, **Indian** companies rate Talent Acquisition as a short term priority with close to 25 percent of the companies making changes in the direction of new Talent Acquisition strategies in the next 12 to 18 months. In fact, a significant number of organizations are looking to incorporate robotics, cognitive computing and Artificial Intelligence into their talent acquisition processes over the next three-five years.

Organizations using robotics, cognitive computing & AI for following recruiting activities



HR Capability Scorecard

Organizations currently rate their ability to drive some of the new age activities rather weak-these include 'using games and simulations to attract and assess potential candidates', 'investing in public training programs (e.g., such as custom degree programs and online training) to identify potential talent and employees', and 'using predictive analytics for sourcing and recruitment'.





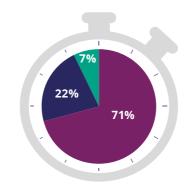
Cultivating and monitoring long term relationships with potential future talent



Integrating recruiting processes and systems around the world for a common employee experience



Investing in public training programs (e.g., such as custom degree programs and online training) to identify potential talents and employees



Using games and stimulations to atract and access potential candidates

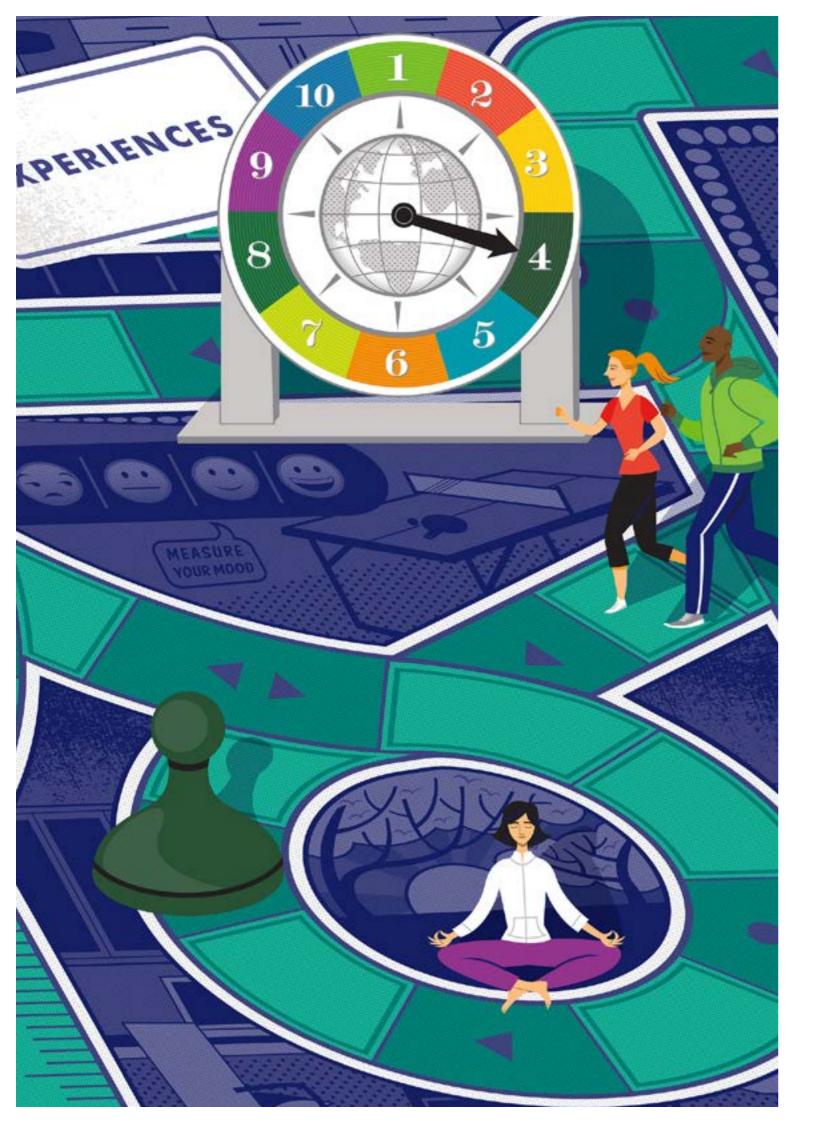


Using predictive analytics for sourcing and recruitment



Using social mediafor sorcing and advertising positions

Note: All percentage figures shown are rounded to the closest integer



Careers and Learning

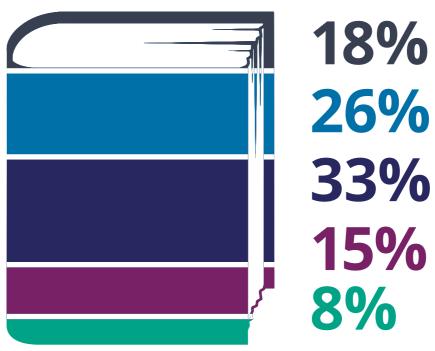
Real time, all the time

The meaning of "career" has undergone a drastic change in the way it is understood by today's workforce–moving beyond tenure to a broader, more holistic concept.

As the big shift fundamentally transforms business, the focus is on change at an accelerated pace. Employees today no longer want to separately invest their time in upgrading skills and gaining experience—they want to achieve both simultaneously. The concept of "career" thus has undergone a major change with companies investing time and money into making careers more meaningful for

both employees as well as the organization.

Career and learning is a broad term encompassing several aspects of the employee's time with the company including work life balance, growth, building skills quickly and on the terms of the employees. This year, nine of 10 Indian companies rated Careers and Learning as an important human capital trend.



Restructured career development model

Restructuring career development

Planning to restructure career development model

Not restructuring career development model

Do not have a career development model

In terms of making the move towards the "new rules" of careers, Indian companies have already made strides - with

37 percent having open careers and another 36 percent having flexible paths. Furthermore, 55 percent of companies are looking to move towards flexible career paths over the next three-five years. India is amongst the youngest countries in the world. So what does the young workforce think about Careers?

As per the Deloitte Millennial Survey 2016, when salary or other financial benefits are removed from the equation, work/life balance and opportunities to progress or take on leadership roles stand out

on assignments, projects and

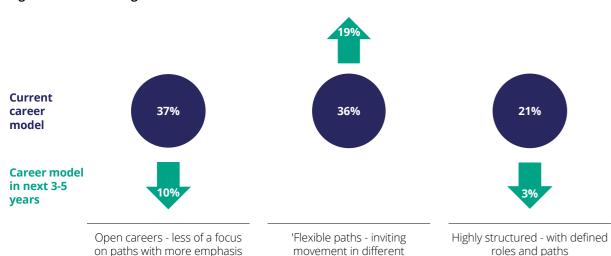
experiences

as important factors dictating job satisfaction. Indian companies are consciously working towards providing work life balance to their employees with innovative policies, flexible working hours, extra time off, etc.

Most employees today, especially the younger ones, want to be in control of their careers.

Even though Indian companies consider this important, they seem reluctant to make a transition from the current modus operandi of closely controlling careers from the top, with close to 50 percent of the respondents corroborating this.

Figure: Evolution of organization career models



directions



HR Capability Scorecard

Another insight from the Millennial Report was that employees rate their own skill improvement as a very high priority. While this is low on the list of organizational priorities globally, in India a majority of companies reported that they adequately skill and educate their employees to deliver on business goals. Indian companies also largely seem to be readily implementing learning





The Employee Experience

Culture, Engagement, and Beyond

Companies have been warring for talent and the result is there for all to see—talent has won. Employees today have increased bargaining power, the job market is transparent, and attracting top-skilled workers is a highly competitive activity.

Under the evolving social contract between employer and employee, employees today have become "volunteers" that companies need to reengage and re-recruit each day.

It is no surprise then, that for five years in a row, the theme of culture, engagement and employee brand proposition for top talent continues to weigh on the minds of the business leaders.

This year, 89 percent of Indian executives rated employee experience as "very important" or "important", about 10 percentage points higher compared to global index. Yet, only one in three organizations believe their employee experience is enabling them to attract and retain talent.

Our research of leading organizations are striving to be simply irresistible by adopting an integrated employee experience strategy befitting the empowered workforce's desire for flexibility, creativity, and purpose. These organizations have broadened their focus to think about the "total employee experience": everything from the coffee in the coffee machine to the quality of management plays a role. They do not only invest in annual engagement surveys, but also update their engagement strategy to the evolving demographics and preferences. Manifestations of the integrated employee experience are shown in several Great Places to Work stories.

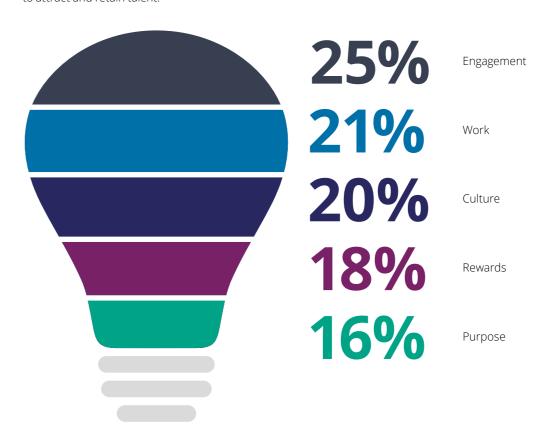


Figure: Great places to work stories

250 internal teams participated in the Wipro CodeStorm AppHack initiative driving accelerated reskilling and training of employees using new models of engagement. "Initiatives such as these, which are designed in a fun format, help appeal to the millennial generation"

- Saurabh Govil

Global Head, Human Resources

Wipro Ltd¹





At Teleperformance India, many people in HR Team have previous experience in customer experience delivery and now they replicate the same process for enhanced employee experienced delivery.²

Intuit India allows for a seamless transition between roles at office and at home with programs like the Intuit Leap program. The program head on addresses the challenge of travelling

to and fro from work, enabling employees to participate in all important life events such as school programs, etc.³

In fact looking across all 10 trends this year, we see that all trends, be it Leadership, Organization structure, Career mobility, Learning, Diversity, or HR services, have a significant impact on employee experience. HR leaders today have the mandate to become the Chief Experience Officer, and like marketing and

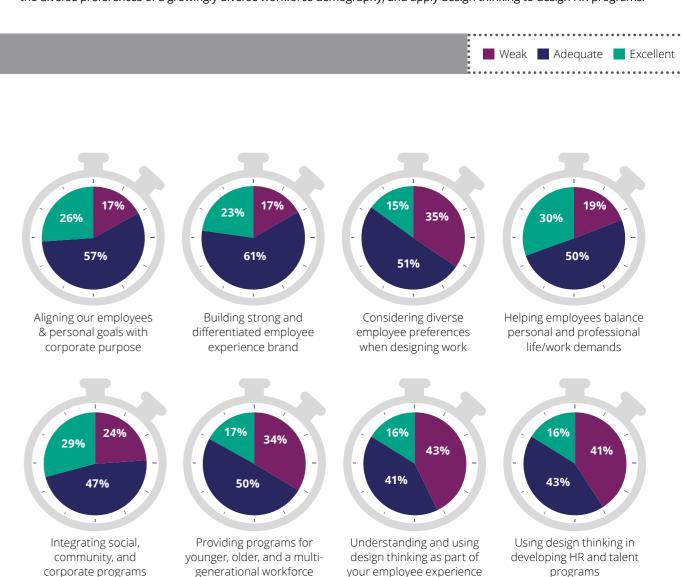
product leaders, are required to embrace design thinking and increasingly engage employees to deliver better designed experiences via new modes of delivery like apps, gamification etc.

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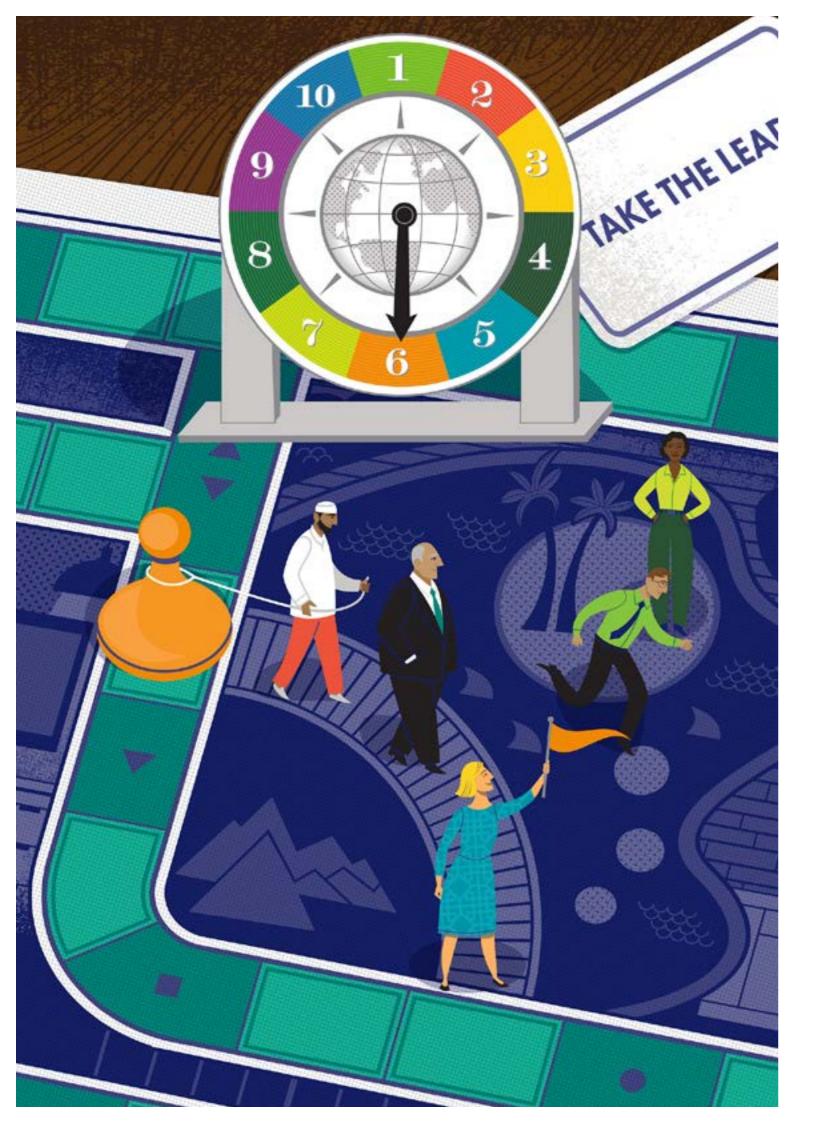
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- http://economictimes.indiatimes.com/news/company/corporate-trends/indias-best-workplaces-of-2016-designations-dont-define-people-at-intuit-india/ articleshow/52989005.cms

HR Capability Scorecard

A large number of organizations (83 percent) believe they are excellent in aligning employee personal values to corporate purpose as well as building a differentiated experience brand. 75 percent organizations believe they have managed to integrate social, community, and corporate programs while only 20 percent are confident about their capabilities to cater to the diverse preferences of a growingly diverse workforce demography, and apply design thinking to design HR programs.



Note: All percentage figures shown are rounded to the closest integer



Leadership Disrupted

Pushing the Boundaries

The focus is on moving away from traditional leadership development and towards equipping leaders with the ability and skills to adapt and perform in a constantly changing environment.

This year, in line with the global trends, 86 percent of our respondents in India say that leadership is an important issue, and 54 percent call it very important.

As companies transform and digital organizational models emerge, leadership needs change as well. What does this leadership change mean?

While organizations look to re-structure and re-orient themselves to be more dynamic, they also need more agile, diverse, and younger leaders, as well as leadership models that capture the "new rules" of running their business. The focus is on moving away from traditional leadership development and towards equipping leaders with the ability and skills to adapt and perform in a constantly changing environment. This includes maintaining clear and current succession plans, having leadership programs catering to diverse populations, and providing global skills and experiences in leadership program.

There is also a clear need to address concerns of millennials who are the single largest demographic group in India. As per the Deloitte Millennial Survey 2016, 63 percent of the respondents said their leadership skills were not being developed. In the same survey, as a group, millennials said they were largely in sync with the leadership of their organizations on the overall direction the

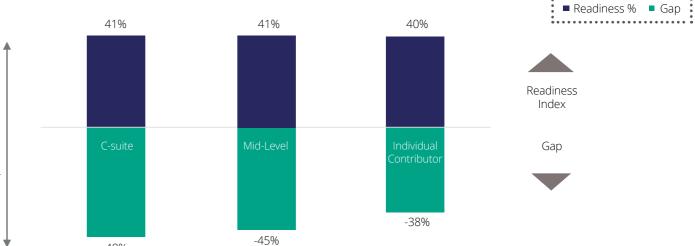
company was taking, but experienced a lack of investment in their growth.

Leadership development is one of the biggest gap areas in the human capital trends report this year, especially as perceived by top leaders and C-Suite employees.

As the job market in India gets more homogenous with greater representation across diverse groups, **leadership programs**

need to move from a 'one size fits all' model to one that focuses on specific development needs for each demographic group so as to meaningfully engage them as leaders and take them along on the company's growth journey as major contributors. One way to manage effective leadership interventions is to ensure the programs are experiential and relevant to the roles being performed.





HR Capability Scorecard

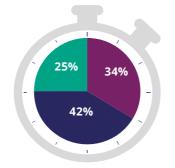
On most aspects of Leadership, about half of the Indian companies rate their capabilities as adequate, but close to 40 percent rate them as weak in some critical areas like succession planning, focus of leadership programs on millennials, and women.



Including global skills and experiences in leadership program



Maintaining clear and current succession plans and programs



■ Weak ■ Adequate ■ Excellent

Providing experiential, role-based leadership programs



Providing focused leadership programs for diverse leaders



Providing focused leadership programs for millennials



Providing focused leadership programs for women leaders



Note: All percentage figures shown are rounded to the closest integer.

Digital HR

Platforms, People and Work

Organizations need to focus on building structural enablers, developing skills, and driving the leadership commitment to truly be a digital organization with a digital workforce.

Across the globe, organizations are moving towards going digital. In India as well, we are seeing a digital revolution with a large section of the population being techno-savvy and constantly connected to the internet via mobile devices.

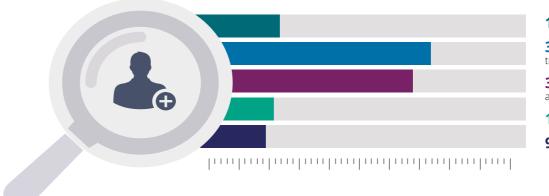


Going forward, HR must become a leader in the new digital organization. This means going beyond merely digitizing HR platforms but also developing digital workplaces and digital workforces.

India has so far been a fast follower of global trends, but given the vast strides India has taken with respect to the world in terms of telecommunication maturity and the speed of disruption in internet access, **Indian companies need to change their mind-set to leapfrogging the local and global competition by embracing the "new rules" of HR.** Organizations need to focus on building structural enablers, developing skills and driving the leadership commitment to truly be a digital organization with a digital workforce. Nine of ten companies in India rate Digital HR as "important" or "very important".

A significant proportion of Indian companies show adequate capability around some important aspects of a Digital HR function such as preparing HR to drive major business change (communications, organization design, and workforce transition), holding HR accountable to provide innovative solutions and programs, providing HR staff with appropriate training and experiences, and preparing HR staff to deliver programs aligned with business needs. This is also substantiated by the fact that a good proportion of respondents said that their experience with HR is mostly digitally enabled.

Digital experience for EMPLOYEES when interacting with HR systems



13% Fully digital

36% Mostly digital with some traditional ERP/analogue elements

32% Mostly traditional ERP/ analogue with some digital elements

10% Fully traditional ERP/analogue

9% Fully legacy non-digital

Digital experience for BUSINESS when interacting with HR systems



11% Fully digital

35% Mostly digital with some traditional ERP/analogue elements

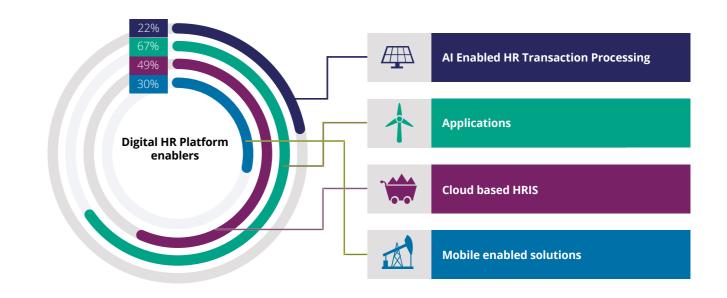
33% Mostly traditional ERP/ analogue with some digital elements

14% Fully traditional ERP/analogue

7% Fully legacy non-digital

With respect to enablers used by Indian HR practitioners typically use to digitize the function, mobile applications are seen to be gaining ground, while AI enabled HR transaction processing, Cloud

based Human Resource Information System, and mobile enabled solutions are still seen to be not used by most companies.



HR Capability Scorecard

Some other aspects of Digital HR where Indian companies are found to be weak are as follows: measuring and using real-time feedback, having HR understand cyber-security issues, providing managers with real time people analytics, applications and dashboards, and providing HR service providers with real time analytics, applications and dashboards.

While Indian companies didn't rate Digital HR as a very high priority in the short term, close to 40 percent of Indian companies consider building an intelligent, digital HR as one of their top priorities over a five year horizon.

While a majority of organizations are confident in their respective HR departments' capability to deliver programs aligned with business needs and drive major business change (communications, organization design, and workforce transition), some of the areas of improvement are understanding cyber security and using real time employee feedback.





Having HR understand cyber security issues



Holding HR accountable to provide innovative solutions and programs



Measuring and using real-time employee feedback



Preparing HR staff to deliver programs aligned with business needs



Preparing HR to drive major business change (communications, organization design, workforce transition)



Providing employees with real-time HR applications and dashboards



Providing HR service providers with real-time analytics, applications and dashboards



Providing HR staff with appropriate training and experiences



Providing managers with real-time people analytics, applications and dashboards



Note: All percentage figures shown are rounded to the closest integer

People Analytics

Recalculating the route

Data about people at work has become more important than ever, but the focus of people analytics has changed to being a business discipline — supporting everything from operations to management, from talent acquisition to financial performance.

As the world goes digital, data becomes the primary mover of big decisions and processes. People Analytics however does not feature very prominently in the priorities of companies, in India as well as across the world.

Data about people at work has become more impor¬tant than ever, but the focus of people analytics has changed to being a business discipline supporting everything from operations to management, from talent acquisition to financial performance. In India, eight in 10 companies rated this aspect as either important or very important. However, readiness to capitalize on people ana¬lytics remains a challenge with only 35 percent of the companies being confident about being ready to deploy and use analytics.

The primary concern is the usability of data which stems from the fact that most Indian companies have disparate data collection systems, or simply do not collect all the data that could be useful for predictive modelling.

While recent trends in the market suggest that Indian companies are closing in on the ideal of getting data flowing correctly and ensuring robustness of the dashboards, the rest of the scope of what can be done under the aegis of HR analytics is far from

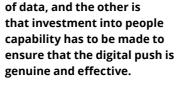
reality today. On the bright side, many companies are seriously considering increasing their usage of such tools and have begun experimentation in earnest. Some are looking to automate the entire recruitment process while others are looking to collect engagement data through mobile applications.

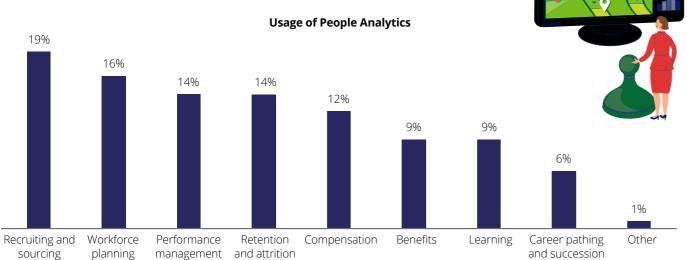
One of India's oil and gas majors recently undertook a study to predictively model attrition based on employee data. They broke down data

from over five years across identified factors which correlated to employee retention such as performance ratings, compensation growth, holidays taken, insurance data etc. The results could correctly predict a good proportion of future attrition. While India has a long way to go on this front, there are two challenges that Indian companies should be working towards solving. **One is**

that bandwidth needs to be created to ensure consistency

management





prediction

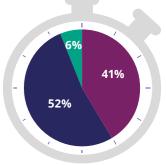
HR Capability Scorecard

While Indian companies seem confident in HR's ability to manage performance and recruitment using people analytics, the ability to drive predictive workforce performance and improvement leaves much to be desired.





Conducting multi-year workforce planning



Weak Adequate Excellent

Using external data to more effectively source and recruit



Using people data to predict workforce performance and improvement



Utilizing HR and talent operational reporting and scorecards

Note: All percentage figures shown are rounded to the closest integer



Diversity & Inclusion

The Reality Gap

While companies understand the urgency to shift from diversity as a program to diversity and inclusion as a business strategy, the results appear to be slow.

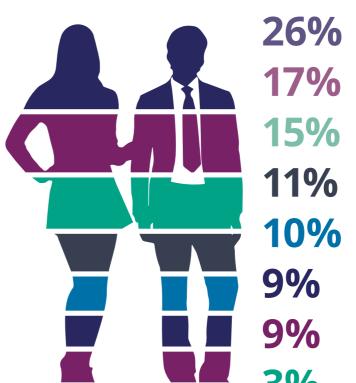
Diversity programs have been around for decades, but most companies still don't have a highly inclusive workplace. This year's survey indicates that the importance people give to diversity and inclusion has risen considerably over the last few years—79 percent of executives rate diversity and inclusion an important issue (up from 60 percent in 2014), while in 43 percent cases the primary sponsor of the company's diversity and inclusion efforts is the CEO. However, as per the HC trends survey, 48 percent of Indian companies say they are unprepared in this area, while only 15 percent claim to be fully ready.

Most diversity initiatives in India are centered on gender diversity. This year, the percentage of companies that rate themselves excellent at gender diversity went up compared with earlier

surveys. However, 62 percent responding executives believe that the current diversity programs solve primarily for the compliance requirements mandated by the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

There is, however, a growing impetus to move beyond mere compliance and training programs to experiential learning, process change, transparency, and accountability.

As India takes center stage in the global landscape, many Indian MNCs are going global and we are having more and more expats coming to India. This shift requires us to open our minds specifically with respect to understanding cultures. Based on this year's survey, only 28 percent of Indian companies consider themselves fully capable of focusing on global cultural diversity.



Gende

Culture

Age/generation

D - - -

Personality/approach/ perspective

Religion

Sexual orientation

Political Views

India's demographics are also creating some unique challenges. Even as the world is greying, India is getting younger. By 2020, the average Indian will be only 29 years of age compared with 37 in China and the U.S., 45 in Western Europe, and 48 in Japan. What's more, Deloitte Millennial studies show that the generational differences are far more striking in India. India Inc. is waking up to the importance of effectively managing a multigenerational workforce, with 15 percent organizations starting to craft programs to maintain the harmony between generational expectations.

Today in India, diversity of thought, experiences, and perspectives into the workforce are together often seen as an ideological movement. Success lies in defining the diversity agenda with a

strong business connect. Think of SAP's pioneering effort of bringing in cognitive diversity through their "Autism at work" program. SAP realized that beyond their

advanced mathematical skills, autistic people also frequently exhibit a particularly potent ability to find patterns and make connections. Now, SAP invests to systematically train and aims to employ, by 2020, 1% of its total workforce with people affected by autism. Similarly, Costa, KFC, and Mirakle Couriers in India chose to explore People with Disability as an alternate source of potential talent and successfully delinked disability with charity.

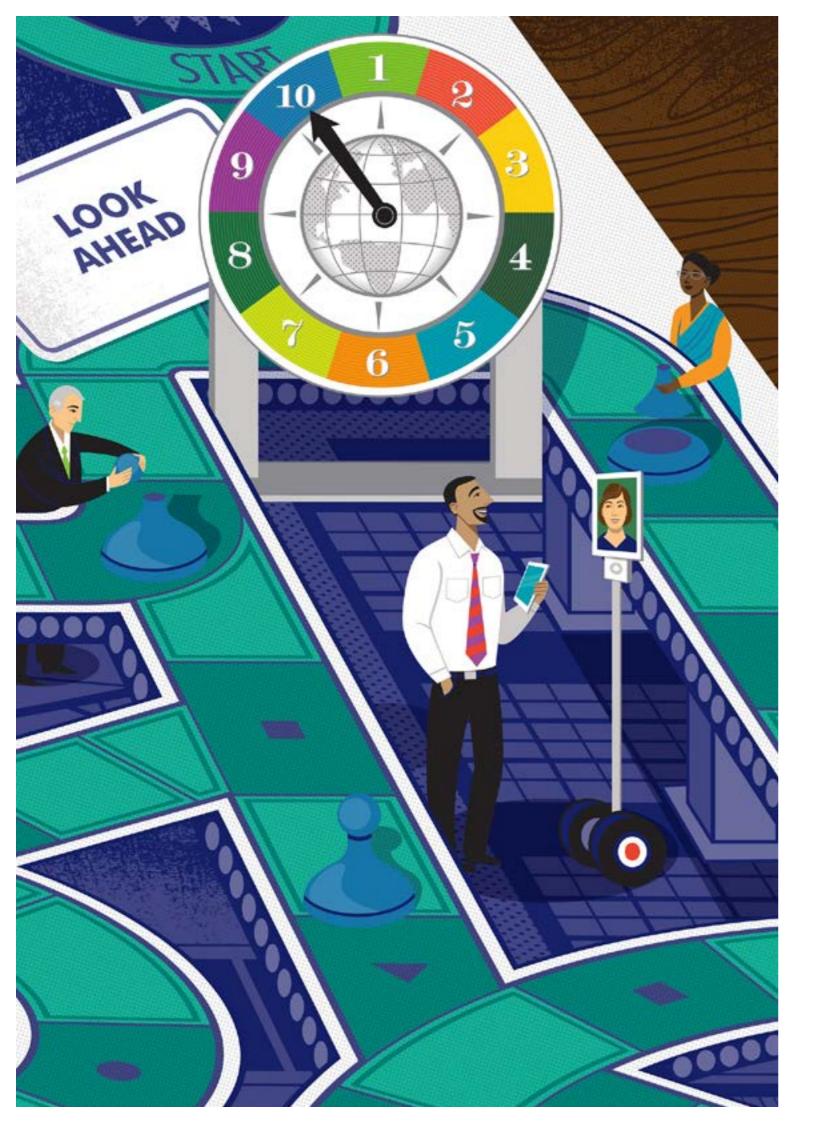
Lastly, for diversity and inclusion to become embedded in the organization, leaders should pursue changes in processes and systems. Today, while 43 percent responding executives consider diversity and inclusion as a competitive advantage, only five percent say that executive compensation is linked to performance on diversity outcomes. After investing in building consensus at the organization's highest levels to drive the diversity agenda, it is also important to hold top leaders accountable through metrics and rewards.



HR Capability Scorecard



Note: All percentage figures shown are rounded to the closest integer



The future of work

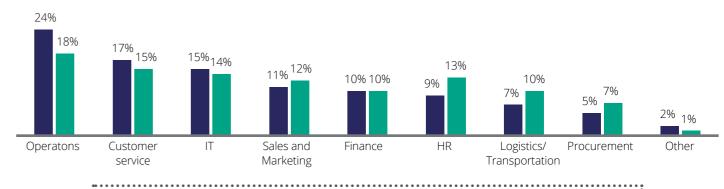
The Augmented workforce

The ubiquity of digital technology coupled with changing personal expectations of workforce participants are key shifts shaping the future of work globally, and especially so in India.

In the 2017 global trends study, India tops the country listing in terms of "importance" to adopt new age technologies at work, with 54 percent respondents rating this trends as "important" or "very important", with China and Japan closely following India at 51 and 48 percent.

We see that 69 percent of India respondents of this year's global survey are either currently piloting or implementing robotics and cognitive computing in select or all areas of work. Operations, Customer Service, IT, and Sales and marketing are the leading four functions currently piloting robotics, cognitive computing, and AI technologies.

Functions under augmentation robotics, cognitive computing & AI



- Functions your organisation is currently augmenting with robotics, cognitive computing & Al
- Functions your organisation is augmenting with robotics, cognitive computing & Al in next 3-5 years

The pace of innovation in AI and cognitive technologies has led organizations to ask the question—"how do these technology changes affect our workforce?" While it is a fact that technology will fundamentally change jobs as we know them, this will not lead to a reduction in the number of jobs but simply a change in our understanding of jobs. Every job is being reinvented around the "human value add" to the task. Any repetitive, standardized, algorithm-based work is being prioritized for automation. So in the future of work there will be a surge in demand for skill-sets like creativity, persuasion, empathy etc. which augment or go beyond the task which a system can perform. These "essentially human" skills will position the new age jobs to unlock greater value for business and customers, creating what we may call the "augmented workforce."

Research indicates that organizations are already gearing up to re-deploy impacted employees. While in 31 percent scenarios impacted employees are anticipated to be re-trained to support the technology, more than one on two cases jobs are expected to be re-designed to higher value activities.

One of the more challenging aspects of the "augmented workforce" is the emergence of the new workforce segments. The gig economy is changing the structure of how workforce is deployed by companies, and organizations are

increasingly moving to include sources of talent beyond those on the balance sheet. This further upends the familiar concepts of what a job is (along with implications for careers), what work really means, how the workforce is trained and selected, and how the workplace is designed.

Indian businesses are gradually gearing up for this shift. In the global survey, three in four Indian organizations expect an "increase" or "significant increase" in the use of the gig-economy workforce, in the next three-five years, but their understanding of this new age workforce categories is limited. Statistics show that while Indian organizations (63 percent) have decoded the strategy to manage part-time contingent workforce, crowd-sourcing or talent sharing is a fairly new concept in the market. Only one in five Indian organizations even claim to have an "excellent" understanding and capability to manage the later.

In summary, while 54 percent of Indian organizations are preparing for a future where jobs are being reinvented through technology and tasks are being automated and 86 percent understand its implication on talent, they are not confident in their ability to manage the augmented workforce with people, robots, and Al working side by side, with only three percent organizations believing they are ready to redesign work.

Organisations expect an increase or significand increase in the use of contingent, outsourced, contracted employees in the newxt 3-5 years Organisations are able to leverage part time and contingent workforce

HR Capability Scorecard



Note: All percentage figures shown are rounded to the closest integer

 48

Conclusion

This year's trends signal a fundamental shift away from how business has been conducted over the last few decades, and thus pose challenges as well as present opportunities to HR and business alike.

In order to make the Big Shift, HR has the opportunity to take on the role of a key business enabler by aligning organization structures, ensuring better teaming and greater agility, and driving the organization towards new ways of working which are in tune with the new reality. Additionally, HR must transform towards a more digital version of itself to connect effectively with the changing expectations of today's workforce. Alignment of key HR processes such as performance management, learning and development, career management with the overall changes driving the Big Shift will go a long way in ensuring superior business results.

However, in India, we see that some "traditional" trends such as Performance Management, Career Management, and Leadership still have great importance, perhaps suggesting that these aspects give rise to issues taking primacy over more "cutting edge" trends like Digital HR, People Analytics, or the Future of Work. HR practitioners in India show great capability to support achievement of business outcomes through updated processes and robust design. However, capabilities around the next step of the Big Shift, i.e., going digital and working with the new rules of Human Capital, are still nascent in India. India shows a starker capability gap than the Global average in areas of Digital HR, People Analytics, Leadership, Augmented Workforce, Robotics, Cognitive Computing and AI.

Given the pace of technology adoption seen in India, HR will need to move quickly in order to capture the opportunity to leapfrog competition by embracing digital disruptors. The new rules of HR will apply to India in greater and more intense measure as time goes on due to which practitioners will need to upgrade themselves accordingly, and lead the way in taking the next step towards the Big Shift.



Trend importance ratings by industry

Percentage of respondents rating this trend "Important" or "Very important"

	Consumer Business	Energy and Resources	Financial Services	Life Sciences and Health Care	Manufacturing	Professional Services	Public Sector	Real Estate	Technology, Media, and Telecommunications	Other
Organization of the future	96%	98%	97%	92%	94%	96%	100%	100%	96%	98%
Careers and learning	87%	81%	85%	84%	88%	93%	93%	100%	87%	91%
Talent acquisition	94%	86%	90%	92%	89%	92%	93%	100%	87%	86%
Performance management	91%	93%	86%	84%	88%	94%	93%	75%	92%	95%
Employee experience	91%	93%	92%	89%	88%	88%	87%	100%	87%	88%
Leadership	83%	84%	89%	78%	88%	86%	93%	100%	84%	88%
People analytics	78%	81%	86%	86%	85%	80%	87%	100%	82%	83%
Digital HR	91%	84%	89%	89%	89%	85%	87%	75%	86%	84%
Diversity and inclusion	83%	81%	82%	65%	79%	77%	87%	50%	75%	83%
New rewards	81%	84%	79%	89%	77%	85%	87%	100%	80%	84%
The augmented workforce	70%	81%	75%	92%	70%	75%	87%	100%	73%	78%
Robotics, cognitive computing & AI	50%	58%	61%	51%	45%	50%	40%	0%	59%	57%

Higher % Lower %

Note: Figures represent the percentage of respondents rating each trend "important" or "very important." Ratings for "The augmented workforce" and "Robotics, cognitive computing, and Al" both relate to the broader trend on "The future of work" discussed in this report.

Trend importance ratings by organization size

Percentage of respondents rating this trend "Important" or "Very important"

	Large (10,001+)	Medium (1,001 to 10,000)	Small (1 to 1,000)			
Organization of the future	97%	96%	96%			
Careers and learning	88%	88%	88%			
Talent acquisition	90%	91%	86%			
Performance management	91%	93%	89%			
Employee experience	90%	89%	88%			
Leadership	88%	85%	84%			
People analytics	86%	84%	77%			
Digital HR	86%	89%	85%			
Diversity and inclusion	80%	78%	77%			
New rewards	80%	82%	83%			
The augmented workforce	82%	70%	75%			
Robotics, cognitive computing & Al	65%	47%	47%			
Higher % Lower %						

Note: Figures represent the percentage of respondents rating each trend "important" or "very important." Ratings for "The augmented workforce" and "Robotics, cognitive computing, and Al" both relate to the broader trend on "The future of work" discussed in this report.

Survey Demographics

The 616 respondents from India accounted for nearly 39 percent of the respondents from Asia. Out of these, 74 percent represent the HR function, while 26 percent were Non HR.

Over half of the respondents were from three key industries,

Technology, Media, and

Telecommunications

Professional Services

Manufacturing

Financial Services

Customer Business

Energy and Resources

Life Sciences and Health

Public Sector

Real Estate

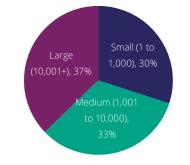
Other

13%

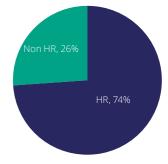
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namely Professional Services, Technology, Media and Telecommunications, and Manufacturing, with smaller responses from other industries and a largely representative mix of small, medium, and large enterprises.

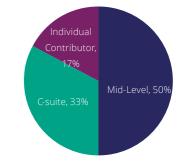
Organisation size (Number of employees)







Respondent job level



53

Note: Figures represent the percentage of respondents rating each trend "important" or "very important." Ratings for "The augmented workforce" and "Robotics, cognitive computing, and Al" both relate to the broader trend on "The future of work" discussed in this report.

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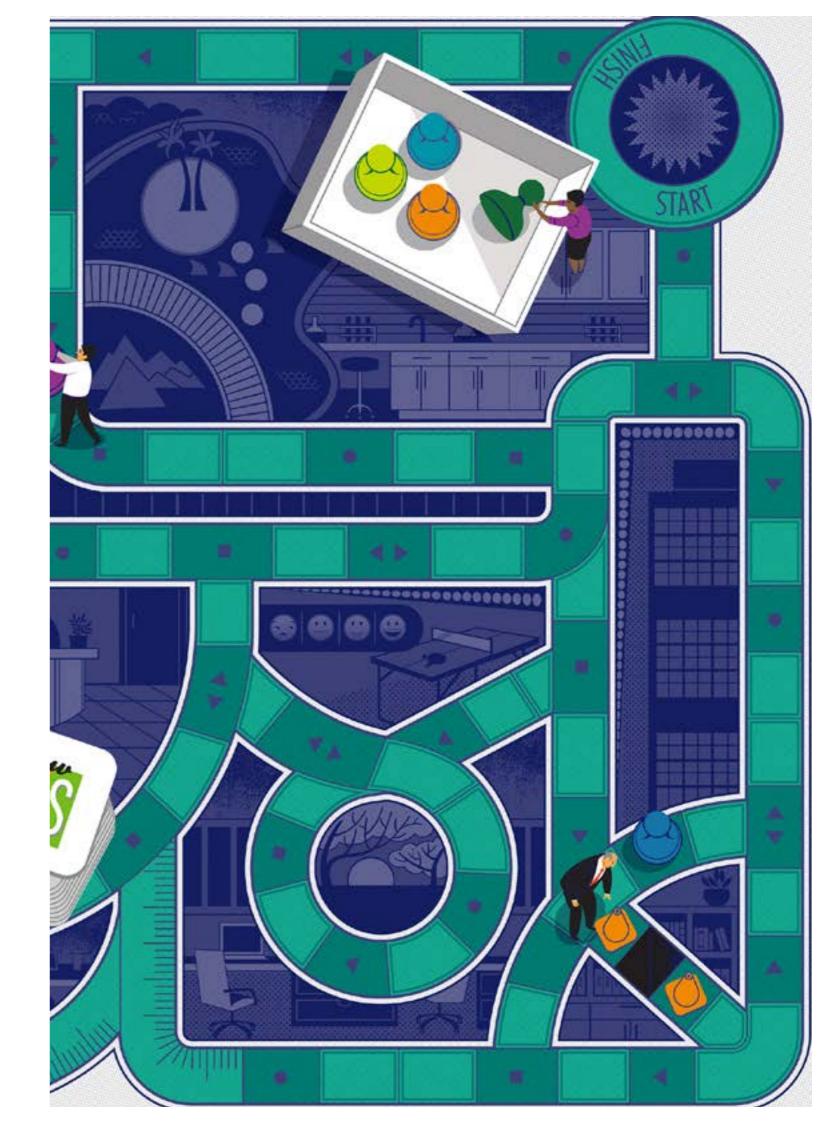
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