

FICCI INNOVATION  
SUMMIT 2024

# India's HR Revolution

Building workplaces for  
the future \_\_\_\_\_

September 2024







Established in 1927, Federation of Indian Chambers of Commerce & Industry is the largest and oldest apex business organization in India. A non-government, not-for-profit organization, FICCI is the voice of India's business and industry. FICCI has direct membership of over 3000 corporate, including SMEs and MNCs, as well as public sectors and more than 500 chambers of commerce and business associations, and an indirect membership of companies from regional chambers of commerce. FICCI espouses the shared vision of Indian businesses and speaks directly and indirectly for over 250,000 business units. FICCI maintains the lead as the proactive business solution provider through research, interactions at the highest political level and global networking.

FICCI works closely with the government on policy issues, enhancing efficiency, competitiveness and expanding business opportunities for industry through a range of specialized services and global linkages. It also provides a platform for sector-specific consensus building and networking. FICCI has a national network with 20 states.

Partnerships with 77 countries across the world carry forward our initiatives in inclusive development, which encompass health, education, livelihood, governance, skill development, etc.

FICCI serves as the first port of call for Indian industry and the international business community. Our presence is in regions such as Africa, Arab, Israel, Asia Pacific, East Asia, Europe, Latin America, the Caribbean, North America, South Asia, etc. FICCI is also involved with diaspora engagement, forum of parliamentarians, Commonwealth of Independent States (CIS), multilateral, international policy, and strategy.

Boston Consulting Group partners with leaders in business and society to tackle their most important challenges and capture their greatest opportunities. BCG was the pioneer in business strategy when it was founded in 1963. Today, we work closely with clients to embrace a transformational approach aimed at benefiting all stakeholders—empowering organizations to grow, build sustainable competitive advantage, and drive positive societal impact.

Our diverse, global teams bring deep industry and functional expertise and a range of perspectives that question the status quo and spark change. BCG delivers solutions through leading-edge management consulting, technology and design, and corporate and digital ventures. We work in a uniquely collaborative model across the firm and throughout all levels of the client organization, fueled by the goal of helping our clients thrive and enabling them to make the world a better place.

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# Foreword by FICCI

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FICCI in collaboration with BCG, is proud to present the report on **“India’s HR Revolution-Building Workplaces for the future.”**

As the business landscape evolves with unprecedented speed, driven by technological advancements, shifting workforce dynamics, and the imperative for sustainability, the role of Human Resources (HR) has never been more critical.

This report offers a comprehensive analysis of how organizations are adapting to these changes, blending human talent with innovative practices to create a future-ready workforce. It sheds light on the latest trends in HR, including the integration of artificial intelligence, automation, and data analytics. It also explores the growing importance of Diversity, Equity, and Inclusion (DEI), and how organizations are embedding Environmental, Social, and Governance (ESG) principles into their core strategies.

FICCI’s commitment to fostering innovation and creating supportive, inclusive work environments is reflected in this report. We believe that by embracing these emerging trends, organizations can unlock new potentials, drive sustainable growth, and contribute positively to society.

This report intended to serve as a valuable resource for HR leaders, business executives and inspire organizations in their journey towards building resilient, innovative, and purpose-driven workplaces that are well-equipped to meet the challenges of the future.

**Jyoti Vij (Ms),**  
**Director General, FICCI**

# Foreword by BCG

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*“Our technology, our machines, are part of our humanity. We created them to extend ourselves, and that is what is unique about human beings. These tools amplify our inherent abilities and transcend our limitations, allowing us to achieve things that were previously unimaginable.” – Ray Kurzweil*

The global corporate landscape is undergoing a profound transformation, driven by rapid technological advancements and shifting societal expectations. As businesses across the world navigate this complex terrain, cutting-edge technologies such as predictive and generative AI are enhancing human ability and revolutionizing how companies operate, innovate, and compete. Simultaneously, there is a heightened focus on employee well-being, diversity, equity, and inclusion (DEI). These aspects have moved from being merely aspirational goals to becoming critical components of a sustainable and resilient business strategy. The success of any organization in this new era will depend heavily on its ability to create an environment where every employee feels valued, supported, and empowered to contribute to their fullest potential.

In this rapidly evolving context, the role of Human Resources has never been more central. HR leaders are at the forefront of managing these transitions, ensuring that their organizations are not only adapting to change but are also thriving amidst it. This requires a deep understanding of emerging trends, a strategic approach to talent management, and a commitment to fostering an inclusive culture. Our study of leading Indian companies has revealed that CXOs are acutely aware of these shifts and are responding with remarkable speed and innovation. These leaders are not just reacting to change but are actively shaping it, leveraging new technologies and reimagining traditional HR practices to better align with the needs of the modern workforce. We hope that this report offers valuable insights and practical recommendations that can help CXOs navigate the future with confidence and contribute to the ongoing transformation of workplaces across India, setting a strong foundation for success in the years to come.



# + Executive Summary

As organizations navigate the complexities of a rapidly changing workforce and prepare for the future, this report examines perspectives on key trends shaping the human resources (HR) landscape in India. The report is divided into six components:

- Purpose-Led Culture through ESG and Sustainability
- Evolving Talent Management Practices
- Enhancing Employee Well-being and Engagement
- Unlocking Potential through Diversity, Equity, and Inclusion (DEI)
- Creating Bionic Organizations through GenAI driven HR
- Leveraging Predictive HR Analytics

HR in India is undergoing radical change, with companies integrating cutting-edge technologies across the HR value chain and developing innovative strategies to unlock human potential. The insights presented in this report are based on BCG work across topics and a survey of CXOs from leading Indian companies. The survey respondents represent a diverse mix of large, medium, and small enterprises across all major sectors, making these findings representative of current trends in the Indian corporate landscape.

This report provides a strategic overview of the key trends shaping the future of Human Resources in India. From embedding purpose into organizational culture through ESG initiatives to leveraging the power of GenAI and predictive analytics, this report outlines the essential steps HR leaders must take to build resilient, inclusive, and future-ready organizations. By focusing on employee well-being, fostering diversity and inclusion, and embracing technological innovations, companies can unlock new levels of productivity, engagement, and innovation and build workplaces of the future.



## Purpose-led Culture – Environmental, Social and Governance (ESG) and Sustainability

Indian companies are embedding purpose-led cultures that align deeply with ESG principles, transforming these initiatives from compliance to strategic imperatives.

Enhanced employee engagement and communication are crucial in aligning organizational culture with defined purposes, driving internal cohesion.

**55%**

CXOs believe their organizational culture is fully aligned with stated values and mission

ESG integration is seen as essential, with firms tackling challenges in measurement and regulation through advanced reporting and analytics.

Environmental responsibility is increasingly prioritized, with adherence to global standards like GRI and CBAM becoming the norm. Companies are gearing up to adhere to COP26 commitments.

**84%**

CXOs feel ESG initiatives are essential or very important in driving HR strategies

**66%**

CXOs strongly agree that environmental responsibility became more important to the organization over last 1-2 years





## Evolving Practices in Talent Management and Operating Models

CXOs are rapidly evolving talent management and operating models to adapt to dynamic market conditions and enhance talent retention.

Organizations are prioritizing employer branding by showcasing their culture across channels, with key retention tactics including professional development, competitive salaries, and work-life balance.

**90%**

Organizations leverage company website to showcase their branding

Learning and development (L&D) initiatives are being heavily invested in to maintain a competitive edge, drive innovation, and enhance creativity.

**80%**

Organizations identify increase in productivity as the primary goal for upskilling initiatives

Companies face challenges in measuring L&D effectiveness and integrating skills development with strategic goals, but these can be addressed through the adoption of tech-based learning solutions.

Partner workforces are increasingly leveraged to fill specialized skill gaps, offering benefits like cost savings and staffing flexibility.

**70%**

Organizations engage with gig workers on a need based basis



## Focusing on employee well-being and engagement

Organizations are increasingly prioritizing employee well-being and engagement to drive success.

**23%**

CXOs report very high levels of employee engagement in their organization

Key engagement strategies include fostering inclusion, agile work practices, leadership support, and employee recognition.

**72%**

Organizations leverage policy changes to facilitate employee work-life balance

Comprehensive well-being programs addressing physical, mental, and emotional health are boosting productivity and job satisfaction.

High burnout rates among Indian employees underscore the need for robust well-being initiatives to ensure retention and productivity.

**58%**

Indians reported experiencing burnout at work



## Unlocking human potential through Diversity, Equity and Inclusion (DEI)

Indian CXOs are recognizing the importance of DEI initiatives in significantly enhancing employee satisfaction and retention.

Companies are enhancing inclusivity by setting diversity targets and integrating DEI into management practices.

**67%**

CXOs strongly agree that diverse teams improve performance & engagement

Challenges like resistance to change and impact measurement can be addressed with strong leadership and clear metrics.

**49%**

Organizations have diversity related metrics at all levels

Frontrunners are also unlocking business value by designing inclusive offerings for diverse groups.

**49%**

CXOs rate resistance to change as the biggest blocker to DEI initiatives



## Creating Bionic Organizations through GenAI driven HR

Indian CXOs are rapidly adopting GenAI across the organization, especially in HR functions.

**45%**

Orgs have fully or partially implemented GenAI initiatives in HR functions

Top benefits unlocked include improved efficiency, productivity, and scalability. Challenges of GenAI implementation include ensuring factual correctness, change management and dealing with regulatory hurdles.

**33%**

CXOs report Integration complexities with existing systems as major challenges of implementing AI

Within HR, a key area where GenAI can be transformative is performance management.

**90%**

CXOs think GenAI improves process efficiency and productivity at their organization

Employee KPIs can be transformed from static benchmarks to dynamic predictors and allow companies to reduce bias and improve effectiveness of their talent management strategy.



## Leveraging Predictive People Analytics

Indian CXOs are rapidly integrating people analytics across the HR value chain and altering decision-making processes from intuition-based to data-driven.

Analytics is being used to forecast key trends and enhance employee knowledge to deliver substantial business value.

**70%**

Organizations report enhanced decision making through real-time analytics

Predictive analytics can be implemented across the employee lifecycle to reap benefits like improved hiring decisions, cost savings and reduced attrition.

**47%**

Organizations report increased reliance on predictive modeling and simulations

Utilizing such insights, companies like Cisco, HP and Google are effectively improving their recruitment processes and retention rates and reducing attrition.

**34%**

Organizations have integrated analytics into workforce planning

# 1



## Purpose-led culture – ESG and sustainability





In this section, we explore the critical role of purpose in shaping modern organizational culture, with a focus on three key areas: embedding purpose into organizational culture, enhancing commitment to Environmental, Social, and Governance (ESG) integration, and navigating increased environmental regulations.

We examine how organizations are aligning their mission and values with broader societal goals to drive employee engagement and business success. Through survey insights and strategic insights, we highlight the tangible benefits of fostering a purpose-driven culture, deepening ESG commitments, and adapting to evolving regulatory landscapes.

### Embedding purpose into organizational culture

Purpose refers to a company's fundamental reason for being that goes beyond profit generation to include positive contributions to society and the environment. This involves redefining mission and values to align with broader societal goals such as environmental sustainability, social equity, and ethical governance.

Key benefits of inculcating a purpose-driven culture within organizations include<sup>1</sup>–

-  **Higher employee engagement**  
Higher productivity, lower attrition and better employee retention due to a sense of belonging and commitment
-  **Enhanced customer loyalty**  
Consumers prefer brands that align with their values and demonstrate social responsibility
-  **Improved financial performance**  
Enhanced return on equity & return on sales
-  **Increased product innovation** – 54% more likely to launch new products and stay competitive in a dynamic market

<sup>1</sup> How is the Impact of Purpose Best Measured? Lessons from Quantifying the Human Side of Business | BCG BrightHouse

**Higher investment inflows** – attract more investments as investors increasingly look for sustainable and responsible businesses

**Improved market adaptability** – 50% more likely to successfully enter new markets

Building and motivating employees to follow a purpose in an organization requires building right culture in the organization.

### What does a sustainability-focused culture look like?

Cultural dimensions



**Structured** **Flexible**

Allow employees to build on each others' ideas and initiate action through multiple channels, sustainability efforts are not siloed but spread throughout the company

**Controlling** **Delegating**

In a controlling environment, strategy and decision-making comes from the top to promote a cohesive approach and action plan

**Cautious** **Risk-permitting**

People are willing to accept the cost or risks associated with initiatives to pursue opportunities can benefit the organization's impact on climate & sustainability

**Planning** **Doing**

Highly iterative processes; culture where meetings and decisions are quick and to the point, promoting productivity by monitoring the progress of initiatives and tracking success metrics

**Individualistic** **Collaborative**

Provide platforms and infrastructure in place to allow information sharing, crowd-sourcing of ideas, and co-create initiatives

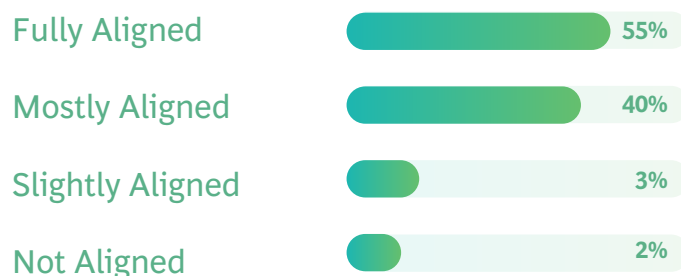
**Internal** **External**

Leverage external expertise for climate & sustainability, coordinate partnerships with universities, governments, other external partners

1. 2023, BCG Analysis, Transformation Excellence for Climate & Sustainability Transformations

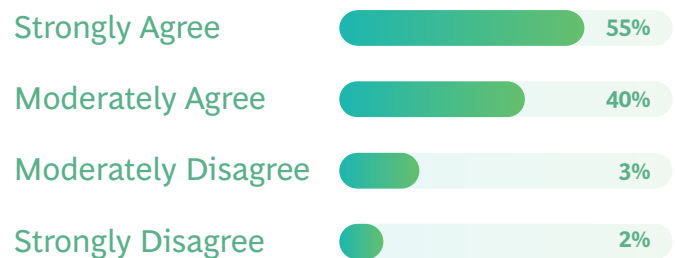
To build a strong ESG and sustainability culture, organizations should shift towards flexibility, delegation, and risk-taking. Emphasize doing over planning, collaboration over individualism, and leverage external partnerships. This adaptive approach empowers broad participation, encourages innovation, and integrates sustainability across the organization.

### Status of alignment of organizational culture with stated values and mission



In the survey we found that, Indian firms are increasingly integrating purpose into their core strategies with 55% CXOs believing their organizational culture is fully aligned with stated values and mission. Further, purpose-led culture is percolating across layers in the organization, with 54% CXOs strongly agreeing their employees understand the purpose and vision of their organization. This widespread understanding is essential for driving employee engagement and enhancing performance.

### Employees truly understand the purpose and vision of the organization



### Exemplifying Purpose-Driven Culture with Measurable Impact

Tata Group's purpose-driven culture is anchored in their commitment to improving the quality of life for the communities they serve, encapsulated in their mission

statement: “Leadership with Trust.” This purpose is evident across their Environmental, Social, and Governance (ESG) initiatives, leading to significant business and societal outcomes.

1. Tata Power aims for 80% of its energy to come from renewables by 2030
2. Tata Motors targets a 50% carbon footprint reduction by 2025 through EVs
3. Tata Trusts has funded 1,500+ healthcare and education initiative, impacting 20+ Mn people
4. Tata Steel’s welfare programs have increased employee satisfaction by 20% and reduced attrition by 30%
5. Tata’s governance structure includes a diverse and independent board of directors for oversight
6. Sustainability Council of CEOs aligns sustainability initiatives with corporate strategy
7. 66% of Tata Sons’ equity is held by philanthropic trusts, ensuring profits are reinvested into societal development

This integrated approach not only enhances their brand reputation but also drives long-term business success and stakeholder trust.

Source: Tata Annual Reports

To further strengthen this alignment, **67% of Indian companies surveyed prioritize increased employee involvement in purpose-driven initiatives.** Enhancing communication about the organization’s values is also a key focus, with **60% of organizations** taking this approach.

## Actions organizations can take to better align with purpose and values



(respondents asked to select multiple options)

Increase employee involvement in purpose-driven initiatives



Improve communication about the organization’s purpose and values



Incorporate purpose and values into daily operations



Enhance leadership commitment to purpose and values



Regularly review and update the organization’s purpose and values



Others



Other initiatives to improve alignment of the organization with a purpose-driven culture include –

1. **Articulate and Communicate Purpose:** Consistently communicate to ensure everyone understands and aligns with common goals across organization layers
2. **Align Business Strategies:** Align strategies with core purpose to navigate challenges and seize opportunities
3. **Implement Metrics:** Use metrics to assess purpose alignment, ensuring the organization stays on track and can make necessary adjustments

**4. Leadership Support:** Leadership should visibly support the purpose to inspire employees and drive strategic initiatives

**5. Collaborate with Stakeholders:** Foster broader impact and strengthen commitment to purpose by collaborating with external stakeholders

## Enhanced Commitment to ESG Integration

Infused with a stronger sense of purpose and motivated by sustainable growth, Indian companies are increasingly integrating Environmental, Social, and Governance (ESG) criteria into business strategies. Many companies are moving beyond viewing ESG as compliance or contribution and are actively pursuing it to create a competitive advantage.

### Mindset Maturity in ESG: From Compliance to Calling<sup>1</sup>



**Calling:** Visionary companies fully integrate ESG and purpose into their culture, aiming to solve societal and environmental challenges.

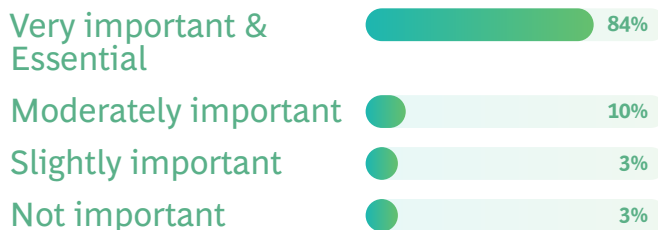
**Competitive Advantage:** Market leaders integrate ESG into core business decisions, gaining advantages.

**Contribution:** Driven by competition and responsibility, companies formalize their ESG agenda, led by a Chief Sustainability Officer.

**Compliance:** Companies focus on adhering to regulations, with ESG topics led by Legal or Corporate Affairs.

Our survey revealed more than **84% Indian CXOs think ESG initiatives are very important or essential in driving HR strategies and business growth in the next 5-10 years.**

## Importance of ESG initiatives in driving HR strategies and business growth



As per the survey, the top three reasons include external pressure from investors/shareholders, national and international agencies, and the need to stay ahead or respond to rating agencies.

### Top Reasons for Companies Push on ESG Activities



(average score calculated on basis of ranks where 1 is lowest and 6 is highest)



Organizations face several challenges in aligning their strategies with ESG objectives. **The top three challenges are difficulty in measuring impact of ESG strategies, lack of expertise and regulatory complexities.**

<sup>1</sup> Social Responsibility: How business leaders can turn ESG into a competitive edge—and a calling | Fortune

## Challenges related to ESG Data Transparency<sup>1</sup>



## Top 3 challenges in aligning HR function with ESG objectives

(in descending order of no. of respondents)



Difficulty in measuring impact of ESG strategies



Lack of expertise



Regulatory complexities



Limited employee engagement



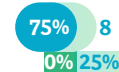
Competitive pressure on business numbers



Insufficient resources



Lack of leadership support resources



## Challenges related to lack of expertise<sup>1</sup>



## To address these challenges, companies can take several strategic approaches –

- Enhance Stakeholder Communication:** Develop transparent and consistent communication with investors, rating agencies, and regulatory bodies
- Leverage Data and Analytics:** Use advanced data analytics to track and report ESG performance, which can help meet regulatory requirements and improve ratings.
- Invest in Innovation:** Prioritize investments in green technologies and sustainable practices to stay competitive and respond to market pressures.
- Foster a Culture of Sustainability:** Engage employees and customers in the company's ESG initiatives to build internal support and drive long-term success.

1. Readiness of Indian Industries towards Climate Change Guidelines of COP26, BCG, 2022



## Pioneering ESG Excellence through Innovation and Transparency

Infosys effectively measures its ESG impact through a robust framework aligned with global standards like Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and Task Force on Climate-Related Financial Disclosures (TCFD). The company achieved carbon neutrality in 2020, offsetting 393,716 tons of CO2 equivalent in FY2021 and now sources over 50% of its energy from renewables.

Advanced AI-driven analytics and blockchain technology ensure transparency and accuracy in reporting, with detailed annual ESG reports verified by third parties.

Infosys leverages tools like Social Return on Investment (SROI) to quantify social and environmental benefits, showcasing significant impacts on community health and education. Their commitment to sustainability has earned them consistent inclusion in the Dow Jones Sustainability Index and FTSE4Good Index. By deeply integrating ESG into their business model, Infosys not only enhances its brand reputation but also drives long-term business success and stakeholder trust.

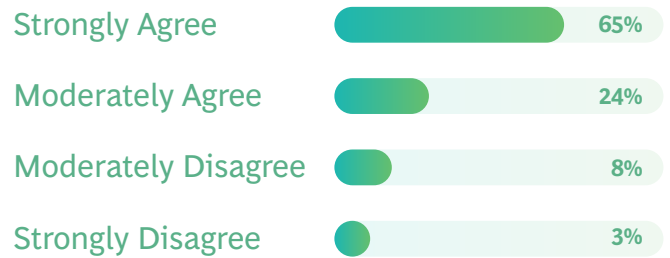
Source: Infosys ESG Report

## Increase environmental responsibility

Indian companies are also increasingly aware of their environmental responsibility, with 65% of CXOs strongly agreeing that this issue has become more important to their organization in the past 1-2 years.

<sup>1</sup> Carbon Border Adjustment Mechanism - European Commission (europa.eu)

## Environmental responsibility became more important to our organization over last 1-2 yrs



The issue is further underscored by recent regulations like SEBI's enhanced disclosure requirements under Business Responsibility and Sustainability Reporting (BRSR) and European Union's Carbon Border Adjustment Mechanism (CBAM)<sup>1</sup>.

## Level of Maturity in Sustainability

(respondents asked to select all relevant options)



Proactively scout for and pursue new 'green' business opportunities



Have clear targets for emissions reductions/abatement emissions



Measure scope 1 & 2 emissions



Report emissions data



Have a net zero target



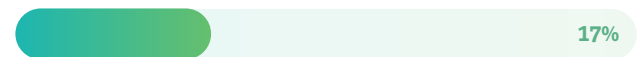
Purchase offsets to produce carbon footprint



Measure scope 3 emissions



Yet to start measuring emissions<sup>24</sup>






Closer to home, as Indian industries strive to meet the climate change guidelines of COP26, several key steps must be taken to ensure readiness and compliance. All industrial segments should aim to surpass or at least mirror the country's net-zero targets, incorporating the net-zero pledge into their vision. Our 2022 survey on readiness of Indian industries towards climate change guidelines of COP26 found **45% companies in India have set clear targets for emission reductions and are measuring scope 1 & 2 emissions as well.**

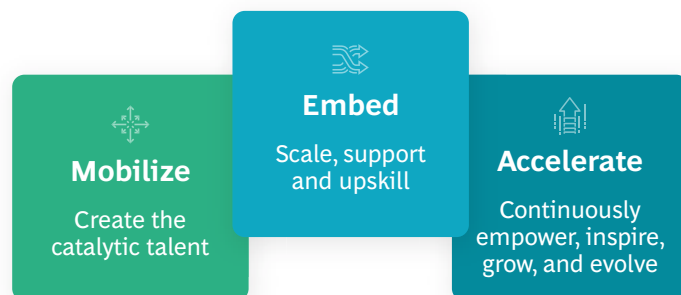
In terms of implications of the COP26 commitments, Indian CXOs have ranked the possibility of new 'green' business opportunities, reduced competitiveness and greater reporting pressure as the highest.


Globally, **1/3** of the world's largest public companies have announced **net-zero targets for 2030 to 2050.**


Out of these **only 17%** of companies are **on track to meet their emissions targets<sup>1</sup>** which is underscored by a serious lack of sustainability talent.


-  The need to **deploy sufficient talent with multidisciplinary, sustainability-related skill sets**, which are hard to find in the precise combination required
-  The need to **embed new sustainability skills across the organization**, which is not one challenge, but many—equivalent to the number of unique functions and business processes that make up an organization's operations
-  The need to **act on each of these challenges with urgency**, because the time to set and deliver on meaningful sustainability goals is now, and the task is big and growing

## The three phases of the talent transformation



 **Phase I: Mobilize**  
A small central team initiates commitments and engages stakeholders around a clear strategy. This team, composed of "general athletes" with broad skills in sustainability, transformation, and digital areas, collaborates with specialized experts to drive organizational change.

 **Phase II: Embed**  
Sustainability fluency expands across the organization, with sustainability skills integrated into each business unit alongside functional expertise. While the emphasis on specific skills may vary by role, sustainability and functional expertise remain essential.

 **Phase III: Accelerate**  
Sustainability is fully embedded across the value chain, with skilled talent in place throughout the organization. The focus shifts to supporting, retaining, and engaging employees, ensuring that sustainability is actively upheld in daily operations.

<sup>1</sup> Prioritize talent within sustainability agenda, BCG, 2023

# 2



## Evolving practices for attracting, retaining & managing talent

This section explores the latest strategies organizations are employing to attract, retain, and manage talent in a rapidly changing market. We cover three critical areas: adopting a multi-dimensional approach to talent acquisition and retention, leveraging learning and development (L&D) to maintain a competitive edge, and transforming operating models to adapt to a dynamic business environment.

Additionally, we learn from case studies of organizations like Urban Company and Zomato, which have successfully leveraged the gig economy for business growth, illustrating the practical application of these evolving practices. Together, these practices help organizations build a resilient workforce that can thrive amidst constant change.

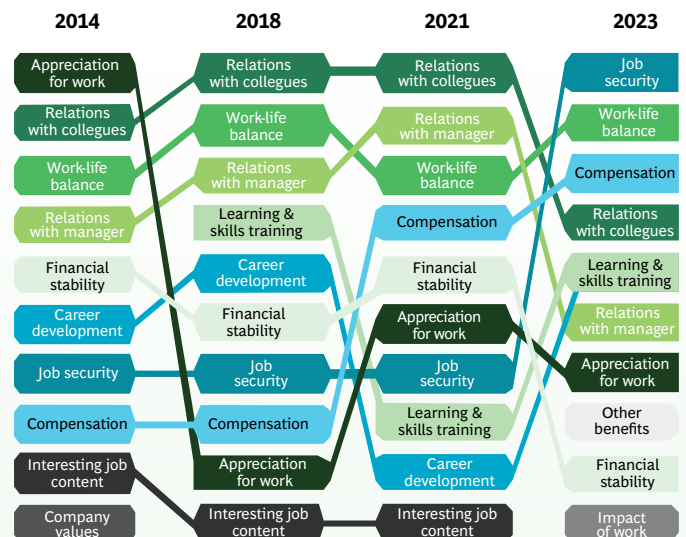
### Elevating talent acquisition and retention strategies

In the modern, competitive job market, organizations must continuously innovate their talent acquisition and retention strategies.

Organizations employ various channels to attract top talent, with internal referrals, online job boards, and recruitment agencies emerging as the most effective recruiting methods.

To properly understand the practices for attracting, retaining and managing talents, we need to understand the key considerations for employees.

### Job security has surged in importance, as has learning and career development



As per an internal BCG we see a significant shift in employee priorities from 2014 to 2023. Job security has become the top concern, rising from 7th place in 2014 to 1st in 2023, reflecting a heightened need for stability. Good work-life balance has consistently remained a high priority, while financial compensation has grown in importance, now ranking third. L&D have also gained traction, indicating a stronger focus on growth opportunities. Meanwhile, factors like interesting job content and company values have decreased in significance, suggesting a shift towards more tangible and immediate concerns.

The evolving priorities in the workplace are not just reshaping employee expectations but are also influencing how companies approach talent acquisition. As organizations adapt to these changes, it becomes increasingly important to understand which recruitment channels are most effective in attracting and retaining top talent. In this context, our recent survey of Indian CXOs sheds light on the strategies being employed by leading companies in the region.

As per our survey results, approximately 62% of companies report that internal referrals are their most successful recruiting channel, leveraging current employees' networks to find high-quality candidates.

### Primary method used for talent acquisition

(Respondents asked to choose multiple options)

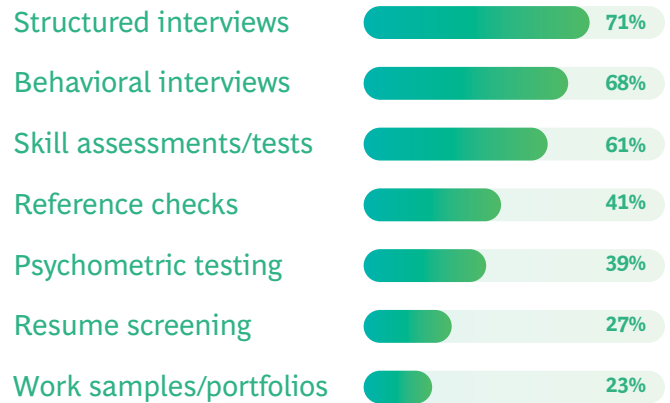


The recruitment process itself has evolved to incorporate a blend of traditional and innovative methods. Structured interviews remain crucial, used by 71% of companies, while behavioral interviews are utilized by 68% of organizations to evaluate candidates' technical abilities.

### Factors with most significant impact on successful hiring decision



(Respondents asked to choose multiple options)

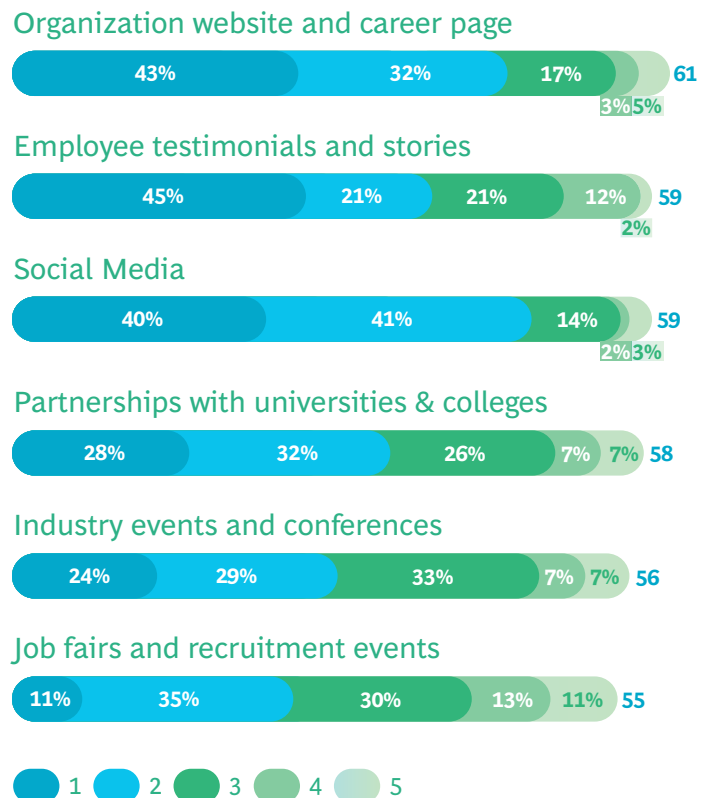


Building a strong employer brand is also essential, with 91% companies using their website to showcase their culture, values, and job openings, 88% utilizing social media to engage with potential candidates and 88% highlighting employee testimonials to provide genuine insights into the workplace environment.

### Effectiveness of channels in promoting organization's talent brand



(respondents asked to rate effectiveness from 1 to 5 where 1 = very effective and 5 = not effective)



BCG's internal<sup>1</sup> survey of 11,000 employees across 8 countries revealed that **28% are at risk of leaving the organization within one year**. On deconstructing the top needs and correlation with attrition, we found that emotional needs had the most impact on whether an employee was likely to stay.

Therefore, talent retention tactics need to be multi-faceted in order to satisfy the emotional needs of employees in the workplace

## Your employees may not be with you a year from now

Do you see yourself working at your current organization in 1 year?



28% "at risk" of leaving in 1 year

Unlikely = Unlikely and Definitely not

Likely = Likely and Definitely

Source: BCG Employee Sentiment Survey, October 2023 (N = 11,285 across the US, Canada, UK, France, Germany, Australia, Japan, & India)

## When you look at top needs correlated with attrition, emotional needs dominate

Needs correlated most to retention at one year<sup>1</sup>  
R-Correlation value



01. Feeling like I have job security
02. Feeling fairly treated and respected
03. Doing work that I enjoy
04. Feeling valued and appreciated
05. Feeling supported
06. Pay/Compensation

Pay/compensation falls significantly

Functional

Emotional

1. Correlation between satisfaction with each listed element and answer to the question "I see myself working at my current employer in 1 year"

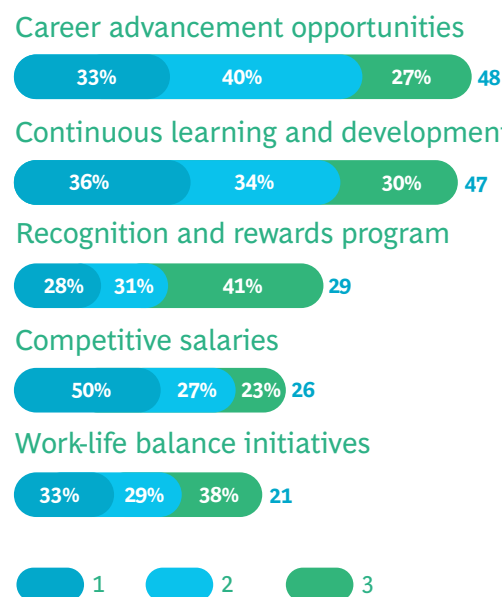
Source: BCG Employee Sentiment Survey, October 2023 (N = 11,285 across the US, Canada, UK, France, Germany, Australia, Japan, & India)

Retaining top talent requires a multifaceted approach that includes career development opportunities, competitive compensation, and benefits, and initiatives to support work-life balance.

According to our survey, 72% CXOs prioritized career advancement opportunities for talent retention, with 70% focusing on learning and development opportunities.

## Top measures to retain talent

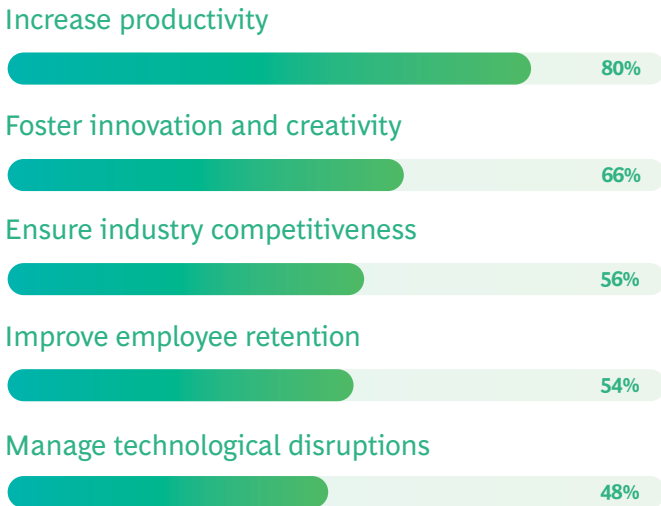
(Respondents asked to rank top 3)



## Leveraging L&D to maintain competitive edge

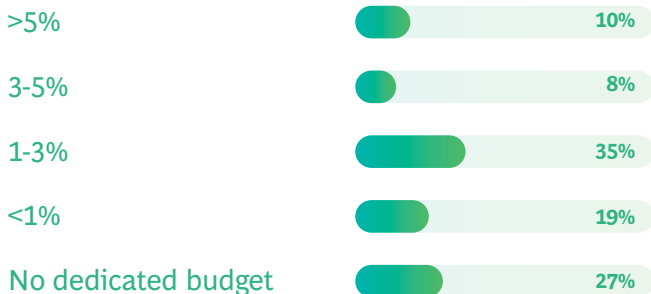
In today's dynamic business environment, Learning and Development (L&D) has emerged as a strategic priority for organizations. Our survey showed that the primary goal of upskilling and reskilling initiatives is to increase productivity (80%), foster innovation and creativity (66%) and ensure a competitive edge in the industry (56%).

## Primary goal for upskilling and reskilling initiatives



Indian companies are viewing L&D spending as strategic priority with 43% of companies allocating upto 3% of their revenue to it and 10% of companies spending more than 5% of their revenue on L&D initiatives.

## % of organization's revenue dedicated to L&D initiatives

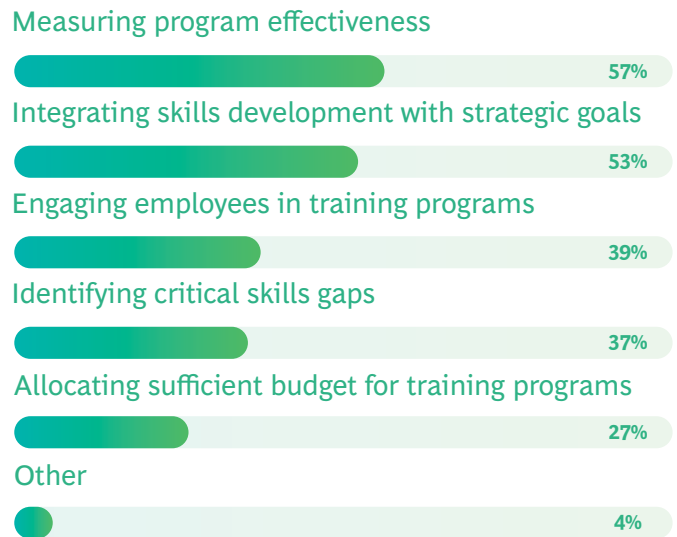


However, implementing L&D programs is not without its challenges. Organizations often face difficulties in measuring the effectiveness of these programs (57%) and integrating skill development with strategic goals (53%). Addressing these challenges requires a focused approach to ensure that L&D initiatives are both impactful and aligned with broader business objectives.

## Challenges in implementing effective upskilling and reskilling programs



(respondents allowed to choose multiple options)



Leveraging technology can bolster the L&D journey by offering employees more engaging and personalized learning experiences combined with the flexibility to learn at their own pace and comprehensive progress-tracking. Approximately 45% of organizations in India already utilize these platforms<sup>6</sup> for continuous learning and upskilling.

According to the World Economic Forum, 50% of the global population needs new skills to meet shifts in demand<sup>1</sup> driven by new technologies. Predictive analytics can be used to anticipate future skill requirements and along with dedicated skill development initiatives, help in ensuring job security.



### Boosting employee learning outcomes through technology

Mahindra & Mahindra, a leading Indian conglomerate, has effectively harnessed technology to revolutionize its Learning & Development (L&D) initiatives, addressing the diverse training needs of its expansive and geographically dispersed workforce.

<sup>1</sup> Your Strategy Is Only as Good as Your Skills, BCG, 2023

The company introduced the MyMahindra platform, a digital learning environment that integrates AI and machine learning to offer personalized training experiences tailored to each employee's role and career aspirations.

To enhance technical training, particularly in its manufacturing units, Mahindra & Mahindra integrated Virtual Reality (VR) technology, allowing employees to practice complex tasks in a simulated, risk-free environment. This innovative approach has significantly improved the skill levels of its workforce, leading to a reported 20% increase in operational efficiency and a 25% reduction in on-the-job errors within certain departments. Additionally, the company employs microlearning modules through the MyMahindra platform, providing concise and focused training sessions that fit into the daily schedules of its employees, contributing to a 30% increase in training completion rates.

Employee satisfaction scores have reportedly increased by 15% since the implementation of these digital L&D initiatives, reflecting a more engaged and motivated workforce.

## Transforming operating models for a dynamic market

The evolution of operating models has fundamentally reshaped the business landscape, driven by innovative frameworks that prioritize flexibility, efficiency, and responsiveness to market changes. The gig economy and remote work have emerged as pivotal elements in modern business strategies. The gig economy, characterized by short-term, flexible jobs, has significantly impacted business operations. It is estimated that **the gig economy could service up to 90 million jobs in India's non-farm economy, transact over USD 250 billion in work**

<sup>1</sup> Unlocking the Potential of the Gig Economy in India | BCG

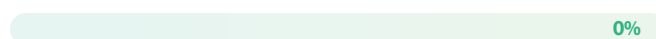
volume, and contribute approximately 1.25 percent to India's GDP over the long term<sup>1</sup>. This model offers businesses access to a vast pool of talent and the ability to dynamically scale operations.

Our survey revealed 69% Indian organizations leverage gig workers on a need basis while only 20% did not engage with gig workers at all.

### Extent of using gig workers to fulfill business needs



Fully integrated into our operations



Highly engaged



Need based – sometimes engaged



Not engaged with gig workers/partner workforce



The primary benefit of hiring gig workers was reported as access to specialized skills (69%), followed by staffing flexibility (56%) and increased productivity (48%). Organizations also use partner workforces for scalability and cost savings, especially in new-age startups focused on building more labour-intensive workforces across cities (e.g. Zomato, Zepto, No-Broker etc.)

### Top benefits from hiring partners for parts / all processes



Access to specialized skills



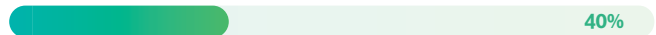
Flexibility in staffing



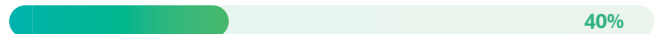
Increased productivity



Scalability



Cost savings



Gig workers are most effective in areas such as IT and technology, operations and logistics and marketing and sales. Large organizations report cost savings and increased productivity as primary benefits of utilizing a partner workforce, while smaller organizations value the flexibility in staffing that gig workers provide. However, challenges such as compliance issues and quality control remain significant hurdles that businesses must address to fully benefit from these new operating models.

### Functions where gig workers are most effective in filling critical skill gaps

(respondents asked to rank top 3)



#### IT and Technology



#### Operations and Logistics



#### Marketing and Sales



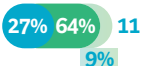
#### Research and Development



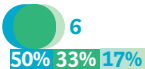
#### Human Resources



#### Customer Service



#### Finance and Accounting



## Leveraging the Gig Economy for Business Growth: Success Stories of Urban Company and Zomato



**Urban Company<sup>1</sup>** leverages the gig economy by connecting freelancers with customers for home services. It has successfully scaled operations by providing flexible work opportunities and maintaining stringent quality control measures to ensure service excellence. With over 30,000 service professionals on its platform, Urban Company has expanded to multiple cities, offering services ranging from beauty treatments to home repairs. This model has not only created job opportunities but also contributed significantly to the company's growth, with a reported revenue increase of 30% in the last financial year.



**Bank of Baroda (BoB)<sup>2</sup>** has effectively expanded its reach and operational efficiency through a vast network of Business Correspondents (BCs). These BCs, acting as local intermediaries, bring essential banking services to underbanked rural and semi-urban areas, where traditional branches are less accessible. By using mobile technology, BCs facilitate account openings, cash deposits, withdrawals, and remittances, significantly reducing the need for physical branches. This partner-driven model has been crucial in driving financial inclusion, enabling BoB to tap into new markets and serve millions of customers. The approach boosts the bank's market presence and lowers operational costs, making it a scalable solution in India's diverse banking landscape.

Source: 1. Company Websites 2. Annual Report

# 3

## Focusing on employee well-being and engagement

In this section, we explore the critical role of employee well-being and engagement in driving organizational success. We begin by discussing strategies for boosting employee engagement, recognizing that a motivated and involved workforce is essential for productivity. This leads into developing a holistic approach to employee well-being, which encompasses physical, mental, and emotional health, ensuring employees are supported in all aspects of their lives. Finally, we emphasize the importance of facilitating work-life balance, a key factor in reducing burnout and increasing job satisfaction, which together foster a more committed and resilient workforce.

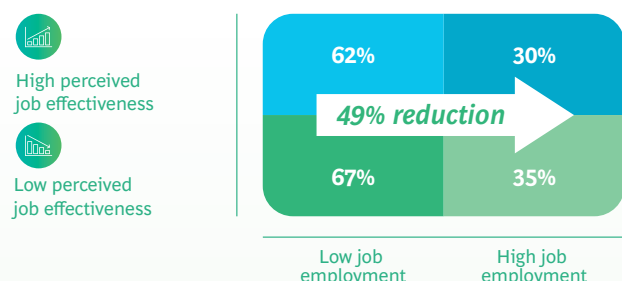
### Boosting employee engagement

In the contemporary Indian HR landscape, the focus on employee well-being and engagement has become a cornerstone of organizational success.

This shift is driven by the recognition that a healthy, satisfied, and engaged workforce is crucial to sustaining productivity, fostering innovation, and maintaining a competitive edge. Further, enjoying work and reducing toil is the key to retaining employees, **with desk-based employees who enjoy work being 49% less likely to quit according to our research.**

### Desk-based employees who enjoy work are almost half as likely to quit

(Percentage of Employees Looking for New Jobs<sup>1</sup>)



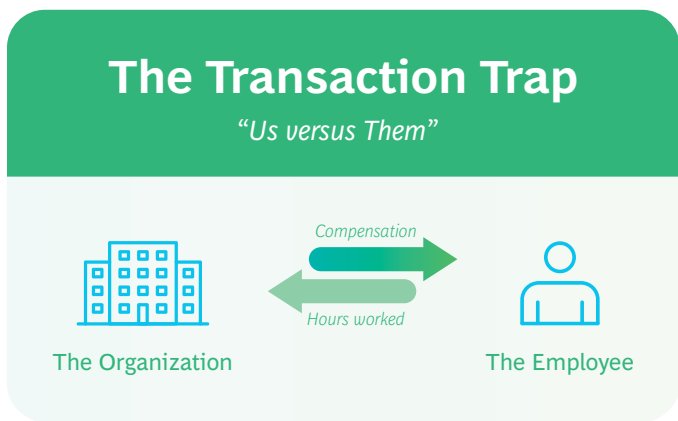
1. Questions asked: Are you looking for a new job?; How effective do you think you are at your job?; How much do you enjoy your job?

Sources: BCG “Making Work Work” survey, Desk-based version conducted in fall 2023 (n=1008), Deskless version conducted in May 2024 (n=764) BCG analysis  
Note: High effectiveness / joy counts individuals with above average score in the category; low effectiveness / joy counts individuals with below-average scores in the category



Employee joy is key to deliver long-term sustainable returns as joyful employees are more motivated, more engaged and more likely to stay. Joy at work varies for each individual and can include components like a sense of accomplishment, interaction with colleagues and motivation to complete a task.

Indian companies are adapting to the new paradigm to shift relationships with employees.



$E^2 = \text{Efficiency} \times \text{Effectiveness}$



$E^3 = \text{Efficiency} \times \text{Effectiveness} \times \text{Enjoyment}$

The internal BCG study shows a shift from the “Transaction Trap,” focused on Efficiency and Effectiveness ( $E^2$ ), to a “Virtuous Cycle” where Enjoyment is added ( $E^3 = \text{Efficiency} \times \text{Effectiveness} \times \text{Enjoyment}$ ) increases employee motivation and keeps an engaged workforce.

### Market data suggests that employee-centric organizations tend to outperform

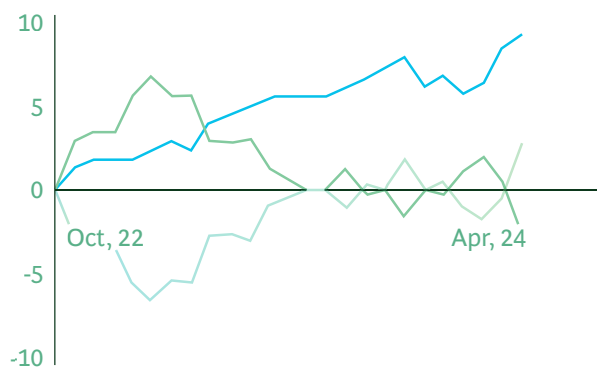
A set of ETFs linked to employee satisfaction has outperformed the market since its inception. Irrational Capital launched a set of ETFs based on the notion that companies with positive culture will see that reflected in their business performance and stock price.

No financial information is used to determine the funds’ allocations, instead survey data is used to identify companies based on employee satisfaction data. The survey includes questions on salary and compensation, as well as intrinsic rewards and enablers, such as how valued they feel by their employer. When describing the funds’ strategy, Van Adelsberg, co-founder of Irrational Capital, highlights the importance of the voice of the employee:

“You have to ask people, and you have to get information from the frontline to the top of the organization.”

~Van Adelsberg, co-founder of Irrational Capital

### Cumulative excess return %









- Harbor Human Capital Factor US LrgCap ETF
- S&P 500 Value TR USD
- S&P 500 Growth TR USD

Our CXO survey revealed a significant majority (82%) of Indian employees are highly or very highly engaged, with their organizations continuing to focus on boosting engagement.

## Level of employee engagement in the organization







## Key Strategies to Boost Employee Engagement:

-  **Fostering Inclusion:** Ensuring employees feel valued and respected, and that they have a fair chance to succeed, fosters a sense of belonging and motivates them to contribute positively to the organization.
-  **Agile Ways of Working:** Implementing agile work practices helps engage and empower employees.
-  **Senior Leadership Support:** Having senior leaders who are committed to DEI, provide mentorship, and create a safe environment for employees to share their views encourages deeper connections and loyalty.
-  **Recognition and Appreciation:** Appreciation from superiors is a top criterion for job satisfaction. Regularly acknowledging employees' efforts and ensuring their opinions count helps maintain high engagement levels.
-  **Work-Life Balance:** Employees value organizations that accommodate their needs, whether it's through flexible scheduling, support for caregivers, or resources for personal development.
-  **Purpose-Driven Culture:** When employees see their roles contributing to a meaningful mission, they are more likely to be engaged and committed to the organization's success.

## Companies should consider four broad categories and 12 dimensions when building a better work environment.

To build a better work environment, companies should focus on four key areas: **How We Work**, **How We Lead**, **How We Organize**, and **What We Need**—encompassing aspects like work models, leadership, adaptability, and essential tools.

These 12 dimensions drive organizational success and employee satisfaction. This strategic approach emphasizes rethinking ways of working, customer relationships and work models. Leadership is enhanced through a generative approach, purpose-driven culture and a focus on creating societal impact. Organizations are made adaptive and supportive of new and diverse talent models while offering continuous learning opportunities. Lastly, a strong focus on the employee value proposition is essential.

<b>How We Work</b>  <ul style="list-style-type: none"> <li>- Customer Relationships</li> <li>- Work Models</li> <li>- Ways of Working</li> </ul>	<b>How We Lead</b>  <ul style="list-style-type: none"> <li>- Generative Leadership</li> <li>- Purpose-driven Culture</li> <li>- Societal Impact</li> </ul>
<b>How We Organize</b>  <ul style="list-style-type: none"> <li>- Adaptive Organization</li> <li>- New and diverse talent models</li> <li>- Continuous learning opportunities</li> </ul>	<b>What We Need</b>  <ul style="list-style-type: none"> <li>- Employee value proposition</li> <li>- Location, workspace design and travel</li> <li>- Tools and technology</li> </ul>

## Developing holistic approach to employee well-being

Modern organizations in India are increasingly implementing comprehensive well-being programs that go beyond traditional health benefits. These programs address physical, mental, and emotional health, reflecting a holistic approach to employee well-being. Our survey revealed the top initiatives prioritized to ensure employee well-being: **79% companies provide professional development opportunities** and **60% provide mental health support** like counseling services. Half of the CXOs surveyed

## Well-being programs offered

(respondents asked to select all that apply)



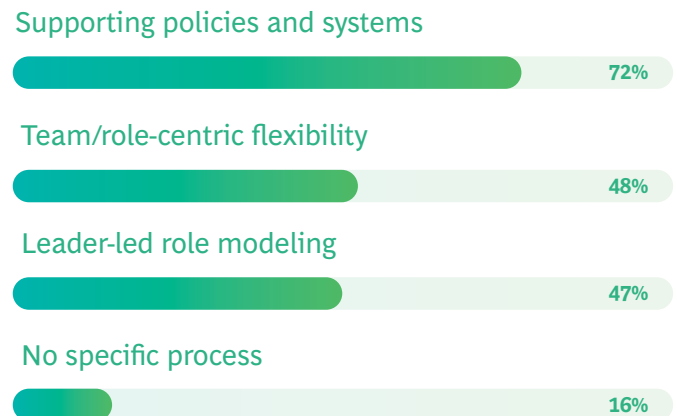
also focused on work-life balance, physical health initiatives and financial wellness initiatives. The evolving focus on employee well-being and engagement in Indian HR signifies a profound shift towards more holistic, personalized, and flexible workplace practices. By prioritizing comprehensive well-being programs, personalized engagement strategies, and work-life balance, organizations are creating environments that not only enhance employee satisfaction and performance but also drive long-term business success. This strategic approach ensures that employees are not just surviving but thriving, thereby contributing to a more resilient and dynamic workforce.

## Facilitating work-life balance

The importance of work-life balance has never been more pronounced and Indian companies are rapidly adapting to the diverse needs of their employees. **The most common approach, cited by 72% of Indian CXOs, involves supporting policies and systems such as flexible working hours and remote work options.** Team or role-centric flexibility, selected by 48%, tailors flexibility to the specific needs of different job functions. Leader-led role modeling is also significant, with 47% indicating that

## Approaches to encourage and maintain a healthy work-life balance for employees

(respondents asked to select all that apply)







when leaders demonstrate healthy work-life boundaries, it encourages employees to follow suit. **Burnout is a significant issue in India, with 58% Indians experiencing burnout and workplace exhaustion, much higher than the global average of 48%<sup>1</sup>.** Our recent research of eight countries titled *Four Keys to Boosting Inclusion and Beating Burnout* revealed that nearly half of the workers surveyed report experiencing burnout, leading to higher attrition rates and lower productivity and morale. This widespread issue is not just a personal health concern but also a significant organizational challenge impacting overall performance and engagement

Contrary to popular belief, burnout is not primarily due to excessive workloads but rather the increasing demands for collaboration. The rise in “**collaborative footprint**,” which includes the volume and frequency of interactions needed to complete tasks, has significantly contributed to heightened stress levels. This includes numerous small, routine interactions, termed “**microstress**,” that cumulatively take a significant toll on employees.

The research highlighted a **strong correlation between burnout and low feelings of inclusion.** Employees who feel included and supported are less likely to experience burnout.

<sup>1</sup> Four Keys to Boosting Inclusion and Beating Burnout

The research identifies **four key sentiments** that significantly enhance employees' sense of inclusion:

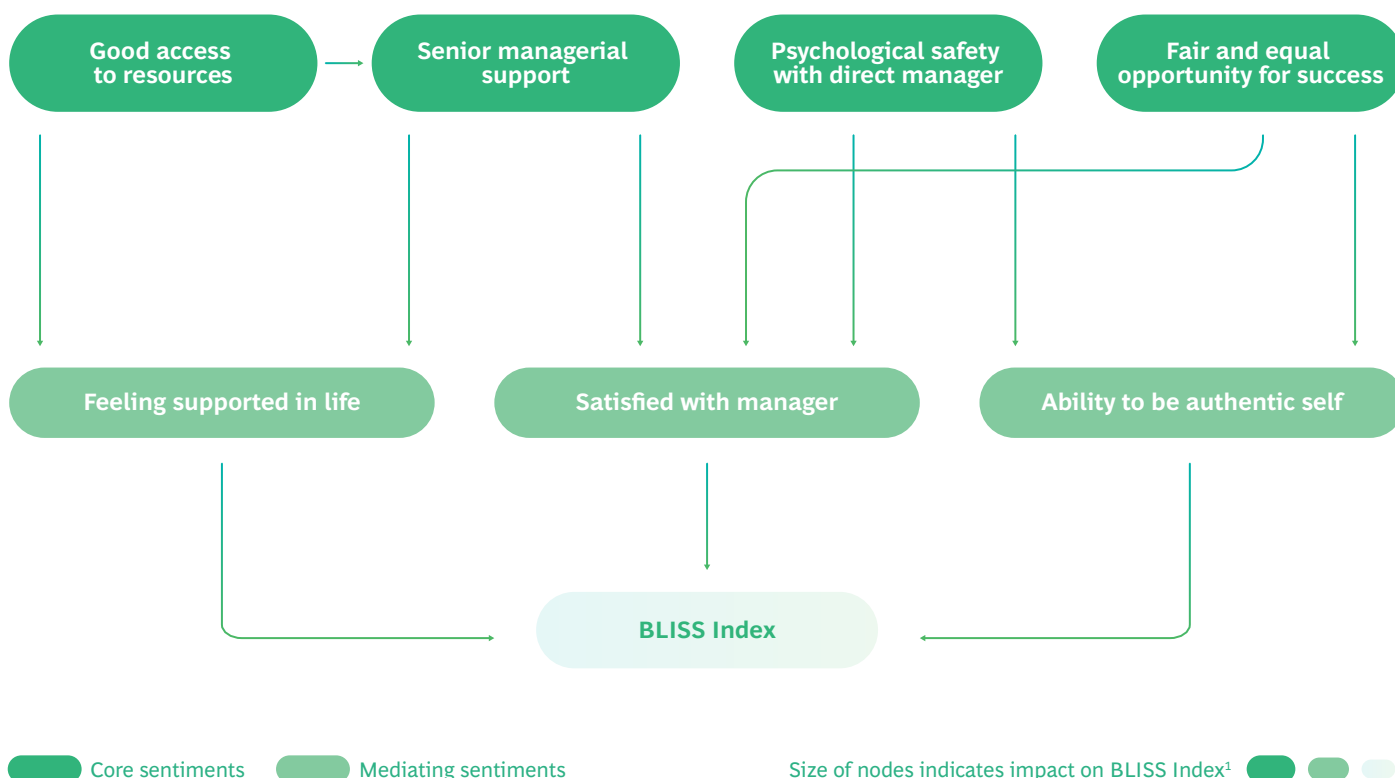
-  **Access to resources**
-  **Support from senior management**
-  **Psychological safety with direct managers**
-  **Fair opportunity for success**

Inclusion extends **beyond recruitment and involves continuously listening** to employees and resolving their issues. Employers should gain a deep understanding of their employees, similar to how they understand their customers, to keep them happy, motivated, and retained. By evaluating how well they meet these sentiments, organizations can identify gaps and tailor benefits such as childcare services, financial counseling, and flexible scheduling to support all employees.

### Four Core Sentiments Indicate That an Employee Is Likely, or Unlikely, to Experience Inclusion in the Workplace



This causal Bayesian network illustrates the interconnectedness of employee sentiments and the directional influence sentiments have on one another and on broader inclusion (BLISS Index). Core sentiments exert both direct and distributed influence on the BLISS Index, the latter via three mediating sentiments.



Sources: BCG Employee Sentiment Survey, October 2023.

Impact on BLISS Index: for every 1-point increase on the Likert scale in responses, there is a corresponding increase of "x" points on the BLISS Index: good access to resources = 8 points, senior managerial support = 6.4 points, psychological safety with direct manager = 4.9 points, fair and equal chance = 6.2 points, feeling supported in life = 4.2 points, satisfied with manager = 3.9 points, and ability to be authentic self = 2.6 points.



# 4

## Unlocking human potential through DEI

This section delves into the transformative power of Diversity, Equity, and Inclusion (DEI) in the Indian corporate landscape. We begin by exploring the rising importance of DEI as organizations recognize its critical role in fostering innovation, enhancing employee engagement, and driving market success. Next, we address the challenges companies face in implementing DEI initiatives, from resistance to change to measuring impact effectively. Finally, we examine how businesses can unlock significant value by designing inclusive offerings, which not only broaden market access but also resonate with diverse customer segments, thereby driving long-term growth and sustainability. We further look at a case in point of best practices used in a female centric manufacturing firm.

### Rising importance of DEI in Indian corporate landscape

DEI plays a critical role in enhancing the success of any organization, some of its key benefits include

-  **Enhanced Innovation:** Diverse teams bring a broader range of ideas and perspectives, significantly boosting a company's capacity for innovation.
-  **Improved Financial Performance:** Companies with higher diversity levels, particularly in leadership roles, show better financial performance, including higher profit margins and more successful product

launches, which enhance profitability and market share.

-  **Employee Engagement and Retention:** Creating an inclusive environment, with senior leaders committed to DEI, fosters a safe and respectful workplace, significantly cutting the risk of employee attrition.
-  **Competitive Advantage:** DEI efforts drive long-term sustainable advantage by improving the customer journey, product development, and innovation agenda.
-  **Resilience:** Diverse organizations are more innovative and resilient, better equipped to navigate unpredictable business environments, and adapt to rapid technological changes.

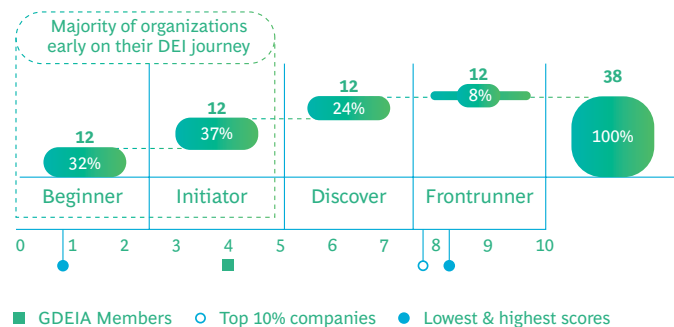
Indian CXOs are increasingly aware of the benefits of DEI, with 67% believing diverse teams improve the overall performance and employee engagement of the organization.

### Diverse teams improve the overall performance and employee engagement of the organization



Our DEI Assessment survey evaluated Indian companies across 5 pillars – inclusive organizations, inclusive products and services, inclusive partner selection and engagement, organizational strategy and leadership commitment.

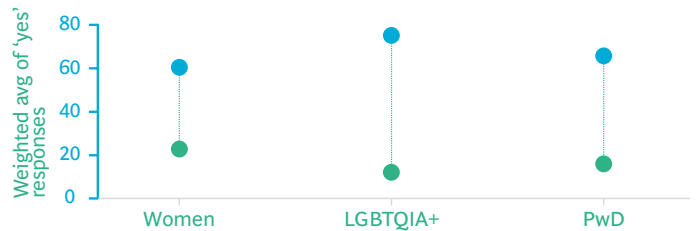
### Although many companies have made a start, there is opportunity across the board to accelerate DEI for competitive advantage



Source: BCG analysis

Analysis of the survey data revealed that most companies are at the ‘Beginner’ or ‘Initiator’ stage of their journeys with limited recognition and basic training and compliance measures in place. Few ‘Discoverer’ companies had more visible commitment to inclusivity, inclusive practices embedded in day-to-day operations while ‘Frontrunner’ companies were actively leveraging DEI as a competitive economic advantage.

### Biggest gaps between companies seen on LGBTQIA+ inclusion



Legend: ● Beginners/Initiators<sup>1</sup>, ● Discoverers/Fronrunners<sup>2</sup>

1. Weighted average of “Yes” responses by beginner and initiator organizations on questions within the pillar;
2. Weighted average of “Yes” responses by discoverer and front-runner organizations within the pillar;






Source: BCG ET DEI Assessment Survey (N=38 organizations)

In terms of major DEI initiatives, more than half of Indian CXOs surveyed reported their organizations have set diversity targets for all positions and 41% consider these targets highly effective.

### Status of targets for diversity related metrics at different levels



Our benchmarking uncovered the best practices differentiating the organizations leading in inclusion metrics -

DEI Pillar	Common practices across organizations	Differentiating best practices at leading organizations
 <p>Inclusive Organizations (i.e., Talent Realization)</p>	<ul style="list-style-type: none"> <li>• Have standardized evaluation criteria</li> <li>• Make use of multiple assessors in the interview process</li> <li>• Maintain a diverse interview panel</li> </ul>	<ul style="list-style-type: none"> <li>• Sensitize interview panels on DEI priorities of the organization</li> <li>• Job descriptions include an 'equal opportunity employer' statement and inclusive language (e.g., pronouns)</li> </ul>
 <p>Inclusive Products and Services (i.e., Market Access)</p>	<ul style="list-style-type: none"> <li>• Consider DEI while designing external communication like brand messaging, imaging, and communication</li> </ul>	<ul style="list-style-type: none"> <li>• Launch sales and marketing campaigns targeted towards specific diversity groups</li> <li>• Consider DEI while running sales and marketing initiatives</li> <li>• Have products/services for a diverse customer base</li> </ul>
 <p>Inclusive Partner Selection and Engagement</p>	<ul style="list-style-type: none"> <li>• Engage in DEI specific CSR activities</li> </ul>	<ul style="list-style-type: none"> <li>• Have a supplier diversity policy in place</li> <li>• Actively consider DEI as a criterion when selecting new providers/sub-contractors</li> <li>• Have accountability measures for providers in case of default on DEI commitments</li> </ul>
 <p>Organizational Strategy and Culture</p>	<ul style="list-style-type: none"> <li>• Have internal, gender-neutral Prevention of Sexual Harassment (POSH) committee and policies</li> <li>• DEI policies written and easily accessible to all employees</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct DEI audits</li> <li>• Allocate specific and sufficient budgets for DEI initiatives</li> <li>• Provide options for trans employees to use their preferred names</li> </ul>
 <p>Leadership Commitment</p>	<ul style="list-style-type: none"> <li>• Have companywide DEI commitments undertaken by the CEO</li> </ul>	<ul style="list-style-type: none"> <li>• DEI related targets set by the leadership</li> <li>• Data on DEI progress reported to leadership regularly</li> <li>• DEI targets defined &amp; linked to the leadership performance review</li> </ul>

## Challenges in implementing DEI initiatives

Organizations face several challenges in implementing diversity, equity and inclusion initiatives. Major challenges to diversity initiatives include resistance to change, with ~50% of CXOs surveyed mentioning it as a major hurdle, followed by difficulty in measuring impact (41%) and justifying the business value of DEI (29%).

### Biggest challenges faced by organizations in implementing DEI initiatives

(respondents asked to select all that apply)



Resistance to change



Difficulty in measuring impact



Justifying the business value



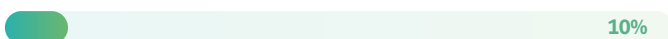
Lack of resources



Insufficient training



Other



Overcoming challenges to DEI requires a three-step approach to build and embed a culture of inclusion across the organization.

#### 1. Articulate culture in line with purpose and strategy

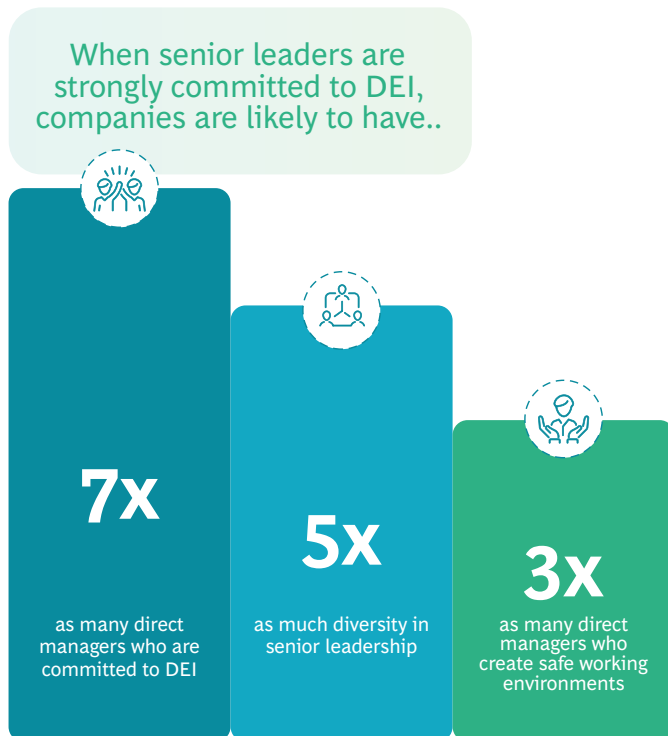
- Tailoring DEI solutions to regional contexts and specific needs can address unique community and individual challenges.

#### 2. Activate culture through leaders who walk the talk

- Ensuring active involvement of CEOs and CXOs can drive top-down support and accelerate DEI initiatives.
- Building networks of allies can enhance the overall impact of DEI efforts.
- Integrating DEI Key Performance Indicators into management objectives ensures focused accountability and progress, especially for leaders who significantly influence inclusion.

#### 3. Embed culture in org context to sustain the change

- Embedding DEI practices into daily interactions fosters cultural change and drives organizational transformation.
- Recognizing contributions to DEI through awards and acknowledgments can motivate and encourage engagement.
- Partnering with NGOs and non-profits can provide access to specialized knowledge and diverse talent pools.



Source: BCG Diversity and Inclusion Assessment for Leadership Global Survey, 2022.



A substantial 49% of organizations consider DEI training very important and have made it mandatory for all employees, demonstrating a strong dedication to fostering an inclusive workplace. Another 32% recognize the importance of DEI and are planning to offer such training, indicating they are in the planning stages of integrating DEI into their corporate culture. Additionally, 17% of organizations offer DEI training as an optional resource, reflecting an awareness of its importance but leaving participation to employee discretion.

### Importance and status of DEI trainings in organizations



Very important, and it is mandatory for all employees



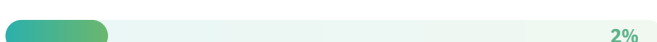
Important, and we are planning to offer such training



Very important, and it is optional for employees



Not important, and we do not have such training as of now



Not at all important, and we do not have any near term plan to have such training

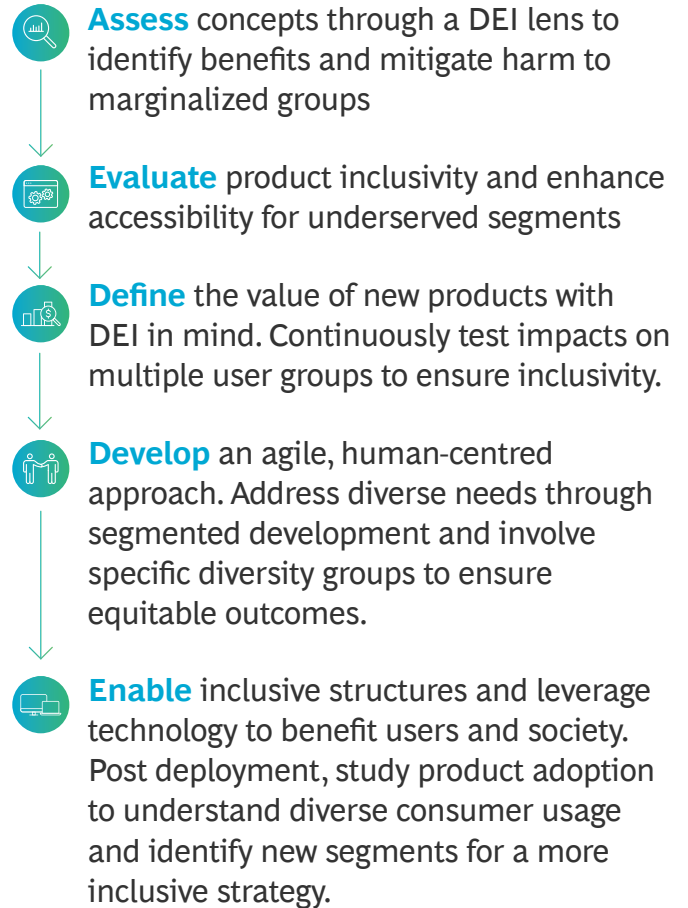


### Unlocking business value through DEI

According to the results from our Global DEI Alliance self-assessment survey, 52% of companies in India report that integrating DEI into their business practices has enhanced their market access. However, **only 32% have developed products or services specifically for diverse groups, and merely 26% have**

**implemented marketing or sales campaigns targeting these diverse segments.**

Organizations can build inclusive products and services by actively embedding DEI principles in product/ service development by following these five steps:



The phenomenon of products expanding their market scope beyond their initial target audience is common. Initially, consumers from diverse groups adopt these products to meet their specific needs. Subsequently, individuals within their influence circles, such as friends and family, begin to use these products. Over time, many of these products achieve broader market appeal and scale up to reach a wider audience.

Frontrunners in DEI are accessing new markets, leveraging diverse employee groups and creating business value through targeted initiatives like Lalit Group for inclusion of LGBTQIA+. Further, workplaces can be redesigned to adapt to diverse groups like reshaping factory environments to facilitate women workers.

## Learning from frontrunners | The Lalit Suri Hospitality Group

Frontrunners in LGBTQIA+ hospitality and entertainment services in India, becoming top choice among the LGBTQIA+ community

Tapped into the Pink Economy by building LGBTQIA+ friendly hospitality services



**Provide inclusive hotel experiences**



**Built spaces for the community to connect**



**Hosted international and national LGBTQIA+ events**

- **Preferred hotel for all LGBTQIA+ guests & events** (conferences, job fairs, Pride Parades, etc.)
- **Kitty Su PureLove nights running for 7+ years** with avg footfall of 500-700 people
- **Increase in corporate clientele** (esp. by organizations valuing DEI) for their events, conferences, and stay.

### Recognized & awarded for its efforts:

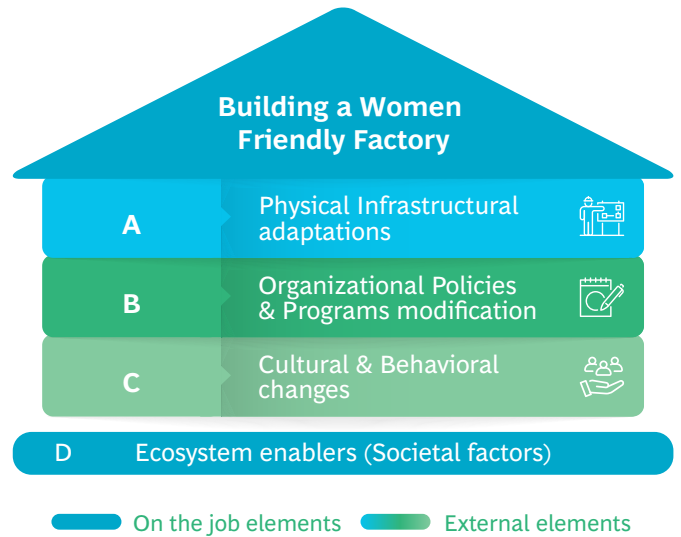
Conde Nast Favorite LGBTQIA+ Friendly Hotel in India – 2020, 2021; 4x winner of National Tourism Award for Best Facilities for the Differently Abled Guests (Including Hall of Fame Award), Gold Award for LGBTQ+ Inclusion at IWEI, Diverse Company of the Year 2023; Only global hotel chain to have all its hotels accredited to IGLTA (International LGBTQ+ Travel Association)

Source: BCG analysis

## Case in point: Fostering Inclusion in Manufacturing by building women-friendly factories



Building inclusive factories requires on the job modifications and broad-based culture change



- First, **modify the physical infrastructure of the factory**. These adjustments should include ergonomic enhancements such as height-adjustable workstations, lightweight tools, and automation of heavy equipment lifting tasks to ensure that the manufacturing process does not depend on physical attributes. Additionally, implement safety measures like CCTV coverage, well-lit workstations, and separate changing rooms. These modifications not only foster inclusion but also boost efficiency, safety, and convenience for all employees, regardless of gender.
- Second, **develop inclusive policies and programs to support in the workplace**. These should encompass three elements: (i) Foundations for inclusion, including pay equity, anti-discrimination and anti-harassment policies; (ii) Pathways for progress, such as transportation facilities and flexible working schedules to make workplaces more accessible; (iii) Career advancement accelerators, geared towards creating pathways for professional development through mentorship, sponsorship, and learning programs.
- Third, **the success of these structural changes depends on the cultural transformation of the organization**, which requires the active involvement of all stakeholders. This involves fostering open conversations, implementing systematic data tracking mechanisms, providing guidance and mentorship, and establishing safe and inclusive environments.
- Finally, **engaging with the broader ecosystem is crucial for ensuring women's participation in the workforce**. This can be achieved by engaging with local community members to build awareness among parents and society, partnering with skilling and educational bodies like Industrial Training Institutes (ITIs) for professional training, and building agency and individual awareness through mentoring and career awareness initiatives.

Source: BCG analysis

# 5

## Creating Bionic Organizations through GenAI driven HR

In this section, we explore how Generative AI (GenAI) is revolutionizing the HR landscape, enabling the creation of bionic organizations that seamlessly integrate human and technological capabilities.

We begin by reimagining HR through various GenAI use cases, demonstrating how AI can enhance everything from recruitment to employee engagement. Next, we discuss how AI is shaping the future of work in India, positioning the country as a leader in AI-driven innovation. Finally, we examine how GenAI is redefining performance management, offering new tools to create more objective, data-driven evaluations that drive efficiency and fairness across the workforce.

### Reimagining HR with GenAI

In today's swiftly evolving business world, Bionic Organizations stand as titans, merging human creativity's boundless potential with the precision of artificial intelligence (AI) and automation. Imagine a universe where Renaissance brilliance allies with cutting-edge AI, catalyzing innovations that push beyond known frontiers. To fully realize the potential of GenAI in HR, organizations are exploring a range of use cases that enhance efficiency and decision-making.

**We have identified 6 promising GenAI use cases in HR across 3 focus areas**



#### Driving talent strategy

##### A. Workforce skill gap planner

Combine inputs from internal strategy documents and external market data to flag potential talent or skill gaps and recommend mitigation strategies

##### B. Recruiting assistant

Augment initial resume screening, communicate with promising candidates and set up initial interviews to streamline recruiting process



#### Leader Development

##### C. Personalized learning assistant

Provide learning and development through chat-based interface that enables

personalized situational based feedback and coaching

**D. Career path analyzer**

Analyze employee performance and skills to predict promotion readiness and match key roles with employee skills and interests



**Portfolio support & projects**

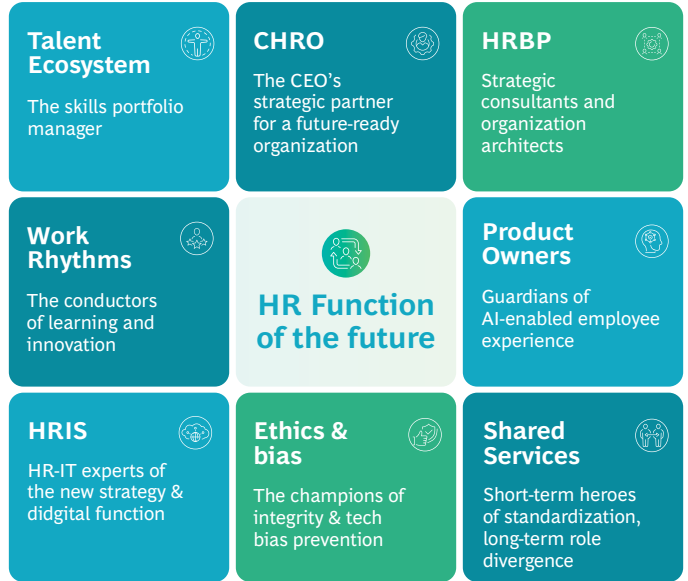
**E. Career path analyzer**

Analyze team performance along with manager written feedback to provide suggestions on effectiveness in line with organization expectations (e.g., leader behaviors)

**F. Resource deployment analyzer**

Assess org charts, ongoing Plan priorities, etc. to assist in strategic resource allocation by providing a detailed view at how resources are deployed within business units

To integrate GenAI across the organization, HR needs to be fundamentally transformed -



Source: BCG workforce diagnostic, BCG 'toil v joy' diagnostic, BCG experience

This will create benefits across the HR value chain through improvements across -

**Productivity**



**Speed and effectiveness**



**Productivity**



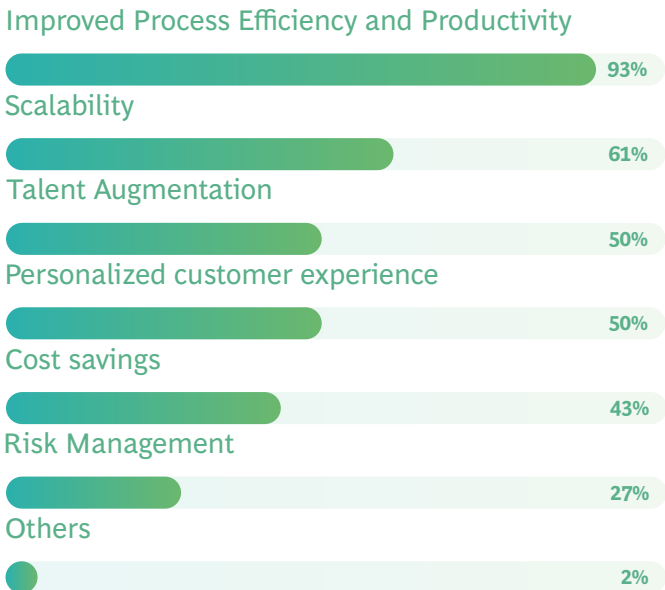
Source: BCG Executive Perspectives, Unlocking Impact from AI, 2024

Indian CXOs are at the forefront of this wave, with 45% reporting full or partial implementation of GenAI in HR functions.

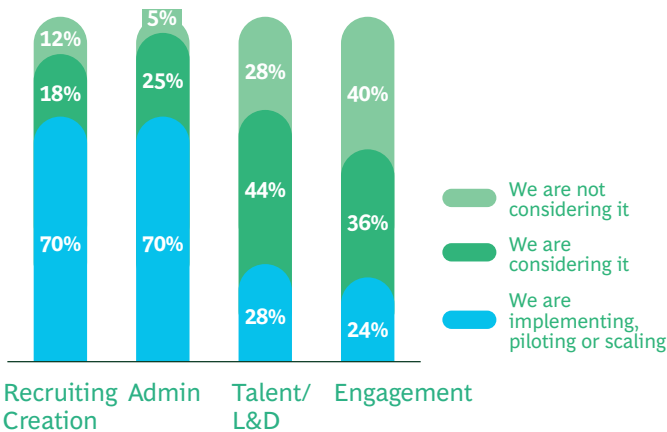
Our CXO survey shows that 93% report improved process efficiency and productivity and 61% agree on scalability as top benefits of GenAI.

**GenAI's top benefits for the organization**

(respondents asked to select all that apply)

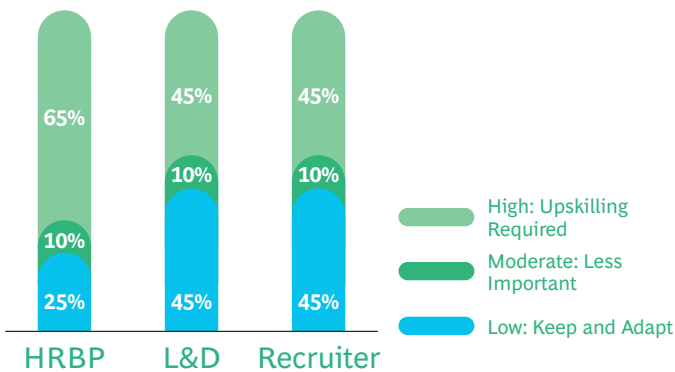


Early adopters of GenAI in HR are starting with low-hanging fruits that present lower risk and offer higher near-term productivity gains...



HR roles shall also be significantly impacted by GenAI adoption – HRBP roles may see the highest need for upskilling.

### Extent of skill disruption for top 3 roles by business impact



### Example Upskilling Required:

- HRBP: Interpersonal communication, Problem solving
- Behavioral science, strategy
- Recruiter: Talent sourcing, Relationship building

### AI Shaping India's Business Future

In India's vibrant market, the AI buzz is soaring, signaling a seismic shift that's energizing investors and bolstering market confidence. In this landscape, AI's role in driving efficiency and growth is undeniable, though it's not the sole market mover. Harnessing AI, Reliance

Industries and Tata Consultancy Services redefine operational efficiency and innovation, with their AI investments marking the future of digital transformation.

Embracing GenAI and Large Language Models, HDFC and Axis Bank are at the forefront of banking innovation, driving efficiency and customer satisfaction to new heights. Axis Bank's deployment of augmented AI and machine learning is crafting superior products and services, while HDFC's EVA Chatbot is redefining customer interactions with its widespread application.

Our survey of Indian CXOs showed they experienced very high impact of AI in the areas of innovation capability (22%), operational efficiency (22%) and customer engagement (15%).

### Impact of AI across key functions



(n=50 for all responses)

#### Innovation Capability



#### Ways of working



#### Operational efficiency



#### Demand for talent



#### Customer Engagement



#### Manpower Practices



## Top 3 challenges of implementing AI

(in descending order of no. of respondents)



### Integration complexities with existing systems



### Adoption/Change Management



### Lack of qualified staff or technical expertise



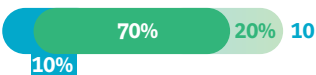
### Data privacy and security concerns



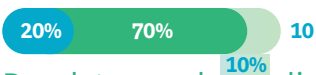
### High implementation costs



### Uncertain return on investment



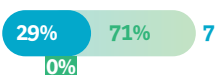
### Ethical responsibility concerns



### Regulatory and compliance hurdles



### Factual correctness



The way forward is fraught with challenges as CXOs highlight concerns like integration complexities, change management and lack of qualified staff.

Successfully addressing integration complexities in organizations requires strategic planning, robust technology management, and continuous improvement with a focus on aligning systems, processes, and people.. Additionally, data privacy, security concerns, and a lack of skilled staff require organizations to prioritize safeguarding information and upskilling their workforce. To navigate these challenges successfully, effective change management is essential, ensuring that AI implementation aligns with business goals and societal expectations.

To address these challenges and ensure smooth AI adoption, we've identified **four key levers**: Personalized change journeys to double adoption rates by addressing individual needs; Nudges to guide behavior through subtle adjustments like default options and peer benchmarks; Closed feedback loops for continuous monitoring and regular communication; and Co-creation with stakeholders to redesign processes and align AI solutions with organizational goals. These levers are crucial for fostering trust, accuracy, and effective AI usage

## Four levers to catalyze the flywheel of behavioral change

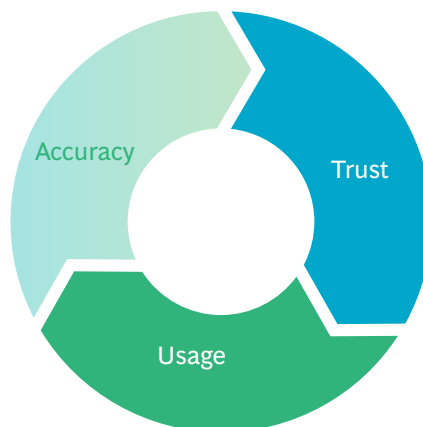


### Personalized change journeys

2x adoption rate with personalized user journeys that leverage interventions based on behavioral insights, pain points, and psychological traits

### Nudges

Subtly guiding behavior without forbidding options or significantly changing economic incentives; e.g., changing default options, highlighting peer benchmarks to **boost desired behavior 55-60%**



### Closed feedback loops

Always-on change monitoring, e.g., to inform feedback loops and respond to 90% of employees seeking regular leadership communication

### Co-creation

For example, collaborating with recruiters to re-design talent acquisition processes and develop supporting set of GenAI solutions

## Redefining Performance Management through GenAI

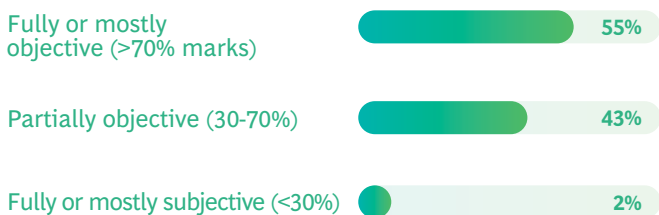
Within HR, GenAI can be transformative for performance evaluations. More than 90% of CXOs surveyed reported that their organizations held regular, structured performance evaluations with a trend towards more objectivity in scoring.

### Frequency of conducting performance evaluations



### Objectivity of performance evaluations

(marks assessed by objective and data-driven metrics)



Performance evaluations can be further enhanced by using AI to transform static Key Performance Indicators to dynamic, agile predictors of employee performance.

AI-driven tools can analyze vast amounts of employee data like productivity metrics, feedback and project outcomes to provide real-time, unbiased performance assessments.

For instance, a company might use GenAI to automatically generate performance summaries that highlight an employee's strengths and areas for improvement, suggest tailored development plans, and predict future performance trends based on historical data.

Key benefits of such an approach include

- Objective Assessment**  
real-time, data-drive feedback without bias
- Dynamic Goal Setting**  
continuously tracks progress and adapts goals
- Personalized development plans**  
based on identified skill gaps and organizational needs
- Boosted Engagement**  
enhanced motivation and retention by showing a clear growth path
- Data-Driven Decisions**  
empowers leaders with precise insights, enabling transparency in decisions on promotions and performance
- Consistent Evaluations**  
uniform assessment standards across the organization



### Transforming performance evaluation through GenAI

Facing the challenge of evaluating over 380,000 employees globally, IBM needed a more efficient and objective approach. Watson AI addresses this by analyzing data such as past performance, project involvement, and newly acquired skills to predict future employee performance with up to 96% accuracy. This AI-driven approach has significantly improved the objectivity and efficiency of IBM's performance management, allowing managers to make more informed decisions regarding promotions, compensation, and employee development.

Source: Annual Report

# 6

## Leveraging Predictive People Analytics

In this section, we explore how predictive analytics is transforming HR by unlocking the potential of employee data throughout the lifecycle. We begin by understanding employee DNA through people analytics, highlighting how this deep analysis enables organizations to anticipate workforce needs and shape strategic HR decisions. Next, we discuss how predictive analytics is actively shaping the employee lifecycle—from recruitment to retention—by offering insights that lead to more effective and data-driven management. Finally, we look at case studies of industry leaders who have successfully leveraged predictive analytics to revolutionize their HR practices, achieving remarkable improvements in efficiency, employee satisfaction, and business outcomes.

### Understanding Employee DNA through People Analytics

In the vibrant theater of modern business, predictive analytics is the backstage maestro, orchestrating a symphony of data to elevate human resources to new heights. As it parses through layers of employee data—from the subtle nuances of hiring processes to the crescendo of career advancements—it empowers HR leaders with the foresight needed to not only anticipate the future needs of the workforce but to actively shape it. This strategic mastery enables organizations to craft bespoke career pathways, enhance employee satisfaction, and ensure that the workforce is not just prepared for future challenges but

is also thriving in an ever-evolving corporate landscape. By tapping into predictive analytics, businesses can fine-tune their recruitment, enhance employee development, and foster retention with a precision that was once the stuff of wishful thinking.

Building on this foundation, predictive analytics delves deeper, employing sophisticated algorithms to detect emerging patterns and potential pitfalls within the vast sea of HR data. By accurately predicting which candidates will excel, identifying the factors that boost employee engagement, and forecasting turnover rates, it offers HR professionals a granular view of not just what is happening, but why. [Our survey revealed technology is swiftly altering the decision-](#)

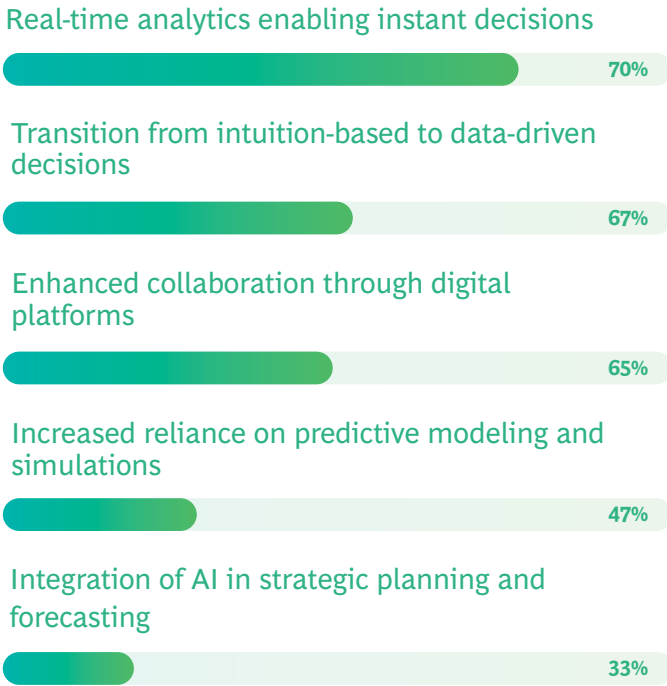


making across Indian organizations, with 70% of Indian CXOs reporting real-time analytics enables instant decisions and 67% believing it enables the transition from intuition-based to data-driven decision making.

### Key ways in which tech has altered decision-making processes within organizations



(respondents asked to select all that apply)



“  
All people decisions at Google are based on data and analytics” and the goal is to ... “bring the same level of rigor to people-decisions that we do to engineering decisions.”  
~Google

In the contemporary landscape of business, the shift from an industrial to a service-based economy highlights the increasing importance of intangible assets. Companies like Bayer, Airbus, SAP and Unilever, traditionally seen as giants in their respective sectors, are now investing in understanding and optimizing their human

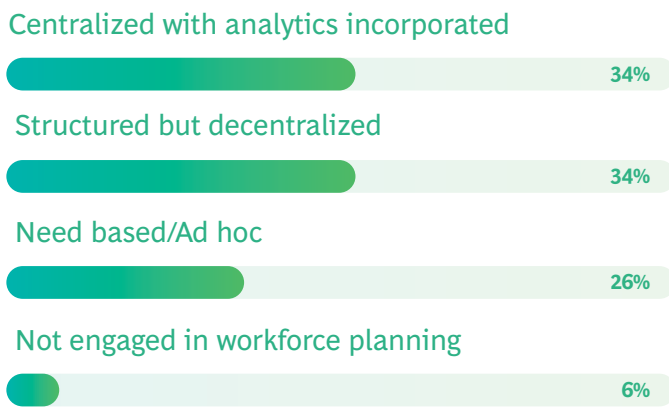
resources to a greater degree than ever before to decipher the complex “employee DNA.”

A notable 34% of Indian organizations have achieved a high level of maturity by centralizing their workforce planning processes and integrating analytics.

### Google searches for “People Analytics” keyword



### Current level of maturity in organization’s workforce planning



They begin by **deploying descriptive analytics** to shed light on the “what” and “where” of current workforce dynamics through methods like data cleaning, visualization, and basic analytics. These foundational insights establish a robust baseline for HR operations, facilitating the generation of detailed HR dashboards, standard reports, and key performance indicators that guide daily business decisions. As firms advance, they **integrate correlative analytics to probe the “why” behind the data**, using advanced statistical methods like regression analysis and clustering. **Predictive analytics** utilizes modeling techniques and artificial intelligence to forecast future workforce trends and potential challenges, enabling HR professionals **to anticipate issues like employee turnover before they unfold.**

By focusing on predictive and prescriptive analytics, organizations can transform from reactive to proactive entities, not just predicting future scenarios but also actively shaping HR strategies to align with long-term business goals, thereby enhancing overall organizational effectiveness and resilience.

## Predictive Analytics shaping the Employee Lifecycle

Predictive analytics is transforming the landscape of human resources, enhancing every phase of the employee lifecycle. This powerful tool streamlines hiring, sharpens workforce planning, curbs absenteeism, and enriches training and development, while also boosting retention strategies. This enables targeted interventions, tailored training, and strategic succession planning, ensuring a finely tuned alignment with both individual career goals and organizational objectives.

### Predictive Analytics directs employee journey and unlocks benefits

#### Purpose

##### Business context, Strategy, Capabilities

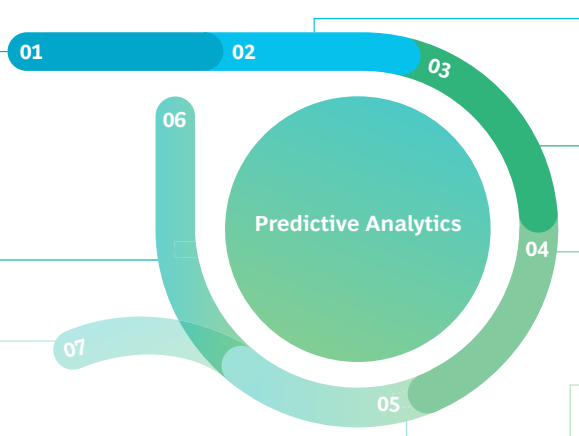
Understanding the impact of HR efficiency on business performance

##### Engage and Affiliate

Attrition risk prediction and mitigation to ensure retention of critical talent.

##### Exit and Affiliate

Employee sentiment analysis to address talent challenges for large scale transformations with strategic, targeted interventions derived from insightful, predictive analytics.



##### Talent Strategy and Planning

Workforce planning & labor model design to make better talent build, buy, borrow and bot decisions and resulting strategies.

##### Attract and Recruit

AI to predict candidate success for better selection and retention.

##### Identify and Assess

Network analysis to identify high-performers and collaboration breakdowns to ensure effective ways of working.

##### Develop and Grow

Forecasts future skill requirements, align skills to roles ensuring relevant training and performance measures.



#### Improved Hiring Decisions

Predictive analytics uses historical data to identify factors to predict job success, leading to more objective selection processes.



#### Targeted Learning and Development

Identification of skill gaps and future learning needs, enables personalized development plans that align with individual career goals and business objectives.



#### Absenteeism Prevention

Analysis of absenteeism trends, helps HR proactively address issues before they impact productivity. This includes adjusting policies, planning for high absentee periods, and introducing wellness programs.



#### Enhanced Workforce Planning

Accurately forecasts and aligns staffing needs with business demands, enhancing workforce agility and labor cost optimization.



#### Cost Savings

Enhances cost efficiency by optimizing workforce planning, improving hiring quality, reducing turnover, and directing L&D resources to high-impact areas.



#### Reduced Attrition

Identifies at-risk employees using data on engagement, performance, and demographics, enabling targeted retention strategies and improving organizational culture.

## Industry Leaders Transforming HR with Predictive Analytics

Across the business landscape, top companies are effectively leveraging predictive analytics to redefine their HR strategies, achieving remarkable outcomes in employee management and organizational efficiency.



**Cisco** has adeptly implemented predictive analytics to navigate workforce planning. This strategic approach allows them to proactively identify and address skill gaps, ensuring their team's capabilities align with future business needs, thereby maintaining a competitive edge in the technology sector.



**Google** dramatically streamlined its recruitment process using predictive HR analytics, cutting down the median hiring time from 180 days to just 47 days. This optimization has drastically improved the hiring process's efficiency and candidate experience, setting a new standard in tech recruitment.



**Xerox** has utilized predictive analytics to significantly reduce employee turnover. By analyzing personality assessment data, Xerox has tailored its hiring practices to better predict long-term employee retention, resulting in a 20% reduction in attrition within six months.



**EON** addressed absenteeism by using predictive analytics to correlate the lack of long holidays with increased absentee rates. Insights gained led to improved paid time off policies, directly impacting employee satisfaction and productivity.



**Experian** built a predictive model to understand factors influencing employee turnover, including the impact of commute distance on retention. Their strategic use of this model across various regions has resulted in a notable decrease in attrition by 2-3%, saving an estimated \$8-10 million annually in turnover costs.



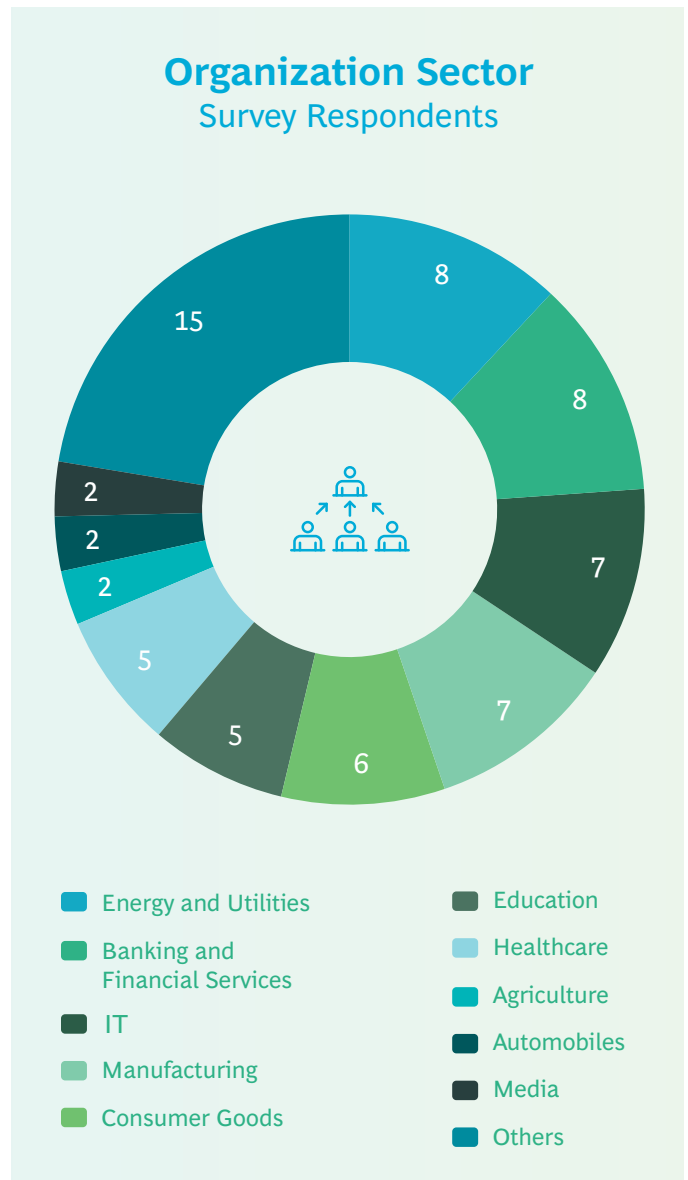
**Hewlett Packard (HP)** developed a predictive analytics program called "Project Insight" that accurately forecasts potential employee departures. Over two years, this initiative helped reduce their turnover rate from 20% to less than 10%, significantly enhancing workforce stability and reducing associated costs.

Source: Company website, Annual Reports

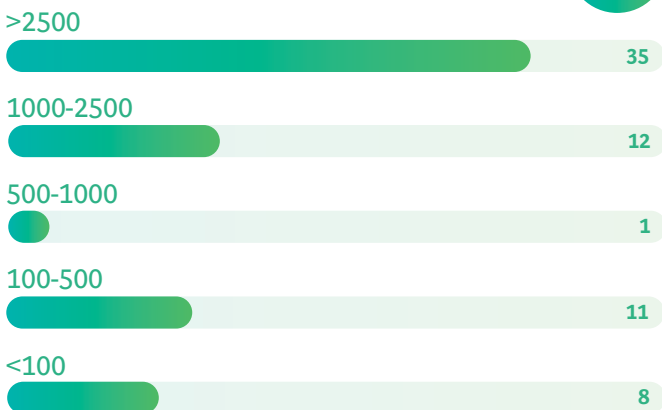
# Methodology

The FICCI CXO HR Survey was conducted in August 2024 to gather insights from senior executives across various industries in India. A total of 67 respondents participated in the survey, including Chief Human Resources Officers (CHROs), Chief Executive Officers (CEOs), and other senior leaders from sectors such as Banking and Financial Services, Energy and Utilities, Information Technology, and Healthcare. The survey aimed to capture the evolving priorities, strategies, and challenges in the HR landscape.

The questionnaire was designed to cover a range of topics, including organizational culture alignment, the importance of Environmental, Social, and Governance (ESG) initiatives, talent acquisition methods, employee engagement levels, and the implementation of Diversity, Equity, and Inclusion (DEI) strategies. Respondents were asked to provide their insights on these key areas, reflecting the practices and concerns of both large and small enterprises with varying geographical presences, from domestic operations to global footprints. The survey results offer a comprehensive view of current HR practices and trends in India, as seen through the lens of top industry leaders



## Organization Size | Survey Respondents (no. of employees)



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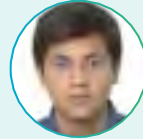
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