NASSCOM®

HR in the Digital Age
Annual HR Survey 2015

NASSCOM®

Key Findings

- India a Global talent powerhouse – representative of millennials, showcasing diversity, and leadership in digital skills

- Talent: Focus shifts from scale to skill - hiring 'knowledge and expertise', not 'age and experience'; strong digital impact - social media platforms for recruitment

- HR in a transitioning phase as people-, process- and technology-related changes bring in a New World of Work

- HR role as 'Diversity Champion' becomes stronger with a growing globalized workforce; ensuring equal opportunities across different strata, gender, culture, skills and ability

- HR's digital agenda driving focus on niche skills: digital and people skills; leveraging SMAC technologies to empower people and organisations

- Technology in HR providing an enriching employee experience – positively impacting E-SAT scores

- HR of the Future: Change Champion, Employee Advocate, Strategic Partner

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TALENT FACTS

Largest private sector employer in India

3.5 million Direct employees in FY2015

Digitally skilled employees **1.5 lakh**

Women in mid-management **>25%**

Talent from Tier II/III/IV cities **>55%**

% of Women **~34%**

Average Age **~28 yrs**

Headcount of global MNCs **~45%**

% of Contract employees **<5%**

9-11% Salary hike

Foreign nationals **~200,000**

Employees with Analytical skills **50,000**

Entry and mid-management level employees **~75%**

Employees with Mobility skills **50,000**

World's largest talent pool **5.8 million**

Net hiring growth estimated in FY2016 **6%**

India: World's fastest growing digital hub, focused on adding new skills

Employees[1]: Focus on skill and performance

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Growth ~7%

	FY2014	FY2015E
Domestic	670	720
Exports	2,590	2,780
Total	3,260	3,500

Legend: Domestic, Exports
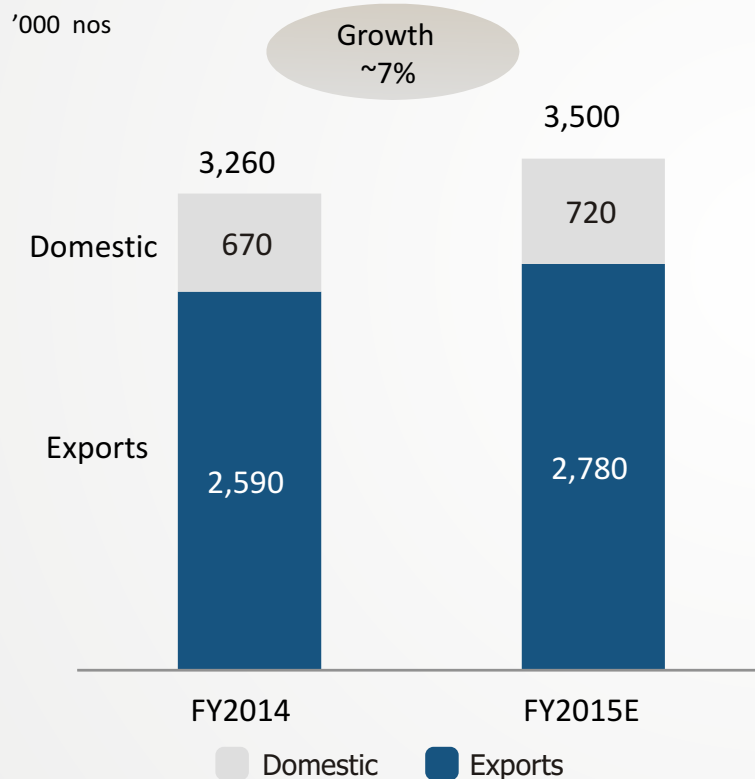
[1]Does not include eCommerce
Source: NASSCOM

World's Fastest Growing Digital Hub

Digitally skilled

~1.5 lakh employees

=

Analytical skilled

50,000 employees

+

Cloud/Platform skills

50,000 employees

+

Mobility skills

>30,000 employees

Section I: Trends shaping HR growth

- FY2016 net hiring to remain moderate compared to last year, small firms and startups to grow faster

- HR role as 'Diversity Champion' becomes stronger with a growing globalized workforce; ensuring equal opportunities across different strata, gender, culture, skills and ability

- Talent hunt shifting from 'Qualification' to 'skill based'; hiring 'knowledge and expertise', not 'age and experience'. Campus hiring face stiff competition as need for specialists/domain experts grows

- HR leveraging on-line platforms for recruitment – social media to identify relevant talent

- War for talent as focus shifts from scale to skill, in addition to competition from startups, leading to higher attrition levels also forcing firms to spend more and innovatively to retain employees

Hiring to remain moderate; technology creating new disruptions

Hiring Trends

Net hiring to grow by ~6% over FY2015

Industry expected to add ~1,80,000 – 2,00,000 employees

Start-ups	SMEs	Large
FY2015E: >75,000 employees To generate employment for over 250,000 people by 2020	FY2015E:~15-18% of total employees SME expected to grow faster than industry at 7-8% in FY2016	FY2015E: >35% of total employees Large firms hiring to remain moderate at 6% in FY2016

Trends disrupting HR

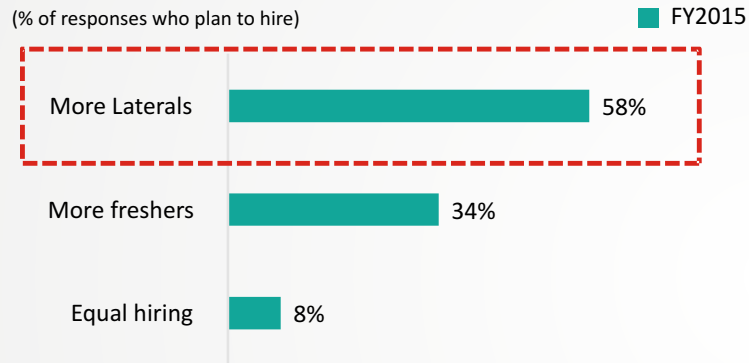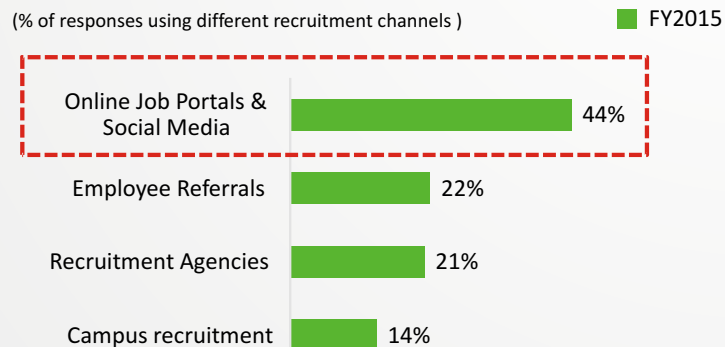| PEOPLE	PROCESSES	TECHNOLOGY
• Tapping skills anywhere, anytime • Managing people as workforce of one • Extended workforce: Maximise strategic value • Reconfigure & reskill talent: support mobile workforce	• Agile: Enable firms adapt to changing conditions • Seamless employee experience • Navigate risk and privacy in a complex world	• Social radically disrupt organisational structures, hierarchies and job titles • Talent management: Scientific insights, analytics • Digital: Transforming how people work, how HR supports employees

Hiring goes lateral, recruitment goes social

Focus on lateral hiring-shift to skill based recruitment

(% of responses who plan to hire) ■ FY2015

More Laterals	58%
More freshers	34%
Equal hiring	8%

Key Trends

- Shift from 'qualification based' to 'skill based' employment as need for laterals grows

- Hiring 'knowledge and expertise', not 'age and experience'

- Lateral hiring fuelled by growing start-up and eCommerce landscape looking for niche skills like digital marketing specialists, programming skills like Ruby on Rails etc

- Need of the hour: Specialists with skills in advanced analytics, collaboration-in-context capabilities along with technical knowledge

Social media - The new go to channel for recruitment

(% of responses using different recruitment channels) ■ FY2015

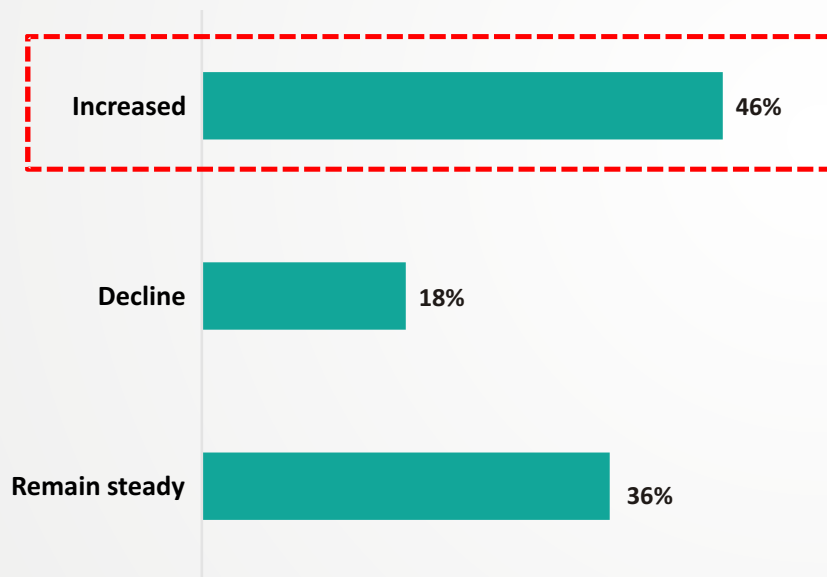|	
Online Job Portals & Social Media	44%
Employee Referrals	22%
Recruitment Agencies	21%
Campus recruitment	14%

Key Trends

- Social media and digital channels occupies the number one spot for the most favoured recruitment platform as firms seek to reach out to wider and more competent talent base

- Campus hiring face stiff competition from hackathons; need for specialists like product engineers, domain experts tipping the balance for fresher hiring.

Source: NASSCOM

Attrition inching up, driven by need for people with in demand skill sets

46 per cent of respondents claim higher attrition

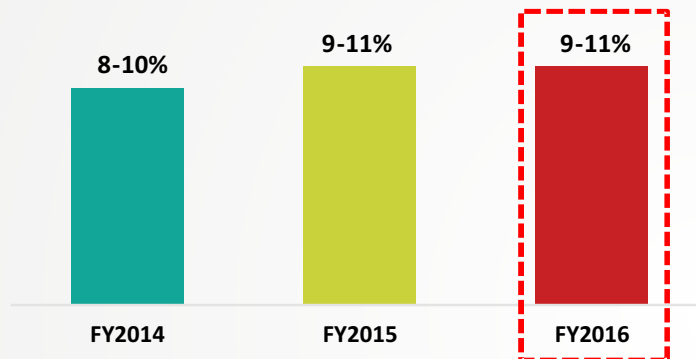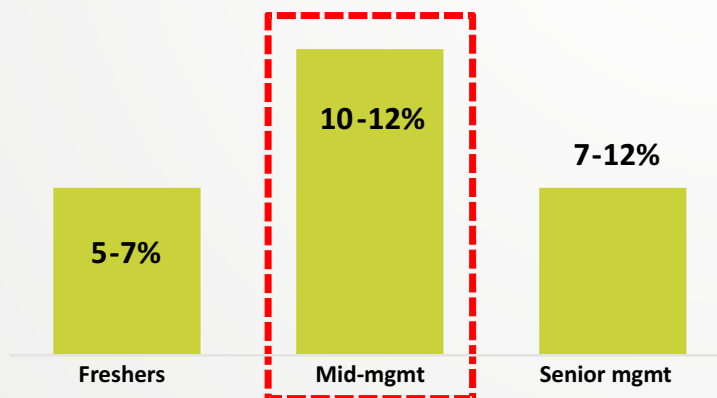(% of survey responses indicating change in attrition) ■ FY2015

Increased 46%

Decline 18%

Remain steady 36%

Source: NASSCOM

Firms spend conscientiously, wage hikes in similar range as previous year

Wage hikes at last year's levels

- FY2014: 8-10%
- FY2015: 9-11%
- FY2016: 9-11%

Middle level managers with right skills get the most rewards

- Freshers: 5-7%
- Mid-mgmt: 10-12%
- Senior mgmt: 7-12%

Source: NASSCOM

Key Trends

- Industry average hikes similar to last year-niche talent and specialists to be rewarded substantially
- Easy availability of fresher talent keeps entry level salary stagnant
- Effective middle managers get most rewards through increased variable pay and incentives
- Non-monetary rewards gaining importance

Innovative Incentive Schemes

- Tenure awards
- Reward the rainmakers and align bonus payouts to customer impacts
- Management incentive schemes for target population
- Sales and delivery incentives, utilisation based incentive model, Agent – client based incentives
- Deal based incentives, Equity linked incentives
- Retention bonus, Attrition Linked Payout plan
- Incentives through rewards (i.e. cash voucher / gift voucher, gift, etc.)

Section II: Transformational role of HR

- Dynamic and evolving HR agenda today is strongly linked to business outcomes

- Developing digital skills and capabilities, creating a rewarding environment and retaining key talent, implementing analytics for effectiveness and engagement, and developing next generation leadership are some key priorities that will transform HR

- Focus of HR to recruit relevant talent; with digital skills (data scientists, UX designers); and people skills including ability to influence, entrepreneurial thinking, digital marketing, etc.

- Building and sustaining a culture of innovation and entrepreneurship increasingly coming to the forefront

Dynamic and evolving HR agenda, strongly linked to business outcomes

Shift in focus to rethinking HR strategy in FY2016

Key Focus Areas (Ranking)	FY2016	FY2014	
Employee Retention	1	1	Retaining key employees by focusing on branding, creating an attractive workplace
Rethinking HR strategy	2 (New)	-	Transform HR to meet new priorities-, 'strategic business partner'. Talent strategy intrinsic to business strategy
Hiring niche skills	3	3	Digitization of firms making hiring niche talent imperative
Workforce Analytics	4 (New)	-	Implement new HR tech, Analytics being leveraged for HR functions, including skillset assessment & training
Skillset Assessment & Training	5	4	Firms focusing on retraining and reskilling employees to develop capabilities for the next generation of technological wave

Source: NASSCOM

HR playing an active role in helping build digital capabilities

Case examples

INITIATIVES

Building digital capabilities through various initiatives

1 Mergers & Acquisitions/JVs

2 In-house training

3 External certification programs

4 Tie-up with academia

5 Sponsor higher education

Cognizant acquires Odecee, Australia

Acquisition to strengthen Cognizant's digital business transformation expertise and expand its portfolio of tools and services in the digital enterprises space

Sonata acquires Rezopia Inc, USA

Acquired a cloud-based platform for travel providers to enhance its offerings in the travel segment

WIPRO Applying Thought

Future Ready: An online virtual training platform delivered globally using WebEx tool catering to the rising demand of futuristic skills with speed delivered by internal and external digital ready expert

Infosys

Infosys has established its own cloud, mobility and security academy. It has been training employees on what it takes to code in Big Data, or on a mobile platform.

EXL's F&A Capability Development CoE

Strengthening competencies in the F&A services by developing skilled finance professional with specialized domain knowledge, operational excellence, analytics, industry research and technology

Robert Bosch's Research & Technology Centre

Internet of Things & Services (IoTS)

- Technologies for smart networking of devices with enhanced reasoning, assistance capabilities

- Enable design of lower cost variants and competitive pricing

Source: NASSCOM

HR's digital agenda driving focus on niche skills

TOP SKILLS IN DEMAND

RANK	TECHNOLOGY	DOMAIN	PEOPLE
1	Data scientists	Engineering	Entrepreneurial
2	Platform engineering	BFSI	Influencing
3	Mobile apps	Mathematicians	Growth Hacking
4	Cloud/virtualisation	Healthcare	Emotional Intelligence
5	UX design	Lawyers, Economists	Social Media

Source: NASSCOM

Focusing on creating an entrepreneurial culture that breeds innovation

Promoting entrepreneurial culture

Rank

1 CoE/Innovation Labs

2 Mentorship

3 Forums & Contests

4 Employee Own Time

5 Shadow-boarding

INITIATIVES

The Workplace Innovation Lab by Boeing: Using a bottom-up approach to innovation in leadership, productivity and new ways of working, The Workplace Innovation Lab pairs 'Gen Y' employees with their manager and provides 90 days' support to accelerate business priorities, focusing on leveraging personal networks, powerful conversations, and new technologies

HCL' s use of Gamification, Enterprise Social Networks to reduce the renege rate of new employees and increase employee engagement. HCL sends all candidates a link to a game on the day they accept their job offer. The number of attempts to answer questions translates into various badges and 'lifelines'. There is a leader board of scores to instil an element of competition, and the opportunity to 'friend' even those who are not yet registered. The tool is predictive, reducing the renege rate from 30% to 24% while at the same time saving USD 10 million in recruitment costs over a period of 18 months

Source: NASSCOM

Section III: Digital makeover of HR

- HR getting a digital makeover- use of social media to communicate, promote and brand, use of mobility to interact, learning and development not just communicate with employees, use of analytics for workforce planning, and use of cloud for flexibility and accessibility

- While overall automation across HR value chain is fairly advanced, application of mobility is currently lower, but adoption rate is very high; SMEs leveraging cloud-platform aggressively

- HR implementing tech solutions for increased efficiencies & productivity and enhancing employee experience – positively impacting employee satisfaction scores, enabling greater strategic-level play

HR getting SMAC-ed: Empowering People, Empowering Organisations

SOCIAL MEDIA

Recruitment

Background checks

Alumni connect

Employee branding

Building loyalty

ANALYTICS

Skillset/Skill gap assessment

Attrition, Sentiment analysis

Workforce planning

Employee satisfaction

Career development

MOBILE

Hiring process

Learning & development

Onboarding of new employees

Workforce scheduling

Attendance management

CLOUD

Payroll management

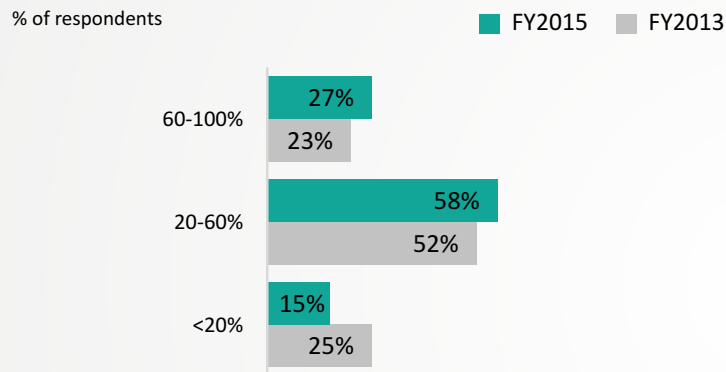Learning & development

Compensation & rewards

Applicant tracking system
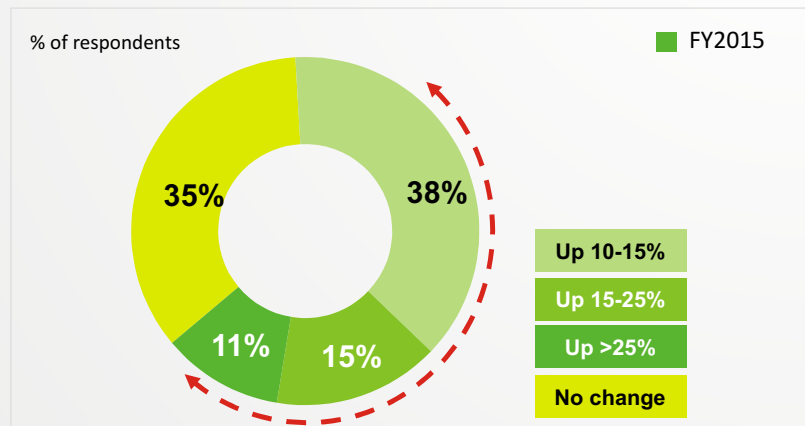
Timesheets

Source: NASSCOM

Technology in HR providing an enriching employee experience

FY2015: Degree of automation varies

% of respondents

Legend: ■ FY2015 ■ FY2013

Range	FY2015	FY2013
60-100%	27%	23%
20-60%	58%	52%
<20%	15%	25%

- Firms automating HR invariably implementing self-service option – reducing transactional work
- Higher percentage of SMEs leveraging cloud platform
- Mobile-enablement: Current maturity is lower, irrespective of firm size; however, picking up fast
- Payroll, time & attendance–most highly automated
- Recruitment - increasing application of technology

Technology enriching employee experience: ~65% firms indicate improved E-SAT

% of respondents

Legend: ■ FY2015

Donut chart values:
- 38% — Up 10-15%
- 15% — Up 15-25%
- 11% — Up >25%
- 35% — No change

- Eliminate manual timekeeping for employees
- Easy access to important information
- Ensure payroll and records accuracy
- Provide immediate feedback, workforce analysis
- Improve employee communication

Source: NASSCOM

Section IV: HR of the future

- HR ecosystem impacted by the growing influence of the millennials, tech disruptions volatile economic environment and the urgent need for enhanced employee engagement

- HR industry, graduating from administrative to strategic role, from generalist to specialist – key consumer of technology

- Industry needs to continuously re-invent strategies to stay relevant to the business, wearing different hats as diverse as 'Change Champions', 'Employee Advocates' & 'Strategic Partners'

External factors; impinging on HR strategies, forcing to reinvent

RANK	External Factors Affecting Business	Impact on HR Strategy
1	**Talent availability**	• Effects of demographic shift • Shortage of required skilled talent • Quality of talent pool
2	**Changing customer expectation**	• Best and instant service expectation from customers • Strategic business partner lent pool
3	**Increased competition**	• Affects access to top quality talent
4	**Technological advances**	• SMAC adoption and building capabilities • Automation and it effects on manpower
5	**Changing economic environment**	• Volatile global economic environment, creating a unpredictability • Regulatory changes

Source: NASSCOM

Industry needs to continuously re-invent strategies to stay relevant to the business

CHALLENGES

1 Niche skill hiring

2 Retaining & reskilling critical talent

3 Developing potential leaders

4 Skill-set assessment and training

5 Employee engagement

INITIATIVES

**TATA
TATA CONSULTANCY SERVICES**

TCS has a unique learning system which extracts the commonalities of various business processes and merges them with a visually rich process flow design created using the core principles of that domain to achieve horizontal competency development. The system allows fluidic competency development across the various verticals of a particular domain.

serco

I-View an in-house developed solution used for new candidate assessment and registration with administration of domain tests including voice tests. Reduces administrative time and cost in recruitment and training process, at the same time monitor the employment process.

Infosys®

Mobile apps-based learning has been introduced for greater participation and self-directed learning. This has been launched for the fresh-entrants training. Tools that do Hands-on assessment are part of learning programs.

Source: NASSCOM

HR of the Future - Change Champion, Employee Advocate, Strategic Partner

FROM	→	TO	HR ROLE
Systems of Record		Employee Systems of Engagement	**Change Champion**
Feature-based		Total Employee and User Experience	
HR Generalist		HR Specialist	**Employee Advocate**
Service Provider		Building Digital Talent	
Addressing HR issues		Addressing Business issues	**Strategic Partner**
Administrative		Strategic	
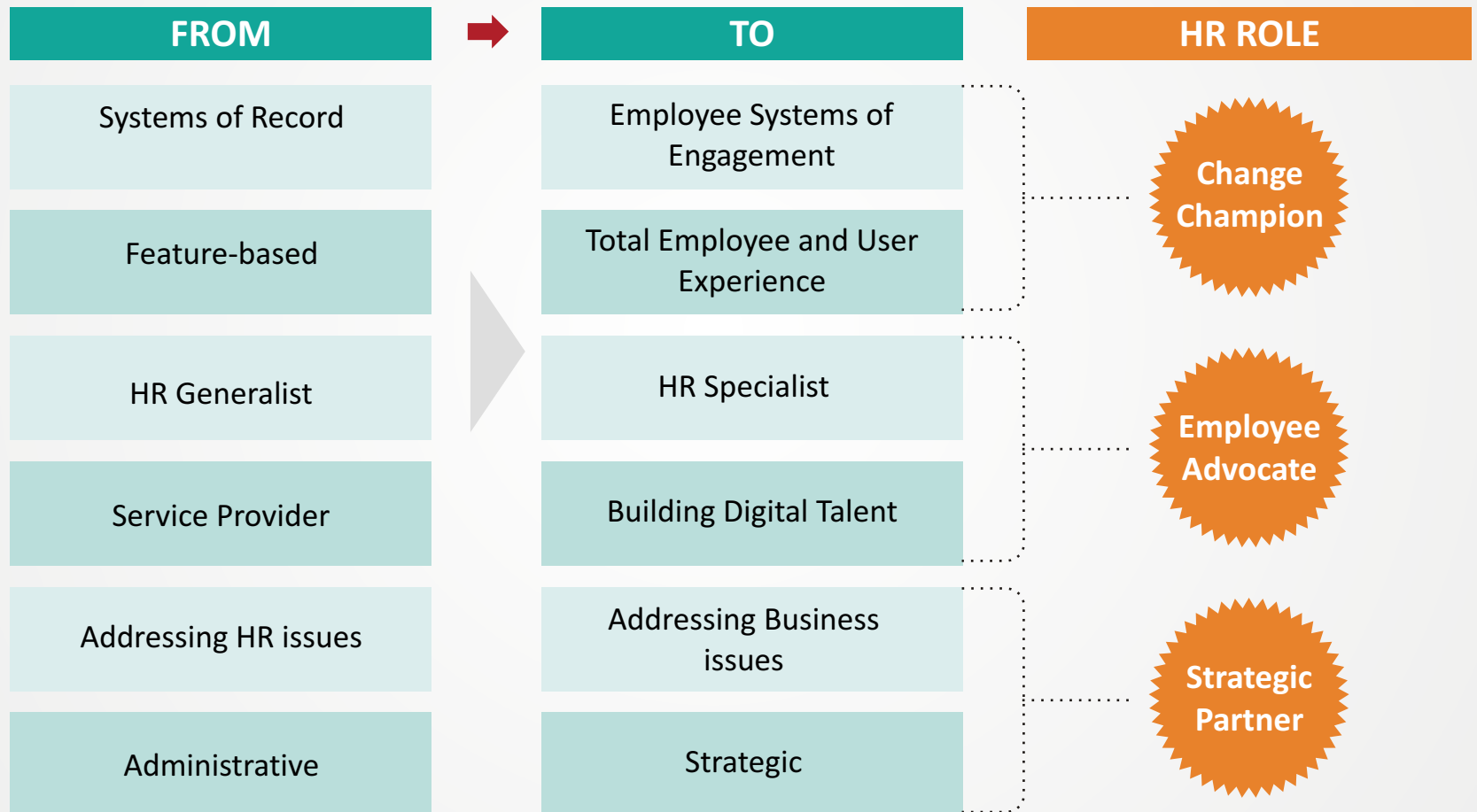
Source: NASSCOM

Top 20 firms account for ~1.25 million India Based employees

NASSCOM Top 20 IT-BPM Employers in India FY2015

Rank	Company	Rank	Company
1	Tata Consultancy Services Ltd	11	Mphasis Ltd
2	Cognizant Technology Solutions India Pvt Ltd	12	iGATE Global Solutions Ltd
3	Infosys Ltd	13	WNS Global Services (P) Ltd*
4	Wipro Ltd.	14	L&T Infotech
5	HCL Technologies Ltd	15	CSC India
6	Tech Mahindra Limited	16	Syntel Ltd
7	Capgemini India Pvt Ltd	17	EXL*
8	Genpact Ltd.	18	Hinduja Global Solutions Ltd*
9	Serco, Global Services*	19	Firstsource Solutions Ltd*
10	Aegis Ltd	20	MindTree Ltd

Note: This list is based on the India-based FTE headcount of firms with IT-BPM operations in India, as reported to NASSCOM in its annual survey Based on publicly available information, few other MNC's such as Accenture, HP India, Convergys and IBM would have also featured in this list. However, as they have not participated in the survey, we do not have all the required details and are unable to rank them. Most firms on this list are engaged in IT as well as BPM. Firms marked with an * indicate pure-play BPM firms.

Source: NASSCOM

CASE EXAMPLES

Not Exhaustive

USING DIGITAL

TCS' Nano Learning: Online learning platform with modules of 10-15 minutes each Created MOOCs – launched on "Knome" - internal collaboration platform

Tech M's FightBack: Web and mobile app for women's safety-sends SOS alerts with location to police, and user's family and friends. Analyses alert data and highlights unsafe places

Google: Its "People Analytics" HR makes hiring decisions based on analytics

- Dramatically shortened the extended interviewing process

- Shortened time-to-hire

ENGAGEMENT & TRAINING

Navisite: Quarterly award program, where employees can self nominate for a core value award and showcase their accomplishments on a portal, while others will choose the winner based on the citation

Persistent's Gemstone: Empowers every individual to charter his/her career path in the right direction. Gemstone, helps in context based matching of individual capabilities and aspirations to business needs

Geometric's ATM- Accelerated Techno Managerial Training on software development practices, Management practices through an external online MBA Program and Soft skills.

DIVERSITY & INCLUSIVITY

Wipro: "Wipro Kinesics" a portal with a repository of common IT jargon/words interpreted into sign language available as video clips. Online Sign Language interpretation has been integrated in all Wipro communication sessions.

TGSS: Micro Inequities Training: helps drive common micro - behaviour across globe in terms of people transaction/interaction/ exchanges, making employees more sensitive towards global behaviour and culture

RR Donnelley: Project Udaya for candidates with mortar and hearing disabilities - targeted towards personal and professional development and creating employment opportunities with in and outside the organization;

Survey background

To assess the effect of the continuously changing business environment on hiring trends and the outlook for FY2016, NASSCOM conducted a dip-stick survey during the period May to June of its member firms. We received responses from over 150 firms which accounts for over 45 per cent of IT-BPM revenue

Organization Profile by revenues

Large, 22%
Medium, 10%
Small, 68%
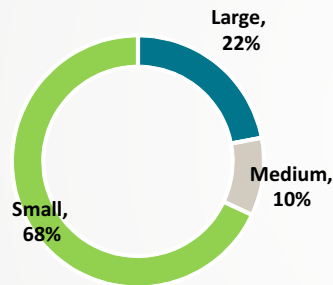
Organization Profile by headcount

Large, 15%
Medium, 19%
Small, 67%
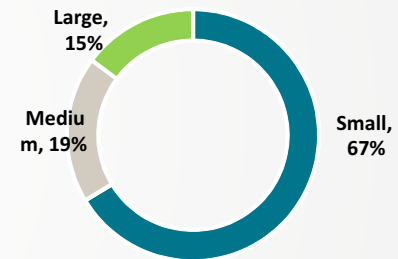
Organization Profile by ownership

MNC, 43%
TPV - India, 57%

Note: By Revenues, Large: INR >500 crores, Medium: INR 200-500 crores, Small: INR 50-200 crores\
By Headcount: Large: >10000 nos, Medium: 1000-10000 nos, Small: 0-1000 nos

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