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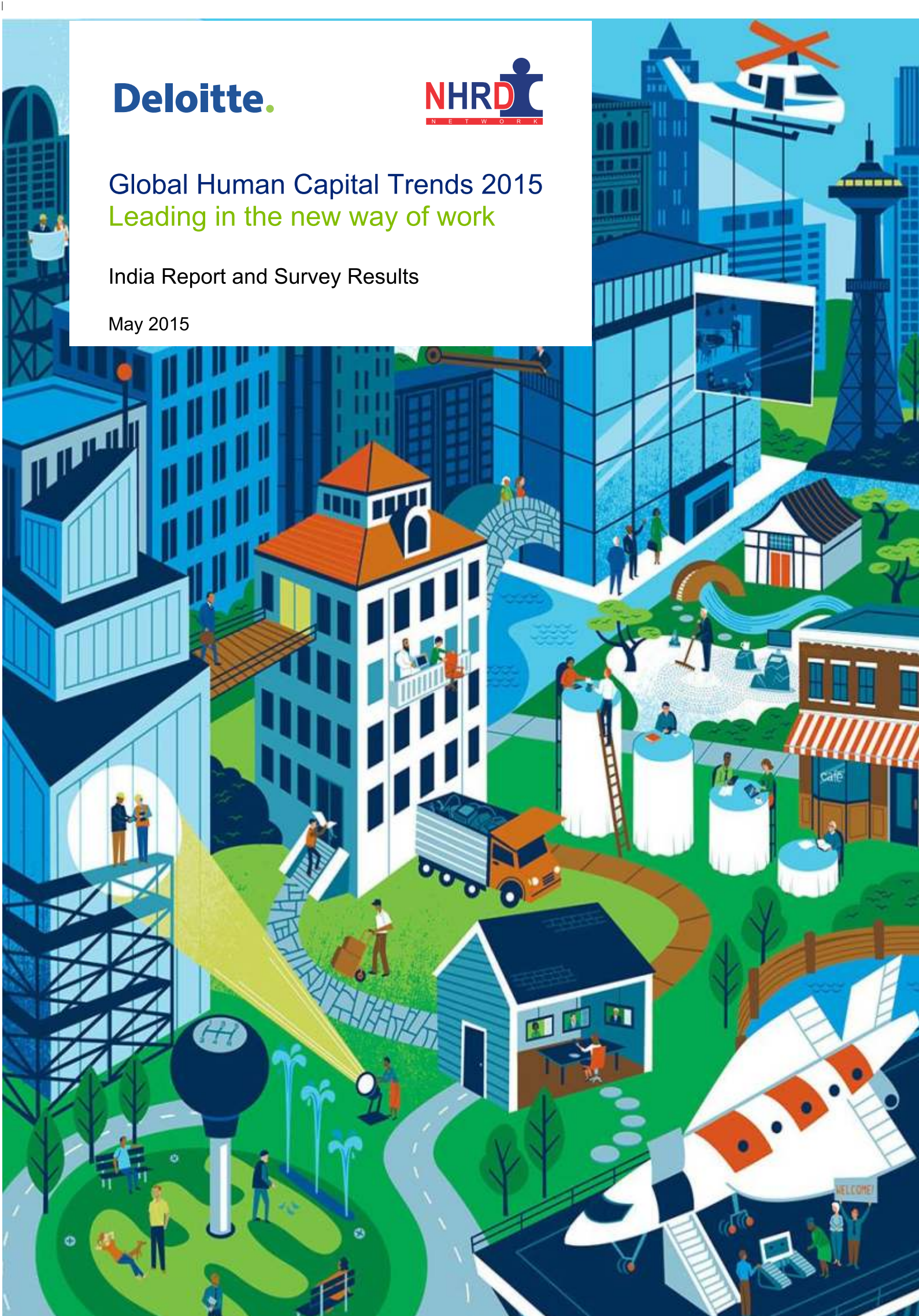


Global Human Capital Trends 2015

Leading in the new way of work

India Report and Survey Results

May 2015



Organizations today navigate a “new world of work”—one that requires a dramatic change in strategies for leadership, talent, and human resources.

To meet these challenges, organizations must reinvent their Human Resources practices, and relook at how they evaluate and manage people and how their leaders operate.

Organizations that embrace these new approaches will be better positioned to excel in today’s continuously shifting business and talent markets.

To understand the new approaches, Deloitte conducts the annual Human Capital Trends survey to capture the essence of this change and assess the key human capital trends/challenges in the Global marketplace and help organizations navigate the “new world or work”.

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Global Human Capital Trends 2015

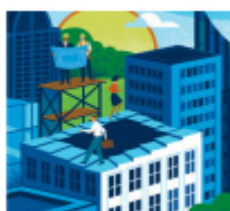
Leading in the new world of work

The “new world of work” has turned traditional assumptions about talent management upside down. In this new world, the gap between growing business needs and HR capabilities is becoming increasingly wide with many organizations struggling to keep up. Deloitte’s Global Human Capital Trends 2015 report, the **third edition** in the series, is a leadership guide to help executives navigate the demands of the new world of work.

This year’s 10 trends are focused on four broad areas:

Deloitte HC Trends Survey 2015 is one of the largest-ever longitudinal global studies of talent, leadership, and HR challenges and readiness. More than 3,300 business and HR leaders from 106 countries participated in the survey this year.

LEADING



Leadership: **Why a perennial issue?**

Companies are struggling to develop leaders at all levels and are investing in new and accelerated leadership models.

REINVENTING



Reinventing HR: **An extreme makeover**

HR is undergoing an extreme makeover to deliver greater business impact and drive HR and business innovation



Learning and development: **Into the spotlight**

Companies are actively exploring new approaches to learning and development as they confront increasing skills gaps.



HR and people analytics: **Stuck in neutral**

Too few organizations are actively implementing talent analytics capabilities to address complex business and talent needs.

ENGAGING



Culture and engagement: **The naked organization**

Organizations are recognizing the need to focus on culture and dramatically improve employee engagement as they face a looming crisis in engagement and retention.



People data everywhere: **Bringing the outside in**

HR and talent organizations are expanding their HR data strategies by harnessing and integrating third party data about their people from social media platforms.

REIMAGINING



Workforce on demand: **Are you ready?**

Companies are taking a more sophisticated approach to managing all aspects of the workforce, including the hourly, contingent, and contract workforce.



Simplification of work: **The coming revolution**

Organizations are simplifying work environments and practices in response to information overload and increasing organization and system complexity, and information overload.



Performance management: **The secret ingredient**

Organizations are replacing traditional performance management with innovative performance solutions.



Machines as talent: **Collaboration, not competition**

The increasing power of computers and software to automate and replace knowledge workers is challenging organizations to rethink the design of work and the skills their employees need to succeed.

Preface

We are pleased to present the 2015 India report and results as part of the Global Human Capital Trends survey and analysis conducted by Deloitte Touche Tohmatsu India Private Limited (DTIPL). Deloitte in association with the National Human Resource Development (NHRD) Network conducted an online survey for the third year in India to assess the key human capital trends in the Indian marketplace and the readiness of business and HR executives to meet these challenges. It was conducted in the fourth quarter of 2014.

This report summarizes the talent and HR trends and priorities that are likely to shape the business agendas for corporate leaders across India in 2015 and beyond. This report compares the Indian results to the global and Asia Pacific results of Deloitte's comprehensive survey of more than 3,300 business leaders and HR leaders from 106 countries comprising the world's major economic regions. The India survey includes responses from 133 business and HR leaders.

The findings present the top five leading Human Capital trends for Indian businesses:

- Leadership,
- Learning and development,
- Culture and engagement,
- Reinventing HR, and
- Performance management

Perhaps the greatest challenge for business and HR leaders is the reported low levels of readiness and preparation to address these trends. For these top five trends, the gaps between urgency and readiness were between 38% (the gap for leadership) and 29% (the gap for performance management). These are important guideposts for future efforts.

This report has been designed to complement Deloitte's 2015 Global Human Capital Trends report, "Leading in the new way of work." With one of the world's largest and fastest growing talent markets, we hope these reports will provide useful insights to your organization's leaders on planning critical talent, leadership and HR decisions to drive your business results in the future.



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2015: Top trends globally

The growing importance of culture & engagement and learning & development; Leadership still a perennial issue

The top five trends globally in order of importance are:

- Culture and engagement,
- Leadership,
- Learning and development,
- Reinventing HR, and
- Workforce on demand

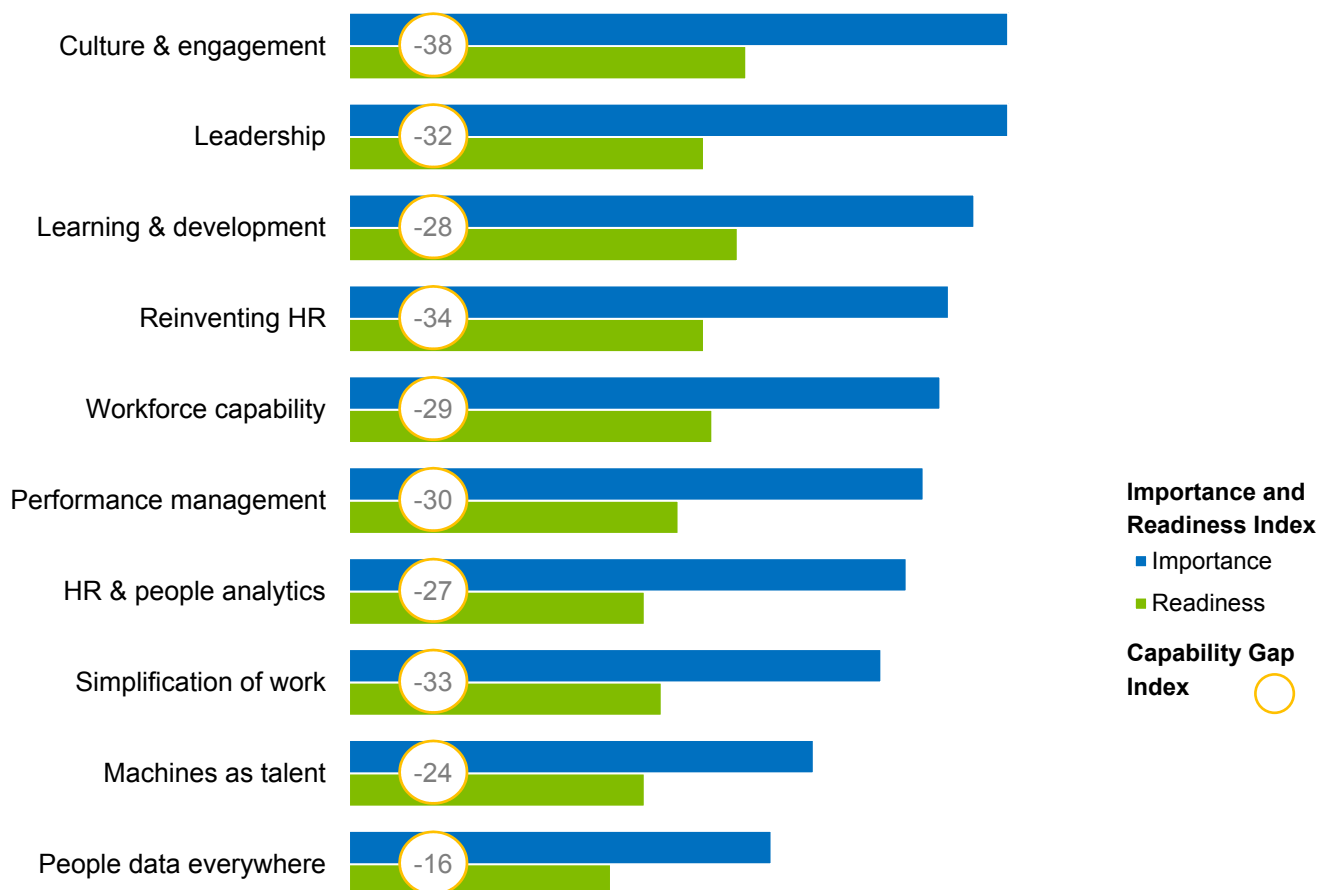
In figure 1 below, we explore the 10 trends that emerged from our research, which reflect the four major themes for the year: leading, engaging, reinventing, and reimagining. We also present the capability

gaps¹ associated with each of these trends. For HR and talent teams, 2015 will be a critical year. As these forces gather momentum, we see 2015 as a time for creativity, bold leadership, and a fundamental reimagining of the practices HR leaders have used for years.

While we have discussed the global trends here, we shall delve deeper into the India trends subsequently.

We see 2015 as a time for creativity, bold leadership, and a fundamental reimagining of the practices HR leaders have used for years

Figure 1: Human Capital Global Trends Top 10—Capability Gap¹, Importance index² and Readiness Index³



¹**Capability Gap Index:** The circles depict the Capability Gap Index, a metric representing the difference between the importance index (rounded off) and the readiness index (rounded off) scores for each human capital trend

²**Importance Index:** The importance index is a weighted average of all the scale options defined for importance of the HC Trends

³**Readiness Index:** The readiness index is a weighted average of all the scale options defined for readiness of the HC Trends

2015: Top trends in India

The growing importance of culture & engagement and learning & development; Leadership still a perennial issue

The top five trends for India in order of importance are:

- Leadership,
- Learning and development,
- Culture and engagement,
- Reinventing HR, and
- Performance management

As illustrated in figure 2 below, organizations in India report they largely are not ready to address these trends. Indian businesses rank **leadership** as the most important trend, while **people data everywhere** was ranked as the least - which comes as a surprise in today's digital world. It is also important to note that the capability gap, the difference between the importance index and readiness

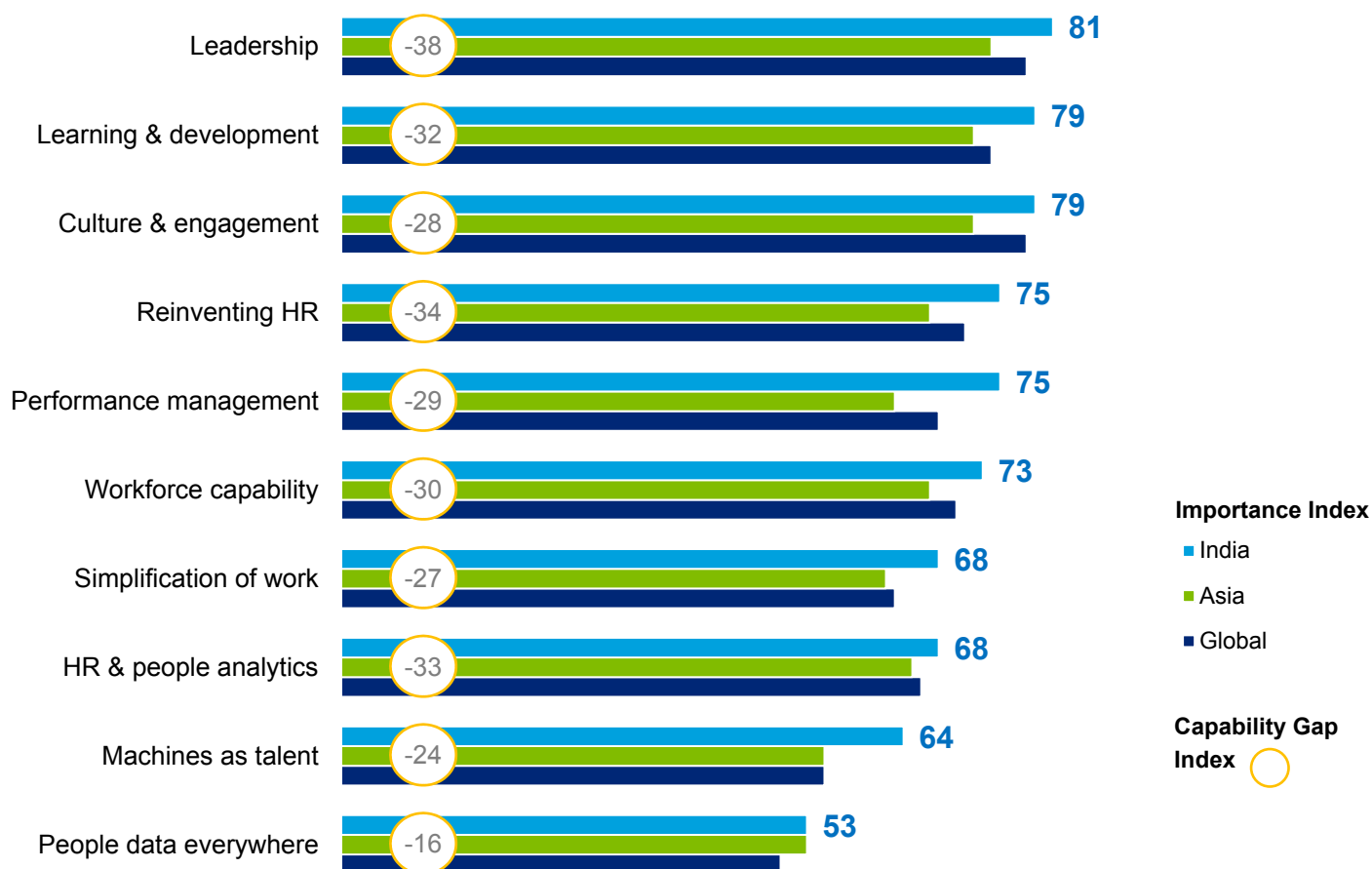
index for **leadership** has been reported as the largest gap, highlighting **leadership**, as a major concern and action area for businesses in India.

This significant capability gap in **leadership** is not limited to India. In fact, businesses across Asia reported **leadership** as a major concern area with a capability gap of 38%, which is slightly higher than the global gap percentage of 36%.

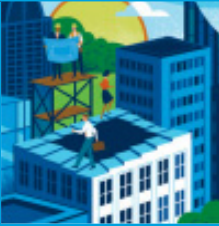
In case of the second most important trend, **learning & development**, the capability gap for Indian business stands at 32%, which is higher than both Asia (28%) and global (28%) percentages. This underscores the opportunity and urgency to focus on this important area.

The capability gap for leadership in India stands at 38%, which is slightly higher than the global (36%) while the capability gap for learning & development is 32%, which is higher than both the Asia (28%) and global (28%)

Figure 2: Human Capital Trends Top 10 for India – Importance index and Capability Gap



Top 5 Human Capital trends in India 2015

		Importance Index <i>Proportion of India respondents rating this trend as important or very important:</i>	Readiness Index <i>Proportion of India respondents rating that they are ready or very ready to tackle this trend:</i>
1	 <p>Leadership: Why a perennial issue? Companies are struggling to develop leaders at all levels and are investing in new and accelerated leadership models.</p>	81	42 23% respondents are NOT ready to tackle this challenge
2	 <p>Learning and development: Into the spotlight Companies are actively exploring new approaches to learning and development as they confront increasing skills gaps.</p>	79	46 16% respondents are NOT ready to tackle this challenge
3	 <p>Culture and engagement: The naked organization Organizations are recognizing the need to focus on culture and improve employee engagement as they face a looming crisis in engagement & retention</p>	79	50 13% respondents are NOT ready to tackle this challenge
4	 <p>Reinventing HR: An extreme makeover HR is undergoing an extreme makeover to deliver greater business impact and drive HR and business innovation</p>	75	41 25% respondents are NOT ready to tackle this challenge
5	 <p>Performance management: The secret ingredient Organizations are replacing traditional performance management with innovative performance solutions.</p>	75	46 17% respondents are NOT ready to tackle this challenge

For a more in-depth look at this year's trends visit:
www.deloitte.com/hcdashboard

Top trends compared to last year

Learning & development and performance management have gained importance in 2015

Two trends have made an interesting progression compared to last year. **Learning & development** moved up eight places and **performance management** moved up two places compared to 2014. **Workforce capability** also gained two places compared to last year.

Leadership remained the top trend for the second year running.

Talent acquisition, which was a top trend last year, does not feature in the top trends for 2015.

Figure 3: Top 8 trends in 2015 compared to 2014

Trend	Ranking 2015	Ranking 2014	Difference
Leadership	1	1	0 →
Learning & development	2	10	8 ↑
Culture & engagement	3	4	1 ↑
Reinventing HR	4	3	-1 ↓
Performance management	5	7	2 ↑
Workforce capability	6	8	2 ↑
Simplification of work	7	-	new +
HR & people analytics	8	6	-2 ↓



Short term and long term challenges

Defining focus areas for Indian leaders

Thus far we have discussed major trends facing HR. This section focuses on immediate concerns and differentiates them from future needs.

Leadership emerges as the most important challenge, resonating with the global sentiment.

Interestingly, **performance management** and **talent acquisition** are important challenges for the short term and not long term. The survey results indicate that 88% of respondents have either already changed their performance management systems or plan to change them in the next 18 months. Simultaneously, 89% of respondents have either revamped or are about to revamp their talent acquisition processes in next 18 months. A majority of respondents have already started addressing both these of challenges, which may explain why neither is considered a long term challenge.

Learning & development and **HR/people analytics** appear as long-term challenges, not in the fore-front currently.

As we can see, the future challenges are aligned with the top trends (**leadership** and **learning & development** and **culture & engagement**). **HR/people analytics** is a significant long-term challenge while **performance management** is a crucial short-term challenge

Leadership remains a perennial issue along with culture and engagement.

Performance management and talent acquisition are considered important challenges in the short run while learning & development and HR & people analytics are considered long term challenges

Figure 4: Top challenges in the short run (12-18 months)



Figure 5: Top challenges in the long run (3-5 years)



State of HR in India

HR report card and trends in HR investment

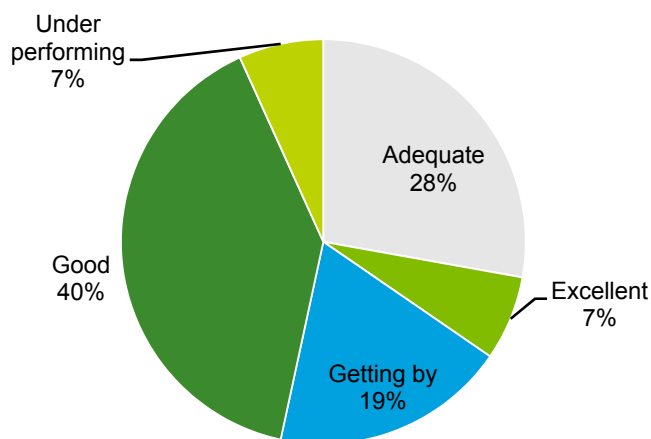
When it comes to the HR report card, Indian leaders largely rate their HR solutions as “good” (40%). However, over 50% respondents feel that there is room for improvement for HR.

Additionally, over 7 out of 10 Indian organizations are planning to increase their HR spending in the next 12-18 months. It will be interesting to see how this investment comes through, and what impact these investments will have on improving the state of HR in India.

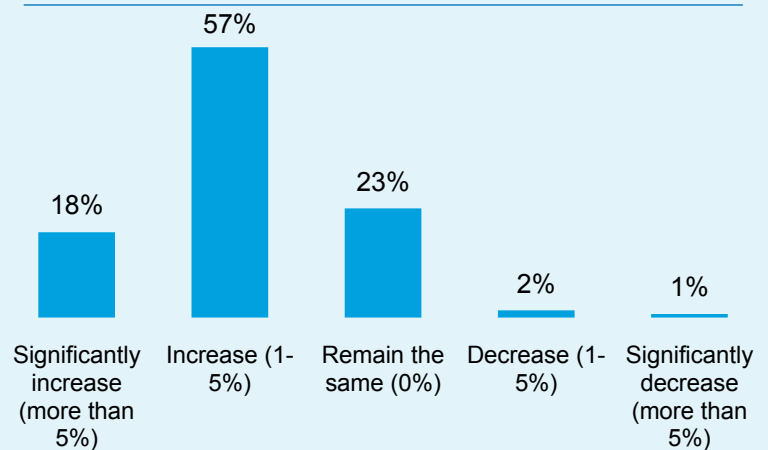


Figure 6: HR report cards and investments

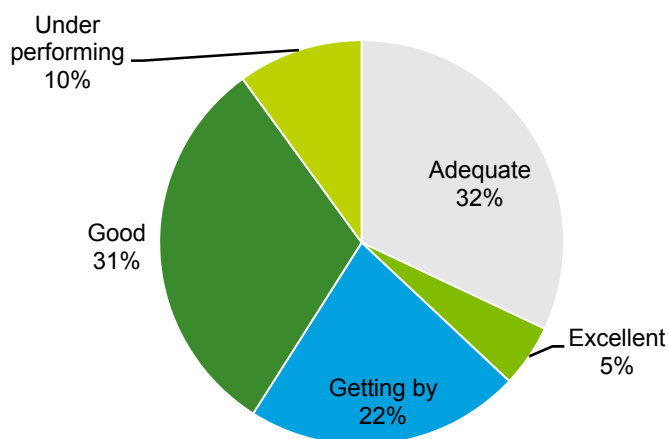
HR and talent programs report card - INDIA



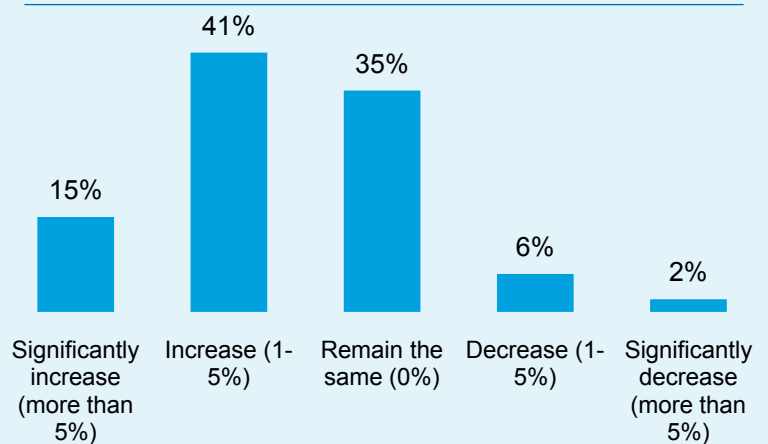
HR investment in the next 12-18 months - INDIA



HR and talent programs report card - GLOBAL



HR investment in the next 12-18 months -GLOBAL



Business outlook in India

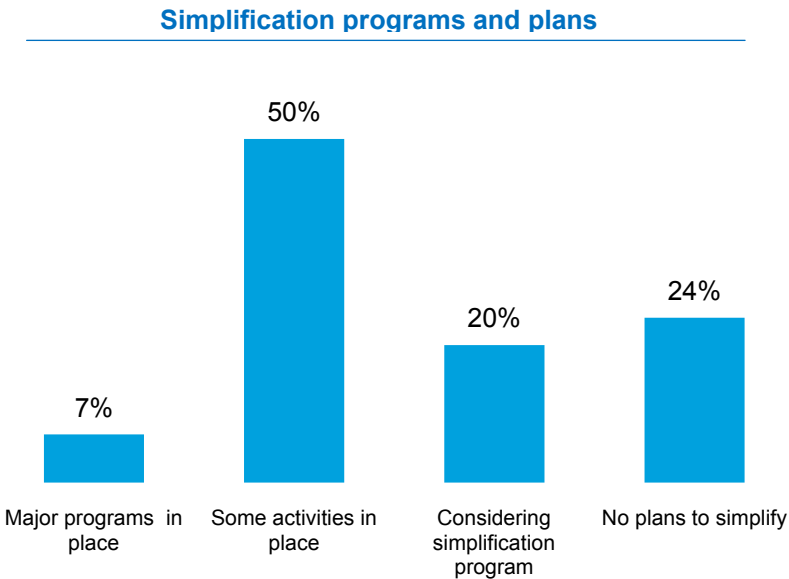
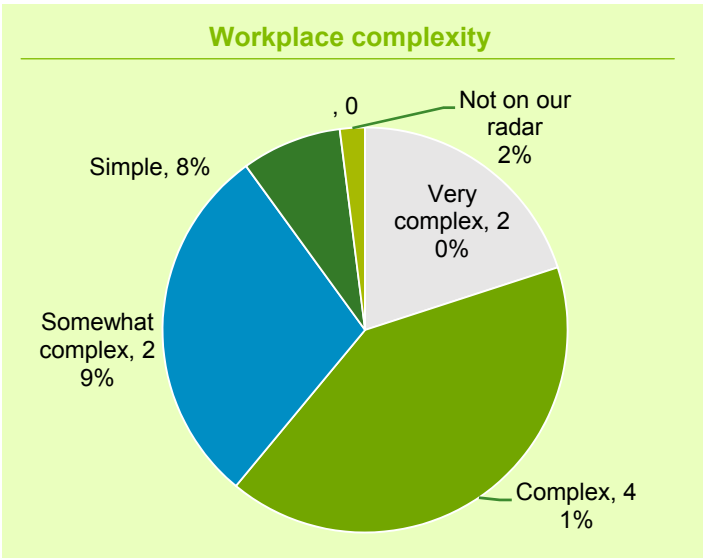
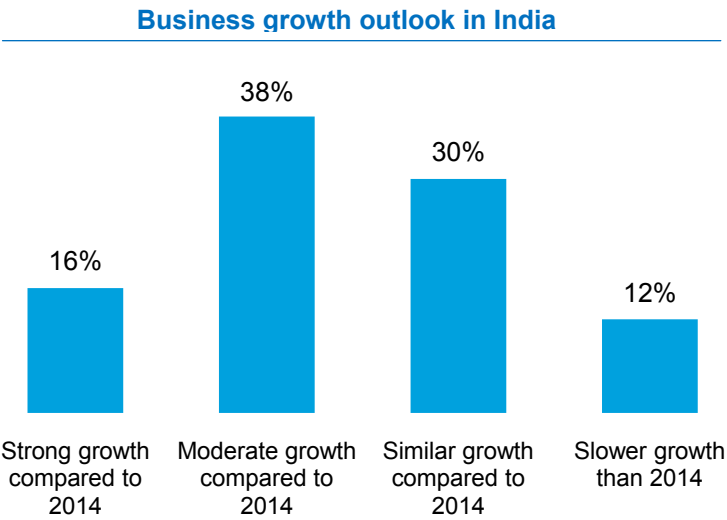
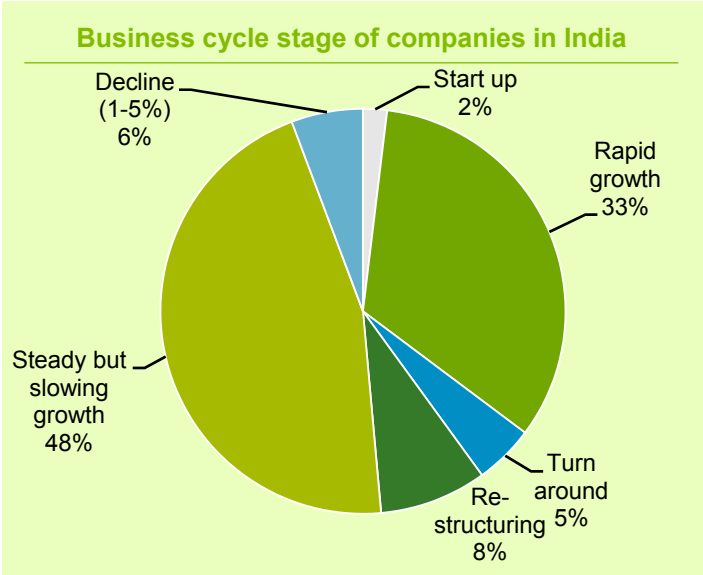
Indian leaders optimistic on growth



Indian respondents are optimistic about the future. Most expect stronger growth compared to last year. In line with the global business outlook, most Indian organizations also have a positive view on the future of their organization: 83% expect growth, with the majority choosing the cautiously optimistic option of “steady but slowing growth” (48%).

The state of business complexity, however, is discouraging. 61% of our Indian respondents describe their work environment and business practices as complex or very complex. In response, only 18% are working on simplifying their processes and 6% have major programs in place.

Figure 7: Business report card



Indian survey participants

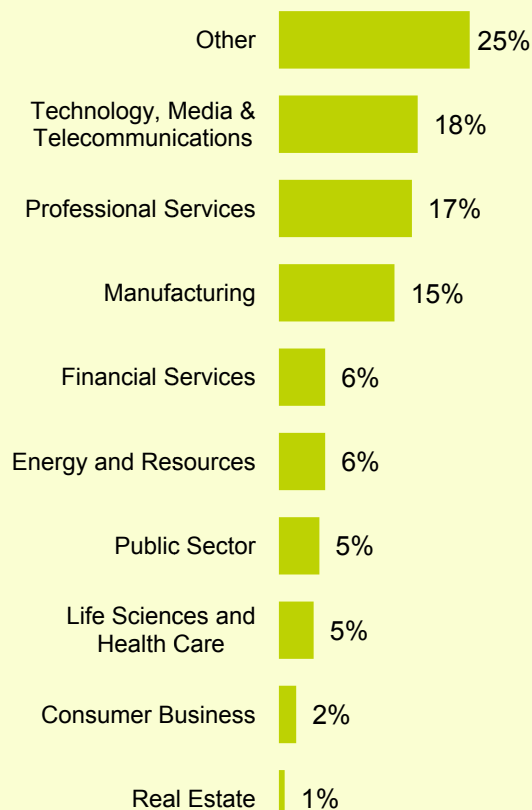
This report presents the results of the annual Global Human Capital Trends survey of more than 3,300 businesses and HR leaders across 106 countries – one of the largest human capital surveys of its kind. India accounted for 133 of these respondents. Over 73% of the India participants represent the HR function, while the remaining participants represent the business functions.

Half of the responses in the India survey were from three industries: Technology, Media and Telecommunications, Professional Services and Manufacturing sectors with smaller responses from other sectors and a representative mix of small, medium and large organizations.

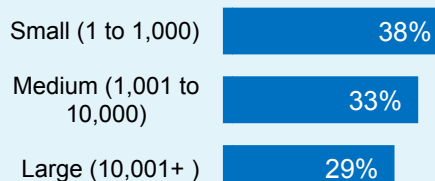
We would like to thank all participants who completed the survey. For more information, please refer to the website [here](#).



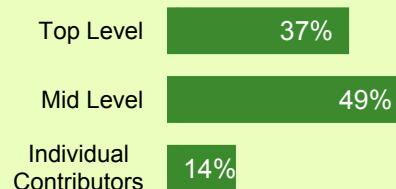
Industries



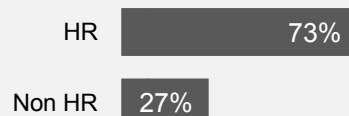
Business segment



Organizational Level



HR and Business Representation



Closing

This report, presenting the survey results of the Human Capital Trends for India in 2015, and Deloitte's larger global report, offers an important snapshot of the future priorities and readiness of Indian and global businesses to meet their most critical talent and HR trends.

We would like to sum-up the report by drawing three critical insights:

First, the results report the following top human capital priorities for Indian businesses in 2015:

- Leadership,
- Learning and development,
- Culture and engagement,
- Reinventing HR, and
- Performance management

Second, for all of the critical and urgent trends in India, the level of preparedness (as measured in the capability index in figure 1) lags the trends' importance: indicating a "capability gap" of over 20% for most of the important challenges. India business and HR leaders appear to agree on the importance of these trends while reporting they are not where they want to be in terms of preparedness and readiness to deal with the challenges.

Third, India businesses appear more optimistic about future growth and their confidence on their HR capabilities relative to other respondents globally. However, HR leaders must not rest here. This is the time for business and HR to prepare for the required, and in some cases radical transformations, shedding old ways of working, and preparing their leaders, talent, and HR teams for the new world of work.



Acknowledgements

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