

Indian workplace of 2022

Are organisations ready for the future?



Introduction

At the start of the century, Ray Kurzweil, Futurist and Chief Engineer at Google predicted that “20,000 years of evolution would be crammed into the next 100.” Thus far, he appears to have been right; and if anything, change appears to be accelerating at an even quicker pace.

When it comes to the way we work, tremendous forces are radically reshaping the world of work as we know it. PwC has identified five global megatrends that underpin the business landscape of today and will impact the future of work.

As a result, businesses are adapting to volatility and uncertainty as a way of life.

The best way for organisations to compete in this future is to understand it and prepare for it adequately. It is with this in mind that in 2007, PwC in collaboration with the James Martin Institute of Science and Civilisation at the Said Business School in Oxford, embarked on this journey to understand how organisations might operate in the future.

While no exploration of the future can ever be definitive, in this report, we aim at presenting how the world of work may look in 2022 with specific focus on India.

Global megatrends



Demographic shifts

The changing size, distribution and age profile of the world's population



Shifts in global economic power

Power shifting between developed and developing countries



Rapid urbanisation

Significant increase in the world's population moving to live in cities



Resource scarcity and climate change

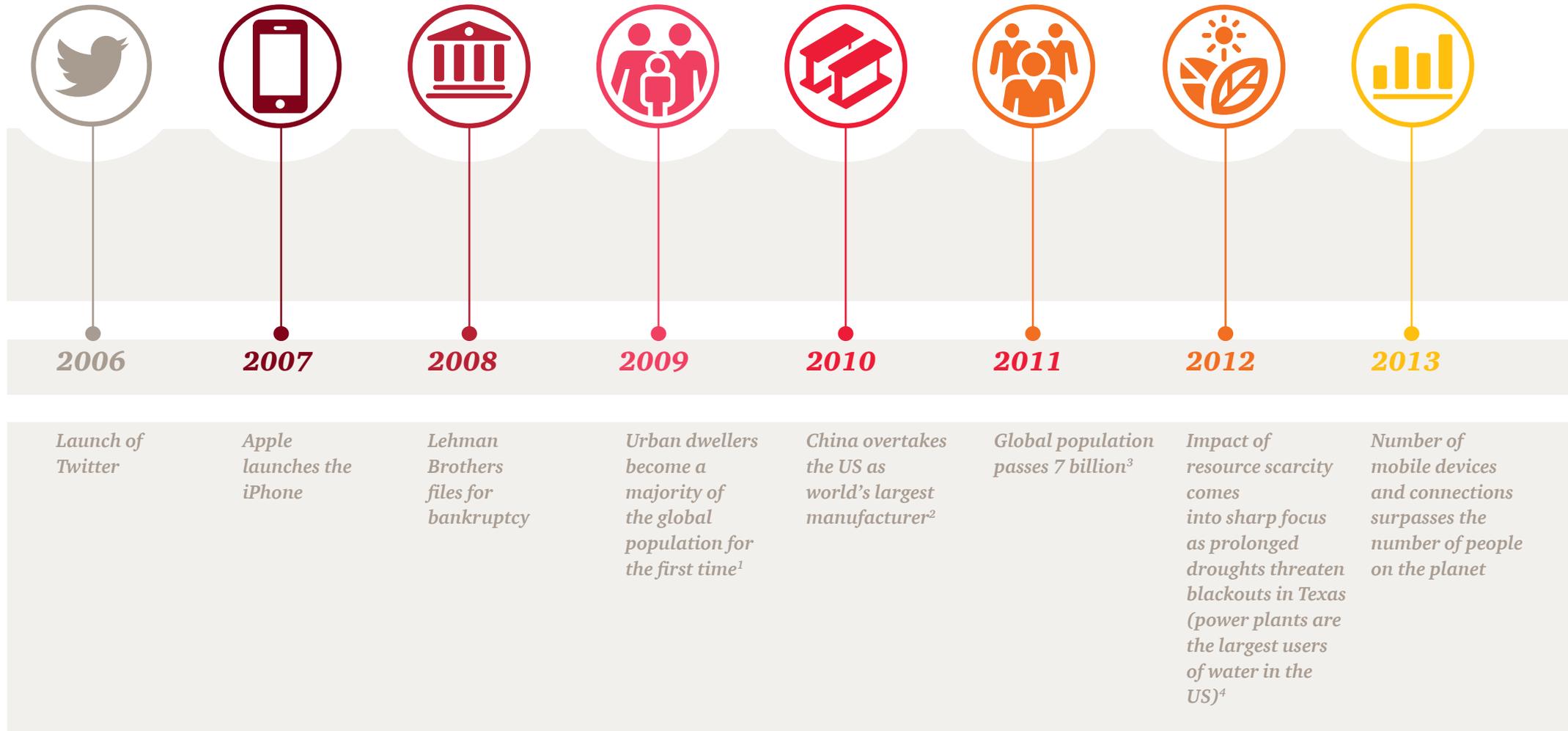
Extreme weather, rising sea levels, water shortages



Technological breakthroughs

Rapid advances in technological innovation

A journey to 2022



¹ Urban population growth, World Health Organisation (http://www.who.int/gho/urban_health/situation_trends/urban_population_growth_text/en/)

² Economist, 10.03.12

³ Guardian, 31.10.11

⁴ Reuters, 30 April 2013

⁵ Cisco Visual Networking Index: Global Mobile Data Traffic Forecast Update, 2013–2018, Cisco, 05.02.14



2015

Worker in Germany says the “best is yet to come” after celebrating 75 years’ service with the same firm



2016

10 USD tablet computer enters the market



2017

Assembly workers in factory in Hanoi start wearing sensors to gauge concentration, work rate and mood



2018

Analysts attend presentation by Fortune 500 Chief Performance Officer, who leads a combined Finance and HR function



2019

Doctor in China carries out ‘remote’ surgery on patient in Ghana



2020

Rioting sweeps across university campuses as students lose patience with lack of job opportunities



2021

Licences granted for driverless cars



2022

World’s first fully automated and robot-served hotel opens

The three worlds of work

Our scenario analysis sees the expectations of organisations and the aspirations of the people who want to work for them diverging into three distinct ‘worlds’ of work: Blue, Green and Orange.

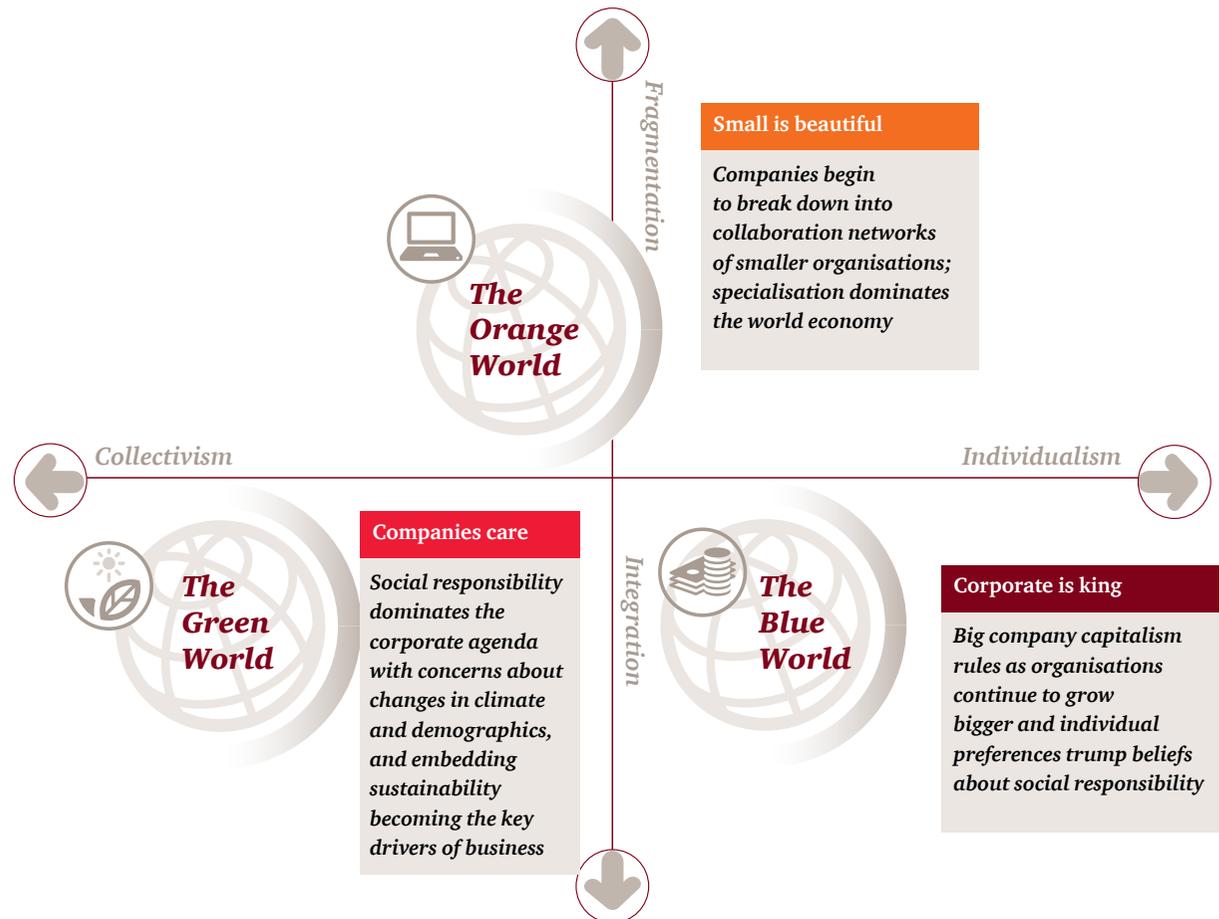
The interplay of the global megatrends brings to the fore multiple competitive forces—the push and pull of individualism versus collectivism and corporate integration versus business fragmentation, among others. These forces impact the expectations of organisations and the aspirations of the people that want to work for them. Each of these worlds operate with distinct ideologies, competitive approaches and employee value propositions.

The Blue World sees large corporates turning into mini-states and taking on a prominent role in society. Consumer preferences and profit margins dominate a model built around efficiency and speed to market. The relentless pressure on performance isn’t just driven by competition from peers, but also aggressive new entrants looking to lead innovation and undercut existing players. Blue firms follow the money and go wherever the opportunity is.

In **the Green World**, there is a rethinking of values and goals, with the social and environmental agenda forcing fundamental changes in business strategy. Companies take the lead in developing a strong social conscience and sense of environmental responsibility. They are open, trusting, collaborative learning organisations and see themselves playing an important role in developing their employees and local communities. They combine ethical values, support for the real economy and family-friendly hours to create a new employee value proposition that isn’t solely reliant on pay. For Green firms, corporate responsibility is not an altruistic nice to have, but a business imperative.

The Orange World is all about seeking new opportunities. It sees specialisation in creating the rise of collaborative networks. Here, companies fragment into

looser networks of autonomous, often specialised operations. Orange firms leverage technology to bring these networks together, often on a task-by-task basis, with social media heightening the connectivity upon which this world depends.





Each of these worlds has a distinct ideology, competitive approach and employee value proposition

How firms compete



Driving goal: Maximising flexibility while minimising fixed costs

Orange World

Embracing the rise of the portfolio career, hiring a diverse mix of people on an affordable, ad hoc basis.



Driving goal: Positive social and environmental impact

Green World

A social and environmental conscience demanded by customers and staff right through the organisation and its supply chain. The organisation must get it right in order to survive and compete.



Driving goal: Profitability, growth and market leadership

Blue World

Scale as the crucial differentiator, allows these mega corporations to reach out across the globe and compete for talent and resources—constantly innovating and keeping pace with customer demands.

Employee value proposition

Flexibility, autonomy and varied challenges in return for working on a short-term contractual basis

Ethical values and work-life balance in return for loyalty towards an organisation that does right by its employees

Job security and long-term service with an organisation in return for employee commitment and flexibility

The Indian workplace of 2022

Understanding future India that surrounds the workplace of 2022

To evaluate how these three worlds pan out in the context of India in 2022, it is critical to appreciate the economic and social landscape of the country.

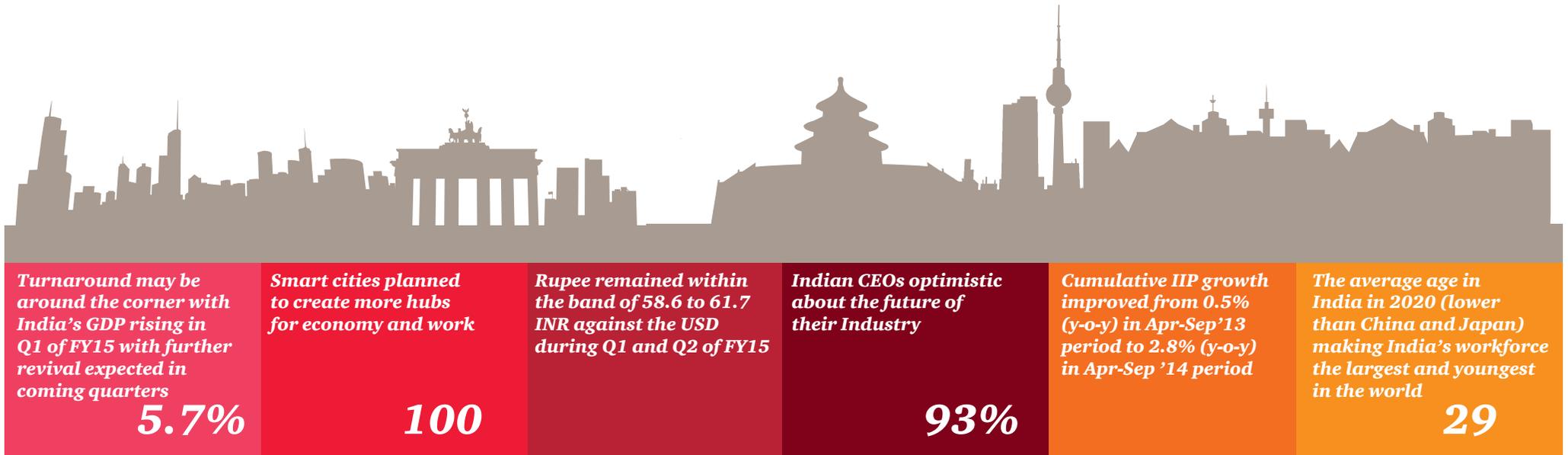
2013-14 had been an uncertain year for India. While India Inc. grew on the back of growing consumer demand, it was offset by currency depreciation and low GDP growth rates.

But the fiscal year 2015 has seen the Indian economy recover with the GDP rising to 5.7% (Qtr.1) and the rupee remaining relatively stable (within the band of 58.6 to 61.7

INR against the USD). The Index of Industrial Production (IIP) has seen improved growth from 0.5% in April –Sept 13 to 2.8% in April-Sept 14. The Sensex too increased from 22,551 on 2 April '14 to close at 26,630 at the end of the quarter 2 on 30 September 2014, marking a growth of over 18% over the six months. Though it may be too early to conclude that the economy has turned the corner, the current mood of the nation is one of optimism. This is manifested not only in the fact that 97% of CEOs in India are optimistic about their company's revenue growth

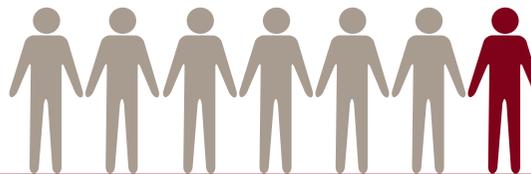
prospects in the next three years but also that 90% of India's employees are excited of what the future holds for them.

Add to this the fact that India is on the way to becoming the country with the largest and youngest employable population in the world (in 2020, the average age of an Indian will be 29 years, compared with 37 for China and 48 for Japan) and we find ourselves amid a reasonably favourable set of circumstances.



"The Indian economy has its own set of fundamental advantages and its own set of challenges... How the emerging markets can capitalise on their own growth potential will really determine what level of importance they achieve."

Chanda Kochhar
MD, ICICI Bank



Nine in 10 employees in India are excited or confident about the future

Sources: IIP Data - moscpi.nic.in – Gol
Rupee/USD Data - bloomberg.com
Sensex Data - bseindia.com/sensexview
GDP Data - rbi.org.in

The India workplace of 2022 will be evenly divided across the three worlds of work...

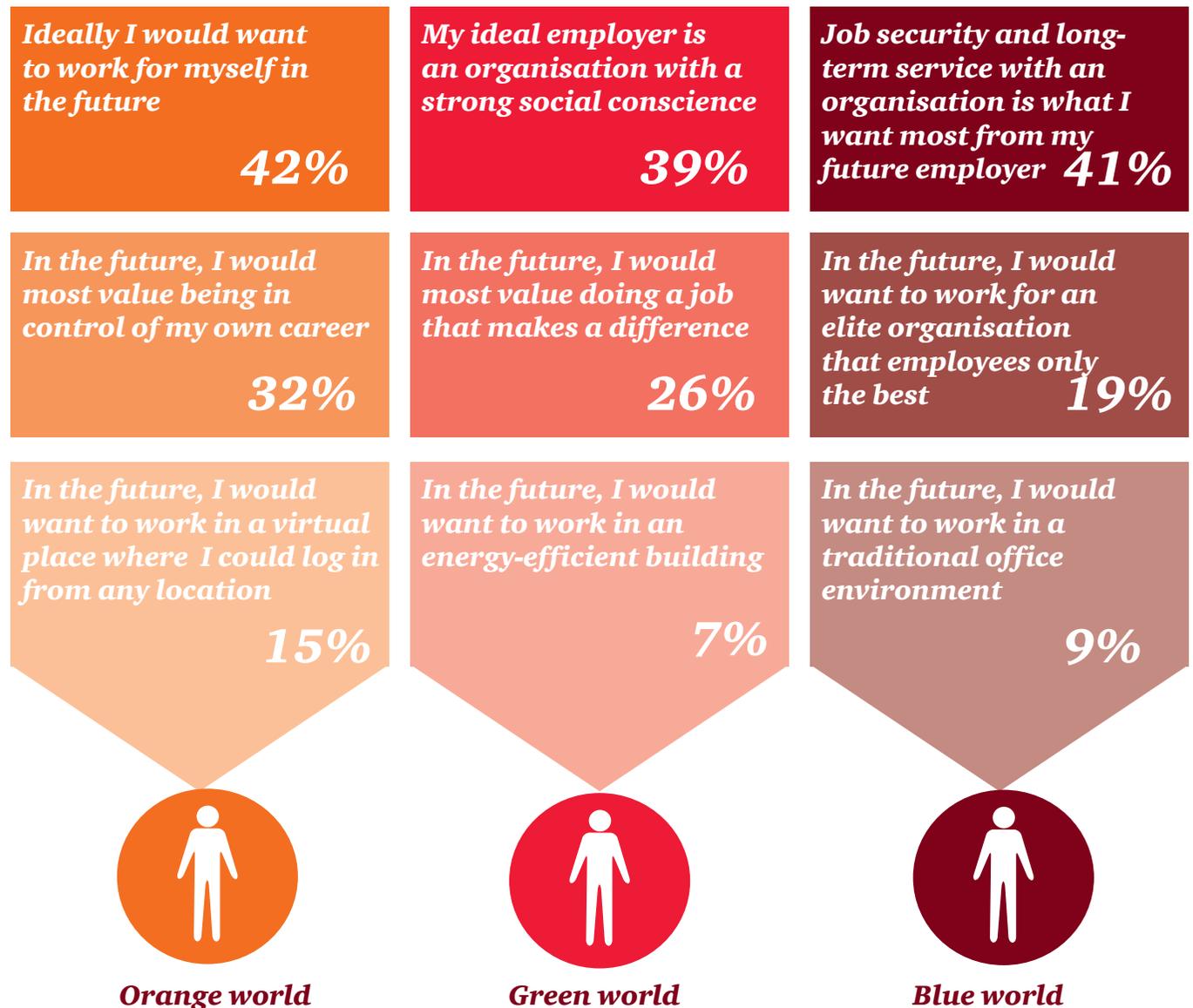
Within this overall environment of optimism and growth, our survey found that the Indian workplace of the future is rather evenly divided across the three possible worlds of work.

We might already be seeing some of the Green and Orange realities emerge in corporate India. But an evenly divided world may mean, among other things, that the social and environmental agenda of organisations will come to the forefront and hyper-specialisation and need for autonomy will make portfolio careers more a norm than an aberration.

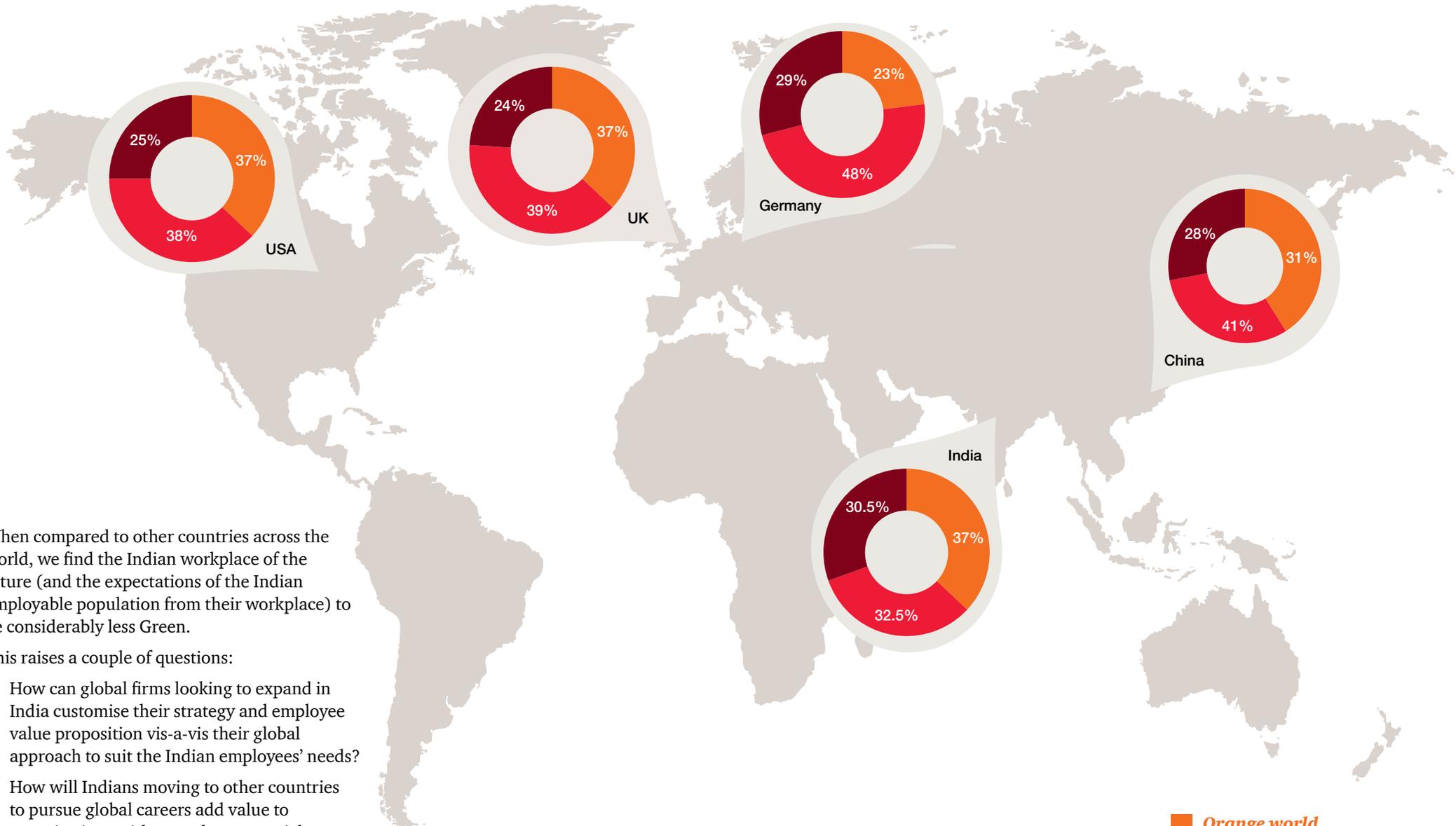
What is left to be seen is if an equal number of organisations will adopt the beliefs of a single world of work; or if all of them will adopt some of the principles of each world in an equal ratio.

This raises three interesting points to ponder:

- Will a company typically evolve from Blue to Orange and then Green or could the transformation be direct? Could an organisation have one foot in each of the three worlds at the same time?
- In a specific industry or region, if a particular world was to reign supreme, could there still be organisations within this larger eco-system that continue to operate in a different world? If so, what advantages and disadvantages do they open themselves upto?
- From an employee perspective, what is also worth pondering is if an individual will aspire to be part of just one world during his or her entire career or would he or she aspire to experience some parts of each world basis the stage of his or her career journey.



...but less Green than global peers



When compared to other countries across the world, we find the Indian workplace of the future (and the expectations of the Indian employable population from their workplace) to be considerably less Green.

This raises a couple of questions:

- How can global firms looking to expand in India customise their strategy and employee value proposition vis-a-vis their global approach to suit the Indian employees' needs?
- How will Indians moving to other countries to pursue global careers add value to organisations with a much more social outlook?



The Indian workforce of 2022

The Indian workforce of 2022 will be multi-generational, adaptable yet self-assured and open to adopting new technologies

The survey also allowed us to identify what the Indian workforce of the future would look like.

Interestingly, while India will have the youngest employable population in the world by 2020, our survey finds that as flexibility and ease of work goes up, the average retirement age will also increase. This will result in the workforce of the future being multi-generational and more diverse (age-wise) than ever before. Are organisations and individuals prepared for an age of multiple careers? How should companies fully capitalise on the silent dividend of the older workforce, particularly when the dominant logic is one of a younger workforce being essential to breaking free from the shackles of the past and innovating?

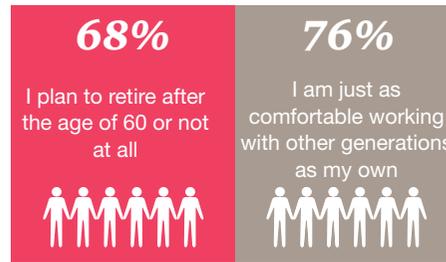
However, where the comfort of working together is concerned, while the overall level of comfort is high, older employees seem more comfortable working with different generations as compared to their younger peers. A question that continues to follow us--how do we build a workforce that acknowledges, respects and appreciates colleagues for their contribution, rather than their age?

The Indian workforce of the future is willing to re-train to remain relevant, indicating adaptability. Yet, their belief that they already have the skills they need to be successful through their careers indicates high confidence and self assurance. The implicit acknowledgement that change is inevitable, and can be an opportunity rather than a threat is a significant step in the evolution of the workforce.

A vast majority of the Indian employable population feels that technology will improve their prospects for the future. This will enable them to embrace the new and leverage technological advances at the workplace.

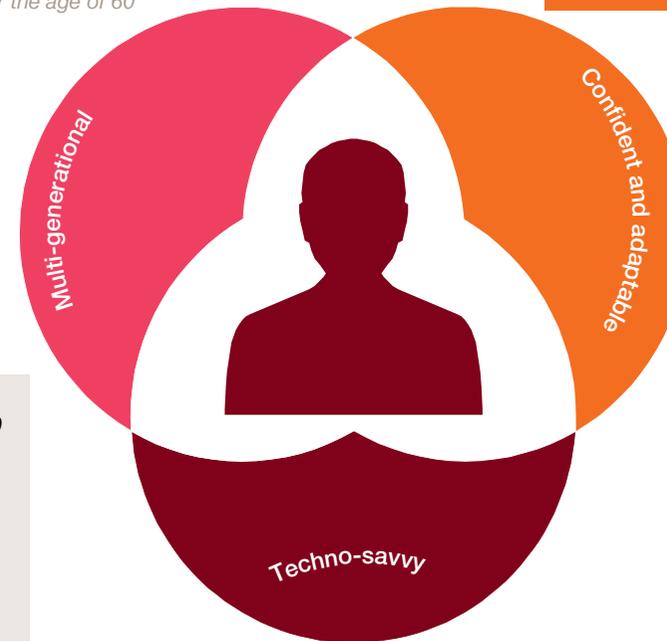
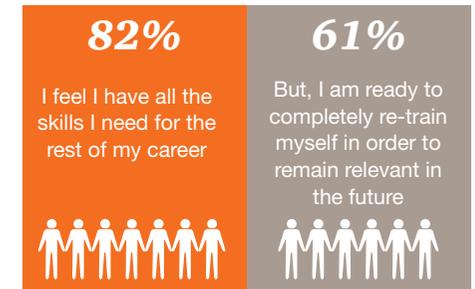
They also recognise the role of rapid urbanisation, resource scarcity and climate change in the future of work.

Multi-generational



**(Employees in India retiring after the age of 60 is currently at 38%)*

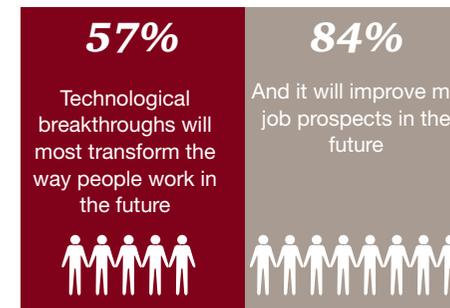
Adaptable yet self-assured



“The costs of acquiring information and communication technology (ICT) has fallen to incredibly low levels, and whoever takes advantage of information innovation will win in the marketplace.”

Shigetaka Komori
Chairman and CEO, Fujifilms Holding Corporation

Open to adopting technology



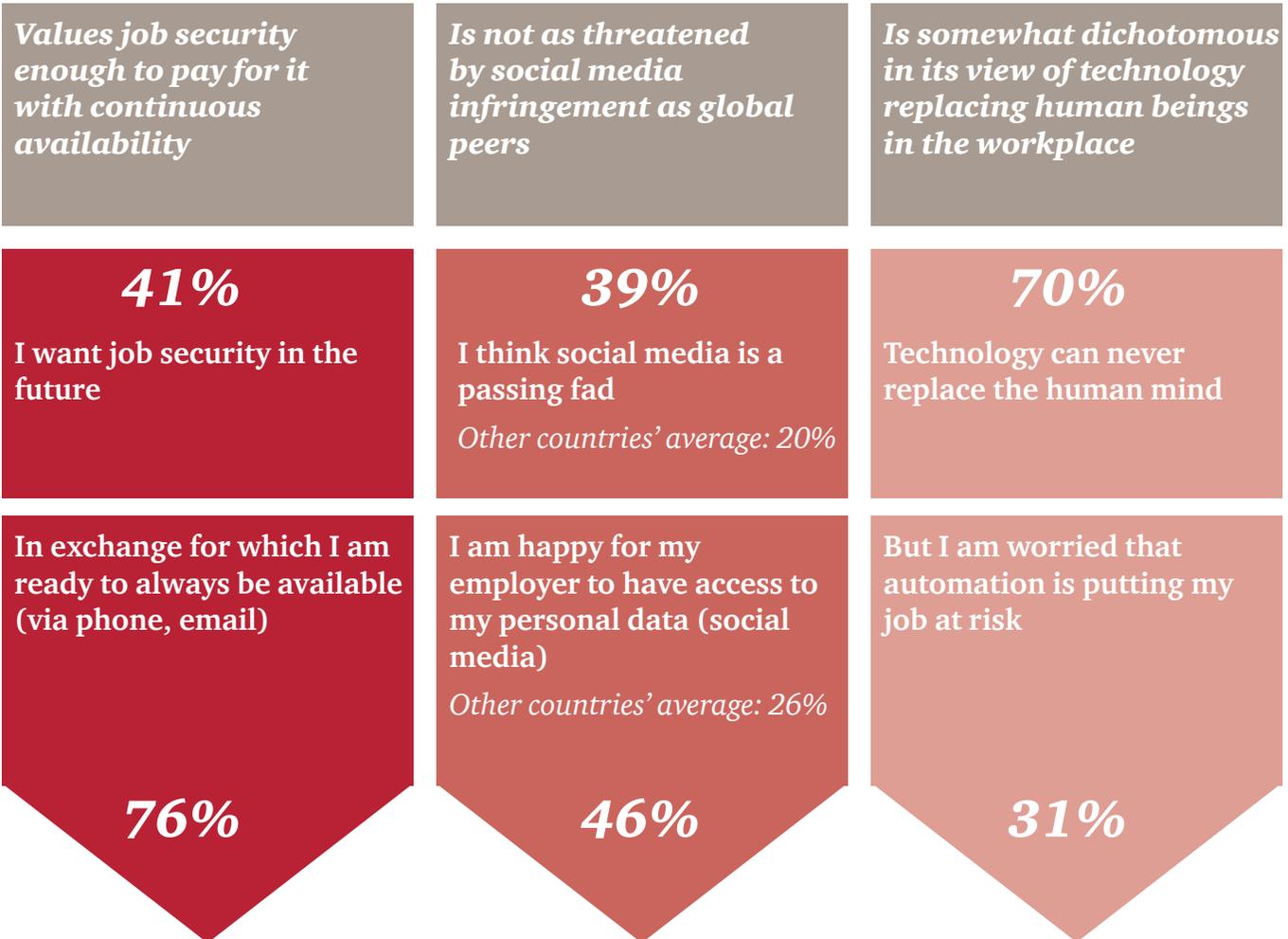
However their views and perceptions are often complex and dichotomous

However, meeting the expectations and aspirations of the Indian employee of 2022 may not be as simple as it appears to be. Their mindset and views towards key issues are often complex. In many ways, they contradict global trends and are often dichotomous to each other. This will not only make the world of work of 2022 unpredictable and interesting, but also make the journey challenging for Indian employers and business leaders.

Job security still holds value and employees are willing to pay the price: There continues to be a sizeable portion of the working population that would most value job security in the future. This is unique to the India scenario and is supplemented by the fact that an even larger number of individuals are willing to ensure that they are available (via phone, email, etc.) to their employers at all times in exchange for this coveted security of job. What remains to be understood is if this is simply a spillover of the views of the generation before ours, a cultural norm among Indians or something more complex arising from the fear of redundancies in a fast changing world, even though the workforce seems confident of the skillsets they possess.

The longevity and pervasiveness of social media gets a unique response from India: Indian employees are considerably different from the rest of the globe in their outlook towards social media. More than 35% of Indians (more than any other country surveyed) feel that social media is a passing fad. Is this a result of us having experienced the social media phenomenon over a much shorter time-frame than other countries? Or are we not as cognisant of the power of the platform as other countries? Interestingly, where social media is used in personal lives, Indians are found to be more comfortable than all other countries. The Indian workforce of the future seems all too willing to allow their employers to access their personal data (available in social media). What remains to be seen is whether the employer leverages this responsibly.

Dichotomy in perceptions of technology: A machine cannot replace the human mind, but can it take my job? Indian employees are rather confident that technology can not replace the human mind. However, they are far more concerned, than most global peers, about losing their jobs to automation. Some of this may be attributed to the continued focus on productivity enhancing technology, partly driven by strict labour regulations. Is it also an acknowledgement that there is still headroom for productivity enhancements, and there is a need for greater focus on employment generation through technology-led innovations?



Preparing for the future of work

Interestingly, CEO views and priorities for the future are well aligned with that of employees

It is now important to explore how organisations in India are preparing themselves for this new reality.

Are the priorities of India Inc aligned with the emerging needs of the future workforce?

What might be the extent of social disruption and pain associated with the transition that Indian organisations need to make in order to move to new workplace paradigms?

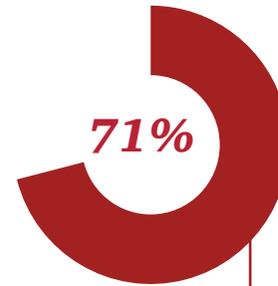
In order to understand how Indian organisations are preparing for the future, we looked at key focus areas that CEOs in India are driving and investing in. We found that Indian CEOs seem well-placed to meet the expectations of the workforce of the future. Their preferred planning horizon tends to be three years (for 79% of CEOs) and in this horizon, they are typically focussing on the following:

Leveraging demographic changes to create a culture of diversity: The widely discussed demographic dividend and diversity of Indian workforce is clearly acknowledged within the CEO community. As a result, CEOs are planning to significantly invest in skill and capability development in order to capitalise on this opportunity.

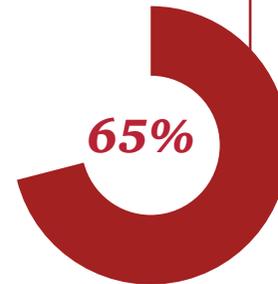
Leveraging technological advancements: Interestingly, most CEOs recognise technological advances as the most significant megatrend to transform their business in the coming years. Much of this investment may be in the area of data management and data analytics. This should result in more powerful predictive analytics that allow for greater flexibility and cost optimisation when deploying the right talent at the right place and time.

Creating a skilled workforce to address the fear of skill scarcity in the future: While CEOs are investing in skill development for the future, there is widespread concern that the efforts may not be sufficient to avoid a skill scarcity in the future. Companies must find the balance between building skills for today, and preparing for an uncertain future—which calls for agile learning systems that are scalable, technology driven and innovative.

Demographic shifts



of Indian CEOs recognise demographic shifts as a trend that will transform business.



of Indian CEOs are investing or plan to invest in revamping their talent strategy.

Technological advances

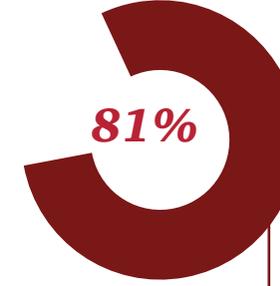


of Indian CEOs feel that technological advances will transform their business over the next five years.

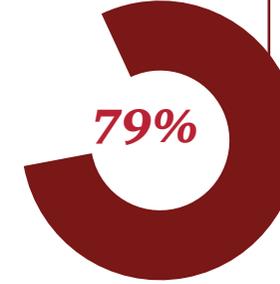


of Indian CEOs are investing in or have concrete plans of investing in their technological upgrades.

Skill development



of Indian CEOs view availability of skills as a potential business threat to their organization's growth prospects



of Indian CEOs say creating a skilled workforce is a key priority in the next three years.

"India's biggest advantage lies in its demographic dividend."

Chanda Kochhar
MD, ICICI Bank

"As an organisation, we are increasing investments in L&D to be future ready."

Preetha Reddy
MD, Apollo Hospitals

Which world are you heading towards?

While Indian organizations are already taking some steps to align with the emerging needs of the employees, the disparate nature of each world may require organizations to identify which world they are heading towards. At the same time, they must factor in the possibility that their organization may need to simultaneously co-exist in multiple worlds or operate in an environment where all three worlds overlap. Hence, companies will need to chart their own paths and find the right balance between profitability, flexibility and social impact.

Against this background, each organisation will need to find answers to the following questions to identify the approach best suited to their context.

Organisational model: How will the organisational model change in the future to be able to address the polarised aspirations of the three worlds? Who will drive the change? What are the challenges posed?

Capabilities: What skills and capabilities will be most valuable in the future? How does the training for these skills get imparted? Who will take the onus for the re-skilling process (employee or employer)?

Commitment and culture: How does an organisation garner commitment from the workforce of the future? Will employee commitment get redefined in the future? How can organisations build a sustainable organisation culture?

Human capital analytics: Indian employees are willing to share personal data. Are organisations technologically equipped to access this and use it to maximise the value of human capital analytics? Can it be leveraged to drive productivity and commitment? What governance mechanisms need to be put in place to address ethical issues around data usage?

Flexibility: More and more people are comfortable with technology and prefer flexible work. Are organisations geared to leverage mobile technology to activate anywhere-anytime performance?

Diversity: The workplace of the future is more diverse (by skill and age) than ever before. Are companies equipped to create meaningful employee value propositions for each group to attract and retain talent? Will organisations be able to design a unified workplace that allows these varied groups of people to work together efficiently?

Social conscience: How will organisations change to become more environmentally and socially conscious across their entire value chain? In a world where brand-linked prestige will lose value, how will organisations create a meaningful social-connect with their employees?

“Managing complexity as well as ambiguity will be the organisational need of the hour in the future.”

Head HR
Energy and Mining Co.

“In the agricultural era, schools mirrored a garden.

In the industrial era, classes mirrored the factory, with an assembly line of learners.

In the digital-information era, how will learning look?”

Global L&D Leader
General Electric

The emergence of these three distinct and complex worlds, will dictate that HR and leadership alike, develop unique approaches to managing the workforce

In the Blue world, organisations will compete to find and secure the best talent available and use extensive search and evaluation methods to find the stars of tomorrow. Talent will be attracted by the potential for high earnings, job security and status. Rewards are expected to be fine-tuned to performance metrics and organisations will support employees in building skills and experience in line with the changing business landscape.

Green world companies on the other hand, will seek like-minded individuals to extend their corporate family, taking great care to only select talent with the right behaviours and attitudes. Talent will be attracted to Green brands, their values and their culture. Organisations are expected to recognise corporate citizenship and good behaviours, alongside performance while rewarding employees.

In the Orange world, technology will provide companies with the link to finding and evaluating contractors as suppliers of key skills. A company's reputation within networks will be crucial in attracting suppliers of talent. Rewards will predominantly be based on contract terms. Result/outcome based pay may become the norm. The responsibility for re-skilling will shift from the organisations to individuals and professional guilds may emerge to certify skills and support in the capability building and negotiation process.

How will the role of HR and leadership evolve in each of these worlds?

Emerging role of HR

While the essential tenets of leadership won't change, newer behaviours will be required to succeed in each of the three worlds....

Blue world



HR will be expected to use advanced analytics to predict future talent demands and to measure and anticipate performance and retention issues.

Leaders will focus on shareholder value, defined as success in the financial and customer metrics. Organisations' raison d'être will continue to be profit maximisation while respecting the need for greater social responsibility and flexibility. While current leadership requirements will continue, greater focus will be on areas such as contextual intelligence, appreciating cultural diversity and demonstrating technological savvy.

Green world



HR will be expected to act as guardian of the brand. There will be strong focus on connecting the right culture and behaviours and on guarding against sustainability and reputational risks across supply chain.

Unifying a diverse set of stakeholders under the single vision of a greener world will be a key success measure. Leaders will need to lead by personal example, demonstrate commitment to values by making the right investments and supporting causes that align with their vision for future society. Value will get created by newer ideas emerging from the network of regulators, social activists, environment advocacy groups, customers and suppliers. Self-imposed transparency and greater social accountability will be required to build credibility.

Orange world



HR will be expected to focus on sourcing contractors and negotiating contracts, along with performance management and project economics.

Leaders will need to acknowledge and innovate the 'virtual' nature of their value chain. An ability to build an exciting vision that will help attract the right collaborators, the vision to deal with open IP environments, and an ability to build, manage coherence from physically distanced individuals will be essential. Driving innovation through technology platforms will be a daily opportunity. This environment will particularly need a sharp focus on outcomes to build trust even as teams don't belong to the same legal entity, and accountability cannot be easily pinpointed.



In conclusion



The unique challenge of the India scenario is that the three worlds may co-exist in the future. Which means that each employee may want some parts of each world.

In which case, the real test of the HR function would be to customise the employee value proposition for each faction and allow every employee to experience a slice of the Blue, Green or Orange Worlds within a single organisation. This will be central to the companies being able to motivate and retain talent; which in turn will define their potential for market success.

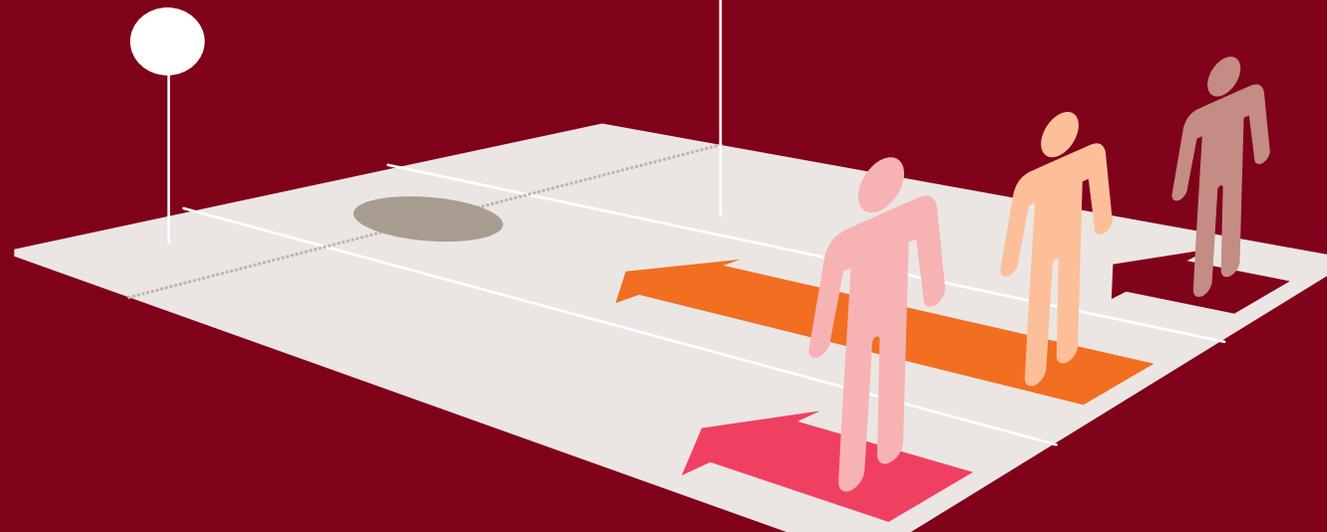
This in turn will require the HR function to redefine itself to address emerging requirements of the workforce of the future.

How does the HR function need to change to cope with the requirements of the organisation of the future?

- What will the HR model of the future look like?
- What mindset and skills will the ideal HR professional of the future possess?
- How will HR leaders manage this transformation?

“The agility of an organisation and the speed with which it is able to adapt to change will decide the success of organisations.”

HRD
Technology firm



Notes



About the report

The projections in this report build on the work started in 2007 by a team from PwC and the James Martin Institute for Science and Civilisation at the Said Business School in Oxford, who came together to develop a series of scenarios for the future of people management. The result was three ‘worlds of work’, which provide a lens through which to examine how organisations might operate in the future.

In this report, we have looked to 2022 and considered what form these three worlds of work will take on in India. This report draws on:

- A specially commissioned survey of 10,000 people from around the globe; 2001 of whom are from India, (PwC’s Future of Work 2012); who told us how they think the workplace will evolve and how this will affect their employment prospects and future working lives
- A survey of 77 CEOs in India (PwC’s 17th Annual CEO Survey) and inputs from 500 HR professionals across the world, who shared their insights on how they’re preparing for the changes ahead



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With a pan-India network, we assist clients in improving the performance of all aspects of their human resource function such as performance management system, organisational design, job evaluation and banding, rewards, competencies, vision and values, culture, employee engagement, change, talent management and development and function diagnostics. We have worked extensively with clients across different sectors, industries and borders.



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