EMPLOYEE BENEFITS STUDY

An India GCC View 2022-23

March 2024

FOREWORD

In the aftermath of the global pandemic, organizations find themselves at a critical inflection point as they chart their course to stability amidst a new normal. The unprecedented challenges of navigating extended remote work arrangements, health risks, and economic uncertainty have stressed employee benefits strategies to the limit across industries. Many employers who previously under-invested in benefits packages were caught off guard. They scrambled to roll out health insurance coverage increases, COVID care leaves policies, access to mental wellness resources, and remote ergonomic set-ups for their workforces worldwide. However reactive measures gradually gave way to the realization that benefits strategies required deeper reexamination in light of radically transformed workplace dynamics.

As stopgap measures stabilize, leaders recognize the need for a measured, strategic approach to Employee Benefits aligned with emerging hybrid work models. While remote and hybrid policies served as a crucial lifeline sustaining operations, business leaders also appreciate the immense, often intangible, value generated from in-office interactions, collaboration, and innovation. Building a compelling Employee Value Proposition (EVP) has become more vital than ever, with focused efforts on re-evaluating and adapting benefits strategies to provide security, balance, and growth opportunities that appeal to multi-generational workforces. Global Capability Centers (GCCs) hoping to attract top-tier talent and cement their positioning as transformation hubs cannot afford to ignore this imperative.

As Global Capability Centers (GCCs) adjust to the next normal, the evolving talent landscape calls for advanced employee benefits strategies to engage top talent and elevate centers as transformation hubs. Catering to a multi-generational workforce is crucial. One-size-fits-all offerings no longer suffice – in fact, tailored, diverse benefits that align with varied preferences are essential for talent retention and acquisition. Simultaneously, center leadership must reimagine benefits strategies for other generations. Offerings that provide work-life balance, extensive Care and Support policies including insurance, customized engagement incentives, and clear career progression options create an EVP that appeals across talent profiles.

In particular, the influx of Gen Z talent with vastly different expectations regarding purpose, flexibility, and holistic well-being cannot be ignored. Their values, shaped by a lifelong digital immersion, emphasize career growth, continuous learning, and purpose. Centers that recognize and meet their unique needs gain a competitive advantage in attracting top youth talent.

In light of these changes, the employee benefits landscape is ripe for innovation. This report, titled, "Employee Benefits Study – An India GCC View" aims to shed light on these trends and provide actionable insights for organizational leaders seeking to navigate the complexities of the post-pandemic, hybrid work environment. By understanding the unique needs of the growing Gen Z workforce and tailoring benefits to support the demands of a hybrid work model, organizations can position themselves as employers of choice in the evolving world of work.

The future of work is shaped by the decisions we make today. Let this report be your compass in navigating the complex terrain of employee benefits, guiding you toward a future where your organization not only survives but thrives in the competitive and dynamic landscape of modern business.

We help our customers Build, Buy, and Sell Tech and Tech-enabled Products and Services

DIGITAL & ENGINEERING CAPABILITIES

- Optimize global engineering and digital footprint
- Build new global talent hubs
- Build new technology centers of excellence (COEs, GCC setup)
- Build and optimize technology services partnerships
- Digital transformation through startup partnerships

GROWTH ACCELERATION

- New product/service incubation
- Build differentiated value proposition
- Growth acceleration – solution, vertical, geo
- Build and optimize channel partnerships
- Deal sourcing and commercial due diligence
- M&A advisory

TECH THEMES
AI, Automation, Cloud Infrastructure, Digital Engineering, ER&D

VERTICALS

Our customer-first approach is backed by a strong presence and capabilities that are focused on solving their challenges

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BANGALORE HQ

Company of the Year 2023: International Business Awards ("The Stevies")

Best Firms to Work For 2023: Consulting Magazine (ALM)

Women Leaders in Technology 2023: Consulting Magazine (ALM)

Global Leaders in Consulting Award 2023: Consulting Magazine (ALM)

Business Leader of the Year 2023 (Pari Natarajan): ET Ascent

Top 100 CMOs of India 2023: Startup Lanes

Global Outsourcing100 2022: IAOP

M&A Specialist of the Year 2022: Acquisition International

Vault Top Ranked Consulting Firms 2022

Great Place to Work Certified™

10
GLOBAL OFFICES

350+
EMPLOYEES

300+
CLIENTS

AGENDA

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01 **Introduction**

02 Benefits Administration and Governance

03 Employee Care and Support

04 Employee Engagement and Retention

05 Insurance and Loans

06 Leaves and Working Hours

07 Growth and Development

08 Way Forward for GCCs

Snapshot of Key Findings

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BUDGET DISTRIBUTION

22% GCCs* with a headcount of 500-2500 have dedicated Total Rewards (TR) teams to handle benefits administration

47% Benefit budget allocation is towards Insurance and Loans in 2023

EMPLOYEE ENGAGEMENT AND RETENTION

13% GCCs extend Corporate Social Responsibility (CSR) awards to employees

7% GCCs offer retention bonuses to gig employees

53% GCCs have specialized referral campaigns to recruit specific employee groups, such as PwD**, LGBTQIA+***, etc.

EMPLOYEE CARE AND SUPPORT

33% GCCs provide meal facilities to contract workers

59% GCCs leverage the co-pay method to cover childcare facility expenses

79% GCCs provide reimbursements on the installation of hardware, such as mobile handsets or routers

75% GCCs provide car leasing facilities to employees

48% GCCs provide transportation assistance to employees

77% GCCs provide relocation assistance to dependents of employees

LEAVES AND WORKING HOURS

25% GCCs offer paid education sabbaticals to employees

GROWTH AND DEVELOPMENT

83% GCCs enable competency development programs for employees

43% GCCS enable job rotations for junior level employees

INSURANCE AND LOANS

49% GCCs extend loan assistance to employees

Why do Organizations need to **Revamp** their **Employee Benefits Strategy?**

The evolving GCC landscape may necessitate an advanced Employee Benefits Strategy to attract the best-in-class talent capable of elevating GCCs as transformation hubs
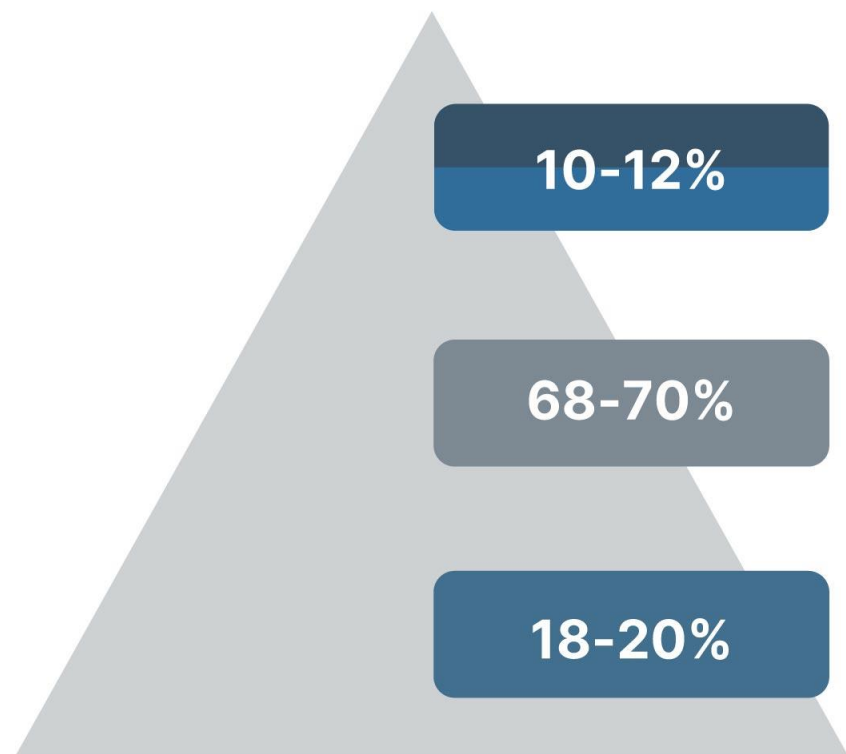
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	GCC 1.0 - an Outpost	GCC 2.0 - Primarily a Satellite	GCC 3.0 - Transitions to a Portfolio hub	GCC4.0- as a Transformation hub
Employee Care and Support	• Basic wellness programs focused on physical health, with maternity benefits limited to government mandate	• Diversification of wellness programs to encompass mental health support • Expansion of maternity benefits with paid leave and increased job protection	• Personalization of wellness benefits • Increasing demand for Employee Assistance Programs (EAPs) • Focus on financial wellness programs, lactation rooms, and post-partum mental health services • Integration of Wellness applications into benefit offerings	• Advanced health monitoring technology wearables and AI-powered health monitoring • Adoption and surrogacy support • Gender-neutral parental leaves • Support for LGBTQIA+ parents • Breast-milk shipping • Resimercial spaces
Employee Engagement and Retention	• Standardized rewards tied to seniority or job titles, with limited consideration for individual performance or contributions	• Implementation of performance-driven compensation and variable pay structures • Rise in peer-to-peer recognition and feedback mechanisms • Increased emphasis on sustainability reporting	• Emphasis on Diversity, Equity, and Inclusion (DEI) in the workplace • Increasing adoption of renewable energy and commitments to carbon neutrality	• Experiential rewards • Purpose-driven recognition initiatives • Pet benefits • Technology-driven CSR with Social Impact Hackathons
Insurance and Loans	• Coverage for employees, their spouses, and children with reimbursement for hospital treatment only	• Introduction of a broader array of insurance options, encompassing dental, vision, and disability insurance • Extension of coverage to include spouse, children, and parents	• Expansion of voluntary benefits offerings, allowing employees to choose from a menu of additional coverage options • Critical illness insurance	• Flexible insurance plans • Pet insurance • Infertility insurance • Coverage of same-sex and live-in partners • Gender reassignment surgery insurance
Leave and Working Hours	• Working hours were typically structured around traditional schedules, with most employees expected to work a standard 9-to-5 workday • A fixed number of paid leaves	• Extended duration of paid parental leaves • Increased adoption of bereavement leaves	• Extended maternity sabbaticals • Adoption of remote work • Surrogacy and adoption leaves	• Hyperflexible work arrangements • Adoption of menstrual and menopause leaves • Paid purpose-driven sabbaticals • Domestic violence leaves • Fertility leaves
Growth and Development	• Traditional training • Hierarchical career progression structure	• Employee-led career pathing • Increased adoption of online learning platforms • Emphasis on skill-based development over tenure-based • Focus on upskilling initiatives • Shift towards a continuous feedback mechanism	• Skills ontology for individual development plans • Focus on cross-skilling/poly-skilling • Internal gig platforms	• Adaptive personalized learning pathways • Increased reliance on Generative AI for development
GCC Evolution Landscape	**GCC 1.0 - an Outpost** Total Number of GCCs: 700+ Total Installed GCC Talent: 400K	**GCC 2.0 - Primarily a Satellite** Total Number of GCCs: 1000+ Total Installed GCC Talent: 745K	**GCC 3.0 - Transitions to a Portfolio hub** Total No. of GCCs: 1580+ Total Installed GCC Talent: 1659K	**GCC4.0- as a Transformation hub**

Zinnov Research and Analysis

Creating an impactful Employee Benefits strategy that caters to the changing dynamics of work and the demands of a multi-generational workforce

In today's multi-generational workforce, organizations may need to adopt a diverse range of benefits to cater to diverse preferences

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The future of work undergoes rapid evolution, primarily influenced by the entry of new generations into the workforce. A one-size-fits-all approach to Employee Benefits is no longer effective in today's diverse workforce. Tailoring benefits to different generations is not only essential for attracting and retaining top talent but also for fostering an inclusive and engaged workplace

India Technology Industry Workforce Generational Break-up: FY2022

10-12%	**Baby Boomers (1943-1964)**
	Gen X (1965-1976)
68-70%	**Millennials (1977-1997)**
18-20%	**Gen Z (1998-2012)**

Benefits That Matter To Each Generation

- **Insurance**
- **Healthcare**
- **Retirement Benefits**
- **Paid-Time Off**

- **Retirement Planning**
- **Caretaker Benefits**
- **Compensation**
- **Leaves/ Sabbaticals**

- **Compensation**
- **Flexibility**
- **Career Growth**
- **Childcare Benefits**

- **Career Growth**
- **Flexibility**
- **Learning and Development**
- **Compensation**

Understanding the team structure and budget allocation is the foundational step of revamping the benefits plan

Benefits play a crucial role in helping organizations attract top candidates and retain quality employees. This makes it important for companies to implement a robust Employee Benefits administration process to effectively manage Employees' Benefits and provide benefits that are relevant to them. The responsibility of managing Employee Benefits in GCCs has been observed to rest with a **dedicated Total Rewards (TR) team** that is responsible for designing the benefits plan, and **HR Generalists** for managing the budgets and creating awareness among employees

TEAM GOVERNANCE AND AVERAGE (AVG.) TR TEAM SIZE (BY ORGANIZATION SIZE)

Headcount < 500	Headcount 500 – 2,500	Headcount 2,500 – 5,000	Headcount > 5,000
8%	22%	17%	43%
1 Avg. TR team size	**2** Avg. TR team size	**2** Avg. TR team size	**3** Avg. TR team size
92%	78%	83%	57%

■ Managed by Dedicated TR Team   ■ Managed by HR Generalists
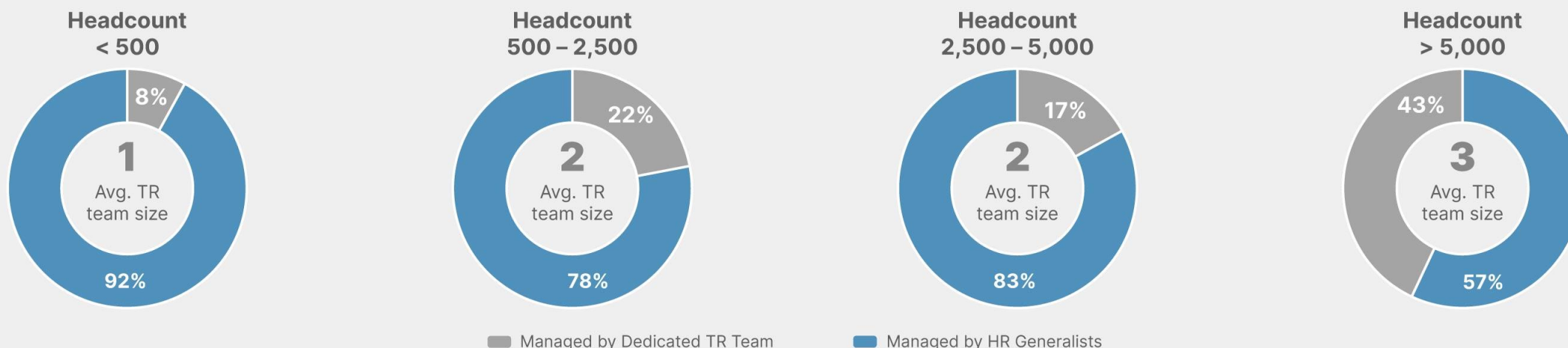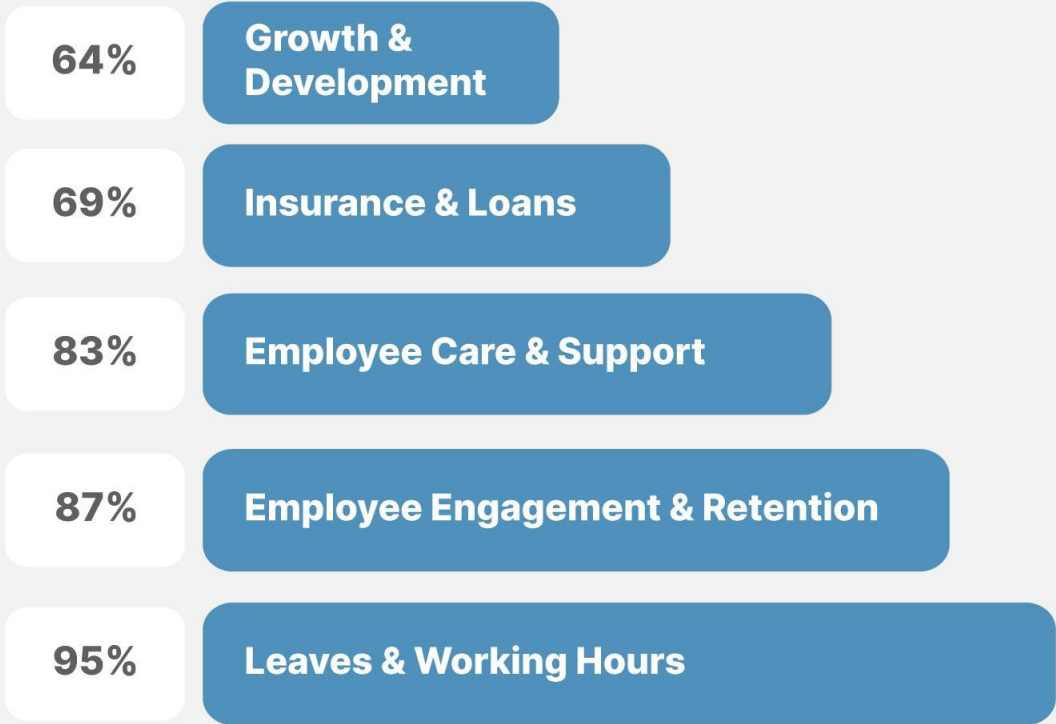
Key Insights

- A large percentage of companies with a headcount under 2,500 may opt for HR Generalists to handle benefits administration, while those with higher headcounts might have dedicated TR teams to manage Employee Benefits
- A high degree of cross-functional partnership is essential between the TR team, Talent Acquisition teams, HR Generalists, HR Business Partners (HRBPs), and Learning and Development (L&D) teams to align compensation and benefits with the business strategy. This collaboration aims to attract top talent and ensure consistency in HR practices across the organization
- The governance of dedicated TR teams may operate both locally and worldwide, depending on the organization. The team's reporting structure may shift from reporting to the India HR to the Global Head of Total Rewards based on the company's growth and expansion

Leaves and working hours-related benefits have sustained their position as the most prominently utilized Employee Benefit in 2023

Despite the transformative changes and adaptations that organizations have undergone in response to the pandemic, the utilization of leaves and working hour benefits remains steadfast. This consistency can be attributed to the inherent flexibility and essentiality that these benefits provide in facilitating work-life equilibrium and accommodating diverse personal and professional demands.

Utilization of Benefits

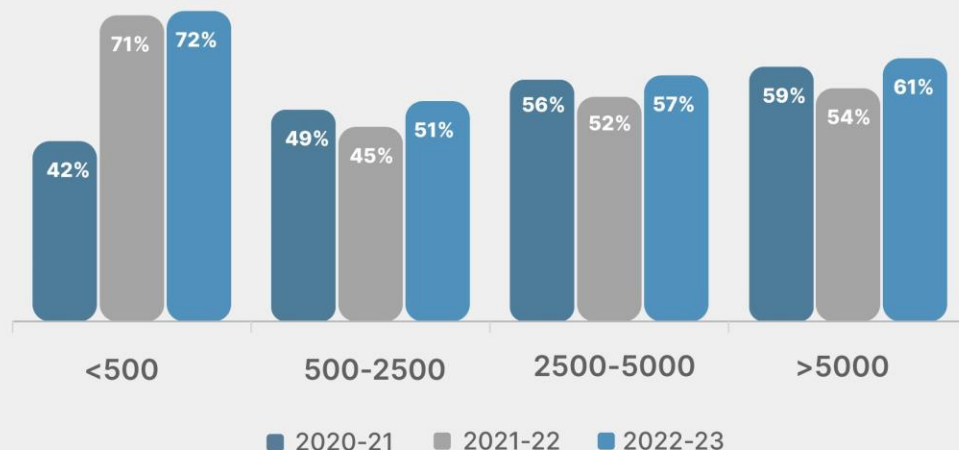|	
64%	**Growth & Development**
69%	**Insurance & Loans**
83%	**Employee Care & Support**
87%	**Employee Engagement & Retention**
95%	**Leaves & Working Hours**

Key Insights

- Many organizations offer **flexible work hours**, allowing employees to adjust their schedules to accommodate personal commitments while meeting work requirements. This flexibility can encompass staggered start and end times, compressed workweeks, and part-time options

- Recognizing the unique challenges of hybrid work, companies are offering **flexible well-being benefits** that cater to the different needs of both in-office and remote employees. Companies may offer access to benefits like on-site gym and yoga classes for in-person employees while remote employees might be provided with subsidies for ergonomic home office setups, ensuring their comfort and productivity

- To support the transition to **eco-friendly transportation**, some organizations offer additional incentives for employees who opt for zero-emission vehicles, such as electric cars or hydrogen fuel cell vehicles. This can include higher allowances or reimbursement for charging/fueling expenses

- Some companies provide **critical illness insurance** as a unique benefit, offering coverage for specific severe illnesses such as cancer, heart disease, or stroke. This insurance provides a lump-sum payment upon diagnosis, helping employees manage medical expenses and other financial burdens during a challenging time

- Some companies are offering employees opportunities to take extended **innovation sabbaticals**. During these periods, employees are encouraged to work on creative projects, research, or personal development endeavors that align with the company's goals. This benefit fosters continuous learning, innovation, and personal growth
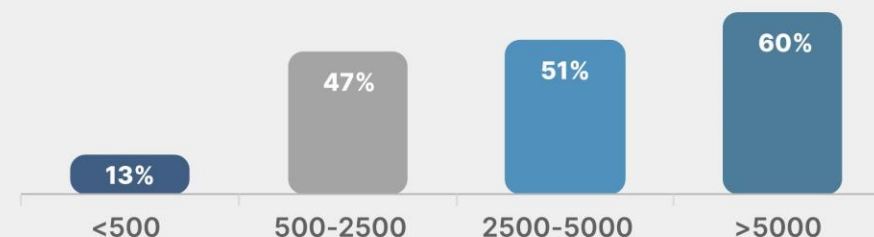
Flexible Benefits cater to diverse employee needs, fostering retention and engagement

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Flexible Benefits provides employees the autonomy to personalize their benefits packages, aligning them with individual priorities, and utilizing a Flexible Benefits portal streamlines the management of these choices. This not only enhances employee satisfaction but also maximizes the value of benefits expenditure

Adoption Rate of Flexible Benefit Plans (By Organization Size)

Organization Size	2020-21	2021-22	2022-23
<500	42%	71%	72%
500-2500	49%	45%	51%
2500-5000	56%	52%	57%
>5000	59%	54%	61%

■ 2020-21 ■ 2021-22 ■ 2022-23

Online Tool for Benefits Customization (By Organization Size)

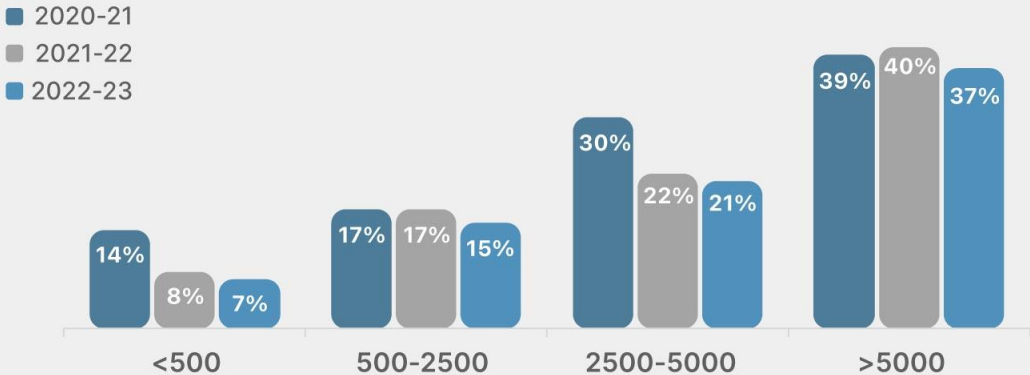| Organization Size	Value
<500	13%
500-2500	47%
2500-5000	51%
>5000	60%

Key Insights

- **81%** of GCCs provide Flexible Benefits to employees, with **19%** of these organizations leveraging Flexible Benefits portal to manage their benefits
- Offering Flexible Benefits allows companies to manage costs more efficiently. By allowing employees to choose benefits that matter most to them, companies may optimize their benefits spending and avoid investing in less relevant benefits
- Modern workforces are becoming more diverse in terms of age, life stages, and preferences. Flexible Benefits may cater to this diversity by allowing employees to choose benefits that suit their individual needs and priorities, promoting a sense of inclusivity
- Companies may allow employees to customize their benefits plan through point-based systems, benefit allowance, menu-based selections, tiered plans, etc

Organizations are witnessing slightly reduced uptake of pre-joining Medical Check-ups in the post-covid-19 era
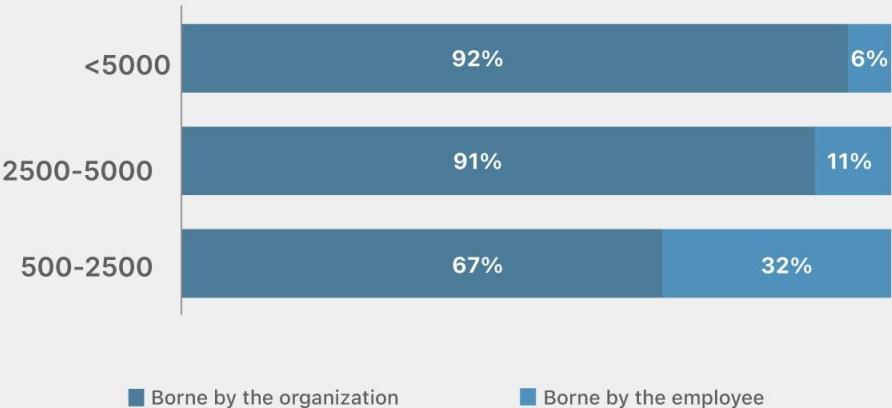
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Pre-joining Medical Check-ups help ensure candidates' physical capability for job-specific duties. Amid the pandemic, pre-joining Medical Check-ups gained more prevalence, bolstered by safety concerns. However, as the COVID situation stabilized, companies are witnessing a reduction in the frequency of these assessments

Adoption Rate of Pre-joining Medical Check-ups (By Organization Headcount)

- 2020-21
- 2021-22
- 2022-23

Headcount	2020-21	2021-22	2022-23
<500	14%	8%	7%
500-2500	17%	17%	15%
2500-5000	30%	22%	21%
>5000	39%	40%	37%

Mode of Pre-joining Medical Check-ups

Headcount	Borne by the organization	Borne by the employee
<5000	92%	6%
2500-5000	91%	11%
500-2500	67%	32%

- Borne by the organization
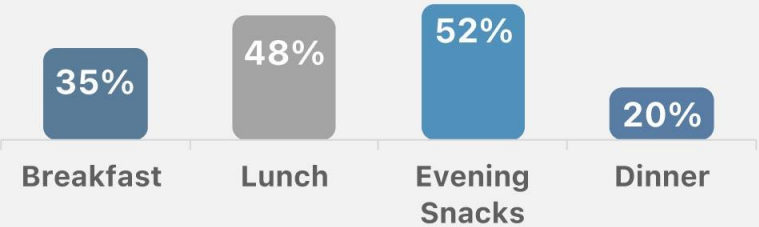- Borne by the employee

Key Insights

- 19% of GCCs required pre-joining Medical Check-ups in 2023, and 89% of these GCCs cover the associated cost
- Some companies are adopting a more inclusive approach to pre-joining Medical Check-ups, focusing on assessing an individual's ability to perform the essential functions of the job rather than just screening for medical conditions
- In recent years, there has been a growing recognition of the importance of mental health in the workplace. Some companies are now including psychological and mental health assessments as part of their pre-joining Medical Check-ups. These assessments aim to identify any potential mental health challenges that could impact job performance or well-being

Companies are witnessing surging demand for meal benefits amidst workforce re-entry into offices
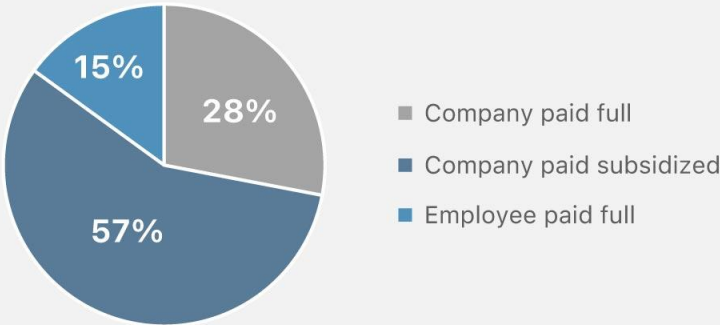
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Employer-provided meals bring forth various advantages. They enhance convenience by eliminating the need for employees to arrange their meals during work hours, resulting in time savings. Additionally, shared meal spaces encourage social interactions and collaboration among colleagues, nurturing a sense of community within the workplace
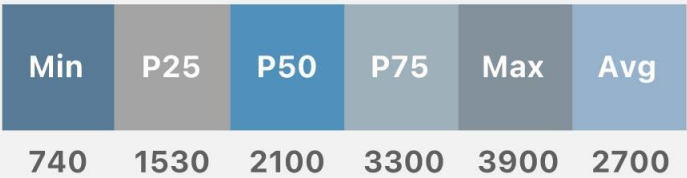
Meals Provided by GCCs

- Breakfast: 35%
- Lunch: 48%
- Evening Snacks: 52%
- Dinner: 20%

Modes of Payment

- 28% Company paid full
- 57% Company paid subsidized
- 15% Employee paid full

Cost Borne by Company per Employee (in INR per Month)

Min	P25	P50	P75	Max	Avg
740	1530	2100	3300	3900	2700

Percentage of Subsidy Provided on Meals

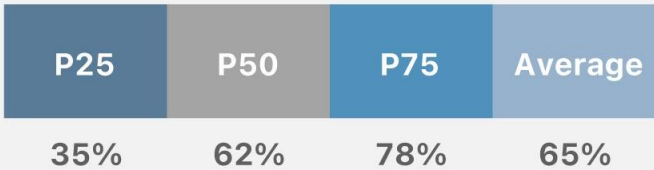| P25	P50	P75	Average
35%	62%	78%	65%

Key Insights

- **52% of** GCCs provide meal facilities to employees

- Companies typically offer dinner to **shift** employees, recognizing their non-traditional work hours

- A growing trend involves catering to individual dietary needs and preferences. Companies are offering customizable meal options, accommodating various dietary choices such as vegetarian, vegan, gluten-free, and more, to meet the different **nutritional needs** of employees

- Companies may collaborate with local farms and producers to source fresh, organic ingredients for their meals. This not only supports local communities but also emphasizes sustainability and the importance of high-quality, locally sourced-food

Source: Zinnov Research and Analysis
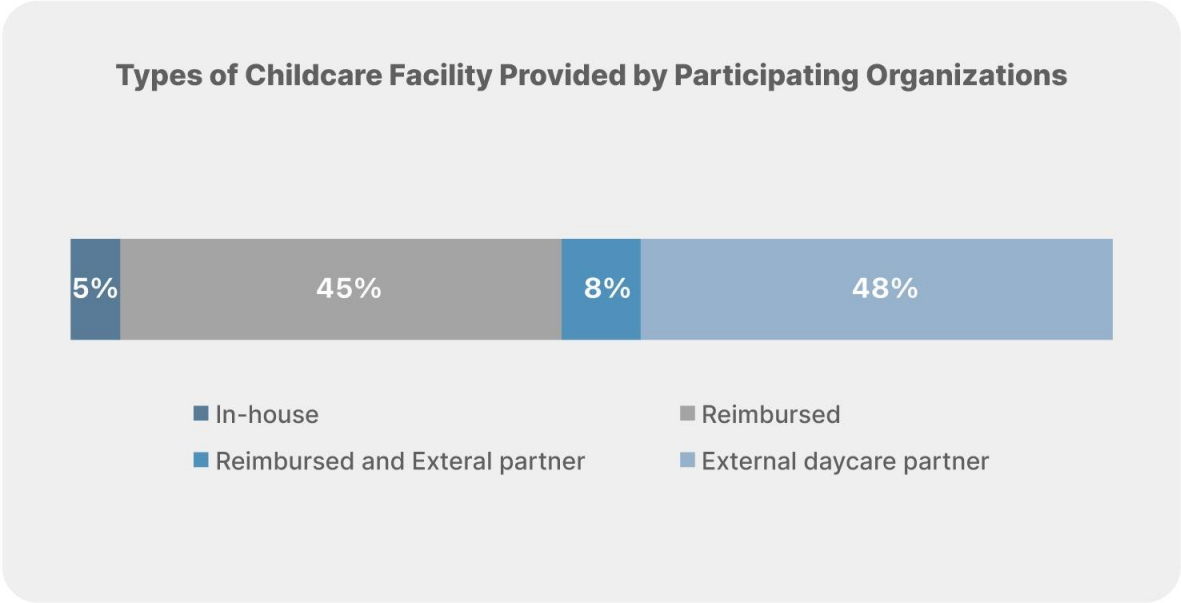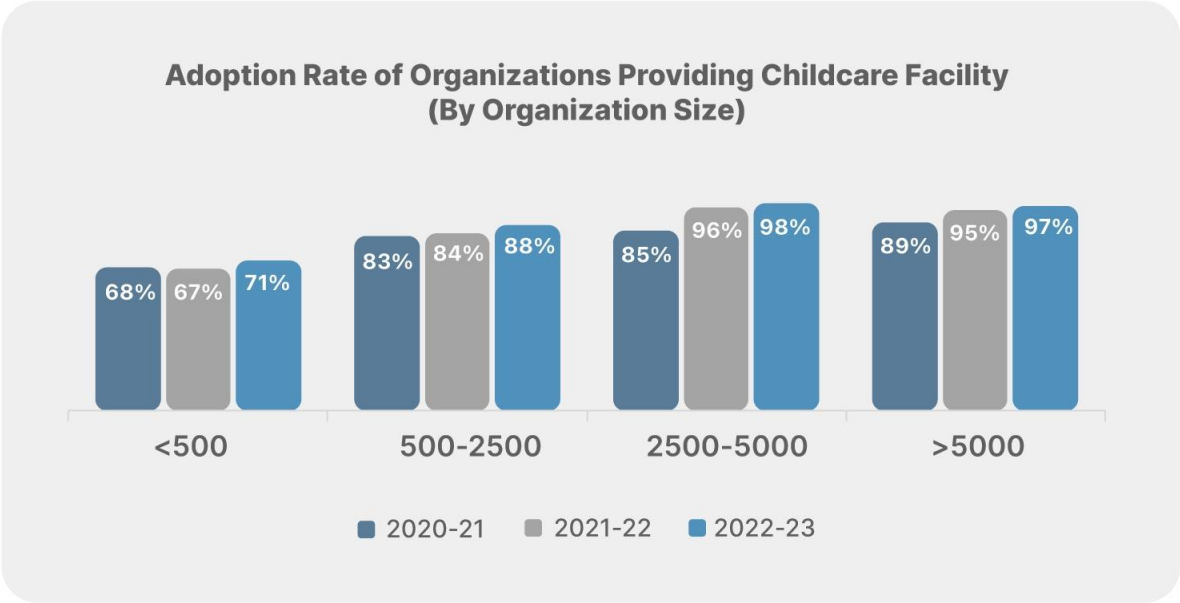
Organizations are experiencing a progressive adoption of childcare facilities, reflecting commitment to Employee Care and Support

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The rising adoption of childcare facilities through varied approaches underscores organizations' recognition of the integral role Childcare Support plays in promoting employee satisfaction, retention, and overall productivity

Adoption Rate of Organizations Providing Childcare Facility (By Organization Size)

Organization Size	2020-21	2021-22	2022-23
<500	68%	67%	71%
500-2500	83%	84%	88%
2500-5000	85%	96%	98%
>5000	89%	95%	97%

■ 2020-21 ■ 2021-22 ■ 2022-23

Types of Childcare Facility Provided by Participating Organizations

In-house	Reimbursed	Reimbursed and External partner	External daycare partner
5%	45%	8%	48%

■ In-house
■ Reimbursed and Exteral partner
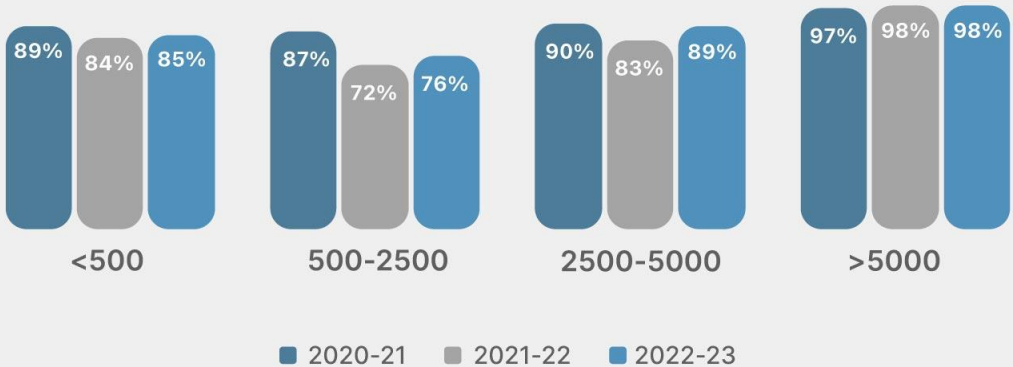■ Reimbursed
■ External daycare partner

Key Insights

- **53% of** participating GCCs provide childcare facilities to employees, including creche, daycare, nursing rooms, and nanny-care reimbursements

- Developing and maintaining in-house childcare facilities can be expensive. Partnering with external providers allows companies to offer quality childcare without the upfront investment and ongoing operational costs

- While reimbursement models offer flexibility, external partnerships provide a holistic approach to childcare benefits that align with the company's values and enhance employee satisfaction. Reimbursement models may place an undue financial burden on those with lower incomes or hinder access to quality childcare for some employees
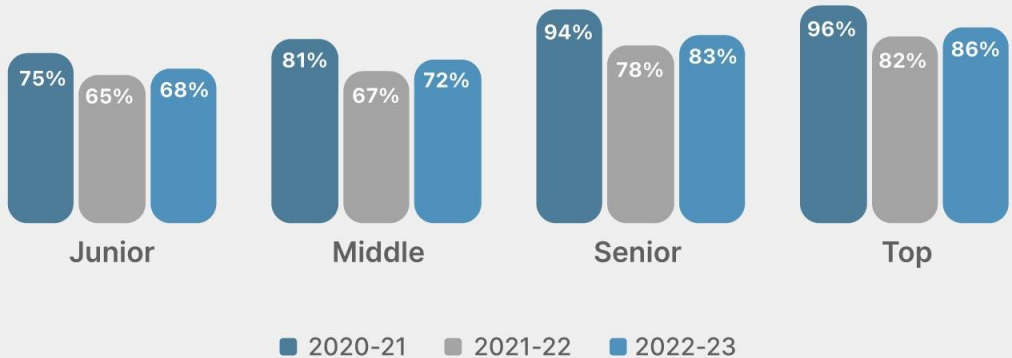
Source: Zinnov Research and Analysis

Communication benefits are experiencing a rising imperative in shaping employee engagement in hybrid

![zinnov logo]

Hybrid work models necessitate a seamless collaboration between remote and in-office employees. By providing consistent and efficient means of interaction, organizations empower their workforce to collaborate effortlessly, regardless of their geographical locations

Adoption Rate of Organizations providing Communication Facilities (By Organization Size)

	<500	500-2500	2500-5000	>5000
2020-21	89%	87%	90%	97%
2021-22	84%	72%	83%	98%
2022-23	85%	76%	89%	98%

■ 2020-21 ■ 2021-22 ■ 2022-23

Adoption Rate of Organizations providing Communication Facilities (By Job Level)

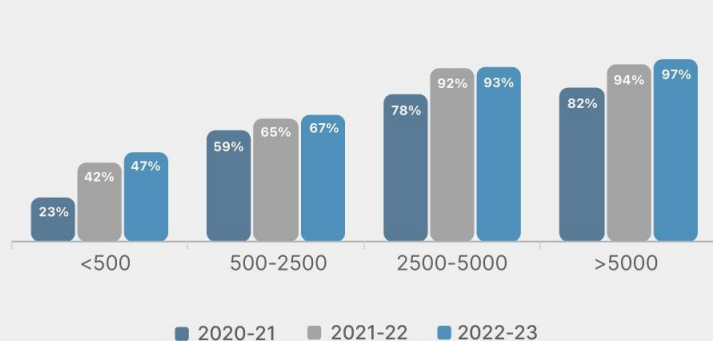|	Junior	Middle	Senior	Top
2020-21	75%	81%	94%	96%
2021-22	65%	67%	78%	82%
2022-23	68%	72%	83%	86%

■ 2020-21 ■ 2021-22 ■ 2022-23

Key Insights

- **96%** of participating GCCs provide communication facilities to employees
- Shifting from exclusively providing communication tools to senior employees to extending them across the workforce ensures a commitment to fostering an inclusive environment where everyone's contributions are valued
- In today's fast-paced business environment, operational efficiency is paramount. The integration of mobile phones, data cards, and broadband facilities into the communication toolkit empowers employees with swift access to information, seamless connectivity, and real-time interactions. This heightened efficiency directly translates to improved productivity and streamlined workflows
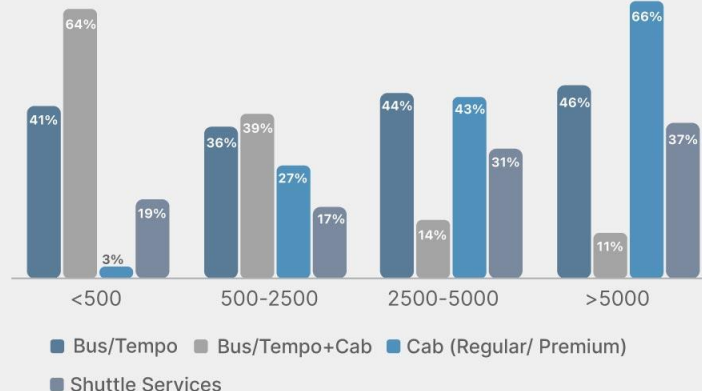
Source: Zinnov Research and Analysis

The era of hybrid work is witnessing a surge in the provision of conveyance benefits, reflecting evolving commuting needs of employees

As employees increasingly shift between office-based and remote work, companies face logistical challenges stemming from this duality. Conveyance benefits, incorporating various transportation options, have become a crucial element in enhancing workforce satisfaction, productivity, and overall well-being
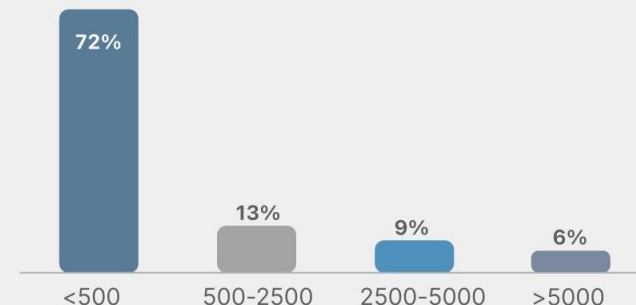
Adoption Rate of Organizations Providing Transport Facilities (By Organization Size)

Organization Size	2020-21	2021-22	2022-23
<500	23%	42%	47%
500-2500	59%	65%	67%
2500-5000	78%	92%	93%
>5000	82%	94%	97%

Type of Transport Facility Provided (By Organization Size)

Organization Size	Bus/Tempo	Bus/Tempo+Cab	Cab (Regular/ Premium)	Shuttle Services
<500	41%	64%	3%	19%
500-2500	36%	39%	27%	17%
2500-5000	44%	14%	43%	31%
>5000	46%	11%	66%	37%

Reimbursing Cab (Ola/Uber) Fare to Work (By Organization Size)

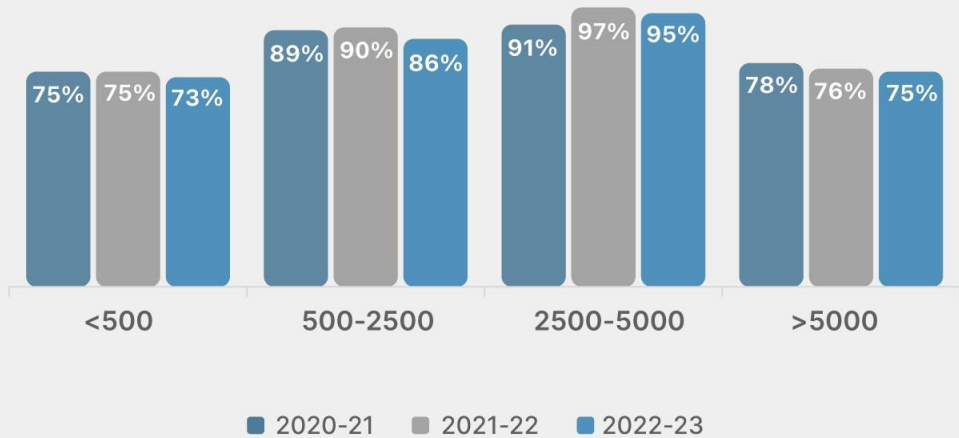| Organization Size	Value
<500	72%
500-2500	13%
2500-5000	9%
>5000	6%

Key Insights

- **48%** of participating GCCs provide **transportation assistance** to employees
- **17%** of participating GCCs provide transportation only through **Bus/Tempo**
- **41%** of participating GCCs provide transportation through both **Bus/Tempo and Cab**, offering regular and premium options
- **39%** of participating GCCs provide transportation **only through Cab**, offering both regular and premium options
- **13%** of participating GCCs offer shuttle facilities from metro/bus/train stations
- Organizations may redirect conveyance allowances towards **workstation allowances** for permanent remote positions

Source: Zinnov Research and Analysis

In a hybrid work environment, prioritizing the cultivation of a collaborative culture may take precedence over employee gifting for heightened engagement

While gifting employees remains a valued practice for recognition, organizations may perceive it as a complementary rather than a central approach. In a hybrid setup, employees are likely to appreciate the enduring benefits of a collaborative culture, fostering improved job satisfaction, personal growth, and career development, over the appeal of gifts

Adoption Rate of Organizations Providing Corporate Gifts to Employees (By Organization Size)

Organization Size	2020-21	2021-22	2022-23
<500	75%	75%	73%
500-2500	89%	90%	86%
2500-5000	91%	97%	95%
>5000	78%	76%	75%

Cash Value of Gift (in INR per Employee)

| Occasion	P25	P50	P75	Average
Festival	1000	1450	2700	1800
Birthday	950	1300	1600	1450
Marriage	3,500	7700	13000	7300
Marriage Anniversary	650	1600	2200	1300
Child-Birth	1,300	3100	5700	3500

Key Insights

- **77%** of participating GCCs provide corporate gifts to their employees
- Some organizations are transitioning towards incorporating eco-friendly and sustainable gifts such as plants, handcrafted items, and eco-friendly hampers into their corporate gifting strategy. This not only benefits the environment but also enhances the brand's reputation as socially and environmentally responsible

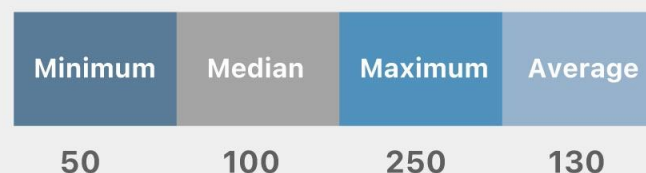Source: Zinnov Research and Analysis

Utilizing joining bonuses as part of the onboarding process can enhance the new joiner experience by attracting talent and fostering a positive brand impression

While joining bonuses are not a novel concept, their structure and utilization can evolve to align with changing workforce dynamics and organizational needs. For instance, some organizations may offer joining bonuses tied to specific skills or certifications in high demand, ensuring a competitive advantage in talent acquisition
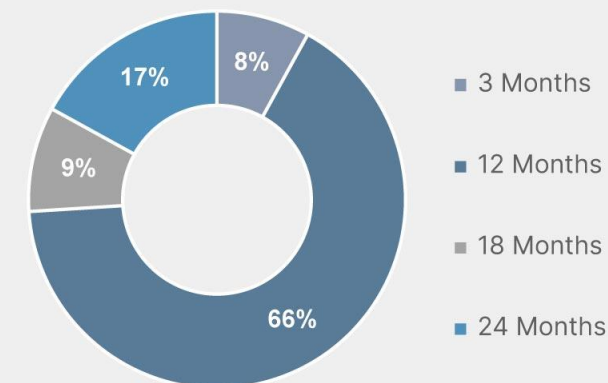
Adoption Rate of Joining Bonus

Level	2020-21	2021-22	2022-23
Junior	82%	81%	83%
Middle	77%	75%	77%
Senior	79%	66%	71%
Top	42%	38%	46%
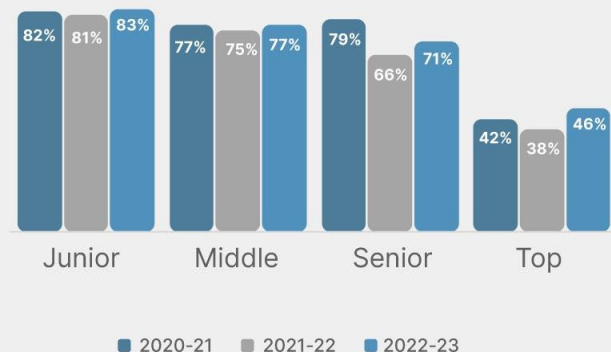
Cash Value of the Joining Bonus Given (in INR 000's)

Minimum	Median	Maximum	Average
50	100	250	130

Minimum Tenure for Availing Joining Bonus

- 3 Months — 8%
- 12 Months — 66%
- 18 Months — 9%
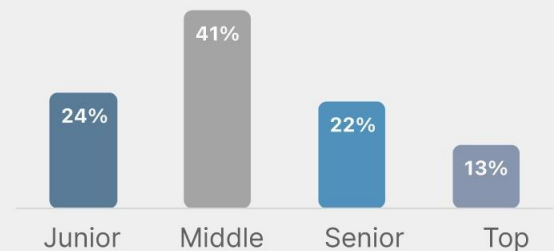- 24 Months — 17%

Key Insights

- **89%** of participating GCCs offer a Joining Bonus to new hires
- **7%** of participating GCCs offer joining bonuses to gig employees
- The appropriate tenure for a joining bonus varies based on factors such as organizational objectives, role nature, and industry norms. For instance, the standard tenure is 12 months, while some companies, especially those requiring niche skills, opt for a longer 24-month tenure, signifying a significant investment in training and development
- Organizations experiencing high attrition may opt for shorter tenures for joining bonuses to address retention challenges effectively
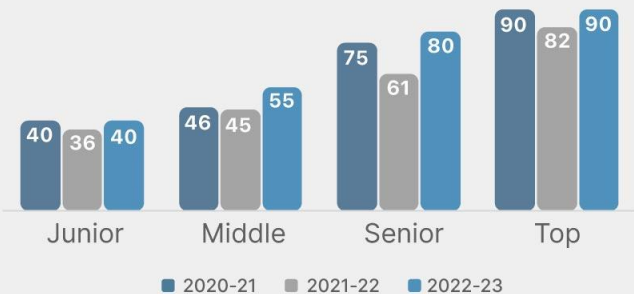
Organizations are increasingly adopting referral programs as a cost-efficient strategy to access diverse talent

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Employee referral programs tap into existing workforce networks, potentially securing hires that align with the company culture and exhibit longer retention. These programs not only enhance employee engagement through incentives but also offer a cost-effective hiring strategy by eliminating expenses associated with advertising, interviewing, and onboarding. Leveraging the networks of current employees, referral programs contribute to a more efficient and culturally aligned recruitment process
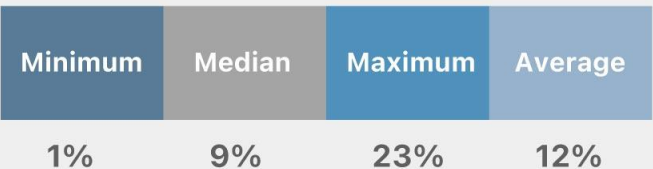
Total Intake From Employee Referral Programs for 2022-23 (as a Percentage of Total Hires)

Category	Percentage
Junior	24%
Middle	41%
Senior	22%
Top	13%

Cash Value of the Incentive Given (in INR 000's per employee)

Level	2020-21	2021-22	2022-23
Junior	40	36	40
Middle	46	45	55
Senior	75	61	80
Top	90	82	90

Average Dropout Ratio for Employees Hired Through Referrals

Minimum	Median	Maximum	Average
1%	9%	23%	12%

Key Insights

- **98%** of participating GCCs have Employee Referral Programs
- **9%** of participating GCCs have Employee Referral Programs for gig workers
- **53%** of participating GCCs have Special Referral Campaigns to hire a diverse set of employees (e.g.: PwD, LGBTQ+, Women, etc.)
- Organizations may leverage boomerang referrals and encourage current employees to refer former colleagues who have left the organization but could potentially return in a new role, leveraging their institutional knowledge
- **Spouse/partner** referral programs may be leveraged by companies to encourage existing employees to refer their spouses or partners for job openings within the company. Spouses or partners working for the same company may experience a greater level of comfort and familiarity, which might improve overall work-life balance and job satisfaction and also enable the organization to tap into talent through employees' personal networks
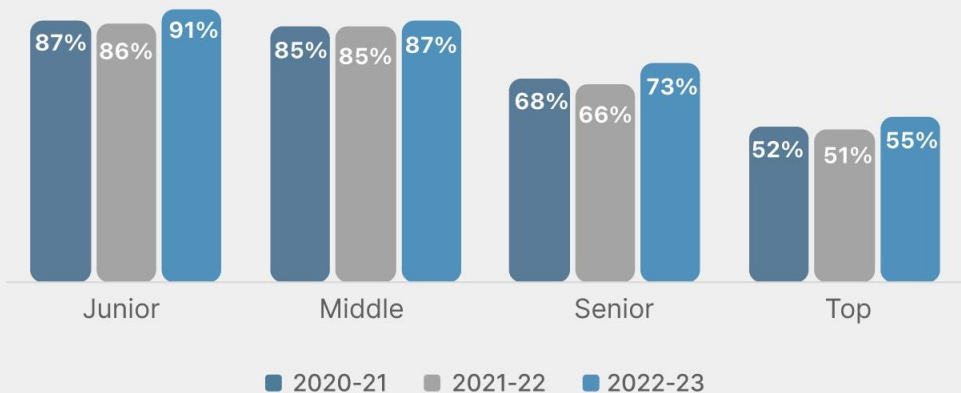
Fostering a culture of inclusivity, collaboration, and employee engagement through socialization activities will be crucial for overall team well-being and productivity

Organizations are actively supporting socialization activities for employees in hybrid work environments by implementing a variety of strategies and initiatives. These efforts are designed to promote team bonding, maintain company culture, and ensure that both in-office and remote employees can engage in social activities effectively

Average Budget Allocated for Socialization Activities (in INR per Employee)

Category	Value
Company Off-sites	4,600
Sports Day	1,200
Annual Day	1,330
Team Dinner	1,000
Family Day	1,500
Birthday	730
Festival	800
Annual Corporate Gifts	2,820

Adoption Rate of 'Buddy' Programs

Level	2020-21	2021-22	2022-23
Junior	87%	86%	91%
Middle	85%	85%	87%
Senior	68%	66%	73%
Top	52%	51%	55%

Key Insights

- **98%** of participating GCCs have Socialization Activities for their full-time employees
- **73%** of participating GCCs have Socialization Activities extended to contract employees as well
- Organizations may invest in creating hybrid-friendly office spaces that are conducive to socialization and team interactions. This could involve renovating office layouts, setting up collaboration areas, or providing resources for team-building activities
- Some fully remote organizations host quarterly social engagement events, covering travel and accommodation costs. This underscores their commitment to fostering a sense of community and camaraderie among the remote teams
- Some organizations leverage "**electronic dining**" involving sharing meals, even when physically separated, by connecting through the internet to foster employee engagement

Enhancing Corporate Social Responsibility (CSR) initiatives may boost employee engagement via purpose and pride, resulting in a more productive and committed workforce

Corporate Social Responsibility (CSR) initiatives are closely linked to employee engagement. When a company's CSR activities align with employees' values and societal concerns, it fosters a shared sense of purpose. Employees who identify with these initiatives feel more connected to the organization, leading to increased engagement. Additionally, CSR efforts often create a positive workplace culture, making employees proud of their association with the company. This alignment with societal and environmental goals can boost employee morale, productivity, and commitment, ultimately benefiting both the organization and the community

Framework to Leverage CSR to Enhance Employee Engagement

Impactful Selection

Encourage employees to propose and select CSR initiatives aligned with their personal passions and interests. This unique approach ensures that employees are deeply engaged in causes they genuinely care about

Collaborative Execution

Form cross-functional teams composed of employees from various departments to execute CSR projects. This collaboration not only enhances engagement but may also foster a sense of unity and camaraderie among employees

Holistic Recognition

Recognize employees not only for their contributions but also for the skills they bring to CSR projects. Highlighting and appreciating their unique talents may further motivate and engage them

Continuous Impact Feedback

Establish a feedback mechanism to gather employee insights and suggestions on CSR initiatives. Use this feedback to adapt and improve the CSR program, ensuring it remains engaging and relevant
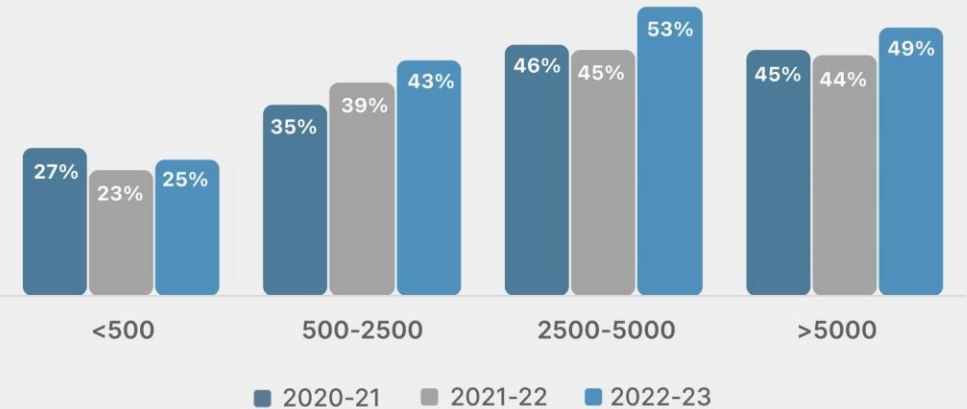
Key Insights

- **93%** of participating GCCs have social engagement activities dedicated to social causes

- **33%** of participating GCCs have donation matching schemes for employee's social contribution

- **67%** of participating GCCs enable their employees to choose how they want to contribute

- Organizations are increasingly utilizing **Social Impact Hackathons** to spur innovation, tackle social and environmental concerns, and foster community engagement. These events gather participants, often including company employees, who collaborate intensively over a brief period to devise inventive solutions for pressing social challenges

Organizations are increasingly recognizing the importance of supporting the financial well-being of their employees as a vital component of holistic wellness

Many companies recognize the importance of supporting their employees' financial well-being and offer loan assistance programs as part of their benefits package. These programs can take various forms, including student loan assistance, vehicle loan assistance, personal loans, etc. These initiatives align with the broader trend of employers offering holistic benefits packages that address various aspects of employees' lives, including their financial stability

**Adoption Rate of Loan Assistance
(By Organization Size)**

<500	500-2500	2500-5000	>5000
27% 23% 25%	35% 39% 43%	46% 45% 53%	45% 44% 49%

■ 2020-21 ■ 2021-22 ■ 2022-23

Adoption Rate of Different Types of Loans

Vehicle Loan	71%
Medical Loan	87%
House Loan	35%
Personal Loan	88%
Marriage Loan	26%
Education Loan	77%

Key Insights

- **59%** of participating GCCs offer Loan Assistance to their employees
- **11%** of companies provide a hardship allowance to recognize employees working under **challenging conditions**
- Organizations typically offer hardship allowances based on factors such as location, climate, health hazards, etc.
- In cases where there is a linkage to basic pay, hardship allowances generally range from 7-10% of an employee's basic salary

Source: Zinnov Research and Analysis

Organizations are introducing new Leave Policies to enhance support for personal needs and adapt to evolving workforce expectations

## Leave Policies Prevalent in GCCs

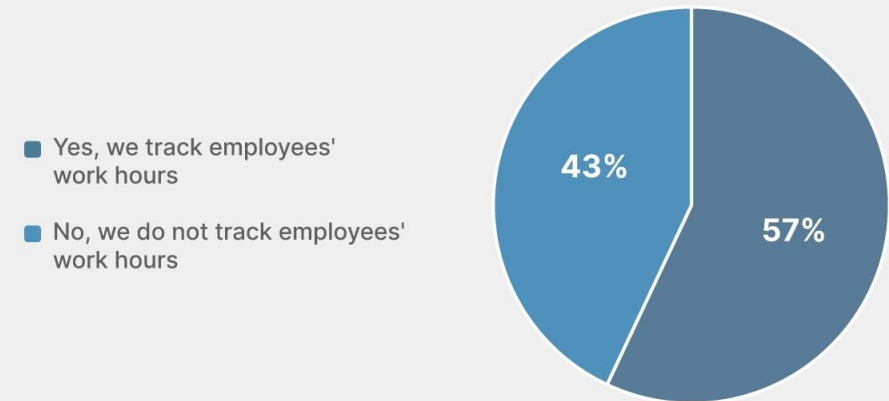| Type of Leave	Description	Average Number of Leave Days
Bereavement Leave	Leaves that can be availed when an employee's close family member passes away	7 days
Volunteering Leave	Leaves that can be availed by employees to take time out for some social or community service	10 days
Caregiver Leave	Leaves that allow employees to take time off from work to provide care and support to their family members who are ill, disabled, or in need of assistance	13 days
Wellbeing leaves	Leaves that allow employees to unplug themselves from work. Also known as 'Reset and Recharge' time	3 days
Medical Exigency Leave (ML)	Leaves provided by organizations to allow employees to take time off work for urgent and critical medical reasons	30 days
Sex Reassignment Surgery Leave	Sex reassignment surgery refers to surgical procedures that alter genitalia and physical features to mimic the characteristics of the opposite sex	33 days
Menstrual Leaves	Leave that allows employees to take time off from work during their menstrual cycle	1 day

Flexible work hours may help organizations in aligning employees' work schedule with peak performance

The evolving nature of work has led to a divergence in approaches to work scheduling. While some organizations still adhere to the traditional 9-5 work culture with strict timing, many others are embracing greater flexibility in work hours. Strict timing offers predictability, traditional structure, team coordination, and consistency. In contrast, flexible scheduling prioritizes work-life balance, productivity, talent attraction, adaptability, employee well-being, and a results-oriented approach

Work-time Policy adopted by Organizations

- Fixed Time
- Fully Flexible
- Partially Flexible

19%
6%
75%
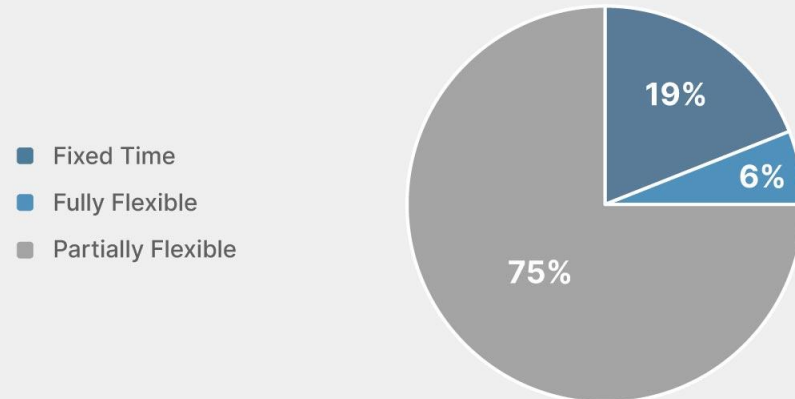
Percentage of Organizations Tracking Work Hours of Employees

- Yes, we track employees' work hours
- No, we do not track employees' work hours

43%
57%

Key Insights

- Organizations are shifting towards creating **results-oriented work environments** that prioritize outcomes over the number of hours worked. Employees are evaluated based on the quality and efficiency of their work rather than the time spent on tasks

- On average, organizations require employees to work for **42 hours/week**

- Organizations are also experimenting with various flexible work hours arrangements like shift swapping, compressed work week, part-time work, annualized hours, etc

Supporting Learning & Development (L&D) in a hybrid work environment may prove to be paramount for organizations aiming to adapt to change, maintain competitiveness, and engage employees effectively

Organizations are making substantial investments in upskilling and reskilling their workforce to cultivate future readiness, enhance adaptability, and foster agility. This proactive approach enables organizations to effectively tackle the challenges and uncertainties that lie ahead, emphasizing the importance of continuous learning and skill development in thriving within an ever-evolving business landscape

Organizations that link Trainings to Employee's Performance Management and Development Plan

- Yes
- No

13%
87%
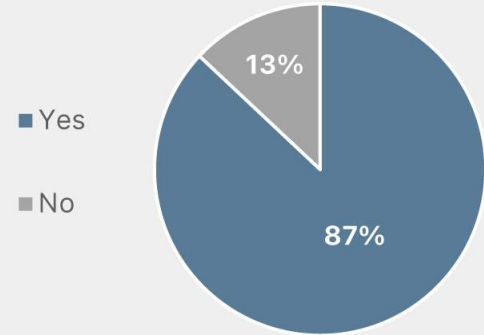
Organizations' Preference for sourcing Trainers/SMEs

- Internal
- External
- Combination of both

4%
21%
75%
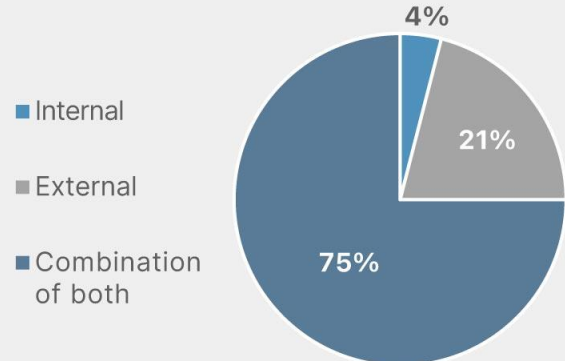
Cost incurred for Employee Training (in INR per employee)

Levels	P25	P50	P75	Average
Junior	7,750	10,525	14,575	11,500
Middle	11,150	15,250	20,550	16,050
Senior	17,600	24,500	31,450	25,050

Key Insights

- **89% of Gen-Z** employees express a strong desire for ongoing learning and professional development, considering it a critical factor in their decision to either join or remain with an organization. This underscores the imperative of offering growth opportunities to attract and retain this digitally adept generation

- Some GCCs are enabling **microlearning** through short, focused, and bite-sized learning modules designed to deliver specific knowledge or skills quickly, making it easier for employees to fit learning into their busy schedules

- Organizations may implement **Adaptive Learning** pathways by using **Generative AI** to analyze performance data and recommend personalized learning resources. This approach not only enhances employee development but also aligns with individual goals, requiring ongoing monitoring and maintenance for continued success

Source: Zinnov Research and Analysis

Organizations may foster career growth and leadership development through comprehensive development initiatives

Development Programs Prevalent in GCCs

Type	Program Definition	Adoption Rate
Formal Career Path Architecture	A structured framework that delineates various roles and progression levels within an organization, along with the necessary skills and qualifications for each role, providing employees with a clear roadmap for career advancement	58%
Job Shadowing	Job shadowing allows individuals to observe and learn from professionals in different roles within the organization, providing valuable insights and practical experiences related to specific job positions or career paths	93%
Potential Assessment	The evaluation of employees' skills, strengths, and potential for advancement within the organization. This assessment aids in identifying high-potential individuals and tailoring their career development plans	47%
Job Enrichment	Job enrichment involves enhancing job roles to make them more engaging and fulfilling. This can entail adding new responsibilities, increasing autonomy, and fostering skill development within existing roles	81%
Career Guidance Programs	Programs that connect employees with career counselors or mentors who guide setting and achieving career goals, making informed decisions, and navigating their professional journeys	67%
Talent review to build the leadership pipeline	Talent review processes identify high-potential employees and create development plans to prepare them for leadership roles. This ensures a steady supply of capable leaders within the organization	75%
Competency Development	Initiatives aimed at strengthening specific skills and competencies required for employees' current or future job roles, often involving training, workshops, and on-the-job learning experiences	83%

AGENDA

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CREATING ACCESSIBLE AND INTELLIGENT EMPLOYEE BENEFITS WITH GENERATIVE AI

- Leveraging Generative AI can boost employee productivity by up to **35%** depending on employee skill levels

- Investment in Generative AI has seen a notable surge since 2020, with a remarkable 200% increase in investments from 2020 to 2022

- Generative AI can create **personalized learning pathways** by using performance data to adapt in real-time. These pathways recommend resources based on an employee's strengths, weaknesses, and learning style, optimizing training outcomes for organizations

- AI-driven analysis of behavioral patterns can proactively detect employees at risk of burnout and design **tailored wellness programs** to address workload issues, reducing the likelihood of employee turnover

salesforce

Salesforce is leveraging Generative AI to establish an internal talent marketplace that matches current employees with open positions, learning prospects, and mentorship options tailored to their skills and career aspirations. This platform proactively presents opportunities at crucial career junctures, allowing employees to continually advance their careers within the company

qualtrics.XM

Qualtrics plans to invest USD 500 Mn in AI tool development over the next four years. The company has added predictive AI features to XM for People Teams to help analyze employee behavior and address attrition concerns. For HR teams, the company has introduced Manager Assist, an AI-powered tool that interprets pulse survey data and provides plain-language summaries, key takeaways, discussion points, and actionable insights

Source: National Bureau of Economic Research, Zinnov Research and Analysis

DIFFERENTIATING EMPLOYEE EXPERIENCE WITH EXPERIENTIAL LIFESTYLE BENEFITS

- Recent trends show a shift towards experiential gifting, prioritizing memorable experiences over physical gifts. These experiences can include spa retreats, gourmet dining, adventure trips, and personalized workshops, offering a more meaningful and lasting form of gift-giving

- **13%** of GCCs offer lifestyle benefits to employees

Adobe

Adobe supports employee experiences by offering reimbursement for a variety of activities and experiences, demonstrating Adobe's commitment to promoting a well-rounded and fulfilling lifestyle for the company's employees. Some of the experiences include:

- **Therapeutic massages:** Ayurvedic, Aromatherapy, Swedish massages, etc

- **Activities:** Skydiving, Bungee Jumping, Paragliding, Parasailing, Scuba Diving, Snorkeling, Flying Fox, Giant Swing, River Rafting, Zip Line, Sea Walking, Bowling, and similar activities

- **Art classes:** Pottery, Painting, etc

qualtrics^XM

- Qualtrics offers employees an annual "experience bonus" worth USD 1,500, available to those who have completed at least one year with the company.

- This unique benefit is designed to help employees fulfill a personal "dream" experience, inspiring them to try something new and adventurous that they might not have considered otherwise. It reflects Qualtrics' commitment to enhancing the employee experience and promoting personal growth and well-being

ADDRESSING THE DEMANDS OF THE EXPANDING GIG-WORKFORCE

- India's journey to a USD 5 Tn economy relies significantly on its 7.7 Mn gig workforce, poised to grow to **23.5 Mn** by 2030, as per a NITI Aayog report. This expansion is expected to generate **USD 250 Bn** in economic activity, underscoring the pivotal role of gig workers in India's economic development

- Pre-pandemic, half the gig workers were concentrated in two sectors – **Retail Trade and Transportation**, mostly app-based ride-hailing services and last-mile deliveries. But this changed in the wake of the pandemic, with the **Finance & Insurance, and IT sectors** witnessing a **31%** and **20%** increase in engagement with gig workers. Additionally, it is expected that the percentage of gig workers in the IT sector will touch **35%** shortly – which is significant, especially given the current talent dichotomy of workforce reduction on the one hand, and skilled labor shortage on the other

- Companies should aim to build lasting relationships with their top gig workers, viewing them as valuable extensions of the organization. This approach involves creating a welcoming **office culture** that integrates temporary workers into group activities whenever feasible, fostering collaboration and a sense of belonging

- Organizations may offer gig employees access to **Healthcare coverage** by enabling them to pay monthly premiums to join a group health plan. This might be a cost-effective alternative to individual market coverage, providing gig workers with the benefits of a collective insurance plan

- **Bonuses** may serve as effective incentives for motivating and rewarding gig employees, especially for high-quality work, early project delivery, and cost management.

- Organizations may support the development of gig employees by providing gig workers with **training and certification assistance**, enabling them to acquire valuable skills applicable in various settings

The future of Employee Benefits requires a strategic shift that acknowledges the intricate interplay between diverse benefits, individual career stages, and the evolving workforce expectations. By aligning benefits with these dynamics and creating a holistic Employee Benefits strategy, organizations can cultivate a culture of excellence, elevate employee satisfaction, ensure robust talent retention, and ultimately thrive in the dynamic and competitive business arena

ABOUT US

Founded in 2002, Zinnov is a leading global management consulting and strategy advisory firm, with a presence in 10 global locations including New York, Santa Clara, Houston, Seattle, Paris, Gurgaon, Bangalore, Hyderabad, and Pune. In the last 21 years, Zinnov has partnered with Global Enterprises and Fortune 2000 companies across their value-creation journeys to develop actionable insights – across revenue, talent, innovation, scale, and optimization. As part of our Talent Practice, we work as a trusted partner to our clients to link talent to value. We work together with our customers to identify, develop, and operationalize talent strategies that tackle some of the most pressing talent challenges across the value chain – from Talent Acquisition, Retention, and Engagement; Employer Branding; Compensation, and Benefits; and Inclusion, Diversity, and Equity.

Our areas of expertise include -

- **Talent Strategy:** A custom approach for talent engagement - across a hybrid/remote workforce model aimed at identifying and assessing existing talent strategies and defining new-age approaches for high-value talent engagement and performance.

- **Employer Branding:** Helping distill and unlock employee value proposition, with a curation of a compelling employer brand and value proposition, deeply aligned to both the organization's business and talent priorities. We help customers define and operationalize a seamless brand experience across multiple touchpoints in the employee lifecycle.

- **Total Rewards:** Defining and structuring context-driven compensation philosophies, as well as enabling our customers to have a flexible yet competitive compensation strategy attractive for new-age talent.

- **Inclusion, Diversity, and Equity:** We design a comprehensive IDE strategy that goes beyond a broad stroke alignment and focuses on the diversity of the talent pool across genders, geographies, races, sexual orientations, and generations to drive both current and future value. We also enable organizations to solve microaggressions and address systemic biases continuously to drive inclusion at a fundamental level.

- **Returnship:** The curation of talent with a deep focus on getting the right talent into the right roles, through the mechanics of a relatively untapped channel - reintegrating people on career breaks. We outline and implement strong Returnship programs to enable organizations to create a sustainable, scalable, and long-term talent strategy.

For more details, visit: www.zinnov.com

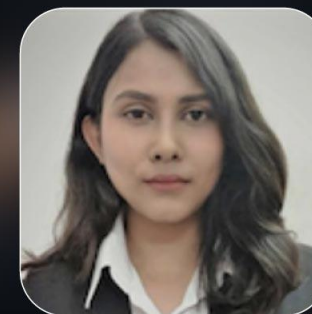# MEET THE TEAM

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