THE FUTURE OF WORK(ERS)

A WAY FORWARD

JULY 2021

intellecap
AAVISHKAAR GROUP

FORD FOUNDATION

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ABOUT THE REPORT

1.1 Context

Forces of change such as technological advances, demographic shifts, rapid urbanization, evolving regulatory landscape etc. determine the pulse of Labor Markets globally, which in turn hold important implications for both the worker and the workplace.

The Indian Labour Market is characterized by high levels of segmentation and informality, with disruptive trends and events that engender significant employment and income instability for the workforce. National Sample Survey (NSS) data from 2011-12 reveals that of all non-agriculture labour, nearly 75% of rural workers (69% urban workers) are engaged in the unorganized sector with 85% rural workers (73% urban workers) having no formal job contracts.

Additionally, the International Labour Organization (ILO) India Wage Report showcases that low pay and wage inequality continue to present serious challenges in the country's pursuit of achieving decent working conditions and inclusive growth. In 2011–12, the average wage in India stood at about INR 247 per day, and the average wage of casual workers was an estimated INR 143 per day. Although wage inequality in India has seen a gradual decline over the years, it is still substantially high with the GINI coefficient for wages at 0.49.

This state of the Indian Labor Market has been exacerbated by the COVID-19 pandemic and the ensuing country-wide lockdowns. Economic activities being halted led to the most severe consequences for the most vulnerable segments of the workforce.

Even as the pandemic has pushed back progress made across multiple socio-economic fronts, it has presented us with

India wage report: Wage policies for decent work and inclusive growth, ILO, 2018 an opportunity to build back better. We believe that unless we center our thinking around the intertwined fates of working people, and their struggles for economic, racial, and gender justice, we cannot plan for a humane and sustainable future. In order to address existing structural inefficiencies of our labour market, equip the workforce to better deal with disruptive forces and events in the future and ensure a decent standard of living for all workers, it is imperative to look at both the demand and supply side perspective to more thoroughly understand challenges and arrive at solutions. With this in mind, Intellecap undertook in-depth research during the pandemic to understand the aspirations, needs and challenges of existing as well as the incoming workforce. We also assessed the industry's point of view on the impact of disruptive forces on the worker as well as the workplace. Based on these research findings, we plan to focus on building a support ecosystem and bringing together relevant stakeholders for improving the quality of our workforce, enabling market linkages, and supporting enterprises to provide better working conditions and a reasonable standard of living to their employees; so as to shape the future of work(ers) in India.

Macro /Micro economic conditions

Social conditions
Political conditions
Social security

Quality of Laborers

Individual qualities
Educational qualification
Standard of living

Working Conditions

Factory and environment
Working hours
Wage rates and regularity
Technology and Innovations
Career prospects

Organizational and Managerial Ability

Efficient Management
Labor relationships
Attitude of the management

Regulatory Ecosystems

Labor policy
Trade unions

Concerns on the impact of Technology, Innovation and Black-Swan events on Labor ecosystem

- Technological unemployment – potential to replace large workforce
- Routinization and dehumanization of work
- Lower wages and benefits
- Rising inequality
- Job polarization
  - Shift towards high-skill / high-wage and low-skill / low-wage jobs
  - Routine-biasedtechnological change and offshoring
- Weaker bargaining position for workers (esp. unskilled)
- Potentially reduced scope for social protection / redistribution

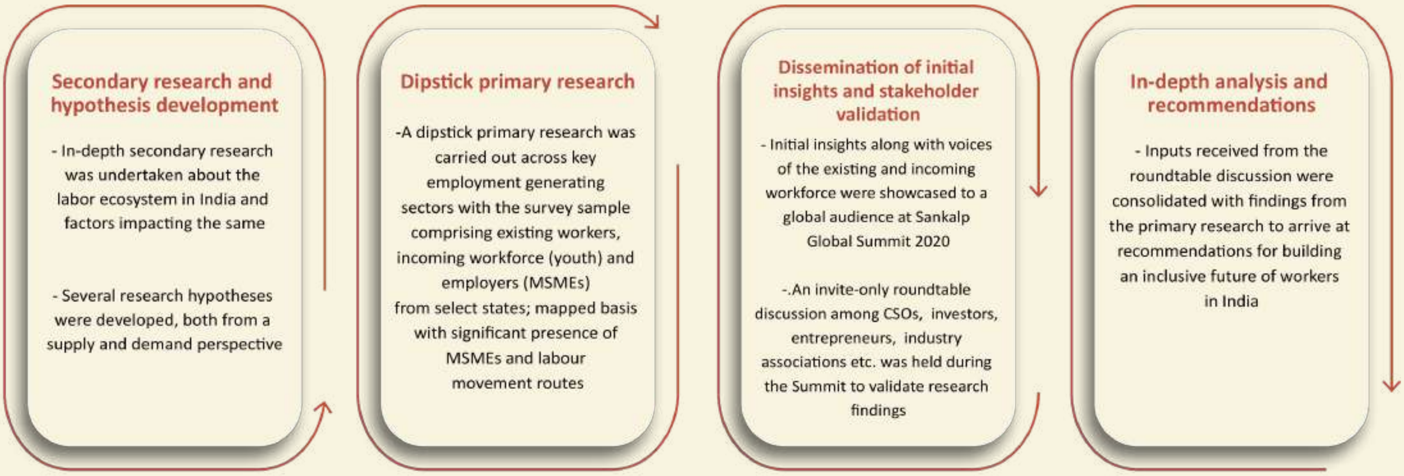
Looking ahead – Long term view

Standard view	Alternate view 1	Alternate view 2
- Disruptive progress - Increase in productivity - Increase in employment - Increase in wage	- Lack of true technology progress - Productivity slowdown	- Technology optimism - High economic growth - Increased wages - Inequality and - Lack of political sustainability

2

APPROACH AND METHODOLOGY

In this section we discuss and detail the approach adopted for the research and to arrive at recommendations for shaping the future of workers in the country. We adopted a four step approach (as illustrated in the Figure below) that included a) secondary research and developing early hypotheses b) a dipstick research across various employment sectors and locations in the country, c) limited dissemination of the initial insights for stakeholder validation, and d) collating the inputs and conducting in-depth analysis to arrive at the recommendations.



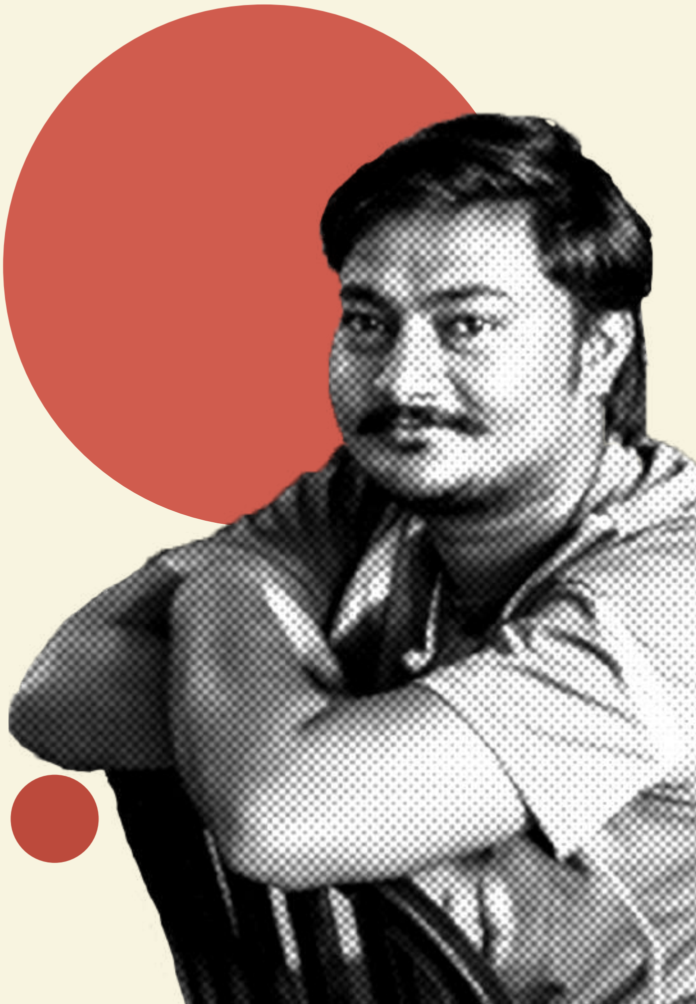
2.1 Research Design

We adopted a four step approach to identify the research participants.

1. **Identification of focus sectors.** Based on data available for employment generation by sectors in census 2001 and the All India Report of Sixth Economic Census, we focused on industries that have a larger share of the total employment. We identified a) Manufacturing and b) Retail as the two focus areas for the situational analysis, each employing 23% and 21% of the workforce respectively.

2. **Identification of enterprises / employers**. In the second step, we analyzed the industry by size of the company (Micro, Small, Medium and Large). Given that MSMEs are largest employment generators in the Indian economy (other than agriculture), we focused on them to plot states/locations (clusters) with a concentration of the industry categories. This approach helped us in capturing companies across the spectrum of firm size and from various geographies.

3. **Identification of research locations.** Subsequently, we identified labour migratory paths and the states/locations (clusters) that supply labour for these industry categories.



4. Identification of the respondents. These clusters formed the geographical units for survey respondents. The sample distribution or the survey is as follows:

Respondents/ Informants	Target group	Sample Size	Locations
Employers	Entrepreneurs Business owners	141	• Andhra Pradesh • Delhi • Gujarat • Karnataka • Madhya Pradesh • Maharashtra • Punjab • Uttar Pradesh
Existing Workforce	Currently employed in a MSME Currently not employed but have the experience of working in a MSME	600	• Andhra Pradesh • Gujarat • Maharashtra • Madhya Pradesh • Uttar Pradesh
Incoming workforce	Youth with no work experience and looking for an entry-level job	152	• Andhra Pradesh • Gujarat • Maharashtra • Madhya Pradesh • Uttar Pradesh

Key situational analysis questions on the supply as well as demand side have been detailed below.

	Indicative areas of information
Supply Side	• Demographic details such as age, gender, location etc. • Details of work experience so far • Nature of employment (self-employed/ salaried, part-time/ full-time) • Contractual relationship with employer (written/ oral) • Workplace conditions • Details of pay and benefit package received • Impact of technology • Access to training/ self-development opportunities • Impact of COVID-19
Demand Side	• Current state of informal workforce (challenges and benefits) • Impact of disruptive forces on the workplace and the workforce • Evolving nature of jobs being created • Skill sets required for jobs of the future • Impact of COVID-19 on workforce as well as nature of jobs • Women in the workforce • Ability to access Government schemes

2.2 Insights dissemination and stakeholder validation

Initial findings from the research study were used to inform the Common Action Conclave at Sankalp Global Summit in November 2020. The goal of the Conclave was to bring relevant stakeholders together in order to discuss how the future of work(ers) in India is likely to evolve and how the ecosystem can come together to co-create solutions for the most vulnerable segments of our workforce.

The Conclave was designed as a half day workshop, beginning with Intellecap and its partners sharing findings from the research study and showcasing both the supply and demand side perspective on Future of Work to the audience.

The research findings' dissemination was followed by an Invite-Only Roundtable which was designed to act as a sounding board for co-developing a 'call to action' to mobilize ecosystem players to address the question of future of work and workers in India.

Details of the structure of the Common Action Conclave along with participation and discussion areas of the said event have been included in section 5- Annexure.

An Invite-Only Roundtable was designed to act as a sounding board for co-developing a 'call to action' to mobilize ecosystem players to address the question of future of work and workers in India.

3

FINDINGS OF THE STUDY

In this section, we discuss key findings from the research, with each stakeholder category detailed in separate sub-sections. We will initially describe the findings from research conducted with the a) Incoming Workforce or Youth, b) followed by a section on the Existing Workforce, and finally c) concluding with the Employers category of our respondents.

3.1 Youth - Incoming Workforce

A total of 152 youth, with median age 22, participated in the survey. The sample was spread across multiple states such as Uttar Pradesh, Gujarat, Madhya Pradesh, Maharashtra, and Andhra Pradesh. The study identifies different personas of the incoming workforce along with their aspirations, preferences and perceived challenges with respect to employment and skilling. It also analyzes the level of uptake and preferences for vocational training among the youth along with their awareness and observations about the concept of 'GIG economy'.

3.1.1 Emergent personas of the incoming workforce

Based on self-reported data around attitude about the future, we see the respondents falling into two categories - "Pessimists" and "Optimists". While "Pessimists" typically have a negative attitude towards the future in terms of employment opportunities, "Optimists" believe that the future will be good for them. The ratio of "Optimists" (52%) to "Pessimists" (48%) across our survey sample was in favor of the former. Demographically (age, gender, education wise), there are no significant differences between these two personas.

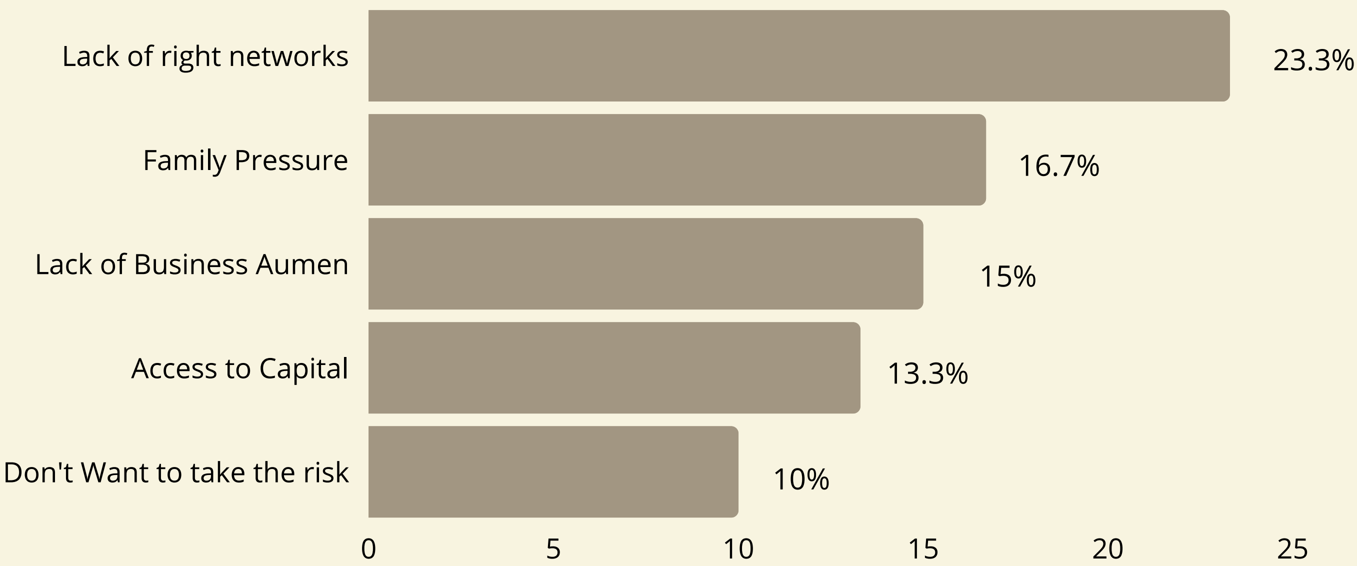
3.1.2 Aspirations, preferences and perceived challenges w.r.t. employment and skilling

While a mere 3.9% wanted to take the entrepreneurial route, more than three-fourth (78.3%) of the youth respondents in the survey wanted to have a permanent job. It was observed that a higher proportion of "Pessimists" are inclined to take a job in the private sector, "Optimists" are more inclined to take up government jobs.

Type of jobs		Survey participants	
	Overall	Pessimists	Optimists
Government Job- Permanent	56.6%	53.3%	59.7%
Private Sector Job- Permanent	21.7%	25.3%	18.2%
Private Sector Job- Contractual	10.5%	13.3%	7.8%
Government Job- Contractual	4.6%	1.3%	7.8%
I want to start my own business	3.9%	4.0%	3.9%
Home based work	2.6%	2.7%	2.6%

Given the catalytic impact of entrepreneurship on job creation, respondents were asked about specific reasons for not preferring entrepreneurship. Top reasons cited for this included a) lack of networks (23.3%), b) family pressure (16.7%), and lack of business acumen (15.0%).

Reasons for not taking the entrepreneurship path



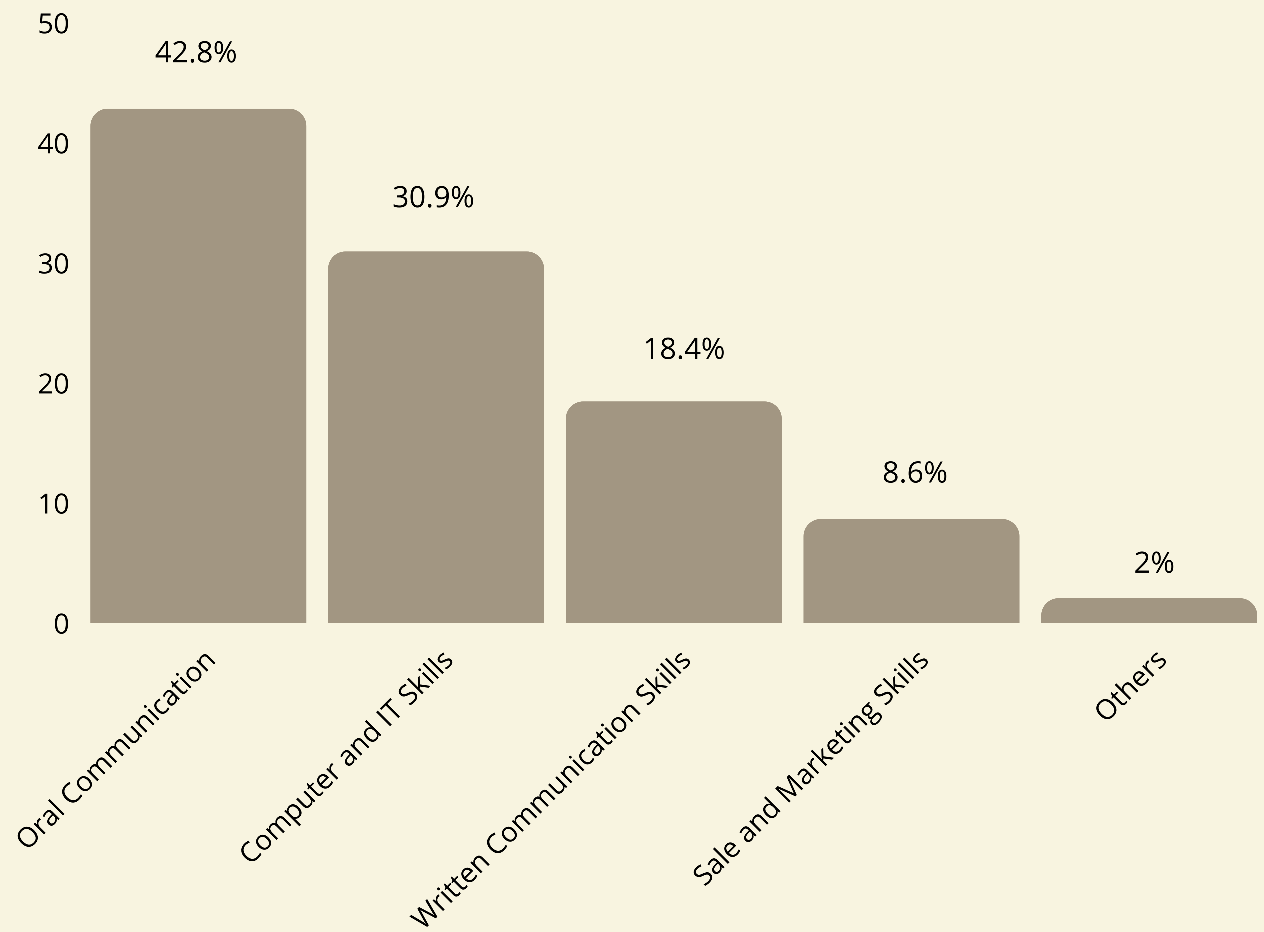
The COVID-19 pandemic seems to have played a key role in the preferences of youth respondents with respect to mode of employment i.e. Government and private sector jobs. The top three criteria to select any job are healthcare and insurance facilities, job security, and personal safety. Salary, bonus, or flexible work arrangements do not seem to be top considerations for seeking employment.

The youth were also asked about anticipated barriers to finding their ideal job. The analysis reveals that over one-fourth of the youth believed that a “lack of skill sets” along with a “lack of information regarding job search and occupational development” would be key barriers for them. Another important barrier highlighted by survey respondents was the lack of mentorship and counseling opportunities so as to make the right career choices.

Anticipated barriers to obtaining the ideal job	Share of respondents
Lack of skill set	15.1%
Lack of information	13.1%
Personal bias	13.1%
Access to finance	11.1%
Discrimination	10.5%
Lack of education	9.8%
Lack of guidance	7.8%
Lack of soft skills	6.5%
Others	12.5%

Majority of the respondents noted oral communication skills (42.8%) followed by computer and IT skills (30.9%) as top skills they needed to be able to obtain their ideal job. The lack of English language skills (both oral and written) was highlighted as a key development area.

Skills required to get employment



“WITH MOST OF US HAVING RECEIVED A HINDI-MEDIUM EDUCATION, THE INABILITY TO COMMUNICATE IN ENGLISH PRESENTS A KEY CHALLENGE. NOT KNOWING THE LANGUAGE NOT ONLY IMPACTS OUR CONFIDENCE BUT ALSO INHIBITS US FROM EXPRESSING OUR PERSPECTIVE AS WELL AS UNDERSTANDING THAT OF OTHERS”

– SURVEY RESPONDENT (YOUTH),
MADHYA PRADESH

Watch the full video here

3.1.3 Uptake of vocational training

Even as vocational training could be a solution to the lack of skill sets highlighted by our youth respondents, the uptake of such training is not particularly high in the country. One of the key reasons is the negative perception attached to vocational training with it being viewed as a last resort for those who have opted out of the formal education system.

Among the youth, a vast majority (91.4%) had not taken up or undergone any vocational training. Across the two personas, compared to "Pessimists", a slightly higher proportion of "Optimists" had taken up a vocational course. The top three reasons for taking up a vocational course include a) the desire to develop additional skill sets (23.1%), b) promise of placements (13.5%), and c) suggestions and recommendations from friends (11.5%). However, lack of access to finance was ranked as the top reason by survey respondents, for not being able to undertake vocational training. A comparison across the two personas reveals that qualitative factors such as a) lack of placements, b) quality of the trainer and c) lack of access to finance were the main reasons for "Optimists" not to take up a vocational course, while access and attitudinal factors such as a) did not feel the need for it, and b) distance of the vocational institutes were the primary reasons for "Pessimists" not taking up a vocational course.

Reasons for not taking up vocational training	Pessimists	Optimists
Lack of access to finance	16.7%	14.2%
Did not feel like I needed it	16.7%	11.3%
It was not in the subject that I wanted	13.8%	13.2%
I did not like the trainer	13.8%	15.2%
It was too far away from my place	15.7%	10.8%
There were no associated placement opportunities	10.5%	16.2%
Others	12.9%	19.1%

In addition to enabling market linkages for vocational training institutions, select initiatives such as financing students or enabling them to access government schemes in this regard, along with showcasing successful career progression stories of students from these institutes are imperative to increase the uptake of vocational training in the country.

Willingness, appetite, and preferences for training going forward

When asked about their intention to join a vocational course, a little more than half (55.9%) of the youth expressed their willingness to take up a vocational course. These were not different across the two personas. The preferred duration of the course is less than 3 months (for 50% of the respondents) and the preferred mode of delivery is a mix of the online and classroom-based curriculum.

As suggested previously, lack of access to finance was cited as one of the main reasons for not taking up the vocational course. This is in line with the fact that a majority (44.7%) of the youth want vocational courses to be free.

3.1.4 Thoughts of the incoming workforce on the gig economy

As seen previously, the preference to take up contractual jobs was limited (15%) amongst the youth we interviewed. Mirroring these sentiments, only small proportions (13.8%) of the youth have a preference to be part of the gig economy. Further discussions with the youth reveal that about three-fourth (73%) did not understand the term "gig-economy". Upon introduction of the term, more than half (54.6%) of the youth agreed that being a gig worker allows greater flexibility and choice. However, there remains a lot of doubt as it is equated to temporary or contractual work.

About half (51.3%) of the youth thought that while the gig economy can be a source of secondary income, it cannot be their primary source of income.

42% of the youth were undecided about participating in the gig economy even if it paid them well and 58.6% of them considered lack of employment benefits such as health insurance, provident fund etc. as the biggest disadvantage of being a gig worker. Another half of the youth (50.7%) also observed that the nature of employment opportunities in the gig economy would be exploitative towards workers.

3.2 Existing Workforce

A total of 600 workers across the states of Uttar Pradesh, Gujarat, Madhya Pradesh, Maharashtra, and Andhra Pradeshp articipated in the survey. Our sample comprised of 56.3% male vs 43.7% female respondents. 42.5% of the respondents are graduates/ post graduates, followed by 11.7% diploma holders, 19.3% SSC/ HSC pass outs and the rest with zero to few years of formal schooling. In this section, we cover satisfaction scores of the workforce with their current employment along with the actual and perceived impact of disruptive forces such as technology as well as the COVID-19 pandemic. We also detail their needs as well as challenges with regards to skilling opportunities for furthering career growth.

3.2.1 Employment details and satisfaction scores of the workforce

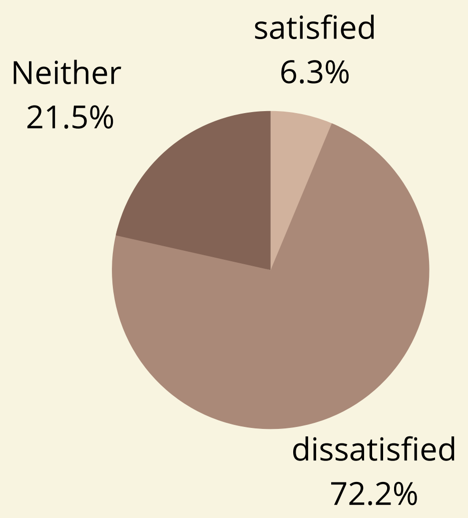
Out of the 600 workers we spoke to, almost 25% were self-employed with the rest being in permanent/ full-time (42%) and contractual (33%) employment. Almost 95% of the respondents are dependent on a singular income source.

A significant share (72.2%) of the workforce doesn't seem to be satisfied in their current employment. One of the key reasons for this is inadequate salary and associated benefits. Among the survey respondents, only 11.3%are content with the salary and other allowances being paid to them currently, with almost 30% not being able to make any savings.

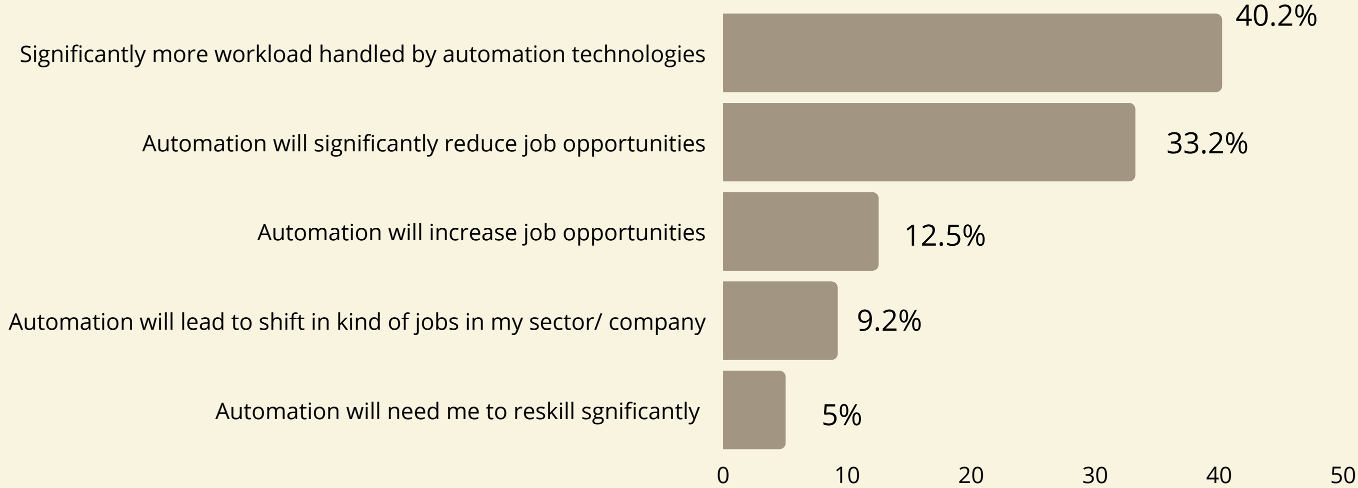
3.2.2 Perceived impact of technology

Even though 17.8% of the existing workforce has lost a job at one point or another due to implementation of automation technologies, the overall perception of utility of tools and machines is largely positive among the workforce. A small share of the workforce also realizes that automation will lead to a shift in the type of jobs available in their industry and will require them to reskill accordingly.

Satisfaction scores of workforce with current employment

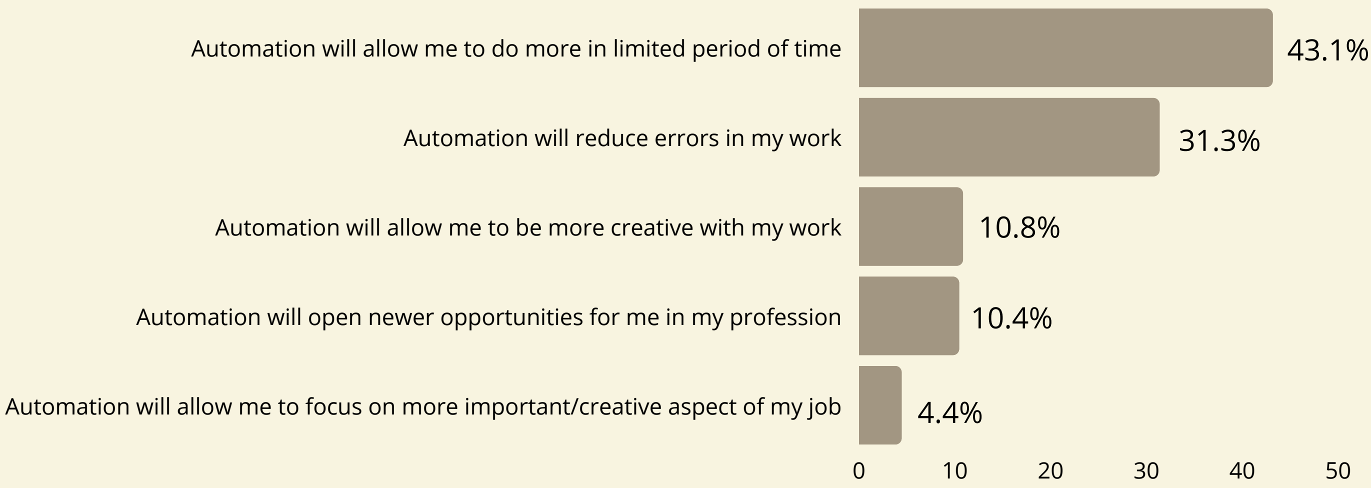


Perceived overall impact of automation



Almost half the respondents agree that automation can allow them to do their existing jobs better. According to these respondents, productivity enhancement is the biggest benefit of automation.

Perceived positive impact of automation



3.2.3 Skilling for career progression

Even with the positive disposition of the workforce towards implementation of automation technologies, 55% of the survey respondents don't think that they would be able to find another job with a different skillset, if they lost their current job. As such, half the workforce surveyed thinks that their education has not equipped them with suitable skill sets to become employable. According to our survey respondents, top skill requirements for them include understanding of new technologies (31.4%) and communication & soft skills (34.5%).

"I lost my job during the COVID-19 pandemic and am unable to find a new job so far. This is despite the fact that I am educated and have number of years of work experience. While I am open to learning again for a new job, I don't think that current skill development centers can help me get one. My brother, who is also unemployed had undergone a skill training course in an SDC in Rajasthan but he is so far unemployed" – Survey respondent (Worker), Rajasthan. In order to address this situation, the workforce is left to fend for itself given that almost all respondents reported no support from their employer when it came to helping them upgrade their skills in line with evolving job requirements. In fact, 18.6% of the workforce surveyed has invested in developing requisite skill sets with 23.2% willing to do so in the future. The prime reason for this being that majority (64.8%) of the workforce doesn't have the capacity to pay for skill-development programs. Another reason is also the negative perception about the quality of training provided at various skill development centers (SDCs) in the country and their associated placement records.

In addition to taking steps to increase the uptake of vocational training in the country, we also need to relook at the content of training being provided. Training content should support entry-level roles as well as mid-career moves due to evolving job requirements.

“I LOST MY JOB DURING THE COVID-19 PANDEMIC AND AM UNABLE TO FIND A NEW JOB SO FAR. THIS IS DESPITE THE FACT THAT I AM EDUCATED AND HAVE NUMBER OF YEARS OF WORK EXPERIENCE. WHILE I AM OPEN TO LEARNING AGAIN FOR A NEW JOB, I DON'T THINK THAT CURRENT SKILL DEVELOPMENT CENTERS CAN HELP ME GET ONE. MY BROTHER, WHO IS ALSO UNEMPLOYED HAD UNDERGONE A SKILL TRAINING COURSE IN AN SDC IN RAJASTHAN BUT HE IS SO FAR UNEMPLOYED”

– SURVEY RESPONDENT (WORKER), RAJASTHAN

Watch the full video here

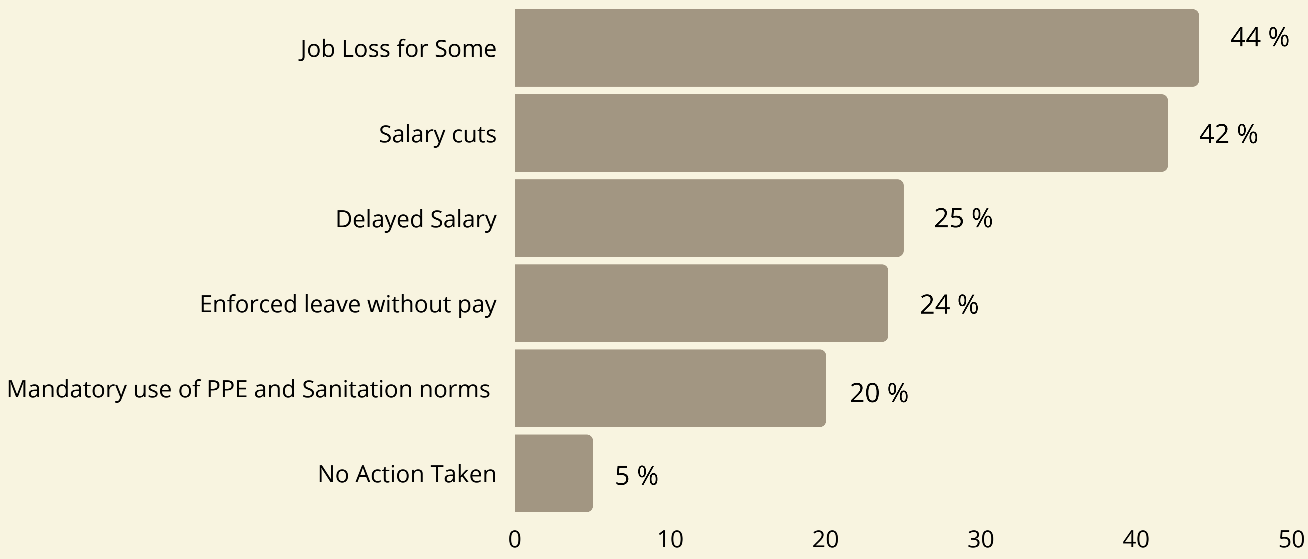
3.2.4 Impact of Covid-19 pandemic

Amongst the workforce surveyed, many lost their jobs after the first wave of the COVID-19 pandemic, with a significant number reporting reduction in wages being given. Some of the key actions taken by employers (as reported by workers) in response to the pandemic have been outlined below.

Additionally, almost half (48%) of the workforce surveyed believes that the pandemic has permanently impacted their job. In terms of impact on roles, 74.3% among these feel that there will be reduced demand for their role and reduced prospects for job security/ growth.

In terms of impact on wages, 22.7% are expecting a decline in wages. When asked to identify the key impact of the pandemic on their jobs, majority of the workforce felt that they will be forced to reskill and seek opportunities in other fields.

Response of employers to the COVID-19 pandemic



"I used to work as a teacher in a school for 5 years. However, I lost my job during COVID-19 and given that I am the sole earning member of my family, I had to take up a low-paying job in a parlour"
– Survey respondent (Worker),
Uttar Pradesh

"WHETHER IT IS DUE TO A PANDEMIC OR THE SEASONAL NATURE OF OUR WORK, IT IS VERY EASY FOR WORKERS LIKE US TO LOSE THEIR JOBS. THERE IS NOTHING BINDING OUR EMPLOYERS AGAINST ASKING US TO LEAVE AT A MOMENTS NOTICE. THEY HIRE US WHEN THEY NEED AND FIRE US AS THEY DESIRE. AS WE HELP THEM WHEN THEY NEED US, SHOULD THEY NOT HELP US WHEN WE NEED THEM?"

– SURVEY RESPONDENT (WORKER), GUJARAT

3.3 Employers

A total of 141 SMEs participated in the survey, with 55% from the Manufacturing sector and rest from the Retail sector. The survey respondents were spread across eight states including Madhya Pradesh, Uttar Pradesh, Maharashtra, Gujarat, Andhra Pradesh, Punjab, Delhi and Karnataka. In this section, we study the type of workforce deployed (formal vs informal) along with availability of benefits beyond wages for them. Additionally, we look at the existing as well as envisioned impact of automation on the enterprises along with barriers faced in technology adoption.

We will also look at the skills mismatch issue faced by employers. This section further details the impact of the COVID-19 pandemic on the enterprises surveyed, along with a focus on the disproportionate impact on women in the workforce.

3.3.1 Workforce deployed and provision of benefits

Enterprises that participated in the survey appear to be significantly dependent on contractual workers. Nearly one-half (48.2%) of the enterprises have more than 61% of their workforce as contractual workers. This is more pronounced in the case of the retail industry than in the manufacturing sector.

Proportion of contractual workers	Industry classification	
	Manufacturing	Retail
Up to 34 percent	43.6%	30.2%
between 35 to 60 percent	12.8%	15.9%
more than 61 percent	43.6%	54.0%
Total	100.0%	100.0%

As a concept, “Gig Workers” are compared with contractual skilled workers amongst the employers who participated in the survey. While only 9.2% of the employers are currently engaging with/employing them, those who have recruited gig workers in the past hire more contract/gig workers (69.2%) now than they did earlier. The terms of the contract remain similar to that of other contractual workers in the enterprise.

46.8% of the employers stated that the workers in their enterprises received benefits other than the wages. These benefits include medical allowance and insurance benefits (34.5%), travel allowances (30.2%), and provident fund (19.4%). Almost two-third (65.2%) of the employers involved in manufacturing informed that the workers receive additional benefits, as against 34.8% of employers in the retail sector.

3.3.2 Technology as a disruptive force

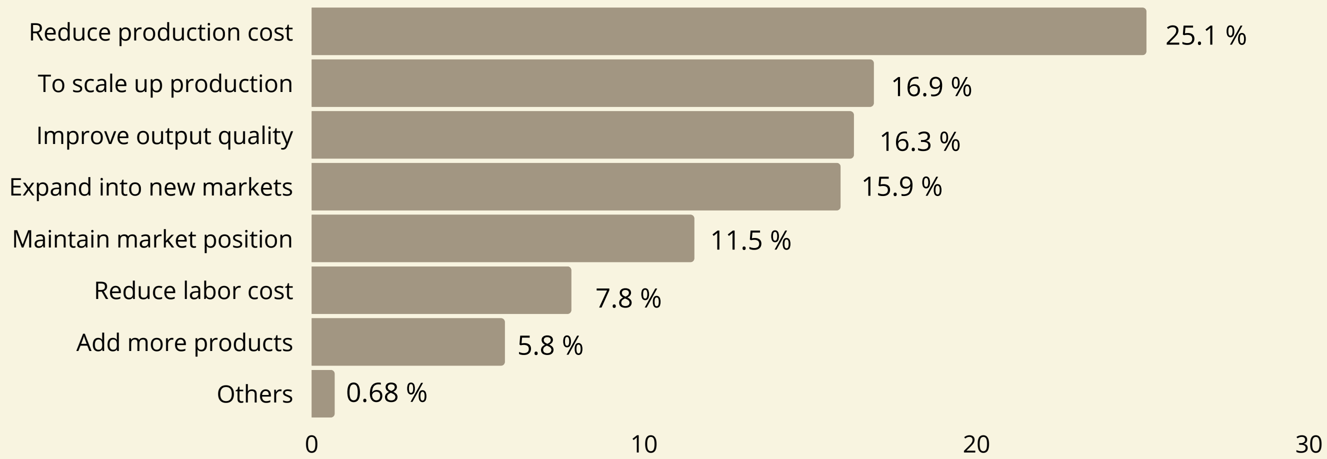
A majority (83.7%) of the enterprises that participated in the survey reflected that technology and innovations have had an impact on their enterprise and business. Use of technology has had varied impacts as pointed out by the entrepreneurs - improved efficiency (36.9%), enhanced profitability (34.8%), and improved product quality (9.9%).

Further analysis reveals that another impact of technology adoption is the increase in redundancy of current skills amongst the existing workforce. 7.4% of the enterprises indicated a reduction in the number of staff, which manifested through the employment of more contractual or temporary workforce (12.6%) or requirement of new teams (7.9%). Technology adoption varied from using digital payments, digital platforms for marketing and consumer engagements, and mobile technology. These are easy to implement technologies that have a palpable impact on the performance of small and medium enterprises. Ostensibly, high-end technology is conspicuously missing due to the nature of the enterprises participating in the survey.

Envisioned usage of technologies for the future

Going forward, employers will continue to deploy various technologies due to reasons such as reduction in production cost (25.1%), scaling-up production (16.9%), and improving output quality (16.3%).

Motivation of employers to adopt and explore new technologies

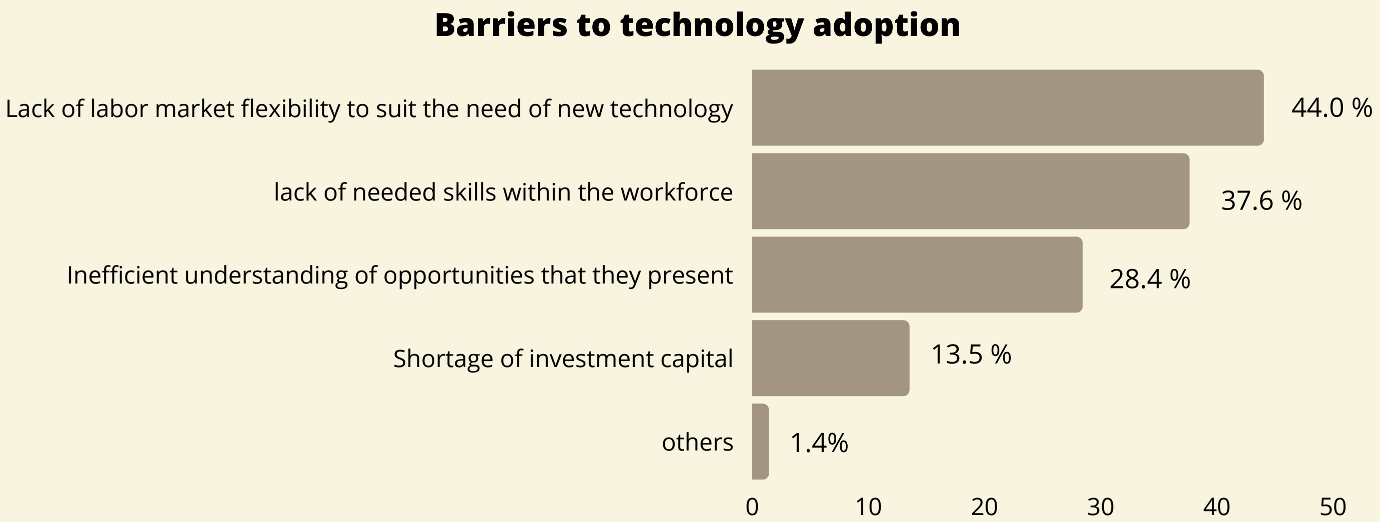


In terms of type of technology, the enterprises prioritized the following for adoption in the next 5 years.

Technology areas	Share of Enterprises
Internet of things	49.6%
Digital platforms	48.9%
Mobile technology	30.5%
Digital payments	18.4%
Artificial intelligence and machine Learning	17.7%
Cloud computing	12.1%

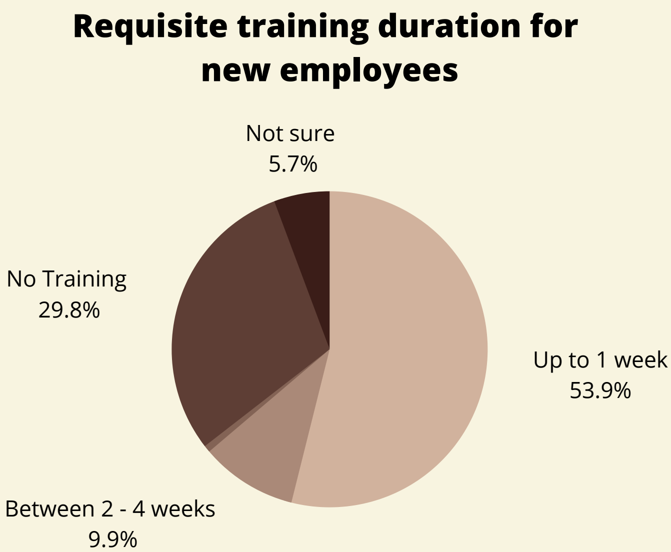
Barriers to technology adoption

Two of the biggest challenges that have emerged from our discussions with enterprises, in implementing current and futuristic technologies are the lack of labor market flexibility (44.0%) and lack of a skilled workforce (37.6%). Additionally, investment is also a challenge.



3.3.3 Skill gap analysis

In ascertaining the availability of a workforce, participating enterprises were asked if in the immediate past, they were able to get the right set of skilled workforce. Over 30% of the enterprises stated an inability to find workers with requisite skill sets. Majority of the enterprises stated that they need to provide some level of training to new joinees. One-half (53.9%) of the enterprises mentioned that the employees need to undergo a one week training before they can start performing routine tasks without detailed supervision. A majority (60.3%) of the enterprises believe that in-house training can be used to impart the requisite skills. Another 29.1% of the enterprises felt that training institutions and finishing schools are needed to impart necessary skills and enhance employability of the workforce. The investment in training emerged as a critical point of discussion as many enterprises were wary of making any further investments in worker training. They find it easy to take on new employees with the required technical skills as compared



to investing in training existing workers. Such an approach will imply that there will be an aggregation of workers in the economy, who are displaced because of skills mismatch. One way to address this would be to provide mid-career training opportunities to workers at nominal costs, designing industry-endorsed skills programs or skilling with an objective for lateral movement across different industry segments.

3.3.4 Impact of COVID-19 pandemic

All participating firms reported being impacted by the pandemic, with the impact varying across enterprises - two-thirds (67.4%) of the enterprises reported being somewhat affected, another one-fourth (27.7%) were severely affected by the pandemic. When compared with the manufacturing sector (15.4%) a significantly higher proportion of the retail firms (42.9%) were severely impacted. A majority (59.6%) of the enterprises think that these are temporary effects and that they will see better days. The impact of the pandemic manifested as significantly reduced sales (81.6%), increased material and production costs (61%), and increased labor costs (23.4%).

These impact trends were not different across the industry type or by the type of enterprise. To mitigate the impact of the pandemic, enterprises resorted to taking up various measures. These included laying off employees (26.1%). The instances of job losses were relatively more in the retail sector as compared with the manufacturing sector. Additionally, delayed salaries (71.6%) and enforced leaves without pay (74.6%) were some of the other measures taken by enterprises to tide the crisis. The discussions also revealed that three-fourth of the enterprises have since taken up steps to reverse these changes. However, they also agreed that lost jobs may be difficult to reinstate.

Response of employers to COVID-19	Overall	Industry classification	
		Manufacturing	Retail
Enforced leave without pay	74.6%	77.0%	71.7%
Delayed salaries	71.6%	75.7%	66.7%
Job loss for some	26.1%	20.3%	33.3%
Salary cuts	14.2%	12.2%	16.7%
Mandatory use of PPE and sanitation norms	8.2%	6.8%	10.0%

Awareness about Government schemes

Even as the Government of India launched various schemes and initiatives for MSMEs impacted by the pandemic, only 31.9% of the enterprises were aware of any COVID related schemes. Amongst those who were aware of the schemes, only a couple of them had applied for government support.

Discussions indicate that the cumbersome processes involved in applying to avail these benefits prevent many from utilizing these facilities. Therefore, there is scope for agencies to focus on increasing the awareness of support programs as well as tailor solutions by working with the government and financial institutions to increase uptake of these facilities and services.

3.3.5 Women in the workforce

Economic empowerment is a key element of gender justice. The COVID-19 pandemic has disproportionately impacted women in the workforce. Even prior to the pandemic, India's workforce had been contending with a worrying retreat of women's participation. The female labor force participation rate (FLFPR) in the country has fallen from 30.27% in 1990 to 20.8% in 2019, as per data from the World Bank.The pandemic has likely aggravated this —the loss of jobs in the informal sector is likely to have pushed many women out of work. The pandemic together with the attitude of recruiting women in the workforce is likely to leave a lot of skilled women out of employment thereby making them more vulnerable.

In the survey, more than half (56%) of the enterprises had female employees. In about 40% of the enterprises surveyed women comprise about 10% of the workforce However, the share of women as employees is higher in the retail sector as compared to the manufacturing sector.

73% of the participating firms strongly disagree with the fact that their organizations strive for a gender-balanced workforce at all levels. Another 69.5% of the firms did not want to hire additional women in their workforce. More than three-fourth (76.6%) of the enterprises prefer to hire men under the pretext of the nature of jobs. A huge majority (94.3%) of the enterprises strongly agree with the statement that women have a higher rate of attrition, and 96.5%said that they prefer to hire men due to higher costs associated with the hiring of female employees (like payment of maternity cover, etc.).

As a result, significant efforts will need to be made to increase the hirings well as retention of women in the workforce. Possible mechanisms could include incentivizing enterprises to accommodate more women in the workforce, designing support mechanisms for retaining women (flexible hours, child care support etc.).

There is a strong gender bias when it comes to hiring women employees and the facade used could be in terms of the type of work, additional costs in employing women employees.

4

RECOMMENDATIONS

Key recommendations emanating from on-ground research as well as discussion with relevant stakeholders have been summarized below.

For the incoming workforce

Increase awareness of the youth about the kind of employment opportunities that exist once they enter the workforce: Access to adequate career counselling services could help the youth make more informed decisions with respect to their careers alongside familiarizing them with different skill requirements associated with various jobs.

Focus on apprenticeships and internships: This will help the incoming workforce get the opportunity to explore and experiment with jobs in various fields before committing to any one of them. Additionally, apprenticeship opportunities lay emphasis on on-the-job training as opposed to classroom based training. This would require industry bodies to get involved in our national skill development efforts and offer youth apprenticeship opportunities aligned with industry needs. This can prove to be a win-win proposition for both the industry as well as the youth.

Connect India's rural youth to technology: This will enable a large number of India's incoming workforce to acquire the technological skills required in today's evolving job market.

Increase uptake of vocational training: The current low uptake of vocational training will need to be addressed by re-examining the content, market linkages etc. in line with requirements of the existing as well as incoming workforce.

Focus on Multi-Skilling: Multi-skilling will help to increase the employment readiness of the workforce and also reduce instances of redundancies. The labour demand of today is outcome based gig work which needs a multi-skilling approach on the labour supply side.

For the existing workforce:

Design measures for retention and protection of the current workforce: In order to combat the short term economic effects of the pandemic, ensuring that the current workforce is able to stay at work and effectively adapt to any changes that are taking place with respect to their job roles is critical.

Enable job matching: This implies tackling the information asymmetry between the demand and supply of jobs in the Indian market and encouraging platforms and forums which connect job seekers to job providers.

Design initiatives focused on promoting hiring and retention of women in the workforce: Investments will need to be made in enabling more women to join the workforce as well as getting displaced women workers to come back.

For the employers:

Invest in companies that are looking into the future of work and workers in India This will ensure that such companies have access to the capital that they need to push the envelope in this space. These could be companies that aidin increasing communication with invisible workers who are not currently on a payroll and tend to be neglected.

Enable access of enterprises to Government schemes: Work with public as well as private entities to design simplified procedures (e.g. single window systems) for MSMEs to access Government schemes and initiatives.

5

ANNEXURE

5.1 Overview of Common Action Conclave

This section details the structure, participation and discussion areas covered during the Common Action Conclave held at the Sankalp Global Summit in November 2020. The Conclave was structured as a half day workshop with sessions including:

Voices from the ground: Aspirations, needs and challenges of existing and incoming workforce – Initial findings from the research along with voices from the ground (video case studies of select workers) were showcased during this session

Why have a Social Compact: Addressing inequity affecting India's Migrant Workers in a sustainable manner – Introduction of the 'Social Compact', an industry-NGO initiative by Intellecap's partner Dasra which includes Industry leaders such as Godrej Properties Limited, Thermax Limited and Forbes Marshall, nonprofits such as Aajeevika Bureau, Jan Sahas, CSJ, and representatives from industry associations like CII and MCCIA. The Social Compact is a 'reflection to remedial action' journey that companies undertake along with a non-profit partner, to map and analyze the informal worker practices in the company ecosystem, identify areas of strength and challenge, and co-develop an improvement plan with their NGO partner. It also involves industry leaders leveraging their peer networks and influence with industry bodies to mobilize wider uptake of the initiative across industries.

Special address by the Honorable Minister Nawab Malik, Minority Development, Aukaf, Skill Development and Entrepreneurship Minister of Maharashtra, Government of India – Minister Nawab Malik spoke about India being an attractive hub for foreign investments in manufacturing and its role as a provider of labour to other economies. He highlighted the impact of COVID-19 pandemic on migrant workers as well as on other segments of the workforce in light of evolving job requirements. The Honorable Minister also spoke about select initiatives being taken up by the state of Maharashtra to address the changing skilling to employment scenario; such as revamping of SDC training content in line with industry demands, provision of on-the-job training to youth in PPP mode –to eventually provide industry ready workforce to both domestic enterprises as well as MNCs operating in India.

Invite-Only Roundtable: Co-creation of action agenda around Future of Work(ers) in India - The Roundtable Discussion brought together relevant stakeholders to discuss how the future of work(ers) in India is likely to evolve and how can the ecosystem come together to co-create solutions for the most vulnerable segments of our workforce.

The Roundtable Discussion was moderated by Intellecap, with participants including:

- Ms. Gayathri Vasudevan - Chairperson, LabourNet
- Mr. Madan Padaki - Co-Founder G.A.M.E. India
- Mr. Mithun John - Jt. CEO, Maharashtra State Innovation Society
- Ms. Malathy M.- Director, Education & Livelihoods, Apnalaya
- Ms. Nika Gupta - Vice President & Head, Training & Operations, RASCI
- Mr. Rahil Rangwala - Director – India, Michael & Susan Dell Foundation
- Mr. Raj Gilda - Co-Founder, Lend A Hand India
- Ms. Shruti Nair - Director - Youth Years, Ashoka India
- Dr. Samantha Lacey - Job Quality Lead, CDC Group
- Ms. Sunitha Viswanathan - Vice President, Unitus Ventures
- Ms. Usha Ganesh - Technical Advisor, GIZ

Some of the key discussion areas covered during the Roundtable include:

Role of vocational training in increasing workforce readiness in India - Research conducted by Intellecap highlighted that a large proportion of youth felt that they did not have access to the right kinds of career mentorship and training opportunities while making career decisions. Additionally, only 18% of youth had access to vocational training opportunities. Introducing vocational education is the need of the hour. This needs to be done within the schools itself and not outside the school curriculum.

The National Education Policy has an ambitious mission to make vocational training available to more than 50% of school going students in India by 2025. This can only be achieved if both public and private schools are open and willing to implement these changes. Additionally, exposing children to apprenticeship and internship opportunities can help familiarize them with various professional skills at a young age. This will also help training to be focused more on practical application of skills rather than theoretical knowledge.

Challenges with respect to vocational training in India - On the supply side, the success of vocational training courses are currently only being evaluated purely from a compliance point of view. However, learning outcomes are still poor. Such training should be made less people-dependent wherein quality of the training goes beyond just the presence of a trainer on the site. Curriculum design for vocational training and its delivery mode needs to be rethought to make them more effective. On the demand side, these courses are still not aspirational. There is a huge preference for white collar jobs. There is a huge aspirational mismatch between what a candidate may expect as a wage and what the market will be willing to offer for a certified candidate. This is because, in the case of vocational training, the premium comes on experience and not on the qualification itself. For every 4 offers that are made, only one is taken up and retention for the first few months is also very low.

Impact of the first wave of the pandemic on the retail sector, a key employment generator - Post pandemic, the retail sector is slowly bouncing back and reorganizing.

Consumer trends are the main drivers of change in the retail segment since most change happens here as a result of changing consumer trends. There is convergence of different job roles which has taken place based on the changing needs. There is a renewed focus on multi-skilling within the sector with players exploring various digital platforms to deliver skill training programs.

The qualification packs that were created for different job roles are also being relooked at to make sure that they remain relevant. Industry partners are being consulted in the process of creating these qualification packs. Skilling should be industry led or industry demand driven in order to ensure placements for those trained. Post pandemic, additional skills are also being added to complement the core functional skills with the view of enhancing worker readiness for the future.

Potential of MSMEs to become mass employers - Out of the 500 million people who are currently employed in the Indian workforce, less than 50 million are engaged in the formal sector. Close to 90% of the workforce is in the informal sector. It is unlikely that this structure will change much even in the coming years. There are 68 million MSMEs in India and 95% of these employ less than 3 people. Is it possible to grow these companies in a way that they are able to employ more people? Even if the employment potential of MSMEs is increased to 10-20 people, the number of job opportunities available to Indian youth will increase manifold. It is the 'small is beautiful' model of localized job creation that will work. The COVID-19 crisis has also brought to light the issues that exist with more centralized approaches and the need to make these more localized.