

Workers' Welfare and Corporate Strategies

– *A Case Study of India*



Workers' Welfare and Corporate Strategies

– A Case Study of India



Workers' Welfare and Corporate Strategies – A Case Study of India

Published by



D-217, Bhaskar Marg, Bani Park, Jaipur 302016, India
Tel: +91.141.2282821, Fax: +91.141.2282485
Email: cuts1@cuts.org, Web site: www.cuts-international.org

Supported by:

**Ford
Foundation**

Authors:

Sanchita Chatterjee, Fellow; **Yatika Agrawal** and
Palashka Jha, Senior Research Associates, CUTS International

© CUTS International, 2023

Citation:

CUTS [2023], "Workers' Welfare and Corporate Strategies – A Case Study of India", CUTS International, Jaipur, India

This study has been published as a part of the CUTS project entitled, 'Exploring Alternate Models of Economic Growth, Inclusive Finance and Worker Welfare' undertaken with the support of the Ford Foundation. While the Ford Foundation supports the work, it neither claims ownership nor assumes responsibility for the outcomes of the work/study that partners undertake. All aspects of the work, including activities, results, findings, and recommendations, are the sole responsibility of the partners/authors and the Ford Foundation does not establish any connection with them in any way.

The material in this publication may be reproduced in whole or in part and in any form for educational or nonprofit uses, without special permission from the copyright holders, provided the source is acknowledged. The publishers would appreciate receiving a copy of any publication, which uses this publication as a source.

Content

Abbreviations	6
Acknowledgments	7
Preface	9
Executive Summary	11
Introduction	13
Background and Methodology	14
At a Glance	14
Project Background	14
The Study	14
Objectives	15
Methodology	15
Sector Brief	17
Key Takeaways	19
Literature Review	20
At a Glance	20
Detail	20
Key Takeaways	23
Survey Findings: Company and Worker Profiles and Issues	25
At a Glance	25
Method of Analysis and Limitations	25
Company Profile	26
Hiring Process and Focus	26
Contractual Workers	28
Assessing Company Focus	30
Workers' Issues Faced by Companies	32
Key Takeaways	35
Survey Findings: Workers' Welfare Measures and Strategies	36
At a Glance	36
Workers' Welfare	36

Talent Management, Retention and Upskilling/Upgrading	41
Grievance Redressal	42
Gender and Inclusion	43
Automation and Advanced Technologies	44
CSR and ESG	46
Best Practices	48
Key Takeaways	51
Conclusions and Recommendations	52
Conclusions	52
Recommendations	53
References	57
Annexure	58

List of Boxes, Figures and Tables

Box 1:	Insights from the PAC Meetings and Webinars Conducted under Project	16
Box 2:	A Few Findings from the Grow Jobs I Project	23
Box 3:	Company Profiles Summarised, by Sectors	26
Box 4:	Companies' Hiring Practices	27
Box 5:	Respondents' Quotes on Contractual Employees	30
Box 6:	Quotes from Responses with Respondents Disagreeing or Partially Agreeing	30
Box 7:	Typical Benefits and Welfare for Employees	37
Box 8:	Onboarding of Employees	40
Box 9:	Grievance Redressal Mechanisms	42
Box 10:	Quotes on Applications of Automation and Advanced Technologies	44
Box 11:	Quotes about the Importance of CSR and ESG for a Company	47
Box 12:	CSR Initiatives	47
Box 13:	Case Study – Practices Followed by Food Delivery Aggregator	49
Box 14:	Functions of a Portal for Blue-Collared Employees	53
Box 15:	Strengthening Trainings for Blue-Collared workers	54
Box 16:	Measures to Encourage Women Employees	55
Figure 1:	Respondents in terms of Sectors	16
Figure 2:	Respondents in terms of Geography	17
Figure 3:	Respondents in Hospitality as per Size of Firms	17
Figure 4:	Respondents in Gig Economy as per Size of Firms	18
Figure 5:	Respondents in Construction as per Size of Firms	19
Figure 6:	Respondents in Textile as per Size of Firms	19
Figure 7:	Typical Growth Opportunities for Employees	41
Figure 8:	A Typical Grievance Redressal Process	42
Table 1:	Percentage Break-ups to Yes-No Questions and Total Number of Respondents	31
Table 2:	Frequent Concerns about Workers Mentioned by Respondents	32
Table 3:	Number of Companies Applying Schemes/Policies for Workers' Welfare	38
Table 4:	Type and Content of Training Provided	40
Table 5:	Respondents' Awareness of CSR and ESG	46

Abbreviations

CSR	Corporate Social Responsibility
EPC	Engineering, Procurement and Construction
ESG	Economic, Social and Governance
ESI	Employee State Insurance
GDP	Gross Domestic Product
GOI	Government of India
HR	Human Resources
ILO	International Labour Organisation
IR	Industrial Relations
ISO	International Standards Organisation
LTB	Long-Term Benefits
MLE	Ministry of Labour and Employment
MNCs	Multi-National Companies
MSMEs	Micro, Small & Medium Enterprises
NGOs	Non-Governmental Organisations
PAC	Project Advisory Committee
SEZ	Special Economic Zone
UN	United Nations

Acknowledgements

The conceptualisation and compilation of this study is the result of three years of rigorous work in implementing the project 'Exploring Alternate Models of Economic Growth, Inclusive Finance, and Workers Welfare (Phase II).'

This study would not have been possible without the support of the Ford Foundation. Our sincere thanks to Samar Verma, Programme Officer, The Ford Foundation. We also thank ORG-India Pvt. Ltd for conducting a few stakeholder consultations for the study.

We duly acknowledge the valuable contribution of several experts from academia, policy and practice in providing insights for better and more effective outcomes from the project. Special thanks are due to our Project Advisory Committee (PAC):

- Nitin Desai, Chair, Indian Economist and International Civil Servant;
- Radhicka Kapoor, Fellow Indian Council, Research on International Economic Relations;
- Rituparna Chakraborty, Co-Founder and Executive Vice President, TeamLease Services Ltd.;
- Sudipto Mundle, Chairman, Centre for Development Studies India;
- Raju V. Kanoria, Chairman and Managing Director, Kanoria Chemical & Industries Ltd, and former President, FICCI;
- Vrijesh Upadhyay, Director General, Dattopant Thengadi Foundation;
- Akriti Bhatia, Paigam Network;
- Reema Nanavaty, Director, Self-Employed Women's Association of India (SEWA);
- Shubhashis Gangopadhyay, Research Director, Indian Development Foundation;
- Ketan Deshpande, Fuel Alumni;
- Abhishek Kumar, Founding Partner, of Indicc Associates;
- Ashwin Parulkar, Senior Research Specialist, HELP US, New York City;
- Anhad Imaan, Former Lead Consultant (Communication and Advocacy), Aajeevika Bureau, Udaipur;
- Gopinath Parakuni, Secretary General, Civil Initiatives for Development and Peace (CIVIDEP);
- Rijit Sengupta, CEO, Centre for Responsible Business;
- Mythili Bhusnurmath, Senior Advisor, at National Council for Applied Economic Research;

- Nishith Desai, Nishith Desai and Associates;
- Neha Kumar, Climate Bonds Initiative (India Programme Manager);
- Gaurav Dalmia, Chairperson, Landmark Holdings;
- Uday Varma, Retd. Secretary, Ministry of Information and Broadcasting;
- Lalit K. Panwar, IAS (Retd.), Chairperson and Chancellor, Vivekananda Global University;
- Jayshri Shridhar Patil, TeamLease Services Ltd.;
- Ved Prakash Goyal, State Head for Rajasthan Skills for Infrastructure Leasing & Financial Services Limited (IL&FS);
- Pankaj Anand, Director - Programme & Advocacy - Oxfam;
- RCM Reddy, CEO of Schoolnet India Ltd.

We also thank all the participants in policy dialogues and stakeholder consultations. Our thanks are also due to all media professionals who have directly or

indirectly contributed to disseminating advocacy messages emerging from the project activities.

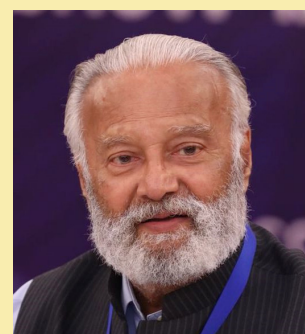
We thank our colleagues at CUTS Centre for Competition, Investment & Economic Regulation (C-CIER) who have contributed in this study and implementing this project. Special thanks to Bipul Chattopadhyay, Executive Director for his guidance and Sushil Muhnot, Senior Advisor, CUTS International for guidance and inputs, Madhuri Vasnani, Mukesh Tyagi and Rajkumar Trivedi for editing, proofreading and layout, and Akshay Sharma and Ritu Sharma for ensuring the timely dissemination of project's outputs. GC Jain and the Finance Team handled financial matters. We sincerely thank all of them for their contribution. The contribution of our ex-colleague, Tanya Goyal, is also appreciated.

Many other names deserve special mention but prefer anonymity. We thank them all for their support. Finally, any error that may have remained is solely ours.

Project Team
CUTS International

Preface

Pradeep S Mehta
Secretary General
CUTS International



India is at a critical juncture in its development path, which is expected to take the country from low to upper middle-income bracket over the next couple of decades. While we are experiencing a favourable demography, will it lead to good and better jobs, thus keeping income inequality at a manageable level?

As per the International Labour Organisation (ILO), the share of informal employment in India was 88.1 per cent in 2019. From this data one may infer that India's problem is absence of institutions required for improving working conditions and that is largely reflected in low wages. This necessitates the need for diving deeper to understand different aspects and nuances of employment in India.

While a number of measures could help improve the situation, preparing the Indian youth for new jobs by investing in skilling, re-skilling, and upskilling, and thus shoring up human capital, is of utmost importance.

Otherwise, India's youth unemployment will remain disproportionately high as recently estimated by the ILO.

Against this background, CUTS International has conducted a study under the project, 'Exploring Alternate Models of Economic Growth, Inclusive Finance, and Workers Welfare (Phase II),' supported by the Ford Foundation. It aims to generate new knowledge regarding conditions necessary for institutionalising good and better jobs in India.

Therefore, this study titled **Workers' Welfare and Corporate Strategies – A Case Study of India** was conducted to understand employers' perspective on workers' welfare, in particular whether employers in India are viewing their workforce as an asset or a cost.

It aims to capture a comprehensive picture by covering a few conventional as well as emerging sectors, namely Textiles,

Construction, Hospitality, and the Gig economy. They are or have emerged as significant sources of low-quality employment in India and thus, helps us drawing a broad picture representing the present status of workers' welfare in the country.

In doing so, other than conducting issue-specific interviews with select sets of corporates, it has looked at good practices followed by Indian employers and make recommendations on how workers' welfare can be better incorporated in their strategies for business development.

This study is an attempt in the direction to understand the ways in which workers'

welfare can be better achieved in India. This is in essence, of empowering workers by improving their skills, measures for boosting women's participation and streamlining government's role to create good and better jobs in the future. In short, we have to emphasise on 'human capital formation' as an endogenous factor in the production process.

I hope that the findings of this study and its recommendations will draw necessary attention from the relevant stakeholders in India and result in the adoption of critically required measures for promoting workers' welfare as an institutional process for good and better jobs in India.

Executive Summary

CUTS International has carried out a study 'Workers' Welfare and Corporate Strategies – A Case Study of India' to assess strategies on workers' welfare and perspectives on human capital formation of companies in India. The study adopted a survey-based approach. 43 respondents from the construction, gig economy, textile and hospitality sectors in India were interviewed using a detailed, qualitative questionnaire.

The concepts of both workers' and workers' welfare have been adequately explained in the Indian labour codes and frameworks developed by the ILO. In this context, corporate social responsibility (CSR) and economic, social and governance (ESG) have emerged as important modes through which workers' welfare schemes are implemented and issues are discussed.

The analysis of the survey responses finds the following:

- There is a variation between companies in their recruitment processes and focus and, workers' welfare measures and practices but it is apparent **recruitment processes for unskilled or blue-collared contractual workers are less formalised or structured and human resources (HR) practices applied for them are different** than that for skilled or on-roll employees,
- **There are high attrition rates and disciplinary issues among unskilled or blue-collared contractual workers** as they have a general dissatisfaction with their working conditions,
- While **a few companies do not provide any benefit measures to contractual workers** other than wages (either directly or through third-party contractual workers), some companies offer benefits such as financial incentives bonuses, overtime pay, gifts, free education and daycare centres for children of workers, basic training, insurance, and special schemes for women such as education for girls, safety and pick and drop. Many of these benefits are applied because the law mandates it,
- **Percentages of female employees in all the sectors are relatively low**, despite special measures adopted by some companies (such as extended maternity leaves, special training and so on) to attract and retain women workers,
- Respondents demonstrated some degree of awareness about the application of automation and advanced technologies in their businesses, with

most of them of the view it is inevitable.

Different sectors will be affected in different ways. However, **it is expected a lot of jobs, especially in the blue-collared category will become redundant, demand for skills will increase and skill levels** will rise as a result of a higher degree of automation and application of more advanced technologies,

- A few companies said they have adopted CSR schemes and programmes but **a number of them demonstrated poor awareness of the concept of CSR. Even fewer companies said they have an understanding of the concept of ESG,**
- The study identified a few best practices of the companies including hiring practices and strategies towards contractual/ blue-collared workers, women employees, third-party contractual workers and so on, **which could be presented as examples to other companies that they can adopt.**

Recommendations of the Study are:

- **Creation of a national portal** or utilisation of existing ones (notably e-Shram and Shram Suvidha by the Ministry of Labour and Employment) **to connect employers, employees, skills demand and supply, and job opportunities and job seekers,**
- Strengthening trainings and skill formation by **organising training programmes and courses through different formats and methods, keeping in mind the realities of blue-collared workers,**
- Streamlining governments' role in promoting workers' welfare by **making governments enablers that also ensure employers follow recommended norms and rules *vis-à-vis* blue-collared workers,**
- **Conducting a workers' survey** to obtain a complete picture of workers' welfare in India,
- Ensuring **sustainability parameters are integrated into policies and strategies** for workers,
- **Adopting measures for boosting women's participation in the workforce** by tackling attitudes and making provisions as per women's needs,
- **Drafting a national strategy on workers' welfare, automation and advanced technologies** that include implementable steps and timelines, and
- **Building capacities on ESG (and CSR)** to encourage greater uptake of ESG by companies.

Introduction

India has been one of the fastest-growing economies in the world in 2021 and 2022 with its gross domestic product (GDP) recording an annual growth of 8.7 per cent in 2021.¹ While its total unemployment in terms of percentage of the total labour force was 7.7 per cent in 2021,² **the numbers hide the real stories of the status of millions of workers employed in the informal or unorganised sector.**

As per the ILO, the share of informal employment in India was 88.1 per cent in 2019. India's working population included 6 per cent extremely poor, 28 per cent moderately poor and 37 per cent nearly poor in 2022. It is useful to compare India's situation with that of China's as the countries have similar population sizes: China's workforce came from zero per cent extremely poor, one per cent moderately poor and eight per cent nearly poor in 2022.³

The picture drawn by such data **necessitates diving deeper to understand different aspects and nuances of employment in India.**

Against this background, **CUTS International has conducted a study “Workers’ Welfare and Corporate Strategies – A Case Study of India” to understand employers’ perspective on workers’ welfare**, in particular, whether employers in India view the workforce as an asset or a liability. **The study aims to identify and learn from the best practices of employers and make recommendations for the betterment of workers for creating ‘good and better jobs’ in India.**

The study is organised in the following manner. The next two chapters set the scene for the study: chapter 2 contains the background and methodology, and chapter 3 includes a brief review of the literature to understand the issues at hand. Chapters 4 and 5 go to the heart of the study by analysing the findings of a survey conducted as part of the project. The final chapter contains conclusions and recommendations.

1 <https://data.worldbank.org/country/IN>

2 *Ibid*

3 The measurement includes share of employment by economic class, <https://ilostat.ilo.org/topics/working-poverty/>

Background and Methodology

At a Glance

- The current study is part of a project focussing on garnering further knowledge on how 'Good and Better Jobs' can be institutionalised in India.
- The study is primarily based on a survey-based analysis and recommendations, a review of the literature and earlier findings of the project "Exploring Alternate Models of Economic Growth, Inclusive Finance and Worker Welfare (Phase II)."

Project Background

The present study was conducted as part of a project titled "Exploring Alternate Models of Economic Growth, Inclusive Finance and Worker Welfare" (or Grow Jobs II in acknowledgement of the first phase of the project conducted between 2018-2021¹) being implemented by CUTS International between 2021-2024 and supported by the Ford Foundation.

The objectives of the project² are to generate further knowledge regarding the conditions necessary for institutionalising Good and Better Jobs in India through the lenses of workers' welfare and skills development. The project will look into the factors conducive to bridging the gaps required to provide training and relevant skill development programmes.

The study is based on two key postulates:

1. Understand the thought process about considering workers as an investment for 'human capital formation' and not just as a cost burden; and
2. Explore workers' welfare could be seen as an important component of investment decisions.

The Study

As part of the Grow Jobs II project, a study titled "Workers' Welfare and Corporate Strategies – A Case Study of India" was carried out in October 2022 and March 2023 (hereafter mentioned as the study). The

1 For details on the project refer to <https://cuts-ccier.org/strengthening-the-discourse-on-economic-policy-to-generate-good-and-better-jobs-in-india/>

2 Greater details on the project are available at <https://cuts-ccier.org/exploring-alternate-models-of-economic-growth-inclusive-finance-and-worker-welfare-grow-jobs-ii/>

study is a continuation of and complementary to earlier outputs produced under the Grow Jobs I and II projects.³

Objectives

The objectives of the study were to synthesise and compare the findings of surveys that were conducted to:

1. understand companies' perspectives on workers' welfare;
2. recognise whether companies consider their workers as an asset for 'human capital formation;' and
3. identify and learn from best practices adopted by these industry sectors for workers' welfare.

Methodology

The methodology adopted for the study included:

1. a review of relevant literature looking at workers' welfare and associated issues; and
2. a primary survey to collect data through purposive sampling to achieve the objectives of the study. Purposive sampling was adopted to identify the individuals and communities best suited to provide insights for the selected sectors (hospitality, gig, construction and textile) for the study.

The study aims to capture a comprehensive picture of conventional as well as emerging employment opportunities. For these, four sectors were selected, namely Hospitality, Gig Economy, Construction and Textile. These sectors are or have emerged as significant employers of informal workers in various roles, and thus will help to draw a picture that would accurately represent the present status of workers' welfare in India.

The survey conducted can be termed as intensive as it aimed to perform a detailed-oriented and in-depth analysis of the management's opinions and understanding of workers' welfare. This intensive study has provided a detailed understanding of the subject matter covering relevant components required to meet the objectives of the study.

In addition to this, stakeholders from various organisations working in this area which formed the Project Advisory Committee (PAC) of the project were requested to provide their insights to include in this study. The insights⁴ from the PAC meetings and webinars organised by CUTS under this project were taken into consideration and further incorporated in recommendations and the way forward (see Box 1).

3 For more refer to <https://cuts-ccier.org/exploring-alternate-models-of-economic-growth-inclusive-finance-and-worker-welfare-grow-jobs-ii/> and <https://cuts-ccier.org/strengthening-the-discourse-on-economic-policy-to-generate-good-and-better-jobs-in-india/>

4 <https://cuts-ccier.org/exploring-alternate-models-of-economic-growth-inclusive-finance-and-worker-welfare-grow-jobs-ii/>

Box 1: Insights from the PAC Meetings and Webinars Conducted under the Project⁵

- Skill development is an essential factor for meeting the objective of decent work, which contributes to the productivity and sustainability of the organisation and improves the working conditions of the workforce,
- The strategy for creating employment depends greatly on the nature of investments that are being made,
- The future of work will require advanced technical and soft transferable skills, among others. The creation of quality jobs requires attention to working conditions, workplace culture, job design, skill development and career advancement,
- Measures should be taken to strengthen the social security net for self-employment, and employment in the private sector, and the emerging sectors. Both the government and society must play an important role in making social security sustainable,
- The Ministry of Skill Development and Entrepreneurship may collaborate with micro, small & medium enterprises (MSMEs) to provide skilling to manufacturers, instead of providing training in silos.,
- The entire skilling and reskilling structure require gender-specific strategies to enhance female labour workforce participation, and
- The skills of the informal workers need to be certified by the government.

Respondents' Profile

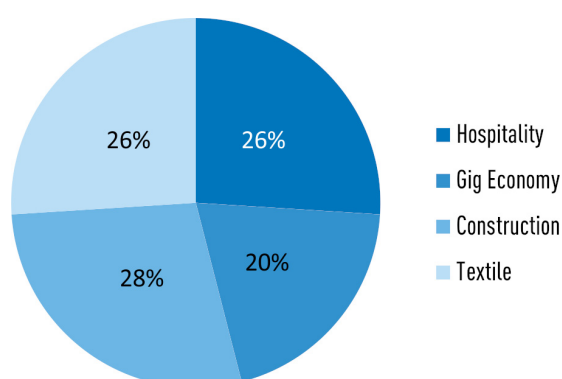
A total of 43 physical and virtual interviews were undertaken for this sector-intensive study from October 2022-March 2023. The percentage and absolute break-up of the respondents by sector are as follows (presented in Figure 1):

- Hospitality (26 per cent, comprising 11 respondents),
- Gig Economy (20 per cent, comprising 9 respondents),
- Construction (28 per cent, comprising 12 respondents),
- Textile (26 per cent, comprising 11 respondents).

The stakeholders were mostly HR executives in middle to senior management roles in the human resource departments of the companies from the selected four sectors with work experience between 6 to

11 years. HR professionals were chosen as survey respondents as normally they are directly linked to and play an important role in designing and implementing policies, training and procedures that affect workers' welfare.

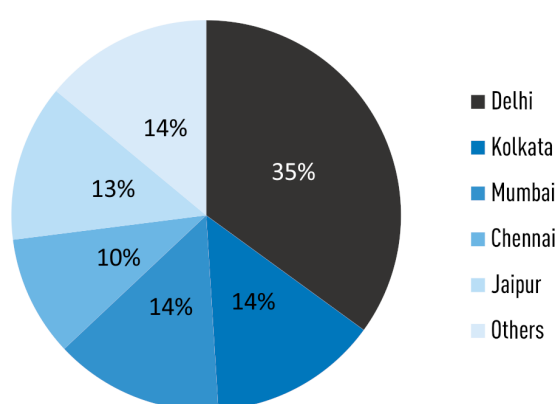
Figure 1: Respondents in terms of Sectors



⁵ <https://cuts-ccier.org/pdf/report-future-of-work-in-india-why-and-how-labour-and-technology-can-gainfully-coexist.pdf>

The study has been conducted mostly in tier I and tier II cities of India, namely Delhi (35 per cent), Mumbai (14 per cent), Kolkata (14 per cent), Chennai (10 per cent), Jaipur (13 per cent), and others (Ludhiana, Pune, and Faridabad) (14 per cent) where there is a larger presence of companies in the selected sectors (Figure 2).

Figure 2: Respondents in terms of Geography



Sector Brief

Hospitality Sector

Tourism in India has emerged as one of the key drivers of growth among the service sectors due to its rich culture and diversity which has been attracting a large number of tourists from all over the globe. Thus, the hospitality industry in India has been scoring moderate growth for the past few years and has great potential to optimise its further growth.

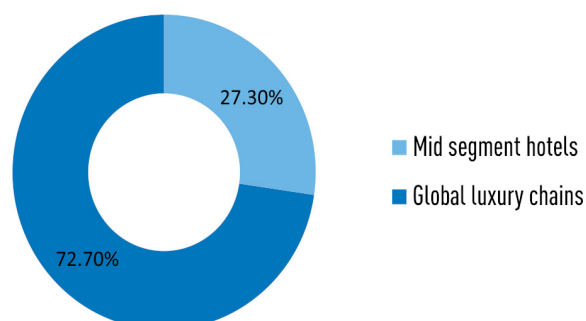
Further, a consistently growing middle class, rising levels of disposable income, and increasing interest among millennials to travel within India are a few major reasons that are making the domestic travel industry a profitable one.

Ventures like Airbnb and Oyo Rooms have changed hospitality scenarios on a global level and are offering price-sensitive stays in most prime locations with flexible check-in and check-out options to attract an increasing number of travellers. The industry has been witnessing healthy growth in terms of investment, employment, and numbers accounting for GDP growth.

Mid-segment hotels and global luxury chains in this sector have witnessed significant growth in the tourism sector as they largely attract domestic and foreign travellers. Also, they are the only segment that follows formal HR policies for workers' welfare.

The study captures the practices for workers' welfare of medium to luxury enterprises associated with the hospitality sector. The sub-sectors covered under the hospitality sector includes mid-segment hotels (27.30 per cent) and global luxury chains (72.70 per cent) (Figure 3).

Figure 3: Respondents in Hospitality as per Size of Firms

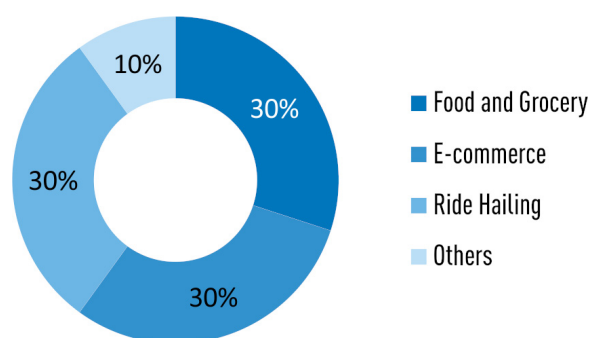


Gig Economy Sector

The gig economy, which is projecting a tremendous growth potential is going to play a significant role in the future of jobs in India. The sector emerged as a potential large-scale recruiter across a spectrum of skills of workers during the COVID-19 pandemic. The sector is labour-intensive and applies a range of technological platforms and thus a study of the gig economy could help in understanding working conditions in dynamic employment arrangements.

As employment arrangements change, so do challenges for employees or in this case 'partners,' as most platforms refer to their workers. While flexibilities in working conditions may make it easier for new entrants to join companies, there are associated risks in terms of variable remuneration, lack of job security, and exploitative working conditions.

Figure 4: Respondents in Gig Economy as per Size of Firms



The study captures the practices for workers' welfare in medium to large enterprises from the gig economy. The sub-

sectors covered under the gig economy sector include food and grocery (30 per cent), e-commerce (30 per cent), ride-hailing (30 per cent) and others (10 per cent) (Figure 4).

Construction Sector

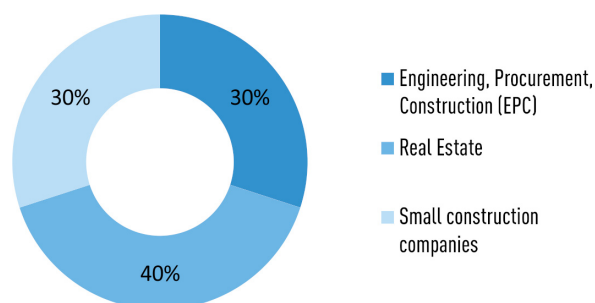
The construction sector has a high labour-output ratio and a multiplier effect on jobs and the economy and is one of the essential drivers of the Indian economy. The growth and economic significance of the construction industry both in terms of its contribution to the GDP (7.16 per cent)⁶ and employment generation (54 million people employed currently) highlights its criticality for the Indian economy.

Recognising these facts, the Union Budget 2023 provided extensive budgetary and policy support to the construction sector. However, there is a high degree of informality and precarious working conditions among workers in the sector. Further, there is a lack of existing literature on this aspect of the construction industry jobs. These facts provide the rationale for choosing the sector for studying.

The study captures the practices for workers' welfare of medium to large enterprises associated with the construction sector. The sub-sectors covered under the construction sector include Engineering, Procurement and Construction (EPC) (30 per cent), Real-estate (40 per cent), and Small Construction Companies (30 per cent) (Figure 5).

⁶ <https://statisticstimes.com/economy/country/india-gdp-sectorwise.php>

Figure 5: Respondents in Construction as per Size of Firms



Textile Sector

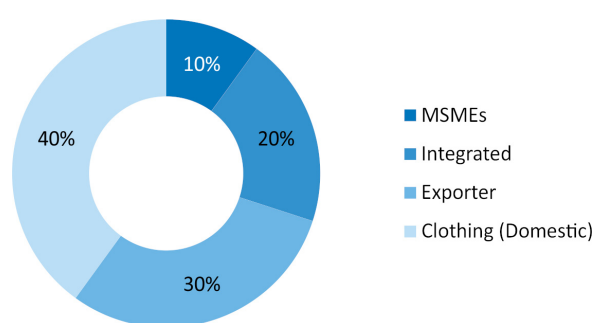
The textile sector is one of the oldest industries in the Indian economy and among the largest contributors to India's exports constituting 13 per cent of total exports. The textile industry is also labour-intensive and one of the largest employers in India, employing about 45 million people directly and 20 million people indirectly. It has two broad segments, i.e., unorganised and organised.

The unorganised sector mainly consists of handloom and sericulture, which operate on smaller scales and apply traditional tools and methods. The organised sector mainly consists of spinning, apparel, and garments, which apply modern machinery and techniques and reap the benefits of economies of scale.

This study focussed on the combination of the organised sectors of the textile industry and aimed to capture practices for the workers' welfare of small, medium to large enterprises. The sub-sectors covered under the textile sector include MSMEs (10 per cent), integrated enterprises (integrated

enterprises combines the process starting from procurement of raw material, spinning, weaving, dyeing, processing, designing, manufacturing, and selling through to retail stores) (20 per cent), exporters (30 per cent), and clothing (domestic) (40 per cent) (Figure 6).

Figure 6: Respondents in Textile as per Size of Firms



Key Takeaways

- The study aims to assess company strategies on workers' welfare and perspectives on human capital formation in India.
- The study looks at workers' welfare strategies adopted by companies from the construction, gig economy, textile and hospitality sectors from tier I and II cities.
- 43 respondents mainly from HR departments of selected companies were interviewed to obtain their detailed responses to gauge their companies' understanding and strategies on workers' welfare.

Literature Review

At a Glance

- This section contains a brief review of the literature to understand the perspectives on aspects related to workers' welfare,
- The literature review specifically focuses on welfare aspects in the informal sector in keeping with the aim of the study.

Detail

The study aims to analyse welfare measures and related issues of workers in Indian companies. A worker is “any person employed in any industry to do any manual, unskilled, skilled, technical, operational, clerical or supervisory work for hire or reward, whether the terms of employment be expressed or implied.” A worker however excludes a person who is employed mainly in a managerial or administrative capacity who is being employed in a supervisory capacity, and draws wages exceeding fifteen thousand per month.

The definition of “worker” under the Industrial Relations (IR) Code, 2020, trade union-related provisions under the IR Code applies on workers in the Indian unorganised sector.¹ In the current study the term ‘workers’ denote unskilled and semi-skilled workers, often in contractual roles. They are also referred to as blue-collared workers.

There have been extensive discussions about workers' welfare and the future of work in particular in the context of the impact of climate change and advanced technologies on employment (see Box 2). In this context, aspects of workers' welfare have been adequately captured by the concept of decent work promoted by the ILO.

As per the ILO, the four pillars of decent work are employment creation, social protection, rights at work and social dialogue, which are reflected in the elements of the 2030 Agenda for sustainable development.²

1 <https://www.natlawreview.com/article/india-s-new-labor-codes-comparison-employee-v-worker>

2 <https://www.ilo.org/global/topics/decent-work/lang—en/index.htm>



The ILO framework defines work indicators that cover ten elements corresponding to the four pillars of the decent work agenda. The ten elements are as follows:

1. employment opportunities
2. adequate earnings and productive work
3. decent working time
4. combining work, family and personal life
5. work that should be abolished
6. stability and security of work
7. equal opportunities and treatment in employment
8. safe work environment
9. social security
10. social dialogue, employers' and workers' representation³

Workers' welfare contributes to employee satisfaction. Bandara et al (2020) in their study on 'Employee welfare and job satisfaction in the Sri Lankan hotel Industry' investigated the impact of welfare facilities provided by Sri Lankan hotels on employee job satisfaction. The study findings indicate that the level of employee satisfaction in the Sri Lankan hotel industry with welfare facilities is not satisfactory. Hence, the provision of welfare facilities has to be improved to boost employee satisfaction and maintain the momentum of the industry so that it can make a significant contribution to the GDP.

Governments around the world have been adopting social security measures or schemes to the benefit of workers' welfare. Workers' benefit measures are applied at

3 https://www.ilo.org/integration/themes/mdw/WCMS_189392/lang-en/index.htm

company levels and vary between companies, industries, and countries. The ILO has set up a standard framework for social security based on good practices worldwide and conducted studies on workers' welfare extensively.

In 2012, the ILO adopted a new instrument 'Social Protection Floor Recommendation', which focused on universal social protection for life in dignity and health. As per an ILO report on the informal economy, more than half of the world's population lacks any type of social security protection. Sub-Saharan Africa and South Asia are estimated to have only five to ten per cent of the working population with social security coverage. The report also mentions that the lack of social security coverage is majorly found in the informal economies of developing countries.⁴

It is commonly thought in informal sectors, workers' welfare takes a backseat. There are situations where a lack of workers' welfare measures has also been observed in more formalised sectors. For example, Parwez (2009) in their study on 'Labour and Labour Welfare in Special Economic Zones (SEZs) in India with Special Reference to Gujarat' reveals that there is the absence of even a basic form of labour welfare measures meant for workers as per relevant laws for SEZ. Companies tend to take advantage of leakages in the system. This study further reflects that several labour welfare measures have been taken away from workers, who are subject to exploitation.

The experience of some developing countries shows that social security in the informal sectors is achievable. In South Africa, tax-financed State Old-Age Pension, reaches 1.9 million beneficiaries, about 85 per cent of the eligible population. The scheme reduces the poverty gap for pensioners by 94 per cent. In Brazil as well, social assistance pensions lifted about 14 million people out of extreme poverty.⁵

In developing countries such as India, social security is understood as pro-poor measures which can be:

1. Promotional, such as Mahatma Gandhi National Rural Employment Guarantee Act,
2. Preventive, such as provident funds, and
3. Protective, to ensure relief from external factors such as insurance schemes or in case of injury or death.

A need has been felt to have a comprehensive and integrated strategy for social security in India, which should cut across policy areas and involve a range of institutional and civil society actors who eliminate the negative aspects of informality with preserving significant job creation and income generation potential of the informal economy.⁶

In recent years, ESG has emerged as a vehicle for the adoption of meaningful workers' welfare measures by companies. Worker's welfare is measured under "S" of ESG but investors find it hard to measure

4 <https://www.ilo.org/global/topics/dw4sd/themes/informal-economy/lang-en/index.htm>

5 http://www.oit.org/wcm5/groups/public/-ed_protect/-soc_sec/documents/publication/wcms_secsec_1510.pdf

6 <https://www.ilo.org/global/topics/dw4sd/themes/informal-economy/lang-en/index.htm>

social factors of ESG. A 2021 Global ESG Survey by BNP Paribas revealed that 51 per cent of investors surveyed (covering 356 institutions) found the S of ESG to be the most difficult to analyse and embed in investment strategies.

The report concluded: “Data is more difficult to come by, and there is an acute lack of standardisation around social metrics. Investors have been willing to accept data that does little to assess the social performance of the companies in which they invest.” Consequently, not much progress has been made in promoting workers’ welfare through the S of ESG. For most investors, S is merely a check-the-box exercise.

The current debate on ESG acknowledges that when we talk about ESG, social impacts are just as important as the environmental and economic impacts and companies must consider the effects their actions have on society, to ensure sustainability and success as negative social impacts can arise from poor labour practices, discrimination, corruption and inequality. Companies need to understand these issues to strive in an ESG world.

A proactive approach by addressing issues and engaging with stakeholders can lead companies to increase their value for a longer sustainable term.⁷

The development of ESG-related rules and regulations is still at a very young stage in India, as the focus is majorly on the protection of the environment or workplace conditions. The Companies Act, of 2013 introduced one of the first ESG disclosure requirements for companies in India. India is gradually moving towards developing regulations around the environment, social and corporate governance, even the Securities and Exchange Board of India proposed guidelines on Business Responsibility and Sustainability Reporting framework has been mandated and limited to the top 1,000 listed companies.⁸

Key Takeaways

- Workers are defined as those who are involved in manual, operational or supervisory roles in different skill categories but exclude employees in managerial and administrative roles.
- Workers’ welfare issues cover topics, such as decent working hours and earnings, stability, opportunities, safety, dialogue and social security and have been integrated into the 2030 Agenda of Sustainable Development.
- ESG has emerged as an important vehicle for the adoption of workers’ welfare issues through social principles. ESG has not been well applied or even understood globally and in India.

7 <https://www.esgthereport.com/what-is-esg/the-s-in-esg/>

8 <https://www.mondaq.com/india/diversity-equity—inclusion/1250572/introduction-to-environmental-social-and-governance-esg-disclosures-in-india-with-an-overview-of-the-global-standards-on-esg>

Box 2: A Few Findings from the Grow Jobs I Project

1. Different parameters were identified from observations on the ground, and learnings from these were
 - Stagnant wages and often no increments for years for certain workers
 - Caste and gender-based biases in wages
2. Other findings were
 - A lack of existing social safety instruments
 - Structural issues with the nature of the job
 - Fewer requirements of human skills in manufacturing
 - Mismatch in skill training and job requirements
 - Increased usage of floating workers
 - Exclusion on grounds of affordability of training
 - Poor quality of infrastructure
 - Poor investments in occupational safety
 - Lack of infrastructure for women and specially-abled⁹.
3. One of the key conclusions of Grow Jobs-I was that wages can be substantially increased without compromising the competitiveness of an enterprise, provided distortions in other costs on the supply side are addressed.
4. It also found the apparel sector has greater promise for higher wages and better jobs for workers engaged in core processes when compared with the textile sector.¹⁰

⁹ Theory of change GrowJobs-I: <https://cuts-ccier.org/pdf/theory-of-change-growjobs.pdf>

¹⁰ Report Textile and clothing sector in India:
<https://cuts-ccier.org/pdf/report-textile-and-clothing-sector-in-india.pdf>

Survey Findings: Company and Worker Profiles and Issues

At a Glance

- The current chapter contains summarised information on the surveyed companies, practices followed and issues faced by these companies on contractual or blue-collar workers and issues related to workers.
- The topics covered in this section include the method of analysis, profiles of companies interviewed, quick assessment of the focus of companies *vis-à-vis* workers' welfare, and concerning issues related to workers as reported by companies.

Method of Analysis and Limitations

Summaries of feedback received from stakeholders of the survey conducted as part of the study have been presented in this chapter and the next. The summarised responses and quotes included in these chapters have been reported on a non-attributable basis.

The survey was conducted by administering questionnaires, which had predominantly qualitative questions. Within this similar questionnaires were used for construction,

gig economy and textile sectors. The stakeholders from the hospitality sector were asked slightly different questions but with similar objectives. The points on which responses were not available for the hospitality sector have been indicated in the analysis. The questionnaire is available in Annexure 1. The responses were coded using a software to obtain relevant quantitative and comprehensive qualitative data from the descriptive responses.

The limitations of the study are as follows:

- 1) The questionnaires that were administered had a few open-ended questions. The quality of responses to the same questions varied between different stakeholders. Comprehensive information could not be obtained on questions from all the stakeholders.
- 2) The survey was conducted on employers only and thus presents only a partial picture of issues related to workers' welfare.
- 3) The survey was qualitative, quantitative information which could provide a more definite picture of the issues under consideration could not be gathered.

Company Profile

Respondents of the survey represented a mix of mid- and large-sized, and Indian companies and multi-national companies (MNCs). A few gig economy and hospitality respondents were from MNCs. Respondents reported variations in practices in respective companies on recruitment, workers' welfare benefits or schemes, issues with workers, future outlook and, CSR and ESG. Box 3 contains sector-wise summaries of the profiles of the companies.

Hiring Process and Focus

From the respondents' feedback, the recruitment of employees can be summarised as follows:

- 1) Recruitment takes place for the following categories:
 - a) unskilled, semi-skilled and skilled, and
 - b) contractual (either through a third-party contractor or direct hire) and on-roll (usually permanent) employees,
- 2) Most companies hire unskilled workers on contract, almost as many companies hire semi-skilled on contract, and a handful of companies hire skilled workers (as per company requirements) on contract.

Box 3: Company Profiles Summarised, by Sectors

Construction

- Specialised companies with about 100 employees
- A large construction company with over 30,000 total employees
- A large real estate company with 2500 employees on payroll (i.e., permanent employees)
- Construction companies with 2000-3000 total employees
- Smaller companies in commercial buildings, roads and other construction with 800-900 employees

Gig Economy

- India-wide food delivery aggregators
- Online e-commerce retailers, one with over 70,000 employees world wide
- Taxi (both four and two-wheelers) aggregator, one with about 6000 employees

Textiles

- A textile company with 90-94 branches in India
- A garment manufacturer and exporter to countries in Africa and the Middle-East
- A large company with about 115,000 employees
- Fibre manufacturers and dyers, two of them with more than 1000 employees
- Mid-segment manufacturers, one with 400-500 employees

Hospitality

- Leading Indian and global luxury chains with hotels all over the world
- Indian hotels from the mid-segment category

Respondents reported mixed hiring practices followed by their companies to carry out the recruitment of different categories of workers. Some companies have more structured hiring processes and focus than others. Usually for unskilled workers – whether contractual or on-roll,

hiring processes are less formal and/or less structured. Minimum qualifications asked for from unskilled workers in the gig economy are higher than that in construction and textile (data on hospitality is not available). Hiring practices have been summarised in Box 4.

Box 4: Companies' Hiring Practices

Construction

Semi- and unskilled or blue-collar workers: It is not clear if there are minimum educational requirements. Police verification and background checks.

Semi- and unskilled (contractual) workers: Companies inform the requirements to third party contractual. The requirements could be about working shifts, facilities and benefits provided, and any perks. The hiring of such workers is carried out by a third-party contractor.

Skilled workers: There are minimum educational requirements for various grades of work. One company informed they assess the biodata of applicants followed by holding two rounds of interviews. The focus in the first round is on qualifications and experiences and in the second round on the technical knowledge of applicants. Interviews are followed by an assessment of technical knowledge and discussions on salary.

Referral Programmes: Some companies hire employees who come with recommendations or are referred by an existing employee. In such cases, people who give referrals may get bonus payments.

Gig Economy

Unskilled: There are certain minimum levels of educational qualifications (such as an applicant should have completed education till 10th or 12th class). They usually undergo police verification and a brief interview process. There may be specific requirements such as self-owned vehicles including proper papers for such vehicles in case of drivers and delivery personnel.

Semi-skilled and skilled: This category of workers requires higher minimum qualifications than the unskilled category such as requirements of college-level (graduate) education for semi-skilled and post-graduate education for skilled employees.

Referrals: It works in the same way as described above. Often the bonus amount is given after a new recruit has worked for a certain period in the company.

Recruitment camps: Camps are set up in places with high populations to attract suitable new employees.

Textile

Unskilled: In many companies unskilled workers operate within a system of hire and fire. People with almost no skills can be recruited at a factory gate or may be recruited through an HR agency and referrals from other employees. There could be rigorous background checks to ensure persons below the age of 18 are not recruited.

Semi-skilled and skilled: Such a category of employees can be recruited through online platforms and advertisements. They undergo interviews, documentation checks, paperwork process, scheduling and training (information about the company including its policies).

Hospitality

Unskilled: Usually contractual workers are employed in the unskilled category to perform non-operational roles.

Semi-skilled and skilled: Recruited by absorbing people who complete relevant courses in hotel management institutes. Typically, such applicants are interviewed first and undergo several rounds of trainings to prepare for their chosen or designated roles.

Contractual Workers

As per the respondents' feedback, contractual workers form 10 to 80 per cent of workers in different companies, however, it depends mostly on the type of work or projects or locations, even within the same company. Usually, attrition rates among contractual workers are higher as they suffer from a sense of insecurity about their job situations, salaries or payments and dissatisfaction with their working conditions. It also appears the flexibility afforded by contractual work is preferred by many employees, in particular young workers or skilled people as they do not have to follow strict employer-set rules.

It is unclear which laws are applicable to contractual workers. The stakeholder inputs from the different sectors on the importance and status of contractual workers in respective companies have been mentioned in the sub-sections below.

Construction Sector

Construction companies hire contractual workers or recruit third-party contractual workers (such as staffing agencies and job portals), which provide them with labourers

to work on their projects. Since the work in the sector normally advances based on projects and is often seasonal, companies prefer such arrangements as then they will not have workers on their payroll in lean periods (i.e., salary payments). In some cases, contractual hires are skilled people in specific projects. Semi-skilled workers are workers in fields, plumbers, carpenters, housekeeping, cafeteria and catering, and security personnel.

Typically, supervisors in construction companies are from unskilled categories who have undergone some basic training and can be contractual workers. Some companies ensure third-party contractual workers comply with labour regulations e.g., labour court, they provide insurance (Employee State Insurance or ESI), provident fund and so on, by conducting audits and using other measures.

Gig Economy

A few companies said they do not have contractual hires but recruit with specific conditions, such as delivery on a packet basis (payment on the number of packets delivered with the provision of a bonus).





During the COVID-19 pandemic, companies recruited a large number of contractual workers, often at higher salaries, to meet higher demand for deliveries and e-commerce. Companies paid hardship benefits to contractual workers such as vaccination for entire families and referral bonuses to meet surging demand for delivery personnel during COVID-19. This mode is preferred because of the flexibility and speedy hiring. Such recruitment is done through third-party consultancies, referral programmes, direct hiring and head hunting from other companies.

If recruitment is through a third party, the latter is responsible for conducting background checks but if a company hires a freelancer directly, the company itself conducts the checks. One company said in most cases delivery personnel are unskilled people, who have less interest in benefits (e.g., insurance or meals) and are usually not provided any benefits by companies. Though a few companies have started thinking along the lines of providing benefits and bringing them on the company payroll.

People in contractual hires often work for several companies at the same time (e.g., for deliveries or taxi rides). Some companies (e.g., food delivery aggregators) have a hierarchy among their contract workers (such as a junior delivery partner, senior delivery partner and delivery lead).

Textile

Firms in this sector tend to have seasonal workers, e.g., firms call for people from villages to meet demands for certain orders. The kind of work such employees are involved in ranges from thread cutting, packing and pressing. Many companies have the provision of bringing such workers on a payroll if they complete a certain period of work with these companies.

One firm said they hire skilled workers (e.g., for stitching fleece jackets) as contractual workers in certain seasons. One firm said they have contractors who supply them with labourers and there are different contractors responsible for labourers in different floors of their factories. Another firm said their blue-collared employees are all on the payroll but if someone gets close to retirement age, their employment is shifted to a third-party contractor.

Hospitality

Organisations hire employees through third-party contractual workers to perform operational roles such as horticulture, cleaning, security, kitchen stewarding and laundry. In such cases, the third-party contractor's compliance with statutory norms is also monitored by these organisations.

Box 5: Respondents' Quotes on Contractual Employees

"Almost 90 per cent of them (employees) are on the pay roll and we have a few people who act as consultants in project-specific work" (construction)

"We take care of the employee because otherwise, they will not be able to give their 100 per cent. That is why we're thinking of introducing some fixed portions. There is also a chance that we might permanently onboard them" (gig economy)

"They are not a burden for the company, they are stepney for the company, we needed them in huge volumes during the pandemic when we had more than expected orders" (gig economy)

Assessing Company Focus

The construction, gig economy and textile sectors were asked a set of brief questions to make a quick assessment of their degree of focus on workers' welfare. The questions ranged from recruitment and HR processes to the importance attached to employees by organisations/companies. Based on the available data, the responses can be categorised into a 5-point Likert scale with partially agreeing to be the mid-point of these responses.

For the sake of comparability, the responses have been presented in terms of percentage breakups. Overall, the respondents indicated they agreed with the statements made by the interviewers. However, for a few responses, the answers were almost split between "Agree" and other options (i.e. "Disagree", "Partially Agree", and so on) (See Table 1 and Box 6).

Box 6: Quotes from Responses with Respondents Disagreeing or Partially Agreeing

Our organisation always offers the best pay package compared to the industry norm

"Pay packages depend on the skill set but because of inflation some employees ask us to increase their compensation"

"Standard pay packages, not the best"

We carry out a very strict performance evaluation process with zero tolerance in case of non-performer

"There could be human errors, so we try to figure it out, understand, and then we give them an option"

"If a person is not performance-oriented, we will try to give three or six months and monitor the performance; if their performance does not improve, we make some decisions"

"For permanent staff or non-riders, we do have this policy but for riders, we don't have any such policy"

We always try to retain only the performing workforce

"It is very difficult to differentiate between performing and nonperforming... there's only a limit that you can do to retain them... we provide regular training to our performing employees and recommend employees for personal growth"

"We want to keep the good workers happy but also give a chance to the others to improve and have a better life. Because they are working for their family so it is important to give them a chance"

We have the same HR treatment for the contractual workforce

"We are stricter with the ones who are on our payroll but not with contractual work force"

"There are slight differences, however in terms of growth training and opportunities it is the same"

Table 1: Percentage Break-ups to Yes-No Questions and Total Number of Respondents

Type of figures/numbers	Percentage Breakup of Respondents						
	Agree	Disagree	Partially Agree	No Comment	Others	No answer	Total (absolute value =27)
Our organisation is transparent in terms of recruitment at any level and no nepotism practices are followed	100.0	0.0	0.0	0.0	0.0	1	100
We have a proper HR policy which is applicable to all the employees including management official	100.0	0.0	0.0	0.0	0.0	2	100
Our organisation is very much employee-centric and best to your knowledge as per industry standard	88.9	11.1	0.0	0.0	0.0	0	100
Our organisation always offers the best pay package compared to the industry norm	52.0	12.0	32.0	4.0	0.0	2	100
We carry out a very strict performance evaluation process with zero tolerance in case of non-performer	51.9	22.2	18.5	0.0	7.4	0	100
We always try to retain only the performing workforce	48.0	12.0	40.0	0.0	0.0	2	100
We provide regular training to our performing / recommended employees for personal growth	80.0	8.0	12.0	0.0	0.0	2	100
Our organisation always tries to optimise the cost to employees by setting strict KPI	66.7	14.3	19.0	0.0	0.0	6	100
We pay the best remuneration so overall employee cost is very important to maintain the financial bottom line of the organisation	90.0	10.0	0.0	0.0	0.0	7	100
We periodically review the performance of employees where hands-on training are provided to improve poor performer.	91.3	4.3	4.3	0.0	0.0	4	100
Our corporate objective is to retain employees as they are the most important resources, we consider them as an investment, not an expense	76.2	9.5	14.3	0.0	0.0	6	100
We have the same HR treatment for the contractual workforce	40.0	20.0	40.0	0.0	0.0	7	100

NB: the questions were not administered to hospitality sector respondents

Workers' Issues Faced by Companies

Based on the responses received from the respondents, some points emerge as the topmost concerns of the companies regarding the management of workers and skills. Table 2 presents information on the number of companies citing these as concerns for them and a detailed explanation of the concerns has been given below.

Table 2: Frequent Concerns about Workers Mentioned by Respondents

Company concerns	Cited as a Concern by Number of Companies
Attrition	24
Skills Shortage/Labour Shortage	13
Discipline Among Workers	9

Attrition

Attrition among all categories of workers emerged as the topmost concern of the companies. The stakeholders mentioned the following trends

- Third-party contractual workers (unskilled and semi-skilled workers) do not stick to a job – they move between different jobs
- In certain industries (namely construction and textile) and categories of workers (e.g., rural workers with landownership in their villages), attrition is seasonal and high during festivals when workers prefer to travel to their villages for longer periods
- In construction, workers may find working on the same site for several

months in a row monotonous, and leave after a while

- In construction and gig economy sectors, attrition in skilled workers and gig/contractual workers can be traced to 1) higher pay and incentives by competitors and 2) dissatisfaction with working conditions (e.g., among drivers) and incentives in existing ones
- Attrition during COVID was quite high for many companies but now has reduced
- If there is new recruitment with higher pay, attrition among older employees goes up
- Gig workers 1) often take leaves and then do not report back to work at the end of a leave period, and 2) if studying alongside working, attempt to move on to white-collar jobs after their studies
- The attrition rate among gig workers, notably drivers for aggregators, is highly volatile (high attrition in some months, no attrition in some other months)
- Often blue-collar or gig workers have secondary sources of income and thus do not find it hard to leave their jobs

Further, companies mentioned certain measures adopted by them to cope with attrition such as:

- Hire excess people and continuously;
- Organise regular feedback sessions with their immediate supervisors and managers, provide learning and development opportunities within their companies and so on;

- Set up exit interviews and if possible, address the employees' concerns (an example was given of a worker seeking to relocate to his home town which the company was able to accommodate);
- Organise overtime work of the existing labour force to deal with the labour vacuum (particularly during COVID); and
- Provide extra benefits in the hope of retaining employees.

While most companies consider attrition as a cost (such reasons cited as loss of good workers and wastage of money spent on their trainings), a few look at the contribution of the worker to the company to assess whether and the extent of the loss and a few others do not consider attrition as a cost. Companies which recruit semi- or unskilled workers from third-party contractors (firms) pay less attention to

attrition among these categories of workers, as the concerned third-party firm sends replacement workers.

Some respondents view attrition as a good development as workers usually leave for higher pay jobs, which helps to raise the level of wages in the industry.

Skills Shortage

The skills shortage has emerged as a serious issue and has been mentioned by quite a few stakeholders. Companies are not able to estimate the real extent of skills shortage given the rapidly changing demand for skills especially because of rapid advancement in technologies (see further discussion in the technology and automation section). Overall feedback of the stakeholders about semi- or unskilled workers is they tend to move between jobs in search of better opportunities or even slightly better pay.



A few other trends mentioned on skills shortage and demand for skills were:

Construction

1. There is a shortage of people who can handle automated machines. One company said during COVID they hired freelancers from agencies because of labour shortage. Further, there is a shortage of blue-collared workers during festivals; and
2. Job situations are evolving even for blue-collar workers such that those who have barely managed to finish secondary school will not be able to work in this industry; some construction companies hire contractual workers with particular skill sets. For some companies, loyalty and pride in working for the particular company among employees score higher than the skill sets of workers. Some other companies, however, said they prefer hiring skilled workers from technical institutes.

Gig Economy

1. There is a shortage of people with specific skill sets which would help in understanding consumer sentiments, such as food consultants and vloggers; and
2. Companies are also looking to different frontiers (notably rural areas) to hire gig or contractual workers.

Textile

1. There is a shortage of tailors; and
2. Companies prefer to hire skilled workers (e.g., in tailoring) with some

years of experience; unskilled workers are usually in checking, thread cutting and so on.

Hospitality

1. Finding skilled personnel is the biggest challenge, hotel management institutes report gaps in seat occupancy and attrition rates are high;
2. Thus, there is a significant shortage of skilled workers due to long working hours, night shifts, adverse leave regulations and low salaries; and
3. A sudden increase in occupancy post-COVID has also contributed to the current skill shortage.

Discipline Among Workers

Discipline among employees has been mentioned as a concern by several stakeholders with a few of them stating that their companies practise zero tolerance for misbehaviour (e.g., sexual harassment or fraud). Construction and gig economy companies cited disciplinary issues faced in their construction sites and warehouses respectively, and said they have instituted measures to ensure contractual workers follow certain rules.

Overall, companies expect their employees to remember that a customer or a client gets the highest priority and thus employees should conduct themselves well with customers/clients. The other expectations are that employees carefully handle goods (e.g., packages in case of delivery people), protect company data, maintain hygiene standards, and do not drink alcohol while at work.

To maintain discipline among employees, respondents said their companies adopt one or more processes and practices as follows:

- Assign the responsibility of maintaining the discipline to team leaders and managers. The HR gets involved only when such personnel are not able to come to a resolution;
- Regular quality checks, surprise visits, and evaluation of performance and rating (e.g., ratings of drivers or delivery people);
- Zero tolerance for behavioural issues, sexual harassment or any kind of discrimination;
- Strict monitoring and auditing of third-party contractual workers to ensure compliance; ensuring such contractors follow relevant ISO standards;
- A construction company said they ensure that more than 100 people do not work on the same site and divide workers into smaller groups (e.g., of 10);
- A hospitality company stated they instil a culture of inclusion, ensure diversity in leadership and have bottom-up conversations to build trust; and
- Some companies have different departments dealing with matters related to discipline, e.g., anti-corruption department and a separate

department to look at leave irregularities (which processes and verifies leave matters and forwards these to the HR company that decides the next course of action).

Key Takeaways

- Recruitment processes for unskilled or blue-collared contractual and on-roll workers vary between companies but are generally less formalised or structured, especially in the construction and textile sectors.
- Profiles of unskilled and semi-skilled workers differ between sectors but overall, this particular category of workers has high attrition rates as they have general dissatisfaction with their working conditions.
- While companies said they have firm and structured systems in place for their employees, it is apparent from their responses that these companies have different human resources treatments for their contractual employees.
- Overall, companies are concerned about attrition rates, skills shortages and disciplinary issues among their workers. While skills shortage rather affects semi-skilled and skilled employee categories, attrition and disciplinary matters *vis-à-vis* unskilled and/or contractual workers are bigger concerns for companies.

Survey Findings: Workers' Welfare Measures and Strategies

At a Glance

- This section contains inputs received from respondents on schemes, measures, policies and strategies adopted by them that impact workers' welfare.
- The section dwells on measures related to:
 1. workers' welfare including financial and non-financial payments, training, talent management, grievance redressal, and gender and inclusion;
 2. perspectives on automation and advanced technologies;
 3. CSR and ESG; and
 4. a few best practices that can be replicated by other companies.

Workers' Welfare

Respondents mentioned a range of measures that are adopted by their companies for workers' welfare. On a closer look, however, it becomes clear most of the measures and schemes are meant for on-roll or skilled employees, and unskilled or semi-skilled and contractual workers receive fewer benefits, if any. These range from provident funds, insurance, leaves of different kinds, education allowances and so on.

Companies in which contractual workers are largely left out of such benefits and schemes may have special benefits for them, such as cash or non-cash incentives and gifts, provision of shelter and food, and overtime or extra hours payments (see Box 7 for greater details).



Box 7: Typical Benefits and Welfare for Employees

- Provident fund contributions by employees and employers and gratuity fund (the latter in hospitality)
- Medical and accident (e.g., for construction) insurance. Some companies make ESI cards for their employees – usually, this is a statutory requirement
- Health schemes for workers and their families work in different ways for different companies. Some companies cover families of both on-roll and contractual employees, some others cover families only of highly placed on-roll employees.
- Different kinds of leaves (e.g., casual, paid)
- Various incentive schemes, such as on a daily or weekly basis (e.g., in gig economy companies). These schemes could be tied to some promotions such as Diwali sales or employee of the month schemes
- Overtime or payment for extra hours is usually for contractual employees who do not receive similar benefits as on-roll employees.
- Consumer goods such as refrigerators, television (relevant for construction workers on sites), gifts in cash (e.g., for weddings within families or meeting targets), gift vouchers for meeting targets or for high ratings (relevant for gig economy) and access to free stationery and other goods through a company's CSR activities
- Deepawali and other kinds of bonuses (such as retention bonuses in the gig economy for those employees who work for a certain period with the company and receive good ratings)
- Safety measures, shelters with food water and sanitation, uniform, and in some cases just provision of food (in particular in construction)
- Loan or advance from salaries
- Free education and daycare centres (specifically by textile and hospitality companies) for children of workers
- Psychological counselling and mental health and wellness, especially during and after COVID (specifically in hospitality)
- Special schemes for women e.g., women's health, women's day gifts, education for girl children, pick and drop and safety
- Specific issues, such as protecting delivery people from being harassed by the police

Table 3 and the sub-sections below summarise the welfare measures that are in place in terms of broad themes.

Financial and Non-financial Benefits

There are financial and non-financial benefits and welfare schemes for workers but for most companies, these vary between employees on payroll and contractual workers. For blue-collar employees who are recruited through third-party contractors, usually companies pay a pre-agreed rate, there is no negotiation on their salaries and these workers usually do not enjoy any benefit or welfare schemes of the company that hires them. This depends

on individual companies as some companies have indicated that they treat all their employees in the same manner and give them the same benefits as well as have the same HR policies for them.

Some companies mentioned they provide insurance to their workers to meet government regulations. A few companies said they monitor or audit their third-party contractual workers to ensure that these workers are given access to benefits and welfare schemes. Even with employees on the payroll, companies may provide higher benefits to senior executives than to junior ones.

Table 3: Number of Companies Applying Schemes/Policies for Workers' Welfare

Schemes/Policies for Workers' Welfare	Number of Companies Reported to Apply Such Measures	Sectors in which Measures are Predominantly Applied
Workers' Benefits (both financial and non-financial such as leaves, insurance, provident fund and so on)	37	All sectors
Training and Development	32	All sectors
Grievance Redressal	20	Construction, Gig Economy, Textile
Talent Management and Retention	18	Gig Economy, Textile
Gender-specific measures	16	Gig Economy, Hospitality
Upskilling/Upgradation of jobs	9	Gig Economy, Hospitality
Diversity and Inclusion	4	Hospitality
Employee Engagement	4	Hospitality
Affirmative Hiring	3	Gig Economy, Hospitality

Training and Development

All companies provide some basic training to their employees. Usually, contractual and on-roll employees have different kinds of trainings. Training can be divided into two kinds: 1) trainings for new hires as part of their onboarding process (see Box 8). Several companies take tests of new hires after they complete their initial trainings; and 2) periodic or occasional trainings to teach new skills, inform new processes or provide opportunities to people who have been working in a company for a while and have performed well are to get promoted to supervisors or team leaders.

Construction

Most construction companies do not have formalised training for their contractual blue-collared employees. In some cases, companies leave the trainings of contractual, often blue-collared employees, to third-party contractual workers. A company said since they incur considerable expense in hiring contractual workers, they

do not wish to spend any more in training contractual workers.

Companies adopt various strategies to deal with skill requirements *vis-à-vis* training needs, such as a company said if there is a requirement for skills which are beyond their core territories, they hire people who have relevant trainings in these skills after conducting a cost-benefit analysis of hiring trained people vs providing such trainings themselves.

Another company said they pay 60 per cent of their salaries during the time the employees receive training. Two companies said they start trainings after an employee has worked in the company for a certain period. Usually, such trainings are for profile enhancements or promotions.

Gig Economy

Most companies have separate teams for training and development. Such training may vary depending on respective job

profiles. One company said since training and grooming are expensive, before getting hired employees undergo a careful evaluation process. This particular company prefers to train internal employees instead of hiring new ones.

Training needs are identified by different companies in different ways. One company informed if they get a sense that their independent contractors are facing problems, they organise suitable training or motivational initiatives/ counselling for him/her. Another company said they do regular monitoring and quality check as well as take periodic tests of the employees to understand how they are performing. Through this process, the company assesses the employee training needs.

Textile

All employees are provided trainings but, in some cases, such trainings are not formalised. Regarding training on machinery, existing employees who are proficient in these machines provide training. Some companies though indicated they have separate teams for trainings. Companies usually provide further training

(i.e., for upskilling or upgradation of job profile) is given to employees who have high potential.

Hospitality

Most organisations have well-defined and structured training programmes for most of their employees. Respondents gave examples of how these are carried out such as by the creation of a customised learning path on the learning platform LEAD, which can be accessed through an app. The same organisation collaborated with TYPsy for online video learning specific to the hospitality industry and designed Netflix-style, all-you-can-consume library to encourage learners to develop their skills and discover their passions.

One organisation said a lot of the required skill set is developed through on-the-job trainings as these skills are not taught in educational institutions. Most organisations focus on absorbing young people into their workforce to train them and develop their skills according to industry standards by entering into memoranda of understanding with institutions and universities and arranging for internships and direct hiring.



Table 4: Type and Content of Training Provided

Sector	Duration/ Frequency	Type	Content
Construction	One week to a month depending on the nature of work; Depending companies monthly or quarterly frequency	Contractual (blue collar) workers: practical, on-site; supervisors may get involved in providing trainings; Management: online	Contractual workers: basic training – health and safety, maintaining standards, new techniques and tools, improving skills, rules, regulations and procedures of the company; Management and on-roll employees: policies of the organisation
Gig Economy	Semi-skilled: one day to one month Three to six months (for customer care executives)	Independent (semi-skilled) workers in the field: In-person or through portal/app; arrange for buddies On-roll employees: through the portal or online or physical. Employees may have a target number of trainings each month.	Independent workers in the field: Tools (of apps), soft skills, company values and policies, product training (e.g., manner of delivery), grooming, method of packaging, managing interactions with customers (politeness, difficult customers, queries, returns), shadowing a skilled person Managers and team leaders: Company policy, problem-solving and grievance redressal, team management
Textile	Three-six months	In-person	Company policies, salaries, company structure, specific skills (as required e.g., tailoring)
Hospitality	Measurement in number of hours training completed	In-person or online; Apprenticeship	Skilled employees: monthly induction programmes, training programmes, culturally appropriate behaviour, sign language, sensitisation, leadership, inter-personal

Box 8: Onboarding of Employees

Most of the feedback received on onboarding questions was related to on-roll employees. Onboarding could be for 10 days to three months of training. The briefing or training could be provided by the project coordinator of specific projects. Some background checks may be conducted after hiring and before training. Companies also carry out verification, e.g., of their bank details.

Construction: Different companies have different probation rules, one company mentioned they have three-month probation, while another said they do not have probation as workers are hired for a short duration – three to six months.

Gig Economy: Companies may assign buddies during the onboarding process along with the steps mentioned above.

Textile: Especially for skilled or semi-skilled work such as tailoring an experienced employee may provide trainings. One textile company said they do not have a probation period and another said they have six months probation for on-roll employees and three months for contractual workers. Another company said they mostly hire in groups and brief them about the policies and benefits of the company.

Hospitality: Onboarding can vary between different categories of employees.

Talent Management, Retention and Upskilling/Upgrading

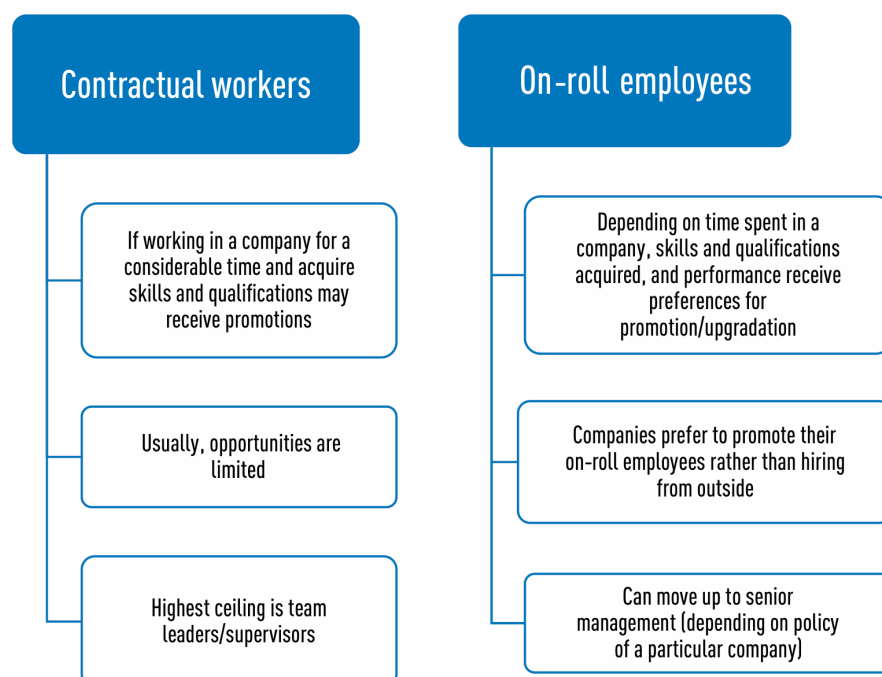
Companies said they like their employees to stay on, in particular people with the capacity and interest to learn and grow in their jobs. Most companies prefer to promote and upskill employees from within the organisation rather than hiring from outside. Figure 7 explains the typical growth opportunities for contractual blue-collared workers *vis-à-vis* on-roll employees. Contractual, especially blue-collared employees have much more limited growth opportunities than on-roll employees.

Companies adopt various strategies for talent management. A few companies said they observe new employees during their trainings and orientation and put them in suitable positions afterwards. One gig economy company said whenever new opportunities arise, they send emails to employees in case anyone would like to

apply for the job. Two gig economy companies said contractual employees can move up and become permanent employees depending on their qualifications and performance. Taxi aggregators implement driver retention initiatives such as providing additional benefits and incentives for high-performing drivers.

Textile companies said they promote workers to supervisory roles if a particular worker shows the potential for managing 10-15 people among others. A few companies are particular about educational qualifications, e.g., both gig economy and textile companies said they would promote their employees if they have higher qualifications than what their jobs require or enrol in further studies, such as management studies, while some textile companies said they would promote a worker in a supervisory role even if they do not have desired educational qualifications but shows potential for further growth.

Figure 7: Typical Growth Opportunities for Employees



Grievance Redressal

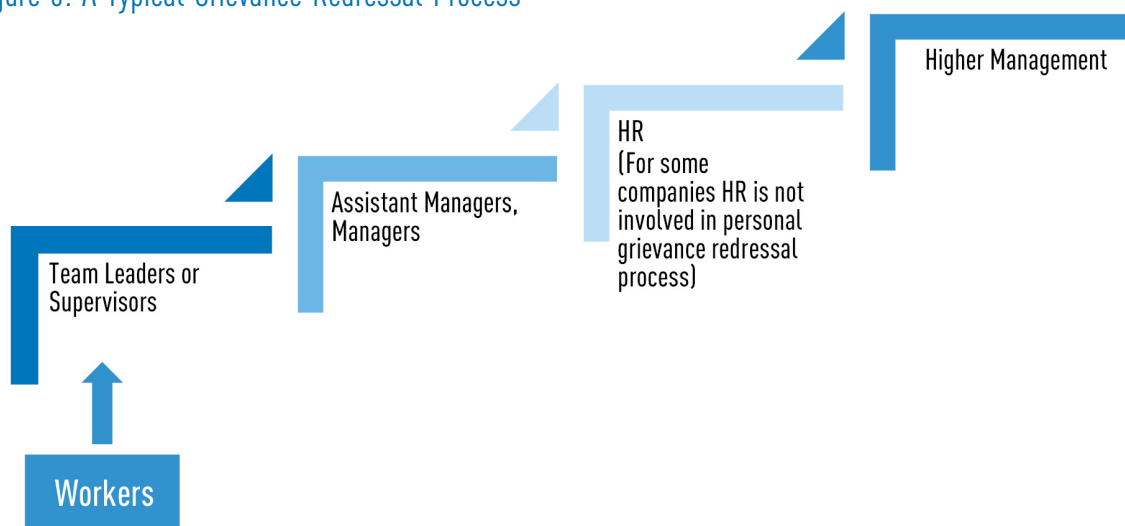
Some form of grievance redressal mechanism exists for all companies though mechanisms vary widely between the companies: while a few of the companies have formal grievance redressal mechanisms, most of the companies have rather informal mechanisms. Typically, the

grievance process involves employees approaching their supervisors or team leaders. HR may or may not be involved in the grievance redressal process, depending on issues and companies. In some cases, the person against whom a complaint is made is transferred to another location or job (See Box 9).

Box 9: Grievance Redressal Mechanisms

- Supervisors' or team leaders' involvement – usually the first stage of grievance redressal mechanism in companies in all sectors
- HR involvement in some cases in the first stage, in other cases when the first stages of grievance redressal mechanism do not work
- Committees which sort out issues of all employees including contractual employees' issues with their contractors. In some companies such committees have senior and HR employees as members
- Sexual harassment policies and redressal mechanisms (e.g., transfer of supervisors on the complaint of female contractual workers). Female employees have the provision of escalating their grievances in some companies.
- Grievance cells get involved when the other mechanisms do not work
- Compliance officers who look into policies
- Complaint boxes that allow workers to complain against supervisors anonymously
- The sacking of employees if there are persistent problems with them (both complainants and defendants)
- Transfer of employees against whom complaints are made

Figure 8: A Typical Grievance Redressal Process



Gender and Inclusion

The percentage of women employees is still quite low in the companies across the four sectors even when they have taken gender-related initiatives as the following subsections explain.

Construction

Typically, about 20-30 per cent of employees in construction companies are women. Because of the nature of the work construction companies said they find it hard to raise the percentage of women employees. They find it easier to recruit women for jobs that are on the payroll. Companies usually hire women who are diploma or degree holders to work in their offices. Many of them find women workers more predictable.

A lot of the women in blue-collared jobs are wives of male workers but they usually do not get involved in heavier work. Mostly the work women perform is in the unskilled category- as helpers. One company said women workers prefer not to join semi-skilled jobs because the predominance of men in semi-skilled work makes them uncomfortable, while another company said they hire women in semi-skilled and skilled categories but not in unskilled categories.

Gig Economy

Typically gig economy companies have 10-40 per cent female employees, in semi-skilled and skilled workers. One company said they find it hard to attract female employees. A few companies stated they provide additional benefits to women employees such as a lesser number of

working days (five days as opposed to six days for men in a company, specific training, and designated work shifts for women). Some other companies however said they do not provide any extra benefits as they would like to treat male and female employees on par. One company indicated they provide maternity benefits but it is up to an employee to decide for how long.

Textile

Typically, women constitute 40-70 per cent of the workforce. Women are typically involved in unskilled and semi-skilled work rather than skilled work such as tailoring, mainly because of the long working hours involved in tailoring.

Men and women earn the same wages for the same work done. In terms of special benefits for women are allowing them to bring their children, providing creche services along with food for teachers and children (mandated by law in some states), and dropping them home in case of late hours.

One company said most of their employees are male because they have tasks such as outsourcing materials, speaking to manufacturers and machine operations.

Hospitality

Typically, 20-40 per cent of women employees even though some organisations have benefits such as extended maternity leaves, compulsory creche facilities, home pick up and drop, and so on. There have been schemes such as all-women-run luxury residences and diversity and inclusion committees and councils.

Automation and Advanced Technologies

Overall, respondents had favourable views of integration and automation and advanced technologies in their business operations. They see such integration as inevitable and/or natural, which would lead to enhanced productivity and lessen human errors. Sectors such as construction and the gig economy have been already experiencing the impact of advanced technologies to various degrees.

In parts of the construction sector, while advanced machinery is being deployed, there has not been much application of

automation. The gig economy is different from the other three sectors as its existence is premised on applications of advanced technologies and technological advancement implies incremental changes for this sector rather than radical.

Textile has seen improvements in machinery, e.g., for sewing machines but is still considered a large labour-intensive industry with slower applications of advanced technologies. In hospitality, while advanced technologies are applied, given that the sector is seen as one in which human interface is necessary, technologies will not replace humans in a large way (Box 10).

Box 10: Quotes on Applications of Automation and Advanced Technologies

Construction

"Technology is seamless and is coming very fast and you have either have to adapt to it or you perish so either your competitor is going to take that project and you will be left out"

Gig Economy

"Our whole work is automated; we have nothing manual"

"Our AI platform helps us to aggregate responses to identify what exactly is the training need, in a particular city or section of the city, so we can provide that which is needed, as against loading drivers with resources that they don't even need"

"To ensure that new technologies are accepted or adopted, steps are 1) strengthening of the existing research and development, and learning and development functions, 2) setting a target, and 3) incentivising (additional earnings)"

Textile

"Machines cannot replace the work of the skilled labour"

"Training never stops, everything changes all over the world as well as in India as technology changes"

Hospitality

"Technology with a human touch – this industry cannot do without human touch"

Impact

The following is the feedback received from the respondents on the impact of automation and technology:

- While automation and technology will be helpful for a company's growth, simultaneously manpower – whether in managerial and technical roles or permanent and contractual hires – will be required to manage the processes. New skills will be in demand;
- Automation may affect the construction sector relatively more than the other sectors even if slowly as a lesser number of people will be required to perform a task than before. There may be skill shortages in future as even with trainings a typical blue-collared worker will be unable to operate machines and the more educated segment of the population is reluctant to operate machines;
- Automation and advanced technology will raise the skill levels in sectors such as construction (for reasons such as machine operators will be replaced by engineers). Some companies indicated that once there is more automation, they will bring in more contractual workers on company payroll as the number of employees will shrink;
- Given skill shortages faced by companies there may not be enough skilled labour to meet demands for skills in future;
- Advanced machinery and appropriately skilled labour are likely to raise costs. One company, however, was of the view that

automation will help them in cutting costs; and

- The experience of technology-based companies (such as companies in the gig economy sector) is a useful pointer for other companies as to the management and impact of advanced technologies. Gig economy companies continuously undergo growth and restructuring.

Training

Respondents had differing views on the need for and the readiness of their companies on trainings for advanced technology and automation. The views of the stakeholders on this are given below:

Construction

- Manufacturers of machinery impart trainings when machines are purchased by companies. Usually, a few employees are trained by manufacturers, who, in turn, provide trainings to others in a particular company;
- However, if the machinery is on hire, the company concerned arranges such trainings; and
- One company said their strategy going forward is to hire employees from industrial training institutes (ITIs) and arrange for their upskilling as per need.

Gig Economy

- Since most of such businesses are technological applications-based, companies utilise their existing technologies for imparting trainings, e.g., by uploading resources for audio

and visual trainings on their technology platforms. Workers could access these on their apps and seek additional information from or ask questions to their supervisors or managers; and

- One company said they arrange physical trainings on new technologies; trainers are either existing employees or outside trainers.

Textile

- When a new machine is introduced, workers are suitably trained. Such trainings could be conducted by using audio-visual media as well as practical tools.

CSR and ESG

Respondents were asked about CSR and ESG as earlier research conducted under the Grow Jobs II project¹ showed these have emerged as important vehicles for the adoption of workers' welfare schemes. Table 5 shows that a relatively a greater

number of respondents have indicated they are aware of the concept of CSR and/or their companies apply CSR than that ESG. However, there is a caveat here that all companies did not respond to the question assessing their awareness of ESG.

However, when questions further probed about their awareness of CSR and ESG or applications of either CSR or ESG by their companies, it is apparent from the responses that several respondents were not clear about the idea of CSR and a few of them mixed up CSR concepts with workers' welfare and benefits. There was even less understanding of ESG and frequently CSR and ESG concepts got interchanged.

Examples of misunderstanding regarding concepts of CSR include considering the distribution of sweets or special food items or clothing among workers during a festival or in a certain season as CSR initiatives. A handful of respondents who had a clearer understanding of these concepts said their companies are not involved in these (see Box 11).

Table 5: Respondents' Awareness of CSR and ESG

Social and Sustainability Initiatives	Number of Respondents who said they are aware of, and/or their companies apply/plan to apply CSR and ESG	Number of Respondents said their Company does not apply these
CSR	22	6
ESG	9	10

1 <https://www.moneycontrol.com/news/opinion/companies-government-need-to-focus-on-s-in-esg-to-build-human-capital-10613751.html>

Box 11: Quotes about the Importance of CSR and ESG for a Company

"If we are not looking at CSR or if we are not looking at the environment, sustainability of resources cannot be taken care of"

"We are finding it difficult to hire people to complete a project, so taking care of social aspects is a little far-fetched. It depends on the perspective of the organisation"

"There two parts of CSR where one is philanthropy where we donate to various charities but other parts like within the organisation"

"We focus mostly on CSR part but mostly start-ups focus on ESG and it's a big deal in the West right now"

"How do you do that (apply ESG principles) is the question because 90 per cent of your productivity comes from burning fuel"

"We are not thinking about it as of now, we need to have people who can come and talk about these things."

Among those who had a clearer idea about CSR shared information that their companies have tie-ups with non-governmental organisations (NGOs) for undertaking environmental and social initiatives (see Box 12), whereas some companies indicated they do not trust NGOs as they do not find them genuine. One textile company said if they have large enough profits in a certain year, they undertake CSR activities. A few respondents, which represented companies

that are large enough and fall under the purview of CSR-related provisions of the Companies Act, 2013, said their companies have to undertake CSR activities.

Respondents from a few gig economy companies said they were not aware of CSR activities conducted by their companies as these are handled by their headquarters or some other teams. Inputs from respondents from MNCs show MNCs have firmer CSR philosophies, especially driven by their global operations.

Box 12: CSR Initiatives

- Checking water and carbon emissions, chemical evaporation and the level of hazardousness of chemicals in construction sites
- Working with NGOs:
 - ◆ which helps people affected by floods or other disasters. The company in question provides job, donates money and raise funds from its staff to contribute to people affected by disasters;
 - ◆ to plant trees, and create a group within the company to participate in CSR activities; mostly CSR activities related to the environment; and
 - ◆ free rides to certain categories of medical patients.
- Free health check-ups and other health-related schemes, interest-free loans, housing and education of children for employees
- Contribute to the education of children, especially girls, nutrition and healthcare for the general population, setting up of training institutes and skilling programmes, rural development and schemes for older people
- Special initiatives to involve more women in the workforce, e.g., recruitment of more women drivers by aggregators
- Supporting entrepreneurs and start-ups to pitch ideas to investors

Companies that indicated that they have heard of ESG stated it is about proper reporting of different aspects, e.g., stakeholders, labour (including their health and safety, and families), land, upliftment of the organisation, governance and so on. A few companies said they have started thinking about applying ESG principles in their businesses and indicated companies will take it more seriously if the government mandates it. Some companies announced they apply ESG principles to their businesses to an extent.

Specifically, companies which have large environmental footprints (such as construction and taxi aggregators) are conscious that for them it makes business sense to apply sustainable policies in their operations so they take various steps (e.g., increasing usage of compressed natural gas-run taxis, encouraging electric vehicles, regular maintenance of cars, and taking care of wastages and residues in textile and construction firms).

The hospitality sector, particularly companies which are a part of global chains, is ahead in terms of adopting ESG principles. Several of them mentioned they support the Sustainable Development Goals of the United Nations (UN), have signed up for the UN Global Compact, or follow the triple-bottom-line approach (people, planet, and prosperity).

Best Practices

From the survey responses, a few examples that promote workers' welfare are recommended as practices that can be adopted by companies. These are mentioned in Box 13.

Workers' Benefits/Welfare Schemes in Textile Companies

Textile companies in many states of India are legally required to provide certain benefits for their workers. For children of women workers, companies usually have creches with teachers as it is a mandatory requirement.

A few companies informed their additional practices *vis-à-vis* women workers such as

- 1) Children of women workers are to allowed to accompany their mothers and the company ensures such children do not go to areas of factories which are not safe for them;
- 2) Drop-home facilities for women workers if they are working late; and
- 3) Meal provisions for children (and teachers) in creches.

One textile company provides two meals a day to all its workers. Previously the company gave them allowances for food but eventually the company decided it will be more beneficial for workers if the company makes provision for meals.

Taxi Aggregator Encouraging Women Drivers

A taxi aggregator has launched a specific programme to train women drivers. This programme also has elements of financial management, mentorship and funding. This helps to retain talent. The company is of the view women are better at managing conflicts than men and bringing gender diversity to the ride-hailing industry. It is also helping to change the mindsets about women working as drivers, especially in tier 2 and 3 cities and rural areas.

Box 13: Case Study- Practices Followed by Food Delivery Aggregator

Attrition

A respondent from a food delivery aggregator claimed their company proactively looks at attrition. The company holds periodic feedback sessions with the following:

- with immediate superiors every month;
- managers every two months; and
- HR every month.

In addition, the company has growing and learning opportunities within the organisation in place. Further, the company entered into collaboration with educational institutes to facilitate further learning by employees.

The philosophy of the company is that people leave because of certain factors and once a company addresses these, attrition goes down. As per the respondent attrition takes place because 1) employees pursue higher studies or courses for the upliftment of skills; 2) leave for jobs that provide higher pay and 3) seek certain types of workplace values. The company attempts to lower attrition by taking care of the educational and upskilling needs of employees and instituting a sound value system.

Attrition Cost

The company also calculates the cost of attrition by using a long-term benefit (LTB) formula. The formula integrates hiring cost, training cost and cost incurred by the company on the employee per annum. If a person with high LTB leaves, the company assesses how much time it would take to recruit a person with a similar LTB.

Onboarding and Benefits

The company has a system of incentive schemes for recruits, a solid referral scheme and a trip organised every year for its unskilled employees. Further, the company has zero tolerance for sexual or physical harassment. The respondent said the company attracts a lot of talent every year because of such practices.

The company noted some aspects relevant for women drivers such as their primary responsibility in household work and kids' schooling matters, and in some cases, both spouses work as drivers but in complementary shifts. The company has instituted safety features for women taxi drivers including panic buttons. The company said its objective is to balance considerations of productivity, safety, drivers' experience, and the experience of the customer.

Extra Benefits for Employees in Gig Economy

Two gig economy companies have introduced a "moonlighting policy" which allows their contractual employees to work with other companies on a part-time basis after taking the approval of the concerned company management. This enables employees to work with multiple organisations and earn extra money.

Affirmative Hiring

A few companies have mentioned they practice affirmative hiring:

- A hospitality company reported they have three differently-abled people working in their organisation. Another hospitality company said they involve people with disabilities in semi-skilled and unskilled work.
- A few gig economy companies said they hire people with physical disabilities and allocate them suitable jobs. One gig economy company, however, did not have a positive view on affirmative hiring and indicated this distracts them from the general hiring policy.

Ensuring Third Party Contractual Workers Follow Norms

Several companies have practices in place to ensure their third-party contractual workers follow certain measures for contractual hires:

- One respondent from a construction company said their company has auditors on their payroll who conduct such audits.
- Another construction company respondent said their company chooses third-party contractual workers that meet certain ISO standards and makes sure the documentation is complete.

Employee Engagement

A few companies mentioned their practices as follows

- Gig economy: One company said it writes emails to employees whenever there is a new idea to get their views on the subject.
- Hospitality: One company shared information that they deploy a technology partner “Connect” for continuous engagement surveys with employees. Further, companies conduct feedback surveys and HR efforts to engage with employees.



Key Takeaways

- Companies undertake workers' welfare measures for blue-collared workers such as incentives, bonuses, overtime pay, gifts in terms of cash or consumer goods, free education and daycare centres for children of workers, basic training, insurance, and special schemes for women such as education for girls, safety and pick and drop.
- Several such measures are undertaken as per relevant laws, companies must have certain workers' welfare measures.
- Among talent management initiatives for contractual or blue-collar workers are special programmes by gig economy companies and promotion to supervisory roles in textile companies.
- Even though a few companies have special initiatives to attract and retain women employees, mostly the percentage of women workers, especially in blue-collared jobs in companies is, quite low.
- Blue-collared jobs will be impacted by automation and advanced technologies in all sectors, especially construction, as several jobs are forecasted to become redundant, demands for new skills are going to rise, and skill levels in the construction sector would be raised.
- A few companies have channelised their workers' welfare measures through CSR. The uptake of ESG, however, has been less. The respondents demonstrated an overall lack of understanding of ESG and CSR (though less for the latter issue).
- A few measures and best practices have emerged, such as promote workers' welfare, women employees, and boosting employee satisfaction by the gig economy and hospitality companies, schemes for women and children of workers practiced by a few textile companies, and steps to ensure third party contractual workers follow certain norms by construction companies.



Conclusions and Recommendations

Conclusions

The study majorly focused on workers' welfare measures adopted by companies representing four sectors from tier 1 and 2 cities in India. Generally, companies even within the same sectors presented a disparate picture in terms of different elements of workers' welfare for all categories of actors. Workers' welfare includes aspects such as earnings and benefits, stability of job, opportunities available to workers and so on.

A qualitative questionnaire was administered through a survey of respondents from the construction, gig economy, textile and hospitality sectors. Summarised information of the survey shows that overall blue-collared, often contractual employees are in a worse position than skilled, on-roll employees in terms of hiring process, job stability, benefits received, training opportunities and HR treatments received.

Blue-collared employees have higher attrition rates and greater disciplinary issues among them (as well as stricter applicable disciplinary processes). Usually, this category of employees has separate benefit measures (such as overtime payment, cash and non-cash gifts, free education for their children and

health and accident insurance) than on-roll, skilled employees. A few measures are adopted by companies because they are required to as per applicable laws and/or rules (such as creches in textile firms for children of workers, ESI insurance in construction and other sectors and so on). A few companies have systems and practices to retain, promote and even upskill blue-collared employees though overall their opportunities to grow appear limited.

Conclusions on a few other topics touched upon in the survey are as follows:

- Gender: percentages of women workers in all the sectors are quite low. Women are usually employed in typical office jobs or unskilled categories than field-based, core or skilled categories of jobs,
- Automation and advanced technologies: These are going to impact all sectors but in different degrees: while advanced technologies are more integrated into the gig economy, these may not bring radical changes in hospitality but could transform the construction sector.
- CSR and ESG: While ESG has become a vehicle for the adoption of workers' welfare measures globally - even if the social pillar under which workers' welfare features has received less attention than other pillars of ESG - the

respondents of the survey demonstrated poor understanding of ESG. Their understanding of CSR was a bit better but many of them mixed up concepts of CSR with general welfare measures for workers.

Recommendations

Create a national portal or utilise the existing ones to connect employers, employees, skills demand and supply, job opportunities and job seekers.

Prior to creating such a portal, data at disaggregated level (e.g. at the level of states) on workers', employers, skill demands and supply for different sectors should be collected and analysed to understand the kind of features the portal should have and facilities it should provide.

E-Shram is an existing portal developed by the Ministry of Labour and Employment (MLE), the Government of India for creating a national database of unorganised workers. **Employers should be allowed to advertise job opportunities in this portal.**

The MLE has created another portal named Shram Suvidha to connect employers, employees and enforcement agencies to facilitate reporting of inspections and submission of returns. The two portals should be connected so that all relevant information about employers, employees and job opportunities can be unified in one portal. The aim will be to facilitate employment, improve working conditions and provide better opportunities to blue-collared (unskilled or semi-skilled) workers. Further recommendations on the unified portal are in Box 14.

Box 14: Functions of a Portal for Blue-Collared Employees

The unified portal should have the following functions:

- Have sector-wise divisions so incorporate specificities relate to a particular sector. Therefore, the construction sector could have a dedicated section in which the companies and third-party contractual workers which supply labour to the construction sector will upload information on names/categories of workers hired and laid off, labour payments, trainings and other facilities available to workers per day;
- Categorise workers' skills, for instance, higher-skilled workers such as a mason can perform the work of lower-skilled workers as well, and thus all these skills (such as M1, M2 etc, M indicates the level of skills, M5 being the highest) should be labelled for a mason;
- Have a mechanism to promote (e.g., by training, promotion etc) upwards (i.e., from skill level M1 to M5) or sideways (from one profession or industry to another) movement of the workforce;
- Have sections which provide information on training, upskilling, reskilling and vocational education opportunities available for different categories of workers. Workers may register or apply to particular trainings or courses through the portal;
- Provide information on the number of workers employed, laid off and seeking jobs in every state (starting from district levels) and industry;
- Allow employers to post their daily, weekly and/or monthly job requirements. Contractors or workers should be able to apply for these jobs directly; and
- Have an app version of the portal in major languages, which workers with simple smartphones can access easily.

Strengthen Trainings and Skill Formation

Given that trainings for upskilling and reskilling for the working population involve workers foregoing wages, **the Government of India (GOI) should strengthen training institutes or programmes through the National Skill Development Council and Sector Skills Council as appropriate, for blue-collared workers** (see Box 15).

Box 15: Strengthening Trainings for Blue-Collared Workers

- Provide stipends and/or meals and information on future job opportunities to working students, which should cover their expenses for the duration of their trainings or courses;
- Organise trainings for unskilled workers at the sites of operations and manufacturing, e.g., for construction workers at construction sites;
- Institute a system of formal certification of skill levels of labour (both skilled and unskilled);
- Involve industry, employee associations and MSMEs in the trainings to make these strictly relevant to industry needs as well as make workers aware of their rights and responsibilities;
- Among training topics, both advanced technical and soft transferable skills, and relevant topics on automation and advanced technologies, sustainability, and workers' rights, should be included; and
- Have well-structured monitoring and evaluation mechanisms to ensure such training programmes meet their objectives and make real impacts.

Streamline Governments' Role in Promoting Workers' Welfare

Since labour is a subject in the concurrent list in the Constitution of India, both Central and state governments have definite roles in promoting workers' welfare. Governments should strengthen regulations, set up structured and easy-to-access workers' grievance mechanisms (and make workers aware of these grievance mechanisms) and set up safety nets for workers between jobs. **The government's role in promoting workers' welfare should be that of an enabler. While governments must ensure employers adhere to relevant norms and rules but at the same time create labour markets which employers find easy to manoeuvre.**

Further, social security benefits should be provided to workers who are between jobs, are laid off, or suffer from illnesses or personal difficulties (e.g., a family

member's illness or accident). Lastly, **governments must set up proper monitoring and evaluation mechanisms to evaluate their own agencies' and labour departments' roles** in implementing laws, regulations and schemes, and promoting workers' welfare. The lead in this action must be from the MLE.

Conduct a Workers' Survey

Since this was an employers' survey, it presents a partial picture of workers' welfare. Anecdotal evidence and findings of previous studies conducted by CUTS International suggest there are aspects of blue-collar or contractual workers that have not been captured by the responses (such as the system of hire and fire in the gig economy, working conditions of migrant workers in construction and so on). **A comprehensive workers' survey conducted in multiple states in selected sectors will complement the current study and provide**

instructive inputs to Central and state governments for their strategy or policy-making on workers' welfare issues.

The workers' survey will complement the current study and can be taken as the next step after conclusion of the study. The survey should be designed after taking into account similar such surveys already conducted, such as on gig economy workers. It should fill in the gaps not covered by existing surveys.

Incorporate Sustainability into Workers' Welfare

A few respondents demonstrated awareness of sustainability issues but mostly sustainable development issues are neglected in consideration of welfare of workers. There is a need to bring such issues into the main discourse. **While governments and employees formulate policies and strategies for workers, they must incorporate parameters related to issues such as:**

- Tackling waste generation and residues (e.g., in construction and textile);
- Reducing water and land pollution (e.g., through the construction sector);

- Workers' health and safety (e.g., in construction and gig economy);
- Impacts on local communities;
- Labour and governance;
- Recycling and upcycling of plastic products;
- Greening of sectors such as by using renewable or green energy alternatives; and
- Inclusion including of genders, socially and economically marginalised communities, and so on.

A regulation to this effect must be brought on by the Ministry of Environment, Forest and Climate Change, Government of India and the MLE.

Realign Measures Taken for Women Workers

While a few companies are serious about promoting female employees, most companies pay lip service to issues related to women workers. Firstly, attitudes towards women workers need to be changed and they should be provided with a safe working environment so that all categories of jobs in all the sectors are available for them (see Box 16 for more).

Box 16: Measures to Encourage Women Employees

Some other steps are:

- Training and skill development of female employees as well as employers on gender-sensitive employment;
- Provision of daycare centres or creches of certain standards (along with the appointment of well-trained teachers and caregivers, and meals as appropriate) for children of women workers in all sectors;
- Health insurance and other health benefits for women workers including maternity benefits (both financial and leaves);
- Impartial and well-structured grievance redressal cells; and
- Provision of special leaves (including parental).

Finally, **building a comfortable working space for women requires a better understanding of issues related to women workers in India, and more thought, discussions and trainings should be provided on this by both companies and governments with the Ministry of Women and Child Development, GOI taking the lead.**

Draft Strategy on Workers Welfare, and Automation and Advanced Technologies

The GOI in consultation with the industry, industry associations - national and sectoral and, universities and research institutions should **draft a national strategy on employment and, automation and advanced technologies with clear implementable steps and timelines** for industry or sectors, governments and other organisations. Among other issues, the strategy must include

- measures to re-skill and upskill unskilled and semi-skilled workers;
- re-deploying the workforce made redundant, creation of good and better jobs that will not be among the first to cease to exist (e.g., in hospitality);
- bolstering the education system including vocational education to create skills that are not at risk of becoming redundant quickly;
- strengthening digital and digital financial skills of blue-collared workers;
- introducing social security benefits for workers made redundant by advancing technologies; and

- a review mechanism to ensure the strategy is smoothly implemented and make adjustments in the strategy as needed.

Build Capacities on ESG

Since ESG could be a useful channel to ensure companies adopt workers' welfare measures, in particular also because investors focus on ESG metrics. The uptake of ESG by companies must be increased.

Given the low level of awareness, there is an urgent need for ESG capacity building to explain the definition and concepts of ESG (and CSR especially how ESG is distinct from CSR), applications of how ESG principles, and the benefits of ESG application for companies (it will facilitate their joining of global supply chains or consolidate their existing supply chains and help to attract investments in their companies).

Mandatory ESG reporting such as Business Responsibility And Sustainability Reporting (BRSR) mandated by the Securities and Exchange Board of India (applicable for India's top 1000 listed companies (by market capital) for Financial Year 2022-23) will help in higher uptake of ESG. Closer attention should be paid on social aspects of BRSR reporting to understand whether and how workers' welfare angle is included in the reporting by these companies. Eventually adjustments and further regulations will probably need to be adopted for ensuring workers' welfare issues are well-covered in ESG reporting.

References

<https://www.eco-business.com/news/its-early-days-but-indias-esg-ecosystem-is-growing-rapidly/>

<https://www.businesstoday.in/latest/corporate/story/why-esg-is-no-more-a-buzzword-in-india-inc-369906-2023-02-12>

<https://www.livelaw.in/lawschoolcolumn/esg-norms-in-indian-corporate-scenario-navigating-through-uncharted-waters-221709>

<https://www.thehindu.com/opinion/op-ed/explained-the-rise-of-the-esg-regulations/article66610907.ece>

<https://timesofindia.indiatimes.com/blogs/voices/getting-esg-right-for-the-textile-industry/>

https://www.ey.com/en_us/real-estate-hospitality-construction/esg-reporting-and-construction-industry

<https://www.esgthereport.com/what-is-esg/the-s-in-esg/>

<https://timesofindia.indiatimes.com/blogs/voices/esg-is-growing-as-a-core-metric-for-company-success/>

https://www.business-standard.com/article/companies/esg-reporting-by-indian-corporates-has-improved-by-160-shows-research-123022300368_1.html

<https://www.livemint.com/opinion/online-views/we-must-bridge-our-social-deficit-in-esg-investments-11659459392771.html>

<https://timesofindia.indiatimes.com/blogs/voices/india-transforms-its-esg-landscape-to-be-future-ready/>

<https://www.environmentalleader.com/2023/02/the-importance-of-the-social-in-esg/>

<https://indiacsr.in/the-s-in-esg-a-business-imperative/>

Annexure

Questionnaire for the Study

1. Please share the focus areas of your organisation in terms of business segments, and operating segments like production, marketing, human resources etc.
2. What is the structure of the industry? Large sector, decentralised sector, supply chain, or others?
3. What are your HR policies in the context of – growth path, worker welfare, work environment, work culture, work ethics onboarding, skilling, reskilling and upskilling and retaining? Gender policies, the gender ratio in the organisation currently etc.
4. What kind of work culture does your organisation belong to? Any steps you are taking to further build on the work culture & ethics to make it world-class?
5. What kind of employee attrition do you face? (attrition percentage). Is this an indicator of employee satisfaction, and if so, how? Do you consider the attrition of employees as a loss to your organisation in terms of human capital and assets? What measures do you suggest to improve the same?
6. What are the policies you follow to enhance employee satisfaction?
7. What is the ratio of skilled, unskilled and semi-skilled workers/staff?
8. What is the onboarding process – training, probation period, etc? Additionally, what kind of skill sets do you require from factory workers? What are the development and other training opportunities that are provided from time to time?
9. Is there a shortage of a particular skill set in the sector currently? What can be done to improve it? How do you prepare for it?
10. Do you see digitisation as a business opportunity? If so, how do you propose to encash it?
11. What broad areas are your CSR activities directed to? What are the factors to decide CSR activities as an organisation philosophy?
12. What do you think of the current trend of ESG reporting by corporations? Is your organisation planning to be part of it? If so, how?
13. The environment has become a buzzword today. Do you think 'S' should be given as much importance as E or G? If so, what factors should define 'S'?
14. What are the best aspirational practices in HR that you are known for?



D-217, Bhaskar Marg, Bani Park, Jaipur 302 016, India

Ph: 91.141.228 2821, Fax: 91.141.228 2485

Email: cuts1@cuts.org, Website: www.cuts-international.org

Also at Delhi, Kolkata and Chittorgarh (India); Lusaka (Zambia); Nairobi (Kenya); Accra (Ghana); Abuja (Nigeria); Hanoi (Vietnam); Geneva (Switzerland); and Washington DC, (USA).