

Future Work Models Survey

JULY 2021



Hyderabad Software Enterprises Association

Hyderabad Software Enterprises Association

<https://www.hysea.in>

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Context of the survey

We have completed one and half years since the onset of the pandemic. We have seen an intense Wave2 that shook our confidence just when we were thinking things were getting better. While all this was happening, work habits have changed, Industry continued to grow, attrition has increased to very high levels and technology / digital adoption increased in everything we do. HYSEA's last survey in December 2020 focused on Return to Office (RTO) based on the optimism prevailing then. With cases declining daily (albeit slower than to our liking), optimism is again visible, but the big question is: Have the new working models crystalized enough to stay forever? Every company, based on their size, nature of business and other constraints, has come up with their own road maps and working models for the future.

On the other hand, sectors dependent on IT / ITeS industry (Drivers, housekeeping, security, caterers, restaurants etc) in Hyderabad continue to suffer because majority of the IT/ITeS workforce is still working from home.

We in HYSEA felt it is the right time for another focused survey to understand the future working models. And to find out if and how industry in Hyderabad is trying to strike the right balance between working from office (WFO) and working from home (WFH). The survey also tries to understand the factors at play in making these decisions.

The survey results are presented question-wise. The survey results are statistically sound with nearly 25% of HYSEA members responding to the survey. And the companies that responded represent nearly 25% of the IT / ITeS population in Hyderabad. In the executive summary, we tried to capture the overall summary against each question and what the medium/large/very large (MLVL) companies are thinking. With their larger employee base, the MLVL companies are likely to give a realistic peek into the situation. The MLVL companies form a substantial 36% of the total respondents giving the survey results a lot of credibility.

Nearly 45% of the respondents are GCCs (global companies with their technology operations in Hyderabad).

Executive Summary

1. Nearly 20% of the surveyed companies already have >20% of staff working from office (WFO). Almost all of them are small companies with less than 500 employees. Across sizes, nearly 76% of the companies have less than 9% WFO. Among the MLVL companies, this WFO percentage is less than 5%.
2. 91% of the companies have more than 25% of their workforce operating from outside Hyderabad. While significant 53% of companies have more than 40% of their workforce operating from outside Hyderabad. This is more prevalent among the MLVL companies with the average being >40%.
3. 33% of companies want to get employees back to office in 2021. Another 41% in 2022 and 25% are not sure of their plans. Majority of the MLVL companies want to get their employees back to office in 2021. Only 25% of MLVL are planning the return in 2022. 15% are still unsure.
4. **An overwhelming 69% companies feel hybrid will be the future work model. This is true among small and MLVL companies.**
5. **73% of companies are looking to get 10% - 50% of employees back in office by December 2021. While 27% of the companies will be operating with less than 10% employees working from office. Among the MLVL companies, nearly 60% are looking at getting more than 20% and in some cases, more than 50% of the employees back to office by end of 2021.**
6. **By end of March 2022, 79% of companies (including MLVL) will have anywhere from 30% to 90% employees WFO.**
7. An overwhelming majority (more than 84%) companies said they expect employees to have taken at least one vaccination dose before they can return to offices. This percentage holds good for MLVL companies too.
8. Teamwork & collaboration, Mentorship, training & development, Organization culture, identity and loyalty and to increase employee morale are the top reasons companies want employees to get back to office. Client imperative also appeared as a key driver among the IT services companies.
9. **The top constraint across the board for getting employees back to office turned out to be: Many employees are outside Hyderabad. This is followed closely by Concern about 3rd wave, PG Hostel and other safe accommodation for returning employees, many employees still not vaccinated, and schools not reopened.**
10. Approximately 45% of the companies have reported more than 75% of their workforce is vaccinated. 36% of companies have at least 50%-75% employees vaccinated. The goal is 100% coverage as articulated in the constraints section.
11. While 63% see no challenges in getting employees fully vaccinated. 25% feel vaccine availability is a challenge. 12% see vaccine hesitancy among employees as a challenge.
12. Majority of the companies have said there is status quo in their office space lease situation. 16% of the MLVL companies have added new space in anticipation of growth. 18% of responding companies have terminated some space partially.

Key Observations by Large companies on the WFH-WFO situation

1. People have got used to working from home, it will be a huge challenge to bring them back into office.
2. We will need to look at hybrid working model, vaccination certificate might become a prerequisite for hiring. Will have look at models that motivate employees to come to work and also ways to engage them virtually.
3. Almost all the IT companies will follow the hybrid model once the pandemic is over. The office timings, commute options, available options regarding office space need to be modified keeping this change in mind.
4. 33% positions converted to permanent remote.
5. Hybrid working model will be leveraged effectively based on function & productivity; hence some percentage of workforce may be given WFH OPTION. WFH will be leveraged as an incentive to tide over Talent Supply Chain challenges of future. WFH may also be leveraged to narrow affordability gap between large & small firms.
6. Gap for Covishield vaccine is a major driver for delayed WFO
7. Currently, reducing attrition bleeding is far more important priority than driving WFO.
8. Percentage of fully vaccinated is the key metric to bring confidence in individuals for WFO, as is the number of cases in the city/state.
9. Our approach is towards hybrid WFO - 3 days a week for fully vaccinated employees
10. It is preferable for employees to stay in Hyderabad for easy access even if hybrid work options are offered.
11. The situation is still evolving and changing dynamically. While we are planning to return to work in phases manner, it will depend a lot on how the entire pandemic will evolve.

On the role that can be played by associations like HYSEA and Government

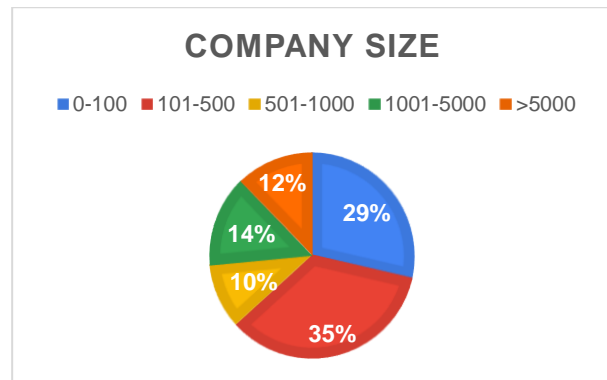
1. Continue to position Hyderabad as a place of investment & growth
2. Widespread availability of vaccines across the state
3. Safety and availability of accommodation at PG hostels and other places

4. Highlight the benefits of working from office
5. Help spread awareness about social distancing and vaccination.
6. HYSEA, has kept us updated on Covid 19 developments and also in coordinating with hospitals for vaccinations. It has been a great help and accurate information at such ambiguous times.
7. Govt can issue new guidelines for air-conditioning standards and allow 6 weeks gap for Covishield
8. Sustain rigorous enforcement of COVID safety precautions (vaccination and COVID appropriate behaviour) and awareness campaign. Helpline for people suffering from mental un-wellness to seek guidance.
9. Continued support for working from anywhere laws.
10. Free Vaccine availability for support teams and their families
11. To build confidence and transparency in vaccination data
12. Creation of secure shared work spaces in smaller towns that companies can rent out for their employees in different locations for use when needed.
13. Periodically publish company wise data w.r.t. IT employees working remote.
14. Share best practices across organizations on how different companies are adapting to a hybrid model
15. Accelerating the vaccination at any town across the country for the members of this sector helps.
16. Vaccination penetration & Infra support that allows flexible working model
17. Enabling safer commute options from a COVID-19 standpoint.
18. More visibility from government from level of preparedness for a possible Wave 3
19. Government, companies and bodies like HYSEA must encourage WFO model keeping in view business growth, mental condition of staff, eco-system. But must also work on safe transport and extended vaccination drives.
20. HYSEA has been very supportive bringing the holistic view of the industry and helping to choose the right options. we will continue to look forward HYSEA to provide the guidance and bridge between industry and govt
21. Governments should allow "work from anywhere" policies for offices located within SEZs
 - 2) With "work from anywhere" flourishing, look at ways in which we can get more MNC jobs into India

SECTION I - ANALYSIS OF PARTICIPATING COMPANIES

1. Company Size in terms of headcount in Hyderabad.

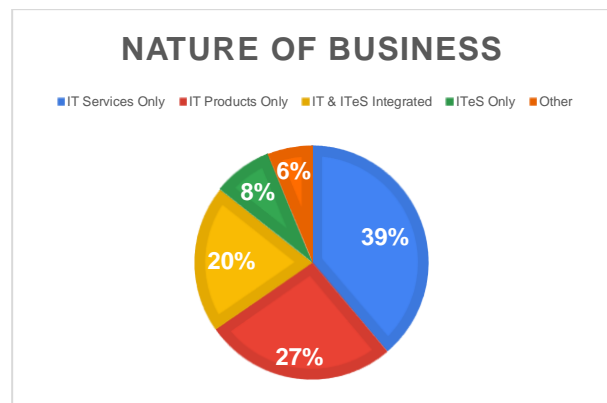
Employee Count	% of Companies
0-100	29%
101-500	35%
501-1000	10%
1001-5000	14%
>5000	12%



2. Nature of Business

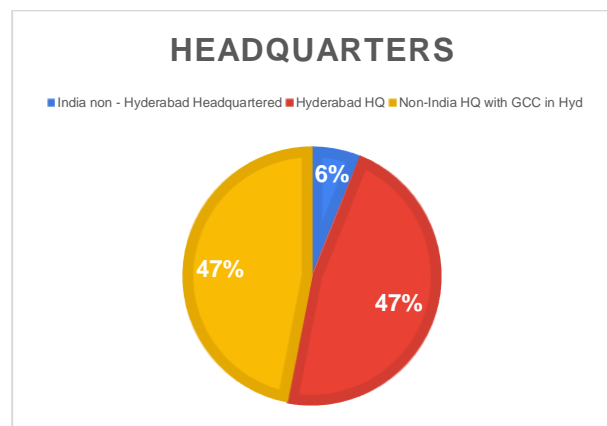
Majority of the companies belong to IT Services, ITeS, IT Products and IT & ITeS integrated. Others include: Engineering Services Only, IT Staffing or HR Services, Training and Hardware and Solutions.

Nature of Business	% of Companies
IT Services Only	39%
IT Products Only	27%
IT & ITeS Integrated	20%
ITeS Only	8%
Others	6%



3. Headquarters

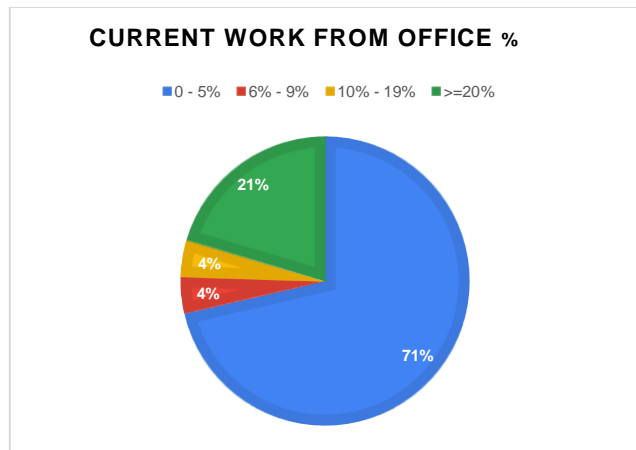
	% of Companies
India non - Hyderabad Headquartered	6%
Hyderabad HQ	47%
Non-India HQ with GCC in Hyd	47%



Section II – Work from Office Analysis

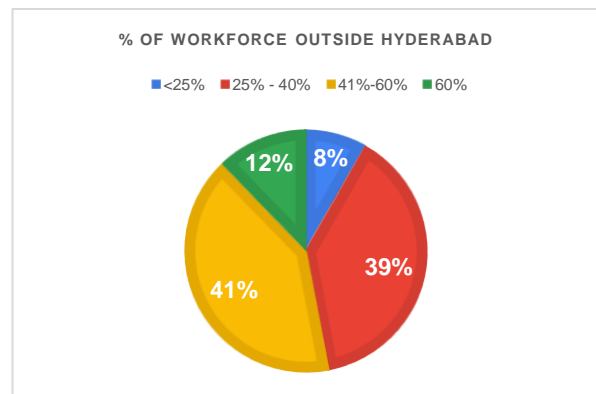
4. **Current WFO (Work from Office) % of Hyd-based workforce:** 71% of the companies still have only 0-5% employee working from office. While 8% of the companies have 6-19% of their workforce working from office. A significant 20.4% of companies reported more that 20% of employees working from office already. It is important to note all these companies with high WFO are small companies with less than 500 employees.

	Current WFO %
0 - 5%	71%
6% - 9%	4%
10% - 19%	4%
>=20%	20%



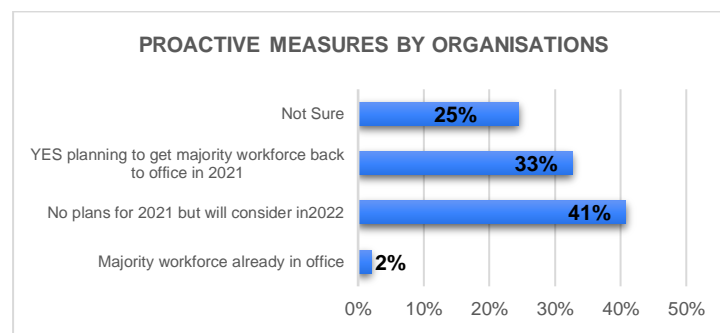
5. **Percentage of Hyd-based workforce currently working from outside Hyd (such as their native places):** 91% of the companies have more than 25% of their workforce operating from outside Hyderabad. While a significant 52% of companies have more than 40% of their workforce operating from outside Hyderabad.

	% of Workforce Outside Hyderabad
<25%	8%
25% - 40%	39%
41%-60%	41%
60%	12%



6. **Proactive efforts organization are making to get their workforce back to office in 2021**
 Companies are almost evenly split about getting their employee back to office in 2021. While 41% of the companies have no plans of getting their workforce back to office in 2021, 33% plan to get them back in office in 2021. A significant number of companies (25%) are not sure about when they will get their employees back to office.

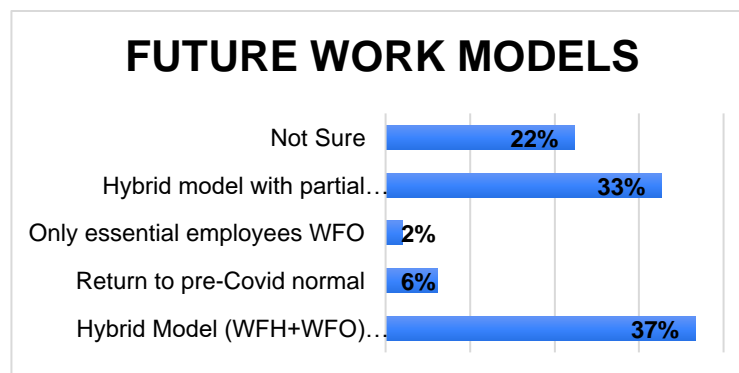
Proactive Measures by Organizations	
Majority workforce already in office	2%
No plans for 2021 but will consider in2022	41%
YES, planning to get majority workforce back to office in 2021	33%
Not Sure	25%



Section III – Future of Work Models

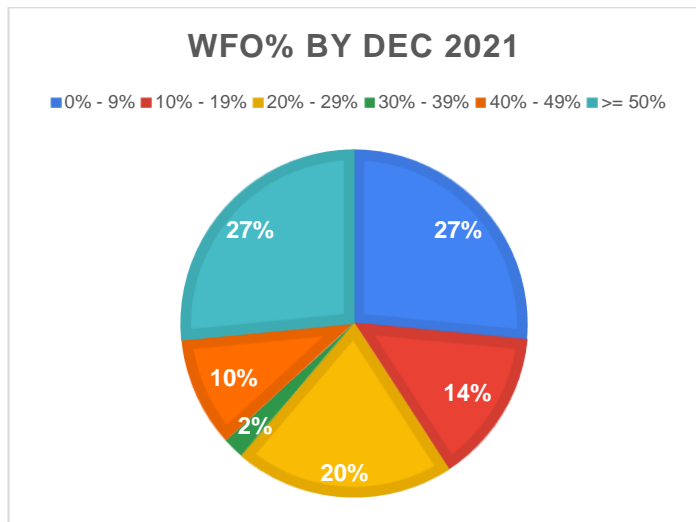
7. **The future work model being considered by organizations:**
 Hybrid model based on rotation and Hybrid model with partial week WFH & Partial week WFO will be the preferred future work models. 22% of companies have stated they are not yet sure!

Future Work Models	
Hybrid Model (WFH+WFO) based on rotation	37%
Return to pre-Covid normal	6%
Only essential employees WFO	2%
Hybrid model with partial week WFH and partial week WFO	33%
Not Sure	22%



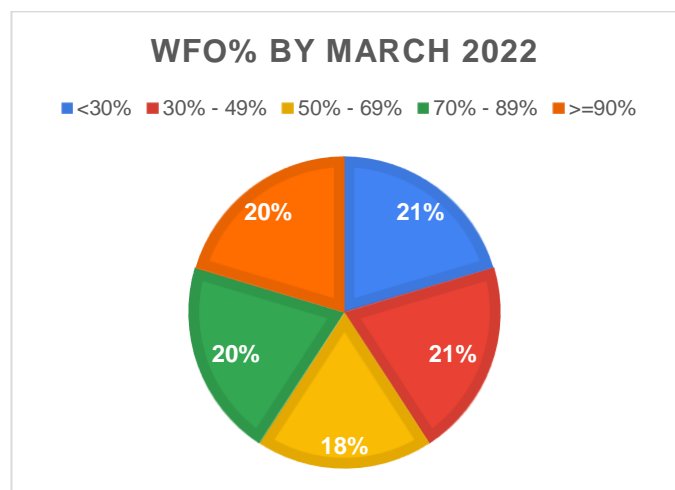
8. **Planned WFO% by end of Dec 2021:** 73% of companies are looking to get 10% - 50% of employees back in office by December 2021. While 27% of the companies will be operating with less than 10% employees working from office.

WFO%	% Companies by Dec 2021
0% - 9%	27%
10% - 19%	14%
20% - 29%	20%
30% - 39%	2%
40% - 49%	10%
>= 50%	27%



9. **Planned WFO% by end of March 2022:** By end of March 2022 companies are hopeful to ramp up their work from office numbers. 20% of the companies will have more than 90% workforce working from office by March 2022. While 20% of the companies will still have less than 30% of employees working from office, 60% of companies will have numbers from 30% to 89% working from office.

WFO%	% Companies by March 2022
<30%	20%
30% - 49%	20%
50% - 69%	18%
70% - 89%	20%
>=90%	20%

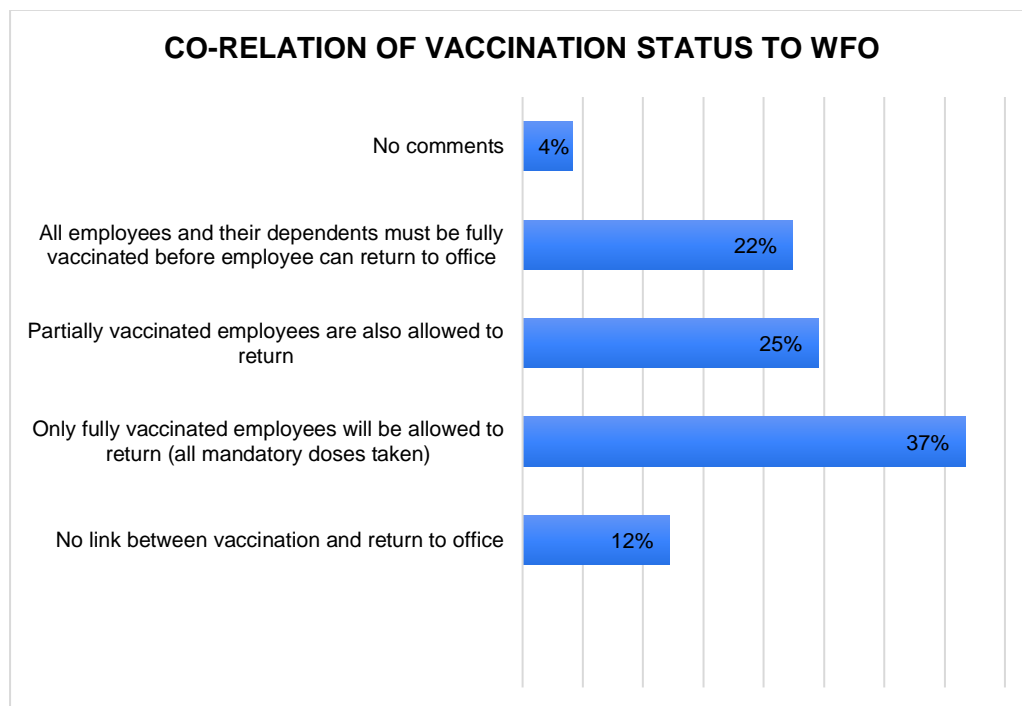


SECTION IV – VACCINATION STATUS

10. How organizations relate vaccination status to working from office

Majority of the companies (84%) expect employees to be either fully or partially vaccinated before they can return to office. Within this number, 22% of companies expect employees and dependents also to be fully vaccinated before starting work from office. About 12% of the companies see no link between vaccination and return to office.

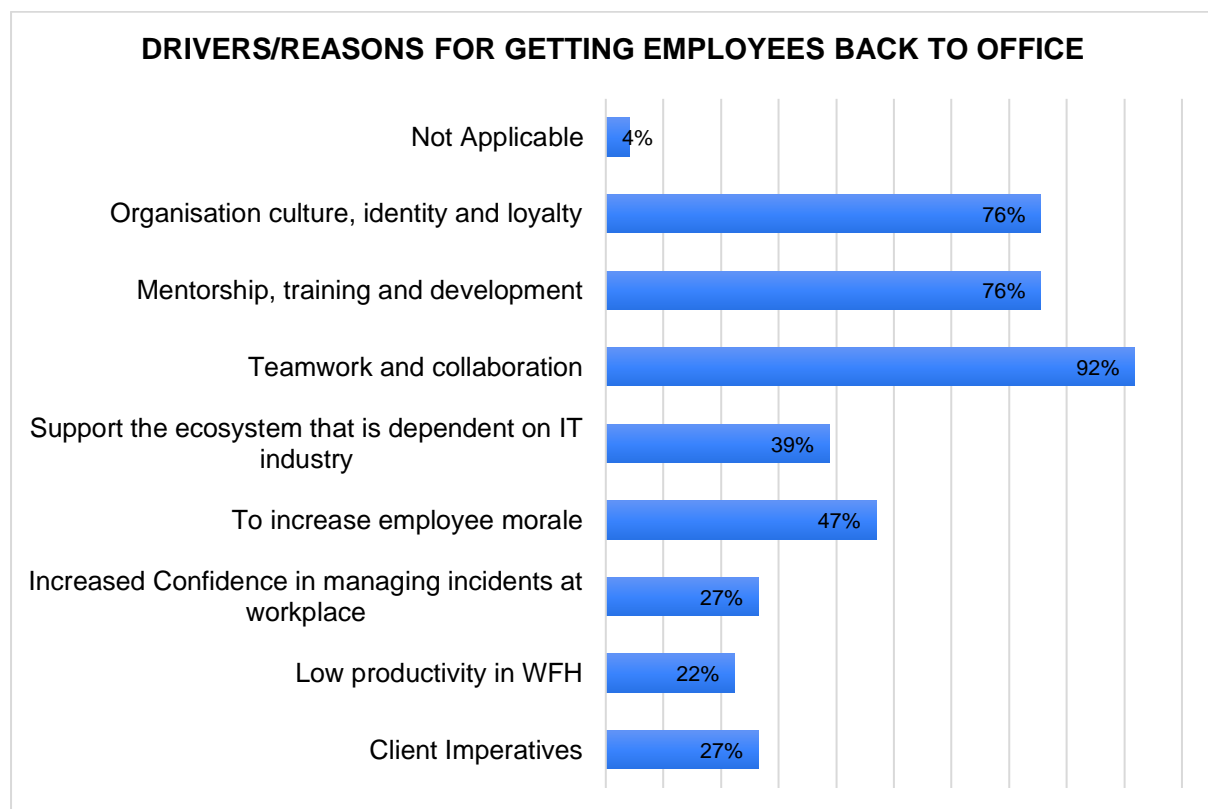
Co-relation between Vaccination and Return to office	% of Companies
No link between vaccination and return to office	12%
Only fully vaccinated employees will be allowed to return (all mandatory doses taken)	37%
Partially vaccinated employees are also allowed to return	25%
All employees and their dependents must be fully vaccinated before employee can return to office	22%
No comments	4%



11. Most important drivers/reasons cited for getting employees back to office

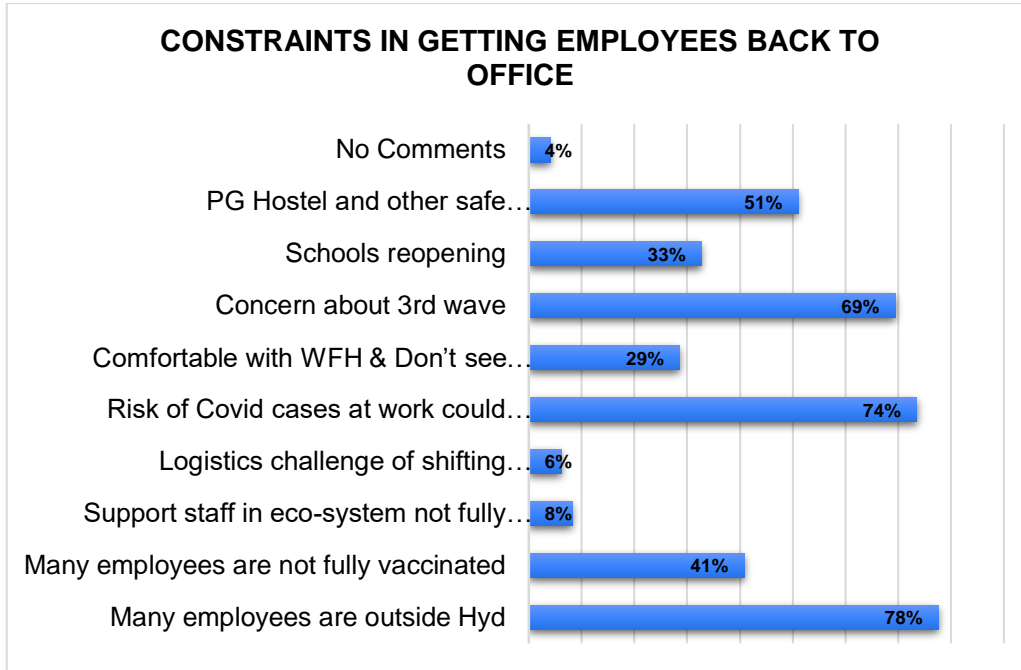
Teamwork and collaboration, Mentorship, training and development, Organization culture, identity and loyalty and to increase employee morale, are the top four reasons companies want employees to get back to office.

Drivers for getting Employees back to office	
Client Imperatives	27%
Low productivity in WFH	22%
Increased Confidence in managing incidents at workplace	27%
To increase employee morale	47%
Support the ecosystem that is dependent on IT industry	39%
Teamwork and collaboration	92%
Mentorship, training and development	76%
Organization culture, identity and loyalty	76%
Not Applicable	04%



12. Constraints companies see in getting employees back to office:

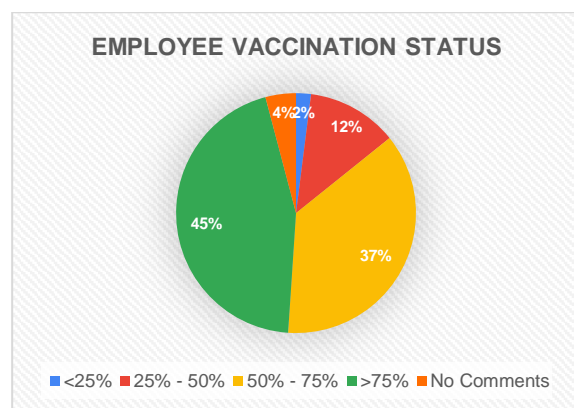
The top four constraints in getting employees back to office are: Many employees are outside Hyd, Risk of Covid cases at work could again force people back to home, Concern about 3rd wave, PG Hostel and other safe accommodation for returning employees.



13. Percentage of Hyd-based employees (regardless of where they are located now) who have completed or taken at least one vaccine dose.

Approximately 45% of the companies have reported more than 75% of their workforce is vaccinated. 36% of companies have at least 50% employees vaccinated.

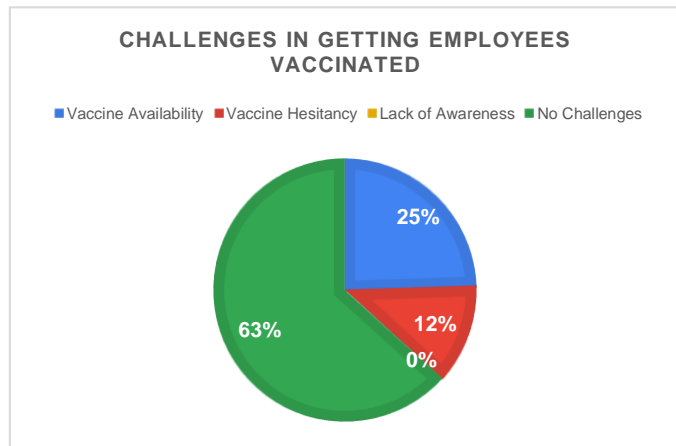
Vaccination Status	Percentage
<25%	2%
25% - 50%	12%
50% - 75%	37%
>75%	45%
No Comments	4%



14. Primary challenge faced by companies for getting employees fully vaccinated:

While 63% see no challenges in getting employees fully vaccinated. 25% feel vaccine availability is a challenge.

Challenges in getting employees vaccinated	% of Companies
Vaccine Availability	25%
Vaccine Hesitancy among employees	12%
Lack of Awareness	0%
No Challenges	63%

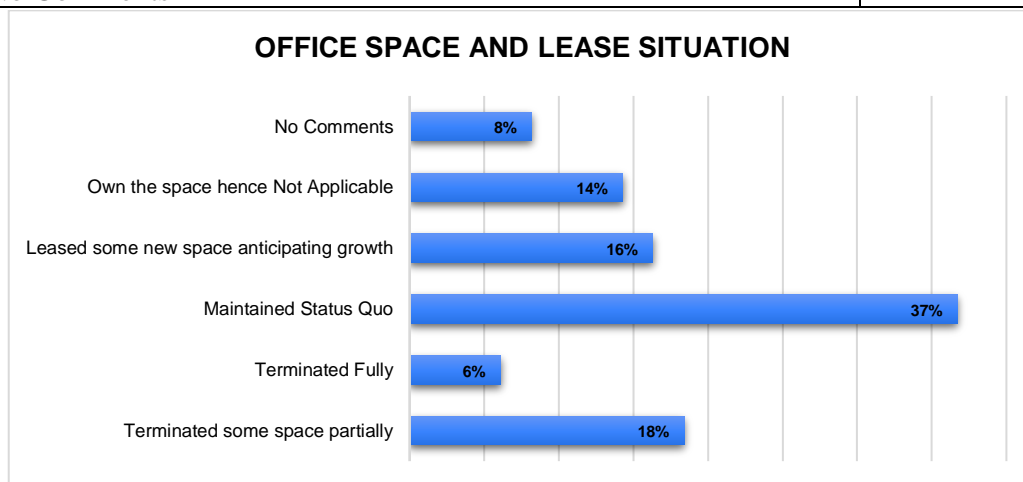


SECTION V – OFFICE SPACE STATUS

15. Change in office space lease situation in the past 6 months (Dec 2020 -June 2021).

53% of the companies have either added new space or have maintained status quo. 18% of responding companies have terminated some space partially.

Office Space Lease Situation	% of Companies
Terminated some space partially	18%
Terminated Fully	6%
Maintained Status Quo	37%
Leased some new space anticipating growth	16%
Own the space hence Not Applicable	14%
No Comments	8%



Disclaimer

This survey is confidential and solely intended for CEOs/Center heads of HYSEA member companies and is not meant for further distribution. This survey provides a general understanding of the current situation the IT/ITES Industry is facing in Hyderabad, and should not be used for making business, legal or any other decision. The percentages and ranges shown in the survey are subject to standard statistical sample errors.



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