

**A White Paper  
On  
Pandemic-Induced Changes in Organizations in India**

**Jointly Compiled by:  
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## Background

The recent pandemic brought the world to a standstill and impacted almost every aspect of life, from essentials to luxury. With the healthcare infrastructure being put to test, it led to historic shut-downs across countries, and thus severely impacted functioning of almost all sectors. Businesses suffered, profitability went down, unemployment increased and financial experts called this the worst economic disruption since the Great Recession. To put it in perspective, the global economy contracted by 4.4% as per a report by IMF. Indian economy had already slowed down in the recent past, however, the pandemic pushed the GDP further down in negative territory and the latest estimate for India GDP is - 7.7% in fiscal year 2020-21.

Businesses struggled, tried their best to overcome the challenges thrown by the lock-down measures, social distancing and travel bans. They had to change their processes at an operational as well as strategic level to best fit the norms put forth by the Country's administration on the one hand and to maintain business continuity at whatever level possible on the other. This White Paper attempts to find out these changes and their post-pandemic sustainability based on research, a few interviews with MDs / CEOs and senior management officials in the Swiss business community in India and the Survey conducted jointly by Swiss-Indian Chamber of Commerce India (SICCI) and IndStrat International Consultants, LLP.

The Survey was sent to SICCI Member organizations as well as Swiss- Indian JVs / Swiss-affiliate organizations in India, to which we have received 70 responses. These represent services and industry including manufacturing and related operations catering to diverse sectors such as textile, machinery, engineering, FMCG, healthcare, construction, infrastructure, IT, banking, food & beverage, automotive, among others.

Finally, the data collated from the Survey was complemented with the input from interviews with the top management of a few Swiss affiliates, research and our collective knowledge from consultants from Switzerland and India.

The Survey responses were collected anonymously, however, findings from our interviews with the CEOs/ Senior management of a few Swiss companies in India, wherever consented, have been reported with their company names.

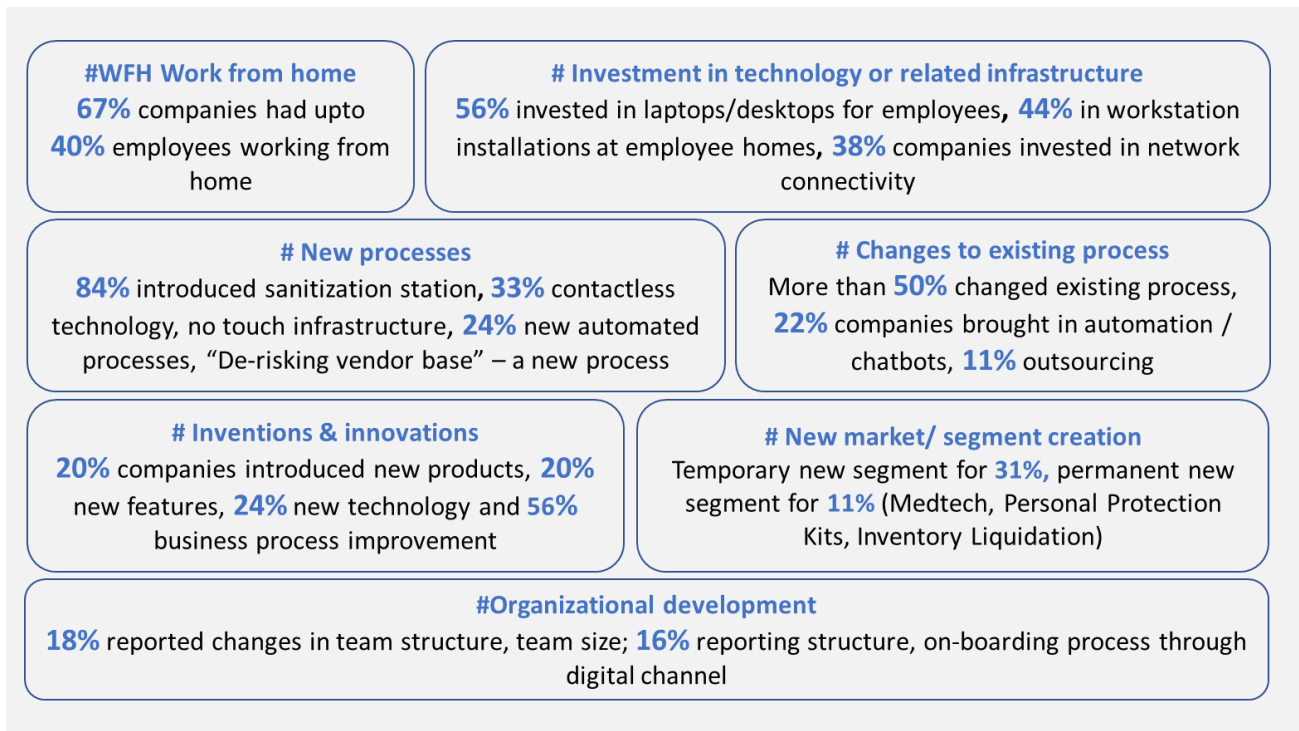
We trust that this process of establishing a best practice view of the crisis and its impacts, from different ends of industrial and commercial partnerships, meets with the readers' approval.

Please enjoy the reading and let us have your comments, if any. We are thankful for your continued support for providing better knowledge overall to this challenging subject as we go forward with the crisis.

We also acknowledge the support of the Swiss Embassy in India for sending out the Survey to Swiss affiliate entities in India mapped in their database.

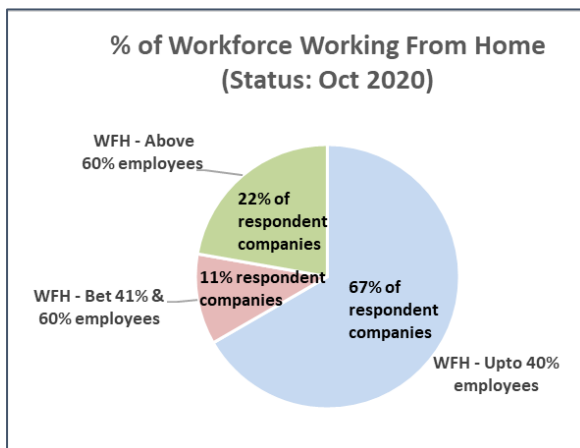
## Changes Induced by Pandemic

Our survey and research indicate that the organizations, necessitated by the unforeseen crisis, had to adapt to the changed circumstances, modify their existing processes, introduce new ones, change product features to suit the new normal, invest in technology and related infrastructure and adopt new ways to work.



## #WFH – Work From Home

“Work from home” was the most obvious and undeniable change, which propelled the use of Digital



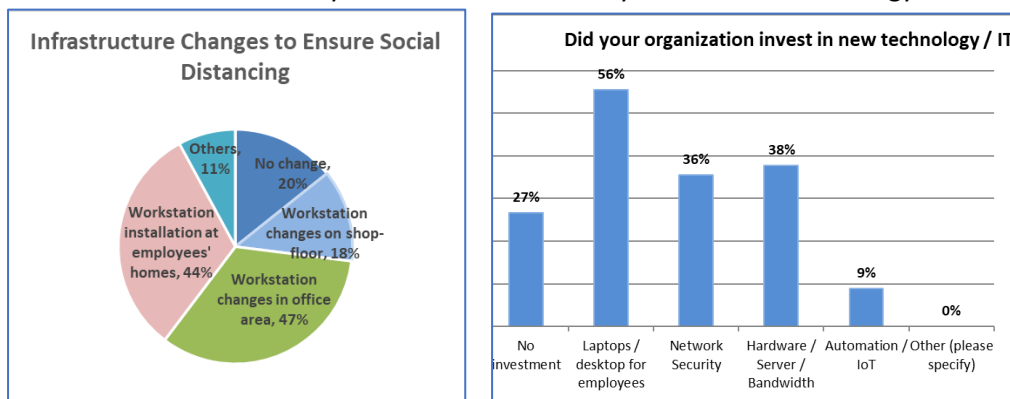
and all related changes for its implementation that may not have been addressed in absence of the pandemic. Percentage of employees working from home of course varied based on sector and functional area in an organization, for example, for most of our manufacturing clients, there was a complete shut-down at the plant till 2<sup>nd</sup> week of May; however, their commercial teams continued to work on planning, invoicing, service & sales trainings through the digital channel. When plants re-opened, commercial teams adopted a combination of office-based and work

from home model, a hybrid. Our Survey confirmed that in October 2020, 67% of the respondent organizations from varied sectors had up to 40% workforce continuing with WFH, whereas 22% had more than 60% of their employees working from home. 11% organizations reported having 41%-60% of their workforce working from home.

## #Investment In Technology And Related Infrastructure

The trend of WFH entailed increased use of digital channels, for which many organizations had to invest in technology and infrastructure, which meant investment in laptops/desktops for employees, installation of connectivity options at employee residence, investment in network security as an organization, cloud migration.

In our aforesaid Survey, 44% of respondent organizations invested in securing a proper work area for their employees at their homes by shipping desks/chairs, a necessity for many, as WFH was not an option pre-pandemic for many employees and was specifically pandemic -induced. Barring IT-sector, and a few multi-national organizations, “WFH” is not ubiquitous in the Indian industry. Hence, 56% of respondent organizations investing in laptops/desktops for employees came as no surprise; 36% invested in network security and 38% in connectivity and related technology facilities.



A McKinsey report covering companies across the world states that companies have accelerated the digitization of their internal operations, of their customer and supply-chain interactions by three to four years; they have implemented at least temporary solutions to meet many of the new demands and much more quickly than they thought before the crisis. It also reports an increase in funding for digital initiatives as an impact of this crisis on the measures taken by these companies.

Our survey showed that the % of organizations investing in automation / IoT technology was 9%, however, in line with the above referred report, automation decisions and investments, which were hitherto pending for a long time, were approved exceptionally faster and also implemented during the pandemic. An example for an automation investment was a leader in belting industry: “top management cites this as a positive impact of the pandemic!”

20% of the respondents did not have to make any investment in IT / technology, either the nature of their work could not use the digital channel for their functions, or they already had invested.

With plants re-opening with limited capacity as per the Government norms, changes had to be made on shop-floor to ensure social distancing and hence workstations had to be modified in office areas. Another solution that was implemented in office-areas was alternate-days in-person attendance for employees with open desks; for employees with cabins, it was office as usual for some.

## #Changes to Existing Processes

To adapt to the changed circumstances with several restrictions like travel ban, WFH, limited workforce allowed in offices/plants, adherence to government circulars, organizations had to introduce changes at different levels and in different forms; these included modification of existing business processes, changes to supplier base and dealer network.

Existing business processes changed for more than 50% of the respondents; 22% brought in automation / chatbots to overcome challenges of the pandemic, whereas 11% turned to outsourcing. Change also came in the form of increased or decreased dependence on suppliers and dealers. Some organizations started sourcing to a larger base to cover uncertainty due to the pandemic or similar future risks. If a process included travel, it had to be substituted with virtual meetings or phone calls, which according to a few leaders had a negative impact on business.

*According to **Steinbach & Partner**, a leading player in executive search, the role of the “digital” was not as effectual as that of an in-person meeting or a handshake for customer acquisition or network building. Same was reiterated by **Guedel India**, leading provider of automation products, services and systems. They say, “Digital was already being used. Pandemic forced an increased use of it, however, it cannot substitute personal presence”. When asked about role of pandemic as a catalyst for automation in the manufacturing sector, their top management was of the opinion that it was too early to predict and that ROI still remains the key determinant for major automation investments.*

However, hard copy approvals, field inspections, service trainings – all got replaced with their digital version without much ado.

## #New Processes

84% organizations introduced new processes to check the spread of the disease at office / plant in form of sanitization stations and health and hygiene checks. 33% respondents introduced no contact services / packaging and touchless infrastructure at their premises, whereas 24% introduced new automated processes. Organizations also offered health drinks as a part of their new “Immunity” build-up process. De-risking the vendor base was created as a new additional process on account of the pandemic.

*A manufacturing company, a **Swiss subsidiary** predominantly catering to the automotive segment, introduced a sanitization station for in-warding material trucks and palettes, a whole new area was allocated for this activity and apart from that the visiting logistics people were isolated, something which had to be introduced due to the pandemic. Use of technology app like Aarogya Setu for health check and contact tracing, meant creating a new routine, a new process, which, though a less time-consuming measure, definitely took a slot on the managers’ daily schedule, which helped them trace contacts and monitor potential cases.*

*The **Executive Director of Oetiker India**, a manufacturer of clamps, shared with us that they created a bio bubble within the plant, when 7-8 of their shop-floor workforce tested positive. And while this asymptomatic group lived and worked in the plant, a parallel team was created in the office, which supported the families of these bio-bubble employees for essentials / medicines, etc.*

*Another process, which was initiated specifically because of the changed workplace due to the pandemic, was daily check-in meetings set up to ensure the safety & well-being of people and sustain employee engagement. A weekly communique by the MD to all the employees, was another practice that had started during the lockdown, as narrated by **Hilti** in India.*

### **#New Market/Segment Creation**

For 31% respondents, the pandemic created a temporary new segment, whereas 11% businesses found a permanent new segment. There have been component manufacturers who as a result of pandemic, started supplying their components to the Medtech sector, all due to the need of the hour. A good example is a manufacturer of adhesive sealing tapes which started supplying to the manufacturers of personal protective equipment kits. Another organization that deals with high end, luxury watches found a new customer segment during the pandemic, where sales jumped during lockdown, and the buyer segment was customers with jobs, having disposable income but no opportunity to go shopping to the malls.

### **# Inventions & Innovations (Products, Processes, Technology)**

We have seen above, how organizations adopted the new process of sanitization and health checks, but apart from that, the pandemic also drove certain innovations, a striking example is “contactless technology”. 20% of respondent organizations introduced new products, 20% new features, 24% embarked upon new technology, 56% brought in business process improvements, 42% responded to having implemented new processes.

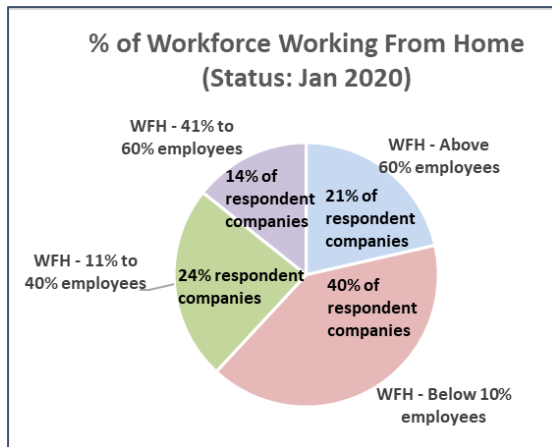
*An example of pandemic driven process improvement was leveraging the digital and creating on-line consultation as step 1 in the field inspection/maintenance process; in case the operational / software related problem is solved during the online consultation, it means reduced downtime, less cost for the customer and reduced travel for field engineers, thus creating a win-win situation for both the organization and its customers, as mentioned by the **MD of Metrohm** in India.*

### **#Organizational Development**

Almost 66% organizations reported no change in “Organization Development”, while 18% reported changes in team structure and size of teams, 16% reported changes in “Reporting structure” due to new way or changed process at work. New employees were hired; however, on-boarding was through digital channels. Training and Development has turned fully digital for the time being, though organizations may rethink their stand on the same. For some organizations the pandemic brought forth redundancy of some positions and as a result, the manpower was reduced to stay competitive in the business. However, when we talked to the business leaders, some of them confirmed that there were no manpower or even pay cuts. In fact, one of the organizations had anticipated a potential business risk (of any nature) and had reserved “employee salaries for one year” as a reserve in case of no sales for even one complete year. A similar fund, “Solidarity fund” was created by the parent organization for badly impacted regions.

### **Sustainability of the changes**

How long will these changes stay? Are they here for a long haul? We started with the most obvious trend **#WFH**. Different from October 2020, in January 2021, 40% of the respondent organizations



had less than 10% of employees working from home; whereas only 21% organizations had more than 60% employees working from home. In our findings, most had resorted to the hybrid model, where depending on the nature of work, employees could continue working from home and visit office only for important meetings and events.

With an aim to find out whether the current hybrid model could sustain; we did ask our respondents about their plans to continue this model. 27% wanted to continue with the hybrid model till end

of Q1 2021, whereas another 27% would base their decision on vaccine availability. For these organizations, return to the old normal with regard to place of work was well within sight; however, 22% found it hard to say. When asked further, 16% replied that the hybrid model was not sustainable anymore, for 38% it was 3 to 6 months, 25% hard to say, whereas 20% would be able to comfortably sustain it permanently.

Our Survey and our research of other reports confirmed that for most of the companies “#WFH for majority of employees”, a prevalent trend during pandemic, depended upon the nature of their function/ industry sector, and that this pandemic-induced change would not sustain once the pandemic is over.

According to a report by Indeed, an employment website covering 1200 employees and 600 employers, Indian companies are less willing than their global counterparts to support remote working post pandemic. As many as 70% of mid-size Indian employers will not continue remote working post pandemic, as opposed to 34% of mid-size global employers. In case of large-scale companies, the gap was narrower: 67% Indian large companies and 60% large global companies are reported as not in favour of Work from Home.

However, some global organizations like Salesforce have already announced how its employees will work in future. Salesforce will offer three different ways of working: Flex (1-3 days in office), Fully remote (far away employees, who do not need office presence) and Office-based (for those roles that require office presence). The San Francisco-based company believes that this work-from-anywhere model will unlock new growth opportunities that will help drive greater equality, drive a talent strategy that is no longer bound by barriers like location, broaden its search for that talent beyond traditional city centres and welcome untapped talent from new communities and geographies (Source: Article on LinkedIn). Similar statement was announced by Grant Thornton, India, that it would offer work from anywhere flexibility to its employees; the company is in the process of optimizing its workspaces by moving to multiple offices across India to give easy access to work to its employees. A point to note here is that both the companies are a part of the service sector.

1/3<sup>rd</sup> of the respondents of our Survey confirmed that workstation changes and facility / real-estate changes will continue post pandemic. 44% confirmed that the modified processes will be continued, whereas 22% had a different input. As organizations have realized that in-person meetings can be replaced by virtual meetings, some of them plan to reduce their travel costs by increasing number of virtual meetings. However, network building events and in-person physical meetings for customer

acquisition are still seen as non-replaceable. Feedback also shows that sanitization and hygiene related processes are here to stay in the future too, even post-pandemic.

### Cost of all changes introduced on account of the pandemic

Most of the companies have reported that the cost for implementing the changes as a percentage of total costs was negligible or not significant; some also report that the cost was offset by savings from travel cancellations. 37% of our respondents reported the cost of all the changes as below 5%, 28% reported 5%-10% of the total cost and 5 % reported 11%-17% of the total cost, whereas for 12% the cost was almost nil. Cost savings came mainly from travel cost ranging mostly from 5% to 20% of total cost. 33% respondents reported savings < 10%, whereas 30% were between 10% to 20%. The balance respondents reported varied savings, some reported as nil or above 25%, whereas two organizations reported that the savings were ~50% and in some months 100%.

### Impact on Long-term strategy

Organizations have reacted fast to the disruption caused by the pandemic and have implemented measures; we have seen above that some of the infrastructure related changes and modified processes will be continued. When we asked about impact of the changes / measures on long-term strategy, 21% responded “No impact”, whereas 19% planned to increase use of digital channels for internal operation or interaction with stakeholders as a part of their long-term strategy. 16% of the respondent organizations mentioned building “Flexibility”, which could be in terms of working hours, hybrid model or in all aspects of a business. An impact on business model as reported by an organization was continuation of their current measure of outsourcing a part of the production process.

When we talked to top executives about potential risks and mitigation strategies, here are important long-term strategy lessons that they would impart:

- Scale and spread of climate and health risks is increasing; risk mitigation strategy should be in keeping health and safety of employees as the goal – **Guedel India**
- Sharing of services and horizontal collaboration needs to be built in the business model, organizations need to build alertness and mental toughness, and an innovative mindset – **Steinbach & Partner**
- Attain a level of preparedness to adapt to changed circumstances, act fast in a crisis situation and implement solutions faster – **a Swiss subsidiary**
- Build in the principle of 4 Es: 1. Empathy for all stakeholders, 2. Engagement with employees, vendors, distributors, 3. Equilibrium, the balance between keeping the business competitive vs safety & health of all involved, 4. Energy – positively influence and impact team performance to achieve business goals – **ED, Oetiker**
- People’s lives and safety are of utmost importance, build an organization culture of empathy & trust, develop competencies to make business easy for customers and take action now! – **Hilti, India**
- Be ready for any eventuality; being alert for any potential risks is a continuous process and not a one-time planning exercise – **Metrohm in India**
- Adopt a cautious approach and maintain flexibility – **Leading organization in belting industry**



## India Outlook

Despite the upheaval and economic disruption caused by the pandemic, India's outlook as perceived by the organizations in India, is positive with 44% reporting a bullish outlook, 49% positive with subdued recovery in 2021 and 6% reporting uncertain and not so good. Indian economy is expected to rebound in the financial year 2021-22 and the Economic Survey of India predicts a GDP growth of 11% in 2021-22.

## The Status of Indian Covid19 Vaccination Program

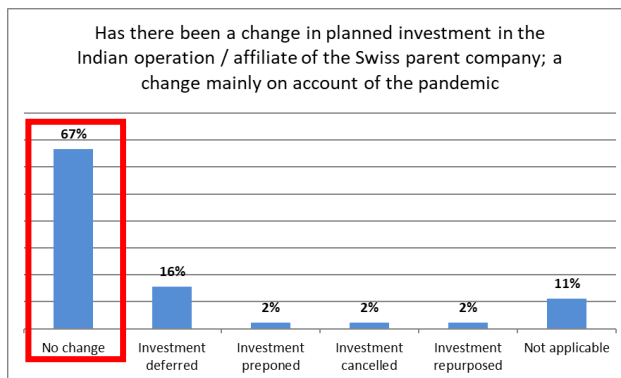
The COVID vaccine was launched in India on 16th January, 2021. The first group included healthcare and frontline workers. The second group to receive COVID 19 vaccine is persons over 60 years of age and persons between 45 and 59 years with comorbid conditions, which started after March 1<sup>st</sup>, 2021. In the 3<sup>rd</sup> phase from April 1, 2021, the vaccination will be open to persons over the age of 45. As of March 23<sup>rd</sup>, 2021, the number of vaccine doses administered all over India stands at 50 million and the vaccines used are Oxford University-AstraZeneca's Covishield vaccine, manufactured by Serum Institute of India and in some centres it is Bharat Biotech's Covaxin. In tune with the digital times, registration for vaccine is online and the certificate received after vaccination is also digital. Exports of the above vaccines from India as on March 17<sup>th</sup>, 2021 stand at 58 million doses.

## The Swiss Connection

### Impact on processes and transactions between Swiss Headquarters and their Indian subsidiaries or affiliates

Majority of the organizations reported the obvious: increase in number and frequency of virtual meetings. For most, travel and cross-border visits by top management & employees and local physical meetings were ruled out, however, reporting and communication to HQ in Switzerland increased, sometimes to daily updates on local situation as per a respondent organization. Top management of subsidiaries / affiliates in India was empowered by the Swiss HQ to take local decisions and at the same time they were entrusted with the huge responsibility of keeping its workforce safe while keeping the business competitive! *“Strict implementation of all social distancing, government norms and daily use of Aarogya Setu App in factory and office has contributed to operational success”* as per an entity leader of a Swiss affiliate in India.

### Impact on Swiss Investments in India



67% of our respondent organizations confirmed that there was no impact on the planned investment by the Swiss parent companies; investment was deferred for 16%. For 4% of the organizations, the investment was either preponed or repurposed, where as 2% organizations it was cancelled.

### Perception of Swiss HQ about India Outlook and India as a Market

India's outlook as perceived by the Swiss HQs of many organizations remains positive and bullish, as reported by most organizations in our Survey. The uncertainty seen in 2020 will be short-term; the economy is estimated to bounce back. India continues to remain a critical market for investments and growth, and will continue to play a big role in the long-term strategy of the organization.

### The outlook on Covid-19 for Switzerland 2020, 2021 and beyond

In Switzerland, the decline from Covid-19 for the first lockdown was slightly in excess 3% of the GDP. Flexibility / relaxation of lock-down norms after 1st period (April / May 2020) has allowed good recovery until December 2020, when the country entered into its 2nd partial lockdown, virtually until end March 2021 (Swiss Government to announce about next measures by mid - April 2021).

Most of the Swiss listed companies (SMI/ SPI) have gone relatively well through the period and results are reasonable. Some companies have even gained or maintained turnover and results, a few examples in Switzerland: Banks, UBS etc. (Covid-19 Measures financing), industry: Geberit in Switzerland – sanitaryware and bathroom fittings, Hamilton: producing pumps and ventilators for industry and health institutions from Switzerland, IT Technology and applications: ITPC Group, active

in India for SAP and other cloud related software and applications has integrated into SoftwareONE, because of digitalization leading to high performance and progress in data collection and warehousing during the crisis.

Good national measures have been taken for softening impact of crisis, costing currently over 60 billion CHF on national scale. As Swiss Public Debt is moderate, the country and its cantons can bear the burden of refinancing of the economy post crisis, largely representing a national pandemic cover for loss of income. Risk of bankruptcy for small businesses, especially in restaurants, tourism, fitness centres etc. still remains; these being largely closed over the whole period as a result of the measures implemented against people gathering and infecting themselves on public ground. WFH has been largely effective in Zurich (more in Financial Sectors than in Industry), however one cannot but notice, the depressed central logistics at the airport, public transport, public infrastructure, which have reported large operational deficits. Apart from this, in general, the public is tired of WFH and the curbs imposed on meetings /public gathering and looking forward to the end of this situation.

Industry is now pushing for stronger opening with combination of testing (in the factories, old age homes and schools) and vaccinations (still slow, because of shortage of vaccines). Large scale vaccination programs are expected to take off nationally, to be organised on a regional / cantonal basis from April, 2021 onwards.

### **Outlook on Swiss Economic Recovery**

The outlook on Swiss economic recovery is positive from late spring onwards. Consumption will grow and recovery is expected on a pretty large scale. Production is expected to increase leading to a rise in investments. For the full year it is expected that GDP will grow 3 to 3.3% which may even lead to an overcompensation of the corona induced decrease in the previous two years.

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