



Driving Diversity and Inclusion at HCL Technologies”

HCL Technologies
Best Inclusion and Diversity Strategy
December 2017



Company Background



Company At-a-Glance	
Headquarters	NOIDA, Uttar Pradesh, India
Year Founded	1976
Revenue	6.75 Billion
Employees	111,000
Global Scale	HCL Tech has an extensive global infrastructure and network of offices in 31 countries
Industry	Information Technology
Stock Symbol	BSE: 532281; NSE: HCLTECH
Website	http://www.hcltech.com/

Budget and Timeframe

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Number of employees involved with the implementation?	5
Number of Operations or Subject Matter Expert employees involved with the implementation?	1
Timeframe to implement	12 months
Start date of the program	July 1, 2016

Business Conditions & Business Needs

About HCL

HCL is a business enterprise with presence in the fields of technology and healthcare. Founded in 1976 as one of India's original IT garage startups, currently, the HCL enterprise comprises three companies in India – HCL Technologies, HCL Infosystems, and HCL Healthcare – with annual revenues of US\$ 6.75 billion. Over 111,000 professionals from diverse nationalities operate across 31 countries, including over 500 points of presence in India. As a new entrant in healthcare, HCL aims to provide innovative medical services, products, and training to meet the growing demand for quality healthcare in India.

In the technology space, HCL's offerings span a wide range of software and hardware services and solutions including R&D, Technology Services, Enterprise and Applications Consulting, Remote Infrastructure Management, IT Hardware, Systems Integration, Distribution of Technology, and Telecom Products.

HCL America, Inc. was established in California in November 1988. The company provides consultancy in system software, database application software, and hardware design. In each area, the organization offers commonly needed services, including analysis, design, development, porting, and quality assurance.

HCL America, Inc. currently employs over 11,000 people and has established major branch offices in Hartford, CT, Plano, TX, Florham Park, NJ, Cary, NC, and Irvine, CA, among others.

Core Philosophy: Employees First, Customers Second (EFCS)

The effervescent culture of HCL owes its existence to an evolving philosophy of "Employees First and Customers Second." At the core of this philosophy is a continuous endeavor to empower and enable each "HCLite," creating a network of people who connect, irrespective of their domain and technical expertise.

EFCS' Genesis and Evolution

When faced with one of the toughest recessions in recent history, HCL Technologies turned its organization upside down and became one of the fastest-growing companies in the world. This is considered the company's "Employees-First Effect."

The EFCS Story

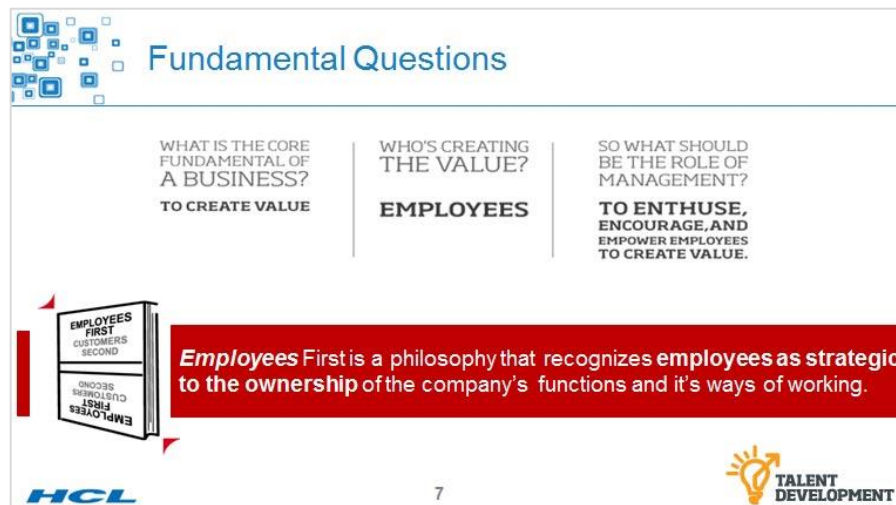
In 2005, HCL began a series of experiments based upon a radical new management philosophy – "Employees First, Customers Second." This philosophy turned HCL's traditional management hierarchy upside down.

The aim of EFCS was to:

- Create the growth of trust through transparency.
- Make managers as accountable to employees as employees are to their bosses.
- Transfer the responsibility for change and value creation to front-line employees working in the “value zone,” where HCL and its customers interact.

Systems and processes were put in place that were designed to achieve these goals.

Figure 1: Fundamental Questions



Source: HCL Technologies 2017

“Employees First” emerged as a driving force when HCL was faced with a tremendous challenge in 2005. Though outwardly everything appeared to be fine, management realized that HCL was on a dangerous path in losing significance.

It was growing slower than its competitors, and the company was losing market share and customer mindshare. This prompted HCL leadership to ask some basic questions.

- What is the core fundamental of a business? Answer: The core of a business is to create value.
- Who is creating value? Answer: The employees.
- What is the role of management? Answer: To enthuse, encourage, and empower their employees to create value.

Figure 2: Four Tenets of EFCS



Source: HCL Technologies 2017

The core of the “Employees First” philosophy is its four tenets:

1. Mirror-Mirror, which created a need for change.
2. Trust through transparency, which created the culture for change.
3. Inversion of the pyramid, which created the structure for change.
4. Recast the CEO’s role. Transfer the responsibility of change, and empower employees to add value in the zone where they interact with clients.

As a business philosophy, EFCS attracted the attention of academics (Harvard Business School did a case study on the approach), the media (*Fortune* magazine characterized HCL management as “the world’s most modern”), and analysts (a Gartner research report highlighted the customer benefits of “Employees First”).

It is, however, the newly encouraged and empowered employees who have brought this philosophy to life.

EFCS – Evolution and Progression into the Current Context

Being guided by the EFCS beliefs, a unique culture evolved across the organization. This is a grass-roots culture – a business-driven, customer-focused innovation – in which every employee has a license to ideate. At HCL, this is called “ideapreneurship™.”

Ideapreneurship™ is the result of HCL’s “Employees First” values, that collectively empower and encourage individual employees at every organization level to come up with innovative solutions to customers’ challenges.



To help employees understand their ideapreneurship profile, the organization ran a company-wide assessment for employees. Built on an automated, intelligent, and proactive system, the assessment contained situation-based questions to assess employees' belief in the values of EFCS and their behavior pattern to seed, nurture, and harvest ideas.

The results were shared with employees in the profile they belonged to: Disciplined ideapreneur, Emerging ideapreneur, Operational ideapreneur, or Inspiring ideapreneur.

ideapreneurship's Business Impact

For the customer. The grassroots revolution spawned 23,000 ideas, generated \$357 million value and increased the Annual CSAT score from 27.2 in 2005 to 57.30 in 2013.

For the employees. HCL has given the Indian economy over a hundred CEOs! More than 50% of ideapreneurs were rated as Distinguished Performers or Excellent Performers, which is significantly higher than the overall organization standard. Almost 70% of ideapreneurs were promoted in the last two years, which is again significantly higher than the overall organization standard.

For HCL. HCL Technologies has demonstrated remarkable growth through the recent economic downturn, emerging as one of only eight 21st century-listed technology companies in the world to cross \$1bn in Net Profit, \$6bn in Revenue and \$15bn in Market Capitalization.

HCL believes that people are fundamental to the evolution of its existence and growth, even in times of economic downturn. The company wants people who are innovating and ideating and creating magic continuously!

Macro Business Imperatives

The world is evolving rapidly, especially in the field of Information technology. Frequent innovations and technological advancements have become a perpetual characteristic that defines and redefines the shape of IT companies. Organizations have to constantly upgrade and invest in themselves in order to stay relevant.

The changing dynamics of business in the knowledge industry, where human talent is of utmost importance, have resulted in volatile workforce demand and supply dynamics. The ability to attract, build, and retain the right talent has become the key differentiator for companies that can deliver distinctive value add for end customers.



In the IT industry, human capital is the most important resource to bring in a differentiator. On average, 70% of company costs is employee cost. Employees are the company's face and its brand ambassadors to customers. Fast-growing IT companies are always looking for talent.

The War for Talent is Alive!

In order to win this war, HCL management needed to enhance their ability to attract, retain, and groom the best talent. To achieve this business-critical objective, they must have inclusive systems and processes in place that make HCL a talent magnet for the specific needs and preferences of talent segments.

Research indicates that diversity has a positive impact on innovation. HCL management attribute the company's phenomenal growth to its EFCS and "ideapreneurship" culture. It is imperative that they build an inclusive workplace for diverse background people.

Overview

HCL's Inclusion & Diversity vision is to reinforce the "Employee First" philosophy by building an inclusive organization that fosters respect for individuals and celebrates the differences among all people. HCL values the experiences, knowledge, and talents of all individuals in the company and the communities where it operates. Management supports and promotes non-discriminatory practices for people to participate, contribute, and develop equitably.

Workplace demography of employees is a reflection of available talent pool in the market. HCL management believes that, to attract the best talent into the workforce, diversity focus is needed. Diversity brings innovative thoughts and, when leveraged constructively, can lead to sustained innovation in the work place. This is the very foundation of the ideapreneurship culture promoted at HCL.

HCL's diversity approach focuses on enhancing workforce representation and sustaining an inclusive culture. While HCL works towards this mission, management constantly strives to connect with communities and help them leverage diversity.

- **Workforce representation.** Recruiting employees from diverse backgrounds. HCL management reaches out to a diverse talent pool comprised of women, different nationalities, cultures and work experiences, and individuals with disabilities.
- **Inclusive environment.** Engaging and enabling employees from diverse background. HCL focuses on creating and sustaining a nurturing environment for

employees with diverse backgrounds. Team leaders are equipped with skills to work across the globe in virtual teams.

- **Social Connect, Community Participation.** HCL harnesses the potential of its employees and empowers them as catalysts for social change. Its focused community interventions help employees reach out to rural areas, engage, and enable people, specifically women and girl children, to lead a dignified life. Also, HCL management are members of key forums that help influence policies and programs that promote diversity and inclusion at the global level.

The definition and essence of diversity is vast. It goes beyond demographic differences, including gender, nationality, culture, ethnicity, age, or the differing abilities of individuals. It is about recognizing the differences which exist, harnessing and synergizing them, and creating an environment conducive to bringing out the best in all.

Gender diversity is one of the most important objectives for HCL. Global HCL's workforce is 24% women. In America's geography, specifically, the ratio is at a much lower 16%.

A culturally balanced environment encourages diversity in thought and innovation. A gender-neutral environment leads to meritocracy. The significance of gender diversity in HCL business and growth is evidenced by the interest of HCL's stakeholders and board of directors. The women employees' ratio is a crucial metric reported annually with other significant financial parameters.

To fuel HCL growth targets, the goal of gender diversity is to:

1. Have 20% of the workforce in America's geography as women employees by end of 2017.
5. Reduce women's turnover rate by 200 basis points.
6. Hire more women candidates by 2% to achieve HCL's overall target of 20% women employees in North America by 2018.

Design and Delivery

Analytics and Data Insights

At the onset, management wanted to get to the root of gender dynamics and understand what drives women employees in their HCL journey. What are the important intrinsic factors that govern their decision to join, stay, or quit?

The diversity team partnered with Talent Analytics division to leverage new age statistical tools as aids in obtaining these insights. With the help of data analysis algorithms, a set of influencing factors were identified that were most crucial for women employees.

Further, a prediction of high vulnerable female employees was generated which flagged the employees at high risk of attrition in the next six-month timeframe. This prediction was crucial for focused touch points and action taking by the diversity and business teams.

Algorithm and Insights

R is the primary language used for analysis and algorithm development. For data analysis, multiple tests are done such as chi-square, decision trees, etc. Regression techniques and Random forest is used for future predictions.

From turnover analysis study following three factors emerged as most influencing for female population:

1. Training and Career Growth.
2. Work life balance and flexibility.
3. Organization Connect.

These became the driving elements for gender diversity programs and interventions that were planned in the subsequent year. Talent analytics models are executed every quarter for updated insights and prediction of high turnover risk women employees.

Hi-Calls

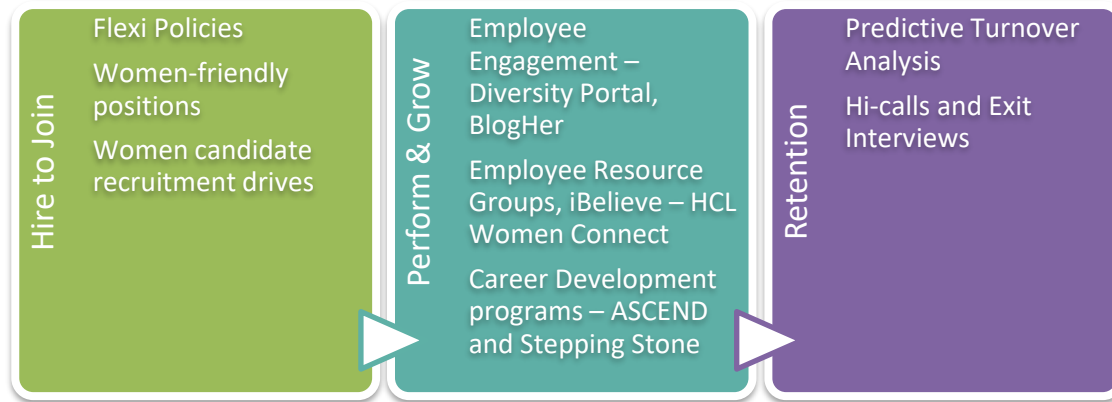
Immediate follow-up action from the talent analysis study was a personalized touch point with predicted high vulnerable individuals. Two women managers from HR and Diversity teams were entrusted with the task of having a dialogue with high-risk employees and understand their concerns and preferences.

These calls have proved to be quite useful, for the positive impact they created on contacted employees and also the different and neutral view they gave to business teams on course corrections.

Actions and Programs

Leveraging the learning from Talent Analysis and Hi-Calls, several initiatives and tools were launched exclusively for the women employee population. There were separate focus areas and programs created around employee life cycle:

Figure 3: Actions and Programs



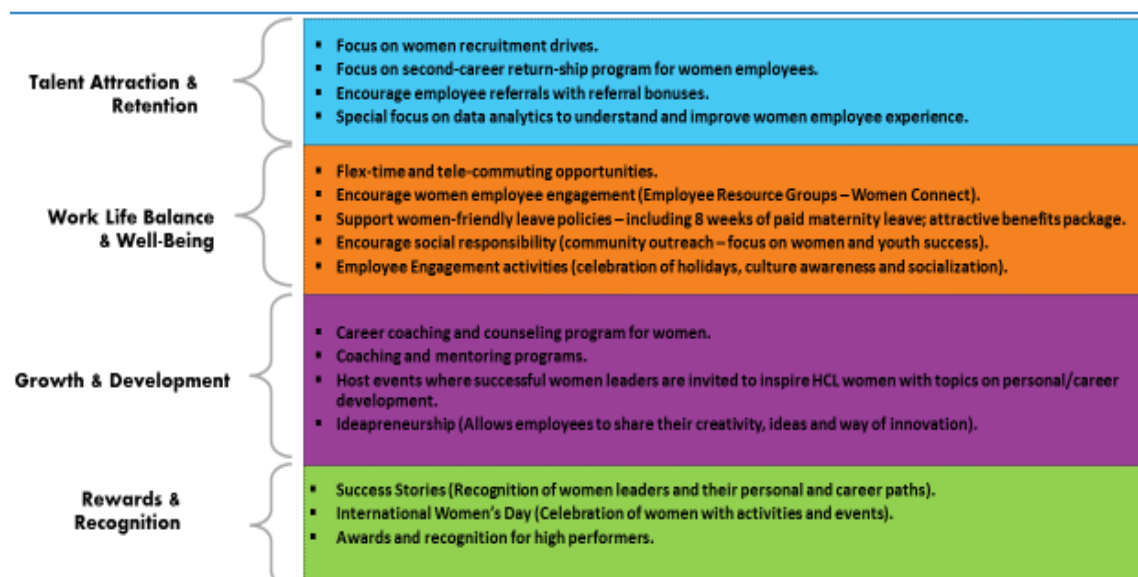
Source: HCL Technologies 2017

Hire to Join

Workforce representation. HCL management reaches out to a diverse talent pool comprised of women, different nationalities, cultures, work experiences, and people with disabilities. They understand what women candidates want and have taken action in the several talent focus areas.

Figure 4: HCL's Talent Focus

HCL's Talent Focus – "Why women candidates should join HCL"



Source: HCL Technologies 2017

Women-friendly policies such as flexible- and part-time work options were rolled out with the direct objective of allowing a better work-life balance for women candidates and employees. There are dedicated, “women only” recruitment drives that call for women’s internal resumes and referrals.

Perform and Grow

Initiatives are taken to strengthen women employees’ connection and engagement:

- **Diversity portal.** An internal tool that aims to assist and equip employees with resources for self-development, client interactions, etc. It also gives employees a chance to be a part of Employee Resource Groups that is geared towards women, African Americans, etc. The networks ensure that diverse perspectives are included in all business operations. There is a focus on creating support systems and policies that are based both on infrastructure and people, to facilitate work life continuity. Programs include development conferences and social media for improving awareness for both HCL and the eco system in which we operate.
- **BlogHer.** A unique practice at HCL is its “BlogHer” forum, on the internal social networking platform called MEME, where many aspects on gender neutral policies are discussed. These discussions are constructive, non-hierarchical, and help both HCL and employees to demystify workplace myths and stereotypes on gender, culture, and other issues. While many companies invest in diversity training, HCL has this blogging forum.

Programs to promote work life balance and a support system for female employees to manage their personal and career priorities:

- **Employee Resource Groups.** In its commitment to engage employees from diverse backgrounds, HCL actively supports and fosters a number of employee Resource Groups. These groups are a recognized component of an inclusive organization. ERGs are led and driven by employees and use a multi-dimensional approach. They act as platforms for employees to anchor organizational change and development.
- **iBelieve – The HCL Women Connect.** HCL’s Women Connect aims to engage and advance women through development programs, advocate gender neutral work environment by suggesting appropriate policies and position HCL as an employer of choice by women across the globe. This group also coaches and counsels aspiring young women professionals, and shares experiences on work-life

priorities. There were “Feminispiration” events organized by Women Connect this year, in which women achievers were invited to speak. In FY 16, 7,417 women employees were covered through 226 sessions.

Career growth and development opportunities was one of the top factors influencing women employee turnover. There were more than 1000 different technical and behavioral trainings offered to employees at large. Further targeted talent development programs were rolled out for middle management and leadership level women employees:

- **Women career development programs** (ASCEND and Stepping Stones). ASCEND is designed exclusively for women employee at the middle management career level. HCL understood the need to have women leadership development programs. ASCEND aims to accelerate the developmental journey by providing meaningful resources to help achieve career aspirations. This program offers a blended learning approach spread over six months. One-on-one mentorship from HCL leaders as mentors, one-on-one coaching, learning modules, experimental/action learning projects, access to information on right opportunities in employees’ career landscape, opportunity to network and increase visibility with senior leadership team, and program completion certifications. Stepping Stones is a focused career development program for women employees in middle management to realize their career aspirations and potential. The program enables employees to understand the career landscape and opportunities in the workplace, creation of development plans based on experiential/action learning projects, competency-based learning modules incorporated in the form of webinars, eLearning, and case study.

Retention

The predictions from data analytics model are directly used by HR and business teams for risk mitigation planning and enabled better connect with women employees. The model is run on quarterly basis for revising the predictions and reexamination of data trends.

Contextual actions are taken such as team building workshops, career development discussion and planning, nomination to behavioral and technical trainings, etc. Crucial positions and employee segments are identified and, based on their RAG status, actions are formed. Proactive salary corrections, promotions, and role changes are given to bring critical/high-performing Red zone employees to Amber and Green status.

Integration

To have a sustained pipeline of talent from external and internal pools is one of the top critical missions of HCL's talent strategy. Focusing on gender diversity enables the people function in this mission through their higher applications, joining, and growth.

To have and retain the right talent at optimal cost is how talent management strategy directly impacts the bottom line of the company. Employee cost is 70% of total cost that company incurs and the total rewards offered to employees hit company's profitability. The focus on women employees and their intrinsic drives has helped in aligning benefits that have the biggest impact and ROI (return on investment). Studies clearly show that package and monetary benefits have short term impact on employee satisfaction and engagement. Additional changes implemented, such as flexible work policy, training and development, and forums for women employees to connect and seek support have brought tremendous results.

Turnover is the third significant attribute that determines the health of a company's talent management function and strategy. Turnover rates are reported along with financial metrics and have the power to influence stakeholder sentiments. The specialized focus on women employees has brought the company closer to the needs of an important segment of its workforce.

Over the years, management has witnessed a comparatively higher turnover rate of the women-only employee base as compared to general population. Measures were taken to curb the attrition of women employees that were important in managing this metric.

As a company, HCL's recruitment and promotion policy is based on meritocracy and the ability to learn, adapt, and assimilate to change. As more employees from diverse backgrounds are added, an inclusive workplace is created that promotes new ideas and does not exclude any individuals from participating or contributing to the growth of the organization.

It is of pivotal importance that HCL ensures equal opportunities for gender, nationality, disability, sexual orientation, religion or ethnicity for hiring, pay, and career advancement. Local hiring strategy is followed based on business needs and local government policies. The Diversity Office at HCL has been established to further strengthen and reinforce this commitment. Numerous avenues of self-empowerment are provided to employees as a first step toward creating an engaged workforce.

These efforts have helped HCL to acquire and retain the best talent.

Measurable Benefits

Giant strides have been taken toward HCL becoming a truly global organization. Today, HCL has employees belonging to 96 different nationalities operating out of 35 countries. It is also a matter of great pride that 24% of its workforce is comprised of women.

1. **Women employee headcount has increased by 2.2% in the last 12 months.** Additionally, women employees the overall Americas employee base has increased by 17.16%.
2. **HCL has overachieved its target of recruiting more female candidates.** This target was to increase its women ratio at hiring level from 22.7% to 23.5%. At end of 12 months, 26.5% of new hires are female employees. This is an incredible achievement as it reflects how attractive HCL is as an organization for this important talent segment.
3. **80% of women now return after maternity leave.** The retention of employees with children in the one- to five-year age group also has improved. These improvements are affirmations of the steps HCL has taken on women's ability to balance their career and life priorities, and advance as individuals.
4. **Turnover in the women employee segment.** These numbers have come down from 20% to 18% within the first year of launch of interventions. In dollar terms, this is roughly a saving of \$1.25mn spent on replacing, training, and onboarding an employee replacement.
5. **Employee satisfaction and engagement.** The multipronged approach and programs on women connect had significant impact on women employee engagement levels in the company. There was improvement observed in yearly employee satisfaction and engagement surveys and this is a lever that will be tracked for the next three years to show the long-term impact of interventions.

Special focus is given to women in management and leadership cadre that is expected to create a ripple effect and provide higher female employee connection and representation at the individual contributor level.

Overall

HCL, calls its employees the "ideapreneurs" because of the unique thought processes and ideas each of its employees share with the company. Diversity and employees' different perspectives are the core of HCL Ideapreneurship focus.

The journey of developing gender diversity has given the company an appreciation of the women's workforce. Despite extensive measures, the work life balance remains an industry-wide challenge for women employees. Due to high drop-out rates in middle and leadership levels, management struggles to recruit more women for hiring at those levels.

This necessitates an ability to grow and retain women employees internally to have better than market ratio of women employees in the management and leadership cadre. The company's Stepping Stone and ASCEND development programs have taken positive steps in that direction.

The iBelieve network and diversity platforms are active, self-running engines. They help women to speak with confidence and also open the possibility of helping each other to advance through the socio-cultural workforce.

HCL realizes there is still a way to go to improve its Diversity & Inclusion program. Even with its great progress, the journey in valuing different cultures and respecting individuals' contributions is ongoing.

In HCL's efforts to attract, retain, and motivate employees it is important that the company continues to create an inclusive work environment that promotes new ideas and encourages innovations for today, tomorrow, and the company's future success.

New, innovative avenues are being explored, such as linking women employee growth as key performance parameter for managers and special programs to attract women to resume their career after a break due to personal priorities.

Many of HCL's global facilities provide onsite day-care facilities that allow new and young mothers to be near their children. This is an offering we are working on for our larger offices.

Gender sensitivity campaigns and training are held to not help women and educate male employees on challenges their gender counterparts face. HCL believes this will go a long way in creating a better work culture and society.

Figure 5: HCL's Diversity Logo



Source: HCL Technologies 2017



About Brandon Hall Group

Brandon Hall Group is a HCM research and advisory services firm that provides insights around key performance areas, including Learning and Development, Talent Management, Leadership Development, Talent Acquisition, and HR/Workforce Management. With more than 10,000 clients globally and more than 20 years of delivering world-class research and advisory services, Brandon Hall Group is focused on developing research that drives performance in emerging and large organizations, and provides strategic insights for executives and practitioners responsible for growth and business results.

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