

BUILDING SKILLS & UPSKILLING STRATEGIES FOR GLOBAL SMES IN INDIA



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2025





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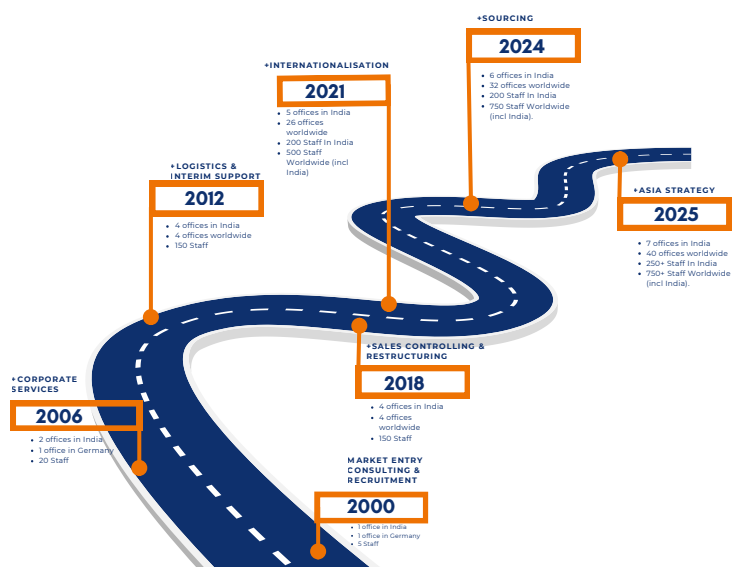
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CONTENT

Foreword	4
Executive Summary	5
Expert Note	6
Workforce Evolution	7
Skill Priorities	8
Market Realities	12
The Capability Gap	15
Future Readiness	18
Action Plan	20
Impact Assessment	22
Conclusion	23
HR Turnaround	25

Report by



Manish DWIVEDI
AGM - Human Resource Management
India



FOREWORD



MR. RAJESH NATH



MR. KLAUS MAIER

Dear VDMA Members,

Industrial transformation today is defined not only by automation, artificial intelligence, and advanced technologies, but by how effectively organisations can align their people with these forces of change. For European SMEs and VDMA member companies operating in and with India, the conversation has decisively shifted from why to invest in skills to how to build workforce capabilities that are future-ready, digitally fluent, and globally competitive.

India presents an unparalleled opportunity in this transformation. As one of the world's youngest and fastest-growing talent markets, it combines scale, skill, and agility with a rapidly evolving manufacturing base and an expanding digital ecosystem.

This joint report by **VDMA and M+V Altios** is designed as a strategic guide for German SMEs navigating this workforce transformation. Drawing on the latest perspectives from the 2025 VDMA Skills & Workforce Readiness Survey, the study brings together insights from over 70 companies - many of them leading German engineering firms — across manufacturing, sourcing, R&D, and trading operations in India. It follows the same rigorous analytical framework as last year's edition, combining quantitative data with practical, real-world insights from industry leaders.

Key questions addressed include:

- / Which workforce skills are most essential for Industry 4.0 readiness in India?
- / How are companies effectively upskilling and reskilling their workforce?
- / What challenges and measurable outcomes define successful workforce development?

At its core, this report is a call to action: for leaders to treat workforce development not as a support function but as a strategic enabler of growth, innovation, and competitiveness. We hope these insights - presented ahead of the **14th VDMA Summit in Bangalore** - serve as a roadmap for organisations seeking to build not just a workforce for today, but a sustainable talent engine for the future.

Yours sincerely,

Rajesh Nath
Managing Director
VDMA India

Klaus Maier
Managing Partner
Maier Vidorno Altios



EXECUTIVE SUMMARY



The global business landscape is undergoing a structural transformation. Rapid advances in automation, artificial intelligence, connected manufacturing, and digital platforms are redefining how companies design products, deliver services, and compete across borders. For German SMEs, the Mittelstand, India now represents not only a strategic growth market, but also a critical node in their global value chains.

The scale of the opportunity is undeniable. India's economy is projected to be the world's third-largest by 2030. The country's 63.4 million **MSMEs already account for nearly 30% of GDP** and almost half of India's exports, and are becoming a pivotal driver of innovation, engineering, and technology services. Yet, this opportunity comes with a challenge: the skills that built success in the past are no longer sufficient for the future.

This report, Future Ready Workforce 2025, produced jointly by VDMA and M+V Altios, distills insights from an extensive survey of global SMEs operating in India and combines them with strategic analysis of industry trends. Our goal: to provide German SME leaders with a clear, actionable roadmap to build the workforce capabilities required to win in India's fast, evolving business landscape.

What This Report Provides

- / A clear analysis of the market context shaping workforce transformation in India.
- / Insight into where German SMEs must invest, and where they are currently falling short.
- / Practical frameworks and strategies for building scalable, future-ready capabilities across engineering, digital, and leadership domains.
- / Best practices from companies that have successfully turned skilling investments into measurable business impact.
- / A roadmap of 90-day and 6-month actions to help leaders begin closing the capability gap immediately.



EXPERT NOTE



MANISH DWIVEDI

In today's rapidly evolving business landscape, the conversation around a future-ready workforce has moved beyond policy rhetoric - it is now a strategic imperative. For India's Small and Medium Enterprises (SMEs), building workforce capability is no longer optional; it is the cornerstone of competitiveness, innovation, and sustainable growth.

The insights emerging from the VDMA member survey provide a realistic snapshot of where Indian SMEs stand in this transformation journey. The findings are both encouraging and cautionary. On one side, there is clear awareness and growing recognition among SMEs that digital readiness and continuous learning are essential for survival in the Industry 4.0 era. On the other hand, systemic barriers, including limited training coverage, budget constraints, and post-training attrition, continue to impede progress. Most SMEs trained only a quarter of their workforce in the past year, and more than half invest less than 25% of their training budgets in future-oriented skills such as automation, AI, and digital tools.

What stands out, however, is the remarkable readiness of India's talent pool. Eighty-four per cent of professionals engaged in some form of upskilling last year, reflecting an intrinsic motivation to adapt and grow. This innate drive presents an opportunity for organizations to step forward to move from sporadic skilling efforts to structured, scalable, and business-aligned talent development frameworks.

For SMEs seeking to translate intent into impact, three strategic levers are critical:

- Integrate learning with business outcomes - Skilling must be embedded into the business strategy, linked directly with productivity, innovation, and customer value.
- Foster collaborative ecosystems - Partnerships with universities, government programs, and industry councils can enhance training quality and access, while aligning curricula with real-world demands
- Institutionalize lifelong learning - Building a culture that values learning agility and continuous development ensures organizations remain resilient amid technological change

The future-ready enterprise will not be defined solely by the technology it adopts, but by the capabilities it nurtures. India's workforce is young, ambitious, and digitally aware. The onus now lies on organisations to channel this potential through structured learning pathways and leadership models that encourage curiosity, adaptability, and innovation.

In the end, creating a future-ready workforce is not a one-time project; it is a sustained commitment to people and performance. SMEs that recognise this will not just participate in India's growth story; they will help define its global competitiveness in the decade ahead.

WORKFORCE EVOLUTION

India is no longer an emerging workforce story; it is now a decisive factor shaping the future of global supply chains. For German SMEs known for precision engineering, niche manufacturing, and long-term value creation, this demographic isn't just a labour pool; it is a strategic capability engine waiting to be integrated into global business models.

This potential is already visible. Nearly **68% of surveyed VDMA members** said they expect India to play a “significantly larger role” in their company's global operations over the next five years. Many of them are moving beyond back-office functions to establish engineering centres, product development hubs, and digital innovation labs in India, shifting the narrative from outsourcing to co-creation.

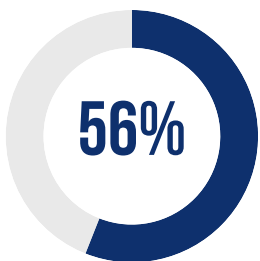
From Labour Arbitrage to Capability Partner

The last decade has witnessed a profound evolution in how global companies leverage India's workforce. What began as a model based on cost efficiency is now being transformed into one centred on capability depth, innovation capacity, and strategic value.



“At EDAG India, we are building a future-ready workforce by creating a clear vision path for our employees and empowering them to embrace new technologies. Through short-term certifications and knowledge transfer from our internal experts in Germany, we are driving deep reskilling and fostering innovation at every level of the organisation.”

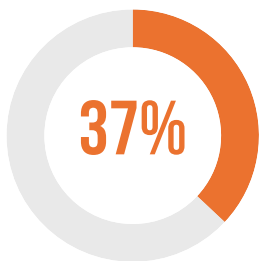
- Bipin Chandra, Director Engineering at EDAG India



Capability Shift, From Execution to Innovation

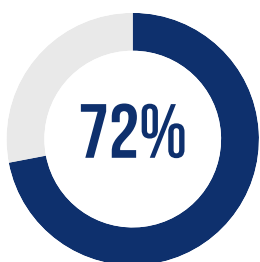
Once limited to support functions, Indian teams are now driving product design, automation solutions, and end-to-end R&D. In our survey, 56% of respondents confirmed they are planning or already executing India-based R&D or engineering projects.

The evolution is clear: the workforce is not just delivering specifications, it is shaping them.



Technology Shift, From Manual to Intelligent Systems

Industry 4.0 adoption is accelerating. Indian plants are integrating IoT, robotics, predictive maintenance, and AI into everyday workflows. However, only 37% of companies rate their workforce as “highly ready” for these technologies, a gap that also represents a growth opportunity.



Market Shift, From Domestic Focus to Global Integration

India's role in global supply chains is expanding. With 72% of surveyed companies considering India a critical part of their future innovation and engineering strategy, local teams now need to align not just with local markets but with global quality standards, compliance norms, and project management practices.



SKILL PRIORITIES

As global value chains evolve, German SMEs in India must look beyond short-term hiring and build deep, adaptive capabilities that drive innovation, agility, and competitive advantage. Success in the next decade will depend on five interconnected skill domains, but equally on how those skills are developed.



"Leadership development and technical upskilling have prepared us for digital challenges ahead. We're seeing new leaders emerge as our employees step into more advanced roles."

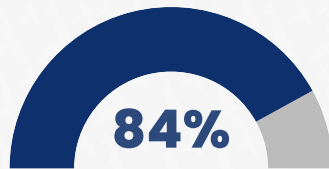
- Hanish Arora, Key Account Manager - Head at Marposs India Pvt. Ltd.

Our **2025 VDMA & M+V Altios survey** highlights where the most urgent priorities lie, and how SMEs can address them through **scalable, cost-effective skilling models**.

WHAT DO OUR RESPONDENTS FORSEE ?

1

Advanced Engineering & Systems Thinking



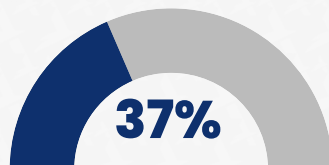
Data Point: 84% of surveyed companies ranked advanced engineering, including mechatronics, simulation, system integration, and DfM, as their top workforce priority.

How SMEs Can Build It:

- / Use a Hub-and-Spoke Model, centralising curriculum design but delivering training locally, to ensure standardised, scalable technical capability building across plants or business units.
- / Adopt a Train-the-Trainer (T3) approach to build internal expertise and reduce reliance on external trainers for advanced skills.

2

Automation, IoT, and Smart Manufacturing



Data Point: Only 37% of companies consider their workforce "ready" for IoT, robotics, and Industry 4.0 operations.



SKILL PRIORITIES

This gap reflects a pressing need for talent that can not only run automated systems but also integrate, maintain, and optimise them.



"Our approach, combining e-learning solutions and internal training, empowers each employee on their skill journey. The transformation is reflected in improved collaboration and consistent performance gains."

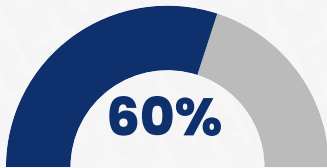
- Arvind Chopra, Head -IPR at EBTC

How SMEs Can Build It:

- / Use a **Collaborative Consortium Model** to pool resources with other SMEs and co-develop automation or robotics training programs, a proven way to lower costs while accessing high-quality trainers and facilities.
- / Combine classroom sessions with **Project-Based Learning**, where employees apply automation knowledge to solve real operational challenges.

3

Data Literacy & Digital Decision-Making



Data Point: 60% of companies cited data analysis and interpretation as one of their biggest workforce gaps.

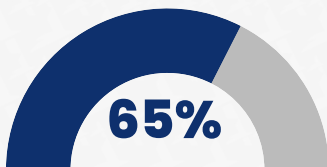
As manufacturing, supply chains, and customer interfaces become increasingly data-driven, the ability to generate insights and make decisions from data is now a critical skill across functions.

How SMEs Can Build It:

- / Launch **microlearning programs** focused on tools like **Power BI, Excel, or predictive analytics**, easily delivered via freemium platforms or curated playlists.
- / Embed **real-world data projects** into training to ensure employees apply insights directly to business decisions.

4

Data Literacy & Digital Decision-Making



Data Point: 65% of SMEs highlighted digital collaboration as a strategic priority.

With teams increasingly distributed across geographies and functions, effective collaboration, supported by digital tools and cross-functional workflows, is critical to operational agility.



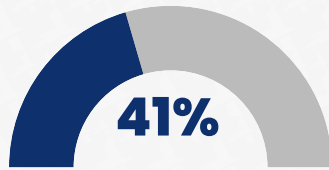
SKILL PRIORITIES

How SMEs Can Build It:

- / Use **Project-Based Learning** to simulate real global collaboration scenarios, such as remote commissioning or cross-border product design.
- / Equip teams with collaboration tools and embed communication skills into technical training modules.



Leadership for Digital Transformation



Data Point: 41% of companies cite leadership readiness as a key constraint. Future-ready skills beyond traditional managerial competencies. .

How SMEs Can Build It:

- / Introduce **leadership mentoring circles** and simulation-based learning (e.g., negotiation labs, scenario planning).
- / Equip teams with collaboration tools and embed communication skills into technical training modules.

Below is the example of a company a German-origin automotive component SME with facilities in Nashik and Indore faced a skill gap among operators as it moved to semi-automated assembly lines. Local ecosystem partnerships help resolve talent shortages while uplifting communities.



“For German companies in India, the workforce transformation journey is no longer optional-it is essential. The survey shows that while Industry 4.0 adoption is underway, skill gaps in areas like automation, digital collaboration, and advanced engineering remain critical barriers. Bridging these gaps requires a stronger partnership between industry, academia, and policymakers. If addressed well, India can not only serve as a cost hub but also as a talent and innovation hub for German Mittelstand companies.”

Praveen Singhal, Managing Director (India), Maier Vidorno Altios



SKILL PRIORITIES

Below is the example of a company a German-origin automotive component SME with facilities in Nashik and Indore faced a skill gap among operators as it moved to semi-automated assembly lines. Local ecosystem partnerships help resolve talent shortages while uplifting communities.



CASE STUDY: MANUFACTURING SME - AUTOMATION SKILLING IN TIER 2 CITIES

Company: European automotive component SME (Nashik & Indore)

Challenge: Operators lacked digital and machine interface skills as the company shifted to semi-automated lines.

Intervention: Partnered with a local ITI for a 3-month Automation Operator program combining classroom and on-the-job training. Graduates received certification and direct hiring offers.

Result:

- 70+ operators trained; 90% absorbed internally
- Operator errors down by 25% in 6 months
- ITI continued the program for other employers



Key Takeaway:

Local skilling ecosystems like ITIs can bridge talent gaps while empowering regional communities.

Designing Skills Around SME Realities

Unlike large enterprises, SMEs face constraints, lean teams, limited budgets, and minimal L&D infrastructure. The most successful companies overcome this by combining multiple skilling models, for example, blending a hub and spoke structure project-based with microlearning, or pairing project-based training with collaborative consortia. This hybrid approach ensures cost-effectiveness, relevance, and scalability, while directly linking skill development to business priorities.



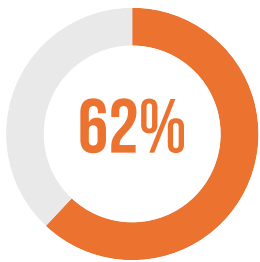
"The VDMA survey highlights a fundamental truth: employee upskilling is directly linked to productivity, retention, and long-term competitiveness. Yet many companies are struggling with inadequate local training providers and high attrition post-training. The real opportunity lies in building structured internal academies, hybrid learning systems, and leadership programs that blend technical skills with soft skills. A future-ready workforce is not just about machines and automation, but about people who can adapt, collaborate, and innovate."

Manish Dwivedi, Assistant General Manager Human Resources, M+V Altios



MARKET REALITIES

The results of the VDMA & M+V Altios Future Ready Workforce 2025 Survey reveal a sector standing at a pivotal crossroads. German SMEs operating in India are deeply aware of the workforce transformation imperative, but their readiness levels, investments, and outcomes remain uneven. The result is a landscape characterised by strong intent but patchy execution, with significant competitive advantages awaiting those who can close the capability gap faster than their peers.



Industry 4.0 Readiness: Intent Is High, Execution Lags

The survey reveals that 62% of respondents classify their organisations as only “partially ready” for Industry 4.0, while just 21% describe their workforce as “fully prepared” to leverage advanced manufacturing technologies.

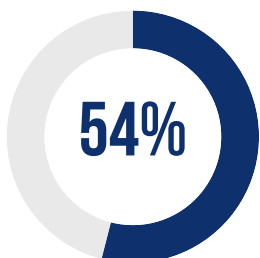
This disparity underscores a persistent gap between ambition and action.

Companies have successfully implemented foundational digital tools, such as basic automation systems, ERP platforms, and remote collaboration solutions, but more complex transformations involving IoT integration, AI deployment, and smart manufacturing ecosystems remain nascent. The readiness gap is particularly evident on the shop floor, where advanced automation adoption often outpaces the workforce’s ability to operate and optimise these systems.



“Our on-the-job mentoring and skilling partnerships are helping us build stronger teams. The improved engagement we’re seeing gives us confidence in our direction.”

- Abhijit Zende, Head - HR & Admin at Neuman & Esser Engineering (I) Private Limited



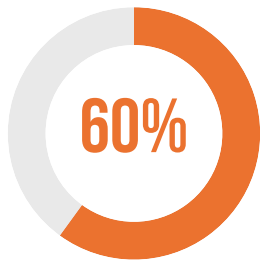
Training Coverage: Progress, But Not at Scale

Despite recognising the importance of capability building, most companies are still training too few people to create enterprise-wide impact. 54% of surveyed firms reported that they have upskilled only 25% of their workforce in the past 12 months, while fewer than 10% have trained more than half.

This limited reach risks creating pockets of expertise rather than a deeply embedded skill culture.

Moreover, training often remains confined to technical teams, leaving adjacent functions such as supply chain, customer support, and commercial operations underprepared for the demands of digital business models. A broader and more integrated approach is essential to move from isolated initiatives to enterprise-wide transformation.

MARKET REALITIES



Budget Prioritisation: Conservative Spending Slows Momentum

The survey data also highlights a conservative approach to investment. Over 60% of companies allocate less than 25% of their total training budgets to future-focused skills such as automation, data analytics, and AI.

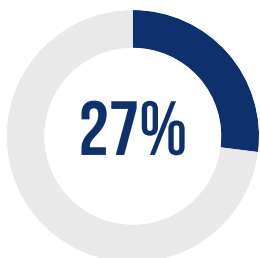
Many organisations continue to prioritise traditional technical training or compliance-focused learning, despite the clear need to invest in next-generation capabilities.

This risk-averse spending behaviour is closely linked to uncertainty around returns and challenges in measuring ROI. Without robust impact tracking, leadership teams often hesitate to commit larger budgets, perpetuating a cycle of underinvestment and under preparedness.



"Combining in-house and external training keeps our workforce future-ready. Stronger industry-academia collaboration and more practical training would push our growth further."

- Ezhil Balaji R, Assistant General Manager – HR at Ruhrpumpen India Pvt Ltd



ROI & Business Impact: Early Gains, Uneven Results

When it comes to outcomes, the picture is mixed. Companies most frequently measure workforce initiatives by employee productivity, innovation speed, and business growth.

Yet, only 27% report "significant" ROI from upskilling programmes, while the majority describe results as "somewhat positive" or "too early to assess."

The two most significant factors eroding ROI are:

- **Post-training attrition, cited by nearly half of all respondents, which results in loss of newly developed skills before they generate value.**
- **Misalignment between training content and real job demands, which reduces the immediate applicability of new skills.**

Without stronger retention strategies and more tailored capability frameworks, many SMEs risk failing to translate learning investments into measurable business impact.

MARKET REALITIES

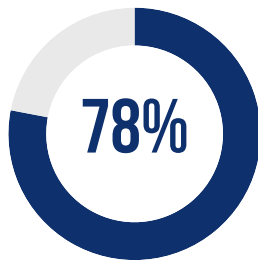


Collaboration: A Missed Opportunity for Acceleration

Despite the growing complexity of skill needs, more than 50% of surveyed companies reported no formal partnerships with Indian universities, skill councils, or training providers.

This represents a major missed opportunity, because companies that do collaborate report faster capability development, better curriculum relevance, and stronger retention.

Those partnerships that do exist often remain transactional (focused on one off-training sessions or certifications) rather than strategic (co-created learning programs, embedded internships, or continuous knowledge exchange). For SMEs looking to accelerate capability-building in India, deeper ecosystem engagement is one of the most underutilised levers.



Cultural Mindset Shift: From Resistance to Readiness

One of the most encouraging trends revealed by the survey is a shift in workforce mindset. Companies report growing openness among Indian teams toward digital tools, cross - functional collaboration, and agile working practices. However, this shift is uneven, motivation levels, adaptability, and change-readiness still vary widely across roles and departments.

This underscores the need for companies to view capability-building not merely as a training problem, but as a change management challenge. Embedding continuous learning into organisational culture, and linking it to clear career pathways, will be crucial to sustaining momentum.



"Mentoring built into technical training has fostered high engagement, especially when guiding teams through complex digital changes. Leadership at every level is now a reality."

- Deependra Singh Kushwaha, Managing Director at Durlum India Private Limited



Key Takeaway:

The survey results paint a picture of encouraging momentum, but also highlight the distance left to travel. German SMEs operating in India are building the foundations of a future-ready workforce, but many efforts remain fragmented, small in scale, and insufficiently integrated into broader business strategies. As global competitors accelerate their workforce transformation, those who fail to close these gaps risk falling behind in speed, innovation, and competitiveness.

THE CAPABILITY GAP

BRIDGING THE DISTANCE BETWEEN STRATEGY & EXECUTION

Despite their intent to transform and a clear recognition of India's talent potential, global SMEs continue to face significant capability gaps that hinder the pace and effectiveness of workforce transformation. These gaps are not just skills-related; they are structural, cultural, and systemic, requiring strategic solutions that go beyond training alone.

Depth of Technical Competence

While India's talent pool is vast, depth of expertise in emerging areas such as automation, robotics, IoT, and system-level engineering remains limited. Nearly **60% of SMEs** report that only a small fraction of their workforce can independently manage advanced technologies

This often stems from a fragmented skilling ecosystem, where inconsistent curricula, lack of standardised certification, and limited industry alignment make it difficult to find credible training partners. As a result, many SMEs rely on generic or one-size-fits-all training programs, yielding limited ROI and leaving critical skill gaps unaddressed.

Digital Fluency and Data Competence

Even as companies adopt digital tools, **58% cite data interpretation and analytics as a top workforce challenge**. Access to digital learning platforms is another barrier, frontline teams often lack devices or reliable internet, while managers may be unfamiliar with modern learning systems. This technology access gap limits the scalability of digital skilling initiatives, particularly outside metro areas or in operational roles.



CASE STUDY: A EUROPEAN SME'S DIGITAL SKILLING MODEL FOR INDIA

Digital adoption often lags outside core technical teams. An European AI SaaS firm in Bengaluru successfully launched an internal 'Digital First' academy using a train-the-trainer approach, enabling over 80% of support staff to leverage automation and analytics tools independently, showcasing how developing peer-led digital academies accelerates enterprise-wide transformation.

Company: European AI SaaS firm (Bengaluru)

Challenge: HR and customer support staff struggled to use AI-driven tools.

Intervention: Launched an internal Digital First Academy using a Train-the-Trainer model. Tech teams mentored function leads on tools such as Notion, ChatGPT, and Power BI, supported by weekly problem-solving labs.

Outcome:

- 80% of staff now use automation and data tools independently
- HR reporting time cut by 60%
- Quarterly tool upskilling continues through the academy



Key Takeaway:

Enabling non-tech teams accelerates digital transformation; internal champions sustain learning momentum.



THE CAPABILITY GAP

Leadership and Change Management

Transformation depends on leadership, **yet 41% of SMEs identify a lack of change-ready leaders as a major barrier**. Cultural resistance compounds this problem, in many organisations, learning is still seen as a “cost” rather than a “value-generating investment.” Senior leaders may not model continuous learning behaviours, and employees tend to prioritise short-term tasks over long-term development. Without leadership buy-in and cultural reinforcement, even well-designed programs struggle to gain traction.

Training Scale, Retention, and Strategic Alignment

A further constraint is the limited scale and scope of current training efforts. **Most SMEs train less than 25% of their workforce annually**, and fewer than half have dedicated L&D infrastructure. The absence of structured career roadmaps or continuous learning frameworks makes upskilling feel optional rather than integral.

Adding to this challenge is high attrition in skilled roles, once employees are trained, they are often poached by larger competitors, discouraging SMEs from investing further in workforce development.

Additionally, the difficulty in measuring ROI remains a persistent barrier. Many organisations lack analytics tools to link skilling initiatives to outcomes like productivity or innovation. Without visibility into returns, leadership support for future programs is harder to sustain.



CASE STUDY: HIGH-VOLUME WORKFORCE TRANSFORMATION THROUGH HYBRID, MOBILE LEARNING

For high-volume, dispersed teams, scalable models are vital. A global logistics SME adopted WhatsApp-based microlearning, using micro-content, quizzes, and videos, which resulted in over 3,000 workers completing four modules each, a 40% reduction in on-ground errors, and an 18% improvement in retention. This underscores the value of hybrid, tech-enabled delivery to reach the last mile.

Company: Global logistics firm (pan India operations)

Challenge: Diverse, dispersed workforce made traditional training costly and ineffective.

Intervention: Introduced WhatsApp, based microlearning with 5-minute videos, interactive PDFs, and monthly gamified quizzes covering safety, communication, and Excel basics.

Outcome:

- 3,000+ workers trained in 6 months
- Documentation errors reduced by 40%
- Retention among trained employees up 18%



Key Takeaway:

Microlearning and gamification provide scalable, low-cost skilling for large distributed teams.

THE CAPABILITY GAP



The Strategic Imperative

The evidence is clear: workforce transformation in India is not hindered by talent scarcity but by structural barriers, cultural inertia, fragmented systems, and capability shortfalls. Overcoming these requires more than training, it demands ecosystem collaboration, leadership commitment, investment in digital infrastructure, and a fundamental shift toward treating workforce capability as a strategic asset.

The Capability Gap

- Workforce transformation recognized

The Reality

- ⚠ Skills gaps
- ⚠ Structural & cultural barriers

60%

Limited depth in automation &

58%

Struggles with data interpretation

41%

Lack of change-ready leaders

Workforce Challenges & Solutions

Technical Competence

Fragmented skilling ecosystem, inconsistent certification

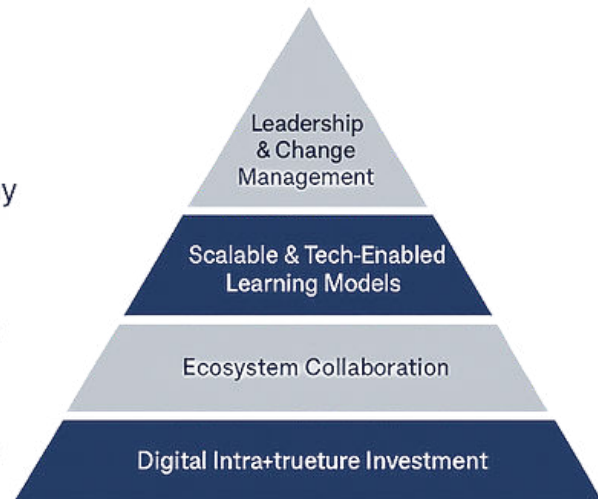
- Peer-led Digital First Academy** (UK AI SaaS firm, Bengaluru)
- 80% staff independently using automation & analytics
- HR reporting time + 60%
- Quarterly upskilling maintain

Training Scale & Retention

<25% workforce trained annually, high attrition, limited ROI measurement

Training Scale & Retention

- <3,000+ workers trained
- ➡ Errors + 40%
- 📦 Retention ↓ 18%



Strategic Imperative

Workforce transformation in India is limited not by talent scarcity, but by structural, cultural, and systemic barriers.



FUTURE READINESS

Bridging the capability gap requires more than isolated training interventions, it demands a fundamental shift in how SMEs think about workforce development. The most successful German companies in India are moving from transactional training models to strategic capability ecosystems, where learning is continuous, collaborative, and directly tied to business outcomes.



CASE STUDY: BRIDGING SKILL GAPS THROUGH PURPOSE-DRIVEN PROJECT SQUADS

Emerging client demands, such as sustainability, call for new approaches to capability building. A global consulting SME created internal squads to work on pro-bono 'green' projects for NGOs, mentored by experts and aimed at practical learning. In just three months, 15 employees built LEED, compliant design skills and the company won three new green contracts. This approach embedded market-relevant learning and fuelled both innovation and new business.

Company: Gloabl consulting firm (Hyderabad & Ahmedabad)

Challenge: Needed expertise in sustainability and green building design.

Intervention: Formed internal squads to deliver pro-bono sustainability projects for NGOs under expert mentorship, focused on LEED standards and energy modelling.

Outcome:

- 15 employees skilled in green design within 3 months
- Secured 3 new green building projects
- Project-based learning became a recurring innovation initiative



Key Takeaway:

Real projects tied to market demand accelerate meaningful skill development.

Our analysis identifies **five proven strategies shaping workforce transformation** today:

1 Embed Continuous Learning into Operations

Future ready companies are integrating learning directly into daily workflows. Instead of periodic workshops, they design on-the-job learning modules, microlearning content, and mentoring systems that allow employees to upskill while executing core tasks.

This approach not only accelerates capability development but also improves retention by demonstrating a clear growth path for employees.

2 Build Internal Capability Academies

Some SMEs are now creating internal "learning academies" focused on core technologies, from robotics and automation to data analytics and design simulation. These academies serve as central hubs for knowledge transfer, often combining internal expertise with external training resources.

They also play a key role in aligning workforce skills with strategic priorities, ensuring that training is not just reactive, but directly supports the company's five, to ten-year roadmap.



FUTURE READINESS

3 Partner Strategically with Academia and EdTech

With more than half of surveyed companies yet to form partnerships, collaboration with India's growing skilling ecosystem represents one of the most underutilised levers of transformation. Strategic partnerships with universities, vocational institutions, and EdTech startups allow SMEs to co-design curriculum, access niche talent pipelines, and stay ahead of technology trends.

These collaborations also reduce time-to-competence, as training is tailored to specific business needs rather than generic skill modules.

4 Invest in Leadership Transformation

Leadership capability is the multiplier for all other skill investments. Companies are now embedding leadership development into their broader workforce strategies, through coaching programs, global rotation opportunities, and change management workshops that equip managers to lead digital transformation.

Leaders trained in strategic thinking, cross-functional collaboration, and innovation management drive stronger adoption of new technologies and foster cultures of continuous improvement.

5 Make Skills a Retention Strategy

Workforce investments deliver the best ROI when they also strengthen employee retention. SMEs are increasingly linking skill development to career progression, compensation structures, and innovation opportunities, positioning learning as a key driver of employee engagement.

This approach not only reduces attrition but also ensures that skill investments translate into long-term organisational capabilities.



"Partnering with global skilling institutions means we now benefit from a steady flow of new ideas. The exchange of methodologies keeps our approach practical and fresh."

- Vivek Norman, Managing Director at Netzsch Technologies India Pvt Limited



"India's greatest advantage today is not just its scale, but its ability to adapt, learn, and lead in new technology domains. For global SMEs, the real opportunity lies in harnessing this talent — and investing in the skills, leadership, and digital capabilities that will drive the next phase of growth. This report is designed to help companies navigate that journey with clarity, structure, and measurable outcomes."

Manoj Madachery, International Business Advisor, M+V Altios India



ACTION PLAN

Building a workforce capable of driving growth in a digital, interconnected economy requires more than periodic training, it demands a strategic, system-wide approach. Global SMEs must move from reactive skilling to skills-first workforce transformation, aligning talent capabilities with business priorities and market shifts.

Adopt a Skills-First Workforce Strategy

Traditional job roles are being reshaped by technology and new operating models. SMEs must:

- / Map current workforce skills against future strategic requirements.
- / Redesign job descriptions to focus on skills and outcomes, not just degrees or years of experience.
- / Use digital assessment platforms (e.g., Mercer Mettl, CoCubes) to build skill inventories and identify critical gaps.

Build Scalable and Continuous Learning Ecosystems

Learning must be embedded into daily workflows. Companies should:

- / Combine self-paced digital content, peer learning, and instructor, led modules.
- / Partner with NSDC, sector skill councils, and EdTech platforms like Coursera or upGrad.
- / Create internal “Learning Champions” to champion adoption and relevance.

Strengthen Leadership and Managerial Readiness

Transformation succeeds only when leaders can guide change. Recommended actions:

- / Conduct leadership readiness assessments to identify future leaders.
- / Introduce mentoring programs, peer-led circles, and simulation-based learning.
- / Align leadership training with strategic challenges like market expansion or global collaboration.

Drive Digital Dexterity Across All Roles

Digital transformation is organisation wide. SMEs should:

- / Launch digital fluency programs for all teams, covering tools like Power BI, AI assistants, Slack, or Notion.
- / Run use-case labs to apply digital tools in real scenarios.
- / Reward experimentation and innovation in performance reviews.

Leverage Ecosystem Support and Measure Impact

- / Partner with government schemes such as Skill India, NAPS, and PMKVY.
- / Collaborate with ITIs and colleges for project-based internships.
- / Define KPIs (e.g., productivity, mobility, innovation) and track outcomes through dashboards.
- / Foster a culture of curiosity, encourage sandbox projects, hackathons, and knowledge-sharing sessions.

By embedding these principles, SMEs can convert workforce development from a cost centre into a strategic differentiator, building talent pipelines, enhancing innovation capacity, and securing a lasting competitive advantage in India’s fast-changing industrial landscape.

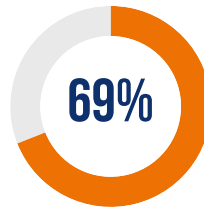
ACTION PLAN

German SMEs in India are shifting from short-term training interventions to structured capability-building ecosystems, but the journey is still at an early stage

1

Internal training programs

69% of companies use internal training programs as their main skilling method.



of respondents

2

Collab with Skilling Institutes

56% collaborate with skilling institutes or external partners.

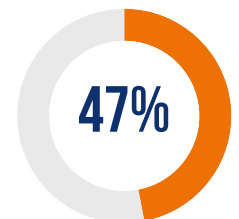


of respondents

3

On Job Mentoring

47% rely on-the-job mentoring to upskill employees.



of respondents



The complexity and pace of technological change mean no company can build all required capabilities internally. The most forward-looking SMEs are creating ecosystem-led workforce models, blending internal expertise with external partnerships to accelerate transformation.

These collaborations take multiple forms:

- University partnerships to design custom training curricula aligned with industry needs.
- Industry academia innovation labs to co-develop new solutions and future talent.
- Joint certification programs with sector skill councils and industry associations.
- EdTech collaborations for scalable, digital-first learning modules.
- Companies that build such ecosystems gain faster access to specialised skills, improve workforce agility, and remain closely aligned with emerging technological trends.



IMPACT ASSESSMENT

From Training Metrics to Business Outcomes

One of the key challenges highlighted by the survey is the difficulty in measuring the ROI of workforce investments. Many SMEs continue to track input metrics (like number of employees trained) but fail to connect them to business outcomes.

The most effective organisations now track four key categories of impact:

- / Productivity Gains, Measuring throughput, efficiency improvements, or reduction in machine downtime post-training.
- / Innovation Velocity, Tracking the number of new product ideas, patents, or digital initiatives launched by upskilled teams.
- / Revenue Impact, Linking workforce initiatives to new revenue streams, product launches, or service lines.
- / Talent Retention and Engagement, measuring reductions in attrition and improvements in employee satisfaction linked to capability, building programs.
- / Embedding ROI measurement into workforce strategies builds board-level confidence in training investments and supports more ambitious capability agendas.



"It's important to know how organisations face challenges in aligning training investments with measurable ROI while also navigating complex labour laws and attrition pressures. To truly realise the potential of Industry 4.0, companies must create robust policies around skilling, retention, and engagement that are legally sound and sustainable in the Indian context."

Manish Kant Sahay - Managing Director, Leuze electronic Pvt. Ltd.



"For German engineering companies, India is no longer just a market — it is an innovation partner and a strategic talent base. As the pace of industrial transformation accelerates, our competitive edge will increasingly depend on how well we can develop, integrate, and empower skilled teams on the ground. This report reflects our collective commitment to building a workforce that not only supports our operations in India but also strengthens the global capabilities of German industry."

Thomas Breitingner - VP, International Business Advisory, Altios Germany



CONCLUSION

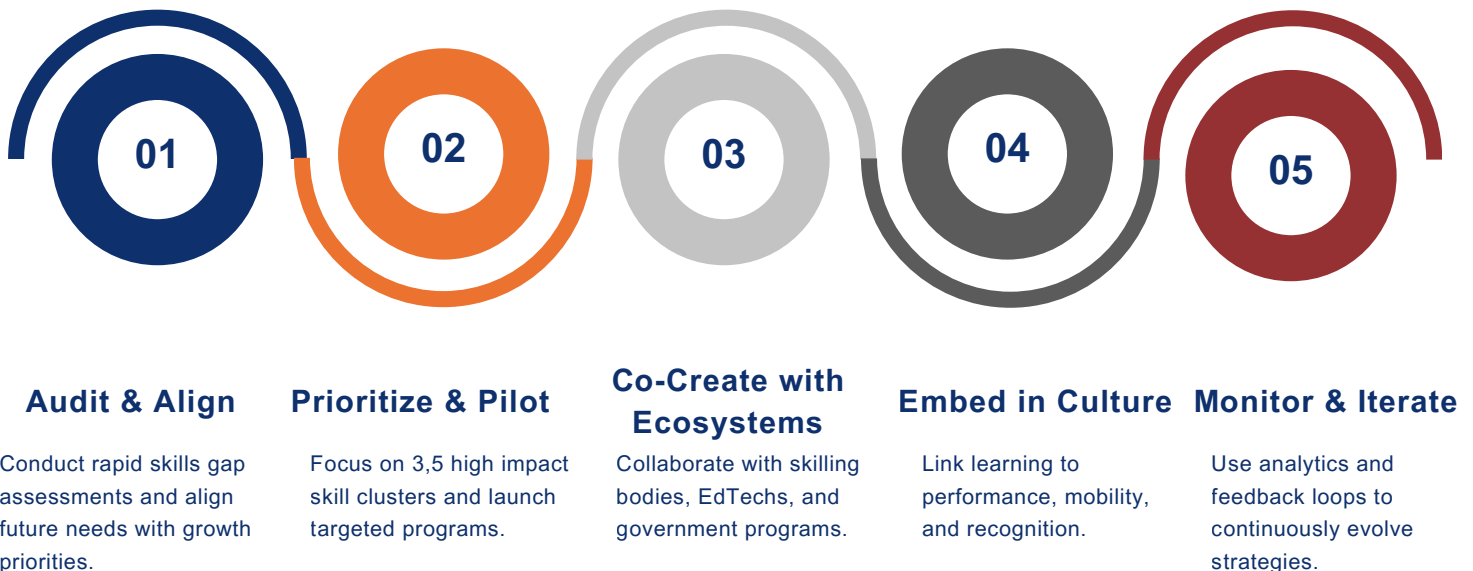
As global SMEs expand their presence in India, the ability to build and sustain a future ready workforce will define not just operational performance but also innovation, customer impact, and long-term business resilience. The shift toward Industry 4.0, AI-driven automation, and digital globalization has transformed workforce readiness from an HR function into a strategic business priority.

Reaffirming the Imperative

Upskilling is no longer optional or episodic, it is a fundamental enabler of competitiveness. SMEs must move from fragmented, one-off training initiatives to structured, systemic, and sustained capability-building strategies aligned with business outcomes, customer needs, and evolving talent expectations.

Roadmap for Action

To accelerate workforce readiness:



Key Lessons from This Report

- A skills-first mindset enhances flexibility, internal mobility, and ROI from talent investments.
- Skilling must go beyond technical proficiency to include digital fluency, agility, collaboration, and innovation.
- Blended learning models, public-private partnerships, and ecosystem collaborations are essential for scalable and affordable skilling.
- Managers and team leaders act as multipliers of learning culture and transformation.
- The most future ready organisations will embed learning into performance systems, leadership KPIs, and company culture.

The future will belong to companies that continuously learn, unlearn, and relearn. For global SMEs, building a future-ready workforce is not just preparation for tomorrow, it is the foundation of a sustainable competitive edge today.



LEADERS SPEAK



"For our India operations, partnering with M+V Altios has been instrumental in strengthening both our organisational capabilities and workforce effectiveness. Their deep local expertise - from supply chain optimisation to talent alignment - has helped us navigate the complexities of the Indian market with confidence and build a strong foundation for sustainable growth."

Abhijit Surve, Managing Director, Schulke India



"Our partnership with M+V Altios has been pivotal in building agile, skilled teams that drive LAMILUX's growth in India and beyond."

Rohan Bellikatti - Managing Director at LAMILUX India, Sri Lanka & Middle East



"M+V Altios has been a trusted partner in helping LEMKEN establish and scale its presence in India. Their deep understanding of the market, regulatory landscape, and workforce dynamics enabled us to build our operations efficiently, compliantly, and with the right talent foundation to drive long-term growth."

Sanjay Kapoor, CEO, LEMKEN India



"The pace of automation and digitalization is transforming shop floors faster than ever, but the true differentiator remains people their ability to learn, adapt, and innovate. For SMEs like ours, building a future-ready workforce isn't just a business initiative it's the foundation of long-term competitiveness."

Ajay Raina - CEO at EJOT Octaqon Fastening Systems Pvt Ltd

"By dedicating resources to upskilling in new tech like IoT, our teams are always ready to deliver value to clients, even in emerging and technical fields."

Anonymous



HR TURNAROUND

WHEN THINGS GO OFF TRACK?

COMMON SIGNS OF ORGANISATIONAL CRISIS



CULTURE IN FREEFALL

40–60% DROP IN MORALE OR
EMPLOYEE ENGAGEMENT



TURBULENCE REACHES THE TOP

~30% C-LEVEL ATTRITION RISK
IN UNSTABLE BUSINESS UNITS

CAPITAL AT RISK

€1–5 MILLION LOCKED CAPITAL
IN NON-PERFORMING UNITS



PARALYSIS FROM WITHIN

INTERNAL CONFLICT RESULTED
IN 2–6 MONTHS OF PRODUCTION
STANDSTILL



CURIOUS?

HOW WE CAN HELP YOU DRIVE REAL BUSINESS IMPACT?



“We can help you assess if you have the right people, manage internal relationships, or realign leadership and recruit where necessary. We can also help benchmark against industry standards, drive growth, improve performance management through reviews, and enhance employee motivation or policies.”

Manish Dwivedi, Assistant General Manager, HR



All the support for India in one place.



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EXPERIENCED

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Advisory projects
completed



1000+

International C-
level & Local
Recruited



350+

Legal entities
incorporated &
administrated



100M€

Sales volume
processed pa



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cross-border

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