



# Future of work: United Arab Emirates

The intersection of technology  
and talent management

June 2024

[kpmg.com/ae/futureofwork](https://kpmg.com/ae/futureofwork)



# Foreword

In an age when technology continuously reshapes interactions and expectations, organizations face a crucial choice: adapt or fall behind. Navigating technological advancements and evolving workforce dynamics requires a comprehensive strategy for organizational success.

At the forefront of this change is **artificial intelligence** (AI), which is revolutionizing traditional processes, enabling organizations to strategically allocate resources and enhance employee engagement.

However, success hinges not only on technology but also critically on talent. The future workforce necessitates a shift towards **skills-based talent management**, where organizations excel by aligning skills with organizational needs. Many organizations are still exploring optimal approaches to skills-based development and future skill readiness, experimenting with various training methods, and collaborating with educational institutions or industry experts to tailor programs. They are also increasingly relying on data analytics to identify skill gaps and forecast future talent requirements, enabling more informed talent management decisions.

**Continuous learning** is integral to this strategy. Embedding learning opportunities into daily operations fosters a culture of adaptability and growth. By offering project-based learning and leveraging technology for easy access to information and support, organizations aim to create environments valuing continuous learning and career flexibility.

Effective **middle management** is essential to navigate the complexities of modern workplaces. Organizations stress the importance of trust, empowerment, and transparent communication to bridge the gap between leadership and employees.

Having engaged with various organizations, senior stakeholders, and HR professionals, we have observed a notable trend among organizations that are leading the transformation: they understand that true agility entails more than just reacting swiftly to external changes. It involves proactively shaping the internal landscape. These organizations recognize that leveraging technology isn't merely about adopting the latest tools; it's about seamlessly integrating technology into workflows to enhance efficiency and responsiveness.

In this report, we are delighted to feature interviews with leaders from organizations in the United Arab Emirates (UAE): **Al Ghurair; Ports, Customs and Free Zone Corporation (PCFC); and Etihad Airways.**

Along with this local insight, we also outline global findings based on an extensive survey.

Embracing innovation and the potential of our people is essential. By accepting change and fostering resilience, we can ensure organizations thrive in a complex future. Welcome to the future of work.



**Marketa Simkova**

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Head of People and Organization



**Gunjan Shroff**

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## In this report...

# Look out for executive perspectives: interviews with leaders from organizations across the UAE.

### Suhrid Chaudhuri

Executive Vice President -  
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Al Ghurair

### Dr. Nadia Bastaki

Chief People & Corporate  
Affairs Officer  
Etihad Airways

### Abdulla Ahmed AlKohaji

Director, Human Resources  
Ports, Customs and Free  
Zones Corporation

# A fresh paradigm

**AI and other advanced technologies are changing the way employees work — what they do and how they do it.**

Meanwhile, as leaders navigate the future, they are setting new visions for their organizations. As they do, they can adopt new approaches when embracing technology and shaping their workforce around it. They can also rethink how they build skills and capabilities, while considering a new way forward for middle managers.

The journey to the future of work is uncertain. To get started, business leaders should understand where their employees are today to clear their path forward.

This report aims to do just this. Based on a global survey, we offer a roadmap for leaders with the four key markers that can move you forward. For each marker, we share employees' views and outline specific actions to support your progress.

The Future of work is intended to complement KPMG thought leadership in this space, including **The Future of HR: Flux to Flow** and **Rise of the Humans**. In these pages, we show that leaders should look to embrace the power of AI, shape their workforce to use it, and give employees skills-building opportunities on the job. Upskilling middle managers may also be crucial. With AI likely to touch every role throughout an organization, their pivotal position may be indispensable as we navigate the changes ahead.

Here is your roadmap, and what you can learn from today's employees.



01

# Embrace the power of AI

**Emerging technologies — in particular generative AI (genAI) — are among the most powerful change agents currently shaping the world of work.**

In the UK, genAI is set to boost GDP by an estimated 1.2 percent over the next decade, injecting GBP 31 billion in a single economy.<sup>1</sup> In the US, genAI together with robotic process automation (RPA) could overtake almost 30 percent of hours worked by employees by 2030.<sup>2</sup>

Contributing toward these estimates, leading organizations are rapidly trying to identify which AI solutions will help them deliver better service to customers, transform their operations, and support their employees' needs and expectations. However, both the scale of change involved and the wealth of tools to choose from can be overwhelming to business leaders.

There is also confusion over genAI's long-term impact, leaving organizations wondering how much of their resources should be redirected to harnessing its capabilities. Further, genAI can require massive upskilling of employees across the organization, as well as sourcing of dedicated and experienced professionals. The companies that master this the quickest will likely have a significant competitive advantage.

<sup>1</sup>Generative AI and the UK labour market (kpmg.com)

<sup>2</sup><https://www.mckinsey.com/mgi/our-research/generative-ai-and-the-future-of-work-in-america>



# AI goes generative

## Unlocking the power of innovation

Traditional AI and generative AI (genAI) differ in their functions and capabilities.

Traditional AI uses algorithms to analyze data, identify patterns and make predictions based on that data. It applies these patterns to perform specific tasks, making it an excellent solution for repetitive tasks and numerical processing.

For example, recruitment teams can use AI algorithms to screen resumes, identify gaps in candidates' skills and experiences, and match candidates with specific job requirements. They can also scan social media for more information about candidates, in particular their behavior outside of work. This significantly reduces selection time, allowing HR professionals to focus on the better qualified individuals.

GenAI is a form of AI that generates original content, such as images, text, video and music, by drawing from its vast foundation of data. Such capabilities transcend the limitations of specific task-oriented AI systems, and can spur innovation across roles and industries.

No longer reserved to handle routine operations, genAI has the potential to be a driving force for creative and novel solutions. However, to unlock the potential value of genAI, organizations should truly understand the roles and tasks that it can augment, and the capacity and productivity gains at stake.

## What do employees think?

Our survey suggests that workers lack awareness of, and confidence in, their organizations' technology strategies. Despite the race to embrace AI, little more than half of respondents (54 percent) said their employer has adopted new technologies over the past 3 years.

On the plus side, almost two-thirds (64 percent) are happy with the productivity tools and systems at their disposal. Perhaps as a result, 60 percent describe the impact of technology on their jobs as "largely positive."

Looking forward, 66 percent of employees expect technology to enhance their productivity over the next 3 years. More than a third (37 percent) say new technology will automate as much as 30 percent of their job whereas a quarter (24%) think it could automate up to half of their job.

Yet, alongside this optimism, our research highlights concerns about feeling overloaded by new technology, and unequipped to fully benefit from it. The always-on nature of modern working environments has a predictably negative effect on employee well-being and mental health.



**38%** Almost two in five workers feel that productivity improvements are outweighed by the effect on their well-being and mental health.



**19%** A fifth believe technology has impaired their productivity.



**31%** Almost a third believe that it has damaged their work-life balance.

Job insecurity looms large in employees' responses to technology-driven change. Almost a third of employees (31 percent) believe that new technologies, like AI, will render their jobs obsolete.

Part of this anxiety comes from firms still not being completely clear on how new technologies will change their workforces, says Ruth Svensson, Global Head of People and HR Center of Excellence, KPMG International:

“Many firms are learning as they go, due to the rapid evolution of technology. This uncertainty requires more communication, not less. If companies don’t work quickly to close the communication void seen in our survey, employees’ anxiety and threat response may only escalate.”

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**31% believe that new technologies, like AI, will render their jobs obsolete.**

“This is a real problem. When employee threat responses are high, they focus on protective behaviors and move away from essential growth behaviors like openness to new experiences, innovation and collaboration. Yet these are exactly the behaviors organizations encourage to thrive in the new world of work.”

### What does embracing AI mean for organizations?

Employee enthusiasm for technology’s productivity benefits resonates with David Doyle, founder and CEO of AI-powered market intelligence platform, Forestreet. Doyle believes that genAI will radically shift the productivity dial, as it works in a totally different way to previous technologies from a user’s perspective.

“Until now, solutions have required us to bend to their processes. Users had to follow a sequence of steps and commands to get to a desired outcome,” he says. “But, tools like ChatGPT bend to our needs. Do you need to research a sector for a meeting, summarize a call, create a new policy or write an email? Just ask genAI to do it for you, and it’s 70 percent done. From a productivity standpoint, that’s transformative.”

That said, the productivity gains from new technologies will likely depend on exactly how businesses deploy them.

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## Organizations must remember that human beings are still at the core of the digital world of work.

When tools are designed without users in mind, they no longer serve their intended outcomes. Jennifer Howard-Grenville, Diageo Professor in Organization Studies at The University of Cambridge Judge Business School, explains:

“Technology can constrain work if it is designed to facilitate ideal work practices, rather than actual ones. Smart technologies may make a lot of sense in the development lab, but their use cases will be different in every setting. Their adoption is influenced by the people who use them, their expertise, the processes and practices they apply — as well as what has gone on before.”

Organizations should also take care not to overload people with more and more technology. Instead of making us more innovative and productive, the sheer volume of tools can have the opposite effect.

Microsoft found that two in three people struggle to find the time and energy to do their jobs due to this ‘digital debt.’ The same people are also much more likely to find innovation and strategic thinking a challenge. The root of the problem is what Microsoft calls a lack of “uninterrupted focus time,” since much of the day is spent communicating (e.g., email, chat, virtual meetings).<sup>3</sup>

<sup>3</sup>Microsoft, 2023 Work Trend Index: Annual Report, “Will AI Fix Work?”, pp.5-7. Used with permission from Microsoft.

# GenAI experimentation

GenAI may usher in a whole new approach to change management. The conventional approach to business transformation is to define a target end-state, then design the roadmap to get there. With genAI, however, there may no longer be a final destination as AI may be in an ever-evolving current state.

As such, continuous experimentation with AI will be crucial at all levels of the organization. This experimentation should be unstructured, but collaborative and supported, so employees do not feel unsettled by ongoing uncertainty.

To encourage experimentation, a Digital Labor Center of Excellence can be established. This acts as your digital nerve center and core governance body for genAI experimentation.

## KPMG firms, for example, are collaborating with Microsoft to drive genAI innovation internally.



The Center's remit would be to develop new business and service delivery models — powered by genAI — and discover which work and which do not. From there, the business can select the ones to adopt.

The Center should also be responsible for supporting employees in a fluid environment, and capture learnings from genAI experimentation to rigorously evaluate pilots and projects from a data-centric perspective.

KPMG firms, for example, are collaborating with Microsoft to drive genAI innovation internally. In 2023, firms launched an extended genAI collaboration for clients, industries and society more broadly. Select groups are piloting tools like Microsoft Cloud, Azure OpenAI Service and 365 Copilot, to enhance their capabilities, and power their creativity and analysis with AI.



**Executive perspectives:  
an audience with HR leaders**

## Investing in people



**Suhrid Chaudhuri**

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AI Ghurair

AI Ghurair is integrating Artificial Intelligence (AI) and adopting a skills-based approach within its Human Resources – or People & Culture as it is internally known – function. This evolution is still in its early stages, with the organization laying significant groundwork to examine internal processes, identify tasks amenable to automation, and address challenges related to data security and the balance between security and AI-driven practices.

The true strength of AI lies in transaction processing, offering the potential for reduced human intervention and increased technological efficiency. By automating mundane tasks, AI Ghurair enables its People & Culture team to redirect focus towards fostering meaningful human interactions, enhancing employee engagement, and boosting organizational productivity.

Exciting advancements in HR technology using AI hold the potential to streamline processes and create a more engaging employee experience. With these innovations come natural questions about data privacy

and the changing nature of work. However, AI Ghurair's focus is on implementing continuous upskilling and reskilling programs.

Central to its journey towards AI integration is the strategic use of data as a decision-making tool. The organization is cultivating a data-driven culture, focusing on educating employees about data analysis and leveraging large datasets to drive automated decisions. Data analytics serves as the foundation for future advancements in AI and robotic processing.

Transitioning towards a skills-based approach in talent management is identified as crucial for future-proofing the organization. By identifying and mapping specific skill requirements, HR aims to bridge skill gaps through upskilling programs and strategic hiring practices. This approach emphasizes precision in talent acquisition and development, aligning individual skills with organizational objectives.

Engagement at all levels of the organization is essential for driving



this change. Al Ghurair involves diverse stakeholders in the skills identification and gap analysis process, fostering understanding and ownership of the transition towards a skills-based model. Line managers play a key role, requiring tailored change management and upskilling initiatives.

In the rapidly evolving landscape, continuous learning is paramount for staying relevant. Al Ghurair's People & Culture function is adapting to the democratization of learning, embracing agility and volatility in skill acquisition and application. The focus is shifting from formal qualifications to practical skills and experiential learning, reflecting a dynamic approach to talent acquisition and development.

Traditional emphasis on degrees and formal education is giving way to a more dynamic learning environment where skills can be acquired through a variety of means, challenging traditional hiring paradigms. Al Ghurair's People & Culture team recognizes the need to keep pace with a world where adaptability, a growth mindset, and a willingness to learn take precedence.

Acknowledging that the role of HR extends beyond transactional processes, the People & Culture function is adopting a service-oriented mindset, prioritizing internal customer feedback. By doing so, it is in the process of repositioning itself as a strategic partner in driving organizational change and success.



02

## Shape the workforce of the future

New technology is fundamentally — and rapidly — changing the skills profiles that organizations need for success. Advances in AI also means that the workforce of the future will likely feature AI-augmented humans, carrying out tasks in new and different ways.

At the same time, leaders should address the ongoing tension over working patterns.

We know that leaders want people in the office — 64 percent of CEOs expect a full return to the pre-pandemic in-office working pattern, according to The KPMG 2023 CEO Outlook Survey.<sup>4</sup> They believe it's better for innovation, team effectiveness and overall productivity. Workers, by contrast, want to preserve the flexibility they enjoyed during the pandemic.

There is a growing lack of confidence among business leaders that they have the right capability in house to deliver on their business strategy. The CEO Outlook revealed that talent is among the top 10 risks to growth for CEOs over the next 3 years.

<sup>4</sup>KPMG 2023 CEO Outlook



To be competitive, traditional approaches to workforce planning may no longer suffice, given the need for faster and more dynamic decision-making. Organizations need to think about ‘workforce shaping’ — that is, iteratively framing the shape, size and composition of the workforce to meet the needs of today while projecting a few years ahead to plan for what is next.

### **Predictive intelligence and advanced analytics can help organizations consider:**

macro changes that will have the most impact on workforce requirements

optimal mix of employees, gig workers and automation

skills and capabilities that will be critical to success

incentives to motivate the workforce to acquire needed capabilities

location where work can get done optimally

## **When it comes to hybrid working, organizations are also struggling to put clear boundaries in place for employees, and to explain the reasons behind them.**

Workforce shaping will likely emerge as a new business ‘muscle,’ equipping leaders with the data and insight to make the right choices.

### **What do employees think?**

Workforce shaping is rising to the top of the agenda for business leaders, but it is not always filtering down to their teams.

More than a third (36 percent) of employees say their organization does not know how its workforce must change to meet future business and customer needs. A common reason for this is a lack of the necessary data and technology. Indeed, 60 percent of staff say their company is not using emerging technologies to match skills to job opportunities.

When it comes to hybrid working, organizations are also struggling to put clear boundaries in place for employees, and to explain the reasons behind them.

Our survey found that 50 percent of staff are fully office-based, but only 30 percent want to be. In that context, analysis by Simply Get Results suggests that less than 10 percent of job ads tap into this preference. Only 6.7 percent of postings describe roles as ‘fully remote’, while a mere 2 percent advertise hybrid roles.

## **50% of staff are fully office-based, but only 30% want to be.**

It seems unlikely that such a small proportion of jobs offer flexible working. “Employers could be missing a trick,” says Simon Haines, founder and CEO of Simply Get Results:

“The ability to work remotely, at least some of the time, has now become a leading factor in whether people choose to join or stay with a company. Recruiters need to be absolutely explicit that flexible working options are part of the employment package.”

Such results point out that firms are not executing their workforce shaping strategies around employee needs and wants.

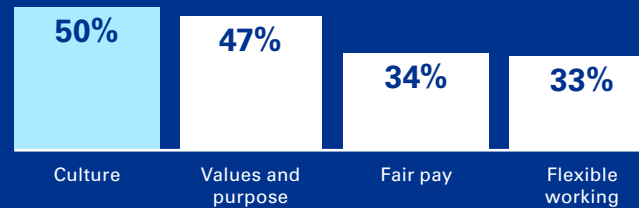
# What do employees value?

Expectations for employee value propositions (EVPs) are ever increasing. The 'Great Reconsideration' has encouraged many employees to re-evaluate priorities, goals, and ways of working and living. People are also reconsidering their relationship with work, family, community and the environment. They're questioning traditional notions of success, and seeking more meaning, purpose, and fulfillment in their lives and in their jobs.

In response, employers should evolve their value proposition to meet employees where they are, while equipping and supporting middle managers and front-line leaders to engage and inspire their teams.

More than half (61 percent) of CHROs said they need to update their EVP in response to the external labor market, according to the KPMG **The Future of HR: From Flux to Flow**.

## When asked about the most important aspects of their EVP, respondents highlighted



Those who do not adapt may struggle to attract and retain talented individuals, while giving others good reasons to stay with the organization.

## Employees surveyed for this report identified the following as top reasons for wanting to leave their employer:



In this context, the EVP is moving away from the influence and control of HR, and toward employee expectations that center around the ease and enjoyment of their day-to-day working. This includes how meaningful their work feels, and how simple and frictionless it is to get things done.

Purpose, belonging, and well-being are also key factors of a compelling EVP, which Qualtrics found to be the most important drivers of employee engagement and well-being.<sup>5</sup>

To deliver such an evolved EVP, it should be shaped and governed in line with the functional owners' vision, while corporate HR sets the overarching framework for reward, learning, career development and more.

However, it can be difficult to instill in organizations with large populations of employees, whose everyday work may not feel directly connected to the company's value chain.

This makes the role of local leaders critical. It is their job to inspire their teams, provide recognition and a sense of value, and find innovative ways to connect people with the company's wider mission and impact.

<sup>5</sup><https://www.qualtrics.com/experience-management/employee/drivers-of-employee-engagement/>

# EVP in the era of AI

The rise of genAI and the need for continuous digital transformation provide a wealth of opportunities to enhance the EVP. Advanced technologies can remove mundane and repetitive tasks for employees, improve access to information, inspire creativity and save people time (which can improve their work-life balance).

Employees realize this. This survey found 64 percent of respondents have seen their workload increase, while according to the Microsoft Work Trend Index, 70 percent are open to delegating as much as possible to AI to lessen their workloads.<sup>6</sup>

Talented individuals will likely demand employers equip them with the technology to improve their effectiveness on the job.

They will likely expect to work for firms with modern ways of working and will want to work for companies that harness artificial and human intelligence to spur productivity, growth and innovation — not just to reduce costs. These elements of the EVP will take on just as much importance as the company's rewards package.

A longer-term focus on productivity, value and growth is not only a compelling offer for employees. It can also build a more successful business in the long run as organizations see a multiplier effect from combining effective human and artificial Intelligence, which remains out of reach when the two work in isolation.

Interestingly, smaller start-ups recognize the opportunity to use AI and supportive technologies to boost overall productivity, rather than reduce headcount.

This mindset, which is particularly prevalent in the fintech sector, can be hard for larger organizations to unleash — and govern — in highly productive ways, especially as they may lack the transparency typically found in start-ups.

## How do organizations shape their workforce?

How can firms reshape their workforces for the future, and build the optimal combination of people and technology?

The answer lies in an agile, scenario-driven approach to workforce shaping. This demands a shift away from the neat strategic workforce planning segments where the 'five Bs' rule: Buy, build, borrow, bot and base (see more 16). Organizations should recognize the need to embrace flexibility in workforce management.

This involves addressing the following key aspects:

### Redesigning work.

In an AI-first world, workforce shaping requires an AI-first mindset, one that is focused on capturing and using meaningful data to redesign roles entirely.

### Deciding on workforce location.

With a growing emphasis on employee flexibility, deciding where to base the workforce involves a nuanced blend of physical and digital environments, considering factors like cost, talent and business needs.

### Optimizing the workforce mix.

Rather than exclusively 'buying' new skills, organizations should weigh the costs and benefits of hiring new employees against upskilling existing ones. The shift to skills-based organizations allows for a more tailored approach, leveraging both internal and external talent through talent marketplaces.

<sup>6</sup>Microsoft, 2023 Work Trend Index: Annual Report, "Will AI Fix Work?", pp.11. Used with permission from Microsoft.



## Executive perspectives: an audience with HR leaders

# Wings of change



**Dr. Nadia Bastaki**

Chief People &  
Corporate Affairs Officer  
Etihad Airways

In the fast-paced aviation industry, it is imperative to recognize the role of technology in shaping not only operational efficiency but also employee engagement and development. Methods of attracting and retaining talent are evolving amidst changing workforce expectations, and leveraging data analytics to redefine HR strategies and enhance overall organizational performance is critical.

A notable trend observed is the shift in the recruitment landscape, where candidates wield more influence, demanding holistic experiences beyond mere pay scales. Acknowledging this shift, Etihad Airways aims to enhance employee experiences by integrating technology to simplify their lives.

Data analytics, a cornerstone in decision-making processes, has emerged as a priority across various organizational functions, particularly in HR. By harnessing data trends, Etihad Airways gains valuable insight into workforce dynamics, enabling them to predict future talent needs and optimize HR processes.

Ensuring seamless access to information and support is crucial

for improving the employee experience. To achieve this, the organization has enhanced its employee service center through analysis of queries across various channels. This initiative resulted in the implementation of a chatbot system, streamlining responses, reducing turnaround time, and optimizing back-office functions.

Collaborations between organizations and educational institutions have become a prominent trend to drive innovation. In line with this, Etihad Airways has embarked on partnerships with academic entities. Notable projects resulting from these collaborations include the implementation of predictive analytics in HR and the creation of an AI-driven safety training program by interns from partnering universities.

It is important to recognize the potential inefficiencies stemming from technology adoption without proper alignment with existing processes, and understand the rationale behind implementing technology. Ensuring seamless technology integration requires organizations to conduct thorough assessments of current processes. This enables them to

pinpoint operational gaps and areas for enhancement. Etihad Airways demonstrates this strategic approach, highlighting the importance of aligning technology adoption with existing processes for optimal efficiency and effectiveness. Also, establishing clear policies and ethical guidelines in the adoption of technological advancements is critical to build trust and foster a culture of responsible innovation.

Given the significance of skill-based growth, Etihad Airways prioritizes project-based learning opportunities customized to individual requirements. This method not only improves particular skills but also resonates with the preferences of younger generations, who value ongoing learning and career adaptability.

Strategically embracing technology is key to adapting to changing workforce dynamics, fostering innovation, and prioritizing employee development while upholding ethical standards. By leveraging technology effectively, organizations can position themselves as market leaders, ensuring sustainable growth and operational excellence.

03

## Learn in the flow of work

**Learning in the flow of work remains an abstract concept for many organizations. The idea recognizes that effective learning needs to happen on the job. Instead of introducing separate training sessions, employees learn the specific skills or knowledge at the time they need to do their jobs.**

The pace and dynamism of change affecting organizations, on top of technological advancements has only intensified the importance of evolved upskilling opportunities. Learning should align with advancing technologies, and be more responsive to learning needs.

Failing to respond can put organizations at risk of seeing their workforces overtaken by progress. Mark Williamson, Partner, Head of People Consulting, KPMG in the UK explains:

“It’s a shift that is happening not just in small pockets, but across economies, across industries and across the world. Reskilling, upskilling and continuous learning will be crucial to firms’ ability to compete and grow. The need to reskill — at scale — is massive.”

The solution lies in delivering learning in the flow of work. Powered by AI and other advanced technologies, organizations can now seamlessly integrate learning into the workday, alongside more traditional, structured methods.

However, a new challenge has emerged: continuously evolving technologies are outpacing employers' ability to apply them in the workplace, let alone reskill and upskill their people to make the most of them. To keep up, organizations should rethink their approach to knowledge transfer at scale.

To assess if learning is currently happening in the flow of work, ask:

- How long does it take employees to get an answer?
- How long does it take employees to successfully complete that task?
- How long does it take employees to learn and apply a new skill?

The less time it takes, the more productive your people are — and the quicker they can adjust to new requirements in their roles.

### What do employees think?

Employees are optimistic that their current 'human' skills will be suitable for future roles, despite the speed at which technology is changing. Almost four fifths (78 percent) of our survey respondents believe this.

At the same time, they recognize that they cannot stand still. Some 72 percent agree that continuous learning and upskilling will be crucial for them to stay relevant in their field. This is reflected in their expectations of their employers: 62 percent say that investment in upskilling influences whether they join, leave or stay with an organization.

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**72% agree that continuous learning and upskilling will be crucial for them to stay relevant in their field.**

It is easy to jump to the conclusion that AI will remove humans from work processes. In our view, however, the future may see less job replacement, and more role augmentation. As already seen, new technologies like generative AI present significant opportunities for efficiency, consistency and acceleration of work, particularly in knowledge roles.

Yet, respondent to the survey suggests that new skillsets may be needed for workers to use these technologies to their full potential. Around three fifths (61 percent) of employees say the quality of reskilling and upskilling in their organization has improved over the last three years. A similar number (59%) have access to training for alternative careers.

Overall, employees' responses paint a positive picture of companies recognizing and responding to employee learning needs, but there is still much work to do. Little more than half (56 percent) of respondents say their organization is proactively investing in reskilling and upskilling to bridge skill gaps.

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**62% say that investment in upskilling influences whether they join, leave, or stay with an organization.**

### What does learning in the flow mean for organizations?

A significant minority of workers — just under half — say their organization is not proactively upskilling them for the future of work. This might signal that companies are not investing in upskilling or identifying the emerging skills needed for the future. Equally, it could suggest a problem with how they are communicating and engaging with their staff.



AI has the potential to fundamentally change what, when and how people work. For example, many organizations now use digital assistants to automate certain tasks and workflows. As some skills go out of date, new skills become more prized, including:



digital literacy to navigate the abundance of material available;



feeding the right prompts into AI tools to extract the right knowledge;



quality assurance to verify the content produced by AI solutions; and



curiosity and the desire to continuously learn.

Recent breakthroughs in genAI, along with its easy availability, enable organizations to integrate learning into the flow of work in ways that are effective and commercially viable.

Already there has been a shift from courses to resources. However, this next wave of learning, powered by AI, can take learning to the next level. It puts personalized, task-specific knowledge into every employee's hands, right at the point of need



### The potential benefits of AI-powered learning

- ▶ Fully personalized learner journeys at the point of need
- ▶ Supercharged time to competence
- ▶ Targeted and engaging learning content
- ▶ Cross-border communication

A note of caution, however. We must keep in mind that genAI is an enabler, not a panacea. Maximizing employees' performance and making learning in the flow of work a reality, will likely require a number of components to work in harmony.

### Your skills landscape

Build a fluid and predictive representation of the skills needed in the business. There are AI tools that recognize and understand the roles and opportunities in an organization, and the skills needed to perform them. These can then be matched to across the workforce.

In addition to what the organization needs from the workforce, employers need to consider individual development needs, which are shaped by personal learning preferences and career ambitions. Aligning the two will greatly strengthen employee retention.

### Strategic technology partners

Learning can no longer operate in a silo. Partnering with technology can help achieve learning in the flow of work while reflecting the company's wider technology strategy. Look to maximize existing investments and partnerships, and intelligently target skill gaps with vendors who can help achieve upskilling ambitions.

### Content and knowledge management

Content creation and curation can be dramatically accelerated by AI — with a greater focus on quality, relevance and alignment with your desired learning and business outcomes.

Consider early adoption of tools that can help do this. Be sure to have the necessary data and human checkpoints to maintain quality and drive the right outcomes from learning. The aim should be to understand what is having the most and least impact on tangible productivity and competence metrics.

04

## Lead from the middle

**The middle manager may or will likely be indispensable as you pursue AI, re-shape your workforce, and make learning in the flow of work a reality. Often overlooked, undervalued, and typically, seen as a blocker to change, middle managers have the potential to turbocharge efforts toward the future of work.**

Yet research suggests that organizations are not investing in them. A study by the Chartered Management Institute found that 82 percent of managers had no proper management and leadership training — they are “accidental managers.”<sup>7</sup>

The middle manager plays a central role in translating strategy into action and outcomes for their teams. They are the radar of their organizations, understanding the tasks their teams carry out in depth. They also know how performance metrics encourage or inhibit certain behaviors. With a finger on the pulse of employee sentiment, they can assess the impacts of change on employee engagement and well-being. In short, they likely know or may know better than others in the business where key productivity barriers exist.

<sup>7</sup>Better Management Report: Take Responsibility, Take Action — CMI (managers.org.uk)

### Such insights enable middle managers to do three things:

1. They translate the organization's ambitions and transformation goals for frontline workers in terms of their day-to-day jobs. Your middle managers are your communication bridge.
2. They gather real-time feedback on how the strategy is being implemented, which they can escalate to leadership.
3. They recognize change in the business environment, and help the organization to rapidly pivot in response.

"Organizations must get better at sensing, learning and adapting to the changes happening around them," says Howard-Grenville. "That means connecting insights, making decisions, and learning from what does and does not work. Nobody is better positioned to do that than middle managers."

Given their proximity to everyday tasks, your middle managers can quickly assess how effectively technology is being adopted, and whether employees feel equipped to make the most of it. This rapid feedback loop is essential for firms to target skill gaps that could hamper adoption, or to determine if the technology will not deliver the anticipated benefits.

Middle managers are also instrumental in creating a culture of psychological safety — a key tenet of an organization's digital mindset. Without this, employees are less likely to innovate and experiment with technologies like AI.

## The new digital mindset

Organizations have been told they need to adopt a digital mindset for over a decade. With the advent of genAI, the stakes are higher than ever.

Combining human and machine capabilities will likely demand a whole new level of digital transformation. Through our work with hundreds of organizations worldwide, KPMG professionals have identified four key attributes that can drive this mindset shift:



### Connecting end-to-end.

A connected enterprise reflects the impact of change and disruption on its value chain, business outcomes and customer experience.



### Everyone is an innovator:

All employees are encouraged to innovate how tasks, roles and delivery are carried out by a combination of humans and machines.



### A growth mindset:

An innovative and flexible culture encourages agility, collaboration and transformation.



### The courage to act and challenge:

Everyone is seen as a leader with the autonomy and freedom to act, while being accountable for meeting business objectives.

Middle managers can have a big influence when it comes to instilling these factors in the workforce. They can connect strategy and execution, empower people to be creative, and foster a psychologically safe workplace. KPMG has developed a tool to evaluate employees' digital mindset against our model — [take the assessment here](#).



## Delivering the future of work

Let's look for a moment at middle managers' exact role in realizing the different imperatives we've examined in this report.



### Making AI work

In most parts of the world, organizations promote hierarchical structures, and the behaviors associated with them.

People, therefore, need permission to carry out more activities than leaders tend to realize. That has implications for how and when they use technologies like AI to improve tasks and processes. Employees may feel they need authorization from leadership — and for that to be reinforced by the support of their managers. Without this, they will lack the confidence to experiment with AI.

This reinforces the importance of the middle managers' role in nurturing psychological safety. As businesses embrace AI's transformative capabilities, managers must give employees the security to try doing things differently.



### Workforce shaping

Managers can validate where employees should be spending most of their time, and what they are actually doing. What is more, they can work with them to pinpoint how technology can improve their productivity.

They are often responsible for managing resources, budgets and operational logistics. If every middle manager did this just 5 percent more effectively, the cumulative impact would be significant.

Plus, to get a great team mix, middle managers can better understand which roles are more effective in a hybrid environment, and which talented individuals to offer greater levels of flexible working.



### Learning in the flow of work

Your middle managers see first-hand where productivity issues lie — and the skill gaps that cause them. And they know where learning is having the desired effect on productivity and why. This makes them the go-to person for delivering learning in the flow of work, operating as coaches and passing on technical knowledge and lessons learned.

## Executive perspectives: an audience with HR leaders

# Harboring talent



**Abdulla Ahmed  
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In response to dynamic shifts in the workforce, particularly in the era of flexible work models, it is vital to acknowledge the important role played by the Human Resources department in fostering a supportive environment. Traditionally, the workforce adhered to conventional structures, but the rise of entrepreneurship and a generation valuing lifestyle flexibility necessitates a reevaluation of HR strategies.

Adapting to evolving expectations, Ports, Customs, and Free Zones recognize that the current generation seeks more than just a monthly salary; they desire a sense of belonging and a supportive organizational culture. This shift requires leadership to adopt a more dynamic approach to talent management. A key aspect of this evolution is the integration of technology into the employee value proposition. The implementation of an ERP system and accessible communication channels like WhatsApp demonstrates the organization's commitment to enhancing employee experience, fostering transparency, and breaking down traditional barriers.

Beyond traditional HR functions, the organization recognizes the importance of thoroughly understanding and addressing its employees' changing needs. This involves proactive strategies and technology integration, creating an inclusive and adaptable work environment that fosters growth and success for all stakeholders.

Data analytics takes a prominent role in decision-making processes. The organization is utilizing Oracle Fusion to access previously unknown data. The ongoing development of a comprehensive dashboard represents a foundational step towards progress, relying on data for all organizational changes and restructuring, including individual line manager activities.

Embracing change will be critical to the future of work. Effective communication is crucial, and the usage of modern tools underscores the need for middle management to have an open mindset. This approach ensures that the new workforce trusts and respects colleagues, facilitating seamless integration into modern workplace dynamics.

In addressing the challenges of the transition from academia to the workforce, we aim to bridge the gap between theoretical knowledge gained at universities and practical workplace skills. Our advice to future leaders revolves around trust, empowerment, and effective communication, emphasizing the importance of comprehending both the short-term and long-term impacts of work.

By seamlessly integrating technology, embracing data-driven decision-making, and empowering middle management, HR functions can thrive.



# About KPMG Lower Gulf

**For about 50 years, KPMG Lower Gulf Limited has been providing audit, tax and advisory services to a broad range of domestic and international, public and private sector clients across all major aspects of business and the economy in the United Arab Emirates and in the Sultanate of Oman.**

KPMG Lower Gulf is part of KPMG International Cooperative's global network of professional member firms. KPMG firms operate in 143 countries and territories, and in FY23, collectively employed more than 270,000 partners and people. Established in 1973, KPMG in the UAE and Oman is well connected with its global member network and combines its local knowledge with international expertise.

For 50 years, KPMG Lower Gulf has provided audit, tax and advisory services to public and private sector clients and continues to serve the needs of business, governments, public-sector agencies, not-for-profits and through the firms' audit and assurance practices, the capital markets. As we continue to grow, we aim to evolve and progress, striving for the highest levels of public trust in our work. KPMG is committed to quality and service excellence in all that we do, helping to bring our best to clients and earning the public's trust through our actions and behaviors both professionally and personally.

Our Values guide our behavior day-to-day, informing how we act, the decisions we make, and how we work with each other, our clients, and all of our stakeholders. They are: **Integrity:** We do what is right; **Excellence:** We never stop learning and improving; **Courage:** We think and act boldly; **Together:** We respect each other and draw strength from our differences; **For Better:** We do what matters.

To meet the changing needs of our clients, we have adopted an approach aligned with our global purpose: Inspiring Confidence, Empowering Change.

At KPMG Lower Gulf, we believe that ESG is core to sustainable growth. KPMG's Global ESG Plan details its commitments across four ESG categories: planet, people, prosperity, and governance. These four priority areas assist us in defining and managing our environmental, social, economic and governance impacts to create a more sustainable future.

Through KPMG's ESG Plan, we aim to deliver growth with purpose. We unite the best of KPMG to help our clients fulfill their purpose and deliver against the SDGs, so all our communities can thrive and prosper.

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