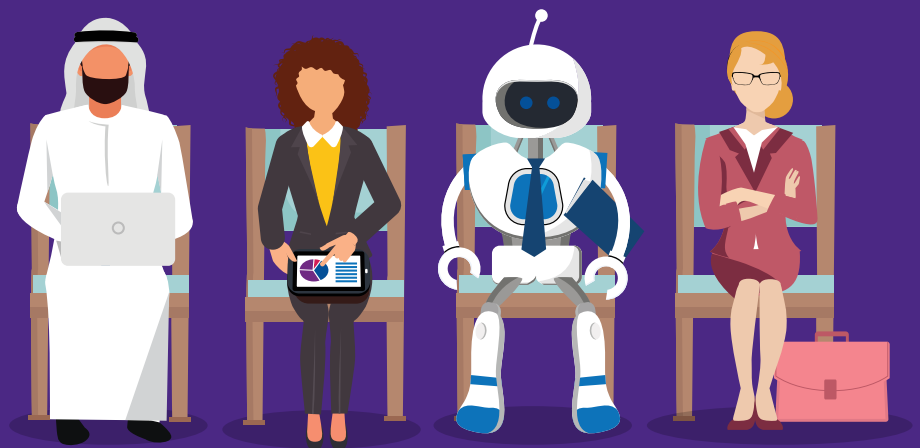




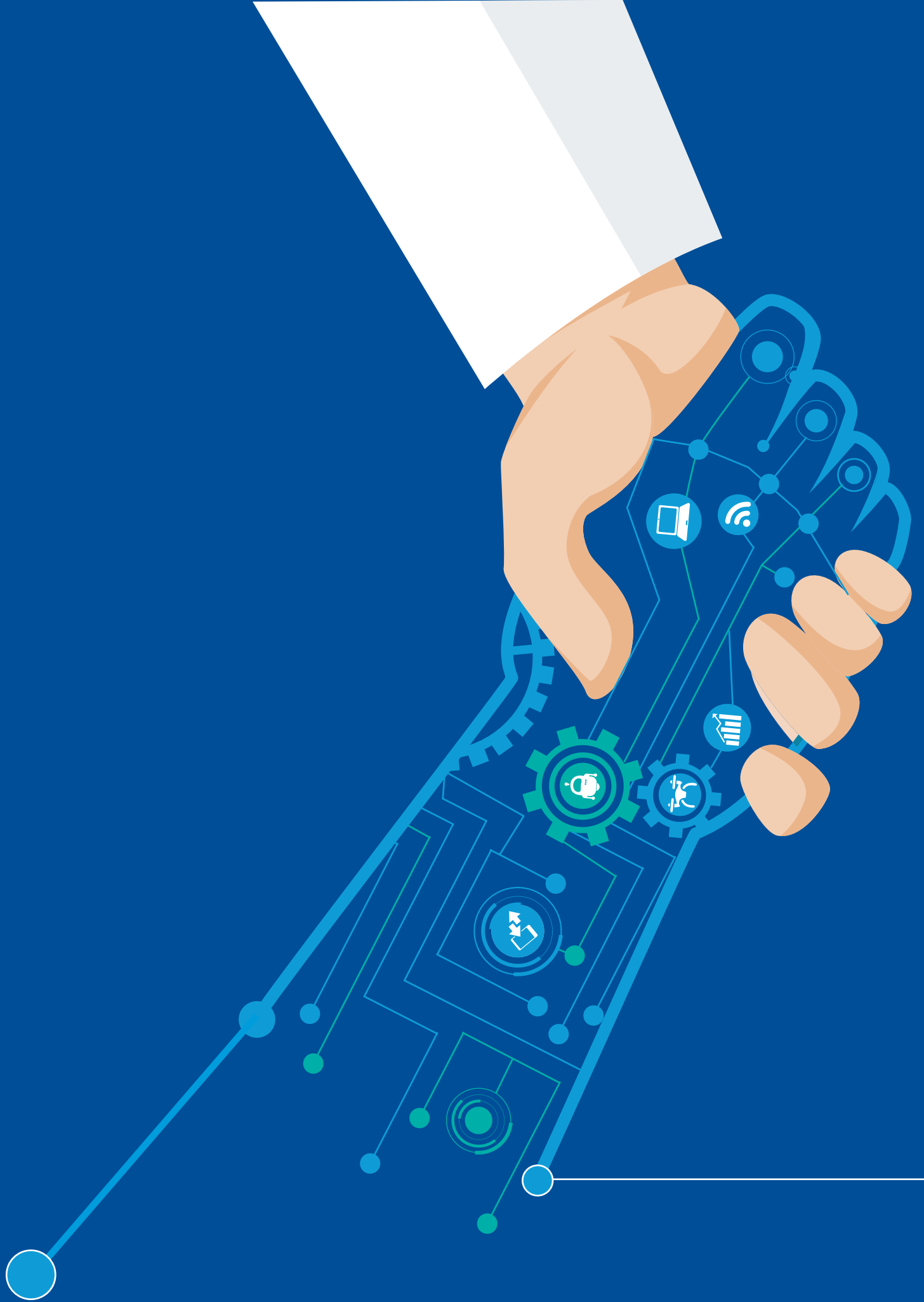
# The future of HR

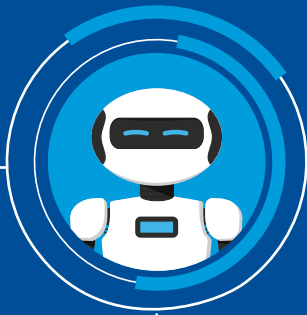
UAE human resources report 2019



May 2019

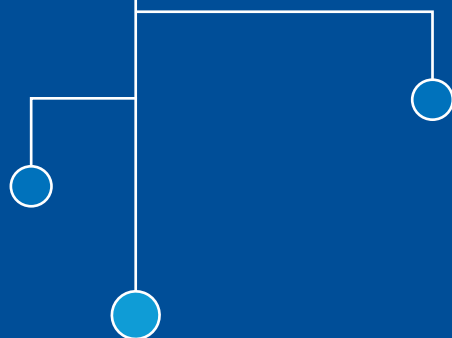
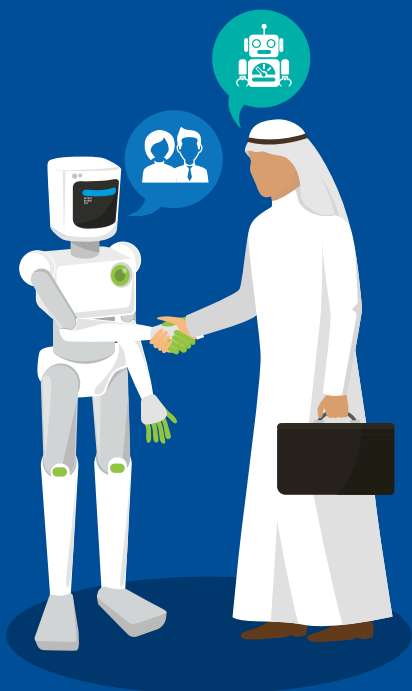
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# Introduction

According to UAE Vision 2021, “Innovation, research, science and technology will form the pillars of a knowledge-based, highly productive and competitive economy.”<sup>1</sup> The United Arab Emirates (UAE) is seen by many as a pioneer of change, constantly adopting cutting-edge solutions across industries. Increased implementation of smart technology in government organizations—as part of the national agenda—tends to also be mirrored in the private sector. Entities are constantly seeking to enhance customer and employee experience, across various functions, in an effort to improve efficiency and effectiveness.

This convergence of policy, technology and innovation in the UAE seems to be paving the way for digital solutions in the Human Resources (HR) sector. According to our survey, 67%<sup>2</sup> of UAE-based HR executives indicated that their HR function has experienced a digital transformation. “Technological disruption across HR functions is potentially advantageous if the organization is ready and willing to meet the challenges of implementation head on,” says Marketa Simkova, Head of People and Change, KPMG Lower Gulf.

Underscoring organizational commitment, 90% of those surveyed locally stated that their enterprise has invested in one or more digital solutions over the past two years. To date, implementation of HR innovations is led by: automation of payroll systems and/or vendors (62%), adoption of Human Capital Management (HCM) software (55%) and use of mobile HR applications (40%).

While undertaking this transformational journey, HR executives highlighted three main areas they believe must be addressed in order to support digitalization in the workplace: the workforce’s capability to adapt to new solutions, institutional capacity to adopt initiatives, and an organization’s ability to embrace disruption.



Technological disruption across HR functions is potentially advantageous if the organization is ready and willing to meet the challenges of implementation head on. ”

**Marketa Simkova**  
Head of People  
and Change  
KPMG Lower Gulf

# Key findings

## Perceived role of HR today



According to HR executives, their function is most valuable to the organization with respect to:

Performance management



Learning and reskilling



HR executives believe senior leadership most value their function in its capacity for:

Performance management



Transformation (change) of the business



## Thoughts on transformation



HR executives believe a change in the workforce is needed with respect to:

Workforce skills



HR operations



45%

of HR executives are very confident in the function's ability to transform as needed



## Today's priorities

Recent investments in HR technology are highest in payroll systems (62%), HCM software (55%) and HR mobile applications (40%).



**43%** of HR executives feel that their current HCM solution is delivering the desired benefits

With that in mind,



**62%** of HR executives expect an increase in their technology budget over the next two years



Future investments will focus on:



**HCM software**



**HR mobile apps**



**HR service/case management**

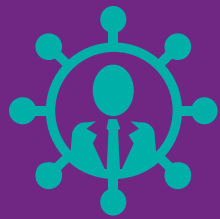
Top three primary HR initiatives over the next two years:



**Performance management**



**HR operating model transformation**



**Talent management**

According to HR executives, management expects the function to address:



**45%**  
**talent**



**43%**  
**performance**

## Outlook towards disruptive technologies



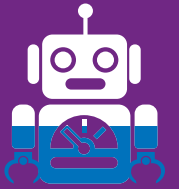
76% of HR executives believe AI can drive significant value

However,



71% of HR executives believe AI will eliminate more jobs than it creates– 14% of CEOs stated the same in our local 2018 CEO outlook report

Those tasked with preparing teams for disruption recognize AI's potential contribution to HR functions:



38% have already started to introduce AI



48% are looking to invest in AI over the next two years



88%

of HR executives feel that HR analytics prove the value of the function



52%

agree that their organization has effectively leveraged data to facilitate decisions



45%<sup>\*58%</sup>

are currently applying predictive analytics to drive HR strategies and insights

# Transforming the HR function

Recent expansion and digitalization in the HR function is largely a reaction to changing organizational requirements and business priorities. HR professionals are well positioned to assist when it comes to incorporating past practices with disruptive innovations by adopting new skills and technologies. Given expectations for expanding headcounts (69% locally versus 58% globally), HR will be key to addressing changing skill requirements, bridging the gap between management's expectations and employee experiences.

Not surprisingly, nearly three quarters of senior HR executives (67%) in the UAE are responding to impending change by proactively seeking digital solutions to transform departmental functions.

Further underscoring the widespread nature of this transition, 86% of senior HR executives are undertaking transformation initiatives with a focus on adopting digital service delivery.

Twenty-six percent of HR executives stated that an enterprise-wide digital work plan is in place, indicating that the UAE is, in fact, slightly ahead of the global trend (23%). Digitalization is picking up momentum in the UAE and businesses are taking steps to embrace it.

While HR professionals express enthusiasm about integrating solutions in the workplace, efficient incorporation throughout organizations will require tremendous investment and institutional commitment. A skilled workforce and an enabling corporate culture are prerequisites to driving and supporting successful transformation.



## Main transformation areas



74%  
HR functions



81%  
Workforce skills

## Top two critical skills needed to transform for the future:



Design thinking



People data analytics



# Overcoming HR challenges

## What is holding HR back?

According to our 2019 UAE survey (and in line with global results), more than half of respondents believe that current workforce capability (59%) and capacity (41%) are primary obstacles when it comes to scaling digital transformation and solutions.

This raises several questions: is it the right time to make investments in technology? Are departments in danger of making reactive decisions without tackling key success factors (i.e., capability and capacity)? HR professionals believe their function is most valuable to their respective enterprises when it comes to performance management (50%) and learning/reskilling (48%).

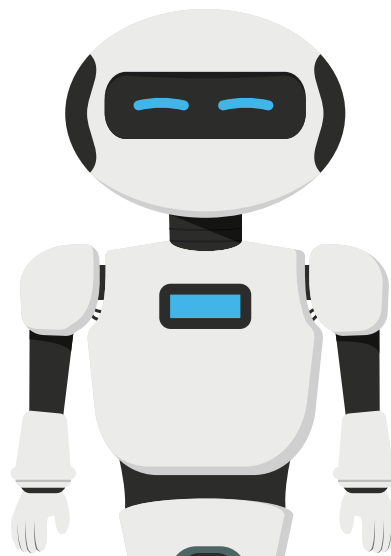
Results also suggest that managements' concerns related to performance and talent development underscore the need to address these requirements. Challenges and solutions revolve around the same core element for organizations undergoing transformations – employee capabilities.

HR executives are aware of the importance of investing in people, which is reflected in efforts to champion talent management initiatives (38%) and performance management (38%).

Going forward, HR may well be required to reposition itself as a function that better understands how people tick.



## Most important attribute for technology investment



40%

Improves employee experience/process effectiveness

29%

Provides Insight and supports decisions

29%

Saves money

# Applying AI and data analytics

Today's senior HR executives face multiple challenges, particularly the rise of artificial intelligence (AI), robotics, incorporation of machine learning techniques and integration of data analytics.

Locally, three-quarters (76%) of HR executives agree that such technology provides significant value to the HR function—this is in line with global findings. More than half (52%) of UAE HR professionals surveyed believe that preparing the workforce for an environment in which AI and/or machine learning are intrinsically intertwined with daily roles and responsibilities represents the biggest challenge for the function over the next five years. Globally, this figure stands at 42%. HR leaders around the world (61%) and the UAE (57%) anticipate the function's involvement in AI and/or machine learning initiatives. They believe their primary role will be to provide training and support in order to promote a smooth transition.

Enhancing day-to-day operations using AI and its accompaniment of algorithms requires understanding and preparation across business functions. Nine out of ten (88%) HR leaders in the UAE and 83% globally feel the HR function can prove value through analytics, enabled by technologies such as AI. While executives recognize the potential of this technology, they also acknowledge that their current analytics capabilities could be improved. Only 38% have implemented AI in HR functions, while 31% plan to adopt such solutions in the next two years.

"Those that 'get it' are acting decisively, viewing HR as a new value driver and turning to data, predictive insights and AI. The rest are either limiting themselves to changes that show some progress, perhaps through data and analytics initiatives or simply clinging to a static approach that's perilous," says Robert Bolton, Head of People and Change Center of Excellence, KPMG UK. Implementation of AI is in its early stages. However this may be the ideal time for HR to add value by not simply managing disruption but also proactively shaping the workforce and instilling confidence within the organization.



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**Robert Bolton**

Head of People and Change Center of Excellence, Partner, KPMG UK



HR functions today are focused on implementing AI in three main areas:



Analytics



Employee experience



Learning and reskilling

Regionally and globally, predictive analytics are primarily used to support:



Hiring decisions

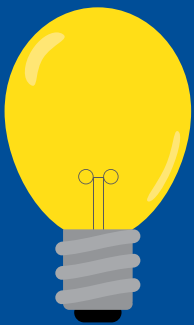


Learning and development

# What does this mean for you?

The Future of HR 2019 survey identified several capabilities vital to the successful development of related functions. Such competencies are key to enduring or thriving in this era of technological disruption.

## Design thinking



A modern problem solving framework that promotes collaboration, diversity of thought, visual expression and results in a shared vision and sense of ownership. This approach seeks to incorporate people-centric consideration to modern solutions by prescribing the right level of empathy to ensure that stakeholders' experience is valuable.

## Application of data analytics



Leveraging data to capture employees' sentiments and predict behavior is reshaping the way HR insights are gathered and presented. New technologies enable organizations to accurately predict business needs and individuals' behavior. In addition, data analytics enables efficient decision making using objective evaluation mechanisms.

## Embrace innovation



Technology not only enables processes, but allows organizations to realize unique capabilities and potentially rethink how business is done. The biggest limitation is no longer technology, but the imagination of those who deploy it.

**Business as usual is not an option.**

# The future of HR is now

With uncertainty becoming the new norm, HR functions must be forward thinking:

## Being prepared for disruption

Explore data analytics with a particular focus on predictive data to maintain a proactive approach towards workforce planning and shaping.

## Reshaping the HR function and business value

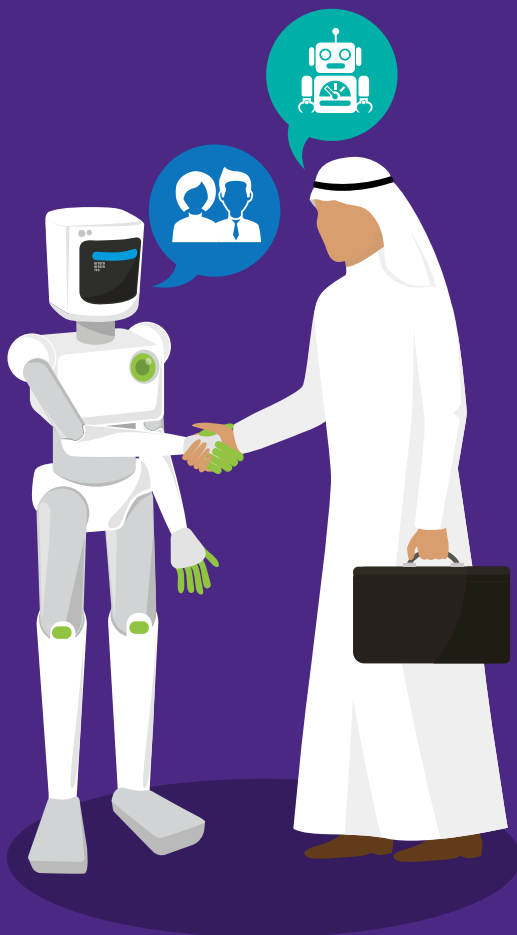
Use technology, new skills and contemporary operational approaches to generate significant value to the enterprise as a whole.

## Building a new mindset

Recognize the accelerating speed of change in today's era and radically rewrite the rules to enable a successful HR evolution.

## Exploring benefits of disruptive technologies

Integrate artificial intelligence and machine learning to achieve a collaborative future workforce that combines human and digital labor.



“

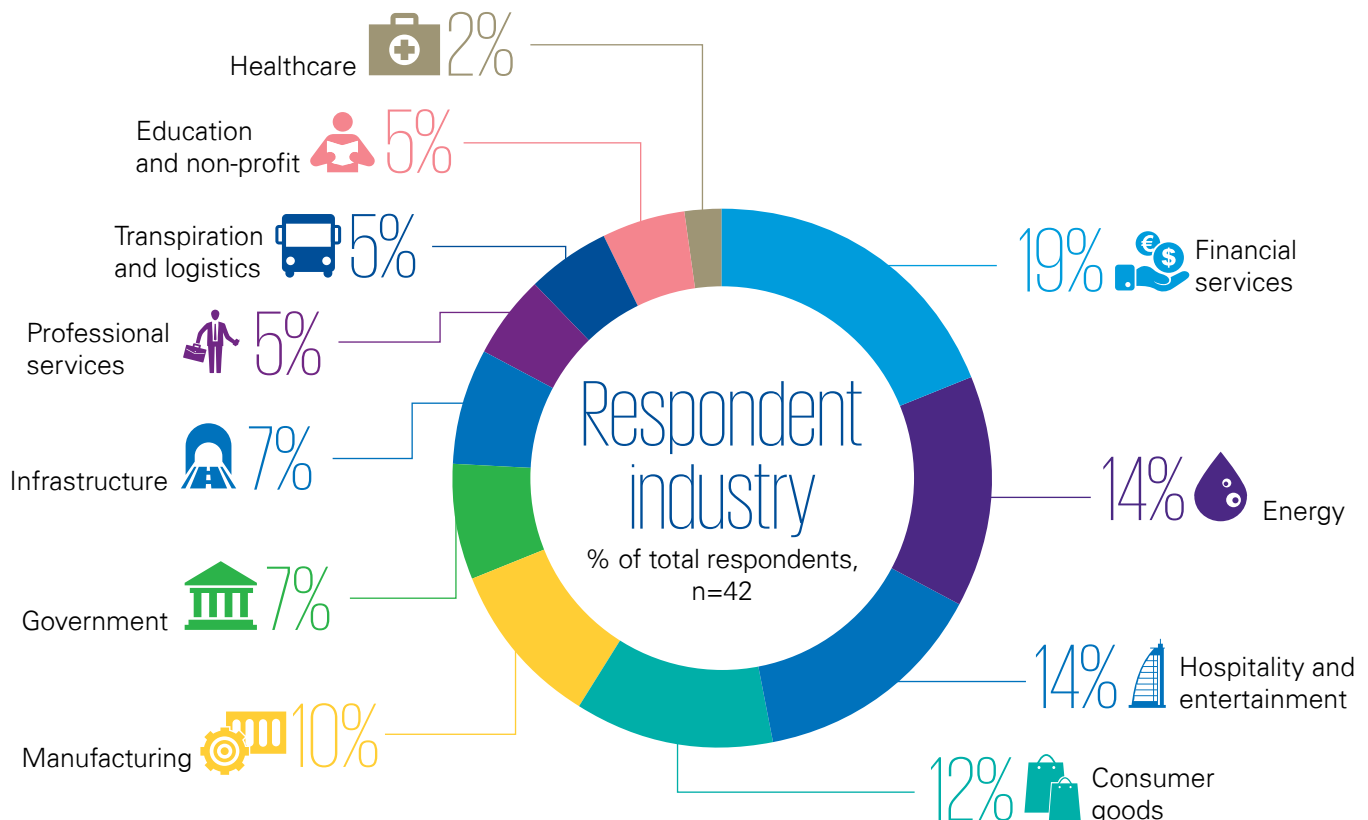
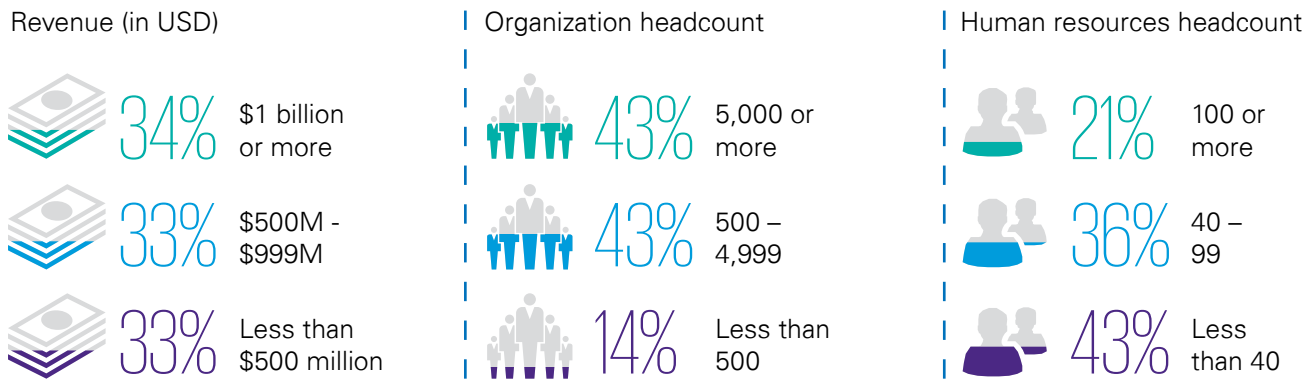
HR leaders are in the unique position of being able to convene how the world of work will take shape in a technologically enabled world. But you cannot occupy that space without a deep comprehension of the technology involved. You also need to work out what you stand for and find your voice. But today you absolutely need an internal and external voice and finding this all-inclusive new voice – one with purpose and passion – is critical.”

**Susan Ferrier**  
Global Head of People,  
Performance and  
Culture for KPMG  
International

# About the survey

In the second half of 2018, 1,201 executives from 52 countries participated in KPMG's The future of HR 2019 survey. Results from the UAE captured responses from 42 individuals, who represented a variety of organizations ranging in size and representing various sectors.

## Respondent footprint



# Supporting the Determined

Official Supplier to the Special Olympics World Games Abu Dhabi 2019 and Official Sponsor of the Global Youth Leadership Summit



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