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# Strategic workforce analytics, insights and foresights for a sustainable competitive advantage in the insurance industry\*

**The advent of the COVID-19 pandemic threw employers and employees into an era of volatility, uncertainty, complexity and ambiguity. The pandemic upended the traditional approaches to the ways of work in a fundamentally disruptive manner, challenging convention and what was once deemed 'normal' within human resources (HR). The post-pandemic era has led to a fundamental shift from the past as new leading practices are being forged for a world of work that is continuously evolving due to changes in employee and employer expectations, and the impact of a rapidly developing digital transformation landscape.**

We are now in the age of permanent disruption, groundbreaking trends and constant transformation. Organisations that are willing to make more radical changes and shape their workforce with the right skills, attitudes and flexibility will be better positioned for the future. Our research into the Future of HR<sup>1</sup> points to the emergence of new transformational playbooks for HR, categorised into six distinct areas:

- delivering on competitive strategies;
- engaging with digital;
- making the most of advanced analytics capabilities;
- building talent marketplaces;
- making purpose 'real' beyond rhetoric; and
- prioritising wellbeing.

Over the past decade, the emerging digital era and rapidly advancing technology landscape has fundamentally changed the face of insurance, this is true for both policyholders and insurers alike. The adoption of artificial intelligence (AI) and digital and cloud technologies have made the delivery of services to customers faster, simpler and more personalised, transforming businesses and operating models of incumbent insurers, as well as creating the opportunity for disruptive players entering the insurance industry with digitally enabled strategies. This has necessitated the HR function at insurance companies to embrace the change and identify opportunities for improvement, transformation and growth.

Rather than replacing jobs entirely, AI and emerging digital technologies will impact the way organisations perform tasks and apply skills. Consequently, the impact of AI and digitalisation at a task-level will drive companies to reorganise employee responsibilities, work allocations and job descriptions to achieve productivity gains and overall efficiency in the way that work is carried out. This is an unprecedented opportunity to make work more humanised and engaging as machines take on repetitive and routine tasks.

HR functions in the insurance industry have had to step up to the challenge of an increasingly dynamic and rapidly transforming business landscape, by adopting new HR practices and shifting towards experience-centric people enabling strategies at unprecedented speeds that mirror the shifting mindset towards personalisation and data-enabled ways of working. Rather than following the old playbooks, leading HR functions are fast innovating bold people strategies to be able to effectively reap sustainable competitive advantages.

<sup>1</sup> The future of HR: From flux to flow (kpmg.com); <https://assets.kpmg.com/content/dam/kpmg/xx/pdf/2022/11/the-future-of-hr-report.pdf>.

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A recent KPMG survey conducted over 300 HR leaders and twelve global insurance organisations revealed that while each HR function needs to find its own way, there are common themes in addressing the challenges faced by the function today. The outcomes have been synthesised into key themes which have been tested with our global network of KPMG experts in HR. This research shines a spotlight on how pathfinding HR functions within the insurance industry are addressing these themes as they move towards 2025 and beyond, and what we can learn from this. Our research identified the top ten percent of HR functions as pathfinders. These are HR functions in the insurance industry that are leading their peers when it comes to navigating the contemporary challenges and opportunities. These HR pathfinders are leading the way in the following three distinct ways:

### **Workforce shaping: *understand how the shape, size, skills and organisation of the workforce needs to change to meet future demands***

Pathfinders are shaking up how critical skills are organised to help insurers find a better way to manage their talent needs. While matching ‘people to jobs’ has long been the dominant way of operating, the fast-changing skills required in insurance companies, particularly around technology and automation, as well as a competitive labour market filled with skills shortages, means that it is becoming increasingly necessary to rethink this approach.

The South African labour market for insurance talent remains a challenge and one that has seen even more constraints with the advent of advanced data and digital technology application across the business. The expectation by employers that skills will be available on a ‘ready-made’ basis will need to be reassessed.

Organisations are typically designed around the skills available in the market, and the reskilling and development of teams are central to realising strategic objectives. It has been recognised that a world of matching people to jobs has, in part, given way to one where it is now about matching skills to tasks. Many insurers have started experimenting with talent marketplaces; integrating employee data, business insights and business forecasting to do this. Talent marketplaces are currently quite novel,

even in the most innovative HR functions; however, pathfinders are taking this seriously as a critical mechanism to gain competitive advantage.

Talent marketplaces are comprehensive datasets of the workforce and its unique capabilities, linked to an understanding of where and when those skills are needed across the organisation. Establishing an internal talent marketplace is a major undertaking. It means that organisations will need to review their datasets and continuously update their job architecture, skills taxonomies, as well as talent, performance and reward systems, using the right technological solutions. It means customising learning and development to align workforce capabilities with the organisation’s current and future skills needs.

While building a talent marketplace will not happen overnight, there are a few ‘get-rights’ to realise the potential benefits such an approach can bring. Moving to a skills-first approach in how you resource your people, underpinned by data and analytics, and a culture nurtured towards sharing talent through a series of pilots (and learning from this) are all essential. It is what our pathfinders can demonstrate.

### **HR digital transformation capability: *an HR digital transformation agenda beyond the delivery of a core HR system of record***

The wave of technological innovations and advancements driving key changes in workforce management and the way in which work is executed has marked a pivotal moment in human history. The power of these developments in HR does not lie in the technology itself, but in how they are integrated into the human experience. It is about transitioning towards an empathetic and people-centric experience that puts workers at the centre of HR strategies in response to the ever-changing profile and demands of the workforce and to enable the company to benefit from a sustainable competitive human capital advantage. In a world that has become increasingly digital, with hybrid work arrangements and a globally connected workforce, the importance of “employee experience” and employee wellbeing has quickly risen to become a C-suite agenda item with an ongoing evaluation of emerging technology for enhancing the workforce experience and wellbeing.

Pathfinders have gone beyond on-premise technological solutions and cloud-based HR core technology systems. These insurers have shifted to more advanced emerging technologies as they work toward a workforce of the future, which will most likely feature AI-enabled employees, carrying out tasks in new and different ways.

The arrival of generative AI can spur innovation across roles and industries. No longer reserved to handle routine operations, generative AI has the potential to be a driving force for creative and novel solutions. However, to unlock the potential value of generative AI, insurance companies should understand the roles and tasks that they can augment, and the capacity, growth and productivity gains at stake from workforce reshaping. In order to truly capture value from the promise of generative AI, a new approach needs to be adopted, defined by augmentation of previously hard to automate knowledge workers<sup>2</sup> analytical and creative activities, rather than traditional repetitive processes and semi-structured data driven tasks. Insurers would be encouraged to expand their capabilities across knowledge worker roles, tasks and experiences. This requires a deconstruction of analytical and creative knowledge worker roles to ***digitally augment activities and tasks*** not easily automated with classical AI technologies, including text/content generation, synthetic voice generation, customer engagement, character image generation, advertisement and marketing content generation, voice of customer analysis and any type of creative assistance.

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. It can also scan social media for more information about candidates, in particular their behaviour outside of work. This significantly reduces selection time, allowing HR professionals to focus on the better suited individuals for the role.

Consequently, HR functions are confronted with strategic questions that relate to how the company can go about designing and deploying solutions around workers' needs, today and into the future. How can the insurer create productivity gains without

jeopardising employee well-being? How can AI be used to design the organisation and build the workforce of the future?

Digital transformation may no longer have a final destination as new and emerging technologies fundamentally reshape our workforce of the future. HR digital transformation has risen to be a strategic capability for HR functions into the future as emerging technologies have created an ever-evolving current state.

### **Advanced workforce analytics capabilities: *maturing strategic decision making from hindsight insights to actionable foresights***

While HR functions have long used analytics to understand trends around hiring, attrition and employee engagement, this approach is seen by pathfinders as the minimum baseline expectation. As important as analytics are to HR functions, data quality, HR capability and functional integration are all potential barriers to making the best use of analytical capabilities. Data may be unclear or unavailable or fail to be translated in a meaningful way from raw source to valuable insight. Pathfinders are leveraging the traditionally strong data science and actuarial capabilities, which are typically concrete within insurance companies, to pioneer integrated data-driven, fact-based decision-making approaches to strategic HR management.

Pathfinders are increasingly providing for a stronger link between data, analytics, insights and foresights for strategic people decision-making. Insurers have integrated advanced, relational analytics into its processes, and have invested in technology and talent to ensure that insights are connected across the business, can be interpreted accurately and are acted on swiftly. To build this future, insurers need an HR and people strategy for data integrity, analytics and systems integration, supported by a strong commercial mind-set to provide decision support to the business.

<sup>2</sup> High-level workers who apply theoretical and analytical knowledge in product and service development ([Knowledge Workers - Definition, What They Do, Who \(corporatefinanceinstitute.com\)](https://www.corporatefinanceinstitute.com/terms/knowledge-workers/)).

HR must now transcend its role as the “people people” and drive performance and strategic value through delivering impactful workforce insights and foresights at the point of need. The data and digital transformation capabilities in workforce analytics have sped up the transition from a focus on the provision of hindsight management reports, to now offering more strategic and integrated foresights that enable the agility to pivot and cater for multiple strategic scenarios to capture market opportunities at pace and scale. Companies are leading the charge by investing in technology infrastructure, in addition to basic out-of-the-box functionalities from cloud vendors such as data visualisation tools and analytics automation tools, to enable the recruitment of the right people to drive this work forward and structuring the organisation strategically. HR pathfinders provide a strong link between data and decision-making. They have integrated advanced, relational analytics into their processes, and they have invested in technology and talent to ensure that insights are connected across the business, can be interpreted accurately, and acted on swiftly. They go out of their way to correlate findings from one area to another, so as to truly understand the business and their people.

Pathfinders focus on combining disparate data from HR, the broader organisation and external data sources. This enables the ability to build integrated dashboards and insights that result in a more comprehensive story. Building a strategic workforce insights and analytics capability enables the collection and analysis of data that can be used to identify patterns, trends, insights, and draw conclusions to inform people, operational and strategic business decisions to exploit opportunities and overcome challenges constraining business performance.

This approach opens up the playing field for innovation at pace and the potential to deliver strategy at scale for the insurance industry in how it leverages its talent, people, and organisational architecture to deliver strategy in an ever evolving and dynamically operating environment. HR leaders in pathfinder organisations are going beyond hindsight “rear view mirror” analysis by opting for much deeper insights, predictive and actionable foresights to answer the big questions leaders have about people in the business. They create strategic hypothesis, correlating quantitative and qualitative insights, then find unique answers that can have a valuable impact on decision-making and actions.

## Conclusion

While pathfinders may be addressing similar issues, there is no one-size-fits-all approach. Each pathfinder tailors its HR function to their organisation’s context. In this new reality, there is no guide; the solutions to increasingly AI-enabled, digital and people-related issues are, by their nature, experimental. Pathfinders have accepted an operational mantra that waiting to find the perfect solution before moving ahead will put their companies at a competitive disadvantage. Instead, HR pathfinders have embraced an agile mindset that they refer to as “making practice the new perfect”. This agility gives them the freedom to test new ideas, even if risky. This approach also affords one the courage and support to fail forward, and the opportunity to try innovative solutions and learn from this. To achieve this on a sustainable basis and deliver exponential value to business, HR functions in the insurance industry are challenged to invest in developing distinctive capabilities in workforce shaping, digital transformation and workforce analytics for strategic insights and foresights.

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