



2020 HR new reality pulse survey

Key insights

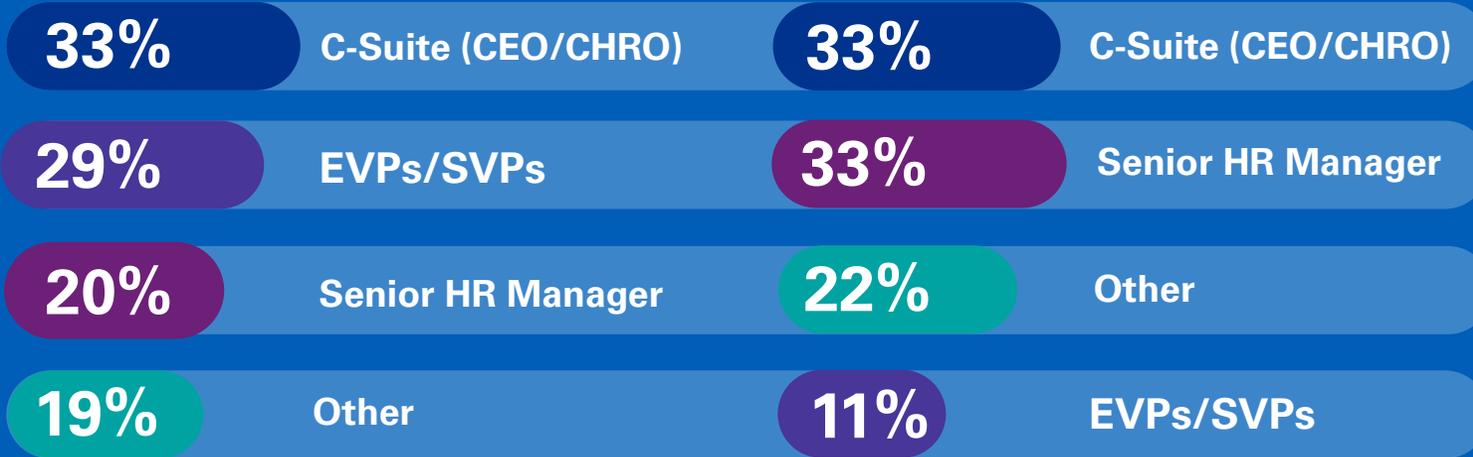
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Survey demographics

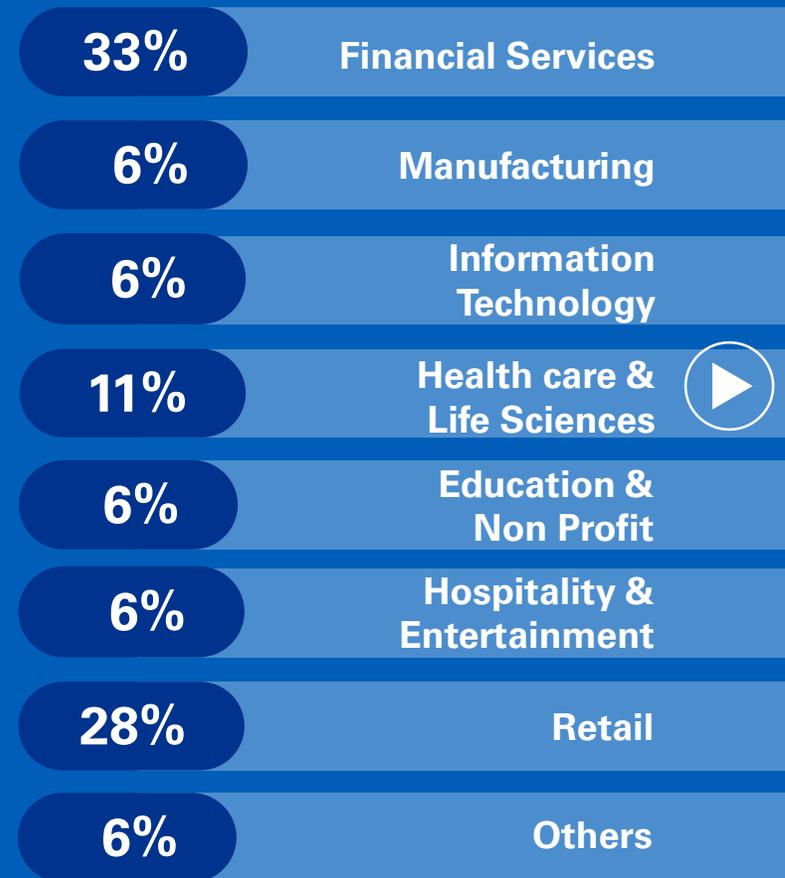
1,288 HR Executives

Global



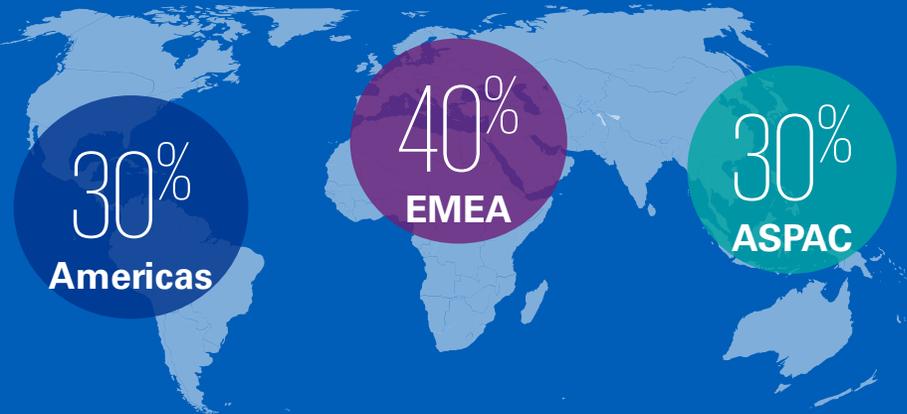
Cyprus

Cyprus



59

Countries & territories



Source: KPMG 2020 HR new reality pulse survey



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KPMG's 4R enterprise response

All organisations are experiencing a degree of similarity in the short and long-term macro-economic conditions that have been created by the COVID-19 crisis...

REACTION

Immediate disruption to professional and personal life

Panic-type behaviour

Capital market sell offs and consumer good shortages compound panic

Lockdown orders stall in all but "essential" consumption

Liquidity crises for businesses and individuals

RESILIENCE

Panic behaviour subsides and controls are relaxed

Adrenalin filled response delivers high levels of productivity and engagement in home workers

Consumer demand still constrained

Global supply chains are slow to recover

"Interest free" capital struggles to build momentum

RECOVERY

Capital projects begin to resume

Consumer sentiment and consumption improves

Positive climate impacts from reduced travel fuel "ESG-aware" recovery

Early indications of "new reality" emerge as certain pre-COVID stalwarts struggle to recover

Crisis-tested alternative solutions begin to scale

NEW REALITY

Forward thinking organisations embrace new operating models and sourcing mix

"New reality" sets in as new behaviours and ways of working become standard

Nature of customer and employee interactions is irrevocably changed

Migration towards mega-cities levels offs and resurgence of local amenities as remote working proves viable

New baby boom among Millennials redefines their spending habits

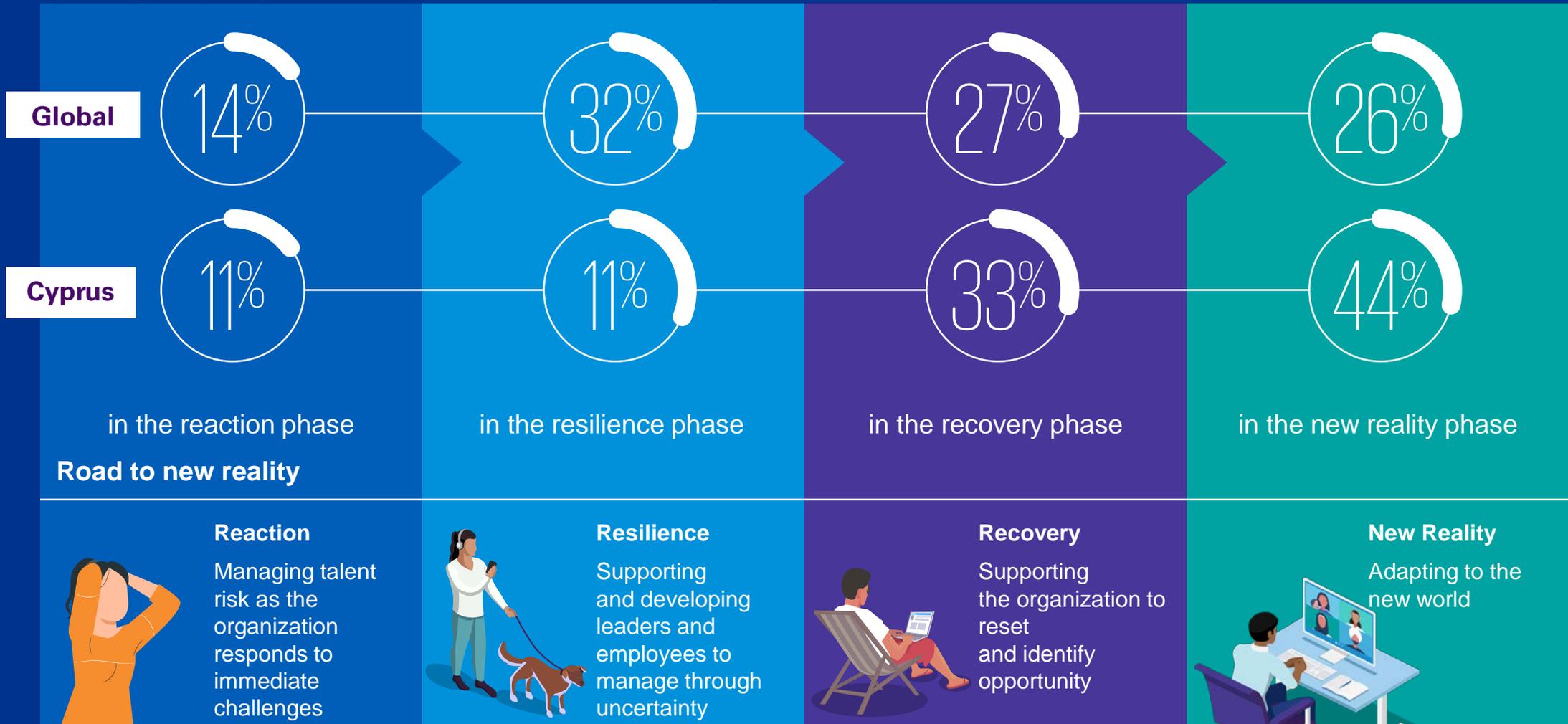
All businesses thrust simultaneously into triage

Depth / duration of Resilience and path to Recovery will vary by company/sector

Exploit opportunities where operating models irrevocably changed



Organizations are transitioning at different speeds, depending on sector, geography, and workforce segments



A changing workforce

In the next 12-24 months...

30% of Global HR Executives

33% of Cyprus-based HR Executives

believe in the importance of **upskilling** or **reskilling** the existing workforce

38% of Global HR Executives

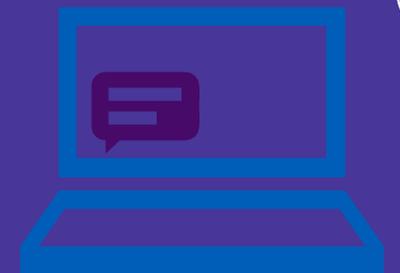
28% of Cyprus-based HR Executives

believe in the importance of helping leaders develop new management and leadership skills to support **remote working**

32% of Global HR Executives

22% of Cyprus-based HR Executives

believe in the importance of adopting digital technologies to support **remote working** and collaboration



Source: KPMG 2020 HR new reality pulse survey



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HR has played a leading role in managing the impacts of COVID-19 for their organization



Source: KPMG 2020 HR new reality pulse survey



Agree

Global



Agree

Cyprus



Yet, there is a disconnect among CEOs and CHROs about the role of HR



Source: KPMG 2020 HR new reality pulse survey
Source: KPMG 2020 CEO Outlook: COVID-19 Special Edition



of CEOs and Executive Vice Presidents (EVPs) surveyed say that their organizations consider HR to be an “administrator” rather than a value driver



of **Global** CHROs disagree with that statement



of **Cyprus-based** CHROs disagree with that statement



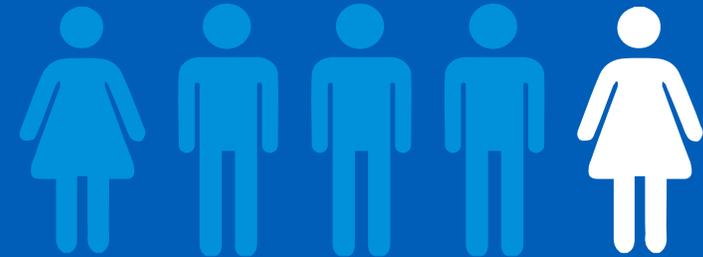
But they both agree on the need for reinventing the HR function



Cyprus-based and Global HR executives believe that the **HR function needs to completely reinvent and transform** itself in order to respond more effectively to future disruption

About

4 in 5



CEOs and EVPs also agree that the HR function needs to “completely reinvent and transform itself” so that it can respond more effectively to future disruptions

Source: KPMG 2020 HR new reality pulse survey
Source: KPMG 2020 CEO Outlook: COVID-19 Special Edition

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...and build enduring capabilities in six key areas

	Level 1	Level 2	Level 3	Level 4
Purpose and digital mindset	Digital mindset is not clearly defined. Purpose and ESG all treated as separate initiatives. Inconsistent behavior across leadership, no clear model for “the right” behaviors.	A baseline definition of “good” is in place as well as a fix on where the enterprise (as well as HR) is relatively strong and weak in both mindset and behaviours. HR has developed its improvement plan as a role modeling opportunity .	HR nurtures and grows both digital mindset and culture using the levers at hand such as performance management and reward for team-based collaboration as well as an agile matching process (marketplace) of skills available to the tasks that need doing.	Digital mindset has taken root and links core purpose, digital, and ESG agendas as a whole architecture of powerful connections using real-time analytics including adaptive initiatives and behavioural economics to nudge behavior.
Workforce insights and analytics	Diagnostic capability: What is happening? Established reporting drawing on multiple data sources. The core HCM is the main analytics tool.	Predictive capability: What will happen? Insightful data analysis undertaken by a dedicated Workforce Insight team using analytics tools beyond the core HCM.	Prescriptive capability: What should we do about X? Hypothesis-based research on business issues affected by the people agenda. A detailed process for turning insight into action.	Adaptive capability: Superior returns by X Insight that connects people data to business outcomes. New ways of measuring and managing productivity.
Workforce shaping	Developed a plan to build workforce shaping capability, identified pilot groups and priority skills/roles. No formal integration between workforce shaping and business strategy/planning.	Workforce shaping activity in place on ongoing basis using scenarios sponsored by business. A WS capability model in place that connects relevant activities and information across the business.	Business scenarios regularly updated by HR and the business, e.g., with business strategy function. Workforce shaping insights discussed at leadership level and flow into initiatives and actions.	A “Total Workforce” model is used by the business. It integrates workforce shaping with insights, experience design and agile workforce management. A balance of employee types evolves over time.

...and build enduring capabilities in six key areas

	Level 1	Level 2	Level 3	Level 4
Workplace and experience	<p>HR is PR</p> <p>Enhance or build the talent reputation with employee communications across different channels and technologies.</p>	<p>HR the marketer</p> <p>Employee journey mapping used to identify “moments of truth” for different types of employee and solutions developed. Themes from overall brand inform HR practice.</p>	<p>HR the designer</p> <p>Architect authentic experiences that reinforce multiple EVPs. Design thinking capability embedded in HR. Begin to use apps to augment experience, e.g., first year onboarding app.</p>	<p>HR the architect</p> <p>Sustain the ExD in the new reality so that it yields engagement across the “Total Workforce.” App development on ongoing basis. ExD mirrors and an exemplar of culture and purpose.</p>
Enabling technology	<p>Multiple systems, tools, and manual interfaces.</p>	<p>Standard systems, interface layer and recommended data models. Some connections between HR data and wider business data, e.g., customer experience. “Data lake” in place.</p>	<p>Standard tools/applications, on multiple occurrences. Apps operate as an ecosystem to enable a total experience of people performance in a virtual/hybrid workplace model.</p>	<p>AI and machine learning moving from pilot to scale. Level 1 of HR service is automated using voice and chatbots. AI enablement of learning and recruitment.</p>
HR organization of the future	<p>HR largely acts by policing adherence to policies. Ulrich model is the dominant mindset. HR initiatives based on HR best practices with inside-out mindset.</p>	<p>Customer-centric, applying design thinking to meet the real needs of the business and customers of HR. Greater integration across CoEs so that a total system of workforce performance is created.</p>	<p>“Outside-in HR” delivering workforce: insights, shaping, experience, and delivery. Agile and project-based working based on business issues. Prescriptive challenge taken to business leaders.</p>	<p>“Boundary-less enterprise and HR” fully enabled by digital and cognitive automation with a focus on insight-driven employee experience. HR uniquely configured to drive business value and nurture core purpose and culture.</p>



A shift in HR priorities



Top three priorities

2019

Global

49%

Enabling a culture that is aligned to wider business strategy

41%

Designing a better employee experience

38%

Identifying new ways to create value in the organization

2020

Global

47%

Taking steps to safeguard the experience and well-being of employees

38%

Helping leaders develop new management and leadership skills to support remote working

34%

Redefining/further enhancing the culture to emphasize digital mindset, virtual working

Cyprus

61%

Taking steps to safeguard the experience and well-being of employees

44%

Reducing costs to accommodate organizational financial realities

39%

Redefining/further enhancing the culture to emphasize digital mindset, virtual working

Source: KPMG 2020 HR new reality pulse survey



IG Limited - Cyprus

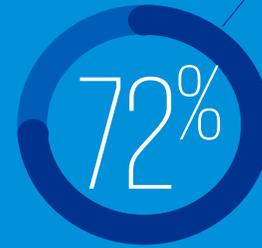
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Shaping the workforce of the future in Cyprus

Global



30% HR Executives rated upskilling or reskilling the existing as the most important initiative for the HR function

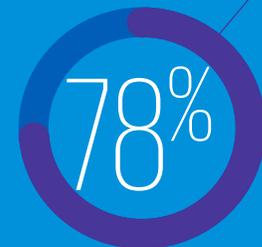


While **72%** of respondents rated 'building talent through upskilling and reskilling' as the one of the most important factors to consider while shaping their organization's future workforce composition over next 12-24 months, only **33%** see it as **easy** to implement

Cyprus



33% HR Executives rated upskilling or reskilling the existing as the most important initiative for the HR function



While **78%** of respondents rated 'building talent through upskilling and reskilling' as the one of the most important factors to consider while shaping their organization's future workforce composition over next 12-24 months, only **39%** see it as **easy** to implement

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Digital mindset

“To succeed in a disrupted world, leaders will need to forge an agile and connected enterprise with a future-focused workforce. For both individuals and organizations, there needs to be a reconciling of the demand for digital skills to deploy and manage technology, and the human skills to live and work with this technology. Positioning the enterprise for success as the work of humans and machines converges, will require a digital mindset.”

Robert Bolton

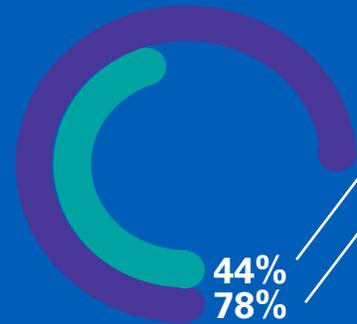
Global Head of People & Change
Center of Excellence

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Embracing the virtual world

Traditional ways of measuring productivity no longer work in Cyprus



- 44% list managing performance and productivity in a predominantly remote environment as one of the top three skills required by the HR function.
- 78% believe that the HR function needs to rethink productivity and performance measures in light of the shift to increased remote working

Investment priorities for the HR function have shifted to focus on enabling employees to work in a remote environment

2020		2019
Global	Cyprus	Global
54% New or updating learning and development platforms	67% New or updating learning and development platforms	23% HR analytics
53% Virtual working technology to support remote working	61% Enterprise service management	16% Custom application extensions and/or development
49% Enterprise service management	44% Virtual working technology to support remote working	14% New or updating learning and development platforms

Source: KPMG 2020 HR new reality pulse survey

Source: Future of HR 2020: Which path are you taking?



Employee experience & culture



Taking steps to safeguard the experience and well-being of employees (e.g. by ensuring employees have the right working set-up at home, or providing protective equipment to workers who may be exposed to COVID-19)' as the top priority for the next 12-24 months

47%

agree

Global

61%

agree

Cyprus



Corporate purpose and values have played a central role in shaping how they have responded to COVID-19

89%

agree

Global

95%

agree

Cyprus



Redefining or further enhancing the culture to emphasize digital mindset, virtual working, agility, etc. will be critical for managing the implications of COVID-19 and moving to a new reality

34%

agree

Global

39%

agree

Cyprus

Source: KPMG 2020 HR new reality pulse survey



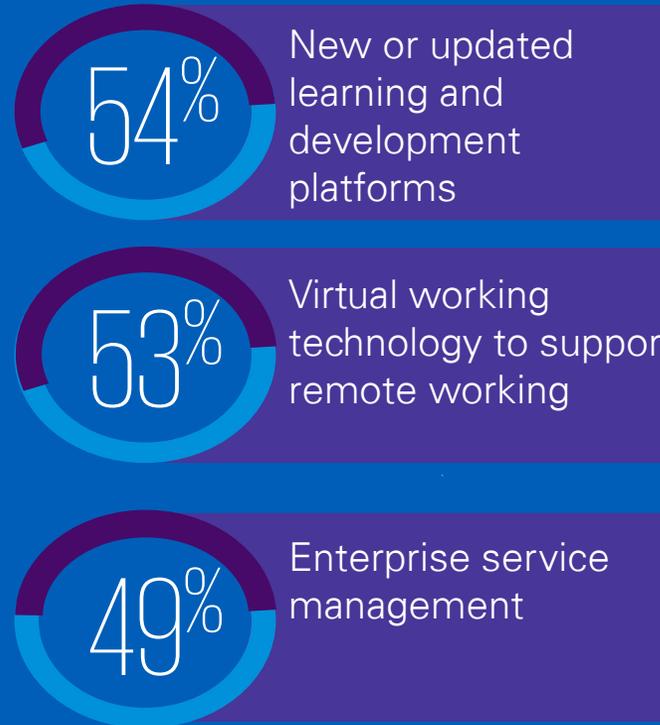
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Workforce analytics / enabling technologies

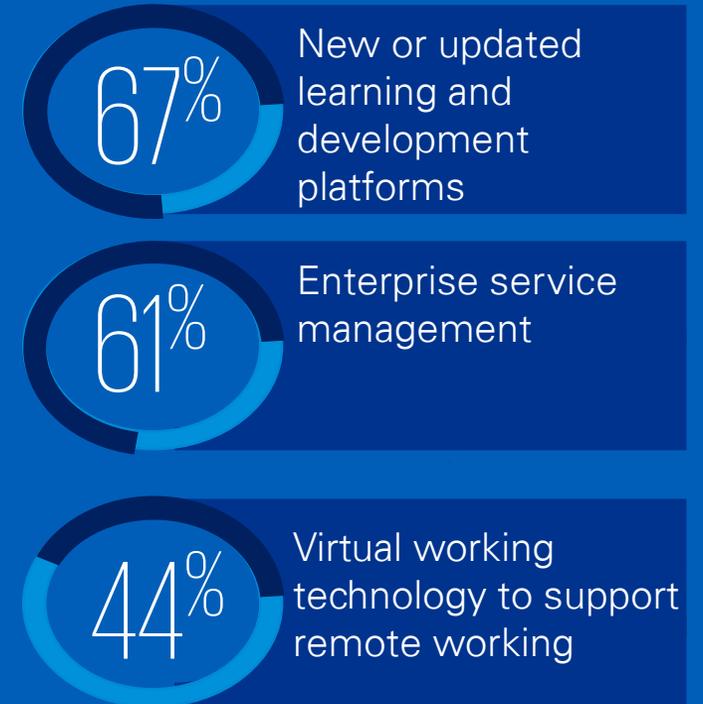


Top three investments in HR and technology

Global



Cyprus



Source: KPMG 2020 HR new reality pulse survey



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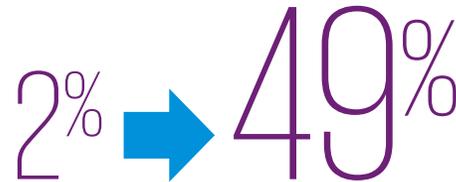
Leaps and bounds from 2019



2020 insights show a nearly



increase in planned **investments towards advanced artificial intelligence and technological platforms**, 31% in 2020, compared to 8% in 2019



HR executives in 2020 are expected to **invest in enterprise service management**, which is almost a **25x** increase from 2019

Compared to only 11% respondents in 2019 making **investments in Robotic Process Automation for HR**, 2020 insights show

more than 3x that, 37% planning to do so

Lessons for the HR function to drive value

Data from the Pathfinders* shows that **HR can drive the most value by investing in three main activities** to help their organizations become more resilient:

**We defined as "Pathfinders" HR functions that demonstrate superior performance across a number of areas*

Improve the **culture** and employee experience in a remote-working environment

Take the lead on **reskilling** the organization

Use data **analytics** to measure and improve productivity, understand talent needs, and design the future workforce



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Conclusion

COVID-19 has presented some daunting challenges for HR, but for those who succeed, the benefits are clear. This is an opportunity for HR to reinvent work and drive value for the enterprise.

It is time for HR to play the long game.



How we can help you...

The pandemic has accelerated and embedded new ways of working, introducing as such a new reality. KPMG can help you design your workforce management approach to meet the needs of our New Reality. Namely, we can support you in:

Talent Management – Talent strategy, upskilling/reskilling the workforce, employee value proposition, employee experience, workforce shaping and analysis, performance management

Digital HR and Insights – HR analytics, data visualization, integration of HCM data with business metrics, collaboration tools to support remote working, digital HR strategy, employee experience portal, technology enabled HR transformation, powered HR transformation

Learning and Development – Learning and development strategy, learning needs analysis, learning programme delivery on HR topics and coaching

HR Strategy and Operational Excellence – HR process design and optimization, HR service delivery model design and implementation, shared services & outsourcing

Organisation Design and Effectiveness – Business model articulation, strategic workforce planning / management, organization structure, target operating model, job architecture, macro and micro design

Culture and Change Management – Culture assessment, culture design and transformation, change management and support through the full life cycle of change process

Executive Search and Selection – Recruitment strategy and end-to-end assistance in identifying, sourcing and assessing the highest caliber individuals





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