



# HR for Future - a "new normal"

What kind of workforce and HR function  
your organization is going to need?





## HR FOR FUTURE: - A "NEW NORMAL"

The last few months of 2020 has been tough for all of us as Covid-19 has impacted all businesses, big or small and we trust your organizations are trying to hold up and preparing for different business scenarios.

In 2020, at KPMG we can see a path forward for HR that requires some fundamentally new thinking about what HR does and how it is built to deliver. The way forward may start with discrete adoption of workforce shaping or piloting a more digital experience in one of their business units. In our view, these interim steps can only be achieved through rebuilding of HR capabilities. Some HR organizations are indeed using this Covid-19 disruption to justify a multiyear roadmap that integrates changes to **service delivery, people capabilities, technology, process, and data to create a more worker-centric HR function.**

We have since conducted a survey with 1,362 HR executives from 55 countries with majority representation from the largest economies in the world, operating in 31 industries including asset management, automotive, banking, consumer and retail, energy, healthcare, insurance, life sciences, manufacturing, technology, and telecommunications. Our interesting finding is basically about what area is or should Pathfinding HR function (strategic HR) focus on. According to them, there are 4 areas of focus. We will highlight and elaborate each focus area separately as shown below:

### Focus number 1:

#### Shaping the workforce for the future:

They recognize that existing workforce structures are being disrupted by new technology and business models, and they are seizing the opportunity to reshape the workforce and gain the full benefits of humans and machines working together.

Preparing the workforce for AI is HR's biggest challenge:

> Agree

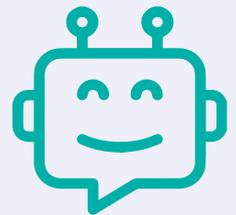
56%

> Neutral

21%

> Disagree

22%



# 5

## Five ways Pathfinding HR are shaping the workforce of the future:

1. Devoting time and resources to workforce shaping as an entirely new discipline capable of responding to continuing disruption. The world of work is changing and requires a new **mindset and actions**. Pathfinding HR organizations are investing heavily in workforce shaping roles and believe this is one of the skills/capabilities needed by the HR function.
2. Understanding that, although they may still require strategic workforce planning in some capacity, workforce shaping starts **from future business scenarios** and then “works back.” Traditional workforce planning starts with the existing workforce and moves forward in time. This tends to anchor the outcomes and “answers” in the present model of work and misses the enormous levels of disruption and potential productivity gains driven by AI.
3. Focusing on upskilling the workforce and ensuring they have the right capabilities to work in the future-state environment. Upskilling goes hand in hand with workforce shaping, and the **scale of learning and development** effort should not be underestimated.
4. Maximizing the success of workforce shaping **through collaboration with C-suite leadership**, as they should be the ultimate owners of the outcomes and the actions arising.
5. Establishing regular refreshes of **workforce shaping scenarios** through considering what the organization and workforce could look like and could be capable of achieving in the future.

We can work shoulder-to-shoulder with you to review and refresh all possible workforce scenarios with the future state in mind during this time of disruptions. HR optimization, Organization development and Behaviour change management are key to help shape workforce. We are here to help you define, design strategic organization structure and HR capabilities, design and maturity to be able to cope with our era of “new normal”. In this aspect, we might need to review and re-design all related policies and procedures. Our tools for HR assessment, Performance management and Compensation, Headcount manpower planning will help you re-align the workforce you need to your Corporate Strategy.





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## Focus number 2:

### Shaping a purpose-led culture:

They understand that HR plays a vital role in shaping and maintaining a culture aligned with their business strategies and higher-level purpose.

HR teams are focusing on aligning their culture with their organization's higher-level purpose.

> Agree

61%

> Neutral

18%

> Disagree

20%



HR plays a vital role in establishing the "right" culture.

> Agree

63%

> Neutral

19%

6%

> Disagree

18%

4%

● Counterparts

● Pathfinding HR



# 5

## Five ways Pathfinder HR organizations are passing the “culture test”:

1. Identifying the right team to drive both the **initial culture change and long-term sustainment**; establishing dedicated culture change roles (they may not be housed within the HR function). These dedicated resources have the power to influence and **create alignment** across the business
2. Understanding the current culture state and the areas requiring a shift and **gaining clarity on the desired future state**, including the business objectives the new culture will influence
3. HR has many root-cause levers of influence that it can use to nudge and shape behaviors. But this has to be done in an orchestrated way. A culture that emphasizes team-based innovation but only uses individual-based performance and reward management is sending mixed messages to employees. Nudging behaviors is an exercise in systems thinking, and those seeking to enable culture must be skilled in identifying systemic interventions. **The key is to pull these levers to configure patterns of behaviors in a joined-up which skills and capabilities are built, how teams are built, who becomes a leader**, and how employee experiences are designed to emphasize priority values such as customer centricity and diversity and inclusion. And, as with anything that is systemic, thinking about and planning for unintended consequences
4. Understanding that **culture is specific**, it is nuanced, and there is no one “right” culture for every organization. For example, a culture of regulatory compliance might be very relevant for some, but a culture of digital might be highly relevant for others. “Cultures of...” are not mutually exclusive. But they do require priority and focus when new patterns of behavior are sought in an organization
5. Shaping culture is a **C-suite challenge**. This is why having someone on the executive committee with a culture brief can be helpful, as long as the rest of the board accepts that it is their task to raise the culture implications of decisions in the spirit of a constructive challenge.

We can work should-to-shoulder with you to review and challenge the status quo, re-define what futuristic culture shift needs to be in place to help the business be more agile and efficient. We can help design Leadership development, Talent strategy, Conduct employee engagement and Culture assessment.

COMPETENCY CLUSTERS	GROWTH AND INNOVATION MINDSET	SERVICE ABOVE ALL	NURTURING TALENT	BUILDING PERFORMANCE AGILITY
				
COMPETENCY NAVIES	<ul style="list-style-type: none"> <li>• GLOBAL MIND-SET</li> <li>• AHEAD OF THE CURVE</li> <li>• INNOVATE FOR GROWTH</li> </ul>	<ul style="list-style-type: none"> <li>• CUSTOMER FIRST</li> <li>• ONE L&amp;T</li> </ul>	<ul style="list-style-type: none"> <li>• INSPIRATIONAL LEADERSHIP</li> <li>• IMPACTFUL COMMUNICATION</li> </ul>	<ul style="list-style-type: none"> <li>• DRIVE FOR RESULTS</li> <li>• BREATHE CHANGE</li> <li>• OPERATIONAL EXCELLENCE</li> </ul>

\*Pathfinder HR: A small subset of the survey sample (approximately 10%) who are simultaneously focusing on four discrete, yet interconnected capabilities: workforce shaping, purpose and culture, employee experience, and workforce analytics. Their ‘counterparts’ refers to the remainder of the survey population.



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## Focus number 3:

### Shaping the employee experience:

They utilize techniques underpinned by design thinking to address the "moments that matter" to employees and understand that this mirrors the same core principles needed for customer centricity and experience design.

Design thinking is ranked among top skills required by the HR function

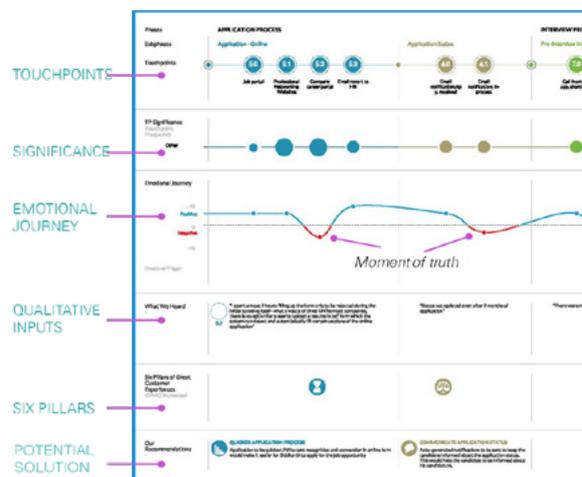


# 5

## Five ways Pathfinding HR organizations are redefining the EX:

1. Recognizing the role HR can play in clarifying and designing a unified EX/ CX, including learning lessons from the customer organization on how to understand and design for the **real-life experiences** of all worker types.
2. Understanding that EX is not the same for all. Experience design extends across the total workforce, not just directly employed people. The growing gig economy means that employees are just one type of user, as a company's talent also includes consultants, contractors, and other contingent workers who range in age from their 20s to their 80s. All these workers need to feel connected to the platform — with a **shared experience that meets their expectations and aligns with their motivations**.
3. Understanding that EX is composed of more than just the digital experience. It embraces **environmental, social, and leadership dimensions**.
4. Building a **design thinking capability** into the HR function. Doing so enables the HR function to explore employee expectations, experiences, and unearth and positively expand upon the drivers that motivate employees to engage — **the true return on investment**.
5. **Taking the lead** in defining the requirements for the overall EX design, regardless of which function owns a stage in the process.

Understanding that Employee Experience and wellbeing is more vital than ever now, as most of them are going through uncharted water, we can work should-to-shoulder with you to build an effective, yet flexible and agile EX which helps employees to still contribute throughout Covid-19 but which also serves the long-term purposes of the business. Our tools and approaches will help organizations to assess their talent risks and therefore craft out an effective develop & retain programme. We will, together with you, study and engineer touchpoints for employees, understand what is significant to them, what their emotional journey is, in order to have potential solutions for EX.



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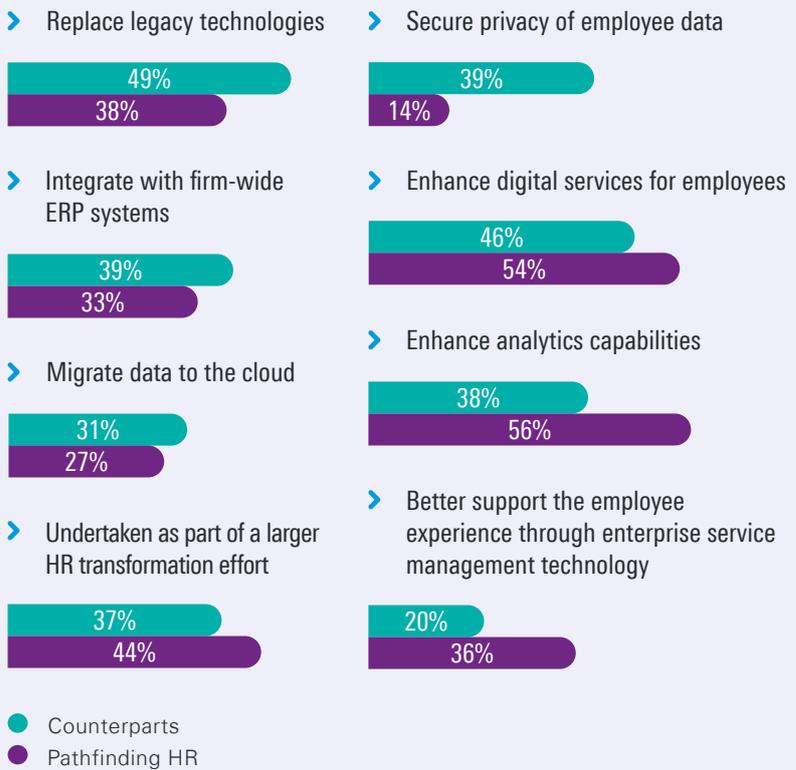
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## Focus number 4:

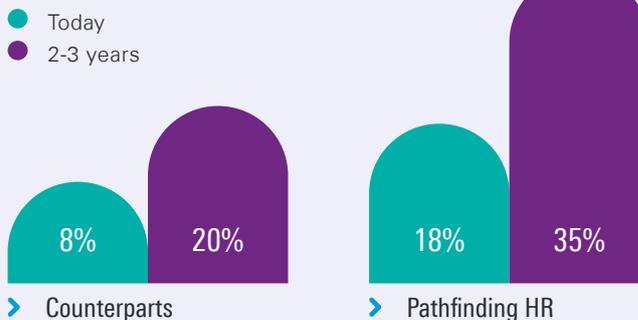
### Shaping decisions about people and the workforce by using insights from data:

They maximize the power of data science to generate predictive and actionable insights for the whole organization, and they are investing accordingly.

#### Ranking of reasons for tech investments



#### Percentage change in HR experimentation with AI in near future

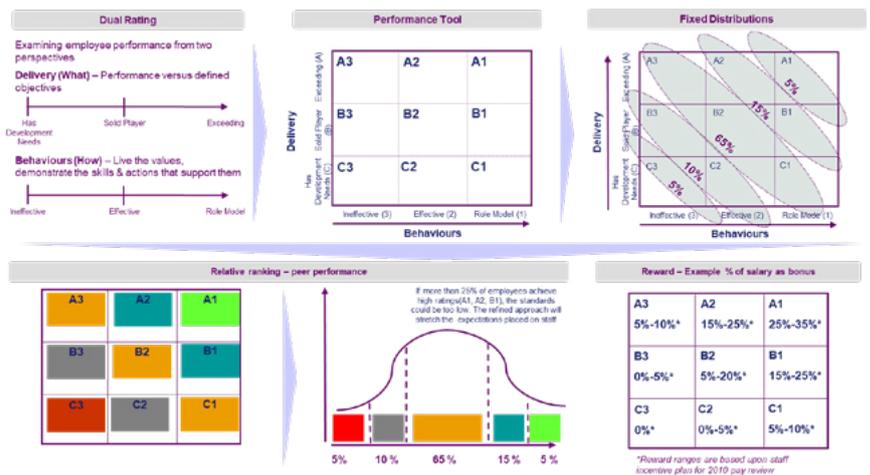


# 4

## Four ways Pathfinder HR functions are using analytical insights to drive people:

1. Investing in both technology and capability within the HR function. This extends beyond the basic out-of-the-box technology functionality from cloud HCM vendors to include thinking about **data visualization, sophisticated analytics, and integration of HCM data with business metrics** such as customer experience, productivity, and collaboration
2. **Building insights from integrating and analyzing data in real time across different data sources** to understand the signals that point to emerging issues and opportunities. This includes combining data from the HR function, from the broader organization and from external data sources.
3. Taking a hypothesis-driven approach by working with the leadership team to use data to answer critical business issues and questions such as: **which capabilities will drive competitive advantage?** Which teams create sustainable performance along with team member wellbeing? What leadership factors drive innovation in our business?
4. Adopting an **evidence-based mind-set** so that common and best practices are subject to a rigorous evaluation of validity and relevance.

We can work should-to-shoulder with you to implement Workforce analytics & Dashboard, re-design HR service model and mindset and help build a data-driven decision-making culture. We will look at relevant procedures and find out what might be a hindrance and/or redundancy of data analytics practice in place and from there redesign them to better serve your organization's mission and values.



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## Contact Us



**Pham Hoang Ngoc Linh**

Partner, Head of People & Change Consulting

**T:** + 84 24 3946 1600 ext. 6364

**E:** lnpham@kpmg.com.vn

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## KPMG Offices

### Hanoi

46<sup>th</sup> Floor, Keangnam Hanoi Landmark Tower  
72 Building, Plot E6, Pham Hung Street  
Cau Giay New Urban Area, Me Tri Ward  
South Tu Liem District, Hanoi, Vietnam

**T:** +84 (24) 3946 1600

**F:** +84 (24) 3946 1601

**E:** kpmghanoi@kpmg.com.vn

### Ho Chi Minh City

10<sup>th</sup> Floor, Sunwah Tower  
No. 115, Nguyen Hue Street  
Ben Nghe Ward, District 1  
Ho Chi Minh City, Vietnam

**T:** +84 (28) 3821 9266

**F:** +84 (28) 3821 9267

**E:** kpmghcmc@kpmg.com.vn

### Danang

Unit D3, 5<sup>th</sup> Floor, Indochina Riverside Tower  
No. 74, Bach Dang Street, Hai Chau 1 Ward  
Hai Chau District, Danang, Vietnam

**T:** +84 (236) 351 9051

**E:** kpmgdanang@kpmg.com.vn