

HR Pulse Survey 2019



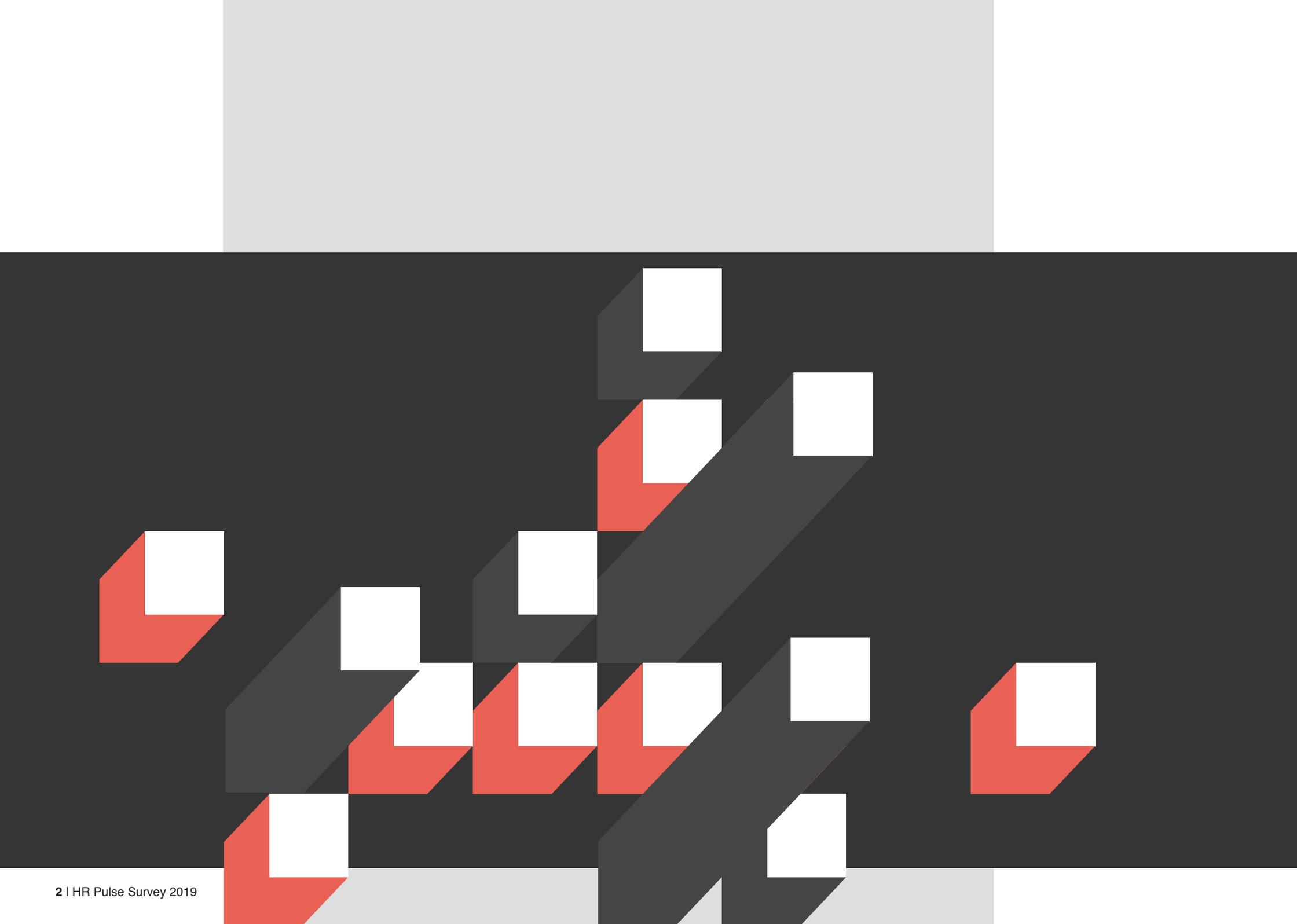


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Executive Summary

The world of work is constantly evolving. Fast-paced changes in technology and workforce expectations are revolutionising the way we work. The HR function has a critical role to play in supporting the digital transformation of organisations and preparing people for the future of work. Although HR challenges such as retaining talent and managing employee engagement appear to be recurring, the HR function needs to prepare for new emerging issues. In fact, the latest challenges impacting the HR function are widespread varying from the synergies between humans and machines to the quest for purpose and flexibility.

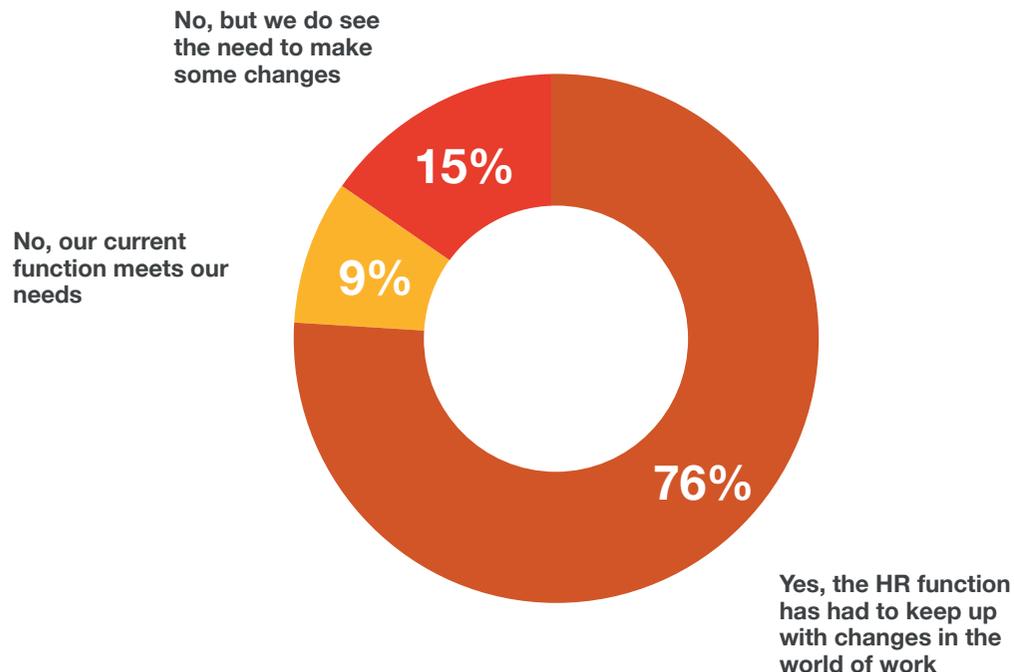
With 73% of organisations at a global level stating that identifying and building future skills created by the impact of technology is important¹, it is essential that HR leaders understand and develop talent through reskilling and upskilling initiatives for their workforce. Additionally, HR needs to be collaborating with IT to accelerate change for the digital age. While 90% of global C-suite executives agree that their organisation pays attention to people's needs when introducing new technology, only about 53% of staff agree.²

Today's working world is bound to bring about a sense of urgency and anxiety in many, given the significance and frequency of these changes.

In fact, managing stress and preventing burnout are amongst the top five global people challenges in PwC's recent study.³ This emphasises another role of HR, that of promoting well-being and enhancing people experience to maximise business value.

QUESTION

Have you been transforming your HR function in recent years?



¹ Secure your future people experience, PwC Global Study
² Consumer Intelligence Series, PwC Global Study
³ Health and Well-being Touchstone Survey, PwC Global Study

Such issues have resulted in the HR function requiring transformation to keep up with new challenges. The results of the survey in fact indicate that 76% of organisations are transforming their HR function to keep up with changes in the world of work, whilst a further 15% acknowledge the need to transform, even though they have not yet embarked on this journey.

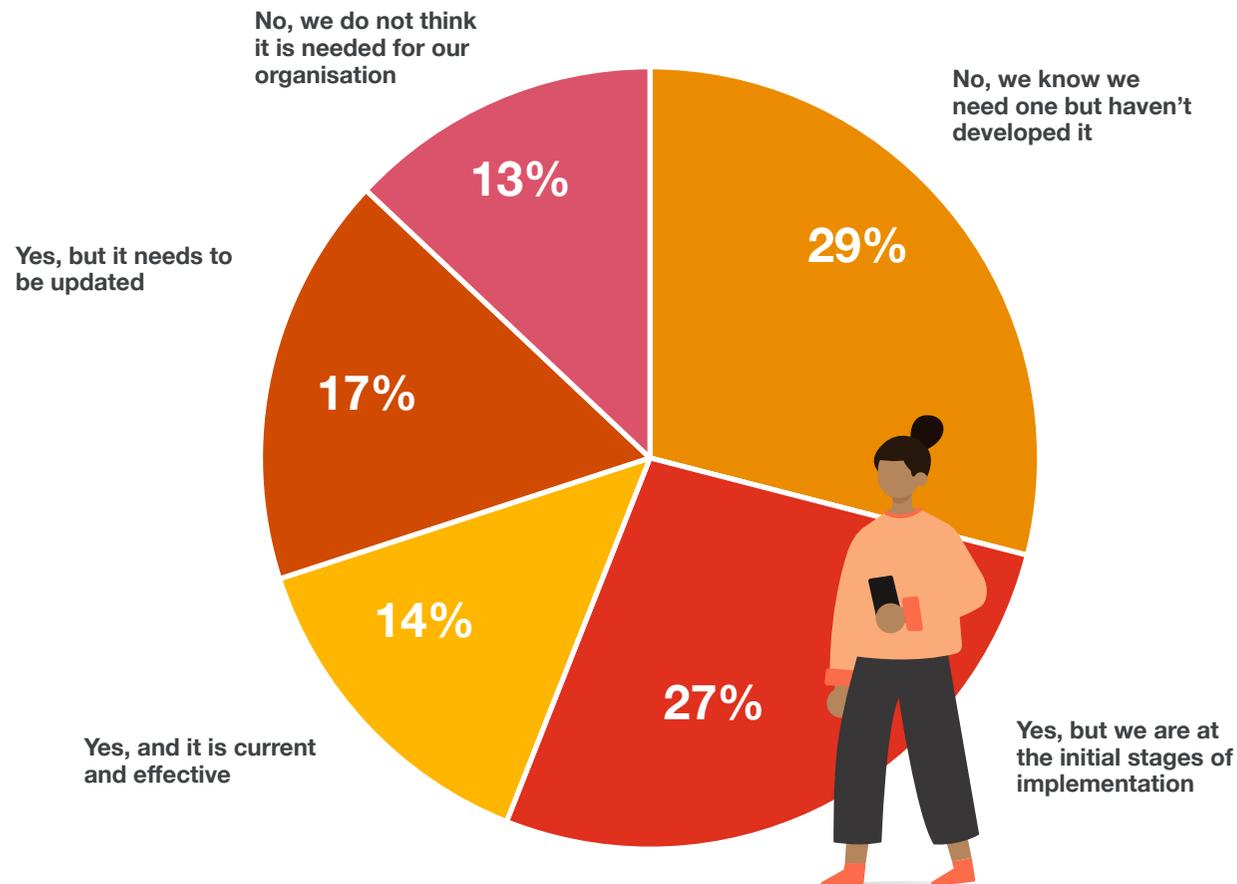
This year's survey gained insight into these varying roles of the HR function, referred to as Talent Cultivator, Digital Accelerator, Business Promoter and Flexible Navigator, to unravel the future of HR.



Talent Cultivator

QUESTION

Does your organisation have a strategy for upskilling and reskilling the workforce for the digital age?



Seeing the HR function as a talent cultivator encapsulates the function's role of understanding and developing talent which is as critical as ever given the skills shifts playing out across different industries. As automation replaces workers in conducting certain tasks it also creates new opportunities for the current workforce which require new sets of competencies. When analysing the situation locally, many are aware of the importance of upskilling and reskilling their workforce. However, more efforts are still required to convert this awareness into a current, fully-fledged strategy and implementation.

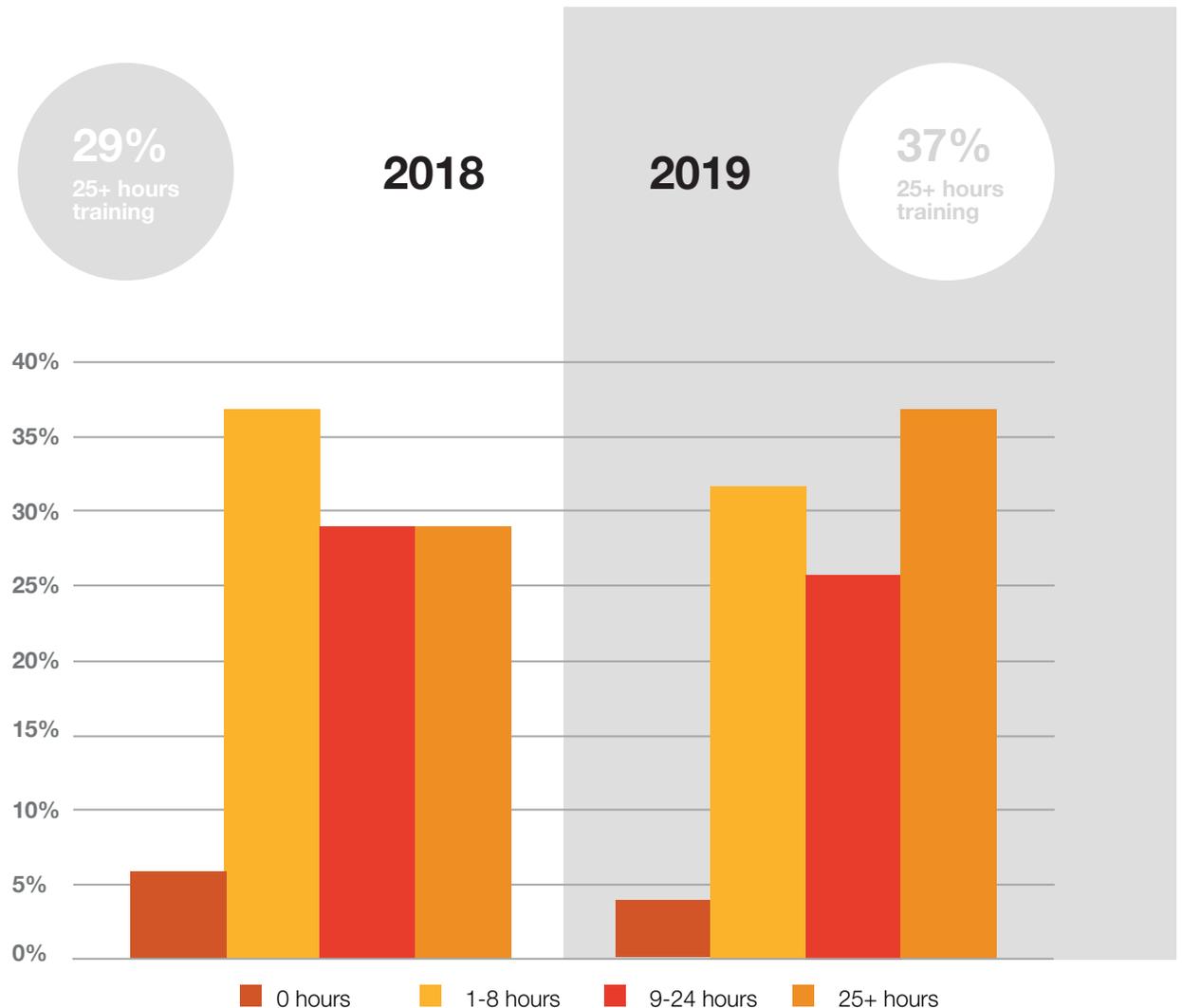
Although upskilling and reskilling strategies need to incorporate more than simply providing access to training, it is important to highlight the evident shift in the number of hours invested in training when compared to last year's results. Results show a decrease in the number of respondents who provided 0 to 24 hours of training per employee annually when compared to 2018 and a considerable increase in those which are offering their employees over 25+ hours of training annually. This indicates that organisations are realising the need to invest more in training their employees.

It is important to note that upskilling is not limited to digital skills. Upskilling also needs to focus on enhancing human skills required for tasks which technology will not replace and to adapt mindsets.

In fact, 2019 survey responses showed similarities to last year's results in that creativity and innovation, passion and drive, and leadership were the skills and characteristics which are most in demand and most difficult to find through recruitment.

QUESTION

How much time do you allocate for training interventions (excluding induction/onboarding training) for each employee on average annually?



Digital Accelerator

The role of HR in collaborating with IT to accelerate for the digital age still requires further efforts locally. HR should be at the forefront of moves towards greater automation and AI, rather than simply responding to changes in technology. Organisations should:

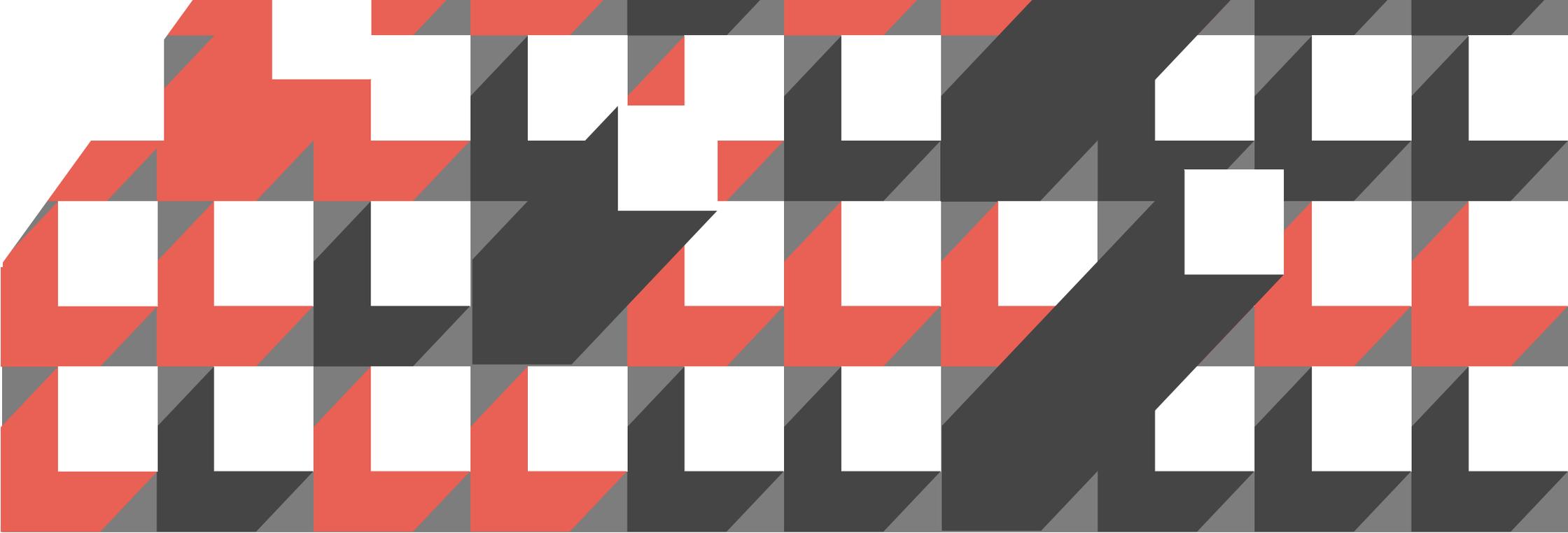
- Develop and demonstrate HR's awareness and understanding of technology and bring HR and business leaders together on the issues.
- Ensure HR is trained to use data analytics to predict and monitor skills gaps in the workforce.
- Ensure HR has a strong influence on the process of mapping automatable tasks.

As seen in the adjacent image, most HR functions do not play a key role in their organisation's digital transformation. Interestingly, while 32% of HR professionals say HR plays a key role in digital transformation, only 17% of non-HR professionals agree.

QUESTION

What is the level of involvement of HR in digital transformation in your organisation?





When asked about the involvement of HR functions in key digital transformation activities related to people, 49% of respondents stated that they were not involved in such activities. The activities in which HR should be involved include aspects such as:

- Mapping areas of repeatable activity and options to automate them;
- Identifying and building future skills created by impact of technology;
- Exploring how robotics and AI can enable entire redesign of human work;
- Understanding potential risks of replacing human work with technology;
- Helping employees who have been made redundant by technology transition to other jobs.

Survey results also indicate that the HR function is not using technology to its full potential:

23%

Maintain an in-depth understanding and insight into the technological landscape

67%

Say they use data analytics in their HR function but it is an area they can do better in

79%

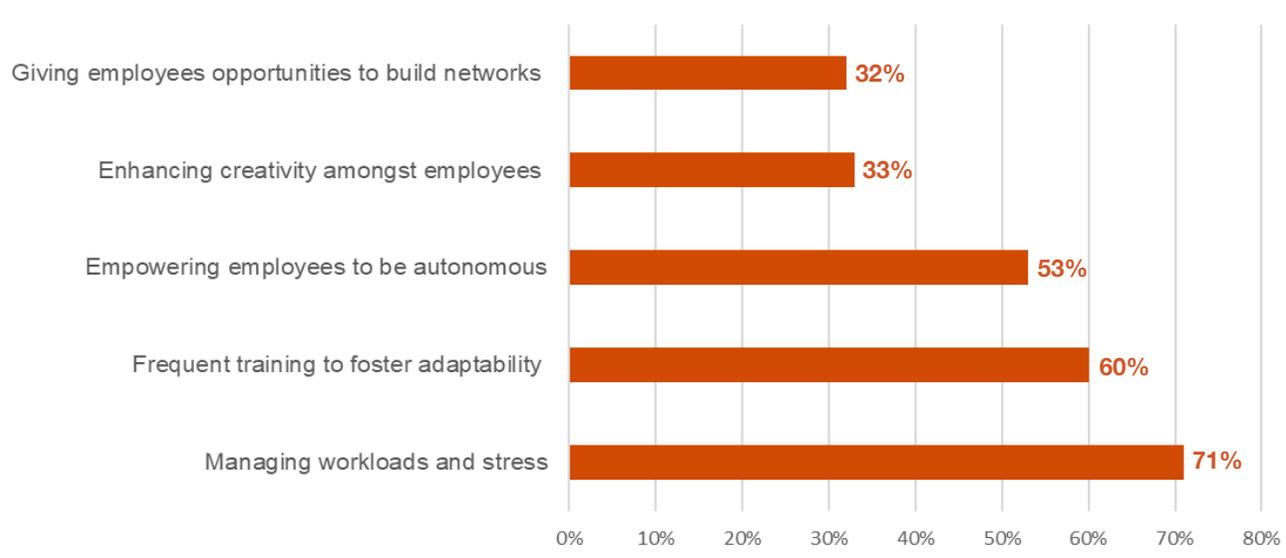
Say they do not use any emerging technologies* in their HR function.

*include augmented/virtual reality, artificial intelligence, internet of things, blockchain, robotic process, automation and chatbots

Business Promoter

QUESTION

Which areas does your HR function give importance to when trying to enhance your people experience?



The HR function's role as business promoter focuses on maximising business value through several initiatives such as enhancing people engagement and performance. One way of achieving this is to focus on the well-being of your people and enhancing their experience. The figure to the left indicates the top areas HR functions are focussing on locally when trying to enhance their people experience.

99%

are investing in work environment initiatives, the most popular being ensuring good lighting, availability of windows and a desk for each employee in the office space.

95%

are investing in social well-being initiatives, the most common being subsidising development and training courses, organising social events to promote healthy lifestyles and offering flexible hours to all staff.

77%

are investing in physical activity initiatives, the most popular being preventive health care checks, discounted gym memberships and physical exercise programmes.

71%

of respondents are investing in mental awareness initiatives, the most common being training and awareness of mental health issues, assistance programmes for mental health and stress management programmes.

Results also give a clear picture that a high percentage of local organisations are investing in well-being initiatives, with work environment and social well-being initiatives being more popular than physical activity and mental health awareness initiatives (left).

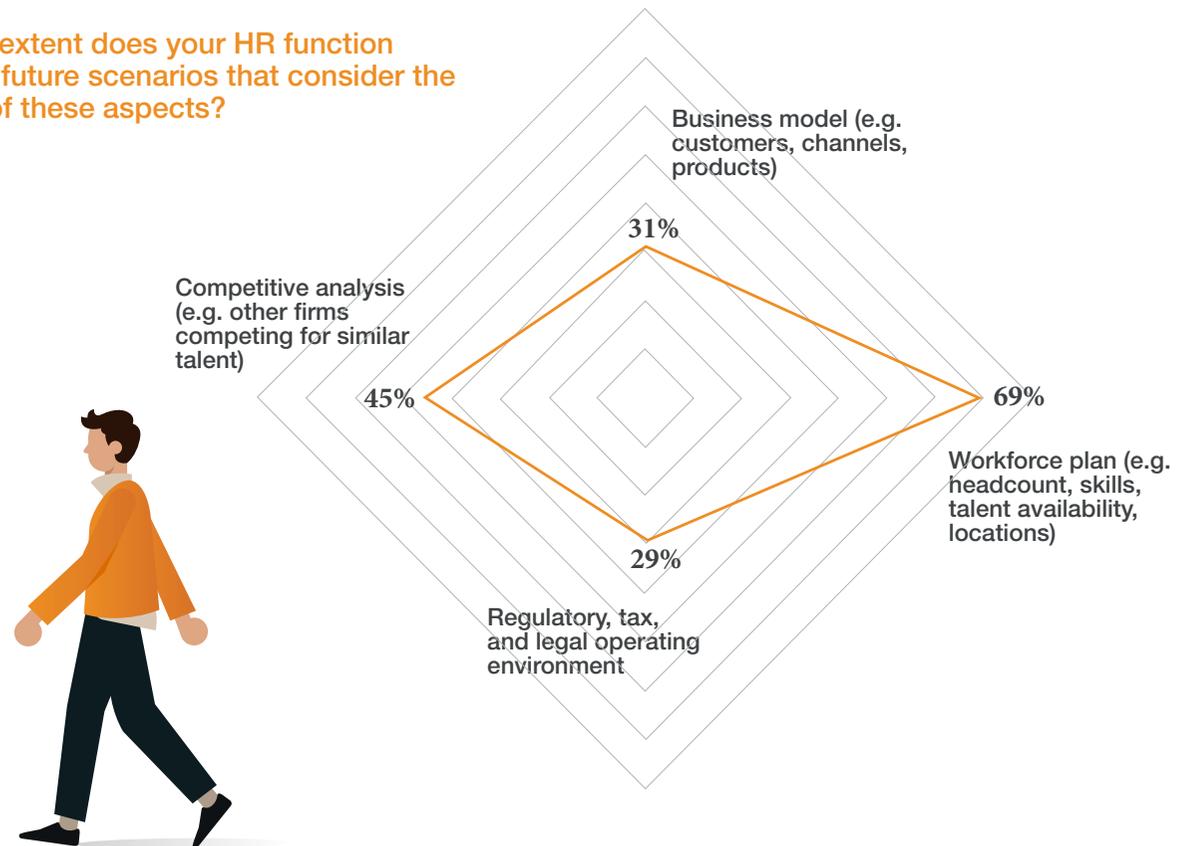
Flexible Navigator

Flexible navigator refers to HR's role of responding to business-led transformation. The HR function plays a critical role, in any transformation undertaken by the organisation, to support particularly on change management. HR must be involved throughout the whole change process, from defining the need for change, identifying the impact on people, developing people, and communicating the changes to be implemented, through the implementation and benefits realisation. Part of this role consists of considering future scenarios that could impact key areas of the organisation.

The results of the survey indicate that the most frequent future scenarios developed by the HR function are the consideration of the impact on workforce planning. This includes aspects such as headcount, skills and talent availability, which is carried out often or always by 69% of respondents. However, when considering the impact of future scenarios on the business model, such as customers, channels and products, the highest number of respondents said this was never done by the HR function.

QUESTION

To what extent does your HR function develop future scenarios that consider the impact of these aspects?



The strategies that have been redesigned by the HR function in the past two years included recruitment (68%), performance management (56%) and learning and development (55%). Despite this clear indication of ongoing transformation, the involvement of the HR function seems to have remained focussed on traditional HR operations. In fact, survey results highlighted how HR is very involved in areas such as retention and recruitment, workforce engagement and the organisation's employer brand. However, the involvement of HR at an organisational strategy level to increase profitability and growth and maximise the return on workforce productivity remains low in comparison. This indicates that there is room for further changes when it comes to the role of the HR function especially if this function is to take more of a strategic role in the organisation.

HR's involvement



Conclusion

Volatility and new demands require the HR function to support and drive business performance from a strategic point of view. There is the need to act now, as this isn't about the far future - change is already happening and accelerating.

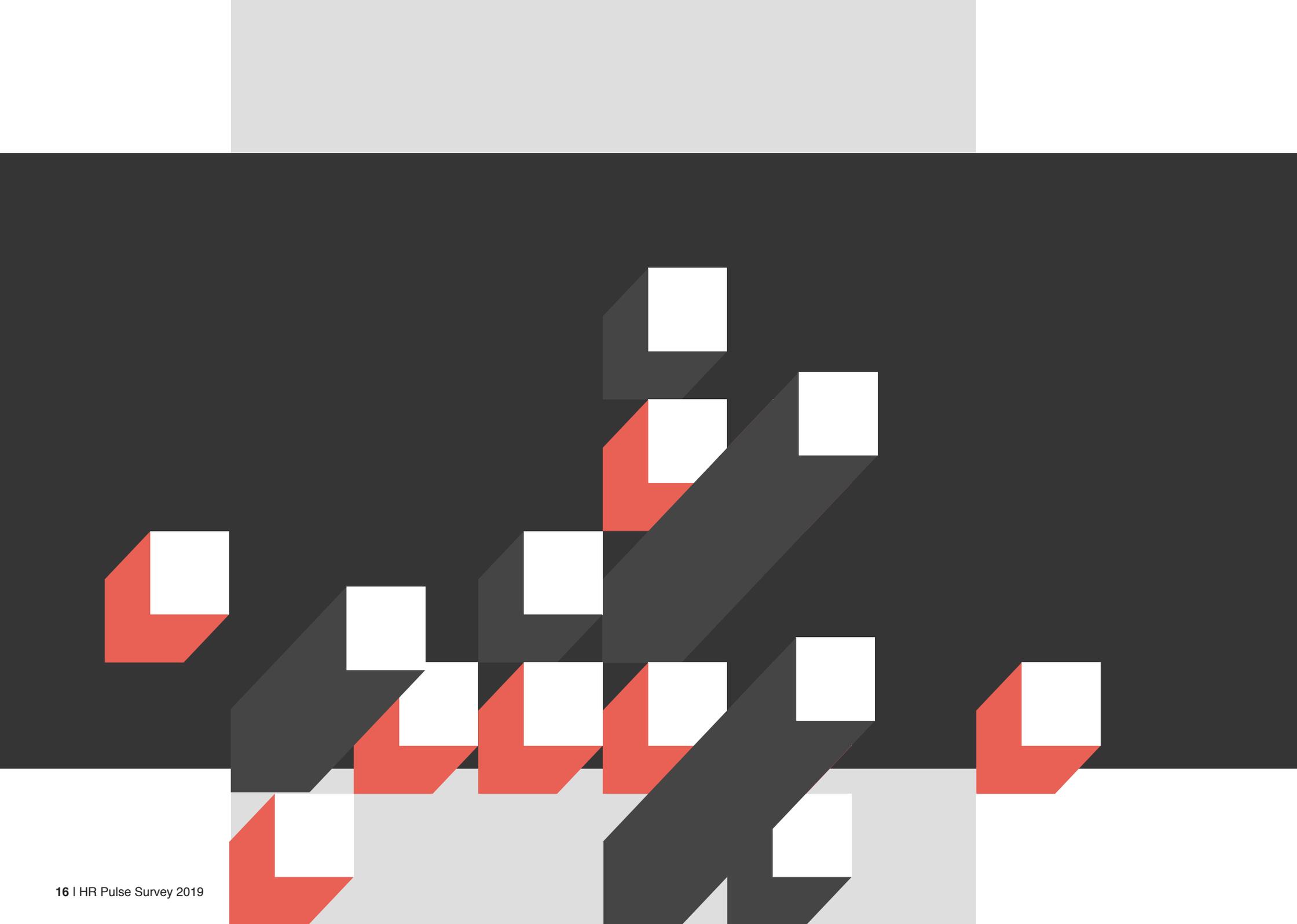
From the survey responses it is evident that organisations have understood the importance of this ongoing HR transformation. However, the HR function continues to not always have a seat at the table when discussing strategic organisational decisions. The HR function should also be more involved in the digital transformation of organisations as it's becoming crucial to prepare people for the digital age. Upskilling and reskilling strategies are also seen as another area for improvement, as although many organisations have recognised the need to set up an upskilling strategy very few have started implementing it. Local organisations are taking increased steps to address well-being and people experience in their organisation which is a positive development within the transformation of the HR function.

Business and HR leaders need to gauge and respond to the changes and prepare their organisations for the future. These leaders must consider if their HR function is ready for the future world of work and consider if they are investing enough in the four elements making up the transformation of the HR function. Doing so, business and HR leaders can successfully re-shape their HR function to support the organisation going through transformative change.

About the Survey

The Malta HR Pulse Survey is a joint annual exercise carried out by PwC Malta and the Foundation for Human Resources Development (FHRD) during the summer months. The initiative aims to gather the thoughts and views of Malta's HR and business leaders on the key HR challenges organisations are facing, as well as priorities for people management in the year ahead.

This year's fifth edition of the survey focussed on the HR Transformation and the re-shaping of the role of the HR function in the future world of work. The 2019 HR Pulse Survey had a record number of participants, with 95 respondents offering valuable insights from a wide-range of professionals and organisations of various sizes and industries. The key results were presented at the 2019 FHRD Conference, 'HR Transformation - Unravelling the Future'.



Contacts



Michel Ganado

Tel: +356 2564 7091
✉ michel.ganado@pwc.com



Claudine Attard

Tel: +356 2564 7026
✉ claudine.a.attard@pwc.com



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