



People Analytics Maturity in the Middle East

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Foreword

Harnessing the Power of People Analytics: A New Frontier for Organizational Excellence

In recent years, the landscape of work has undergone unprecedented disruption. Digitization, the global pandemic, and shifting workforce priorities have reshaped the way we work and highlighted the need for a radical shift among business leaders.

Over the past decade, HR technology has advanced, yet investments in technology have not necessarily translated into insightful decision-making. Organizations are increasingly recognizing the value of data in navigating these turbulent times. We firmly believe that people analytics will emerge as the next game changer, not only for CHROs but also for CXOs, revolutionizing performance improvement, productivity enhancement, well-being management, attrition control, reskilling initiatives, etc.

The Deloitte Human Capital Trends Survey of 2023 emphasized the importance of worker data utilization, with 83% of business leaders recognizing its significance for mutual benefit to both employees and the organization.

Despite the growing emphasis on people analytics, our research indicates that corporate entities within the GCC have yet to fully integrate people analytics at an institutional level.

This gap between the recognized urgency and actual readiness has spurred us to delve deeper into the Middle Eastern market, uncovering several compelling themes:

- 1. Beyond HR Tools:** People Analytics Is More Than Just Charts and Data.
- 2. The People Powerhouse:** Dedicated PA Teams Matter, But They're Still Rare.
- 3. Building on Potential:** Exploring Next-Level Analytics Despite Basic Challenges or Absent Foundations.
- 4. Data Unification and Management:** Connecting and Cleaning Scattered Data Across Disparate and Standalone Systems to Build a Solid Foundation.

Our findings indicate that 73% of organizations are at Levels 1 or 2 of People Analytics maturity, with only 5% of the organizations at Level 4. It is imperative to shift this balance for the benefit of businesses, workforces, and HR professionals.

Embarking on this journey requires a concerted effort to realize the potential of people analytics and demonstrate its impact. Here's how organizations can get started:

- 1. Outside-in Approach:** Define clear objectives to drive data analysis.
- 2. Leadership Buy-in and Data-driven Culture:** Leaders must recognize the value of people analytics and integrate it into the organizational culture.
- 3. Data identification and tool selection:** Determine the data and the right tools to gather, synthesize and analyze the data.
- 4. Building the Right Skills:** Upskill HR teams to be data-literate and collaborate with cross-functional teams.

In conclusion, we hope this report catalyzes organizations in the Middle East to realize the transformative potential of people analytics and embark on a journey towards organizational excellence. Let's harness the power of data to drive sustainable growth, foster innovation, and create a thriving work environment for all.



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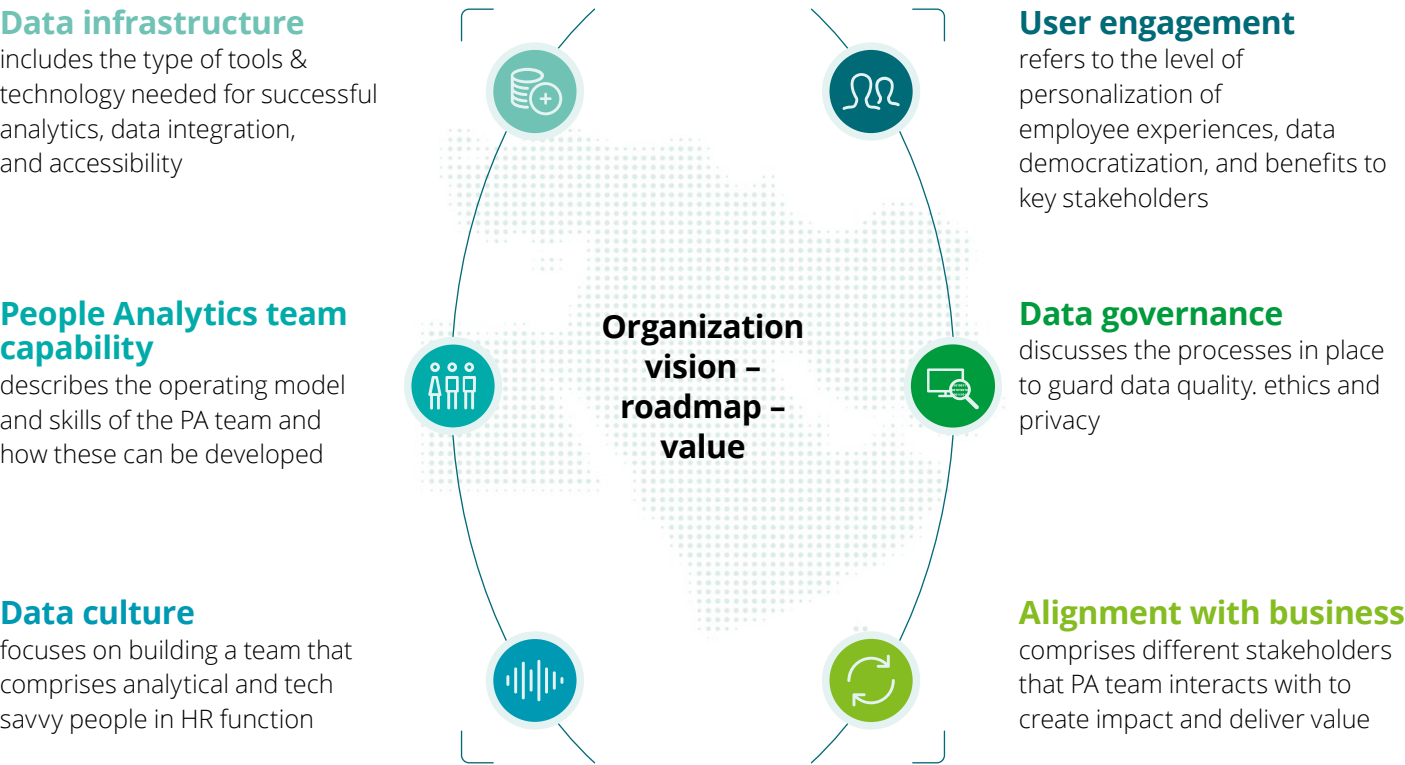
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Deloitte's People Analytics Maturity Model



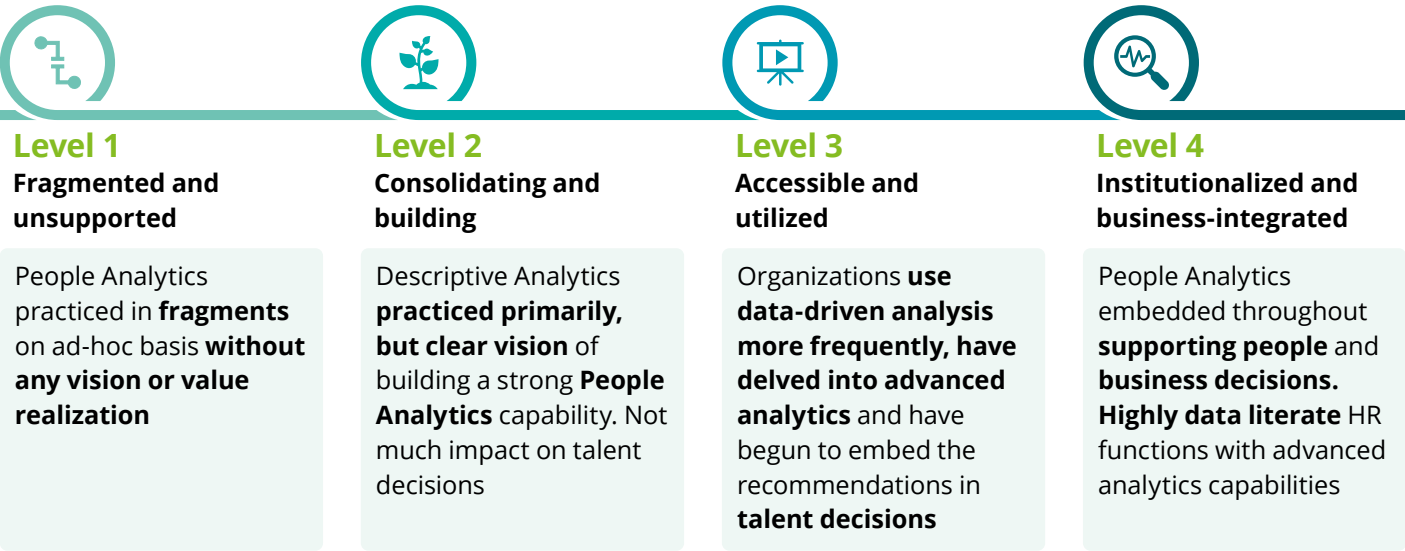
Our research and analysis are based on Deloitte’s People Analytics Maturity Model. The model constitutes of 6 key pillars to identify People Analytics Maturity in an organization.

Fig. 1 Six Pillars for having impactful People Analytics



There are 4 levels of people analytics maturity that consider the entire spectrum of the people analytics capability in an organization.

Fig. 2 Levels of People Analytics Maturity



Key People Analytics Themes Observed



★ Theme 1

Beyond HR Tools: People Analytics Is More Than Just Charts and Data

In today's data-driven world, people analytics has become vital for organizations to gain workforce insights and make informed decisions. Our interviews with GCC organizations reveal that people analytics is now seen as more than just data visualization; it involves interpreting data in the context of organizational goals and challenges. Skilled professionals are needed to identify meaningful patterns and provide actionable insights, which can then be translated into strategic initiatives.

Despite the increasing awareness of its benefits, many GCC organizations are still in the early stages of adopting people analytics. Challenges include fragmented HR data, integration issues, and a strong reliance on traditional HR practices rooted in personal relationships and subjective judgments. Overcoming these barriers requires a cultural shift within organizations.

However, there's a growing recognition of the importance of people analytics in the GCC. As organizations invest in building capabilities and awareness increases, the adoption of people analytics is expected to gain momentum. This will lead to improved talent management, enhanced employee engagement, and better overall organizational performance in the GCC region.

★ Theme 2

The People Powerhouse: Dedicated PA Teams Matter, But They're Still Rare

Although the potential of people analytics (PA) is widely recognized, dedicated PA teams are still uncommon in the GCC region. Such teams are essential for unlocking the value of workforce data and supporting evidence-based decisions. They combine expertise in data analysis, statistics, and HR to design comprehensive analytics strategies, establish data governance, and create tailored dashboards and reports.

However, many organizations struggle to form dedicated PA teams due to several challenges. There is growing awareness of PA's benefits in improving HR decisions and business outcomes, but foundational issues remain. These include ensuring clean, high-quality data and having the right infrastructure and technology for effective HR data management and analysis. Cultural resistance and reluctance to adopt data-driven HR practices also hinder progress.

In the competitive global market, attracting AI talent is particularly challenging for GCC companies due to their relative AI maturity. While attractive compensation packages are important, AI professionals seek growth opportunities, learning, and exposure to innovative projects. Tech hubs like Silicon Valley attract top talent with abundant innovative projects and autonomy. To compete, GCC companies may need to adopt new hiring strategies that emphasize career development and exciting opportunities for AI professionals.

★ Theme 3

Building on Potential: Exploring Next-Level Analytics Despite Basic Challenges or Absent Foundations

Despite limited awareness, scarce resources, and nascent analytics capabilities, our interviews reveal that GCC organizations are eager to leverage advanced analytics. Instead of being discouraged by challenges, they can start by identifying key business questions and determining which data points are readily available. Prioritizing the collection and analysis of relevant data allows organizations to uncover valuable insights and gradually enhance their analytics capabilities.

Investing in foundational elements such as data quality, data governance, and analytical skills development is crucial. With these building blocks, organizations can progress towards more sophisticated analytics practices, including predictive modeling, workforce planning, and prescriptive analytics.

Generative AI, a subset of artificial intelligence, holds immense potential for transforming people analytics. It uses machine learning algorithms to generate new, realistic data based on existing patterns. Generative models can simulate scenarios, predict outcomes, and provide valuable insights into workforce dynamics. However, the adoption of generative AI is complicated by the need for strong data quality and integration foundations. Organizations must address data fragmentation, ensure data privacy and security, and establish robust data governance frameworks to successfully implement generative models. Gen AI will significantly impact organizational operations, enhancing employee productivity and strategic value tasks.

★ Theme 4

Data Unification and Management: Connecting and Cleaning Scattered Data Across Disparate and Standalone Systems to Build a Solid Foundation

High-quality data is integral to the success of analytical initiatives, and this holds true for people analytics as well. It empowers better decision-making, stronger relationships, and a competitive advantage. During our interviews with organizations, a common struggle that emerged was managing data from disparate sources. This siloed approach to data management fosters inefficiencies, as extracting information necessitates extensive manual intervention to reconcile multiple data streams. Consequently, the potential of people analytics is constrained, impeding its ability to deliver maximum value. Organizations leverage their existing HRIS systems (e.g., Oracle, SAP SuccessFactors) and BI tools. While these tools are valuable for reporting, they often fall short when it comes to the in-depth analysis required for people analytics because of incomplete data, inconsistencies, and privacy concerns coming out of obsolete or Fragmented HR information systems. However, incremental improvements can pave the way for a data-driven people analytics culture by optimizing existing systems, prioritizing data quality, and enhancing collaboration with strategic data ownership which would help unlocking the hidden potential of the current tools and lay the groundwork for a robust people analytics culture.

Detailed Findings of the Study

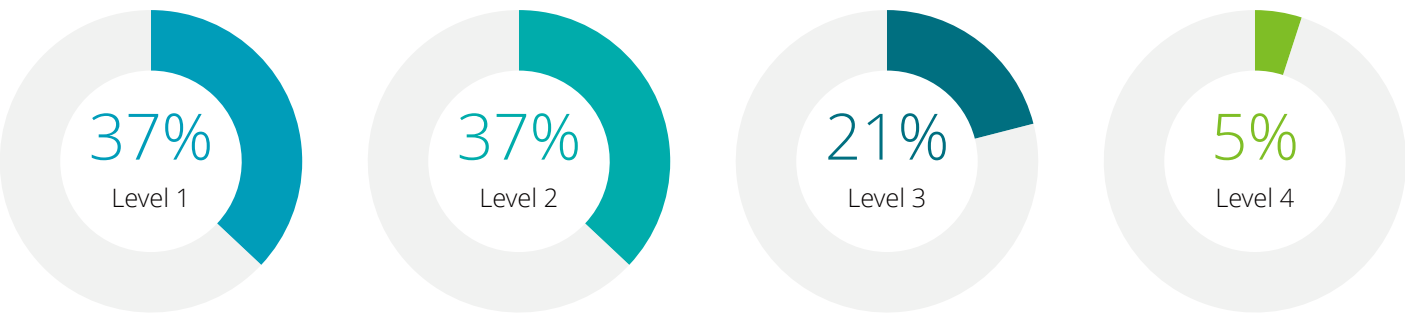


Summary:

Overall findings reveal that a substantial portion of organizations in the GCC region have initiated their journey towards enhancing maturity in people analytics. A notable 37% of surveyed organizations find themselves at Level 1, having just started their journey in people analytics. These organizations are still grappling with the fundamentals and

have yet to fully recognize the competitive edge they can gain for business through effective data utilization. Around 58% of the organizations have progressed to higher maturity levels, demonstrating increased accessibility and utilization of data insights. However, only a mere 5% of surveyed organizations have attained the pinnacle of maturity, where people analytics is fully institutionalized and integral to business decisions.

Fig. 3 People Analytics Maturity in the Middle East

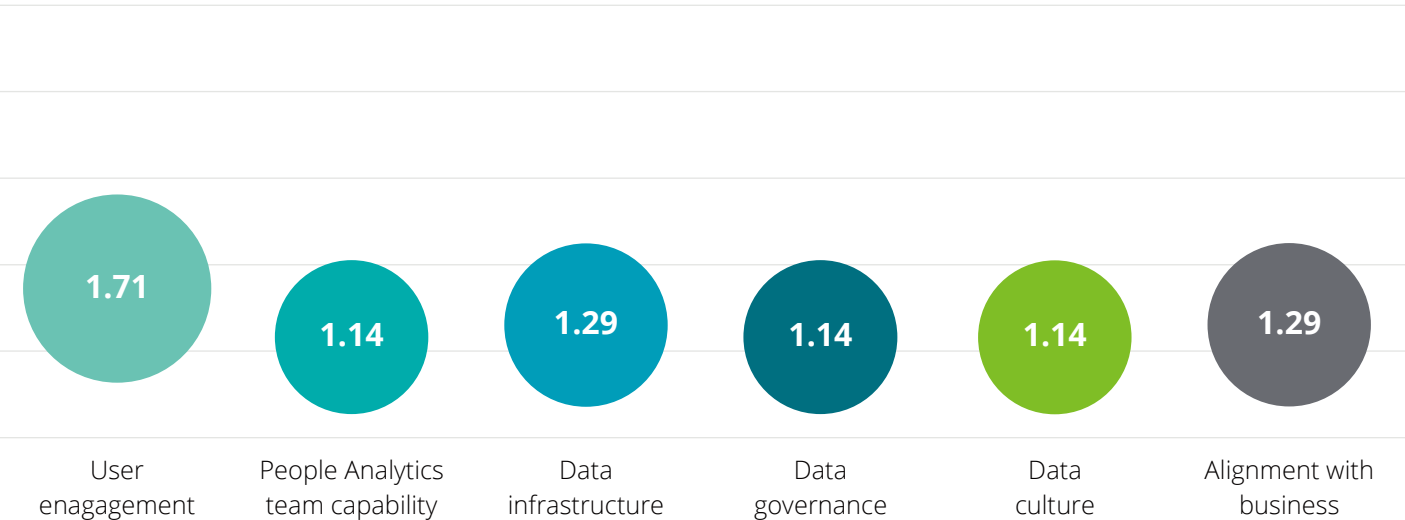


Level 1: Fragmented and Unsupported – 37%

Approximately 37% percent of the organizations covered fall in Level-1 of the people analytics maturity model. Structurally, these organizations suffer from minimal data infrastructure for reporting, relying heavily on fragmented tools like Excel for data storage and basic HR functions, exacerbating the lack of sophistication in data management.

A noticeable absence of a dedicated People Analytics (PA) team further hinders the establishment of a data-driven decision culture. Moreover, challenges persist with low-quality data scattered across emails, raising concerns regarding data privacy and security. The absence of a clear data privacy policy and digital infrastructure for PA underscores the overarching theme of inadequate data management practices.

Fig. 4 People Analytics Maturity Level-1: Average Scores of the Pillars

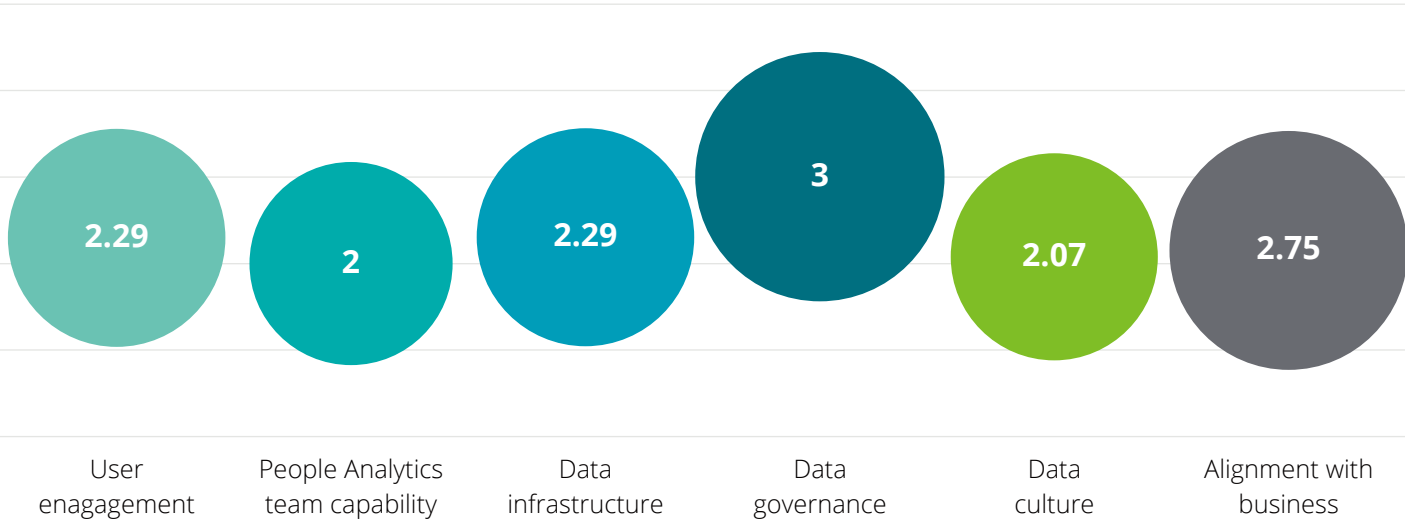


Level 2: Consolidating and Building – 37%

A total of 37% percent of organizations covered fall in Level-2 of the people analytics maturity model. Organizations at Level 2 have embarked on their people analytics journey, prompted by high demand from HR teams and business. While a separate People Analytics (PA) team has been established, there remains a lack of defined job descriptions for PA roles, indicating an evolving organizational structure. Despite multiple platforms existing for each functional area, there is a need for integration to facilitate data-driven decision-making. Efforts towards data cleansing and standardization are in progress, albeit with minimal data governance currently in place. While organizations rely

on existing reports from multiple platforms for decision-making, there is a recognition of the need for a culture shift towards data-driven insights. Although there is a basic understanding of descriptive analytics, the transition towards predictive analytics remains a future goal. Challenges persist regarding data quality and consistency, attributed to the absence of standardized data definitions and templates. While there is progress in managing People Analytics requests, the utilization of datasets primarily focuses on basic reporting. Enhancing data literacy and analytics skills within the team is identified as a priority, aligning with the organization's aspiration to transition towards a more data-driven culture.

Fig. 5 People Analytics Maturity Level-2: Average Scores of the Pillars

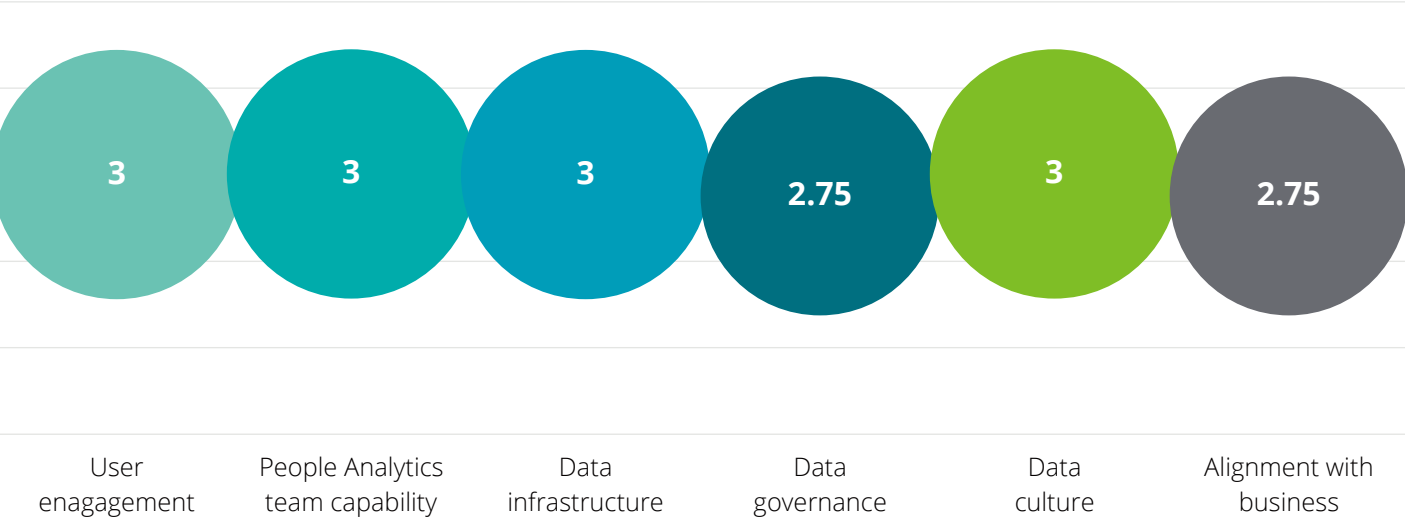


Level 3: Accessible and Utilized – 21 %

A total of 21% percent of organizations covered fall under Level-3 of the people analytics maturity model. These organizations have elevated their utilization of data and insights, embedding them into talent decisions and key people-related business decisions. They have developed dedicated functions, demonstrating a commitment to building their People Analytics capability and centralizing expertise across geographies. Emphasis is placed on adhering to regulatory requirements and ensuring robust

data governance for a seamless user experience. Efforts to strengthen data infrastructure, such as standardizing HR data through SAP programs, enable easy access and distribution of detailed reports across functions. Various crucial reports are generated for decision-making, ranging from recruitment KPI dashboards to advanced analytics dashboards and reports. However, challenges remain in enhancing data literacy across these entities. There are efforts on data cleansing and governance to establish a solid framework for informed decision-making.

Fig. 6 People Analytics Maturity Level-3: Average Scores of the Pillars



Level 4: Institutionalized and Business Integrated – 5%

Only 6 percent of all organizations covered in the study are at Level-4 of the people analytics maturity model.

Organizations at this level have ingrained a robust data-driven culture, evident in the active utilization of analytics application dashboards by top executives for decision-making across the HR function. They exhibit comprehensive analytics implementation, fully integrating systems that link key performance indicators with modules and enable live

predictions. Utilizing advanced tools such as organizational data lakes, they have automated processes like promotions, enhancing operational efficiency. Some of the use cases include personalized training curricula based on employee assessments, personalized remote work experiences, and streamlined attendance management with innovative solutions like UAE Pass face recognition, as well as leveraging the metaverse for enhanced productivity. There is a key emphasis on user-friendly implementation and investment in people and innovation to tackle capability challenges, ensuring seamless adoption of analytics tools.

Way Forward



1. Establish a Culture of Data-Driven Decision-Making for People Data

A culture of data-driven decision-making is foundational to the success of people analytics initiatives within organizations. Leadership buy-in catalyzes fostering this culture, as senior leaders play a pivotal role in championing the adoption of analytics and demonstrating its value in driving strategic outcomes. When leaders prioritize data-driven approaches, it sets a precedent for the rest of the organization to follow suit.

However, leadership buy-in alone is not sufficient; organizations must also prioritize data literacy among employees. Investing in training programs that enhance employees' understanding of data interpretation and utilization empowers individuals at all levels to leverage data effectively in their decision-making processes. This democratization of data ensures that insights are not confined to a select few but are accessible to all stakeholders, thereby maximizing the impact of analytics across the organization.

Integrating analytics into business processes is essential for embedding data-driven decision-making throughout the organization, ensuring that data insights inform both daily operations and long-term planning, thereby fostering a culture that values data as a strategic asset.

2. Enhance Data Identification and Tool Selection to enable People Analytics

Effective data identification and tool selection are fundamental steps in the journey towards leveraging people analytics for organizational excellence. Organizations must begin by defining their data requirements and prioritizing use cases based on their potential impact and feasibility. By understanding the current data landscape and identifying available data sources, organizations can identify opportunities for quick wins and build momentum for their analytics initiatives.

Selecting the right analytics tools is equally important, as it determines the organization's ability to perform comprehensive data analysis, visualization, and predictive modeling. Organizations should invest in advanced analytics platforms that offer robust features for data manipulation, visualization, and insights generation. Additionally, these tools should be user-friendly and accessible to individuals across the organization, ensuring widespread adoption and utilization.

3. Build the Right Skills and Collaborate Across Functions to build People Analytics Capability

Building the right skills and fostering collaboration across functions are essential components of a successful people analytics strategy. HR teams, in particular, play a central role in driving people analytics initiatives and must be equipped with the necessary skills to interpret data and derive actionable insights. While complex analytics tasks may be outsourced, enhancing the analytical and business acumen of HR professionals ensures the success of analytics initiatives and strengthens the HR function's strategic impact.

Collaboration with cross-functional teams is also critical, as people analytics is inherently interdisciplinary. By partnering with HR business partners, data analysts, IT experts, and business leaders, organizations can leverage diverse perspectives and expertise to maximize the impact of analytics initiatives. This collaborative approach ensures that analytics efforts are aligned with business objectives and address key organizational challenges effectively.

4. Focus on Data Quality and Governance for People Data

Maintaining data quality and governance is essential for the credibility and effectiveness of people analytics initiatives. Organizations must implement robust processes for data cleansing, standardization, and validation to ensure the accuracy and reliability of their data. Additionally, establishing clear data governance frameworks that govern data collection, storage, and usage is crucial for mitigating risks related to data privacy, security, and compliance.

By prioritizing data quality and governance, organizations can build trust in their analytics capabilities and ensure that data-driven insights are used to drive informed decision-making. This focus on data integrity also enables organizations to comply with regulatory requirements and industry standards, safeguarding sensitive information and mitigating the risk of data breaches.

5. Continuously Evaluate and Adapt People Analytic Use Cases

Continuous evaluation and adaptation are essential for the ongoing success of people analytics initiatives. Organizations must regularly assess the effectiveness of their analytics efforts and make adjustments as needed to address emerging challenges and opportunities. Embracing an agile mindset enables organizations to respond quickly to changes in the external environment and technological advancements in the field of analytics.

By continuously evaluating and adapting their approach, organizations can ensure that their people analytics initiatives remain relevant and impactful in driving organizational excellence. This iterative process of learning and improvement allows organizations to stay ahead of the curve and harness the full potential of people analytics to achieve their strategic objectives.

Conclusion

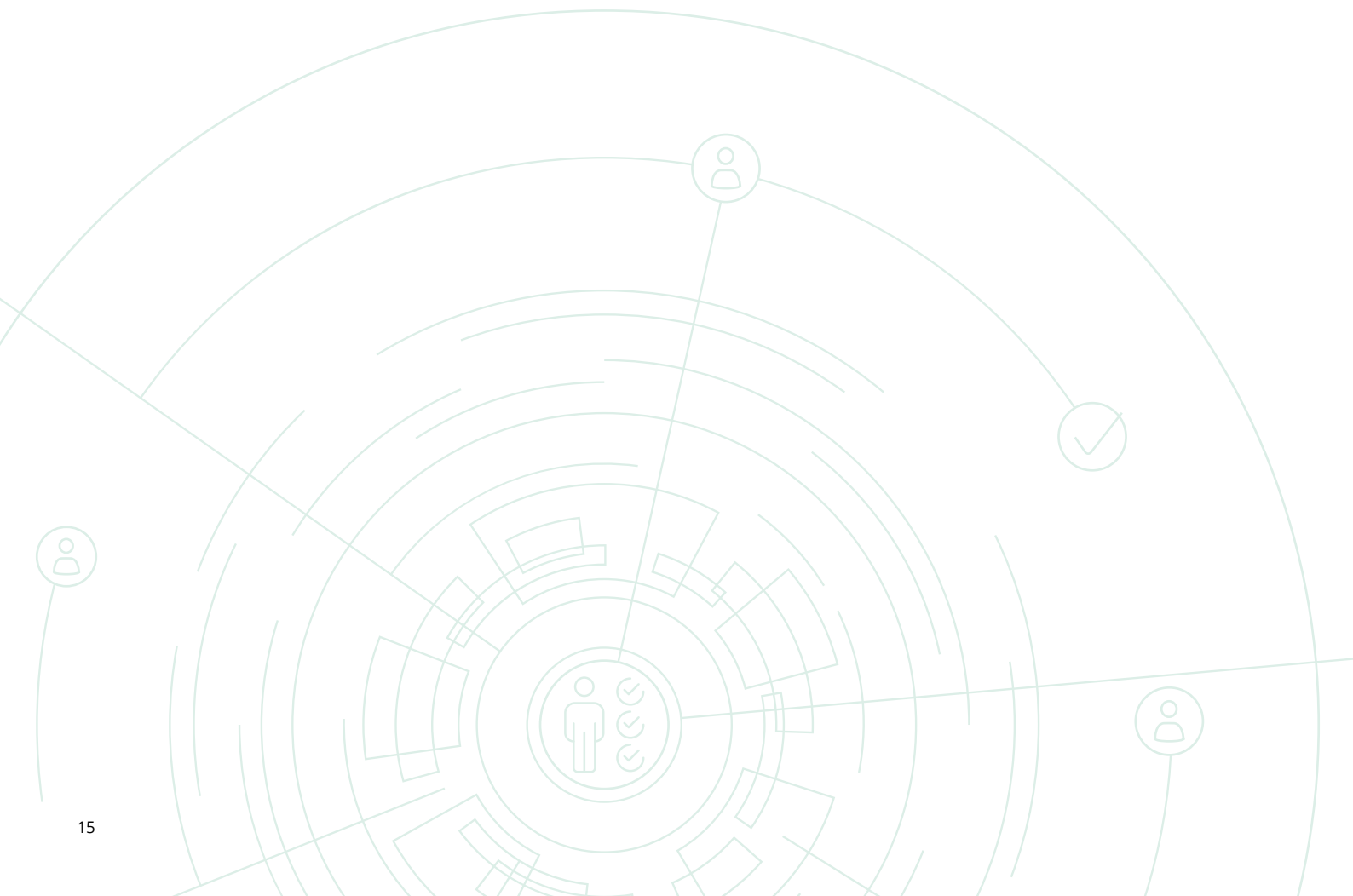
In the past few years post the pandemic, the transformative power of data on business success has become increasingly evident. The uncertainties, evolving work dynamics, and changing expectations of individuals have underscored the need for organizations to adapt and innovate.

During this period, people analytics has steadily gained prominence, with HR leaders recognizing its potential to drive business outcomes. However, despite this growing awareness, many organizations still have a considerable journey ahead to achieve maturity in this domain.

Our study revealed that there is no one-size-fits-all approach to people analytics. Instead, success lies in recognizing indicators such as increased demand from other business functions and a growing need for insights. Additionally, building the right analytics skills internally remains a significant challenge for most organizations.

As organizations transition towards a more people-centric approach, the role of HR becomes increasingly strategic. HR professionals are tasked with quantifying and measuring aspects of people management that were once considered intangible, thus making HR more tangible, quantifiable, and measurable.

Ultimately, people analytics is poised to drive the next stage of evolution for HR, transforming it into a strategic business driver in the years to come. By harnessing the power of data, HR can enhance its effectiveness and contribute significantly to organizational growth and innovation.



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