



# GCC 2020 HR Tech Trends Report

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Last year Informa Connect and The Talent Enterprise research [determined](#) that talent management and the use of technology were the “two most critical trends to watch out for in 2018” in the GCC region. Based on that data we decided to dive deeper, to see just how many companies in the GCC were using HR tech, and for what purposes. We’re offering our exclusive findings here, in the first ever GCC 2020 HR Tech Trends Report.

Our survey results show that 2019 has indeed proven that HR Tech is moving from niche to mainstream in the GCC, with the majority of companies answering positively when asked questions about their interest in adopting HR Tech. The GCC states are poised to digitally transform their HR organizations in 2020; right now is a turning point, with organizations curious and excited about trends such as artificial intelligence but in many cases not yet implementing those technologies. The time is certainly ripe for companies that provide technology solutions to educate and inform.

## A Brief Overview of our Methodology

“Our industry is evolving at a rapid rate. The traditional recruitment model has been transformed into a new model where art and science combine to help establish deep relationships in candidate communities through the power of digital technology, data science and personalised communications at scale.”

– **Chris Greaves, Hays Gulf Region**

Our GCC 2020 HR Tech Trends Report comprises the responses and insights of 194 participants drawn from a wide range of industries and HR roles. Participants have been drawn from companies located across GCC member states, the majority based in the UAE and Saudi Arabia. They represent human resources professionals in diverse sectors, including: oil and gas, energy, healthcare, retail, hospitality & tourism, banking, manufacturing, food & beverage, software, logistics, education and government institutions. This year’s survey consisted of 18 questions designed to discover how the GCC fits into the broad spectrum of emerging trends currently affecting Global HR Tech. The conclusions drawn in this report are based on the collected answers, clarifications, suggestions, proposed strategies and further insights of our respondents.



# 1. HR Tech Strategy: 54% of Survey Respondents Have One

“The need for the most qualified candidates is greater than ever before, so naturally, HR professionals are turning to workforce analytics tools to make smarter, data-driven business decisions.”

– Ghassan Talhouk, Head of LinkedIn UAE, LinkedIn Talent Solutions

HR Tech has definitely acquired a foothold in the GCC, but it still has a way to go. Our survey data shows that the majority of our 2020 survey participants have a formal HR Tech strategy in place – 54.64% , while 45.36% of companies do not have a formal HR tech strategy in place. A good reason for this may be budget, HR tech can be expensive and 70% of our respondees have just 1-25% of their budget to acquire these systems. Another reason is simply that digital transformation has been slow going for everyone, in every industry. A 2018 Gartner study [tells us](#) that “fewer than 20 percent of employers in seven high-skilled economies are prepared to adopt digital workplace technologies”; HR professionals are certainly not immune to this skills gap that’s been brought about by the rapid pace of digitisation.

[Accenture](#) data tells us that there is “\$3.1 trillion of future revenue growth” if companies can successfully unlock employee data, so there is urgency for human resources departments to scale up on knowledge, skills and the software to make that happen.

When we broke down the numbers, we found that for respondents from Saudi Arabia, 62% had a formal HR Tech strategy, while the 56% of the GCC states minus Saudi Arabia (Kuwait, the United Arab Emirates, Qatar, Bahrain, and Oman) have one.

## The Entire Employee Lifecycle, Not Just Recruitment is the Primary Need for HR Tech

Survey respondents were asked for their key focus areas for technology improvement and were able to give multiple responses. At 68.04%, Learning and Development topped the list with Talent Management a close second at 67.53%. While Recruitment did factor strongly it came in third at 64.95%. People Analytics and Employee Engagement tied for fourth place at 47.42%, while Onboarding was a close fifth at 42.27% and Employee Wellbeing at 28.87%. 12% of answers were “other” which included: payroll & benefits, occupational safety, and competency and performance management.

This was surprising, as the “shiny new toy” of HR Tech is often seen to be [recruitment](#). However Talent Management makes perfect sense, as the term is a catch all which includes recruiting, onboarding, developing and retaining. It’s also a sign that organizations are keen to have an all-in-one solution, as opposed to using tech piecemeal for specific challenges.



Learning and Development and Talent Management being so popular is in line with the fact that saving money on employee retention is the real prize to be achieved from HR tech. Financially, hiring an employee costs a company around [\\$4,000 to \\$16,000 per employee](#), while losing an employee has the tidy sum of 6-9 months of their salary. To give an example, losing an employee who makes \$60,000 would [cost a company \\$30,000 to \\$40,000](#) (I'm not sure if stats reflect the region). The [Hays 2020 GCC Salary & Employment Report](#) showed that 52% of GCC employees "expect to start a new job with a new company in 2020" with "the main reason... to increase their salary"; with such a competitive market employee retention is especially crucial.

The GCC is wise to invest in HR tech not just for financial reasons, but in order to adapt to its changing workforce. Hessa Al Ghurair [explains](#): "the Middle East and North Africa (MENA) region's population will increase by more than a quarter by 2030 and the majority of that population will be prime working-age as nearly half the existing population are under the age of 25." The quote below further emphasizes the importance of HR Tech to this up and coming demographic.

"The (Middle East) is heavily invested in the digital age—particularly among consumers. In the United Arab Emirates, 70 to 80 percent of the population is carrying a supercomputer in their pocket, placing the country in the top ranks of global smartphone penetration. On this metric Bahrain, Qatar, and the United Arab Emirates score higher than the United States (100 percent vs 80 percent)."

– **Digital Middle East: Transforming the region into a leading digital economy** Digital/McKinsey

## 2. AI Is Considered to be the Most Trending Technology, but Fewer than Half of Organizations are Using It

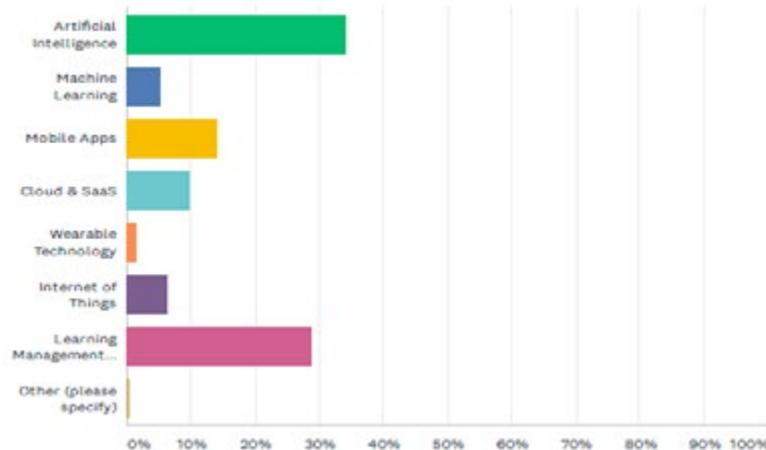
"I think it's clear most business executives now recognize the value AI brings to their organisations, however when you take it down to a department level, HR is unfortunately still often overlooked. It is now up to the HR leaders to demonstrate the benefit of this incredible technology by focusing on the areas where impact will be greatest. We've certainly seen an uptick in AI adoption over the last few years but still only about 20% of HR departments globally are using AI-based solutions according to a 2019 Gartner report. HR after all is about people, this is what we do, and the fact that we are sitting on all this data and not using it to create new personalization strategies, improve data-based decision making and enhance the employee experience at large, is a lost opportunity. In our new world where data is king, HR has never been more important or strategic than it is today."

- **Dena Almansoori, Founder & CEO, WhiteBox HR**



### Q8 According to you what is the most trending technology for Human Resources?

Answered: 194 Skipped: 0



When asked “What is the most trending technology for human resources?” the respondents were given these choices: Artificial Intelligence, Machine Learning, Mobile Apps, Cloud & SaaS, Wearable Tech, Internet of Things, Learning Management Systems & e-Learning. Not surprisingly, AI topped the list at 34.02%, with Learning Management Systems & e-Learning at 28.87%, Mobile Apps 13.92%, Cloud & SaaS 9.79%, IoT 6.19% and Machine Learning 5.15%. A big surprise was the lack of interest in wearables, just 1.55% of survey respondents listed that as a trend. [Deloitte](#) tells us that: “The global market for enterprise wearables—including smart watches, smart glasses, hearables, and exoskeletons—is expected to grow 41 percent annually to exceed US\$60 billion in 2022” so it’s noteworthy to see an absence of interest here.

AI in HR is an absolute game-changer. AI is a 'win:win' promising to drive performance and efficiency for the organization and provide a more personalized, superior experience for candidates and colleagues. However, as a function, HR is a little late to the party (when compared with other business functions).

– **Hannah Matta, Senior Director - Talent, Learning & Culture | Diversity, Inclusion & Belonging, Careem**

While AI is seen at the most trending technology, just 41.75% of organizations in our survey are using it. AI use in organizations still in many ways in its infancy; there are a great deal of challenges when it comes to implementing this technology. The [Gartner 2019 Artificial Intelligence Survey](#) tells us that “more than one-third of the HR leaders Gartner surveyed report the same three key challenges when deploying AI: funding... security and privacy concerns... and the complexity of integrating AI into in-house infrastructures.”

Companies surveyed in our study that are successfully using AI are predominantly applying it to Learning and Development efforts – 20.62%, along with Employee Self Service 17.53%; Recruitment is a close third at 17.01%. Other uses for AI are Talent Management at 12.37%, and Chat Bots 8.76%.

Once again we were somewhat surprised to find Learning and Development beat out Recruitment,



as AI for recruitment has been dominating the media lately. In a [Korn Ferry survey](#) of 777 Global Talent Acquisition Professionals, 69% said that AI helped them source higher quality candidates. Pieter Schalkwijk, Director Talent Acquisition International (EMEA, APAC, LATAM) for The Kraft Heinz Company uses a synthetic intelligence tool called Pymetrics; interviewed in [Fortune](#), he explained AI's immense value, specifically for diversity and inclusion. Maria Aspan writes: "before the use of Pymetrics, Kraft Heinz recruiters tended to scan résumés searching for top-tier universities. Now, Schalkwijk says, 'it doesn't matter if you're from Cambridge.'" Lack of diversity at organizations has begun to [hit company pocketbooks](#) – for example Goldman Sachs recently announced they will not help companies go public that don't have at least one woman Board member. We may someday see diversity be as much a need as employee retention, making AI all that more crucial. One thing to note, however, is that AI is no magic bullet when it comes to diversity and inclusion. Hannah Matta, Senior Director - Talent, Learning & Culture | Diversity, Inclusion & Belonging, Careem explains: "While AI promises more efficient, fair and objective people decisions, HR leaders must be cognizant of the potential to introduce or perpetuate bias in machine learning. Ethical AI implementation should be central to every HR tech strategy."

Gartner just came out with their [2019 Artificial Intelligence Survey](#), finding that "Seventeen percent of organizations use AI-based solutions in their HR function and another 30% will do so 2022." These numbers citing AI usage in HR are lower than other surveys we have come across, including our own of GCC countries and [Mercer's Global Talent Trends 2019](#). In [Mercer's Global Talent Trends 2019](#) report, their data found that: "Eighty-eight percent of companies globally already use AI in some way for HR, with 100 percent of Chinese firms and 83 percent of U.S. employers relying on some form of the technology." We're not sure why the numbers are wildly different – Gartner's 17% to Mercer's 88%, but we're glad our numbers are somewhere in the conservative middle.

**"AI is rapidly becoming a standard feature of almost all HR technology platforms. It's still early days to make sure the AI works well, but all vendors are building these capabilities into their offerings."**

**– Josh Bersin, Global Industry Analyst**

When we isolated specific countries in the study, we found that for respondents from Saudi Arabia, 58% were utilizing AI. In our [GCC Compensation and Benefits Employer Trends 2019](#) Report, we wrote: "The fastest AI growth is predicted in the UAE, followed by Saudi Arabia. The UAE Strategy for Artificial Intelligence forecasts that Dubai will become a world leader in AI by 2031, generating up to US\$90 billion in extra growth." 2019 the UAE launched a national strategy for artificial intelligence. Since our survey is based on 2019 data, we cannot expect to see the impact yet, but out of curiosity we isolated the UAE respondents, and their usage of AI was 35%. When we grouped all of the GCC states minus Saudi Arabia (Kuwait, the United Arab Emirates, Qatar, Bahrain, and Oman) their AI usage was 45%.



### 3. People Analytics: 67% Use Them or Plan on Using Them in the Future

The statistics coming out of case studies from organizations who use “People Analytics” are convincing: a study by Ray Reagans, Ezra Zuckerman, and Bill McEvily estimated that if 30% of project teams at a major firm changed who they interacted with and shared information with “it would [save more than 2,200 labor hours in 17 days](#)—the equivalent of completing nearly 200 additional projects” while in another Credit Suisse [saved \\$70,000,000](#) when they got predictions of who might quit. However like AI, data analytics is one of those activities that everyone wants but no one does. A [Deloitte](#) study tells us that “More than 70% of companies now say they consider people analytics to be a high priority” yet it also asserts that “only 9% of companies believe they have a good understanding of which talent dimensions drive performance in their organizations.” [Tata Consultancy Services](#) found “that just 5% of big-data investments go to HR”. Some of this is due to the newness of IoT (the internet of things) and digital transformation. For example, Deloitte tells us that 90% of Global companies “are exploring or designing the organization of the future” yet when it comes to implementing such new technologies as AI, HR is largely being left out - only [4% of HR organizations at companies are leading such efforts](#). Organizations with HR departments that are successfully applying tech such as AI have a close relationship with IT. [Gartner](#) research verifies this: “41% (of organizations) highlight a close collaboration between IT and HR as one of the top three reasons for their success.”

HR and the Information Technology department is not the only disconnect; new [Mercer](#) research shows that the majority of Executives - 73% - do not believe that investing in Employee Experience (EX) will bring a business return. For HR, EX is their highest priority. Mercer advises HR needs the C-Suite to get on board because: “companies with high EX ratings have twice the innovation and customer satisfaction compared to their lower-rated peers.”

Of our survey respondees 20.62% say that they are using People Analytics, and 46.39% have plans to use them in the future. Just 30.41% of respondents say they are not using this sort of data at all. Breaking that down to compare GCC (minus Saudi Arabia) vs. Saudi Arabia it’s about the same – 67% of GCC organizations are using People Analytics or plan on using them in the future, while 65% of Saudi Arabian organizations are doing the same.

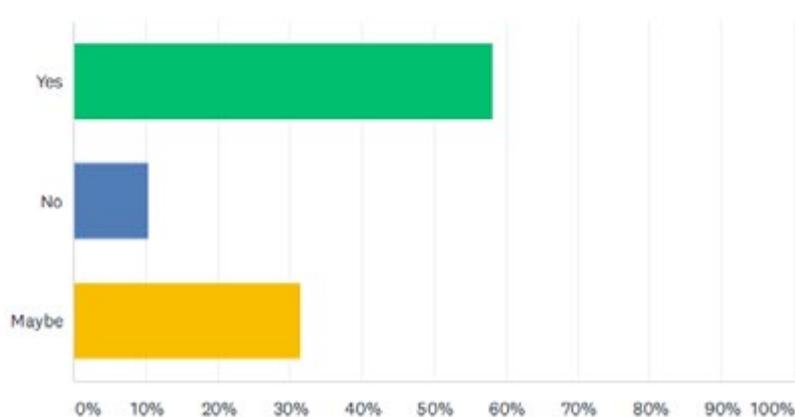
## 4. HR Tech in GCC: Spending for 2020

"I may be considered an optimist but I do believe we are witnessing the beginning of an exciting new way of working in the MENA region. Once monitored and used ethically, the advancements of M2M learning, the internet of things and AI has the potential to remove monotonous tasks from our daily lives and routines. Whilst many may fear this leads to the removal of jobs, I see it as an opportunity for reskilling and focusing on what matters; modernised leadership, employee experience and a stronger focus on the Humanities. Having worked in developing countries, what separates this region is that all of the technology has the required infrastructure and backbone to actually work. Investment in high speed fibre optics and 5G are helping to bring this vision to reality for the UAE."

– Joseph Hayes, the Director of Learning & Development Planning at Etisalat

Q9 Are you looking to implement some kind of technology for your HR function in the next 12-18 months?

Answered: 194 Skipped: 0



In our survey, 58.25% were planning on implementing some sort of technology for their HR function over the next 12-18 months, while 10.31% do not have a plan to do so, and 31.44% said "maybe". This is in line with around 54% of companies having a formal strategy. When we isolated some of the countries, numbers were similar. 92% of companies in Saudi Arabia were either definitely or potentially going to implement HR Tech in the next 12-18 months, while 90% of the other five GCC countries had similar plans.

All of the survey respondents plan on investing money in their HR departments over the next year, with 9.28% planning on spending \$100,000 or more, 5.15% \$75,000-\$100,000, 23.71% \$25,000 to \$75,000 and the overwhelming majority 61.86% just \$1,000 to \$25,000. The trend here – of the largest group devoting the least amount of budget - is repeated when we asked what percentage of their HR budget was devoted to technology. 69.07% were in the 1-25% range, 21.03% were spending 26-50% of their budget on tech. 6.7% are spending 51% to 75% and 3.09% are spending 76% or more of their budget on tech.



When we pulled out the GCC countries and separated Saudi Arabia by itself, we saw that 8% of Saudi companies were spending 75% or more of their HR budgets on tech, 13% spending 51%-75%, 8% were spending 26-50%, and 71% were spending 1-25% of their budgets. For the GCC states minus Saudi Arabia (Kuwait, the United Arab Emirates, Qatar, Bahrain, and Oman) we see just 1% spending 76-100% of budget, 8% spending 51-75%, 25% spending 26-50% of budget, and 66% spending 1-25% of budget,

We dove a little deeper to ask respondents if their solution was in-house or not and what enterprise tech companies they were using for their human resources needs. 51.55% were using a cloud-based HR solution, 11% an in country based cloud solution, 26.8% an on-premise solution. 24% seemed to be using a combination of all, while 8.25% were using "other" which was mostly those who were not using any tech.

"I think there are two things that are becoming quite clear in HR Tech space generally. One – the continued R&D into AI, Machine Learning and automation technology will only accelerate. The cloud and subscription based models will move existing and new clients to adapt and adopt these types of roadmaps almost by default. Everyone better get ready to create more digitally savvy HR organizations that can change ways of working quickly, not in years but in months. Two – From what I have seen in the region specifically, there is still a high emphasis on operational and tactical HR work often executed with heavy manual input and a lot of people involved. Given the challenges in the world economy and the need for HR to modernize – I believe there will be an even stronger appetite for HR effectiveness and continued transformation. I think this trend has been accelerated by the SaaS giants in HR and I think it will now go even faster via AI and Machine Learning capabilities."

– **Andreas Binnmyr, HR Transformation and Technology Leader, Al-Futtaim**

## SAP, Oracle and Microsoft Dominate the Field in GCC

23.20% of those surveyed said they were working with Microsoft for their HR technology, with SAP a close second at 22.16% and Oracle third at 21.13%. IBM take up 3.09% of their business while SABA is used by 1.3% of survey respondents. Almost 30% use "other" which includes quite a diversity: VB.Net, Odoo, Workday, Payspace, Amanat HRMS, INNOWORK, MENA, Excel, Beneple, JobAdder, Totara Learning, People365, Exceed365, BambooHR, Menaitech, Filemaker, Area9, Excel, Next Juggernaut, AWS, ZenHR, Exactly, Mambo and Adrenalin. A handful were using in-house solutions, and a few are actively seeking a new solution. ( Better to run this by Ben to confirm if he wants this in the report, we added this question more so for us to know companies that we can reach out to)

Globally, HR Tech is currently a [\\$148 Billion market](#). While SAP and Oracle are dominating the space right now in the GCC, don't be surprised if GCC's next big HR Tech solutions come from MENA; late last year Mubadala, Abu Dhabi's state investor, [announced](#) "two new MENA tech funds that will invest \$250 million in start-ups from the Middle East region". Mubadala's vision is for tech to increasingly replace oil in the UAE states as their economies evolve; their very first investment in new Middle East-focused funds was Bayzat, a company that automates HR administration.  
Extra Sources:



## HR Tech and COVID-19: What Will the Future Hold?

Due to COVID-19, early this year an unprecedented disruption to “business as usual” hit the Globe. In the UAE for example, about [70% of the workforce](#) were restricted to their homes to stem the outbreak starting in March of this year. Working from home is not surprisingly one of the hottest topics around this “new normal” of coronavirus, as businesses around the Globe have been forced to close their offices. From [recruitment](#), to keeping employees [calm, engaged and productive](#), Human Resources have become more crucial to businesses than ever before. [The Economist](#) went so far to say that: “In a pandemic, (a Corporate HR Chief), can make or break a company.”

HR departments have been called upon to retain a sense of normalcy and connection. [Michelle Davies](#), Vice-President of People at Phrasee explains: “Everyone’s been in panic mode, whether it’s fears over losing their job or that they weren’t able to buy toilet paper. But it’s not just about communicating with people formally about business matters. In the office, people have lots of informal connection points, so we’ve tried to recreate that virtually as you have to try and keep things as normal as you can.” Human Resources consultant and researcher Rada Hrouf of Jordan, was quoted in [EuroNews](#): “With COVID-19, we discovered the need for a more ‘human touch’ in all that we are offering. This is what customers are asking for, it is what employees are craving, to keep their engagement levels [up], and to keep their productivity levels as high as possible.”

Prasad Rajappan CEO and Founder, Zing, [writes](#): “The HR function along with the businesses at large have found that HRtech is the best bet during these testing times to improve the team collaboration, productivity and keep achieving the business outcomes”. Indeed HR Tech has become a critical tool in maintaining calm and continuity for workers during the COVID-19 pandemic, in many cases work has become a lifeline to people who are isolated from their friends and families. Fun virtual activities such as pub quizzes, online fitness classes and after-work gatherings provide team-building and help alleviate the multiple stresses that the current pandemic has brought to people’s lives.

Working from home for the most part has been a positive experience for many employees. A [Forbes Middle East](#) study found that: “More than three quarters of respondents work as well or better at home, with 42% saying that they are just as productive working at home as they are in the office, and 34.3% saying that their productivity has increased while working from home.” Their study concluded that: “working from home is likely to continue, even after the health risks are reduced, as respondents feel that productivity is better at home than in the office.” Abdelrahman Shaath, an engineer in Abu Dhabi expressed [his thoughts](#) on working from home: (It has) “reduced my travel costs to work and I don’t have to order food from outside... At the same time, it has increased my productivity level.” In Saudi Arabia, HR employee Nawaf M, whose team is working from home as of this writing (June 1 2020 ) explained that he missed the office to [Arab News](#): “I don’t like working from home. I feel like the office atmosphere is so important to maintaining a sense of professionalism and producing results.” It is [reported](#) that US companies from Twitter to Nationwide have made remote work permanent; it will be interesting to see if others will follow suit, and if this will set about a chain reaction globally.



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