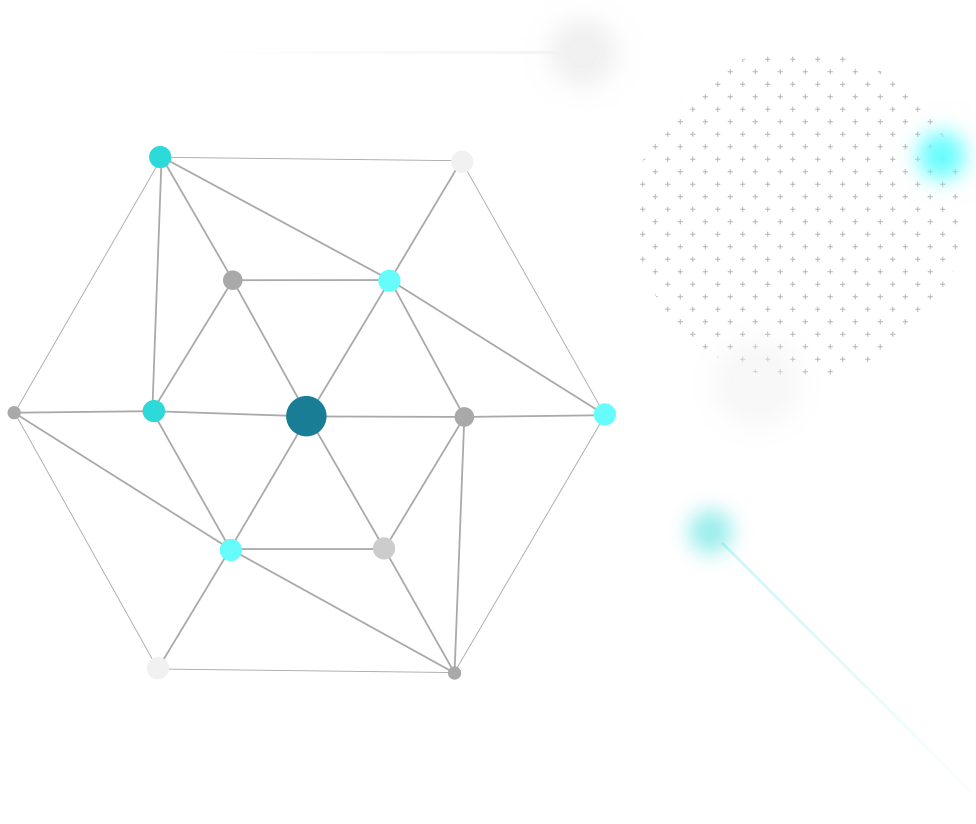


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Chief people officer focus: How CPOs in the Middle East are evolving the HR function

As the competition for talent heats up in the Middle East, companies are seeking greater alignment between their business goals and people priorities and are repositioning their HR function closer to the decision-making center. Insights from HR leaders across the region highlight key focus areas and competencies to succeed.





Companies in the Middle East are experiencing what one chief people officer in the region described as “quantum growth,” emphasizing a level of transformation unprecedented in recent decades. To understand where the human resources function is ready to drive transformation and where it needs to evolve further, we surveyed 70 HR leaders in the region¹ and conducted four in-depth interviews, in addition to our ongoing conversations with HR leaders.

Overall, leaders rate their performance highly on engagement and culture, HR operations, and rewards and benefits. They are less confident about areas such as organizational design, talent management, and talent acquisition. Yet the latter set of HR functions are among those most helpful to align HR strategy with business strategy and to best support transformation, as well as other strategic goals. The HR leaders we talked with are clear that improving these functions will create a critical competitive advantage for organizations.

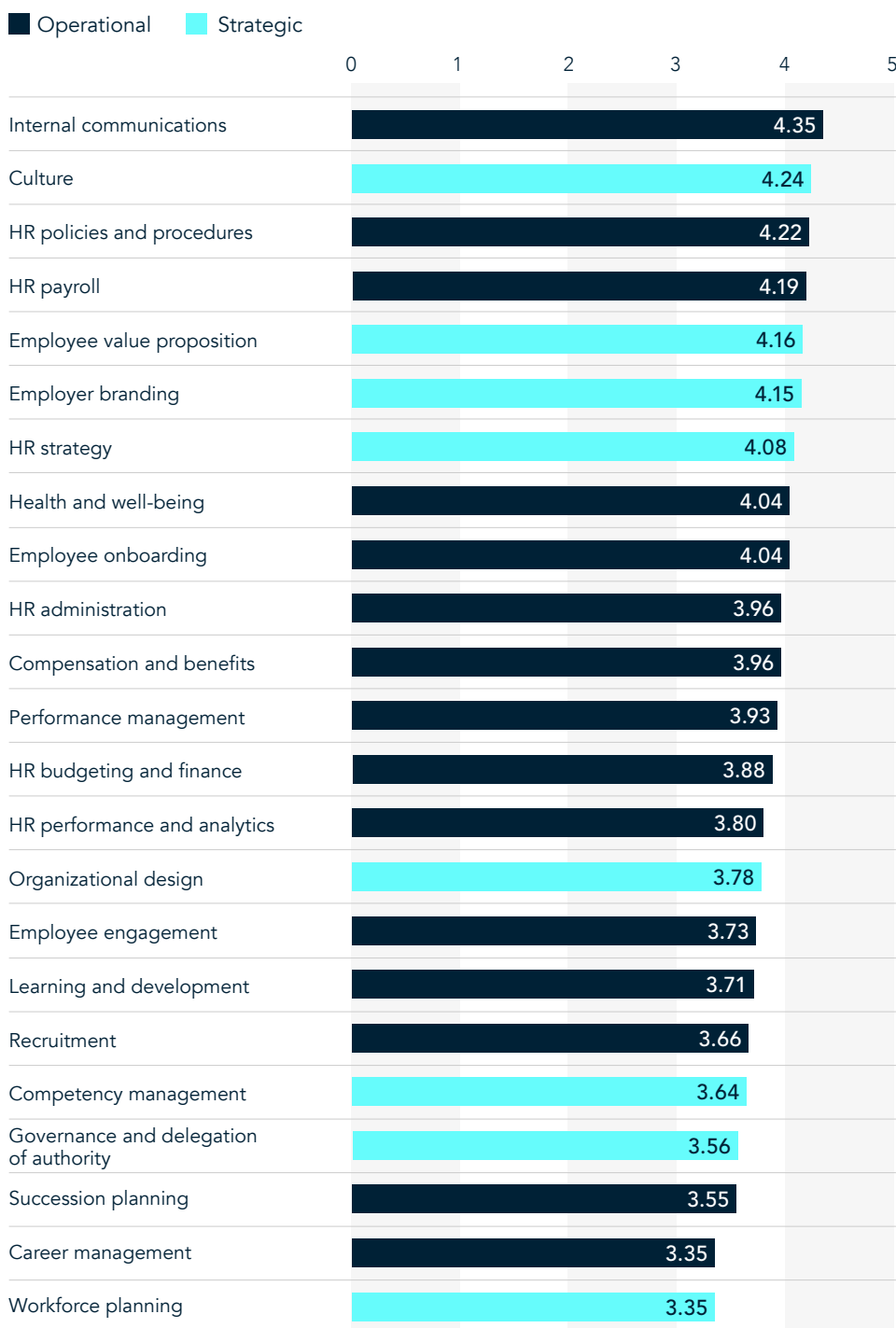
Leaders’ focus on alignment with business strategy reflects a global shift in the role of CPOs toward becoming key strategic partners for CEOs, a topic we have explored in earlier articles.² In the Middle East, this evolution is in an earlier stage than in some other regions but is becoming increasingly vital. However, CPOs in the Middle East need to evolve in their own way, focusing on responding to the local realities rather than taking their cue from other regions. As the CPO of a technology company noted, “It’s not only about values—it’s about people, regardless of where they’re from. We need to overcome regional perspectives that the West knows best and focus on getting the best out of people.”

¹ We surveyed online 70 HR leaders from the Middle East region in January 2024.

² Steven Krupp, Brad Warga, Jennifer Wilson, “[The next evolution of HR leadership: The connecting HR leader](#),” Heidrick & Struggles, September 19, 2024, [heidrick.com](#); and Emma Burrows, Sharon Sands, Brad Warga, and Jennifer Wilson, “[Chief people officers in focus: What new HR leaders need to know](#),” Heidrick & Struggles, October 24, 2024, [heidrick.com](#).

Understanding the starting point

Our survey asked HR leaders across the region to rank their function's performance on a scale of 1 to 5 on a series of core activities. It shows that, with the exception of culture, these leaders are currently more confident about operational delivery compared to the more strategic dimensions of their role.



Three priorities for improvement

Our discussions with CPOs centered on how they are developing best practices, specific to the region, in three areas where they rate performance fairly poorly, but which are critical to strategic alignment: organizational design, talent management, and talent acquisition.

Organizational design: Aligning structure with strategy

Many of the CPOs we talked with emphasized the critical importance of establishing a solid foundation of organizational design. Key components—structure, governance, reporting lines, and role clarity—are essential for operational efficiency and strategic execution.

The journey of an energy company undergoing a transition to a diversified energy group has so far involved a sustained transformation and restructuring effort following a series of mergers, acquisitions, and divestments. This required a more strategic touch from the CPO compared to more traditional operational support. That person explained: “My role was to be the catalyst for this change from redesigning the entire organization to recalibrating and unifying our employee experience through culture change, policies and compensation practices.”

Ensuring the organization’s structure matches its long-term goals is essential, but success requires a nuanced approach that accounts for both operational needs and strategic goals. One aspect of this at the energy company has been finding a balance between a centralized HR approach, which optimizes resources but can sometimes hinder localized decision-making, and drawing on the unique contributions of HR business partners.

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For some businesses in the Middle East, achieving organizational buy-in for HR initiatives remains a formidable challenge. The technology CPO explained that enhanced transparency and process improvements have successfully elevated HR’s credibility within their organization. “We’ve come from minus 100 to 70 out of 100 by instituting clear processes, progress trackers, and making business stakeholders aware of the importance of their support to enhance the people function,” they explained. One of the processes this CPO implemented was a performance enablement system that allows people to give and receive feedback on a regular basis.

Furthermore, the CPO at a financial services firm stressed, “If core operational activities aren’t delivered well, the strategic level won’t materialize.” This CPO knows how to maintain the balance: HR has played a vital role in enabling the firm’s growth targets following a significant merger. They noted that “the challenge is sustainable, sensible growth with clients as a path to this expansion.” This calls for an HR function adept at navigating diverse regulatory landscapes and cultural contexts.

Talent management: Investing in employee growth

As the race for talent heats up for companies in the Middle East, it's imperative that they invest in career development programs that can help them develop leaders internally and also attract new talent by communicating their commitment to employee growth. This need is complicated by the region's dynamic growth environment, which requires companies to offer opportunities for rapid career progression and skill development.



Where we fall down is around the relationship piece and convincing leaders and executives that creating meaningful work for people is the answer.

CPO

Technology company

Another technology company, for example, saw a notably high attrition rate after a restructuring, which also resulted in a diluted sense of mission among the remaining employees. The company is seeking to improve engagement through meaningful work and a renewed sense of mission, alongside improvements in ways of working. "We have already transformed digitally, and we continue to become more efficient," this company's CPO explained. "At the next upturn, we will probably recruit at a slower pace, provide better-defined career paths, and learn from our previous mistakes. We'll reward people better as well, which will increase engagement and excitement." The CPO added, however, "Where we fall down is around the relationship piece and convincing leaders and executives that creating meaningful work for people is the answer."

In addition, like all companies, those in the Middle East face the need to ensure their employees keep up with new technologies, including AI. As one technology company's CPO noted, "If we don't invest in upskilling our workforce now, we risk falling behind." However, the benefits can be even greater: technology also enables access to meaningful work by automating repetitive tasks. As the energy CPO described the effect on the HR function, "Technology will take away the transactional or boring part of HR and allow people to focus on more strategic matters, innovation, and new ways of doing things." Technology also offers increasingly sophisticated tools to collect and analyze complex sets of data, which can provide crucial insight for CPOs for workforce planning and management.

Talent acquisition: Focusing on culture

Though HR leaders overall rate themselves well on developing employee value propositions, attracting talent remains a challenge. Job seekers, particularly in competitive sectors, often rely on brand perception and gather insights from current employees. This makes building an inclusive, purpose-driven culture essential for attraction as well as retention.



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CPO

Energy company

Integrating employees from diverse backgrounds into a unified culture is vital. The CPO at the energy company pointed out that "engagement and culture are high performing, yet there's more to do in aligning values and behaviors." Local norms and social constructs amplify the complexity of inclusion in the region. One of the technology CPOs noted: "Employees in Pakistan or Egypt prefer directive leadership, while Western expats in Dubai want collaborative input. We need to flex to suit different people and their ways of working."

The evolving role of Middle East CPOs

Learning how to connect the dots between external events and the implications for their organization and function is a critical competency for CPOs to consolidate a strategic position.

No matter the size of their organization or its current state of transformation, CPOs in the Middle East share similar insights on how the HR function can have the most impact: establishing the CPO as a trusted advisor on par with chief financial officers and chief legal officers and securing leadership support for this role.

While gaining a seat at the table has become more common, it is not yet a default for CPOs in the region. Securing a respected position among senior leadership hinges on a deep understanding of the business. “The CEO brought me in with a particular profile—he wanted someone with more of a business background,” said one of the technology CPOs. “My contribution at the top is more business-focused than HR-focused. It’s hard to argue from a people perspective without understanding the business model or how financials need to be interpreted.” This is a common theme that resonated with what we hear from CPOs all around the world: a strategic CPO is an enterprise leader first and a functional leader second. The financial services CPO also noted HR’s role as “chief internal communications officer,” reflecting HR’s deeper integration with strategy and “constant change management as a daily fact of life.”

However, gaining and maintaining this level of influence also requires securing leadership support, particularly building a strong relationship with the CEO, the board, and other members of the executive committee. In addition, HR leaders must be aware that shifts in influence can also be caused by external pressures, as noted by the second technology CPO: “In hypergrowth, HR’s strategic voice was louder, but less so when there are time-sensitive financial pressures.” Learning how to connect the dots between external events and the implications for their organization and function is a critical competency for CPOs to consolidate a strategic position.

The CPOs we spoke with agreed on five competencies that will help them and their peers thrive in their changing roles:

- 1 Being able to envision the future and deliver today:**
 “Balancing strategic foresight with operational efficacy is what keeps our HR function relevant and impactful,” noted one leader. Another emphasized the importance of incorporating business fundamentals into HR education, stating, “HR diplomas should include cash flow and strategic thinking fundamentals.”
- 2 Being a trust builder:**
 The visibility of HR leaders has increased in recent years, particularly since the pandemic, and they have developed their communication and storytelling abilities across the organization: “We’ve had to step into the spotlight and lead through transparency and clarity,” one CPO observed. To build credibility with senior stakeholders, CPOs need to show that they can create strong, collaborative relationships with business leaders while maintaining boundaries and the ability to push back when required. Another explained, “Our job is to design and lead processes; but to make it work, business leaders need to actively participate.”
- 3 Knowing how to make the most of data:**
 In a data-rich environment, leveraging analytics is vital for CPOs. One HR leader explained, “Data-driven insights have empowered us to be more agile, making real-time adjustments that align with business needs.” A second echoed this, asserting, “Without data, we cannot make informed decisions. People in HR need to understand it.”

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Being resilient and self-motivated:

In a region where HR's role is still evolving, CPOs require resilience and intrinsic motivation to advocate for initiatives that may face resistance. "If you want to lead in this space, you need persistence and self-belief," advised one leader. Another added that resilience and strategic acumen are critical for the next generation of CPOs, emphasizing that "grit" has been essential to her success in navigating the region's fast-paced environment.

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Being a team builder:

Building a high-performing HR team is crucial for implementing successful strategies. "The team needs autonomy and trust to innovate and drive our goals," noted one CPO, highlighting the importance of developing a team capable of executing ambitious HR agendas.³ Further, high-performing diverse teams can serve as models of inclusion for the wider organization.

Despite the challenges, the future of HR in the Middle East is promising as both the function and the CPO role are being shaped in real-time by the transformation needs of their business. With growing opportunities for high-caliber talent from the region and beyond, strategic HR functions led by capable CPOs are more critical than ever. As HR leaders continue to elevate their role to one of parity with other executive functions, their influence in shaping organizational resilience and growth will only deepen.

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Human Resources Officers Practice

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