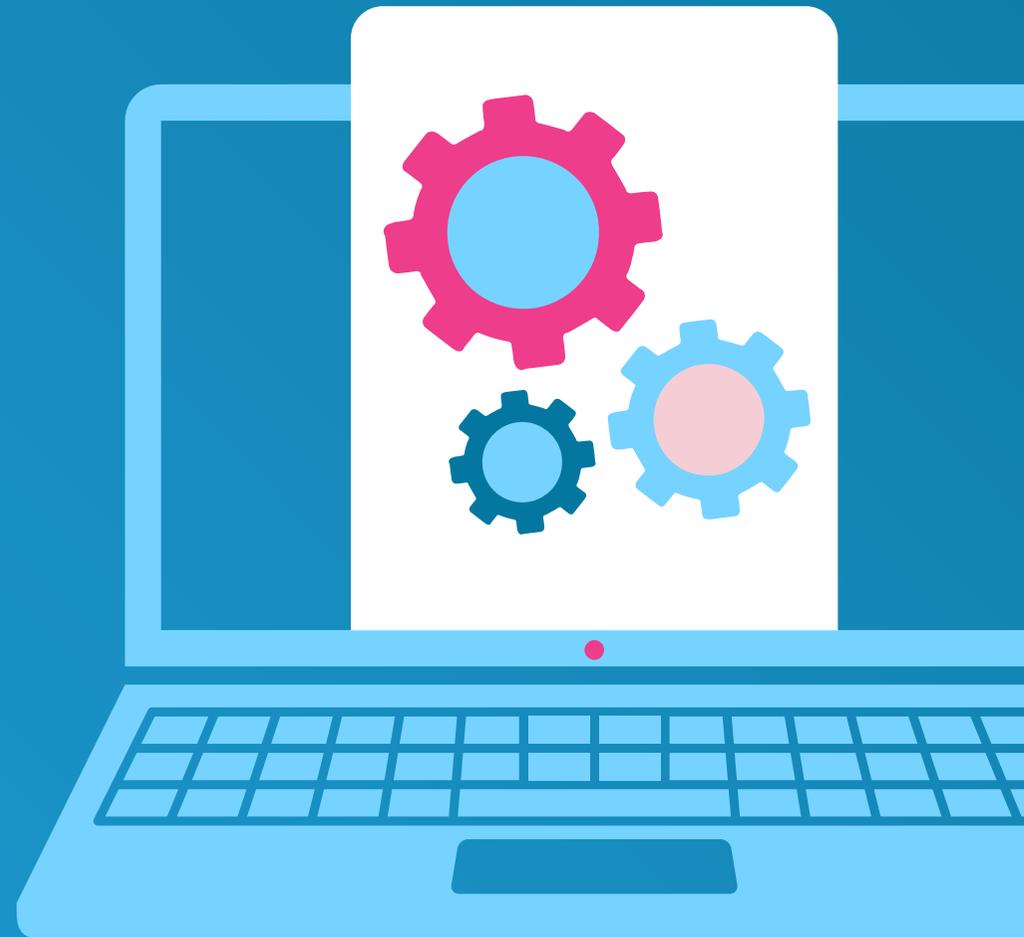# Expect more results from HR technology in 2024

Steve Goldberg, Contributing HR Tech Analyst

HR Tech Today: Some Quick Context

We have never had better and more innovative HR technology available than today. Modern, best-in-class HR tech or HCM solutions have progressed beyond the primary mission of singular or multi-HR process automation and integration, to leveraging AI and other innovative means in the pursuit of more strategic, "needle-moving" business outcomes.

This includes improving employee productivity, where even modest upticks can easily translate into significant value creation, or the area of potential HR tech impact I tend to focus on more than any other: **Elevating organizational agility**. As insights from "people data" become more actionable and readily available in the flow of work, and HR processes and activities get better optimized and connected, organizations can truly be in front of both business risks and opportunities. This means the ability to know when to strategically or operationally pivot, to choose the best path, and to confidently execute, all of which are major sources of competitive advantage. These advantages become even more pronounced during periods of greater change and unpredictability, when organizational agility is commonly viewed as a universal business imperative.

Despite the progress, however, customer satisfaction with their HR technology investments and deployments remains disappointingly low based on Mercer's latest HR Tech Confidence Check revealing that nearly half of organizations are dissatisfied with their HR technology.
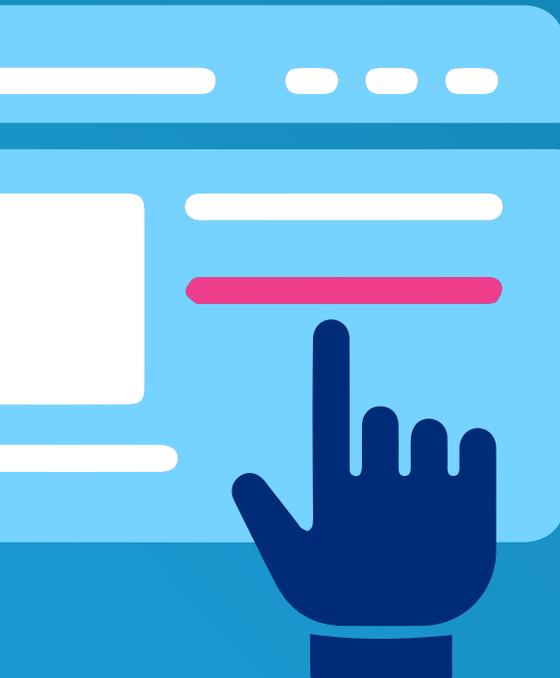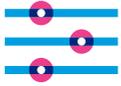
Amid the Optimism, Customer Satisfaction Generally Remains Low

As the following two research findings might suggest, something needs to change as organizations look to get the most out of their HR Tech investments and deployments in 2024. Let's dive into the findings from the Mercer HR Tech Confidence Check Survey of 300+ HR leaders as the first set of disappointing evidence:

Nearly **5** in **10** organizations are either dissatisfied or very dissatisfied with the ROI from their HR tech investments (49% across all respondents and 55% across those that work with HR tech directly)

6 in **10** (60%) of HR respondents felt their organization's adoption of HR technologies failed to meet their expectations.

These findings have unfortunately been corroborated in numerous other HR Tech industry research, such as in Sapient Insights Group's annual 2022-2023 HR Systems survey of over 2,500 small, medium and large-sized companies. Two of the reasons given by Sapient for lower customer satisfaction were HCM system features being "inflexible"; and the lack of efficient, well-integrated (aka synergistic) linkages across HCM processes and activities. More emphasis on foundational elements that underpin many HCM and HR Tech areas, such as employee skills and competencies, was also cited as one way to improve upon the inter-operability factor to achieve better outcomes.

Something Needs to Change. But What?

The customer satisfaction or value realization issue must clearly be addressed, and in my view, **it starts with making the lens for solving it considerably wider than just technology**. In that light, allow me to share some relevant personal career history. Before I assumed HCM product strategy and HCM industry analyst and advisor roles over the last two decades, my HR tech career was launched as a practitioner, one often charged with leading HR tech selections and resulting deployments. I did so for fifteen years within HR departments, learning valuable lessons and gaining key insights right alongside my colleagues on each successive HR tech initiative.

Here is a glimpse into what we all learned over those 15 years of HR tech-related efforts; and I'd offer that many, or all, of these learnings are perhaps what other HR tech buyers or customer organizations might also want to reflect within their own high-risk, high-reward HR tech endeavors:

Inadequate attention is given to **change management** (a prominent topic in this report) and its critical front-end activity, assessing **change readiness**.

Conversely, too much emphasis is placed on HR tech features over "platform attributes" like inter-operability, scalability, usability, or configurability, all of which usually take considerably longer for HCM solution vendors to improve upon as opposed to adding new features.

HR and HCM processes are too often measured in efficiency terms instead of in **degrees of strategic value or impact delivered** (e.g., 'time-to-fill' has been a popular KPI in recruiting for decades even though it's a metric that ignores quality, begging the question, what's so great about hiring the wrong people faster?).

HR or "people data" ownership is also too often short-changed. I believe that everyone in the entire enterprise is responsible for the quality of people data. (Note: This was once highlighted as one of the biggest HR department achievements in the board meeting of a global 250 company.)

Lastly, generating lots of people analytics and related data insights without being guided to the best actions to pursue can be a waste of time and money. Countering that dynamic, AI and especially the generative AI and large learning model combination, should increasingly help HR functions and people managers pursue the best actions given a range of relevant data points. Such capabilities, however, are still - and will likely always be – at least somewhat dependent on the aforementioned notion of effectively managing change.

The evolution of HR technology, and where we go next

While changes must occur and will continue occurring, particularly at the intersection of innovation and improved business outcomes, the HR tech arena has in no way been standing still. Here is a visual way of thinking about the evolution of HR Technology. It is a view on the industry's maturation and progress through different eras and corresponding focus areas:

1980's
On Premise, Single Core HR Process Optimization, Workflow Automation, Basic Reporting

2000's
Better & Configurable Stakeholder Experiences, Talent Management BoB's, Cloud Rules

2020's
Advanced EX, AI-Powered Predictive and Prescriptive, Skills Science and Taxonomies

Journey Continues
GenAI for Context-Specific HCM Blueprints, Best Practices, Target Culture

1990's
Integrated Core HR and Talent Management, Foundational Analytics, Early SaaS/Cloud

2010-2020
Foundational EX, Embedded Insights Guide, Enhanced Planning, Total Workforce Management

Present
Focus on Strategic Business Outcomes like Org Agility, Change Enablement, Productivity

Additionally, given today's increasing and much needed emphasis on change enablement and elevating organizational agility (essentially two sides of the same coin) happening across most of the HR tech vendor and customer landscape, **I'll highlight some representative research findings at the heart of this ubiquitous discussion topic:**

Based on multiple studies from McKinsey, BCG, KPMG, and Bain & Company, the likelihood of unsuccessful outcomes from large scale digital transformations ranges from 70% to 95%.

72% of transformations fail because of having management that doesn't support the change (33%), and resistance to change from employees (39%).
McKinsey & Company: The State of Organizations 2023)

Agile firms grow revenue 37% faster and generate 30% higher profits than non-agile companies. Massachusetts Institute of Technology (MIT)

The critical task at hand, therefore, for business leaders involved in transformations of any kind, or who are just trying to be more effective at pivoting, is to ensure that **organizational readiness** for change is always properly addressed. This naturally entails paying close attention to sentiments and support levels, skills, and competencies on the critical path, and having a well-designed **change program blueprint** that continuously monitors progress toward end goals. Last but far from least, **communication** is the lifeblood of ALL change programs, and particularly, ensuring that all those affected understand the "why." Beyond that, and as most people view change as carrying some negative aspects, highlighting the **net benefits** is also a good practice.

What Will Drive Even Better Results from HR Tech in 2024?

Most astute observers of this industry and business domain are now betting on the widespread leveraging of AI and the more context-specific Gen AI. Use cases abound, but generally speaking, I see "AI in HCM" use cases spanning five categories of capabilities: Personalize, Predict, Prescribe, Curate (as in resources to be more productive) and Understand (as in having insights delivered, ideally in the flow of work).

Linking back to the organizational agility theme that permeates this article, many of the capabilities that will deliver significant business value to organizations in 2024 will be enjoyed by those businesses aspiring to be more agile. Illustrative examples across the five use case categories above include:

Personalize

The best learning content and medium for an employee to accelerate their ramp-up in a new role created to capture perceived market opportunities.

Predict

The skills becoming more critical based on changing business plans and priorities.

Prescribe

The level of proficiency truly needed for someone to be considered a viable resourcing option when staffing challenges exist, such as when a business takes on new initiatives.

Understand

Why fewer job offers are being accepted in a certain business area or from a particular hiring manager, resulting in a clear impediment to org agility.

Curate

External coaches with certain expertise when the time to hire and cultivate that expertise in-house is in short supply.

Parting Comments

The most strategic business outcomes from investing in HR tech often revolve around simultaneously attending to the needs, interests, and goals of employees (e.g., delivering a great employee experience, better internal mobility and a values-centric corporate culture) while driving productivity, innovation and agility for the business. At the center of both sets of outcomes is an organization's workforce. It's therefore only logical that HR needs to take on a more direct role in a company's digital strategy, instead of leaving that solely to IT as is too often the case. Mercer research conducted among HR leaders revealed 50% did not have a digital HR strategy, and another 15% were unaware if their organization even had one.

Of course, taking ownership in an organization's digital strategy naturally goes with owning responsibility for change readiness and enablement, and with elevating organizational agility as well. One reason is that the former drives the latter outcomes. Another reason is that change readiness and enablement is, and will always be, a human-centered, critical business outcome logically falling within the purview of those tasked with shepherding the experience of today's workforce - HR.

Mercer research conducted among HR leaders revealed

50%

did not have a digital HR strategy

and, another

15%

were unaware if their organization even had one

About the author

Steve Goldberg

HR Tech Advisor, Influencer, Analyst, Thought Leader

Steve Goldberg began his collaboration with Mercer in December 2023 as a contributing analyst, author, and advisor. He has been operating on all sides of Human Resources, Human Capital Management and HR Technology for over three decades across three continents. Steve earned an MBA in HR and is a frequent speaker at industry and solution provider events. He has been engaged by 60+ HCM solution providers to-date.

Mercer

Mercer believes in building brighter futures by redefining the world of work, reshaping retirement and investment outcomes, and unlocking real health and well-being. Mercer's approximately 25,000 employees are based in 43 countries and the firm operates in 130 countries. Mercer is a business of Marsh McLennan (NYSE: MMC), the world's leading professional services firm in the areas of risk, strategy and people, with 86,000 colleagues and annual revenue of approximately $20 billion. Through its market-leading businesses including Marsh, Guy Carpenter and Oliver Wyman, Marsh McLennan helps clients navigate an increasingly dynamic and complex environment. For more information, visit mercer.com. Follow Mercer on LinkedIn and Twitter.

welcome to brighter

Mercer

welcome to brighter

Need help with what's next? We can connect you to an expert!

Request Help