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State of the Industry Research

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The State of Today's HR Tech Stack 2021

Leverage your HR technology stack to boost employee engagement while making HR more efficient and effective

JULY 2021

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Executive Summary

Despite the importance of Human Resources (HR) technology solutions in 2021, many organizations still struggle with using HR technology effectively, according to the HR Research Institute's new analysis.

The importance of HR technology has been amplified in the past year due to the Covid-19 pandemic. HR professionals had to adapt quickly, using technology to better serve remote workers and support virtual teams.

Many HR professionals refer to the entirety of their technology solutions as the HR technology stack, aka, the "HR tech stack." An organization's HR tech stack represents an organization's totality of technological solutions that HR uses to achieve its strategic goals, fulfill its various roles, deliver key services to employees and carry out its tasks in easier, better and more efficient ways.

This research shows that developing a robust and useful HR tech stack is still a challenge for many organizations. It also shows that successfully meeting that challenge pays dividends in many ways, from higher productivity to more engaged employees.

In this study, we explore a variety of topics, including:

- the importance of HR tech stacks to today's organizations
- the characteristics of current HR tech stacks
- the impact of HR technology on HR productivity and systems
- the most common HR tech stack pain points and problems
- how HR tech stacks are likely to change in the future
- how organizations with higher versus lower quality HR tech stacks differ

About this Survey

"The State of Today's HR Tech Stack 2021" survey ran in June 2021. We gathered 418 complete and partial responses from HR professionals in virtually every industry vertical. Respondents are located all over the world, but most of them reside in North America, especially the United States.

The survey was conducted using two different survey panels: one made up of HR.com members and one from an external panel organization. The participants represent a broad cross section of employers by number of employees, ranging from small businesses with fewer than 50 employees to enterprises with 20,000+ employees.

Questions for the survey were guided by an independent advisory board of HR tech stack experts who we thank for their invaluable insights.

Below is an overview of the top findings from the study:

Major Finding **1**

HR tech stacks are among the top ten priorities for most HR departments and most say their tech stack supports the organization's business goals and strategies.

- Having a strong HR tech stack is among the top three HR priorities in over half (56%) of responding organizations. A further 29% say it is among the top ten HR issues.

- While almost two-thirds (63%) of respondents say their HR tech stack supports the organization's business goals and strategies well or extremely well, 37% say their tech stacks support goals and strategies only moderately well or worse.

Major Finding **2**

Mobile access and self-service are the most widely cited characteristics of today's HR tech stacks.

- Ability to facilitate employee self-service (66%) and mobile access capabilities (65%) are the most common characteristics of current HR tech stacks.

- Fewer, however, say their HR tech stack automates talent management processes (47%) or integrates talent management solutions (44%). Only a third say their tech stack is relatively easy to reconfigure. Just 28% say their HR tech stack nurtures and reinforces the desired corporate culture.

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Major Finding **3**

HR tech stack integration is a commonly cited concern, but there are other problems and pain points as well.

- Only 21% say their HR tech stack components integrate extremely well with one another. Further, 37% say their HR tech stack systems are not well integrated or cannot be integrated.

- One-fifth or fewer say their HR tech stacks provide accurate, actionable, or meaningful metrics/analytics to a very high degree.

- While integration issues and difficulty getting accurate and useful data are the most common pain points or problem, other issues include:

  - not enough of the solutions needed
  - not using all the stack's capabilities
  - systems do not allow enough customization
  - not enough in-house technical expertise

Major Finding **4**

When used well, HR tech stacks can improve HR efficiency as well as the employee experience.

- Over three-quarters (78%) agree or strongly agree that their HR tech stack increases HR efficiency/productivity, and another 78% agree or strongly agree that their tech stack improves the employee experience in their organization.

- Moreover, 75% agree or strongly agree that their HR tech stack is good at supporting the needs of employees and other stakeholders who work remotely.

Defining Small, Mid-sized, and Large Organizations

Throughout the report, we look at the findings based on company size. We deem organizations with 1-99 employees as "small," those with 100-999 as "mid-sized" and those with 1,000 or more employees as "large."

Major Finding 5

Employee experience will be the focus of HR tech stacks over the next two years.

- When asked to indicate how HR tech stacks are expected to evolve over the next two years, the most commonly-cited responses are:

  ▸ improve the employee user experience (51%)
  ▸ provide higher quality data (42%)
  ▸ increase employee self-service (41%)
  ▸ improve integration abilities (41%)

- The most commonly cited non-technological method organizations will use to improve their HR tech stacks is better training of users (56%).

Major Finding 6

When compared with organizations with less successful HR tech stacks, organizations with successful HR tech stacks are:

- more than five times more likely to say the various components of their HR tech stack are integrated well or very well with one another

- almost five times more likely to agree or strongly agree they have a well-defined strategy for developing their HR tech stack

- roughly three times more likely to say their HR tech stacks produce accurate, actionable and measurable HR metrics to a high or very high degree

- more than twice as likely to agree or strongly agree that their organization is good at implementing HR tech systems so they meet relevant organizational needs

- more likely to say their HR tech stack helps improve employee engagement and supports the corporate culture

- more likely to say their HR tech stacks are among their HR department's top three priorities

Defining the HR Tech Stack

Within the context of the survey, we provided survey respondents with the following definition

The Human Resources Technology Stack (aka, HR tech stack) represents an organization's totality of technological solutions that HR uses to achieve its strategic goals, fulfill its various roles, and carry out its tasks in easier, better and more efficient ways. Non-HR stakeholders (e.g., employees and contract labor) may also use portions of the HR tech stack to meet various needs, from self-service applications to learning and development (L&D). Parts or all of the HR tech stack may be integrated with other information technologies that are part of a larger platform such as an enterprise resource planning system (ERP).
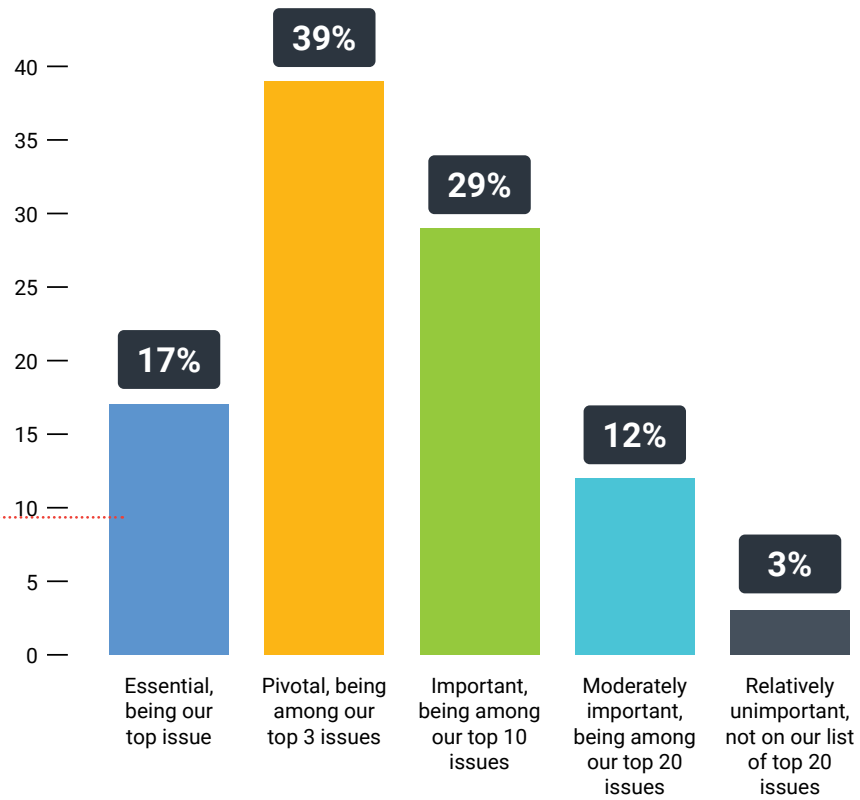
The Status of Today's HR Tech Stacks

Finding: The majority say having a strong HR tech stack is among their top three HR priorities

More than half (56%) of respondents say that having a strong HR tech stack is among their top three HR department priorities. A further 29% say it is among the top ten HR issues. While technology advances likely caused companies to invest in HR tech over the past ten years, the Covid-19 pandemic probably accelerated this adoption. The need to communicate organizational updates with employees became crucial as more organizations instituted social distancing strategies.

Larger versus smaller organizations

Larger companies are more likely to say that having a strong HR tech stack is among their top three priorities (59%), compared with mid-sized (56%) and small companies (39%). As organizations grow, the HR tech stack often increases in importance as HR struggles to handle a larger volume of work.

Survey Question: Relative to other HR issues, how important is having a strong HR tech stack to your HR department?

17% of respondents say having a strong HR tech stack is their top HR priority

	17%	39%	29%	12%	3%
	Essential, being our top issue	Pivotal, being among our top 3 issues	Important, being among our top 10 issues	Moderately important, being among our top 20 issues	Relatively unimportant, not on our list of top 20 issues

THE TIME IS NOW

Finding: Three-quarters agree or strongly agree that their HR tech stack supports remote workers
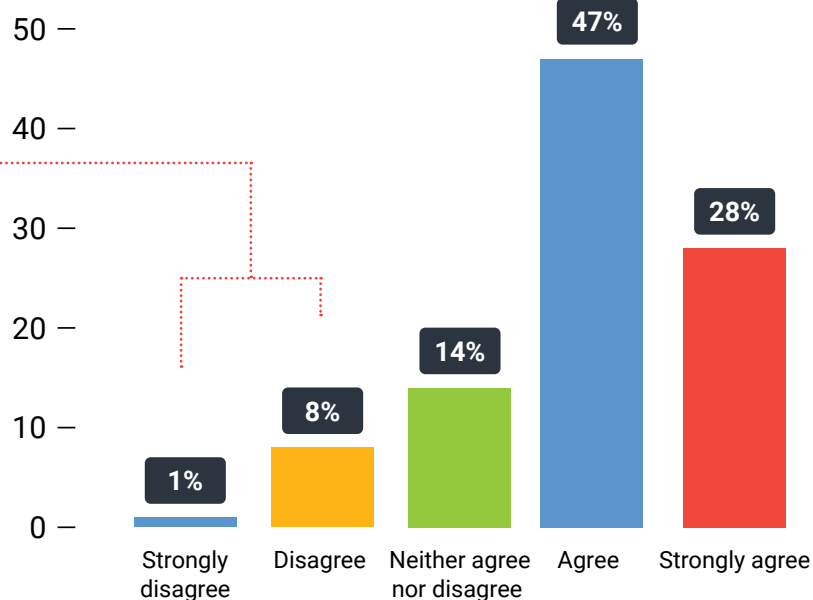
Twenty-eight percent strongly agree that their organization's HR tech stack is good at supporting the needs of those who work remotely. A further 47% agree. Considering the dramatic changes in the workplace due to the Covid-19 pandemic in the past year, this is positive news for organizations. What was a "nice to have" in 2019 became essential in 2020 and beyond.

A recent HR.com report, *The State of Changing Work Arrangements 2021,* outlines just how important remote work access has become.[1] Four in five companies now offer remote work options. Over two-thirds (68%) also plan to provide employees with more remote work resources and tools. Having the necessary technology for this shift in working arrangements will be crucial to long-term success.

Only 9% actively disagree that their organization's HR tech stack is good at supporting remote workers

Survey Statement: Your organization's HR tech stack is good at supporting the needs of employees and other stakeholders who work remotely.

Response	%
Strongly disagree	1%
Disagree	8%
Neither agree nor disagree	14%
Agree	47%
Strongly agree	28%

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[1]   HR.com's HR Research Institute. (2021, January). *The State of Changing Work Arrangements 2021.* Retrieved from https://www.hr.com/en/resources/free_research_white_papers/the-state-of-changing-work-arrangements-2021-repor_kkf1z4kr.html

Finding: Most HR tech stacks offer employee self-service and mobile access

We asked respondents about the current characteristics of their HR tech stacks. The three most common are related to employees rather than HR professionals. More than half say their tech stack:

- facilitates employee self-service (66%)
- allows employees to access components via mobile devices (65%)
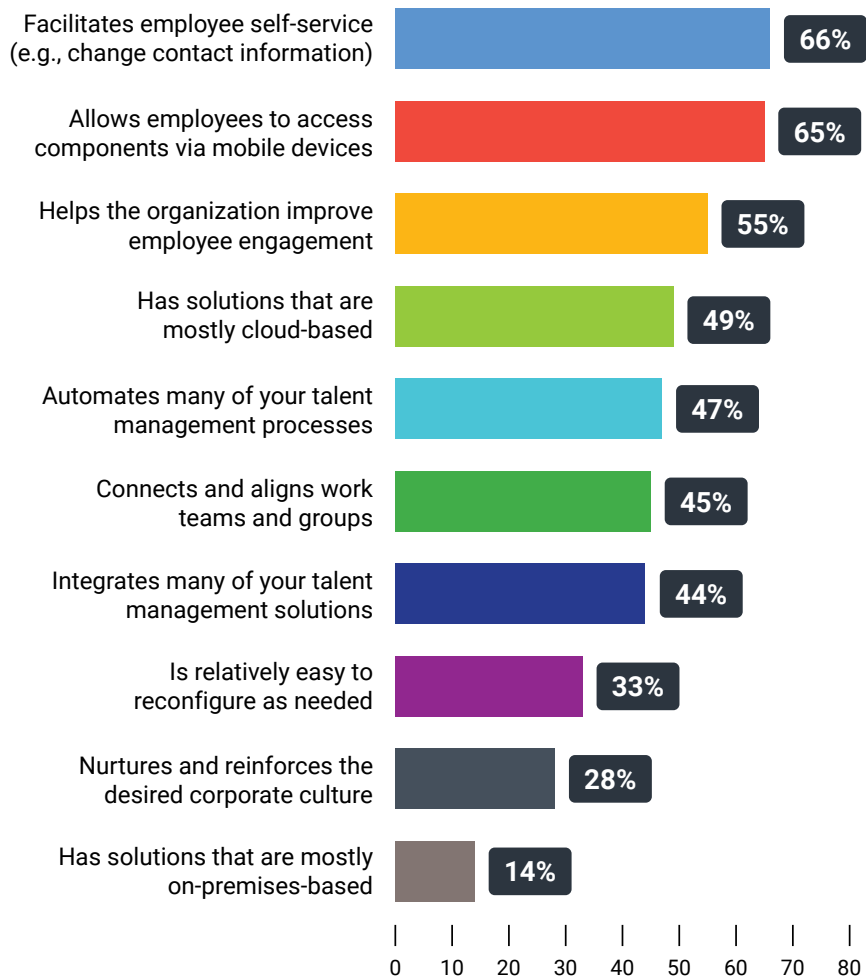- helps the organization improve employee engagement (55%)

Such worker access to HR technology solutions is good news—especially when more employees work remotely. But only 45% of HR professionals say their HR tech stack connects and aligns work teams and groups, and only 28% report that it nurtures and reinforces the desired corporate culture. In an era when so many employees work remotely, we believe technology needs to facilitate work teams and help keep the corporate culture alive and well.

Another problem is that only 33% say their tech stack is relatively easy to reconfigure as needed. After all, technology is constantly evolving—recently at a rapid pace—and if an organization cannot reconfigure their technology easily, then their tech stack may quickly become outdated.

Larger versus smaller organizations

Only 39% of small organizations report that their HR tech stack helps their companies improve employee engagement, compared to 61% of large and 51% of mid-sized companies. It also appears that talent management automation is more prevalent among larger organizations. Fifty-one percent of HR professionals from large organizations say they automate many of their talent management processes, as opposed to 46% of those in mid-sized organizations and just 25% at small organizations.

Survey Question: Which of the following are characteristics of your organization's HR tech stack? (select all that apply)

Characteristic	Percentage
Facilitates employee self-service (e.g., change contact information)	66%
Allows employees to access components via mobile devices	65%
Helps the organization improve employee engagement	55%
Has solutions that are mostly cloud-based	49%
Automates many of your talent management processes	47%
Connects and aligns work teams and groups	45%
Integrates many of your talent management solutions	44%
Is relatively easy to reconfigure as needed	33%
Nurtures and reinforces the desired corporate culture	28%
Has solutions that are mostly on-premises-based	14%

More than half say their HR tech stack helps improve employee engagement

Finding: The ability to easily reconfigure as needed is the most important HR tech issue for the near future

As a follow-up question, we gave respondents the characteristics from the previous question that they did *not* select and asked about the future importance of these characteristics. The top four are:

- is relatively easy to reconfigure as needed (37%)
- nurtures and reinforces the desired corporate culture (32%)
- automates many of your talent management processes (31%)
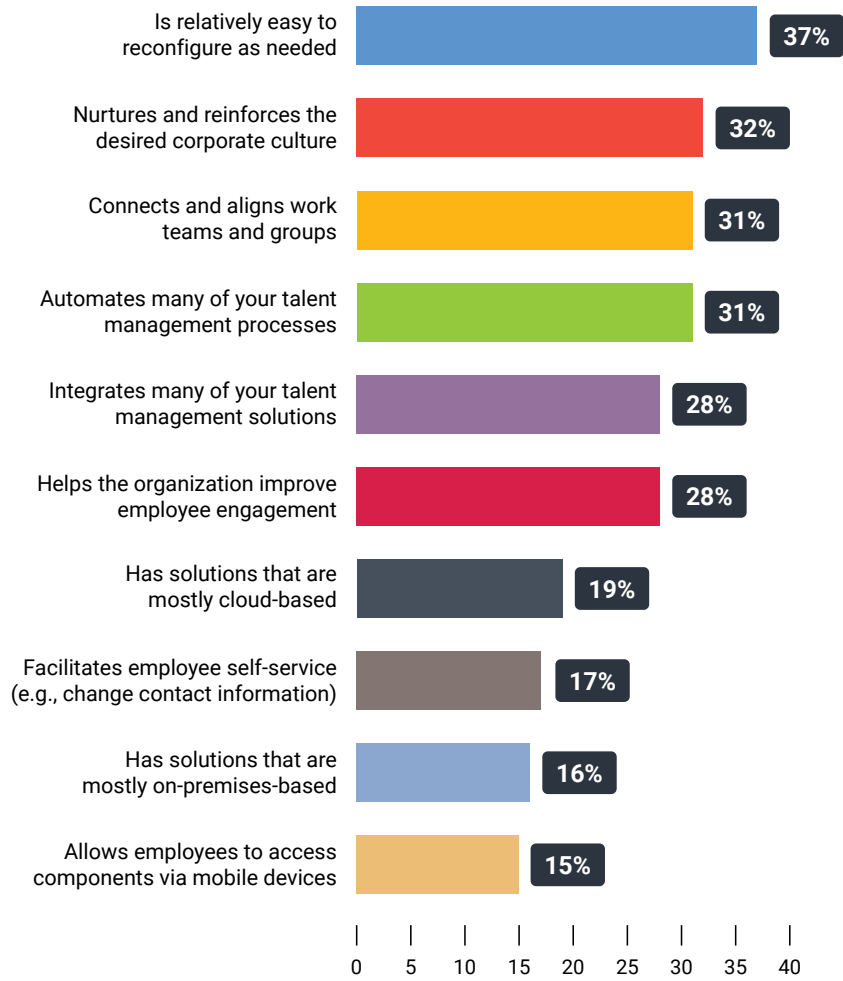- connects and aligns work teams and groups (31%)

For those companies that do not already have the ability to easily reconfigure their systems as needed, this is the characteristic most widely seen as important their organizations' future. Why? We believe it is because, in an era of change, configurability allows organizations to quickly and inexpensively adjust to new circumstances and priorities.

Larger versus smaller organizations

Digging deeper, in terms of priorities of these missing elements of their HR tech stacks, we see significant differences in the top choices based on organization size. Large organizations are most likely to view ease of reconfiguration as their key future need, whereas mid-sized organizations are most likely to cite connecting and aligning work teams, and small organizations are most likely to cite the automation of talent management processes.

Survey Question: Which of the following characteristics do you view as most important to your organization's future? (select all that apply)

Characteristic	Percentage
Is relatively easy to reconfigure as needed	37%
Nurtures and reinforces the desired corporate culture	32%
Connects and aligns work teams and groups	31%
Automates many of your talent management processes	31%
Integrates many of your talent management solutions	28%
Helps the organization improve employee engagement	28%
Has solutions that are mostly cloud-based	19%
Facilitates employee self-service (e.g., change contact information)	17%
Has solutions that are mostly on-premises-based	16%
Allows employees to access components via mobile devices	15%

Finding: About a quarter say their HR tech stack supports business goals and strategies extremely well

Over a quarter (26%) of respondents say their HR tech stack supports the organization's business goals and strategies extremely well. A further 37% report that their HR tech stack is doing this well.

However, there is still much room for improvement. More than one-third (37%) say their HR tech stack is only moderately, poorly or very poorly supporting business goals and strategies.

Larger versus smaller organizations

The size of the organization seems to influence these results. Two-thirds of large and mid-size organizations report that their HR tech stack supports business goals and strategies well or extremely well. But only 46% of smaller organizations say the same.

Only 8% say their HR tech stack supports their organization's business goals and strategies poorly or very poorly

Survey Question: How well does your overall HR tech stack support your organization's business goals and strategies?

2%	6%	29%	37%	26%

0   20   40   60   80   100

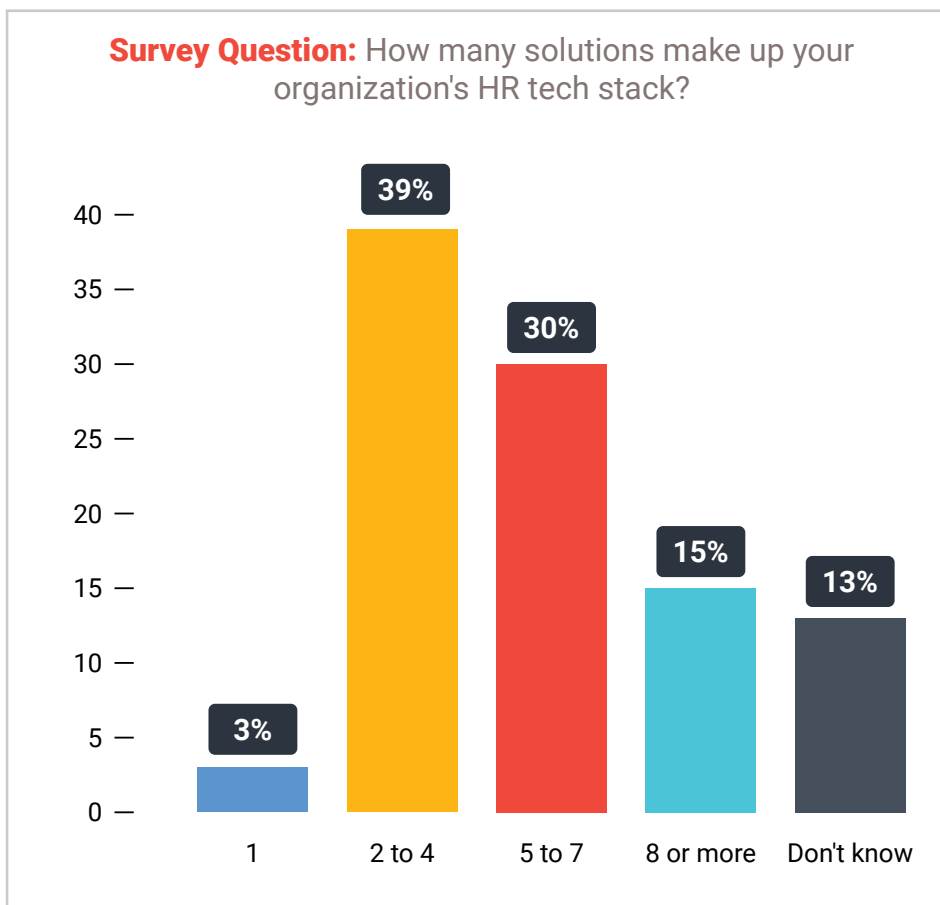■ Very poorly   ■ Poorly   ■ Moderately   ■ Well   ■ Extremely well
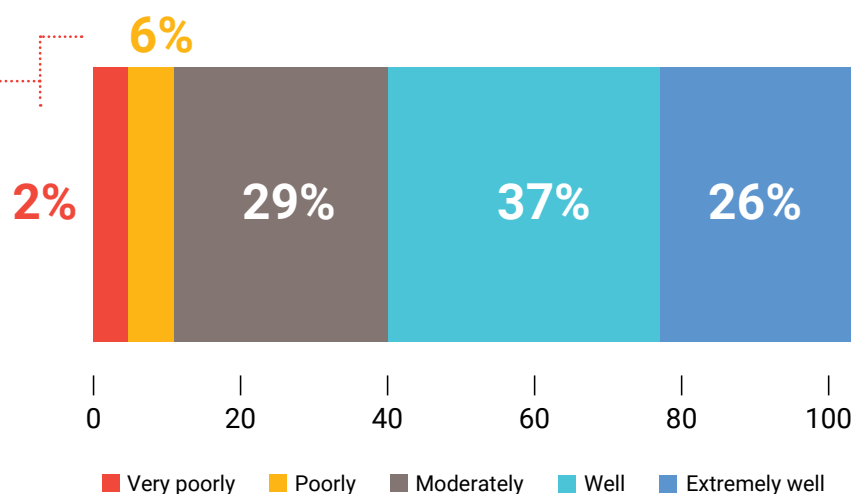
Finding: Most organizations report having two or more solutions in their HR tech stack

To get a bigger picture of the complexity of HR technology today, we asked respondents how many solutions are present in their HR tech stack. More than a third (39%) say their HR tech stack is comprised of two to four solutions and 30% say it contains five to seven solutions. Fully 15% say they have eight or more solutions.

Larger versus smaller organizations

The results reveal that the larger the organization, the greater the complexity of the HR tech stack. More than half of larger (51%) and mid-sized (43%) companies have more than five solutions compared with just 26% of small organizations. This is expected, in that larger companies need more tools to handle things across jurisdictions and types of workers.

Survey Question: How many solutions make up your organization's HR tech stack?

40 —		
35 —		
30 —		**30%**
25 —		
20 —		
15 —		
10 —		
5 —		
0 —		

3% · 39% · 30% · 15% · 13%

1 · 2 to 4 · 5 to 7 · 8 or more · Don't know

# The HR Tech Stack's Impact on Productivity and Experience

Finding: Over three-quarters agree or strongly agree that their HR tech stack increases HR efficiency/productivity

HR technology should increase HR productivity, so it is encouraging to see that the large majority (78%) agree or strongly agree their HR tech stack increases HR efficiency/productivity, especially during a period of disruption. However, about one-fifth actively disagree or are neutral.

Survey Statement: Your organization's HR tech stack solutions increase HR efficiency/productivity.

Few disagree that their HR tech stack solutions fail to increase HR efficiency/ productivity

- 2% Strongly disagree
- 6% Disagree
- 14% Neither agree nor disagree
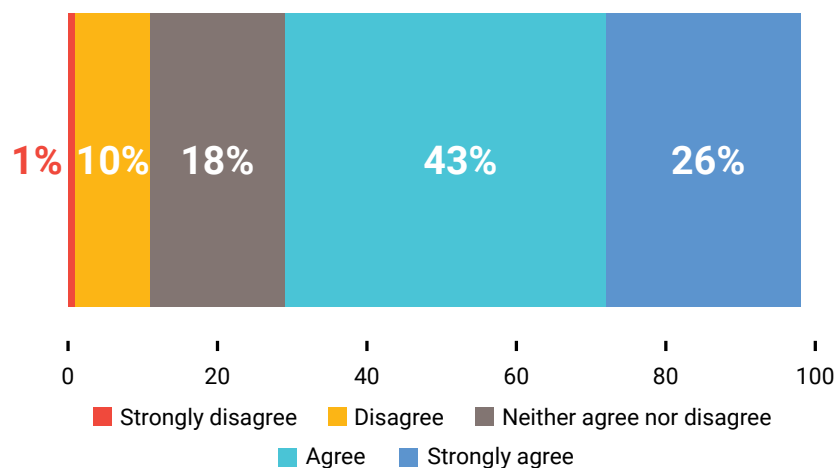- 65% Agree
- 13% Strongly agree
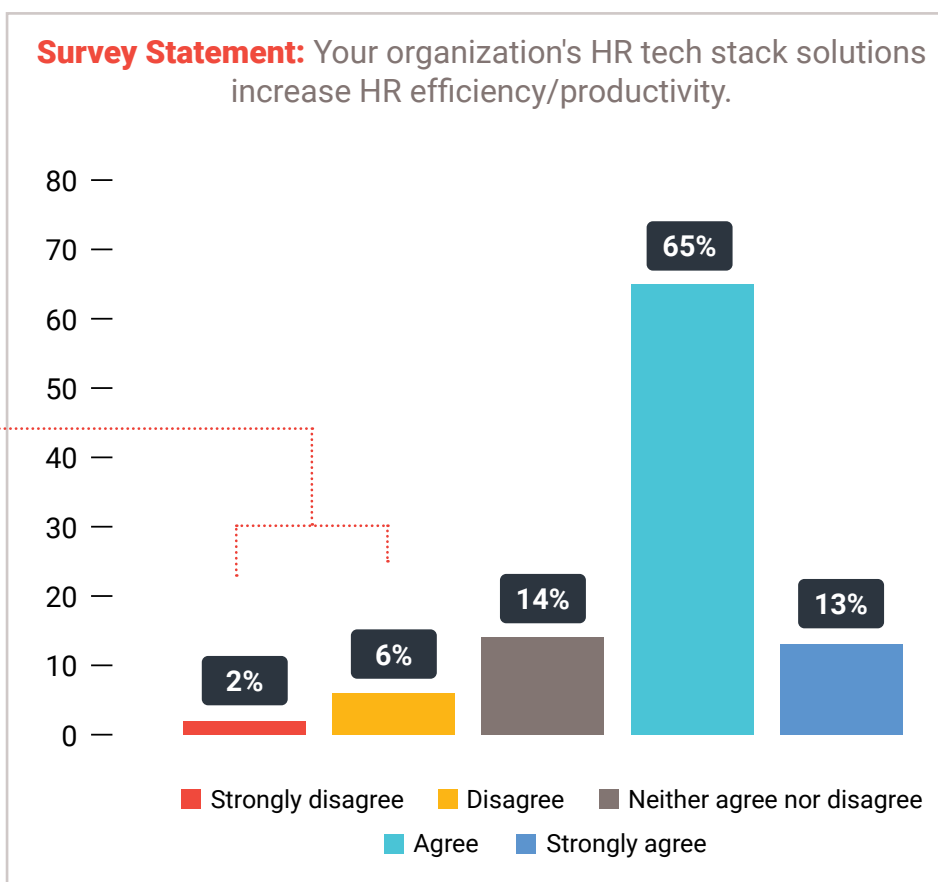
Finding: More than two-thirds agree or strongly agree that their implementation of HR tech stack systems meets relevant organizational needs

Equally important to the efficiency and productivity of HR tech stacks is the degree to which implementation of the HR tech stack serves the needs of the organization. Without alignment and robust implementation, HR tech stacks may not produce real value for the organization and, in turn, reduce efficiency and productivity. Most respondents (69%) agree or strongly agree that their organization is good at implementing systems into their HR tech stack so they meet relevant organizational needs. However, this leaves nearly a third who give their organization less than stellar marks in this areas.

To be successful at implementations, communication between HR and IT could be the answer. What goes on behind the curtain can have serious consequences for the efficacy of the HR tech stack. If this partnership isn't successful, HR may feel the system is working for them but from the employee's point of view it may be a deterrent to productivity or engagement.

Survey Statement: Your organization is good at implementing HR tech stack systems so they meet relevant organizational needs.

| 1% | 10% | 18% | 43% | 26% |

0   20   40   60   80   100

■ Strongly disagree   ■ Disagree   ■ Neither agree nor disagree
■ Agree   ■ Strongly agree

Finding: The majority agree that their HR tech stack improves the employee experience
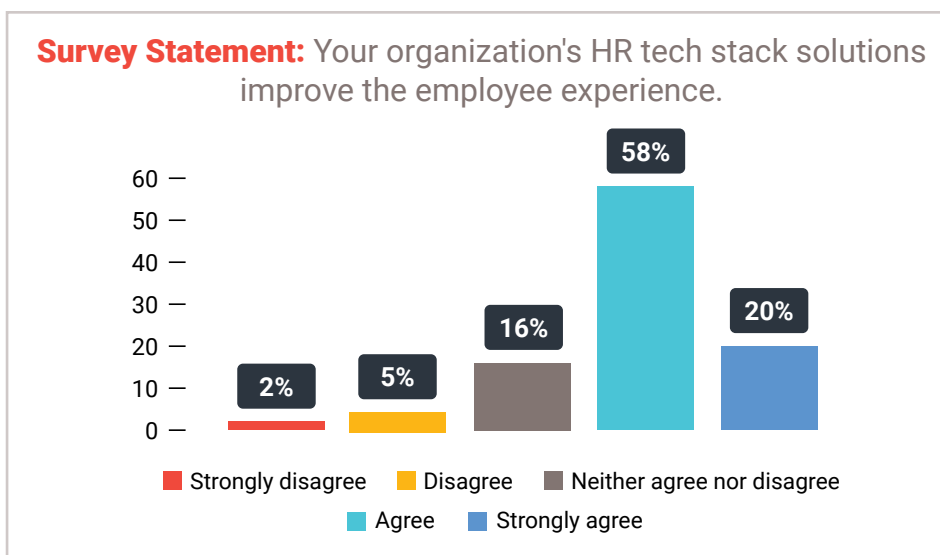
Early on, HR technology was mostly about managing data. But the focus has shifted. Now, more organizations aim to improve the employee experience through automation and transparency by making it easier for workers to obtain information, sign-up for and manage benefits or schedule days off. In the past, HR personnel were often involved in these activities.

Three-quarters (78%) agree or strongly agree that their tech stack improves the employee experience in their organization.

Better employee experience has been shown to increase retention, productivity, customer experience and improve absenteeism. But HR tech is only a piece of the puzzle. A manager's behavior and the overall corporate culture all have a big impact on experience. Technology alone is never going to be the bedrock of employee experience.

Larger versus smaller organizations

Respondents at larger (22%) and mid-sized (21%) organizations are more likely to strongly agree that their HR tech stack solutions improve the employee experience. Just 13% of respondents at small organizations strongly agree their HR tech stack solutions are successful in this area.

Survey Statement: Your organization's HR tech stack solutions improve the employee experience.

Legend: ■ Strongly disagree ■ Disagree ■ Neither agree nor disagree ■ Agree ■ Strongly agree

Chart values: Strongly disagree 2%, Disagree 5%, Neither agree nor disagree 16%, Agree 58%, Strongly agree 20%
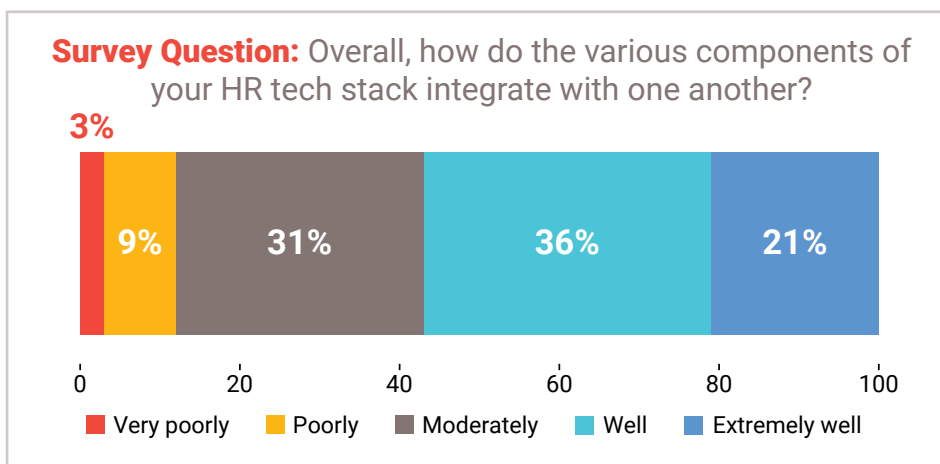
HR Tech Stack Infrastructure Issues

Finding: One in five say their HR tech stack components integrate extremely well with one another

Integration is a key issue for many organizations today. Aging on-premise systems, new cloud-based solutions and confusion over who is ultimately responsible for the HR tech stack all complicate integration. Just 21% say that the various components of their HR tech stack integrate extremely well with one another. However, another 36% say they integrate well.

Why is integration important? Because if solutions aren't talking to each other properly, organizations run the risk of data silos, which can lead to loss of efficiency and potentially inaccurate or conflicting data. Moreover, many innovations in predictive and preventive analytics rely on the flow of good data that sound integrations make possible.

Larger versus smaller organizations

Larger organizations seem to place greater emphasis on integration than do smaller ones. Small organizations are far more likely to say their HR tech stacks are poorly or very poorly integrated (24%), compared with just 7% of mid-sized and 13% of large organizations. On the other hand, since there tends to be less data to manage, integration among smaller organizations may be less of a priority.

Survey Question: Overall, how do the various components of your HR tech stack integrate with one another?

3%

Very poorly	Poorly	Moderately	Well	Extremely well
3%	9%	31%	36%	21%

0   20   40   60   80   100

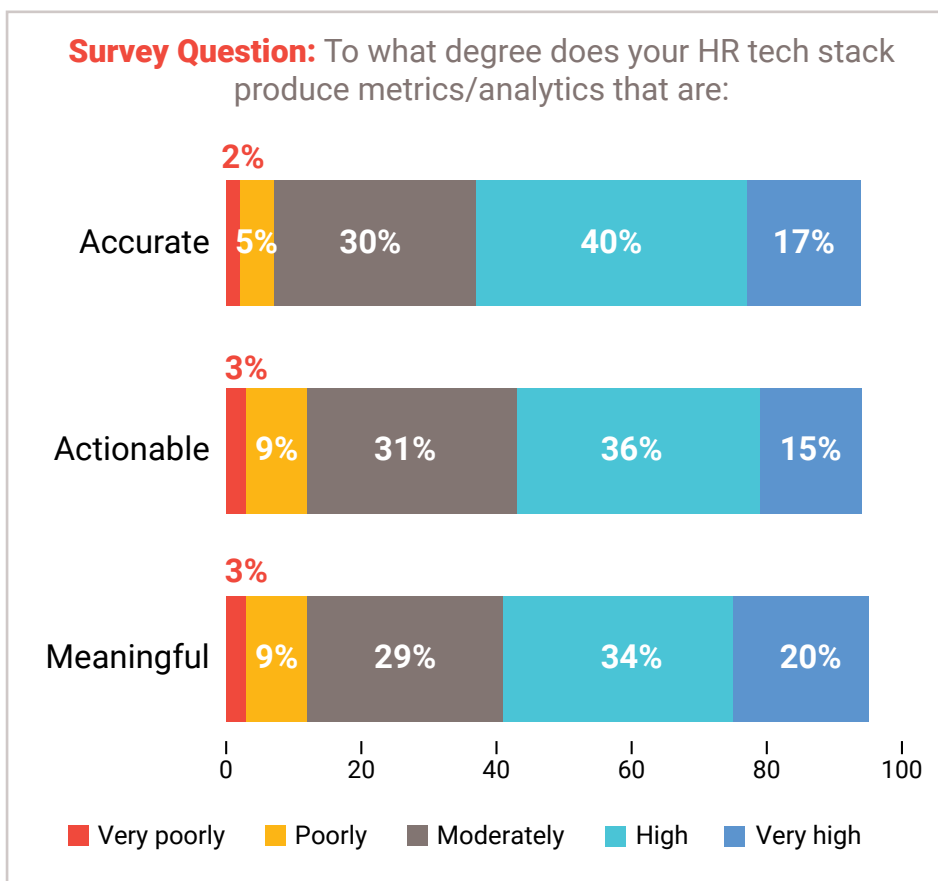# Finding: HR tech stacks get lukewarm ratings on metrics and analytics

Just over half of respondents say that their HR tech stack provides accurate (57%), actionable (51%), and meaningful (54%) data to a high or very high degree.

However, many are still less than impressed with the metrics and analytics their tech stack produces. Roughly two-fifths say their HR tech stack produces this useful information to a moderate degree or worse.

In the era of big data many organizations may struggle with analyzing all the information they collect. Without skilled internal resources, it's no wonder that most HR professionals doubt the accuracy of the data and fail to glean actionable and meaningful information. Further, some problems with analytics may be related to the integration problems previously discussed. Unless systems can be well integrated, data integration also becomes problematic.

Few say their HR tech stack produces accurate, actionable, and meaningful data to a very high degree

Survey Question: To what degree does your HR tech stack produce metrics/analytics that are:

	Very poorly	Poorly	Moderately	High	Very high
Accurate	2%	5%	30%	40%	17%
Actionable	3%	9%	31%	36%	15%
Meaningful	3%	9%	29%	34%	20%

Note: this chart does not include those who responded "Don't know."

Finding: Difficulty getting accurate and useful data is the most cited pain point of current HR tech stacks

The pain points reported by respondents can be grouped into three categories:

- solutions and components of the stack
- impact on users
- implementation and support

In terms of solutions and components, 30% report having difficulty getting accurate and useful data/information. As we found earlier, roughly one-fifth or fewer believe their tech stacks excel in accurate, actionable and meaningful analytics.

Roughly a quarter (27%) complain their HR tech stack doesn't have enough of the solutions or features they need. Of those who indicated this pain point, 57% say they need learning and development solutions/features, and 55% say they would like people analytics solutions/features.

Out-of-date functionalities (22%) is another sore spot. And considering integration problems stated elsewhere in this report, it makes sense that almost one out of five (19%) say they have too many competing solutions/components.

Concerning impact on users, many still struggle with systems that are not user-friendly enough (24%) or present confusing and/or frustrating self-service options (20%). These pain points can, in turn, reduce the quality of the employee experience.

With HR tech stacks becoming more complex, smooth implementation and on-going support are essential. A quarter (25%) cite not having enough in-house technical expertise and 22% say ongoing administration costs are pain points of their current HR tech stack. Even if planning and implementation go well, without the tech support to maintain and keep things going, even the best HR tech stack can stall.

Survey Question: What are your biggest pain points in regard to your current HR tech stack?
(select all that apply)

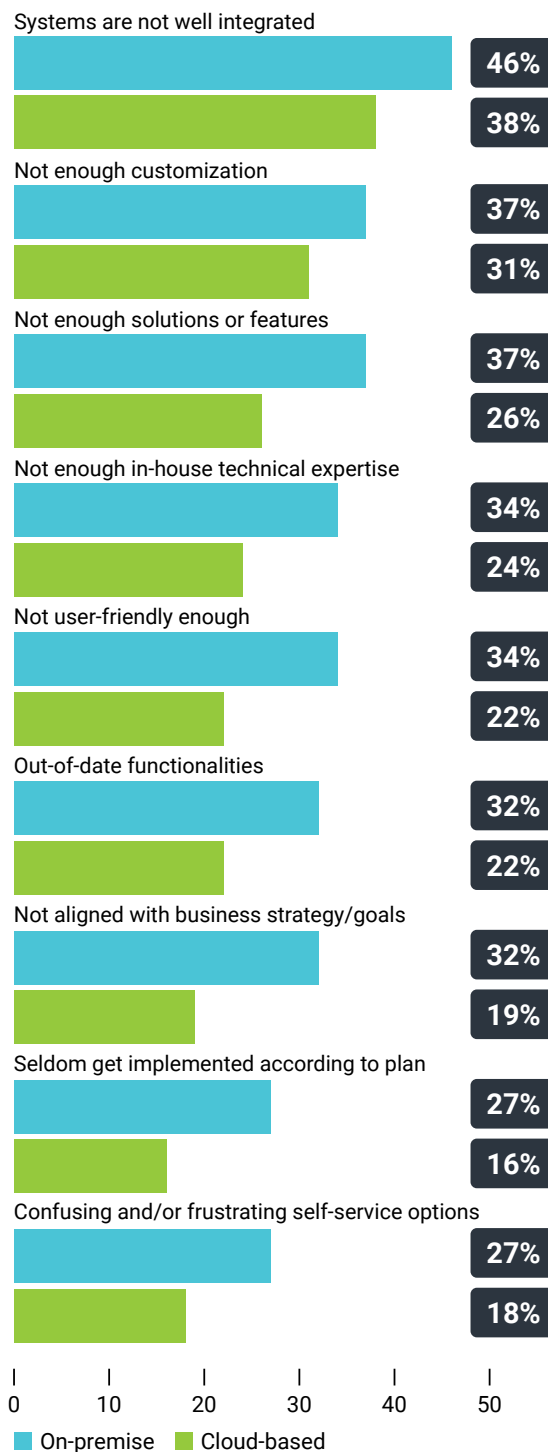| Pain Point	Percentage
Difficulty getting accurate and useful data/information	30%
Not enough of the solutions we need	27%
Not enough in-house technical expertise	25%
Not user-friendly enough	24%
Out-of-date functionalities	22%
Ongoing administration costs	22%
Confusing and/or frustrating self-service options	20%
Too many competing solutions/components	19%
Poor implementation/execution	17%
Poor planning so tech stack does not match business needs	12%
We do not have any pain points	12%

Nearly a quarter say their current HR tech stack is not user-friendly enough

Finding: Those with on-premise HR technology stacks are more likely to cite a variety of pain points

Although both on-premise and cloud-based HR technology stack users cite pain points and problems with their current systems, those with on-premise systems are more likely to cite problems. This might be because on-premise tech stacks, while highly customized to the individual organization, also tend to be older and less agile systems. In many cases, cloud-based HR tech stacks can be upgraded and reconfigured more easily without the investment in hardware, software, and in-house expertise.

Survey Questions: What are your biggest pain points of current HR tech stack? and Which of the following problems do you face in regard to your HR tech stack?

Systems are not well integrated
46%
38%

Not enough customization
37%
31%

Not enough solutions or features
37%
26%

Not enough in-house technical expertise
34%
24%

Not user-friendly enough
34%
22%

Out-of-date functionalities
32%
22%

Not aligned with business strategy/goals
32%
19%

Seldom get implemented according to plan
27%
16%

Confusing and/or frustrating self-service options
27%
18%

0   10   20   30   40   50

■ On-premise   ■ Cloud-based

Note: This data is extracted from the questions "What are your biggest pain points in regard to your current HR tech stack?" and "Which of the following problems does your organization face in regard to your HR tech stack?"

Finding: Integration continues to be the top problem in today's HR tech stacks

Fully 90% of responding HR professionals cite at least one problem facing their HR technology stack. Of the many issues cited, integration is the most-cited problem in today's HR tech stacks. Over a third (37%) say their systems are not well integrated and/or cannot be integrated. In fact, 17% say they over-rely on *external* consulting firms for implementations while 23% say they over-rely on *internal* teams for implementations. Moreover, 20% also report that they don't budget enough for integrations.

After integration issues, the next most problematic areas concern HR tech stack functionality. Nearly one-third (31%) say they are not fully utilizing or leveraging all the stack's capabilities and 28% say that their systems don't allow for enough customization.

Survey Question: Which of the following problems does your organization face in regard to your HR tech stack? (select all that apply)

Problem	%
Systems are not well integrated and/or cannot be integrated	
We are not leveraging or utilizing all the stack's capabilities	31%
Systems do not allow enough customization	28%
We over-rely on internal teams for implementations	23%
We seldom budget enough for integrations	20%
We seldom budget enough for maintenance and upgrades	19%
It is not aligned with organizational business strategy and/or goals	17%
We over-rely on external consulting firms for implementations	17%
We don't get enough support from our IT department	15%
Systems seldom get implemented according to plan	15%
Projects often come in late and over budget	14%
We do not face any problems	10%

0 5 10 15 20 25 30 35 40

Fifteen percent say systems seldom get implemented according to plan

The Future of HR Technology Stacks

Finding: Most say HR leadership has a vision for the future of their organization's HR tech stack
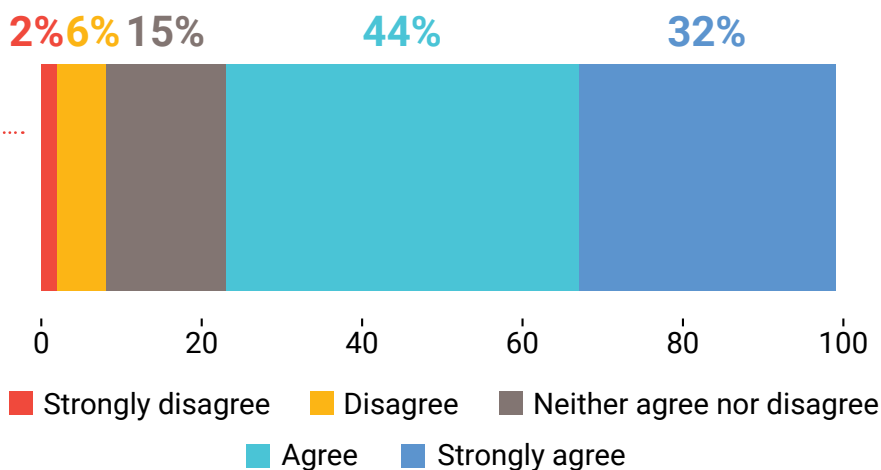
Considering the complexity in HR technology today, successful organizations know they need a clear idea of where they wish to go. Fortunately, more than three-quarters of this survey's respondents agree or strongly agree that their head of HR (e.g., CHRO) has a vision for the future of the organization's HR tech stack. However, nearly a quarter neither agree nor disagree or actively disagree with the statement altogether.

HR professionals from mid-size (83%) and large (78%) organizations are much more likely than those from small (46%) companies to say their HR leaders have a vision for the future their HR tech stack.

Few disagree that their head of HR has a vision for HR tech stack

Survey Statement: Your head of HR (e.g., CHRO) has a vision for the future of your organization's HR tech stack.

2% 6% 15% 44% 32%

Legend:
- Strongly disagree
- Disagree
- Neither agree nor disagree
- Agree
- Strongly agree
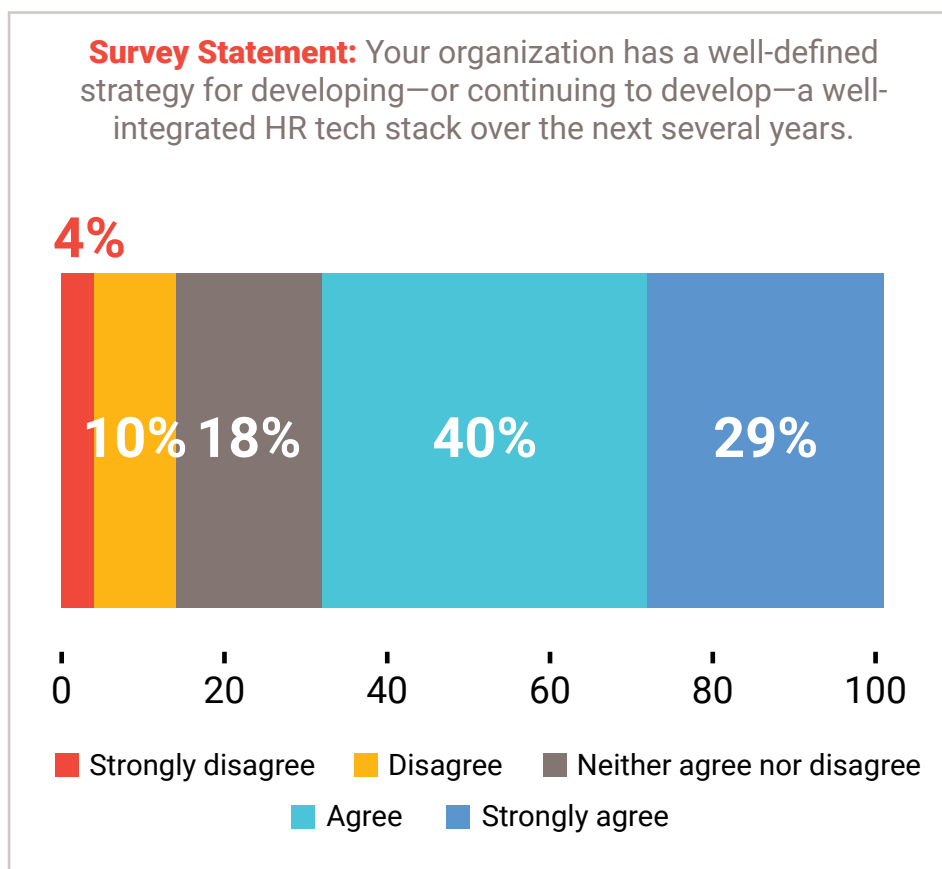
(x-axis: 0, 20, 40, 60, 80, 100)

Finding: Fewer say their organization has a well-defined strategy for integration over the next several years

A vision, no matter how great, won't come to fruition without a well-defined strategy. Fortunately, most survey respondents (69%) agree or strongly agree that their organization has a well-defined strategy for developing—or continuing to develop—a well-integrated HR tech stack over the next several years.

There are clear differences between organizations by size. More than three-quarters (77%) of mid-size and 71% of large organizations agree or strongly agree that they have a well-defined strategy compared to only 37% of small companies.

Survey Statement: Your organization has a well-defined strategy for developing—or continuing to develop—a well-integrated HR tech stack over the next several years.

| 4% | 10% | 18% | 40% | 29% |

Legend:
- Strongly disagree
- Disagree
- Neither agree nor disagree
- Agree
- Strongly agree

Finding: The employee experience is key to the future of HR tech stacks

HR technology tends to evolve quickly. Only 7% of respondents say that they do not expect their HR tech stack to evolve over the next two years.

Employee experience will be the focus of HR tech stacks over the next two years, according to survey respondents. In fact, when asked to indicate how they expect their organization's HR tech stack to evolve over the next two years, four of the six options selected by more than a third of respondents focus on enhancing the employee experience:

- improve employee user experience (51%)
- increase employee self-service (41%)
- boost user-friendliness (38%)
- allow greater access to remote workers (36%)

Of course, based on previous findings, we already know that 66% have employee self-service as part of their HR tech stack. Therefore, an increase in employee self-service may mean that those organizations that already have it will focus on making it better, especially considering the needs of remote workers.
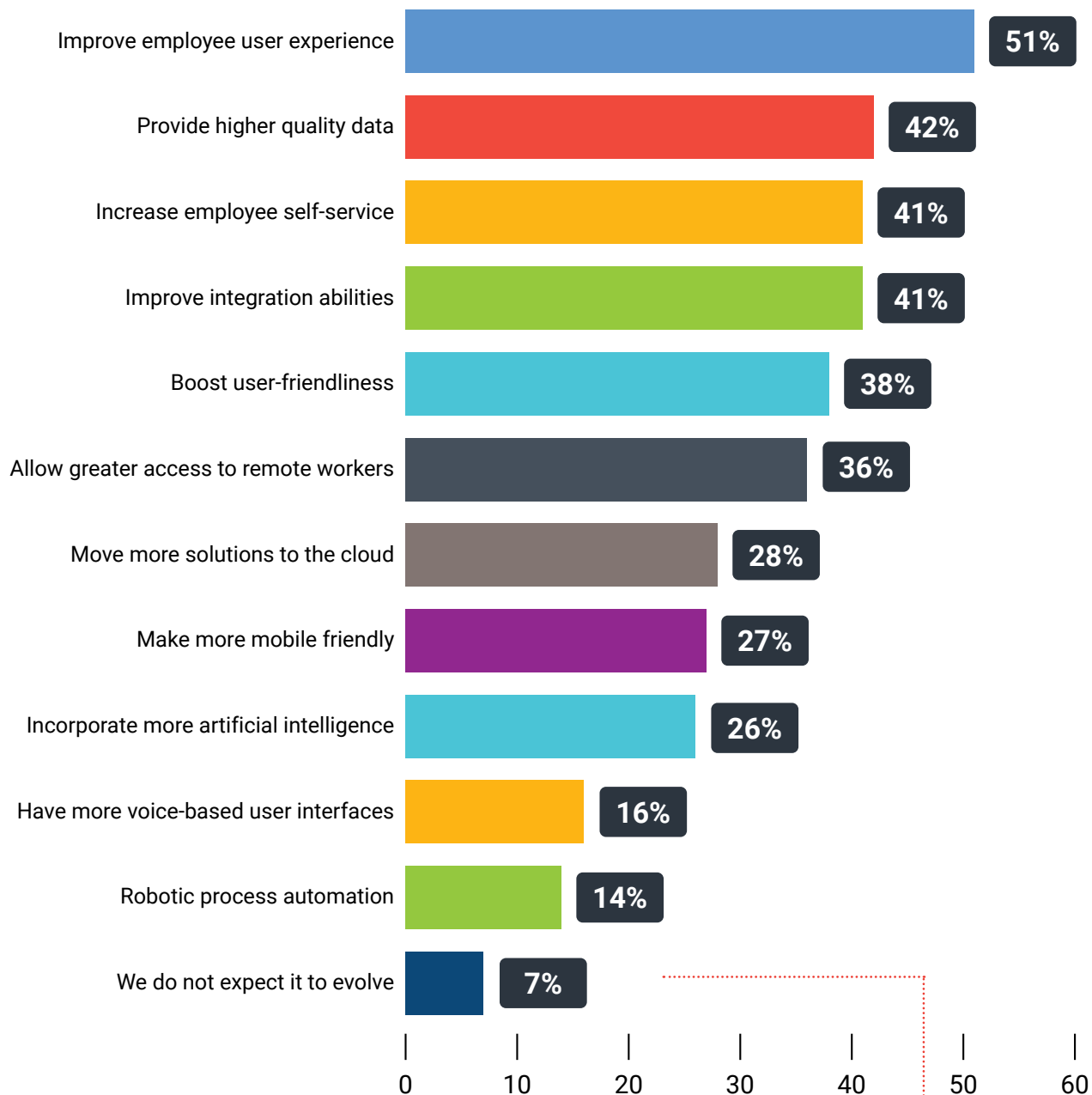
The same applies to mobile access. Nearly two-thirds (65%) already have the ability for their employees to access HR tech stack components via mobile device, so it is likely many organizations will try to make such access *more* user-friendly, powerful or even customized to enhance overall experience.

In line with the pain points and problems cited in the previous section, respondents are most likely to point to data and integration as future areas of improvement. That is, they expect the HR tech stack to improve over the next two years in providing higher quality data (42%) and improving integration abilities (41%).

Larger versus smaller organizations

Compared with small (23%) and mid-sized (30%) organizations, large companies (43%) are more likely to say they expect their HR technology stack to allow greater access to remote workers in the near future.

Survey Question: Within the next two years, how do you expect your organization's HR tech stack to evolve? (select all that apply)

Category	Percentage
Improve employee user experience	51%
Provide higher quality data	42%
Increase employee self-service	41%
Improve integration abilities	41%
Boost user-friendliness	38%
Allow greater access to remote workers	36%
Move more solutions to the cloud	28%
Make more mobile friendly	27%
Incorporate more artificial intelligence	26%
Have more voice-based user interfaces	16%
Robotic process automation	14%
We do not expect it to evolve	7%

Scale: 0 10 20 30 40 50 60

Just 7% say they don't expect their HR tech stack to evolve over the next two years

Finding: To improve HR tech stacks, organizations will focus on training users
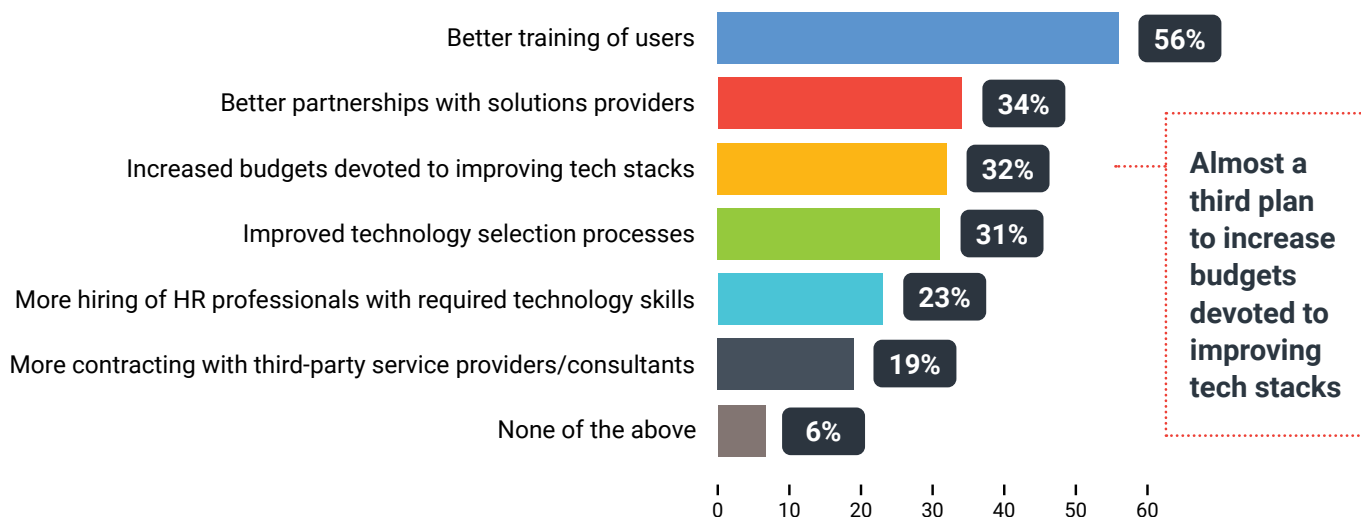
More than half (56%) of respondents say that better training of users is the best non-technological method for improving HR tech stacks in the coming years. In this case, "users" means both HR professionals and the employees who can access portions of the tech stack.

Because employee self-service is as prevalent as it has ever been, employees need to be knowledgeable in at least the basics of their organization's HR tech stack. If employees are better trained at using certain solutions, then their employee experience may be improved.

But even HR professionals themselves often fail to get the most out of their technologies. Sometimes they learn how to carry out certain essential tasks but never learn to exploit the full power of their solutions. Through better external or internal training, they may learn their systems are more robust than they initially believed. This idea connects with the need to hire more HR professionals with required technology skills (23%).

Thirty-one percent say they will improve their technology selection process. This also requires HR professionals who have a deeper understanding of the facets and possibilities of today's HR technology solutions.

Survey Question: What non-technological methods will your organization probably use in coming years to improve its HR tech stack? (select all that apply)

Method	%
Better training of users	56%
Better partnerships with solutions providers	34%
Increased budgets devoted to improving tech stacks	32%
Improved technology selection processes	31%
More hiring of HR professionals with required technology skills	23%
More contracting with third-party service providers/consultants	19%
None of the above	6%

Almost a third plan to increase budgets devoted to improving tech stacks

How HR Tech-stack Leaders Differ from Laggards

We wanted to take a closer at what differentiates organizations with successful HR tech stacks from those with less successful HR tech stacks. To do this, we separated our sample into two cohorts:

HR tech-stack leaders: respondents who say their overall HR tech stack supports the organization's business goals and strategies extremely well.

HR tech-stack laggards: respondents who say their overall HR tech stack supports the organization's business goals and strategies moderately, poorly or very poorly.

Correlation does not necessarily indicate causation, of course, but these relationships can provide clues about possible best practices related to HR tech stacks.

Finding: HR tech-stack leaders are much more likely to have both a destination and plan for getting there

As the old saying goes, if you don't know where you're going, you're less likely to get there. HR tech-stack leaders are several times more likely strongly agree that their HR leadership has a vision for the organization's HR technology (59% vs. 19%) as well as having a well-defined strategy for getting there (57% vs. 12%).

HR tech-stack leaders are almost five times more likely to strongly agree they have a well-defined strategy for developing their HR tech stack
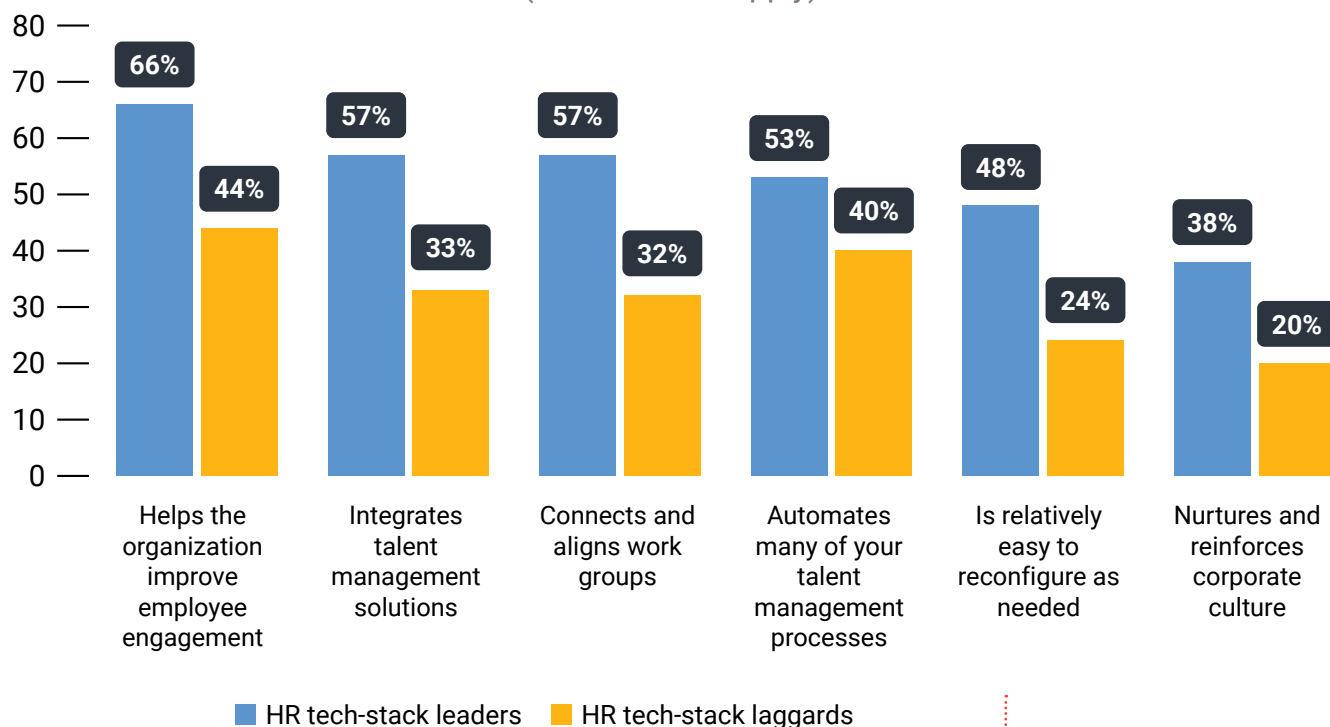
59%

57%

19%

12%

60

50

40

30

20

10

0

Strongly agree head of HR has a vision for the future of their organization's HR tech stack

Strongly agree their organization has a well-defined strategy for developing HR tech stack over the next several years

■ HR tech-stack leaders   ■ HR tech-stack laggards
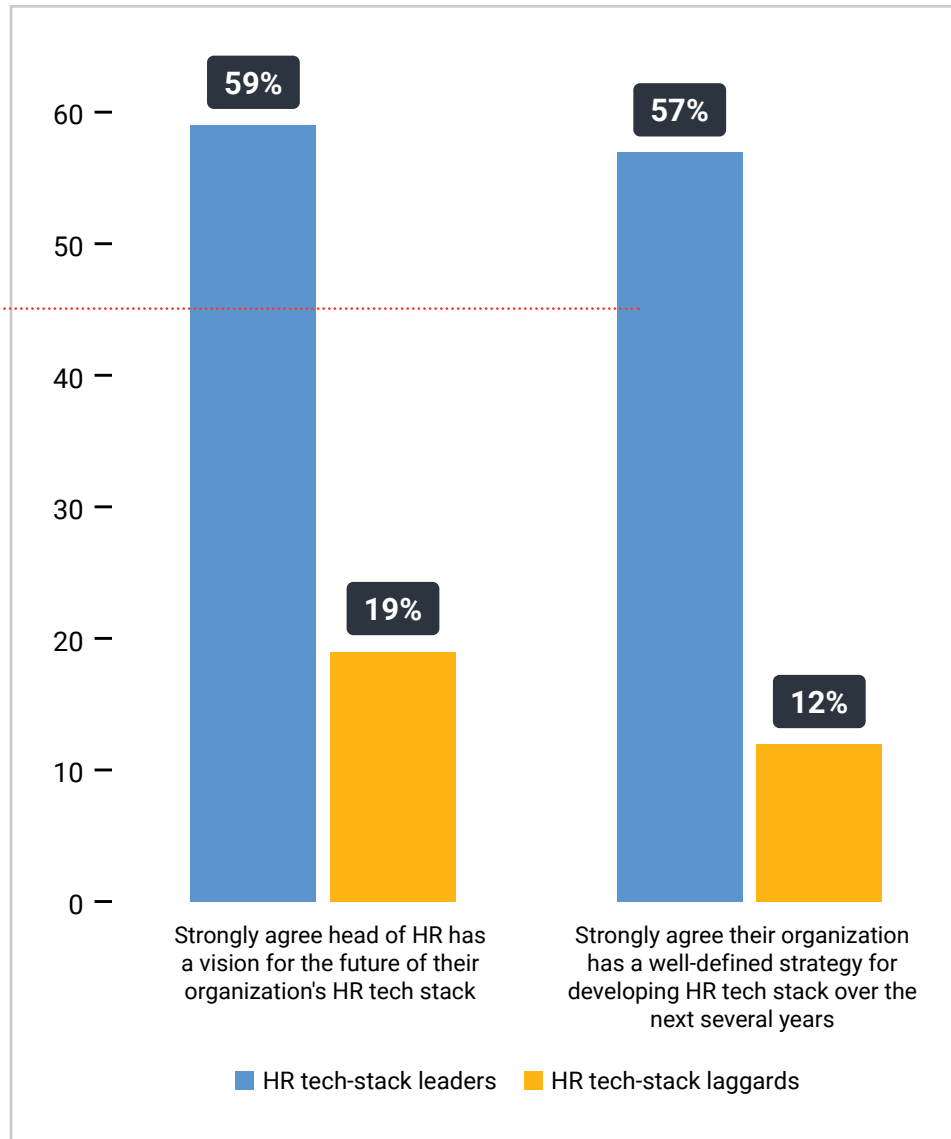
Note: This data is extracted from the questions "Your head of HR has a vision for the future of your organization's HR tech stack," and "Your organization has a well-defined strategy for developing—or continuing to develop—an optimal HR tech stack over the next several years."

Finding: HR tech-stack leaders look beyond the basics to improving HR processes and employee engagement

Leaders tend to already have basics such as employee self-service and access via mobile devices in their HR technology stack. Where HR tech-stack leaders tend to excel compared to laggards is on next-level functions impacting employee engagement, corporate culture, talent management processes and supporting work groups.

Survey Question: Which of the following are characteristics of your organization's HR tech stack? (select all that apply)
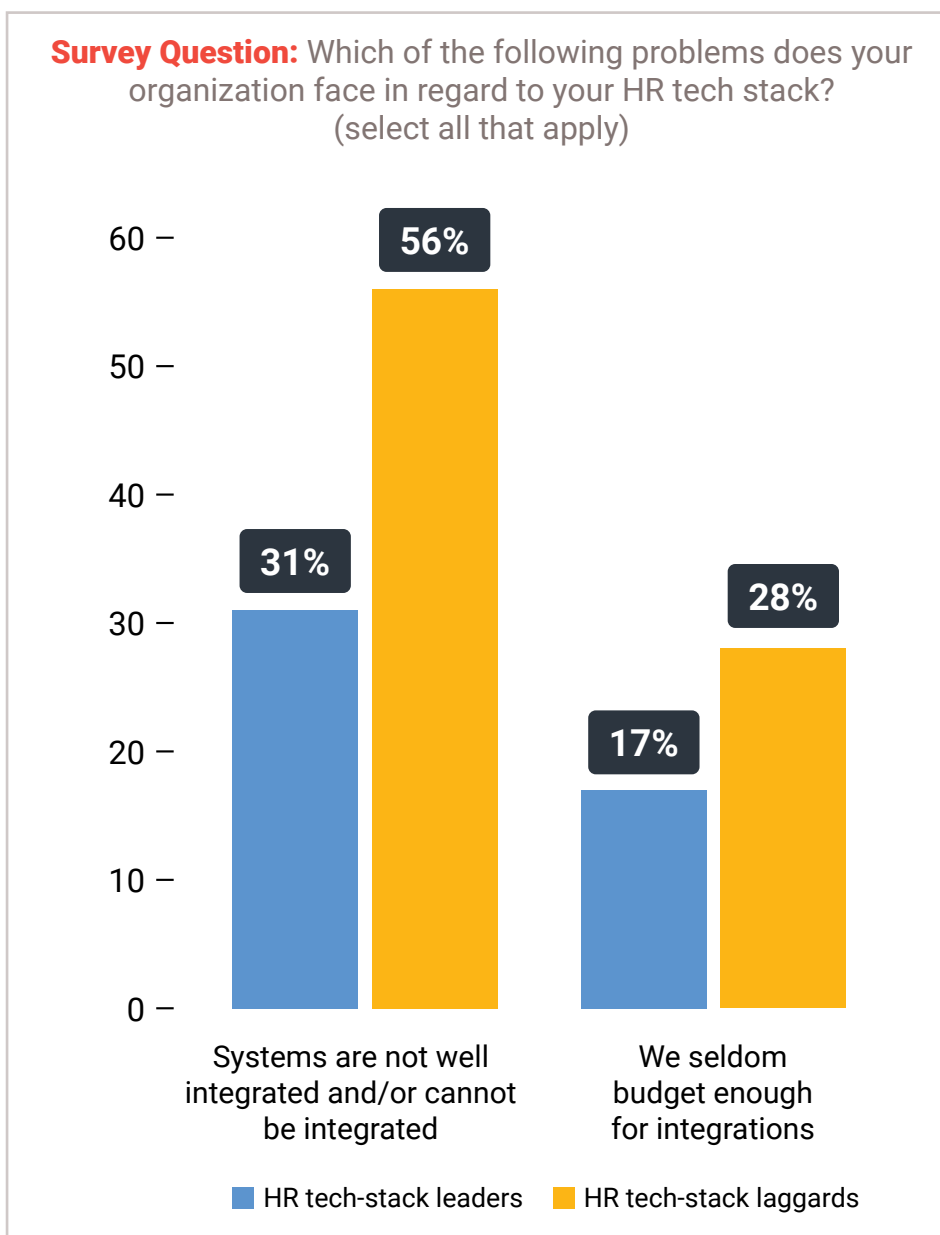
Characteristic	HR tech-stack leaders	HR tech-stack laggards
Helps the organization improve employee engagement	66%	44%
Integrates talent management solutions	57%	33%
Connects and aligns work groups	57%	32%
Automates many of your talent management processes	53%	40%
Is relatively easy to reconfigure as needed	48%	24%
Nurtures and reinforces corporate culture	38%	20%

■ HR tech-stack leaders ■ HR tech-stack laggards

HR tech-stack leaders are twice as likely to say their tech stacks are easy to reconfigure

Finding: HR tech-stack laggards are more likely to struggle with integration
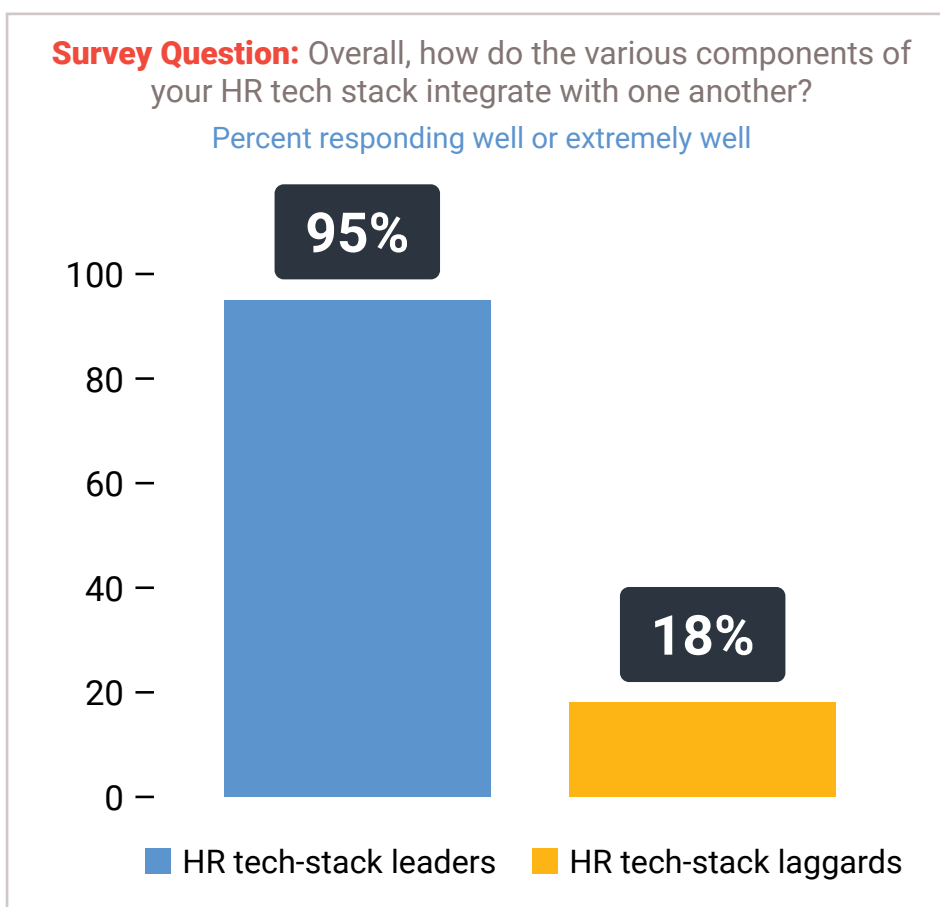
As we've seen from general results of this survey, many organizations experience integration problems. But HR tech-stack laggards have more difficulty compared to HR tech-stack leaders. More than half (56%) of laggards say their systems are not well integrated versus just a third of leaders. Further, laggards are also more likely than leaders to say they seldom budget enough for integrations (28% vs. 17%).

Survey Question: Which of the following problems does your organization face in regard to your HR tech stack?
(select all that apply)

Legend:
- HR tech-stack leaders
- HR tech-stack laggards

Categories and values:
- Systems are not well integrated and/or cannot be integrated: 31% (leaders), 56% (laggards)
- We seldom budget enough for integrations: 17% (leaders), 28% (laggards)

Finding: HR tech-stack leaders are far better at integrating various tech stack components

HR tech-stack leaders are far more likely than laggards to have better-integrated HR tech stacks. In fact, the responses are almost the opposite of one another. The components of HR tech stacks are well or extremely well integrated 95% of the time in leader organizations versus just 18% in laggard organizations, a 77-percentage point difference.

Survey Question: Overall, how do the various components of your HR tech stack integrate with one another?

Percent responding well or extremely well

- HR tech-stack leaders
- HR tech-stack laggards

Finding: HR tech-stack leaders see more accurate, actionable, and meaningful metrics

HR tech-stack leaders get better analytics out of their systems. The overwhelming majority of leaders say their HR tech stack produces data that is accurate, actionable, and meaningful to a high or very high degree. Fewer than a third of laggards say the same.

The ability to receive accurate, actionable and meaningful results can pay dividends throughout the entire organization, not just HR. After all, better human capital decision-making can potentially result in higher organizational performance even while making HR a more valuable strategic partner.

HR tech-stack laggards lack accurate, actionable, and meaningful data from their HR tech stack

Survey Question: To what degree does your HR tech stack produce HR metrics/analytics that are accurate, actionable and meaningful?

Percent responding high or very high degree

	Accurate	Actionable	Meaningful
HR tech-stack leaders	87%	87%	85%
HR tech-stack laggards	30%	23%	22%

■ HR tech-stack leaders   ■ HR tech-stack laggards
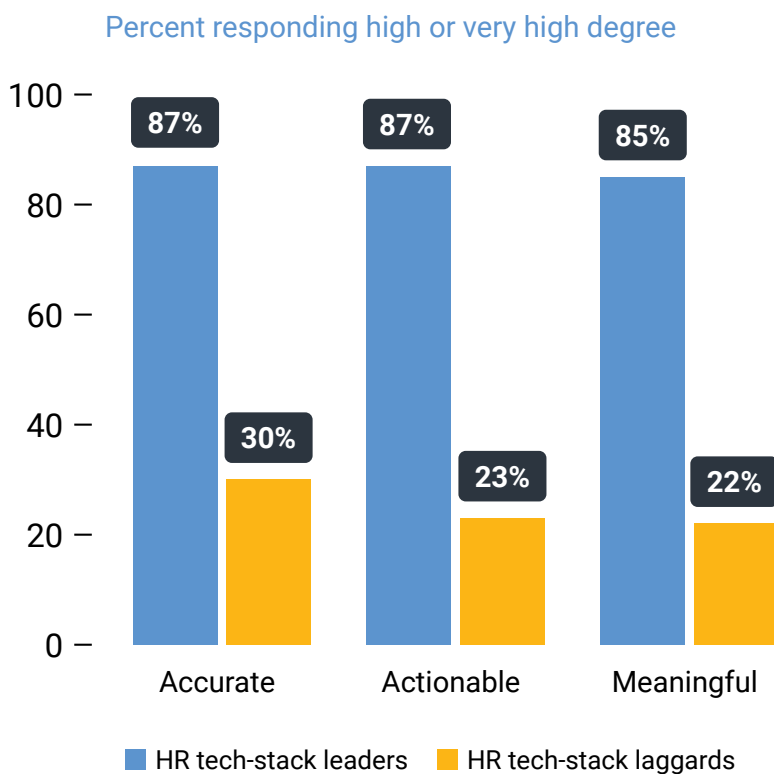
Finding: HR tech-stack leaders see much more success with increased HR productivity and meeting organizational needs

Nearly all of HR tech-stack leader organizations say their tech stack increases HR productivity/efficiency (94%), whereas just over half of laggards say the same (56%). Leaders are also far more likely than laggards to agree or strongly agree that their organization is good at implementing HR the systems so they meet relevant organizational needs (94% vs. 39%).
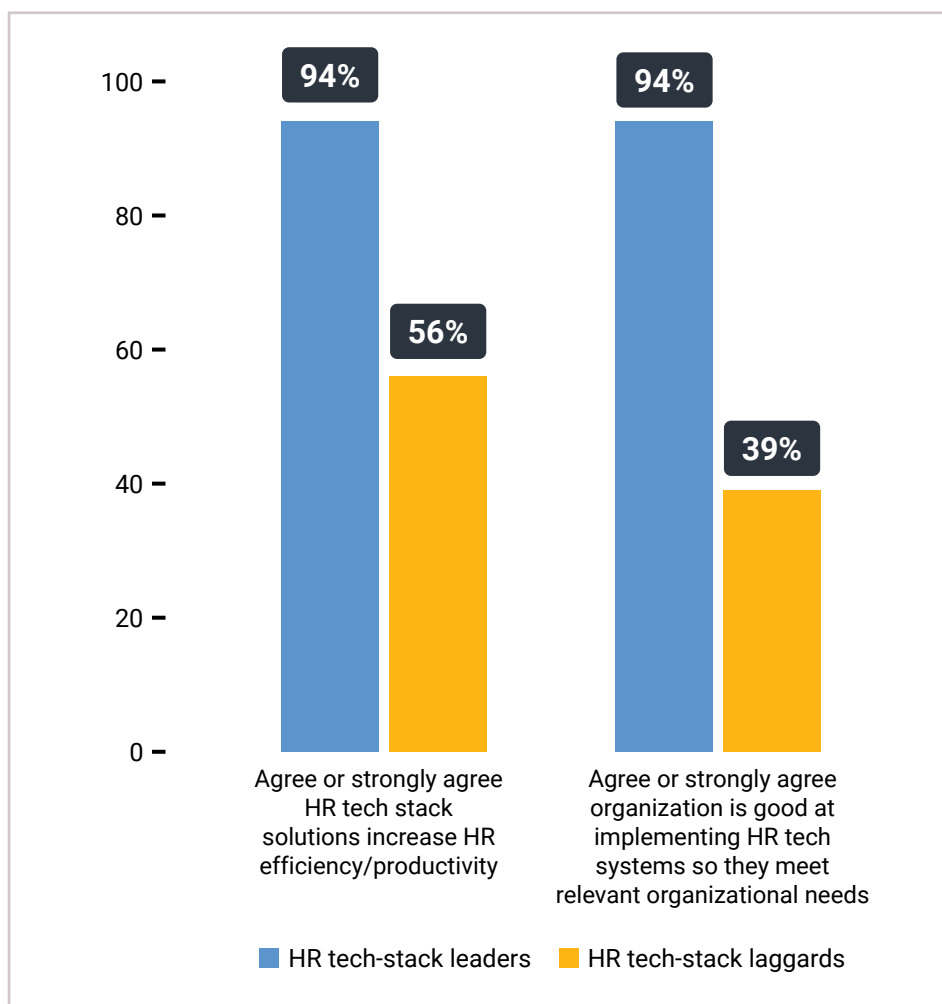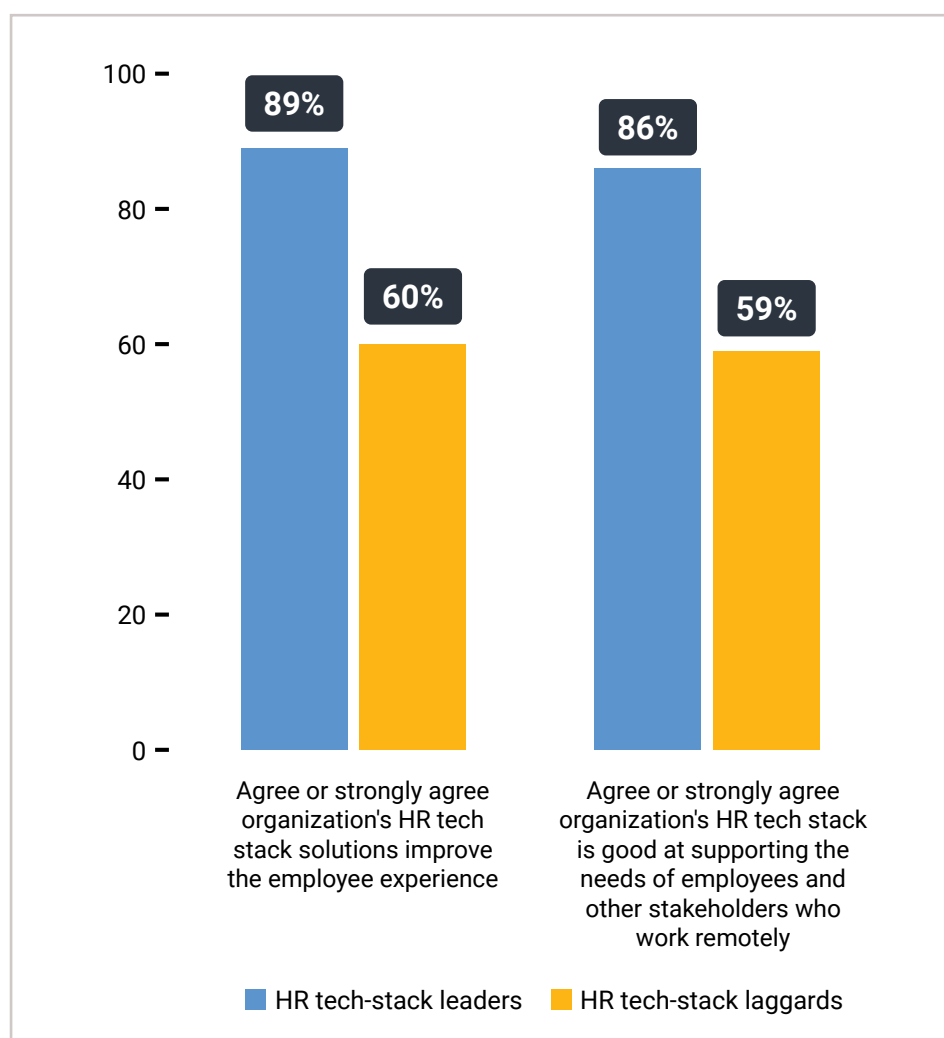

Note: This data is extracted from the questions "Your organization's HR tech stack solutions increase HR efficiency/productivity," and "Your organization is good at implementing HR tech stack solutions so they meet relevant organizational needs."

Finding: HR tech-stack leaders are more likely to have HR tech stack solutions that improve the employee experience

Even with the increased attention to the employee experience and remote working during the Covid-19 pandemic, HR tech-stack laggards fall behind in this area. Only 60% of laggards agree or strongly agree that their HR tech stack improves the employee experience compared to 89% of HR tech-stack leaders. And while 86% of leaders say their HR technology supports remote workers, only 59% of laggards feel the same.
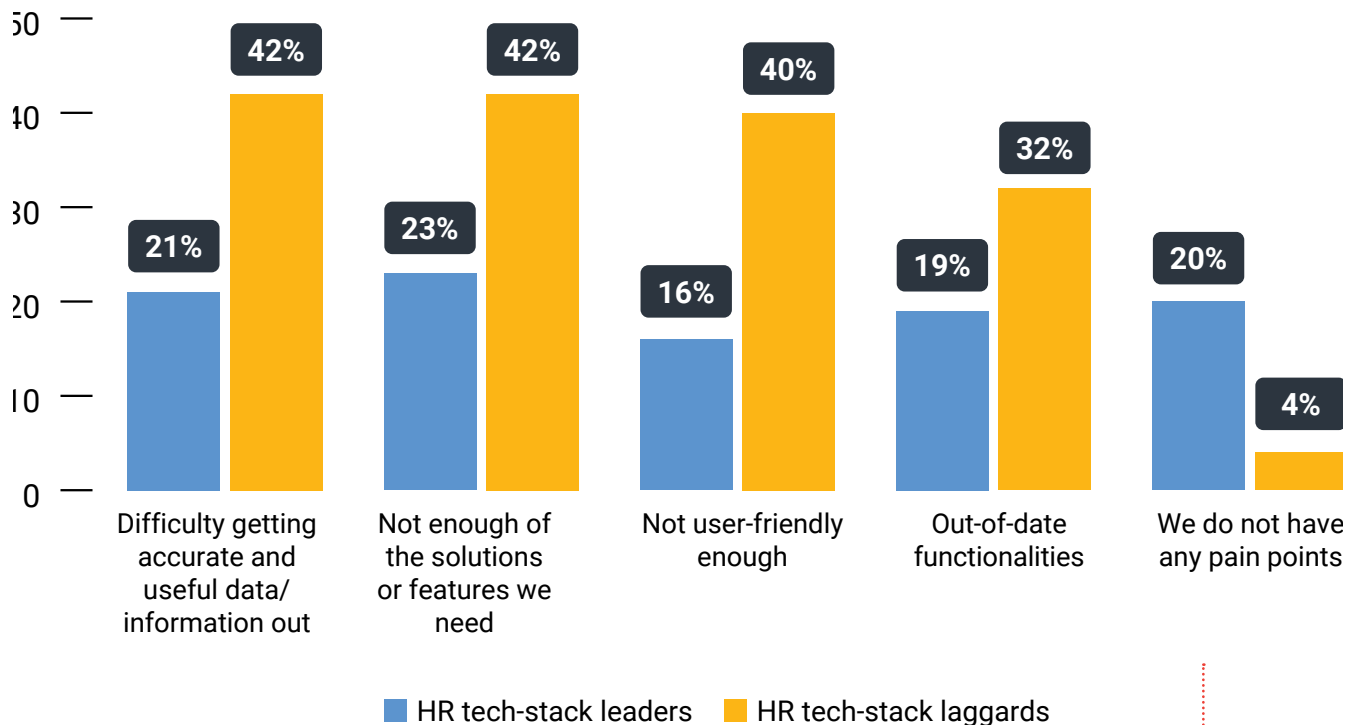

Note: This data is extracted from the questions "Your organization's tech stack is good at supporting the needs of employees and other stakeholders who work remotely," and "Your organization's HR tech stack solutions improve the employee experience."

Finding: HR tech-stack laggards experience more pain points overall than leaders

HR tech-stack laggards are much more likely than leaders to suffer from various pain points. The largest gaps are in the areas of getting useful data out of the system, not enough needed solutions or features, a lack of user-friendliness, and out-of-date functionalities. We think it's likely that out-of-date systems will also be less user-friendly and less likely to offer the most-needed features.

Survey Question: What are your biggest pain points in regard to your current HR tech stack? (select all that apply)

	Difficulty getting accurate and useful data/ information out	Not enough of the solutions or features we need	Not user-friendly enough	Out-of-date functionalities	We do not have any pain points
HR tech-stack leaders	21%	23%	16%	19%	20%
HR tech-stack laggards	42%	42%	40%	32%	4%

One out of five HR tech-stack leaders report they have no pain points

Key Takeaways

What follows are some ideas and tips for improving and maximizing your organization's HR tech stack.

Key Takeaway 1

Walk before you run. If your organization is relatively new to HR technology solutions, focus on basic needs first. For example, many firms begin with core HR functions such as payroll, benefits, and workforce management. From there, they can add new talent management components to increase the value of the tech stack over time.

Key Takeaway 2

Involve all stakeholders. To build an effective and resilient HR tech stack, all stakeholders need to be at the table. If HR installs technology that exists in its own tech silo, problems are sure to occur. For example, the HR tech stack must be closely aligned with the organization's broader technology so working with IT is essential. Ideally, HR, IT and business leadership should work together to create a dynamic blueprint that takes all systems, interfaces, and integrations into account, as well as business needs.

Key Takeaway 3

Consider integration needs in advance and integrate key systems where it makes most sense. This report suggests that many problems with HR tech stacks arise due to a lack of proper integration. Again, work closely with IT to troubleshoot these issues. These days, many systems have integrations built into their interfaces so that they can share data with other platforms and solutions "out of the box." But what may seem simple when the vendor explains it, may not be so simple integrating with your organization's systems. Find out if the new solutions provide users with an application programming interface, or API, that permits clients to customize integrations with other systems.

Key Takeaway 4

Strengthen remote access. The future of work is remote—or at least partly remote. Make sure your organization's tech stack isn't stuck in the past. How easy is it for employees to access the information, applications, and services they need? Does your tech stack support virtual teams and their collaboration needs? Are your tech stack components accessible by cloud or mobile? If there are some components that need to be accessed in-office, consider changing to a cloud solution so more employees have the ability to work from home.

Key Takeaway 5

Upskill your HR department. Regardless of organizational size, at least some HR professionals need to have solid HR technical skills. Train your HR department in all relevant areas. If possible, make sure there isn't only one expert at your organization. If that one expert leaves, you'll be back to square one with no in-house skill sets. So, plan ahead and work with your organization's L&D team to see what resources are available. Your HR tech solutions are only as strong as the people who service them.

Key Takeaway 6

Hire HR professionals with HR tech skills. Upskilling current employees is important, but when looking to hire new employees, consider adding more technology skills into the job description. And, even if a new HR hire lacks technology skills in a certain area, make sure they are willing and able to learn on the job.

Key Takeaway 7

Look for quantifiable advantages, especially ones with a bottom-line impact. If you work in an organization that formerly had nothing or barely anything as an HR tech stack, you probably saw huge gains in efficiency and productivity after deploying your first HR applications. Once your HR tech stack has been in place a while, however, new additions are less likely to have a major impact on productivity. Therefore, before adding functionalities, closely analyze what the quantifiable benefits of new or improved systems would be. For example, look for improvements in areas such as employee retention, higher engagement, faster onboarding, improved quality of hire, increases in employee satisfaction, etc. When possible, seek upticks in revenue-per-employee gained. By quantifying the advantages of new technologies, your organizations will have a much better idea of which technology investments are most worthwhile. Senior leaders will be more likely to approve of future technology investments if they are assured there is a solid return on that investment.

Key Takeaway 8

Rethink HR's role in defining corporate culture. With the rise in remote work arrangements, many HR departments have taken a bigger role in supporting the organization's culture. Consider how your HR tech stack could better support virtual teams and collaboration. How can you facilitate the harmonization of work in your organization? How can you integrate your HR tech stack with other systems to better support communication and productivity of the workforce?

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