Predicts 2022: HCM Technologies Enable Employee Experience to Support the “New Normal” of Work

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Initiatives: HCM Technology Transformation

Organizations globally are grappling with how the evolving “new normal” impacts workers. IT leaders transforming HCM must improve the employee experience by resisting “one size fits all” solutions, and instead deploying flexible, human-centric HR processes and tools to meet diverse workforce needs.
Overview

Key Findings

- The periodic and siloed nature of traditional talent management (TM) processes has restricted many organizations’ ability to adapt to the “new normal” of work. They are now implementing holistic talent strategies that align continuous listening, real-time performance, coaching, learning and development processes.

- Many enterprises want to integrate their human capital management (HCM) technology portfolio into a new work hub (such as Microsoft 365) to deliver a “quick and easy” user experience option. However, they are often daunted by the breadth, complexity and cost of meaningfully accessing the entire range of HR processes and systems via a work hub.

- Skills are fast becoming the main talent-related currency in terms of hiring, workforce planning and optimization, career development, talent marketplaces, and learning. However, TM technologies that include AI-enabled skills management are often implemented piecemeal, leaving the organization with multiple sources of truth about skills data.

- Improving employee creativity, innovation and collaboration within remote or hybrid work scenarios has been a significant challenge for many organizations over the past two years. This has driven an increased focus on employee experience from both a process and technology perspective, but organizations implementing this concept face many obstacles.

Recommendations

IT leaders supporting HCM technology transformation should:

- Embed continuous listening within posthire TM process flows that provide data and inputs that are most important to the business, while offering a cohesive employee experience.

- Include the new work hub as another point of access for quick and simple HR transactions, but do not expect it to be the primary and preferred entry point for all HR processes. Work with stakeholders to prioritize which workflows, processes, and interactions will be accessible via the new work hub.
Ensure that TM leaders design their processes (and their technology requirements) with the end state in mind for the use of skills and integration between components. Scrutinize the two-year roadmaps of both specialist solutions and HCM suites for upcoming skills aggregation features.

Identify that the success of any employee experience improvement initiative is more reliant on an employee-centric culture and mindset than technology. Use agile pilots where possible, as employee experience technologies are emerging, features vary, and relative impact differs across worker types and industries.

**Strategic Planning Assumptions**

By 2024, more than 30% of organizations will have embedded continuous listening into their posthire talent management processes to improve employee experience and retention.

By 2024, 40% of midmarket and large organizations will surface HCM processes in a new work hub, but adoption and satisfaction will be limited.

By 2024, 20% of large global organizations will have successfully invested in a skills aggregation solution to connect multiple skills management repositories.

By 2024, 60% of large global organizations will try to address employee experience needs by deploying at least five HCM and digital workplace technologies.
Analysis
What You Need to Know

HR departments everywhere are struggling to cope with continuing workforce and economic disruption as the lingering effects of the pandemic unfold. The uneven nature of economic recovery by region and industry sector only adds complexity, and it has helped accelerate the emergence of “new normal” work methods and processes (see Figure 1).

Figure 1: Implications of the “New Normal” on HR Processes and Technologies

Additionally, some HR departments are facing the challenge of managing return-to-work initiatives for certain employee cohorts, while others are trying to limit attrition to reduce the strain on already overburdened recruiting functions.
Both challenges at their core are related to the “why” of work, which includes the need to understand and support employee motivations and purpose. To address this, many Gartner clients are deploying more “human-centric” HR processes to better meet the ever-increasing expectations of employees, managers and candidates. The Strategic Planning Assumptions (SPAs) in this research explore four ways in which this approach will improve the overall employee experience and be manifested in HCM technology portfolio investment roadmaps:

- Linking continuous listening to more frequently performed TM processes to improve the feedback loop between completion, analysis and action
- Meeting employees and managers where they do the majority of their work by surfacing common HR tasks in their day-to-day collaboration technologies
- Taking a more strategic and cohesive approach to collecting, managing and improving employee skills
- Realizing that improving the employee experience across all employee types and work patterns is a nuanced initiative that will resist a “one size fits all” solution

All HR departments and their IT support teams will be affected, regardless of size, geography or industry. However, some components of the HCM technology portfolio will initially be more affected than others (see Figure 2).
Leading-edge use cases are coming from a mix of organizations, driven more by culture, business needs and a willingness to experiment than any other characteristics. Finally, as with most HCM technology initiatives, success depends on many factors, in addition to a given solution's technical capabilities — and barriers to successful adoption are plentiful.
Strategic Planning Assumptions

**Strategic Planning Assumption:** By 2024, more than 30% of organizations will have embedded continuous listening into their posthire talent management processes to improve employee experience and retention.

**Analysis by:** Jeff Freyermuth, Ron Hanscome

**Key Findings:**

Organizations and HR teams continue to realize the challenges and limitations of traditional TM processes and technologies. The infrequent, often siloed approaches and periodic nature of employee interactions has restricted organizations’ ability to keep pace with the desire for more human-centric HR processes. A strong contributing factor is often the relative state of their HCM and TM applications. This application portfolio is often perceived as being cumbersome to use, bloated, difficult to change, prone to functionality gaps and anchored to dated talent strategies.

Enterprises are evaluating new talent processes and technologies to be able to integrate more employee inputs and data to improve employee performance, engagement and drive increased productivity. In addition, COVID-19 and remote work has led to a growing demand for more agile and modern TM strategies and technologies. Organizations have begun implementing more holistic talent strategies; aligning more continuous employee listening, real-time performance, coaching, learning and development processes. This more fluid and broader approach is required to support the more personalized, informal interactions that are increasingly demanded by employees.

**Market Implications:**

This ongoing shift to continuous listening and TM is garnering more attention due to lingering COVID-19 challenges, especially as organizations continue to struggle to effectively support a remote and/or hybrid workforce. Organizations have begun to embed continuous listening and voice of the employee (VoE) solutions into their talent processes. To date, continuous listening and VoE have mostly relied on engagement surveys, feedback tools and other data sources to monitor employee sentiment and infer employee preferences, opinions and well-being. Their underlying goal is to deliver in-depth insights with actionable guidance. Stakeholders can then use this information to help improve employee engagement, experience, productivity and performance.
Gartner expects one-quarter of organizations to incorporate a new wave of VoE data and employee listening insights, captured during COVID-19, into their talent processes by 2024. The link between VoE and “continuous” TM is still in its early stages, but it presents a longer-term opportunity for organizations to both increase agility and proactively drive more meaningful business results. In doing so, VoE becomes a key component of an organizational “sense and respond” feedback loop that connects with most HR processes and HCM technologies.

Recommendations:

- Evaluate existing talent practices and applications by concentrating on synergies between previously isolated and discrete activities.
- Embed continuous listening within posthire TM process flows that provide data and inputs that are most important to the business, while offering a cohesive employee experience.
- Determine the desired types of VoE “listening” (direct-survey-based, focus-group-based, indirect or inferred), their frequency and the extent to which VoE will be combined with other talent functions.
- Work with progressive TM leaders who are searching for better “sense and respond” capabilities throughout talent processes and the business.
- Drive greater employee adoption by embedding solutions into the daily activities and productivity tools of both employees and managers.
- Consider composable applications to refresh stagnant HCM and TM portfolios that may otherwise hamper the desired evolution of posthire TM processes.

Related Research:

Innovation Insight for Continuous Employee Listening and Talent Management

Market Guide for Voice of the Employee Solutions

Strategic Planning Assumption: By 2024, 40% of midmarket and large organizations will surface HCM processes in a new work hub, but adoption and satisfaction will be limited.

Analysis by: Chris Pang, Helen Poitevin
Key Findings:

Workstream collaboration tools such as Microsoft Teams, Slack and Facebook's Workplace are often positioned as an essential component of a new work hub for certain groups of workers. ¹ Many HCM vendors either offer or are working to deploy integrations to these tools to enable users to complete tasks and ask questions in a chat interface. The benefits of incorporating this technology into an HCM technology strategy include:

- Access to frequently used functionality in HCM, such as time-off balance, time-off requests and policy documents via a conversation with a chatbot
- Reduced or minimal end-user training for the HCM application
- Fast submission and completion of requests and tasks
- Ability for users to see a history of their requests, steps and interactions with the system in their chat history
- Ability to send push notifications to share updates, request input or get feedback from employees.
- Provide managers with a quick approval option for common tasks such as a recognition submissions, time-off requests, authorizing requisitions, etc.
- Proof that an organization is trying to improve the employee experience by investing in more human-centric approaches to system usability and end-user needs

Through 2024, we expect substantial new work hub adoption, and for organizations to link the work hub with their HCM applications. But the value delivered from an HR virtual assistant (HRVA) within the new work hub will be limited due to the breadth, complexity and cost of meaningfully accessing the entire range of HR processes and systems via a workhub. For example, some Gartner clients have commented that they have upward of 80 different HCM applications in operation. In addition, local administrative processes are frequently supported by external service providers with their own portals and identity management, which may not be compatible with new work hubs.

Market Implications:
Leveraging new work hubs with HCM opens up an additional channel to reach employees. It will be especially useful for HR teams by reducing the resources needed to support users who get “stuck” when using the HCM application. End-user organizations that allow this feature can use it as an example of improving the employee experience.

However, the impact of work hubs as an alternative entry point to HCM will be constrained due to the following:

- HRVA technology will need to mature in order to understand complex requests and resolve them in the moment.

- Some requests, especially in manager self-service scenarios, require the presentation of datasets and visual data representations. Current work hub technology has limited support for this feature, especially with follow-up needs to filter or manipulate the data.

- HCM providers have heavily invested in their own user experience technology and, while they are keen to promote “openness” to external options, they still prefer users to come into the HCM application directly, especially as HCM vendors enter into adjacencies such as offering lightweight intranets.

- HRVA deployments often suffer from complex and incomplete integration with legacy applications that are not fully API-enabled, such as older payroll platforms.

- Regarding security concerns, many HR and IT teams believe that a natural segregation of applications and limiting functionality exposed to work hubs helps to avoid accidental or malicious data breaches. Examples include users accidentally entering an HR request into a regular chat rather than using the HRVA, or a potential breach in the work hub that is used to execute malicious requests in the HCM application.

- HR teams (and vendors) are judicious about exposing complex and sensitive processes to an HRVA user experience. For example, an HRVA is fine for a quick time-off request or approval, but it’s unlikely that HR teams would be comfortable with managers conducting salary changes, employee terminations and other processes that require additional rigor and thought before executing.

- Without a clear implication plan and ongoing optimization, such as priority placement for HRVAs and links to HCM, usage will suffer due to work hubs becoming overloaded and disorganized. This is a living embodiment of the “yet another thing to check” problem.
Recommendations:

- Include the new work hub as another point of access for quick and simple HR transactions, but do not expect it to be the primary and preferred entry point for all HR processes.

- Prioritize which workflows, processes and interactions will be accessible via the new work hub. For example, a design point for manager access might be to cover the 80% of interactions that are simple notifications, requests and approvals, and to leave the complex tasks to be handled within the HCM solution.

- Be purposeful in determining which topics should be managed in the HCM application by default, while still surfacing this information in the new work hub.

- After implementing the integration, monitor for situations where transactions are commonly abandoned before completion to prioritize where to focus remediation work.

- Take a multiexperience approach by making sure that processes started in one user interface flow through and are consistent within other user interfaces.

Related Research:

- HCM Integration Strategy: Key Planning Considerations
- Making Sense of the Chatbot and Conversational AI Platform Market
- Architect the Future of Work With the Digital Workplace Framework
- Technology to Support Collaboration for a Hybrid Workforce

**Strategic Planning Assumption:** By 2024, 20% of large global organizations will have successfully invested in a skills aggregation solution to connect multiple skills management repositories.

**Analysis by:** John Kostoulas, Helen Poitevin

**Key Findings:**
Skills are fast becoming the main talent-related currency in terms of hiring, workforce planning and optimization, career development, talent marketplaces, and learning. The reskilling and upskilling of talent has been the No. 1 topic of focus for HR leaders, per Gartner’s annual survey, for three consecutive years (see Top 5 Trends and Priorities for HR Leaders in 2022). Enterprises seeking solutions, and vendors proposing them, have focused their efforts on using AI techniques to transform the way they address the complexity of skills data to help keep the data fresh, relevant and applicable across the respective talent processes (see Quick Answer: How AI Techniques Can Help Manage Employee Skills Data).

Investments by large, global organizations in TM technologies that include AI-enabled skills management are most often piecemeal and reflect the needs of the specific TM leaders (talent acquisition, learning and development or even local/regional HR leaders). However, to enhance business and talent agility, organizations are increasingly compelled to approach the TM process cycle in a more integrated, human-centric and holistic way. To do so, they now must address their technologically modern, yet fragmented, application landscape, which includes multiple sources of truth about skills data.

The temptation is to turn back to a highly standardized data model, with a limited number of skills that can be tracked. However, AI has transformed these historical approaches to managing skills data. It is now more efficient to aggregate and share data across systems, each learning from what the other models deliver. To make this a reality, an essential step that enterprises will need to take is implementing a skills aggregation solution that incorporates multiple ontologies and connects all skills data sources.

Market Implications:

This profound change affects applications by both specialist and HCM suite vendors. Specialist vendors, even the largest and fastest-growing, cover only a subset of TM processes through their AI-enabled components, one of them being skills management (see Infographic: Artificial Intelligence Use-Case Prism for HCM Technology). HCM suites are often not chosen by large organizations to conduct specific TM processes (talent acquisition, learning and development are the most typical). Also, some capabilities are either emerging or nonexistent (e.g., internal talent marketplace, mentoring, coaching).
A new breed of solutions is emerging that aims to detach skills management from the corresponding downstream TM cases. These solutions aim to integrate with multiple systems and process domains with their skills detection, inference and matching algorithms. Emsi BurningGlass, EdCast, SkyHive, TechWolf and JANZZ.technology are examples of providers with such solutions. These solutions must deliver a quick and robust integration roadmap to fulfill their buyer's expectations of a seamless, integrated skills landscape that powers integrated TM. Lack of funding and limited product management capabilities will prevent many of these vendors from meeting these integration expectations.

At the same time, many cloud HCM suites already possess (or are about to deliver) AI-enabled skills management capabilities. These vendors are expected to open up their architecture to third-party skills repositories (including organization-specific skills). They will also be able to provide skills data to downstream use cases fulfilled by specialist solutions, thus effectively playing the role of the skills aggregator. HCM suite providers are generally in better shape with regards to R&D financial resources and product management capabilities, but their pace of innovation can be slowed down due to other priorities.

Recommendations:

- Align TM leaders to design their processes (and their technology requirements) with the end state in mind with regards to use of skills and integration between components.

- Scrutinize timing of technology deployment by HR leaders. Very often, HR leaders jump straight to technology deployment with little focus on cultural or organizational readiness (internal talent marketplaces is an example). Premature deployment will require more time and money for corrective action later (such as reconfiguration, data model changes or even solution replacement within three years), especially in this fast-moving domain.

- Scrutinize the two-year roadmaps by both specialist solutions and HCM suites for upcoming skills aggregation features. Next to functional readiness, consider the financial viability and execution record of each provider.

Related Research:

Quick Answer: How AI Techniques Can Help Manage Employee Skills Data
Future of Work Trends Will Drive New Technologies to Track, Develop and Deploy Talent

Innovation Insight for Internal Talent Marketplaces

**Strategic Planning Assumption:** By 2024, 60% of large global organizations will try to address employee experience needs by deploying at least five HCM and digital workplace technologies.

**Analysis by:** Ron Hanscome, John Kostoulas

**Key Findings:**

Worker motivation and engagement are key in work environments that demand ever-increasing levels of innovation, creativity and collaboration across teams. However, maintaining or improving these characteristics within remote or hybrid work scenarios has been a significant challenge for many organizations over the past two years. These issues have driven an increased focus on the overall employee experience from both a process and technology perspective. Employee experience technologies can help to increase employee motivation and engagement, thus contributing to business performance and outcomes while supporting a pivot to a more agile culture. They can also help to improve the overall employment value proposition over time by better matching employee experience with the organization’s brand characteristics and ambitions.

Unfortunately, organizations attempting to implement this nascent concept face many obstacles:

- Employee experience needs tend to vary substantially by worker type and work pattern, with fundamental differences between the requirements of “knowledge” and “frontline” worker personas (such as retail employees, drivers, field service workers or contact center agents).

- Other variables affecting employee experience requirements for an organization include its industry and, to an extent, its geographic distribution.
Employee experience usually has multiple stakeholders, with HR, corporate communications, IT (especially digital workplace leaders) and operations all wanting to drive (or at least influence) solution design and deployment. This can cause difficulties in gaining consensus on the issues, and may result in fragmented outcomes such as piecemeal purchases or enhancements to existing solutions. One example of this is the intersection of employee experience technologies and employee communications applications, which have commonly focused on frontline worker communications and may be used within employee experience technologies as another delivery experience.

Organization leaders want to deploy a single (or at most a couple of) enabling technologies to improve employee experience across their entire workforce, and tend to underestimate the complexity of their current workforce. Many expected their cloud HCM suite deployment to solve their employee experience issues, but now realize that augmentation is needed to improve outcomes.

Market Implications:

Vendors responded to the tight labor market in early 2019 by developing and/or enhancing their solutions to meet increased employee experience market expectations, with some claiming to be an “employee experience platform.” This trend has continued to the present day, driven by the desire to maintain the organization's connection with remote workers and support myriad hybrid and return-to-work scenarios. However, there is currently no comprehensive employee experience platform that meets the needs of all worker types and work patterns in the major industries across all employee size segments and geographies.

Despite robust development (and marketing) efforts by many providers, such a platform is not likely to emerge within the next five years. Therefore, enterprises will need to deploy multiple employee experience solutions to meet their diverse requirements. Large global organizations with increased complexity and workforce diversity may need to deploy five or more disparate employee experience solutions. It is also highly likely that a comprehensive approach will result in a combination of HCM technologies, employee communications applications and digital workplace tools in order to meet organizational expectations.

While the combinations and possibilities are endless, common examples include:
Building digital dexterity within a mixed workforce: A large global manufacturer with an on-premises core HR solution and multiple cloud talent solutions has diverse shop-floor worker process and communication needs. It addresses those with mobile and kiosk-based technologies such as workforce management and employee communications applications. They also might use employee communications applications and a modern intranet to drive HR-related communications and service processes for employees who don't use the shop-floor workforce management solution.

Tailoring the experience to the worker persona: A large North America-based omnichannel retailer addresses store worker needs with a mobile-first frontline worker solution. It handles contact center requirements by enabling additional modules within existing workforce engagement management software, and warehouse/distribution center needs by deploying an employee communications application. For office workers, this is augmented by the employee portal of the recently deployed HR service management solution. The portal serves as the "front end" for common HR processes and links to the related HCM applications as needed.

Addressing ad hoc user journeys: A global engineering firm with a recently deployed cloud HCM suite activates the latest "journey" capability to address employee "moments that matter." However, since the vast majority of employees operate within a common new work hub, employees and managers also can interact directly with the HCM suite through the hub's user experience. This is possible due to a standard integration from the suite to the new work hub that enables quick queries, notifications and approvals without the worker being forced to switch out of their daily work environment.

Recommendations:

- Identify that the success of any employee experience improvement initiative is more reliant on an employee-centric culture and mindset than technology. Any solution, even one that applies the latest techniques, won't be able to overcome cultural resistance.

- Use leading design practices such as personas and employee journey mapping for each major worker type/work pattern to ensure that the delivered solution actually improves interaction quality.
Assess the employee experience technology capabilities of your incumbent cloud HCM suite, HR service management solution, employee communications application and digital workplace tools compared to worker-specific point solutions to determine cultural and contextual fit.

Consider agile pilots, as employee experience technology solutions are emerging, features vary, and relative impact differs across worker types and industries. Focus on the value-add to employees and the reduced time to benefit.

Related Research:

Deliver on Employee Experience in the New Workplace When HCM Technology Replacement Isn’t an Option

How to Harness Voice of the Employee Insights for Continuous Employee Experience Improvement

Drive Employee Experience for Frontline Workers Using HR Technology

A Look Back

In response to your requests, we are taking a look back at some key predictions from previous years. We have intentionally selected predictions from opposite ends of the scale — one where we were wholly or largely on target, as well as one we missed.

On Target: 2018 Prediction — By 2022, 35% of organizations will utilize conversational user experience and natural language processing interactions in their talent acquisition, which will turn the job application process into a simple conversation.


The single biggest factor driving development and adoption of these capabilities within the talent acquisition market was the pandemic. The forced shift to remote work environments for many also affected recruiting, as talent acquisition leaders scrambled in 1H20 to adopt an almost completely virtual hiring process. Talent acquisition technology providers (point solutions, talent acquisition suites and several HCM suites) quickly responded by either building or acquiring virtual assistant capability and embedding it within their solutions. This resulted in rapid adoption that, overall, has met the predicted level of adoption, and exceeded it in certain sectors such as fast food and quick service restaurants.
That said, it can certainly be argued that many job application processes are not yet fully "conversational," as stated by the prediction for all job roles and industries. Full achievement of this remains a work in progress for most solutions as they continue to work with initial customers. However, given the generally positive experiences of early adopters and the continuation of hybrid work environments, rapid adoption is likely to continue over the next five years.

Missed: 2017 Prediction — By 2022, 25% of workers will use at least one consumer HR app to assist them in managing their working lives and personal development.

Previously published in Predicts 2018: Pervasive Cloud Adoption and Emerging Interaction Modes Impact the HCM User Experience.

This prediction was made based on the prevailing notion that the “there's an app for that” philosophy would engulf the HR function and thus become part of the HCM technology portfolio in leading organizations. A strong underlying assumption was that there would be formal and structured processes in place to enable these consumer applications to play within an organization’s architecture in a seamless manner. It was also expected that adoption would be driven by the adoption of both bring your own device (BYOD) and bring your own apps (BYOA) by large complex organizations.

These conditions did not materialize in the market to the degree expected; while BYOD is fairly ubiquitous, BYOA is much less so. This is because truly integrating these apps into enterprise environments in a secure manner turned out to be more difficult than expected. Also, many employees resisted the conditions under which their mobile devices could be used in the enterprise context (such as mobile data management software with remote device wipe capability). Finally, HRIT leaders chose to rely on existing partnerships with benefits, wellness and digital workplace providers to surface this content within their current solutions.

As a result, employees are accessing this content via desktop or mobile device, but through the enterprise HCM technology portfolio rather than via stand-alone apps. There will always be some stand-alone usage of consumer HR apps, particularly within work-at-home environments and for the purposes of job search, external mobility and personal development. However, we expect that the majority of usage will continue to be through applications provided by the employer. Another important driver will be cost — fees within the enterprise solution are partially (or completely) subsidized by the employer, versus being carried by the employee with stand-alone apps. The only outlier to this will be gig workers who choose to use these stand-alone apps because they have little to no access to what is provided within an enterprise to employees.
Evidence

¹ New work hubs are a key category within digital workplace applications. They are intended for employees to perform general individual and collaborative work. They include functionality such as email, calendar, content creation, content services, meeting solutions and workstream collaboration.

Recommended by the Authors

Some documents may not be available as part of your current Gartner subscription.

Infographic: Artificial Intelligence Use-Case Prism for HCM Technology

Revamp Your HCM Technology Strategy to Support Continuous HR for Composable Business

Future of Work Trends: A Gartner Trend Insight Report

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