

Is technology the answer to your biggest HR challenges? Find out what top executives say.

PwC's HR Technology Survey 2020

Nearly 600 HR and technology executives across the globe participated in PwC's most recent Human Resources Technology Survey. These leaders agree that finding and retaining people in an era of unprecedented talent shortages is challenging. But their investments in cloud solutions to boost the employee experience and career development are paying off, in large part by improving workforce visibility. Ensuring adoption of new HR systems is critical, these leaders say, and many are pursuing innovative incentives including gamification and journey mapping to ensure success.



Human capital gap

As our economy continues to grow and prosper, companies are facing a severe supply shortage. Not of raw materials for products but of something even more valuable: human resources. In fact, 2018 and 2019 were statistically among the tightest labor markets in decades. This fact is highlighted by one telling event: In 2018 — for the first time in history — job openings officially surpassed the total unemployed workers, according to the US Bureau of Labor Statistics.¹

The tight labor market is exacerbated by the fact that a significant majority of workers are happy with their current jobs. According to a recent LinkedIn survey, about 81% of job candidates are considered “passive” — that is, they’re not actively looking for a new position.² In this environment, it’s no wonder that more than 70% of recruiters struggle to find skilled candidates, according to one estimate.³

This upside-down market for employers means companies must redouble their efforts at recruiting, retaining, and nurturing their workforce — or else face an intensifying battle for talent and the growing risk of resource shortages that could threaten growth and profits.

The talent squeeze is especially acute among companies saddled with antiquated processes for screening and managing their pipeline of applicants. As a result, it’s estimated that up to 80% of applicants are screened out of the hiring process,⁴ and 70% never hear back after applying.⁵

Moreover, once hired, many employees complain of a poor work experience, raising the risk of attrition. In a recent Gallup survey of HR professionals, only 12% of employees strongly agree that their companies do a great job with onboarding,⁶ and only 20% strongly agree that their performance is managed in a way that motivates them.⁷ Lack of support for career development could be partly to blame — and companies are struggling in this area too, with a significant majority of employees in a 2019 Harris Poll survey (77%) saying they feel “on their own” when it comes to developing their career at their current employer.⁸

Given this reality, it’s not surprising that HR leaders report in PwC’s latest Human Resource Technology Survey that their top two concerns today are “finding, attracting and retaining talent” (58%) and “developing people to reach their potential” (43%).

Top human capital challenges for the enterprise. The big six issues driving HR technology decisions.⁹



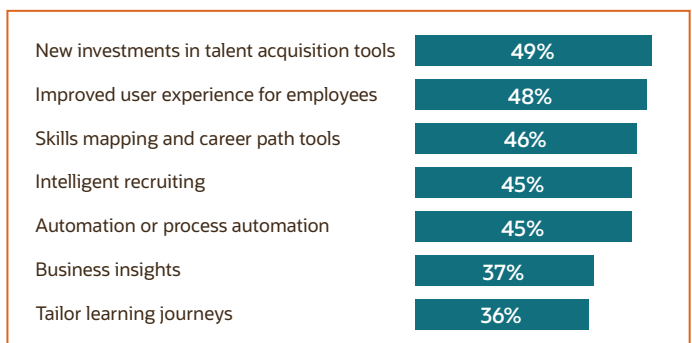
“The way people experience your organization matters. 49% of people say that they have turned down a job at an organization because of a bad recruiting experience. Furthermore, 56% of people say that they would actively discourage others from applying for a job at a company due to a bad recruiting experience.”

Dan Staley, Principal, HR Technology Leader, PwC

Boosting employee experience with cloud technology

The good news is that more companies are recognizing the need to do a better job of attracting and retaining people and are stepping up investments in new technologies to support a better employee experience. Nearly half of the companies surveyed say they have plans to invest in various HR technologies over the next 12-24 months. Top investment areas include “new talent acquisition tools” (49%), “improved user experience for employees” (48%), and “skills mapping & career path tools” (46%).

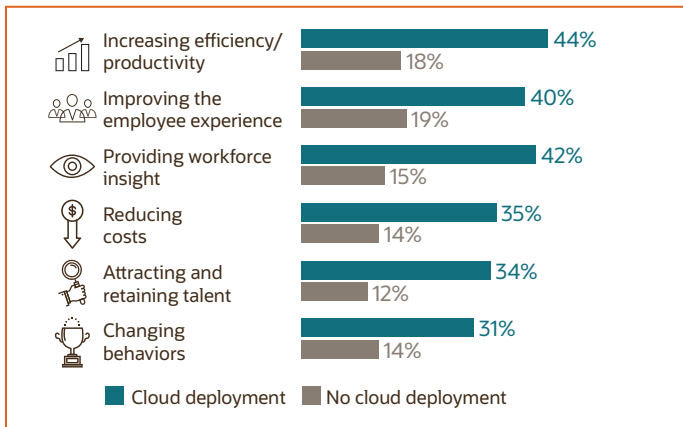
Closing the gap: HR technology priorities over the next 12–24 months focus on the candidate and employee experience¹⁰



Significantly, when it comes to HR technology, more leaders are turning to cloud-based solutions to transform the employee experience and boost recruiting and retention performance.

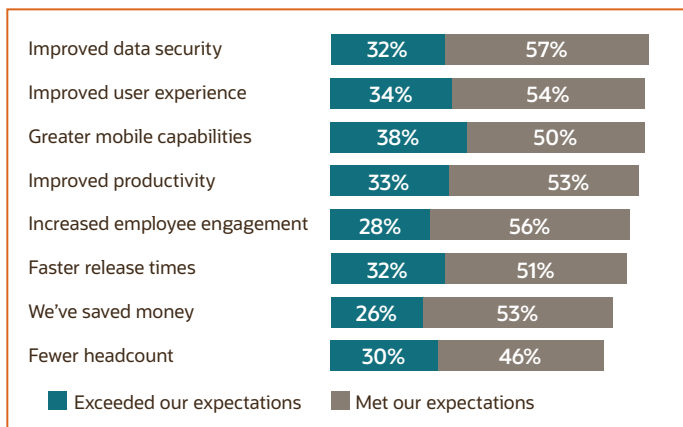
Why the cloud? For one thing, HR cloud solutions are better than legacy technologies at achieving desired business outcomes. In fact, across many business outcomes — such as increasing productivity, improving the employee experience, and providing workforce insights — HR leaders are more than twice as likely to view cloud solutions as “very effective” compared to former on-premises products.

Cloud power: HR solutions in the cloud deliver a bigger impact than on-premises¹¹



Overall, HR leaders say the cloud is delivering on expectations. In the survey, the overwhelming majority of HR leaders say that after deploying cloud HR technologies, their experiences either met or exceeded expectations for a range of business outcomes, including improved data security, user experience, and greater mobile capabilities.

The cloud is meeting or exceeding expectations¹²



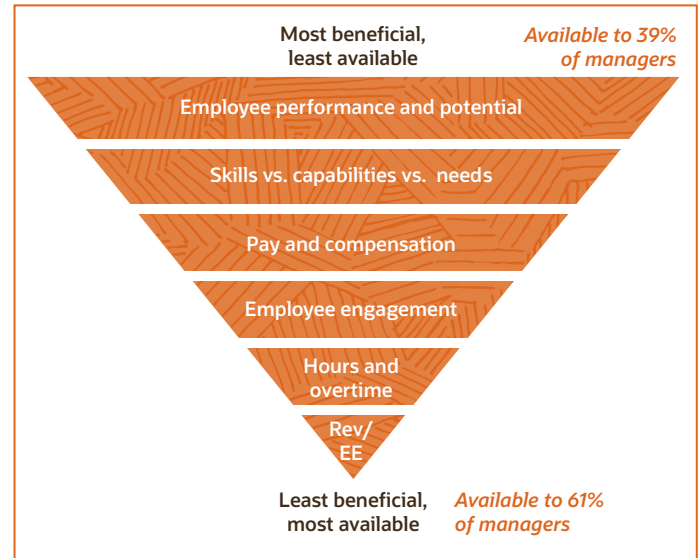
Better visibility

Companies say the cloud may help close one critical gap: the lack of access to crucial HR performance metrics. In the survey, managers say that the most valuable workforce metrics — such as employee performance and potential — are often the least

available from legacy HR solutions, while less critical measures, such as revenue per employee, were readily available.

By unifying enterprise data on a single platform, cloud solutions offer the potential to overturn this upside-down pyramid of HR reporting and analytics, providing managers with easy access to the metrics and insights that make a difference to the business.

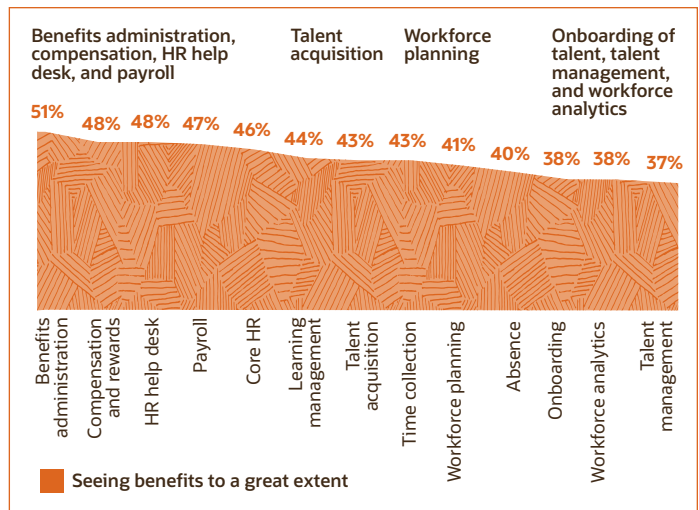
The most valuable metrics are often the least available¹³



Room for improvement

While HR leaders are seeing substantial benefits from their technology deployments, the gains are not always realized evenly across different HR functions. For example, leaders are more likely to report benefits from HR technology solutions when they're applied to more transactional and process-oriented tasks, such as benefits administration and payroll, and less likely when they're related to more strategic areas, such as talent management and workforce analytics.

Teams see more benefits from HR tech in administrative areas, less in strategic areas¹⁴



What's behind the disconnect? One factor may be that cloud solutions bring greater standardization and processing power out of the box, contributing to immediate gains in purely transactional, nuts-and-bolts HR processes. By contrast, to unlock the benefits of HR technologies in more strategic areas like talent management, companies need corresponding cultural changes, such as a shift to continuous performance reviews. In other words, technology alone may not be sufficient to drive improvements in these strategic areas and may require larger cultural and behavioral transformations.

The survey also highlighted sharp differences in perceptions between C-suite executives and middle managers regarding the effectiveness of HR technology. Middle managers, for example, are two-times less likely on average than C-suite executives to say that HR technologies are effective.¹⁵ And there is a similar gap when it comes to overall satisfaction with core HR in the cloud: 50% of high-level executives (e.g., CEOs and CFOs) say they are “very satisfied” with their cloud-based core HR system while only 23% of middle management say the same thing.¹⁶ This finding may point to the need for companies to stay better connected with frontline employees when planning and rolling out HR technology solutions — and then make sure to regularly capture feedback on their experience.

“Discussions with HR leaders today focus on developing a partnership with our customers to deliver real business value, not just upgrading technology.”

Mike Andrus, VP of Human Capital Management Transformation, Oracle

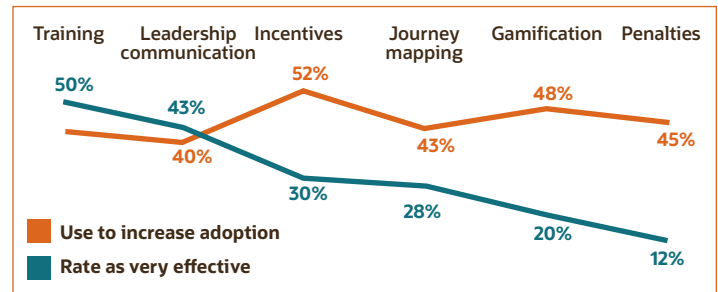
Realizing the potential of HR technology

While new technologies have the ability to transform HR, if they're not adopted by the workforce, results will invariably fall short as employees fail to embrace new ways of working. The survey reveals that companies are facing distinct challenges with adoption, with 26% of respondents saying that HR tech is not effective in changing behaviors. And a large majority (82%) say they “experienced challenges when driving adoption of HR technology.”¹⁷

The root causes of adoption problems vary. Some respondents complain about insufficient training (30%), software that didn't meet their needs, or poor user experience (26%). Others say that the lack of leadership endorsement sapped their motivation (25%), or that difficulties with remote or mobile access (25%) got in the way.¹⁸

Whatever the cause, companies are employing a range of techniques to improve adoption rates. As shown in the chart below, HR leaders report using a variety of adoption activities, including training, leadership communication, incentives, journey mapping, and gamification. While most respondents rate all of these adoption techniques as “very effective,” less than a third have tried anything other than training and leadership communications in their deployments. By developing a multi-pronged adoption strategy incorporating a range of methods, organizations can help the return on their investments in HR technology.

Adoption methods work, but more need to be implemented¹⁹



“Strategies for adoption need to be defined early in the project lifecycle. With the high volume of applications that the average person is inundated with — both in their personal and professional lives — organizations need to consider more creative ways to alter behaviors and drive adoption for strategic processes. This is especially true in the talent development area.”

Dan Staley, Principal, HR Technology Leader, PwC

Looking ahead

With a labor market tighter than it's been in decades, HR organizations are under pressure to hire and retain the people enterprises need to compete in the digital economy. As PwC's annual HR Technology Survey shows, most on-premises HR platforms fall short in this effort. The bottom line: Enterprises should begin to rethink their HR strategy and pursue investments in technologies that enhance the employee experience, increase workforce visibility, and help attract and keep the resources they need to compete in today's evolving marketplace.

Get the survey

Read the key findings of PwC's HR Technology Survey 2020 at www.pwc.com/hrtechsurvey.

Endnotes

¹ Bureau of Labor Statistics, Sept. 2019.

² LinkedIn Talent Survey, 2007.

³ Manpower Group Talent Shortage Survey, 2018.

⁴ Various use cases, PwC.

⁵ CareerBuilder Survey, 2016.

⁶ Gallup 2017 State of American Workforce.

⁷ Gallup 2017 State of American Workforce.

⁸ The Harris Poll, June 2019.

⁹ **Q:** What are the biggest Human capital challenges your organization is facing? Choose up to 5.
Base: 599 HR and HR IT Leaders. **Source:** PwC's Global HR Technology Survey, 2019.

¹⁰ **Q:** Thinking ahead to the next 12–24 months, which of these areas (if any) are you planning to pursue regarding HR technology? Select all that apply. **Base:** 594 HR and HR IT leaders. **Source:** PwC's Global HR Technology Survey, 2019.

¹¹ **Q:** Overall, how effective have your HR technology solutions been in delivering the following outcomes? Showing results for 'very effective.' **Base:** 560 HR and HR IT leaders. **Source:** PwC Global HR Technology Survey, 2019.

¹² **Q:** Indicate your experience of the following outcomes following deployment of cloud HR. **Base:** 599 HR and HR IT Leaders. **Source:** PwC's Global HR Technology Survey 2019.

¹³ **Q:** What metrics would be most helpful to your business partners? What metrics are available now? **Base:** 599 HR and HR IT Leaders. **Source:** PwC's Global HR Technology Survey, 2019.

¹⁴ **Q:** To what extent have these HR technology solutions delivered the expected benefits? **Base:** 594. **Source:** PwC's Global HR Technology Survey, 2019.

¹⁵ PwC Global HR Technology Survey, 2019.

¹⁶ PwC Global HR Technology Survey, 2019.

¹⁷ **Q:** Overall, how effective have your HR technology solutions been in delivering the following outcomes? Showing results for "not effective." What challenges, if any, did you face when driving adoption of HR technology within your organization? **Base:** 599 HR and HR IT leaders. **Source:** PwC's Global HR Technology Survey, 2019.

¹⁸ **Q:** What challenges, if any, did you face when driving adoption of HR technology within your organization? **Base:** 594 HR and HR IT leaders. **Source:** PwC's Global HR Technology Survey, 2019.

¹⁹ **Q:** Which methods do you use to increase adoption? How effective or ineffective were each of these methods in increasing adoption? **Base:** 74–301 HR and HR IT leaders. **Source:** PwC Global HR Technology Survey, 2019.

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