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HR technology priorities for leaders in 2024

**A new generation of opportunities
are primed to move the needle**

"Move the needle." That expression dates to the steam gauges of the Industrial Revolution, but it lives on as a way to denote constructive, measurable change. In the age of artificial intelligence (AI), steam doesn't drive gauges anymore, but machines and algorithms are putting steady pressure on HR leaders to keep pace. Artificial general intelligence (AGI) is getting closer to reality and, as it matures, it has the potential to reinvent work—and to usher in a new ecosystem of human-machine interaction.

Generative AI (GenAI) made headlines for its potential to emulate human creativity and disrupt work, but it's only one of the technologies for HR leaders to explore in 2024. They have organizational goals to achieve, stakeholder expectations to meet, and investments to plan and allocate. The technology itself isn't what will move the needle; it's the outcomes technology can make possible.

Our Deloitte Human Capital leaders talk to chief human resources officers (CHROs), chief investment officers (CINOs), and chief technology officers (CTOs) of many Fortune 500 companies every day. We also conduct internal research and track the technology vendor landscape. We have consolidated these learnings here to help HR leaders as they grapple with questions of priority and focus. Our findings boil down to six focus areas that hold potential for progress—but none is without its caveats.

Six areas where HR technology leaders should make progress in 2024:

1. The future of HR:
   Human-machine teaming powered by AI

2. The enhanced digital workplace:
   Enabling a hybrid workforce

3. Frictionless employee experience:
   A more natural and contextual interaction

4. Delivering on value:
   Simplifying and rationalizing HR IT

5. The future workforce:
   Accelerating the journey to a skills-based organization

6. Employee data security:
   Enhancing the use of employee data while protecting employees and staying compliant

1. The future of HR: Human-machine teaming powered by AI

How will AI affect the workforce? The answer to that question is in its early days. There are strong signals that a subcomponent of AI, GenAI and its applications, will have a profound impact on HR technology priorities in 2024. According to the *Deloitte State of Generative AI in the Enterprise* report for the second quarter of 2024, 73% of companies with GenAI expertise said they are adopting the technology at a "fast" or "very fast" pace—shifting away from experimentation and evaluation and toward increasing adoption.[1]

As the lines between human tasks and machine functions blur, a holistic approach to AI in the workforce will become crucial for sustained business growth. This isn't about machines replacing people, it's about the ways machines and people will work together. According to the Deloitte AI Institute's report tracking GenAI trends, 79% of leaders from AI-fueled organizations expect GenAI to transform their organizations within three years.[2]

96%
of surveyed CEOs say they're implementing GenAI or are likely to do so soon

Some key areas where HR technology leaders should explore the use of AI include:

- **Automating tasks for end-to-end HR processes:** AI can significantly boost the efficiency and effectiveness of HR teams when integrated into HR processes such as recruitment, onboarding, payroll, benefits administration, performance management, and compliance. However, certain HR tasks need human understanding of behavior and culture—such as hiring decisions, performance reviews, or employee discipline or termination. Because of the human judgment and discretion that's required, these tasks shouldn't be automated even if technology makes it possible.

- **Engaging more naturally with employees:** GenAI capabilities can help HR teams move beyond basic surveys, FAQs, and Q&A chatbots. By harnessing structured and unstructured data, GenAI and large language models (LLMs) can be valuable tools for synthesizing data on employee and company performance, monitoring employee well-being, improving employee experience, or fielding questions for management. GenAI can also interact with employees in a more human, natural way through context-sensitive chats, natural language processing (NLP)-driven insights, and proactive nudging technologies.

- **Enhanced decision-making:** Machines are faster than humans at analyzing and deriving insights from large structured and unstructured datasets. The more data employers collect, the better AI models can interpret and predict. Many enterprise-level cloud human capital management (HCM) systems are leveraging AI to help with people analytics, and new startups and niche vendors are bringing innovative capabilities. Machine learning can help HR teams and business leaders optimize team members' time.

- **Generating work output:** HR requires tremendous amounts of data. Autonomous data collection and generative data techniques in payroll data entry, writing job descriptions, and creating outreach emails can be key areas to explore. Other potential applications include generating business cases, policies, and training content.

- **Training and career development:** Skill-building and career development are top priorities for companies. AI can help fine-tune the advice and support an employer has to offer. Data on individual employees, their talents, and their roles can fuel algorithms that give HR tech leaders valuable insights for goal setting, training, and career progression.

What to watch out for

AI can help streamline and speed the decisions that shape people's careers, but it cannot—and should not—do the job alone. From the dawn of computing, output has been only as good as input, and human biases may creep into system design and data in ways that lead to biased outcomes. In assessing performance or discipline, it's important for human decision-makers to factor in context and culture in ways machines can't. These aren't deficits; they're further evidence that the tech-enabled workplace is one where machines and humans act as teammates.

For example, deepfakes—videos or images featuring digitally altered company products, executives, or employees—can lead to high potential risks. HR leaders should consider developing risk mitigation strategies that include guidelines and training for employees to detect deepfakes as well as response protocols to use when attacked.

Amid these concerns, companies that introduce GenAI technologies into their architectures should be vigilant. An area to watch out for is LLM usage. LLMs are not exclusively in the hands of a few large tech companies anymore. There are many models, including open-source models, to choose from. But that also means there is a lack of control over the future in this highly evolving area. As AI development becomes more democratized, control over who in the organization is using which LLMs will likely be difficult to maintain. Most LLMs will be compatible on any device, meaning employees could run whichever LLMs they want on their personal devices or organization-provided devices. Lack of governance can potentially lead to data, privacy, IP infringement, and other issues that could be a major headache for technology leaders.

Another area to watch: GenAI-related software and hardware contractual agreements. GenAI software and hardware is quickly becoming more effective and affordable and there is already a race to the bottom in terms of pricing for cloud-hosted LLMs. When technology moves this fast, you want to be free to move with it. Tech leaders should be prudent in avoiding long-term contracts that could become suboptimal in the future.

2. The enhanced digital workplace: Enabling a hybrid workforce

Even before the recent expansion of remote work, many large organizations were already on a journey to a shared services and service center model that makes HR professionals responsible for supporting employees globally. Meanwhile, the employees themselves are dispersed under new hybrid work models. That makes it a greater challenge to keep workers engaged with ready access to the HR services they need.

Technology can make a difference in meeting this new challenge: a world of work in which HR departments, leaders, and professionals need to manage and interact with colleagues virtually across different locations—which in turn means different time zones, cultures, and rules—while providing everyone with equal access to the organization's HR products and services.

HR technology can play a crucial role in solving this challenge in the following areas:
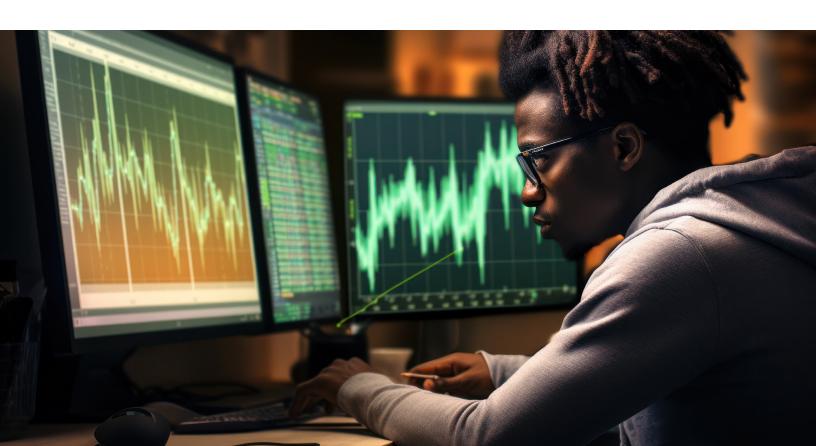
- **Tools to empower hybrid or remote working:** According to research by Zippia, 74% of companies use a hybrid model or are working on it.[3] Many organizations need hot-desk booking software and other tools to help make efficient use of reduced office space. There is also a focus on tools to help build connections remotely—not only to conduct meetings, but also to build connections with virtual versions of the in-office interactions they used to enjoy. A number of new apps are designed to help teams build crucial relationships; some even allow seamless coordination with the instant messaging applications companies already use.

74%
of surveyed companies use a hybrid model or are developing one

- **Technology to track and enhance work:** Remote work has reshaped the landscape of communication. It is now harder for managers and HR professionals to assess individuals' tasks and engagement. In response, organizations have adopted regular pulse surveys and other strategies to collect employee feedback and enhance the work experience. Some companies also use tools that track time usage, application and website engagement, and productivity metrics; or provide screenshots and sentiment analysis of dialogues. Insights from such data can help organizations enhance well-being, prevent burnout, improve productivity, and identify areas for training.

- **Coaching and mentoring platforms:** Leading employers actively support employee growth, and technology can help. Advanced learning management systems incorporate trends such as in-the-flow learning, microlearning, personalization, and gamification. We have also seen substantial new interest in coaching and mentorship software.

What to watch out for

Technology that helps people grow and achieve in their jobs has to keep the human component always at the center—and part of the challenge is that no two humans are alike. From user experience design to the ways solutions function, HR technologies for the hybrid workforce should be designed to accommodate different personas, different segments of the workforce, and different situations, with effective outcomes each time.

3. Frictionless employee experience: A more natural and contextual interaction

Engagement does require distinct action and evaluation at each step of the employee life cycle, but today business and HR leaders are thinking more holistically about the employee experience, from recruitment to departure from the company. Every interaction matters in retaining top talent and driving productivity, and new technologies can play a part—permitting a shift from traditional user interfaces to a natural language-enabled interface that is more personalized, context-aware, and easy to interact with.

HR technology can help improve the employee experience in the following areas:

- **Recruiting and hiring:** A customized applicant tracking system can standardize the processes for job postings, interview scheduling, and hiring workflows for more efficient, consistent results.

- **New-hire training and onboarding:** It's easier for new hires to integrate into the workplace when technology can provide an effective onboarding experience that imparts the training and knowledge they need. Effective onboarding can boost workplace efficiency, accelerate training and development, and help foster a healthier, more collaborative company culture.

- **Benefits offerings:** Employers need strong benefits programs to remain competitive, and technology can help HR teams quickly compare benefits program costs and offerings so they can identify benefits that resonate with today's job candidates.

- **Employee training:** Technology can speed and spread access to learning tools, industry conferences, and online training resources, all of which can help employees hone their skills—and offer companies a quick ROI in addressing retention and engagement.

- **Employee well-being:** A safe, healthy work environment is critical to maintaining a strong workforce, and employee wellness and work/life balance programs are increasingly popular. Tools aimed at meeting the physical and emotional needs of remote and flex-schedule workers are particularly relevant. HR leaders should also consider technologies that enhance the reach of programs like employee assistance programs (EAPs), mental health services, and digital coaching platforms.

- **Offboarding:** When the time comes for an employee to leave the company, a standardized, respectful offboarding process can reflect a healthy and positive working environment. When appropriate, it can also leave open the possibility that the individual may someday return. Employee management technology can support critical HR needs during employee separation, including compliance with state and federal laws or streamlining forms and procedures. Technology can help build a bridge to former employees through alumni engagement programs.

What to watch out for

While technology can help foster and manage relationships, the relationships themselves—not only among people, but between people and an organization—are human. In every interaction throughout the employee experience, people may feel that technology is making things easier, but they should never feel that they're dealing only with technology. Every initiative to enhance the use of technology should include a way for people to reach out and connect with each other.

4. Delivering on value: Simplifying and rationalizing HR IT

According to the Q4 2023 Deloitte CFO Signals survey, cost management is a top three priority among finance leaders.[4] The technology needs of HR leaders are, among other things, a locus of those costs. Those leaders should understand ways to deliver more value per dollar invested. While HR tech budgets are increasing, leaders are expecting much more value from the technology spend.

As companies grow, they tend to use more systems and applications, adding new applications with overlapping capabilities over time. Mergers can add to the total, often with duplicative systems. According to the recently released 2023 Okta report, companies with 2,000 employees or more average using 211 applications, including HR tools.[5] As applications proliferate, data silos can emerge and prevent different parts of the HR ecosystem from sharing needed information.

HR technology leaders should set active efficiency and productivity targets. Areas to prioritize include:

- **Continuous rationalization** of the total number of HR systems with a move toward a standardized HR application framework. We suggest defining a composable HR application framework, then starting a roadmap to create it. Composable architecture is a powerful approach to software design that can offer a number of benefits, including flexibility, adaptability, and maintainability. Organizations should look at developing an HR blueprint that repurposes large applications into smaller, reusable applications that can be flexibly combined to introduce novel functionalities.

- **Simplification** of technology workflows that support HR processes with an eye toward automation.

- **Consolidation** of license spend and effective use of outsourcing for commoditized services like application support.

- **Increased adoption of GenAI-powered** software development and support to enhance the productivity of technology teams. One use case for GenAI has been the enhancement of productivity for developers and IT support personnel. HR technology leaders should encourage adoption of the new methods and tools to free up resources.

211
is the average number of applications a large company maintains

What to watch out for

During the pandemic, rising capital investment in HR and workplace technology led to significant expansion in the app marketplace. While providers try to extend their footholds to become "everything to everyone," it can complicate their commercialization and SKU structures. This expansion of products is creating an onslaught of overlapping or duplicative capabilities, and many organizations don't know what to do about it. Tech leaders can prevent further expansion by conducting a thorough evaluation of any new technologies they introduce and benchmarking them against the ones they already have.

5. The future workforce: Accelerating the journey to a skills-based organization

Do you focus on job descriptions? Or skills? Organizations that prioritize skills can better identify and match the right people to the right work, whether they're candidates, employees, contractors, or gig workers. Looking at a person's skills and abilities rather than a job title or descriptions of prior jobs can help an organization expand its talent pool and be more likely to find the candidate with the most value for each need. This is another area where humans set the direction, but technology can help drive.

According to Deloitte research, one in five companies is adopting skills-based approaches to a significant extent. More importantly, these skills-based pioneers are 63% more likely to achieve results than those that have not adopted skills-based practices.[6] This is easier said than done, but much more is possible with the availability of new AI technologies.

63%
greater likelihood of results among skills-based organizations

HR leaders make progress in this area by facilitating:

- **AI-enabled skills management**, which applies AI and GenAI techniques to build a dynamic representation of skills data and skill ontologies. This provides the foundation to improve quality of hire, internal capacity utilization, and algorithmic methods of projecting future skill demand. It also enhances strategic execution through workforce planning, reskilling, and upskilling initiatives.

- **Internal talent marketplaces:** Once HR and other organizational leaders have a better understanding of the employees and their skills, they can benefit from implementation of internal talent marketplace platforms to support workforce planning and other talent processes. Team and project leaders can also benefit from improved talent visibility and more flexibility in staffing.

- **Consolidation of skills data across systems:** Given the demand for capturing skills in the workforce, many HR solution vendors have added this feature in their applications. Nonetheless, technology leaders face a significant challenge in the integration and alignment of skills data across diverse systems such as HCMs, learning management systems (LMS), and talent management platforms. This poses a considerable obstacle because not all providers offer application programming interfaces (APIs) at both the transactional and library levels, so HR technology leaders should prioritize efforts to harmonize dispersed skills data before their organizations can derive value from it.

What to watch out for

Gathering data on skills and proficiency levels can be more complex than it may first appear. The process can involve alignment with team leaders, department heads, and others who may not always understand the motivation behind the enterprise-wide skills initiative. As a result, they may inadvertently provide bad or incomplete data that can lead to failure of these programs. Change management becomes essential in these initiatives.

6. Employee data security: Protecting and using employee data at the same time

In a more digital world with more remote work, the challenge of cybersecurity is growing fast. According to the Deloitte Center for Board Effectiveness report from January 2024, board members frequently list cybersecurity oversight as a top priority.[7]

Handling sensitive data is central to an HR professional's job. Data privacy laws are being enacted across the world, from Europe's General Data Protection Regulation (GDPR) to California's Consumer Privacy Act and several other state data privacy laws. Each of these regulations are geared toward keeping employee data secure and confidential.

In February 2024, the US National Institute of Standards and Technology (NIST) released version 2.0 of its 2014 Cybersecurity Framework (CSF).[8] That document now explicitly aims to help all organizations—not just its original target audience of ones in critical infrastructure—to manage and reduce risks. Such a change makes it evident how present cybersecurity issues have become. The updated framework's recommendations add an emphasis on governance, which in turn affects an organization's HR function. For HR technology leaders, cybersecurity should be top of mind within their larger initiatives.

HR technology leaders should prioritize investment in cybersecurity for HR systems, with particular attention to the following initiatives:

- Partner with the chief information security officer (CISO) to understand **new regulatory requirements** (such as enhanced penetration tests and faster remediation times). Many of the regulations may require changes to incoming data collection and operational reporting. There may be a greater need to expand the people analytics function to access data from non-HR systems in order to report on some requirements such as learning or spend per employee.

- Move toward integrated systems to help keep **documents centralized and secured**. Tools that centralize data collection and storage, such as e-signatures and employee self-service, can help control employee data.

- The demand will keep increasing to extend the use of HR data to support a wide range of downstream processes, analytics, and AI use cases. It is easy to keep HR data secure when it is contained in your HCM, but as it proliferates, that will become a bigger challenge and risk for HR to manage.

- HR technology should be at the forefront of **ensuring employee and company data is as secure as possible** by working with technology vendors and internal IT teams. Identity theft through leaked personal data can result in significant losses for employees and can also hamper recruitment and employee retention.

- Ensure HR team members receive proper **cybersecurity training**. Forward-thinking HR technology leaders can also facilitate training for the entire organization.

- Get involved in **planning responses to a data breach**. Employees who lose their personal information to a cyberattack will need clear communication from the organization and support going forward to minimize harm. A well-crafted response playbook can help ensure action is immediate and any potential damage is contained.

What to watch out for

As the world of work becomes increasingly digital, the resulting increased digitization of work can lead to increased concerns around cybersecurity. It is hard to control what happens to data after it is shared. Because HR deals with sensitive data, it must have traceability for all of it.

When people and processes interact with new AI models, new paths of data leakage may emerge with them, with accompanying legal and reputational risks. Sensitive HR data is likely to propagate internally and externally across many more systems and applications, including ones that current security protocols weren't written to account for. Preventing and mitigating that leakage may require robust new levels of data governance.

HR leaders also need to be increasingly aware of the impact digitization has on managing an organization's workforce. Their responsibilities and roles need to shift to account not only for this technology change, but also for the evolving data protection and privacy laws that apply to it.

Big choices, big possibilities

No one knows exactly how, or in what directions, or how quickly the global macroeconomic situation, HR regulations, and HR technology landscape will continue to evolve. But we know they will—and 2024 seems to be no different. That needle we spoke of? The one thing they seldom do is to stand still.

C-suite leaders have significant expectations for GenAI to support innovation, improvements in products and services, and efficiency.[9] We anticipate technology leaders to be under pressure to deliver benefits related to GenAI's ability to deliver efficiencies and cost reductions. Balancing expectations with the ability to deliver may be the most interesting tightrope tech leaders will need to walk in the coming years.

Ultimately, the challenge of which powerful new tools to use and how to use them is a better problem to have than some of the others HR leaders have faced before. Organizations can tackle this complex undertaking by starting with a holistic strategy—the *why* and **what** before the *how*—and then building a roadmap and governance structure to get there, including hard measurements for ROI and value capture.

If they set sound priorities and remain attuned to rapid developments inside and outside their organizations, HR technology leaders can assemble the right combination of technologies to not only make their CEOs, CINOs, and CHROs happy—but also to make their jobs and their employees' jobs more rewarding.

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