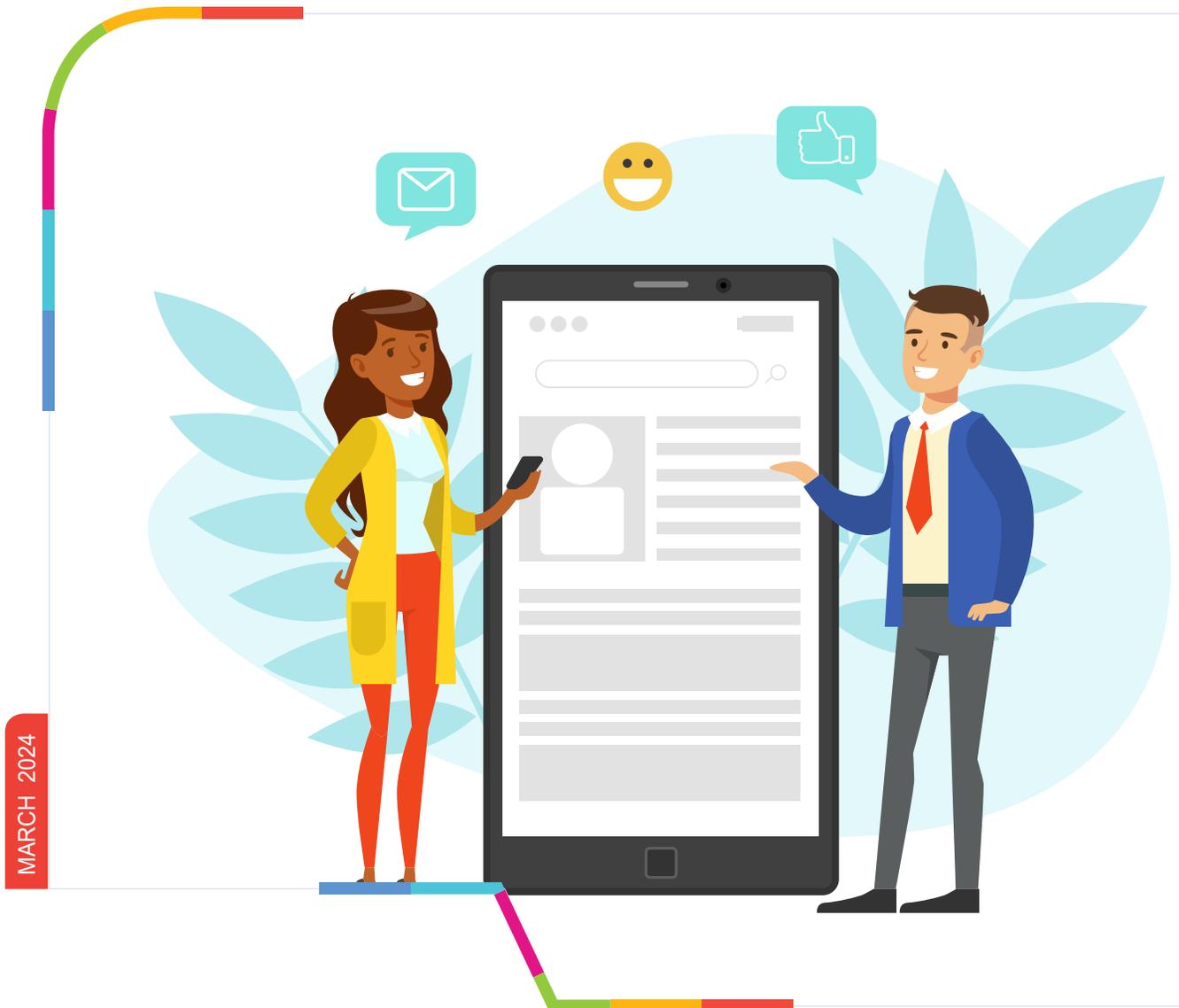


HR.com's State of Today's HR Tech Stack and Integrations 2024



Leveraging HR technology
to drive business impact



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Executive Summary

About the Survey

HR.com's "State of Today's HR Tech Stack and Integrations" survey ran between November 2023 and February 2024. We gathered responses from 275 HR professionals in virtually every industry vertical. Respondents are from all over the world, with the majority from North America, especially the United States.

The survey was conducted using two different survey panels of HR professionals: one group who are HR.com members and the other group who are 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. Over two-fifths (44%) of the respondents represent large organizations.

Technology remains the [highest-growing](#) proportion of the HR budget. Most firms anticipate that they will continue to increase their investment in HR tools over the next two years. Yet, our survey found that many organizations are struggling to achieve business objectives with their HR technology stacks (aka, HR tech stacks).

Key issues in the HR tech stack include challenges with integrating multiple solutions, frustrating usability issues, and difficulties with reconfiguring the stack to adapt to changing business needs.

Employee experience is a top priority

The employee experience remains a key objective for the HR tech stack in many organizations. A high proportion of our respondents hope that additional training and the introduction of artificial intelligence and automation innovations into their tech stack will enhance the end-user experience.

Meanwhile, people analytics is also an area with significant room for improvement. While most of our respondents can extract accurate data from their HR tech stack, translating that data into actionable insights is still challenging for many.

To better understand the current state of the HR tech stack, our report explores several key topics, including:

- the main use cases for HR technology
- the challenges with integrating multiple HR tools into the tech stack
- the business impact of people analytics tools
- the biggest problems that HR professionals have with their tech stacks

- the future of HR technology
- how organizations that are getting great results from their HR tech stacks differ from those that are not

An overview of the top findings from the study is listed in the following section.

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). Components of the HR tech stack may include modules in a larger suite and/or point solutions that are stand-alone or integrated with other HR technologies. The HR tech stack can also be integrated with other business applications or platforms that are not HR-focused, such as business-process modules in an enterprise resource planning system (ERP).

Our Major Research Findings

Major Finding 1

Investment in HR technology is increasing, with a focus on improving the employee experience.

- 78% of organizations recently increased their spending on HR technology, 32% of them significantly.
- The issue that HR professionals say they most want to address via their technologies is employee experience, yet only 46% have technologies specifically geared toward the employee experience.
- The most common technological capability of the HR tech stack is the handling of payroll, with 75% citing have a digital payroll solution. This is followed closely by recruitment/talent acquisition systems at 72%.

Major Finding 2

Strong integration is a defining feature of leading HR tech stacks.

- 30% of respondents say they're held back from attaining their important HR goals by a lack of tech integration.
- Few (13%) organizations have just one paid solution in their HR tech stack.
- 68% of respondents have between 2 and 7 paid HR solutions in their HR tech stacks.

Major Finding 3

Most organizations implement strategically aligned HR systems.

- Most respondents (70%) feel their organization implements HR systems that are strategically aligned with their business needs and priorities.
- HR tech stacks of over half of organizations are strategically aligned (37% cite "advanced" and 15% cite "expert").

Major Finding **4**

HR tech makes a marked difference to productivity, efficiency, and the employee experience – but adapting the stack is a challenge.

- 68% agree that paid HR tech solutions make a measurable positive difference in employee experience.
- 69% say HR tech tools increase HR efficiency, and 73% say they improve organizational productivity.
- However, 25% struggle to reconfigure their HR tech stack in response to change.
- Meanwhile, significantly more agree strongly that their platforms support onsite workers (40%) than remote workers (30%).

Major Finding **5**

Organizations have multiple pain points but all of them cited by only under a third.

- 30% of respondents say they struggle to extract accurate or useful data from their HR analytics tools.
- Other issues with the tech stack are underutilization of the stack's capabilities (31%), and insufficient integration between solutions (28%).



Major Finding **6**

HR professionals expect to see improvements in the employee experience and self-service offerings in the next few years.

- 47% of our respondents expect to see the user experience improving in their HR tech stack in the next few years.
- 46% hope to be able to offer greater employee self-service capacity.
- Almost half of respondents (49%) will be prioritizing better HR tech user training.

Major Finding **7**

Compared to organizations with underperforming HR tech stacks (HR tech stack laggards), those with extremely effective HR tech stacks (HR tech stack leaders) are:

- over 11X *more* likely to have HR tech stacks that align well with organizational goals
- 6X *more* likely to say the solutions in their HR tech stacks integrate well or very well
- nearly 7X *more* likely to strongly agree that their IT and HR leaders have a clear vision for the HR tech stack
- 4.8X *more* likely to say their tech stacks produce meaningful people analytics
- 3X *more* likely to find it easy or very easy to reconfigure the HR tech stack

HR tech stack leaders and laggards

Within the context of this report, we refer to two cohorts:

- **HR tech stack leaders**, who say their HR tech stack supports key business goals and strategies extremely well
- **HR tech stack laggards**, who say their overall HR tech stack supports the organization's business goals and strategies moderately, poorly, or very poorly

Later in this report, we provide more details about these two groups.

Please note that the findings and recommendations contained in this report are for informational purposes only. Nothing in this report should be construed as constituting legal opinions or advice. Please consult an attorney if you have questions about the legal requirements, rules, or regulations associated with any content discussed in this report.

Today's HR Tech Stacks

For the purpose of this report, large organizations have 1,000 or more employees, mid-sized organizations have 100 to 999 employees, and small organizations have 99 or fewer employees.

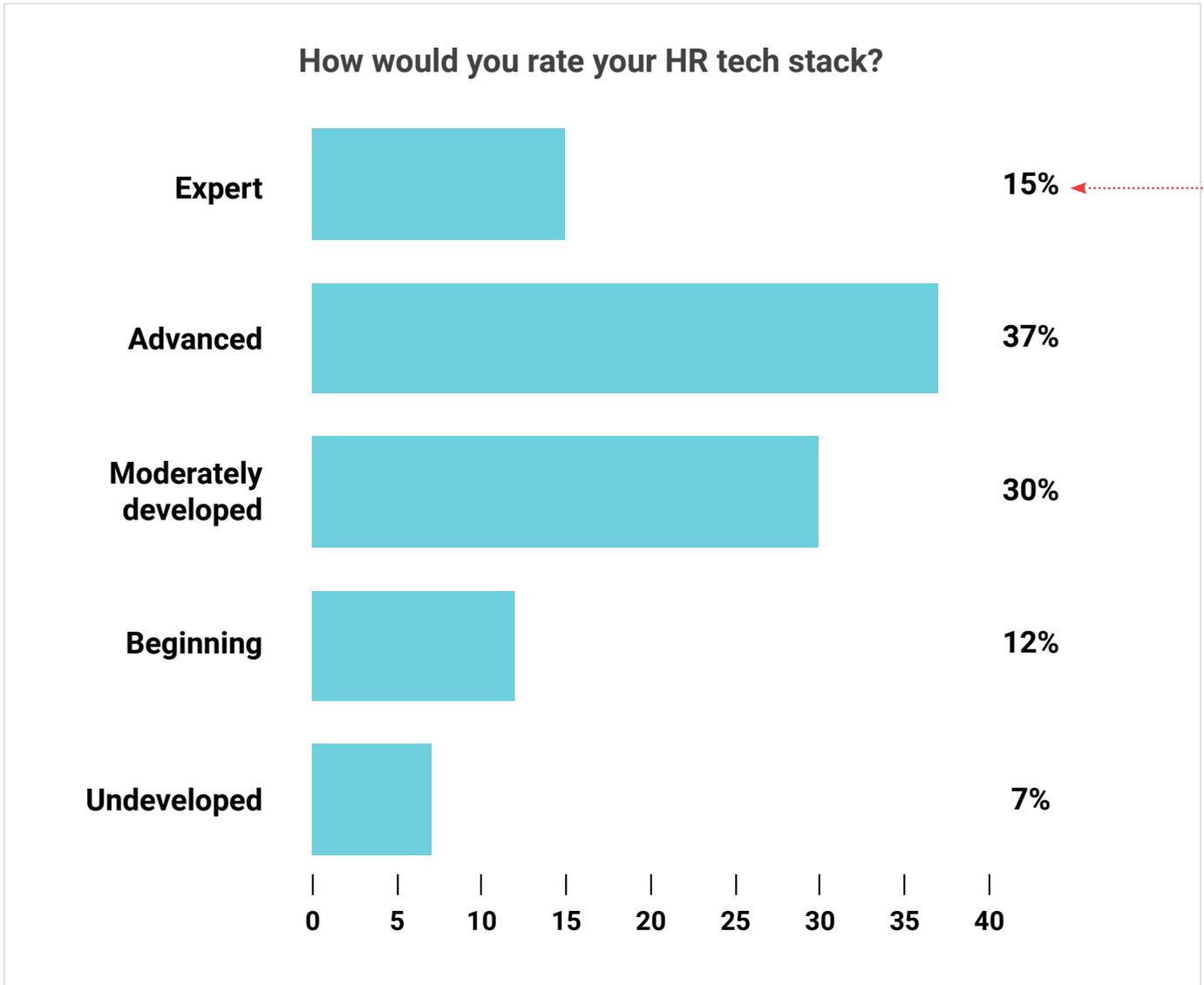
Finding: More than two-thirds of organizations have a "moderately developed" or "advanced" HR tech stacks

We asked HR professionals to rank their current technology setup on the five-stage HR tech stack maturity model developed at the HR Research Institute (described in the text box below). The largest proportion (37%) described their systems as "advanced," having comprehensive, strategically aligned, and well-integrated HR tools. Three in ten (30%) describe their stacks as "moderately developed" but lacking full integration or alignment.

A much smaller share of respondents (12%) are just beginning to use more specialized HR applications, while just 7% have "undeveloped" systems.

HR Research Institute's HR Tech Stack Maturity Model

- **Undeveloped:** No integration or automation; just basic, manual HR functions for record-keeping and payroll
- **Beginning:** Basic recruitment, onboarding, and employee management tools, with some data sharing
- **Moderately developed:** More tools but with little integration or strategic alignment
- **Advanced:** A comprehensive suite of integrated HR tools, with better strategic alignment and some descriptive analytics
- **Expert:** A cutting-edge, intelligent, and agile HR tech stack that is integrated with non-HR systems and is central to business strategy



Only 15% describe their HR tech stack as "expert"

Differences by organization size

The majority (59%) of small organizations describe their HR tech stacks as either "undeveloped" (27%), or "beginning" (32%), with basic tools and little integration or organization. By contrast, large organizations tend to have "moderately developed" (29%), or "advanced" (51%) systems. This is not particularly surprising, but what is notable is that mid-size businesses are more closely aligned with larger than smaller organizations. A sizeable (though smaller) majority of these businesses also have "moderately developed" (33%), or "advanced" (32%) systems. This suggests that serviceable HR technology that can meaningfully contribute to HR success is within reach of most businesses.



Finding: Payroll and operations are the most common capabilities of HR tech stacks, with employee experience present in less than half of cases

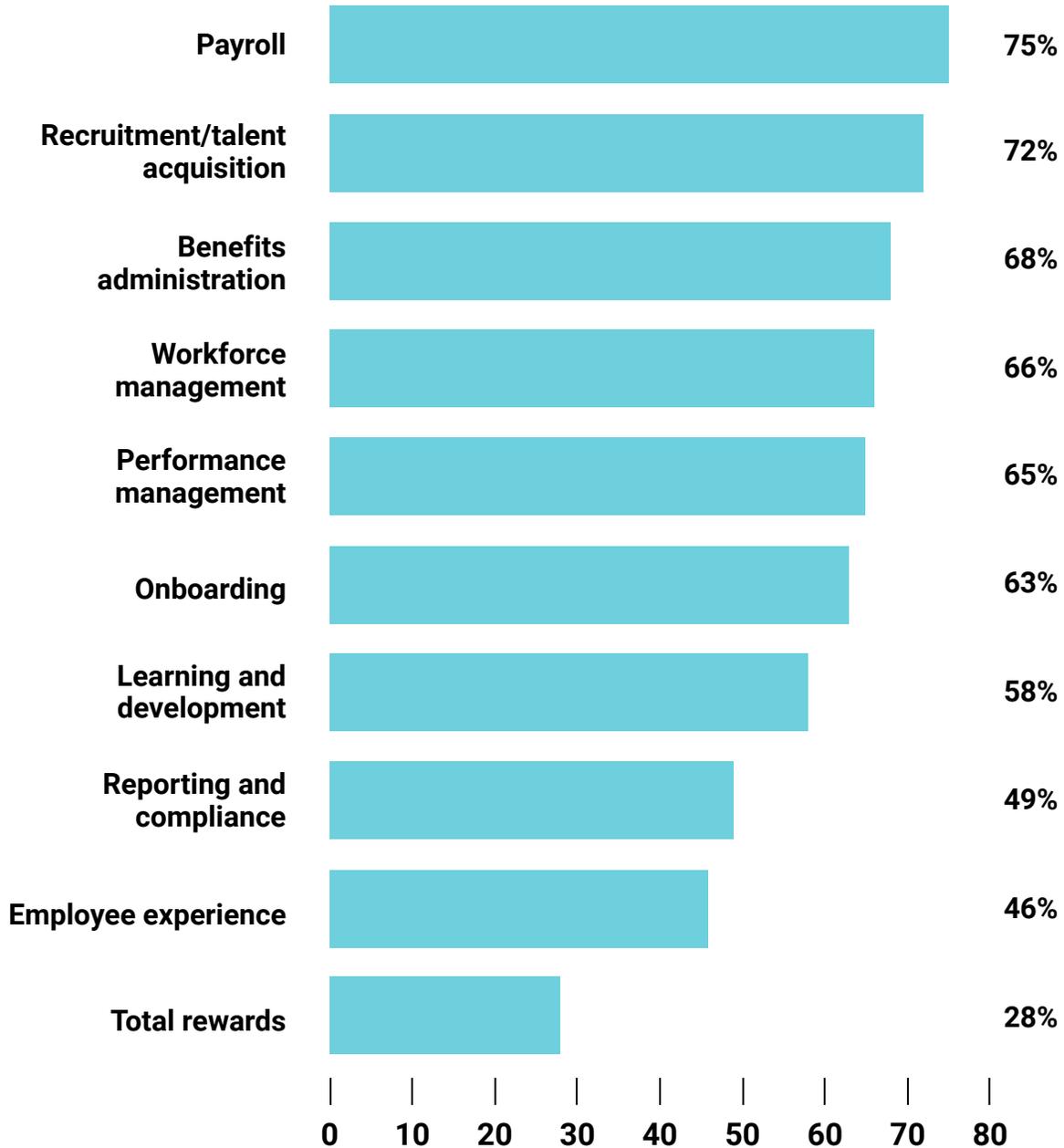
The components that make up an organization's tech stack will depend on its needs, though most will likely include core functions like payroll and recruitment. We asked respondents about how they used their HR tech stack, to understand the core functions and use cases. The most common capability is payroll – three in four organizations (75%) have a digital payroll solution. Recruitment/talent acquisition is almost as common at 72%.

More than 60% of respondents also include benefits administration, workforce management, performance management, and onboarding tools in their tech stacks. A slightly smaller proportion (58%) use their HR tech stack for learning and development.

Less than half of organizations use their tech stack for reporting and compliance (49%). Interestingly, despite studies showing that organizations with recognition programs are [12 times](#) as likely to have strong business outcomes, just 28% of HR tech stacks include total rewards capabilities. Even among leaders, only one in three includes this function.



Which of the following capabilities are included in your organization's HR tech stack? (select all that apply)



Less than half of organizations have "employee experience" capability in their HR tech stack



Finding: Employee experience is the top priority that businesses want to address with their tech stack

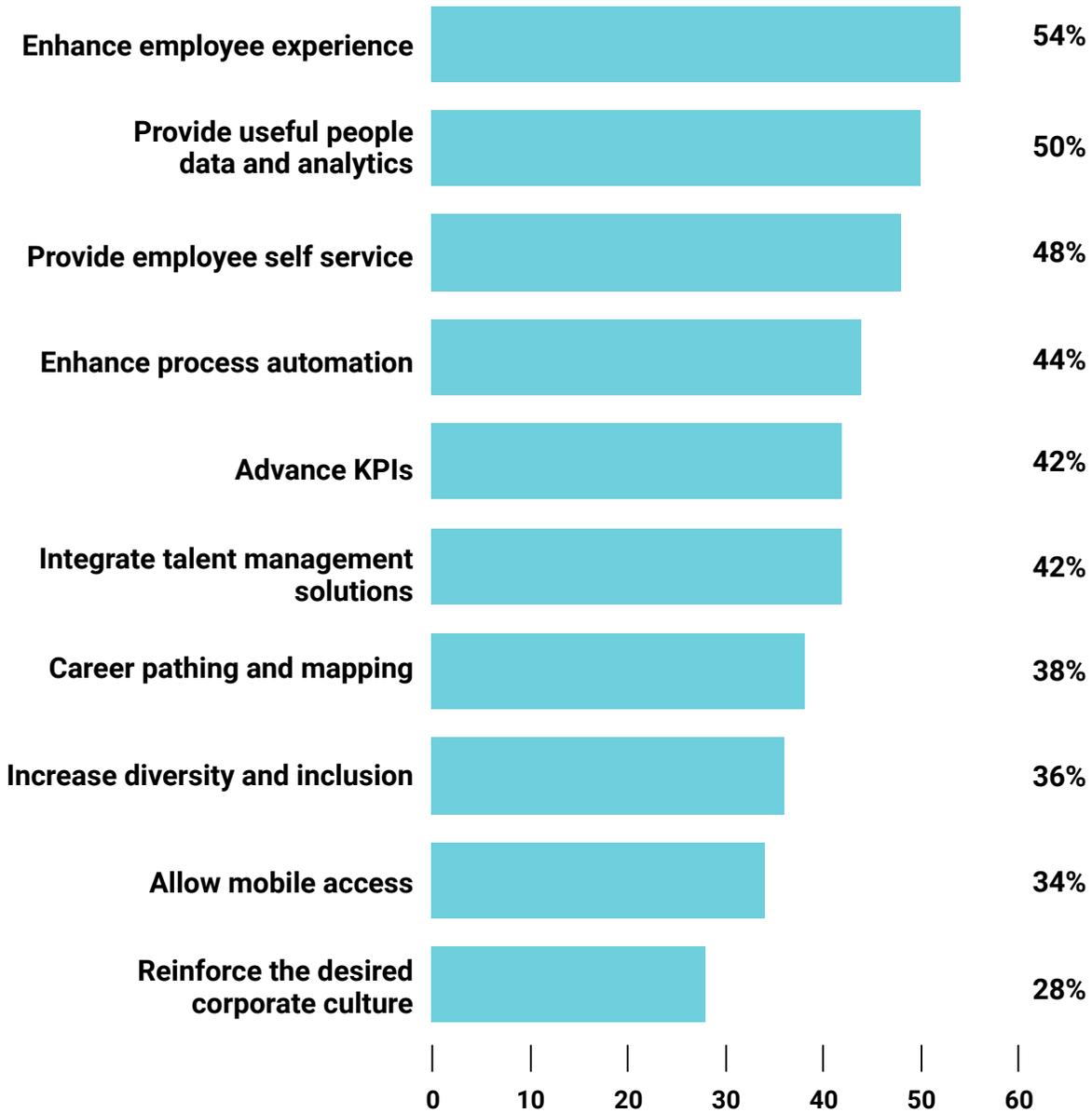
Even though less than half of organizations use their HR tech stack to improve employee experience, they name employee experience as their most prevalent concern. When we asked HR professionals about the issues that they are trying to address with their tech stacks, the most common response (54%) was to enhance the employee experience.

Other respondents chose related employee-focused uses, with almost half (48%) wanting to enable employee self-service, close to two-fifths (38%) wanting to offer career paths and mapping, and over a third (34%) seeing mobile HR access as important.

Streamlining business operations is also a key focus. Half (50%) of respondents aim to use their HR tech stack to generate people data and analytics. Additionally, forty-four percent seek to enhance process automation. Around four in 10 want to focus on key performance indicators (KPIs) (42%) or integrate talent management solutions (38%).



What issues are you trying to address with your organization's HR tech stack? (select all that apply)

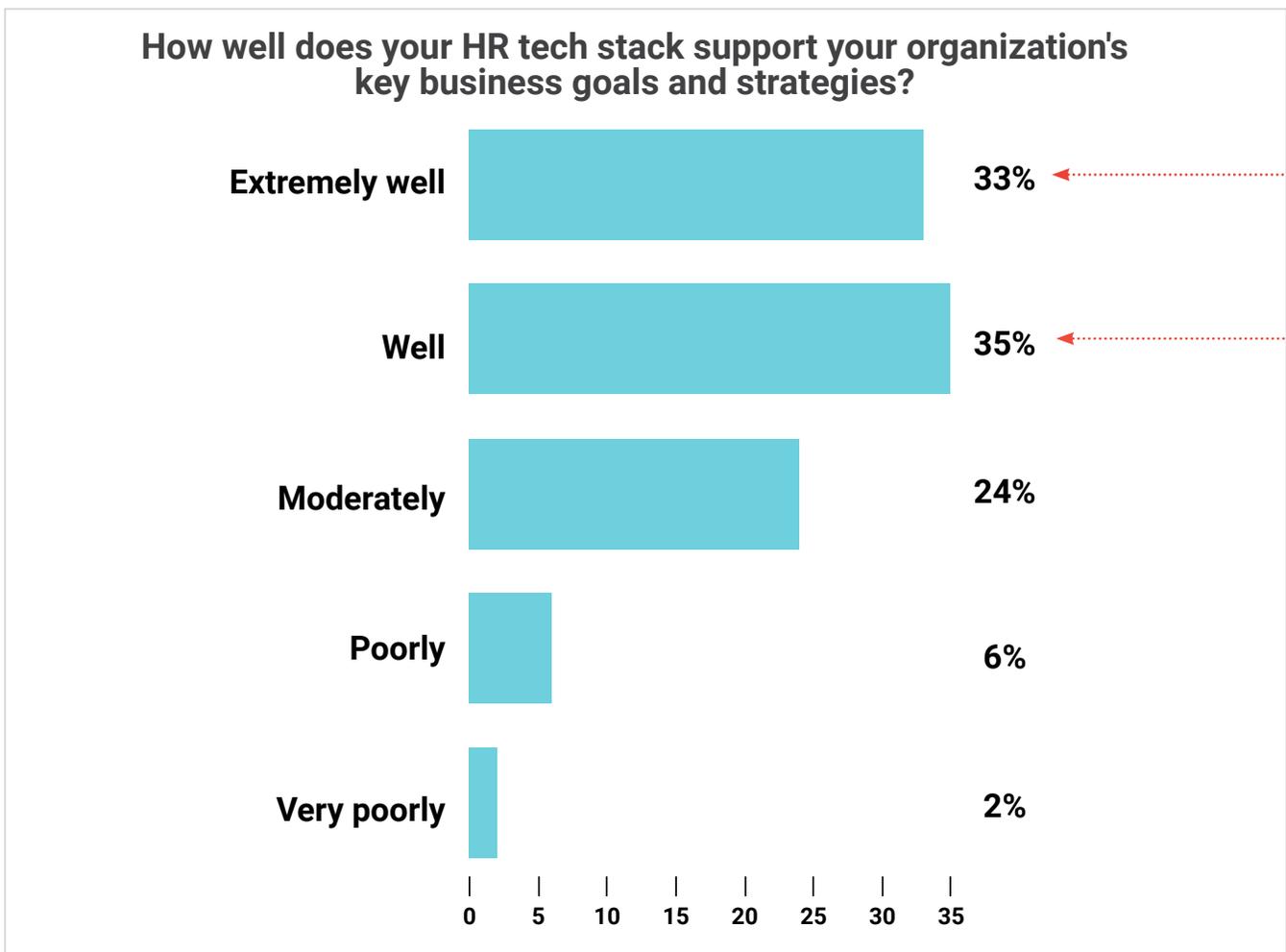


Over one-third of businesses are using their HR tech stack to increase diversity and inclusion



Finding: Most HR professionals see their tech stacks as strategically effective in achieving key business goals

We asked respondents to rate their satisfaction with how their tech stacks align with their goals and strategies. Only one in three says their tech stack is aligned with their goals "extremely well" (33%). Close to a quarter (24%) say that their HR tech stack is moderately successful. Only a small percentage were unhappy with their tech stack in this respect, saying it supported their business goals and strategies "poorly" (6%) or "very poorly" (2%).



Editor's note: those who responded "don't know" were removed from the data set. They comprised 1% of the total data set.



Over two-thirds feel their tech stack supports organizational priorities "well" or "extremely well"



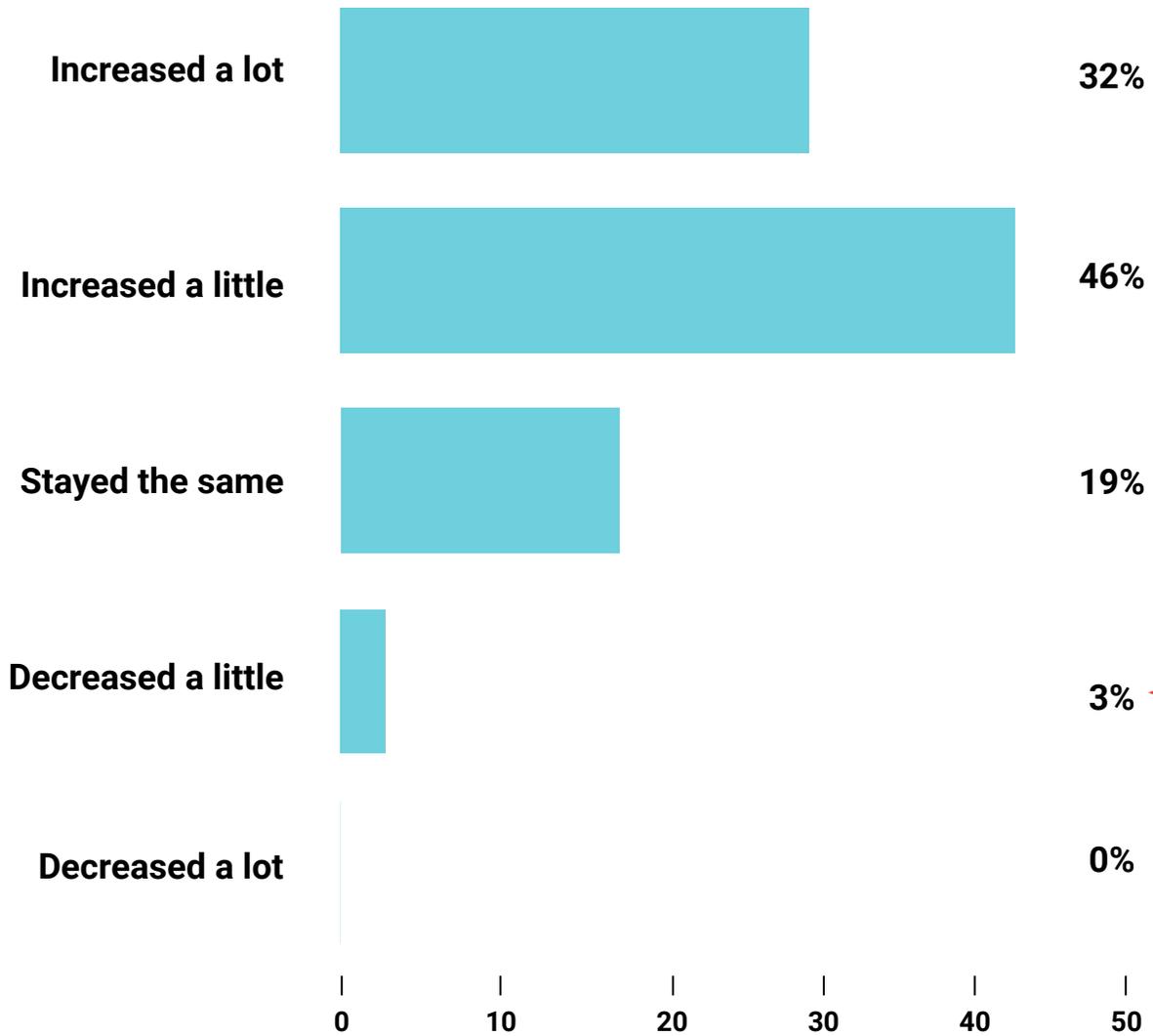
Finding: Nearly eight in 10 organizations increased their HR tech stack spending in the last two years

Businesses understand the value of HR technology and are willing to invest in improving their systems. In fact, over the last two years, just 3% of organizations have decreased their HR tech spend, and 19% have maintained the same level. The great majority have increased investment either by a little (46%) or a lot (32%).

There are good reasons why such an investment is needed. The needs of HR teams are changing fast, from a move towards increasingly digitalized HR functions to an increased interest in AI solutions.



Over the past two years, how has investment in your organization's HR tech stack changed?



Editor's note: Those who responded "don't know" were removed from the data set. They comprised 1% of the total data set.



Just 3% of organizations have cut spending on HR tech

Integration of Today's HR Tech Stack



Finding: Almost half of respondents have between two and four different paid HR solutions, while most others have more

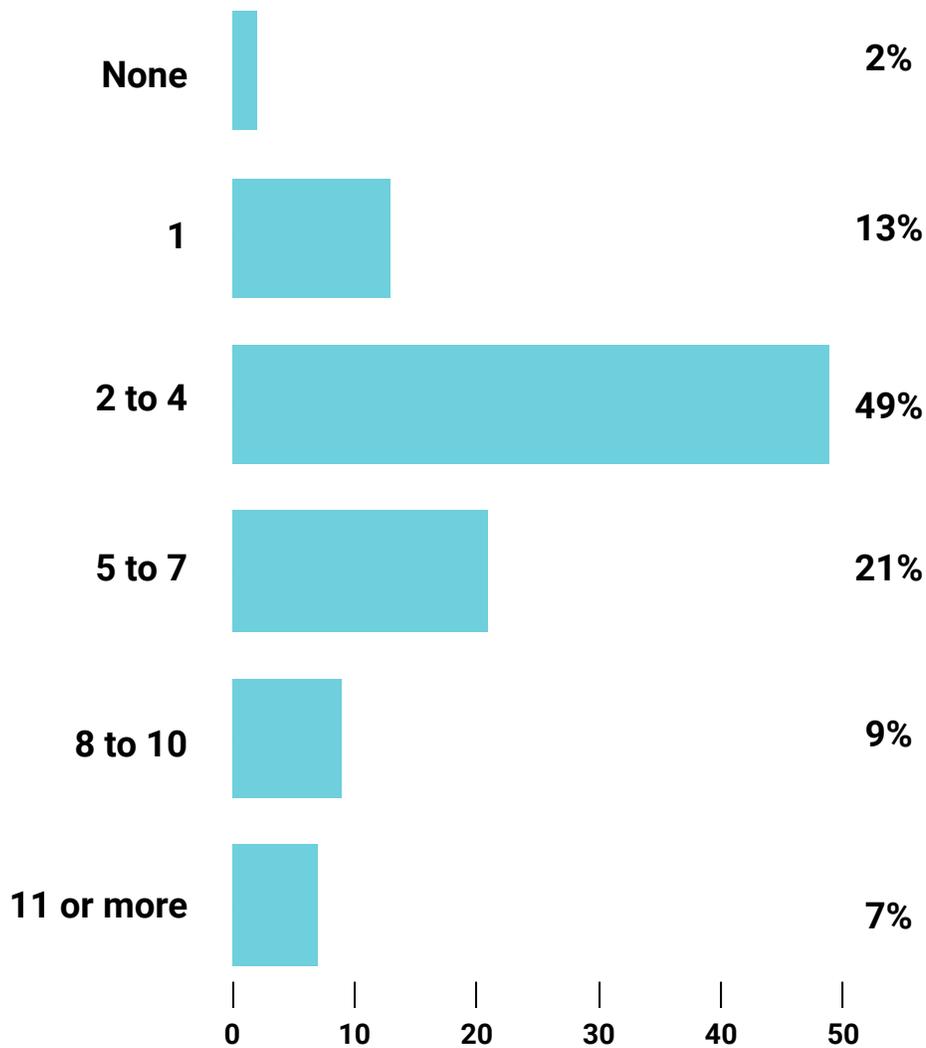
With the evolution of human resources technology in recent years, there are many solutions available to HR managers and teams. We asked HR professionals about the number of different paid HR tech solutions they have within their tech stack.

Just under half of the respondents (49%) have between two and four paid solutions from different providers in their stack, which seems like a manageable number of tools that may be easier to integrate. However, a further 30% have greater fragmentation, with 21% using five to seven solutions, 9% using eight to 10 different solutions, and 7% using 11 different tools to manage their HR activities.

A single, all-in-one solution might seem like the ideal way to simplify and avoid complexity. However, given that just 13% have a single paid solution, it may be that most businesses prefer the flexibility of a mix-and-match tech stack rather than being tied to a monolithic platform. Regardless of the number of solutions, ensuring good integration between those solutions should be a priority.



How many paid HR solutions from different providers are included in your organization's HR tech stack?



Editor's note: those who responded "don't know" were removed from the data set. They comprised 3% of the total data set.



Just 13% of organizations use a single HR solution



Finding: More than one in three HR tech stacks lack good integration

Integrating HR tech helps simplify administrative processes, automate routine tasks, and open up powerful data analytics to improve insights and decision-making. Integrated applicant tracking systems (ATS) and digital communication tools can make HR and the employee experience smoother, and more user-friendly.

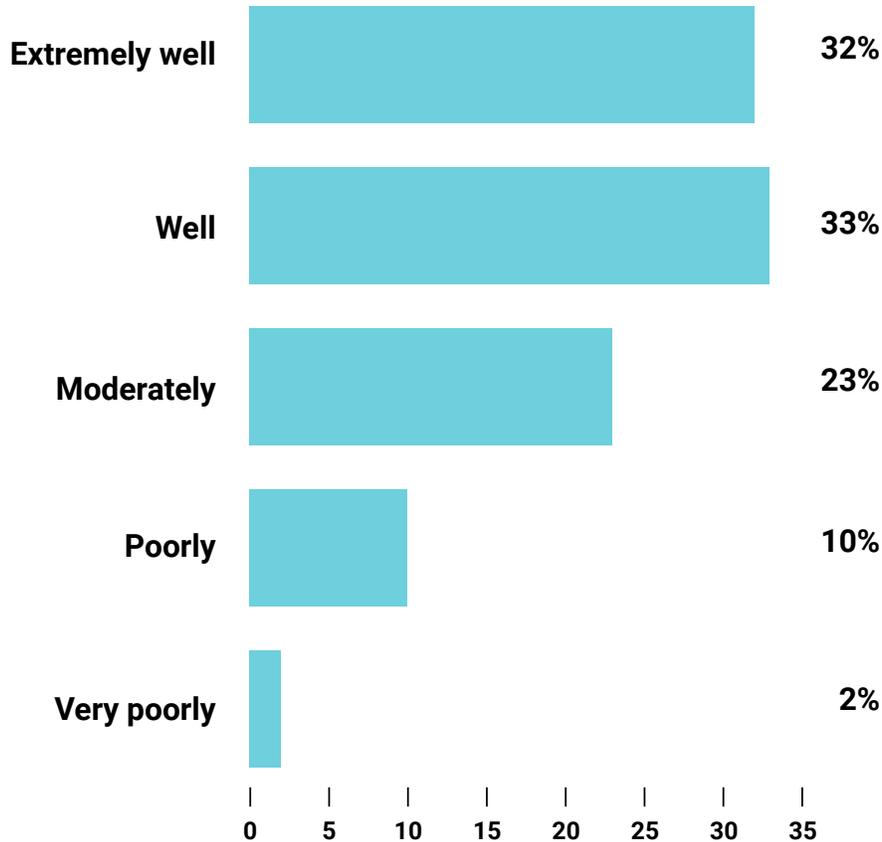
This makes recruiting, onboarding, and payroll more efficient, allowing HR professionals to allocate their time and resources to strategic initiatives.

We asked HR professionals how well the different elements of their HR tech stack usefully integrate and work with each other. Just under two-thirds (65%) of respondents said that their system was "well" (33%) or "extremely well" (32%) integrated. However, this means that more than a third (35%) lack good integration, which will hamper the effectiveness of their HR processes.

Differences by organization size

Two-thirds of large organizations tell us that the various components of their HR tech stack are "well" (35%), or "extremely well" (32%) integrated. Interestingly, the proportion of mid-size businesses with similar integrations levels is nearly identical — 33% have well-integrated systems, and 35% are integrated "extremely well." However, for small businesses, it's a different story. Just 20% say their systems are well-integrated, and fewer (15%) have extremely well-integrated systems. As these mostly have "undeveloped" or "beginner" systems, integration is less available. This suggests that beyond a certain, moderate threshold, HR tech stacks can achieve good or excellent levels of integration.

Overall, how well do the various solutions that are part of your HR tech stack usefully integrate with one another?



12% of HR tech stacks are poorly or very poorly integrated

How HR tech stack leaders differ from laggards

We wanted to take a closer look 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 key 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.



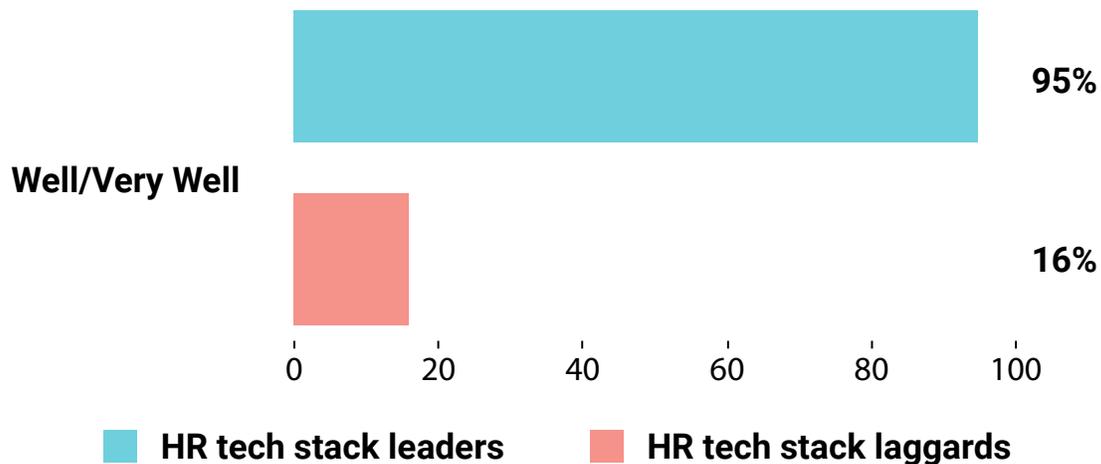
Finding: Almost every HR tech stack leader has successfully integrated their HR tools

As we discussed above, good integration of digital tools is crucial for the seamless operation of an HR tech stack. What we found is that almost all (95%) HR tech stack leaders have systems that successfully integrate their constituent elements. By contrast, just 16% of laggards can say the same.

Breaking this down, we find that a little more than half the proportion of laggards say their systems integrate "well" (12% of laggards vs. 23% of leaders). However, when it comes to those who describe their systems as extremely well-integrated, the gap is far wider. Leaders are 18 times more likely to have extremely well-integrated HR tech stacks than laggards (72% vs. 4%).

Integration, then, would appear to be a proxy measure for the effectiveness of the HR tech stack.

Overall, how well do the various solutions that are part of your HR tech stack usefully integrate with one another?





HRRI Strategic Recommendation

When choosing or designing your HR tech stack, be sure to consider solutions that work well together or opt for one integrated solution that allows you to streamline various HR processes such as recruitment, payroll, talent management, and performance management.

- ✓ Choose HR tools that can be easily scaled and are compatible with your existing systems.
- ✓ Look for solutions that offer good Application Programming Interface (API) capabilities for data exchange between the different components.
- ✓ Consider modular HR technology wherein you can add, remove, and reconfigure features as you need. This will allow you to be more agile and better able to respond to a changing HR landscape.
- ✓ Shop around for HR tech vendors that you can collaborate well with, and that offer reliable and efficient support and assistance.
- ✓ Choose platforms and integrations that are intuitive and user-friendly. This will encourage better user adoption and make integration more straightforward. process as employees can navigate and use the system more effectively.
- ✓ Monitor your tech stack closely for any gaps in integration, and keep an eye out for updates from the vendor. This way, you can ensure that your system remains well-integrated and aligned with your business demands.

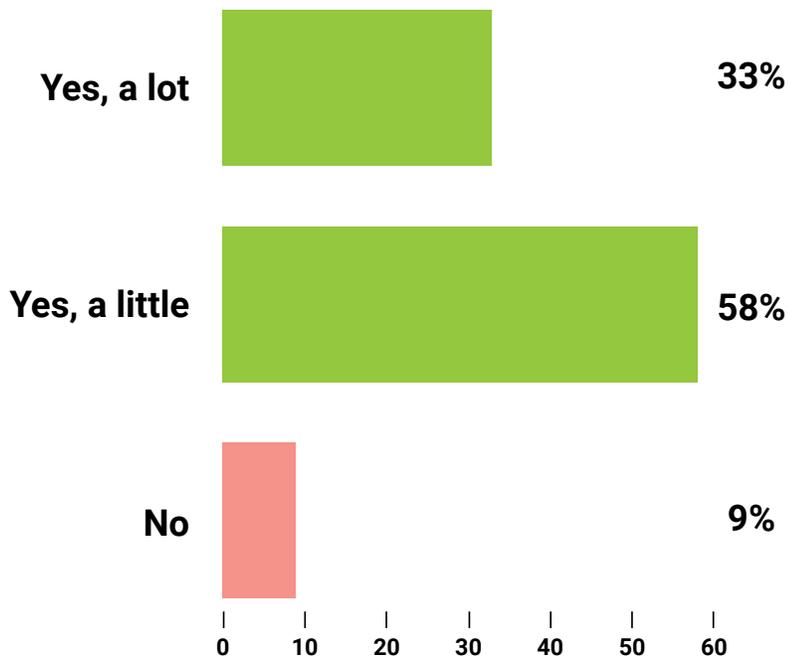


Finding: A lack of HR tech integration is holding many businesses back from achieving their HR goals

Too many HR tech options can lead to fragmented systems of multiple separate tools that don't work together usefully. This could lead to duplicated tasks or gaps in workflows. Even though, as we've seen, two-thirds of organizations say their tech stacks are well integrated, it seems that integration is still a concern.

In our survey, just nine percent said their HR goals were not affected in some way by a lack of integration. The other nine-tenths (91%) of respondents say that the relative lack of integration has an impact on their business, to a greater (33%) or lesser (58%) extent.

Is the relative lack of useful integration of HR components keeping your organization from attaining important HR goals?



One in every three businesses is held back a lot from HR goals by a lack of tech integration

Business Impact of the HR Tech Stack



Finding: Just over half of businesses find their HR analytics to be highly accurate, actionable, and meaningful

Great HR analytics is vital for measuring and understanding how your business' human resources activities impact overall business performance so that you can make better data-driven decisions.

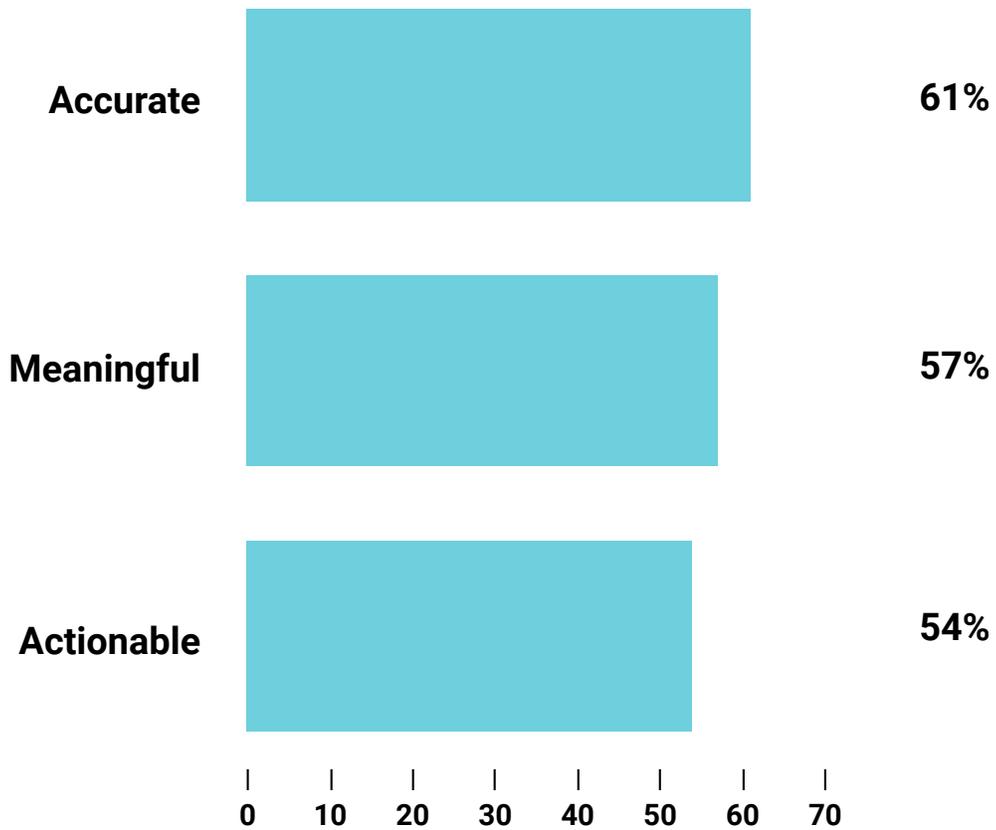
We asked HR professionals how well their HR platforms performed on people analytics. We were interested to know whether they felt they could get access to accurate, meaningful, and actionable data. The majority were happy with how their tech stacks performed.

On the accuracy of HR tech stacks, sixty-one percent said their tech stack produced highly accurate or very highly accurate analytics.

As to whether those analytics could translate to useful actions, the numbers were a little lower. fifty-six percent said the analytics were highly or very highly actionable.

However, the relevance of their HR analytics was still lower. Close to three-fifths (57%) said their analytics were highly or very highly meaningful. In other words, nearly half of our respondents are unable to use their people analytics results to make decisions at present.

To what degree does your HR tech stack produce people analytics that are: (% answering "high/very high")





Finding: HR tech stack leaders excel at leveraging meaningful people analytics

As we've just seen, just over half of tech stacks on average have a high or very high capacity to extract accurate, actionable, and meaningful analytics. That shows that there is a good deal of work to do to ensure that HR teams can make effective use of their data.

However, when we look at how leaders and laggards differ, it becomes clear that those organizations that are HR tech leaders are between 3.5 and 6 times better equipped to handle and utilize their data.

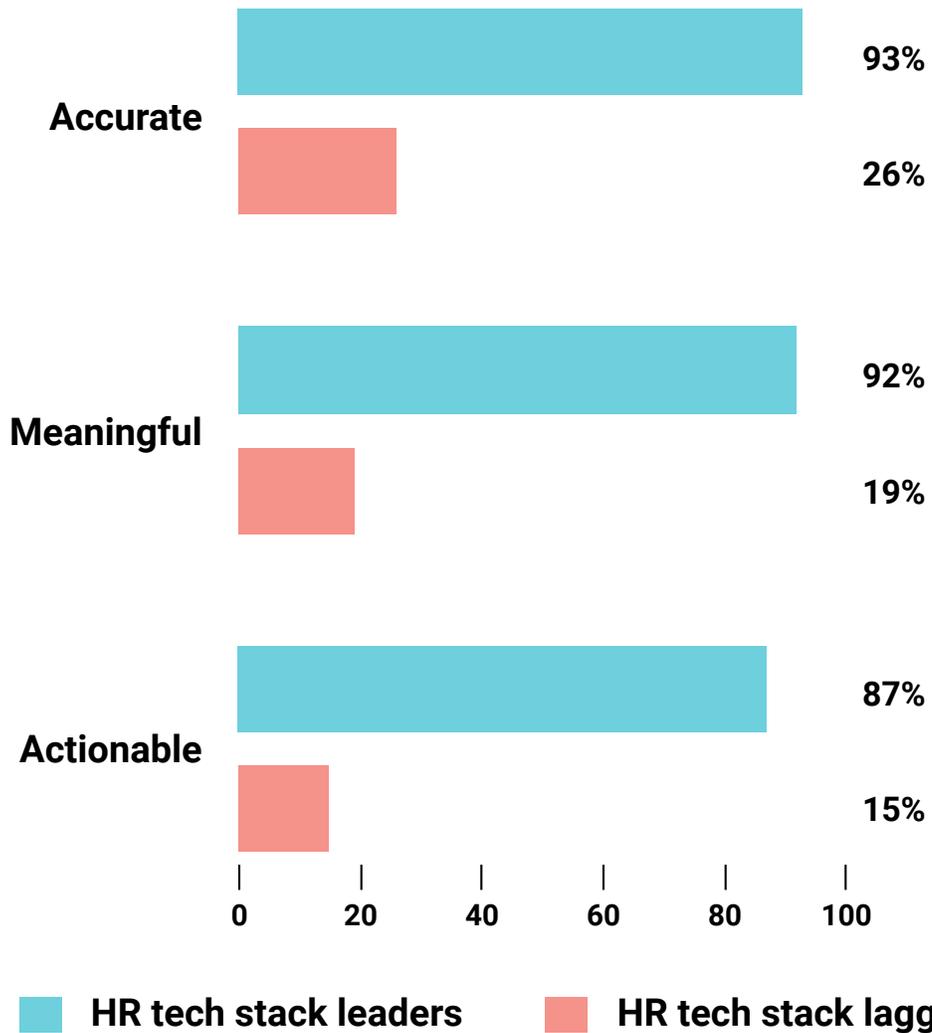
Just a little over a quarter (26%) of laggard tech stacks have a high or very high capacity to produce accurate results. By contrast, over nine-tenths (93%) of leader tech stacks have that capacity.

Such analytics must be meaningful if they are to usefully inform business strategy. Here, laggards fall further behind. Less than one in five (19%) laggards are highly or very highly equipped to deliver meaningful analytics, compared to more than nine in 10 (92%) leaders.

Putting those meaningful analytics into action is where the value of people analytics truly lies. And here, close to nine-tenths (87%) of HR tech stack leaders feel highly or very highly confident in their systems, whereas just 15% of laggards say the same.

HR tech that enables organizations to leverage accurate, meaningful, actionable analytics can make the difference between whether those organizations are high-performing or low-performing.

To what degree does your HR tech stack produce people analytics that are: (% answering "high/very high")





HRRI Strategic Recommendation

Being able to extract and leverage meaningful data is vital for using your HR tech stack to drive business success and achieve strategic goals.

- ✓ Invest in advanced HR analytical tools, with good data visualization, predictive analytics, and reliable data accuracy and consistency. This will make it easier to extract actionable insights from your data.
- ✓ Ensure your key HR metrics are relevant to your business goals and offer insights into key areas like employee performance, engagement, and talent acquisition.
- ✓ Make sure your metrics are standardized across the organization so that analytics provide meaningful and accurate comparisons that can be translated into effective actions.
- ✓ Regularly audit your HR analytics for any gaps or inconsistencies and take steps to rectify them.
- ✓ Offer analytics training to your HR teams so they can better identify and interpret data to inform better decision-making.



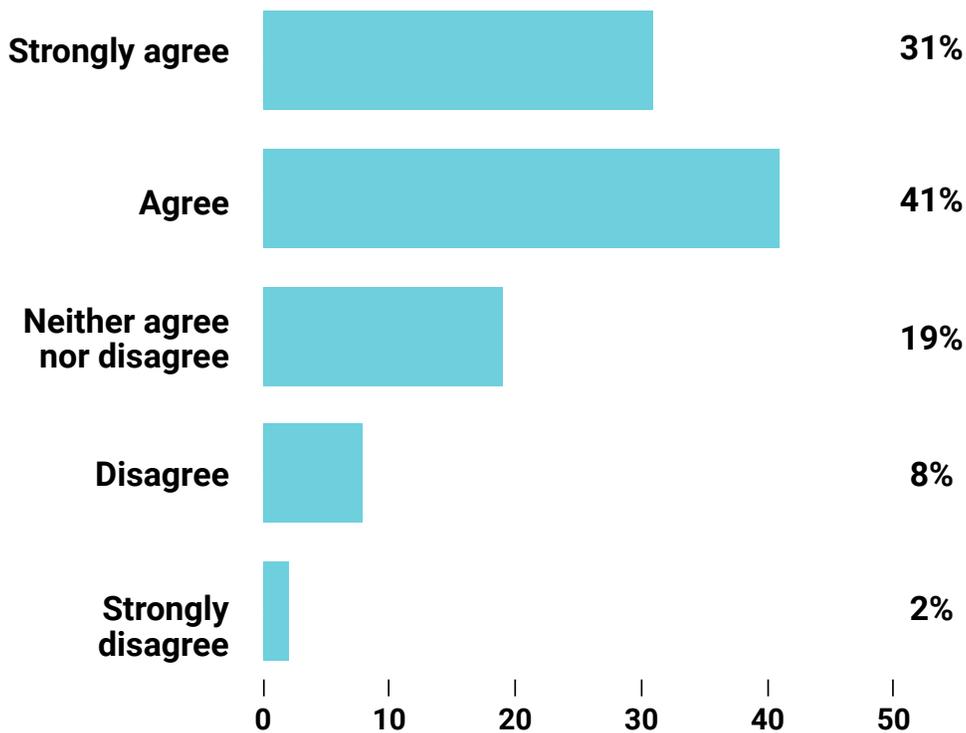
Finding: Most HR and IT leaders have a clear vision of their plans for HR technology

A clear vision is crucial for navigating the rapid changes and developments in HR technology, and leaders need to be ready and willing to adapt.

We asked respondents if they agreed with the statement, *“Your Head of HR or IT has articulated a clear vision for the future of your organization’s HR tech stack to their direct reports.”*

The responses demonstrated a generally strong level of confidence in leadership plans for HR tech. More than seven in 10 (72%) respondents agreed (41%) or agreed strongly (31%) with the statement. Almost one in five (19%) expressed no opinion, and just ten percent disagreed, two percent strongly so.

Your Head of HR or IT has articulated a clear vision for the future of your organization's HR tech stack to their direct reports.



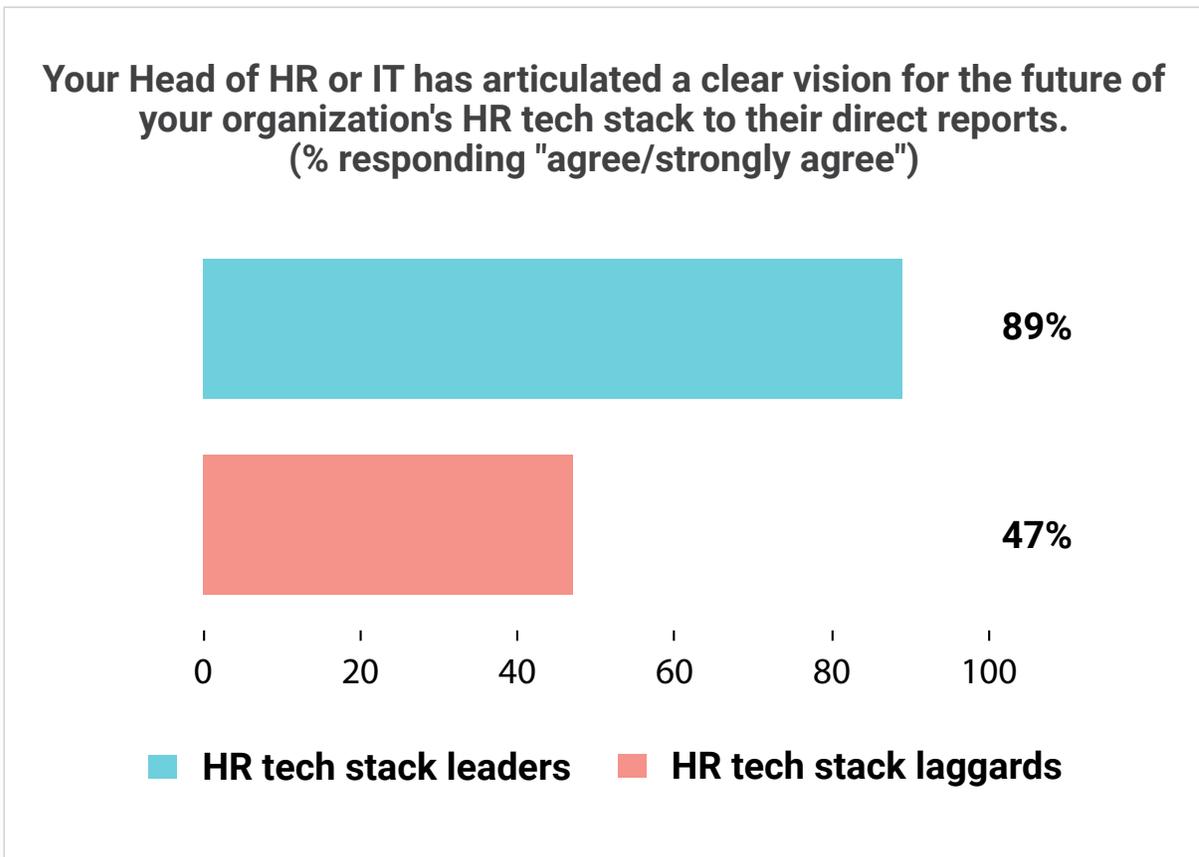
Editor’s note: those who responded “don’t know” were removed from the data set. They comprised 2% of the total data set.



Finding: HR tech stack leaders are almost seven times more likely to "strongly agree" that their IT and HR leaders have a clear vision for their tech stack

When HR professionals know that their leadership has a clear and confident strategy for HR tech, the organization is more likely to be an HR tech leader. Organizations where HR or IT leaders don't convey that vision, tend to lag.

Almost nine in 10 (89%) of HR tech stack leaders agree their leadership has set out a clear vision for their HR systems, with over two-thirds (67%) agreeing strongly. In organizations that lag, only 47% see that vision reflected in their leadership. Most strikingly, just one in 10 (10%) agrees strongly.



Editor's note: those who responded "don't know" were removed from the data set. They comprised 2% of the HR tech stack leaders and 3% of the laggards.



HRRI Strategic Recommendation

To give HR professionals confidence that there is a clear vision for the future of HR tech stacks, we suggest that the HR and IT heads do the following.

- ✓ Involve HR professionals in selecting and implementing HR tech solutions and assessing the pros and cons of the available tools.
- ✓ Create a strategic plan for the HR tech stack with SMART goals, a realistic timeline, and clear milestones.
- ✓ Communicate clearly how the HR tech stack will contribute to organizational goals such as enhanced efficiency, more efficient recruitment, or better decision-making.
- ✓ Demonstrate how the HR tech stack will improve the employee experience, by making self-service easier, streamlining workflows, and supporting the workplace culture.
- ✓ Encourage open and inclusive dialogue with employees, and welcome questions, feedback, and suggestions.

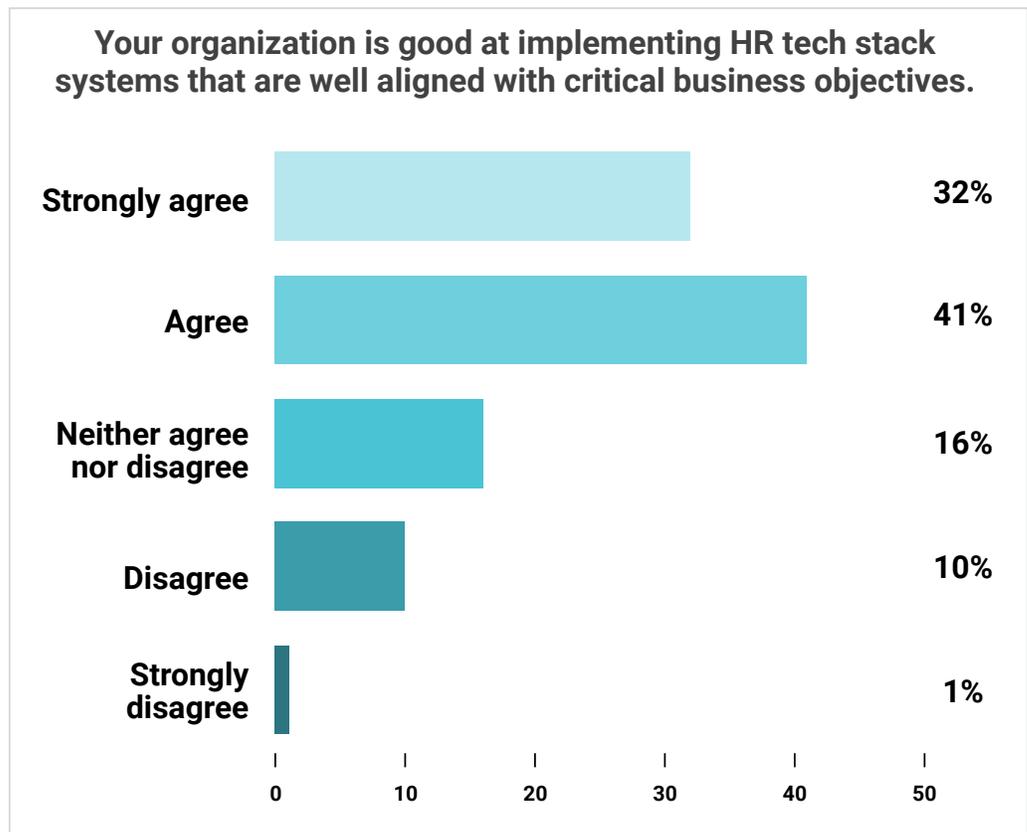
Differences by organization size

Our survey shows that large and mid-size organizations have been largely successful in aligning their HR tech stacks to their organizational priorities and objectives. Over three-quarters (77%) of respondents from both large and mid-size companies "agree or strongly agree" that their tech is well aligned. Of those who strongly agree there is only a marginal difference — 34% for large organizations to 32% for mid-sized ones. Again, however, we find that the less well-developed tech stacks of smaller organizations give them fewer capabilities in this area. These businesses are less than half as likely (38%) to "agree or strongly agree" (19% each) that their systems are well aligned with their strategic goals.

Finding: Most respondents feel their organization aligns HR tech well with business objectives

Having a clear vision and plan is just one aspect of HR tech leadership. The capacity to make that vision a reality is what matters. We asked respondents how good their organizations were at implementing HR systems that are strategically aligned with their business needs and priorities.

Again, more than seven in 10 were positive, with 41% agreeing and 32% strongly agreeing that their organization implemented strategically aligned, business-critical systems well. One in 10 (10%) disagreed and just 1% disagreed strongly.



Editor's note: those who responded "don't know" were removed from the data set. They comprised 4% of the total data set.

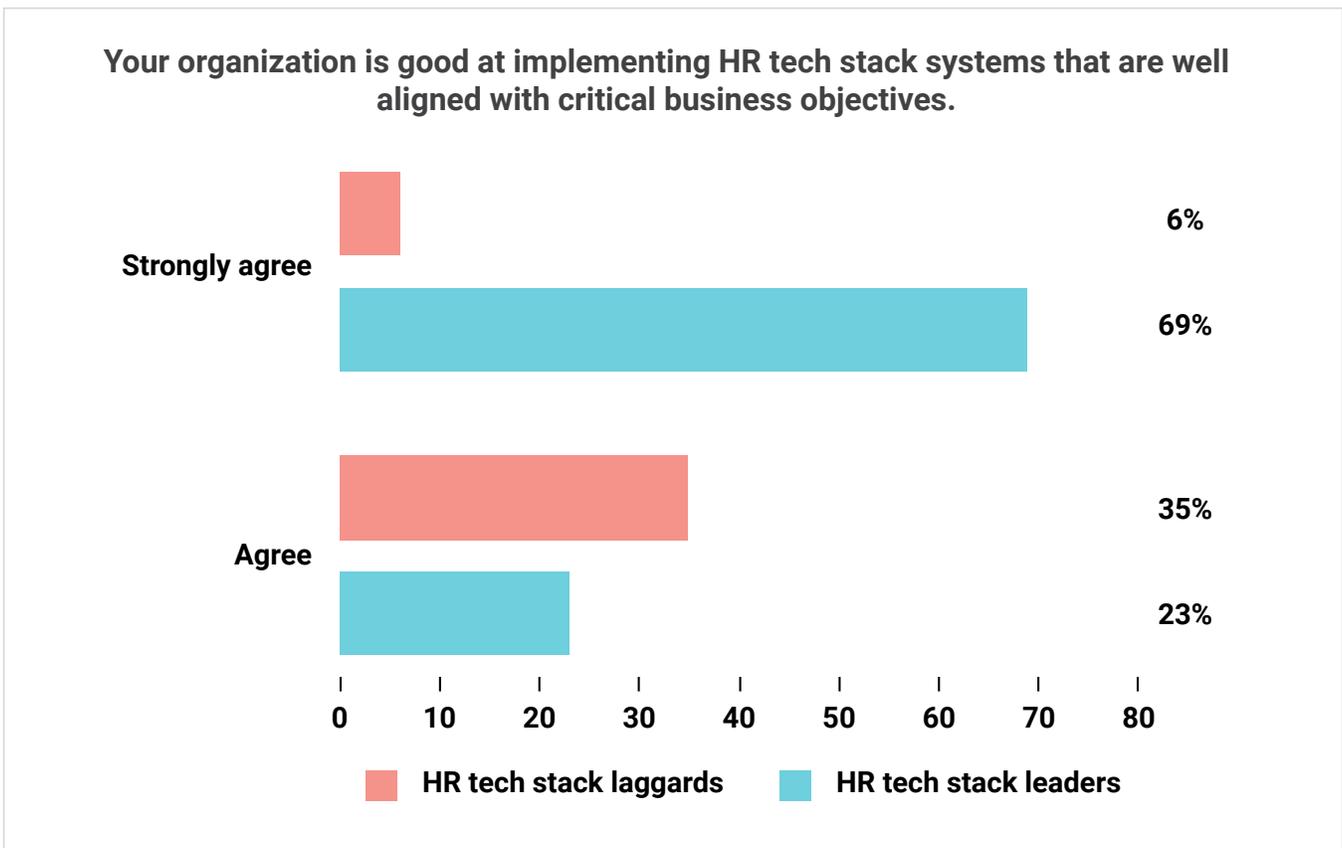


Finding: HR tech stack leaders are over 11 times more likely to "strongly agree" that their tech stacks are well aligned with organizational goals

While nearly three-quarters (73%) of HR professionals are happy with how their tech stacks align with organizational objectives, there is a wide divergence between leaders and laggards.

While just over four in 10 (41%) laggards believe their tech is well-aligned with critical business objectives, more than nine in 10 (91%) leaders feel the same. This highlights the critical importance of implementing HR tools effectively to address the organization's strategic priorities.

Of the laggards who agree, just 6% strongly agree. Leaders are more than 11 times as confident in their tech stack's alignment, with 69% agreeing strongly.





HRRI Strategic Recommendation

To ensure the HR tech stack is well-aligned with organizational goals, HR heads could do the following.

- ✓ Identify key business objectives and critical functions that HR technology can meaningfully contribute to, such as talent acquisition, employee engagement, and performance management.
- ✓ Establish and maintain good collaboration between HR, IT, and other stakeholders to ensure HR tech stack decisions stay in sync with priorities across the organization.
- ✓ Define Key Performance Indicators (KPIs) that support and offer meaningful insights into how HR tech contributes to organizational objectives.
- ✓ Choose user-friendly HR tech solutions that can seamlessly integrate with other business systems.
- ✓ Promote and encourage user adoption across the business, by highlighting how the platform can help employees address their own HR needs.

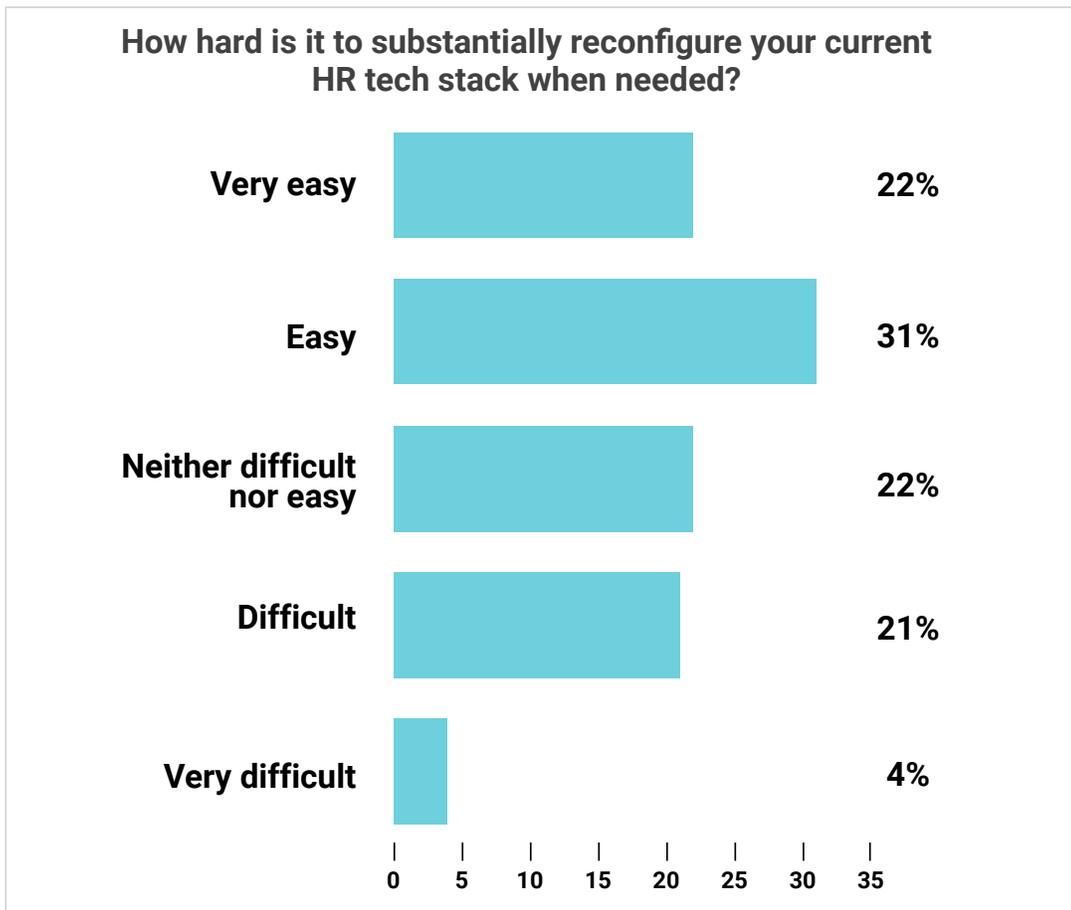
Impact of the HR Tech Stack on User Needs



Finding: A quarter of organizations have difficulty reconfiguring their HR tech stack

Given the rapidity with which HR tech has evolved in recent years, and the ever-increasing options on the market, organizations need to be able to adapt and revamp their systems efficiently and strategically.

We asked HR professionals how easy or difficult it was to reconfigure their HR tech stacks as needed. More than half of respondents told us it was either easy (31%) or very easy (22%) to do so. However, a quarter of all respondents struggled to reconfigure their systems, with 21% saying it was difficult, and 4% saying it's very difficult to do so.



Editor's note: those who responded "don't know" were removed from the data set. They comprised 4% of the total data set.



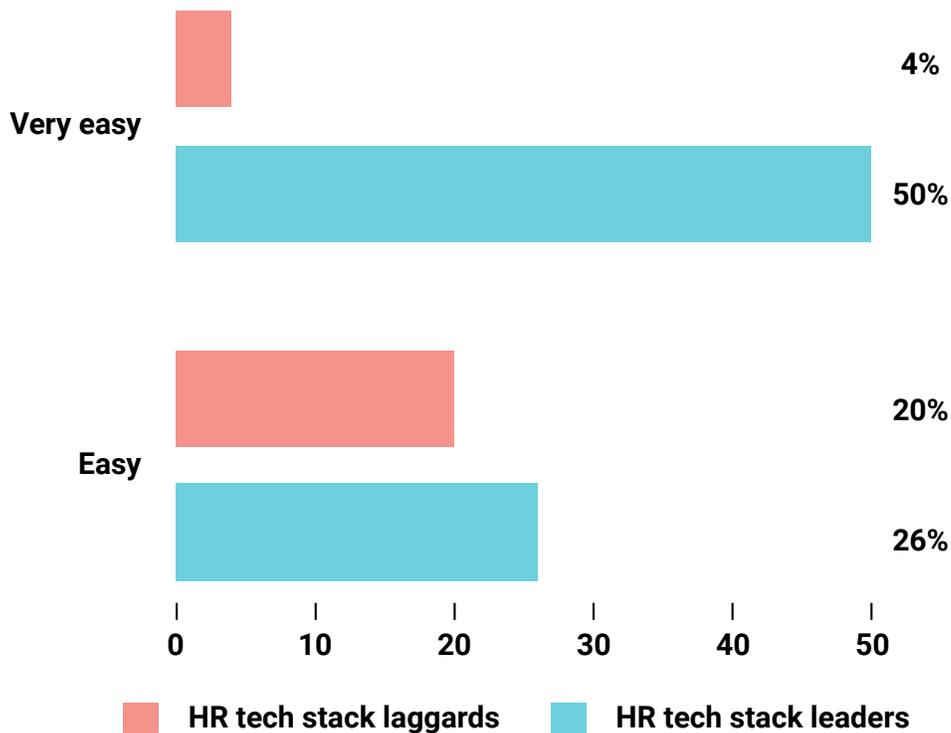
Finding: HR tech stack leaders find it easier to reconfigure their tech stacks

We've seen that just over half of organizations say that it is easy or very easy to substantially reconfigure their existing HR tech stack. That is a crucial ability to have for a high-performing, agile HR team in the current atmosphere.

When we compare the experiences of leaders and laggards, this becomes especially apparent. Less than a quarter (24%) of laggards find it easy or very easy to make big changes to their tech stack. By contrast, more than three-quarters (76%) of leaders have that agility. Indeed, half of the leaders say it is very easy to substantially reconfigure their tech stacks.

Meanwhile, we also found that 55% of laggards find such reconfiguration actively difficult or very difficult.

How hard is it to substantially reconfigure your current HR tech stack when needed?



Editor's note: those who responded "don't know" were removed from the data set. They comprised 1% of the HR tech stack leaders and 5% of the laggards.



HRRI Strategic Recommendation

To be an HR tech stack leader, you need to build a flexible and agile system that can be easily reconfigured to meet changing needs. Here are some suggestions.

- ✓ Opt for modular solutions that allow you to plug in new components or remove redundant ones as you need, without disrupting the entire system.
- ✓ Shop around for platforms with good API architecture to support integrations, so you can be confident the different tools can work together seamlessly.
- ✓ Use cloud-based platforms that allow you to upscale and adjust your configuration easily.
- ✓ Look out for platforms that offer low-code or no-code development so your HR teams can adapt and optimize the tech stack quickly and easily, without having to rely on IT team technicians.

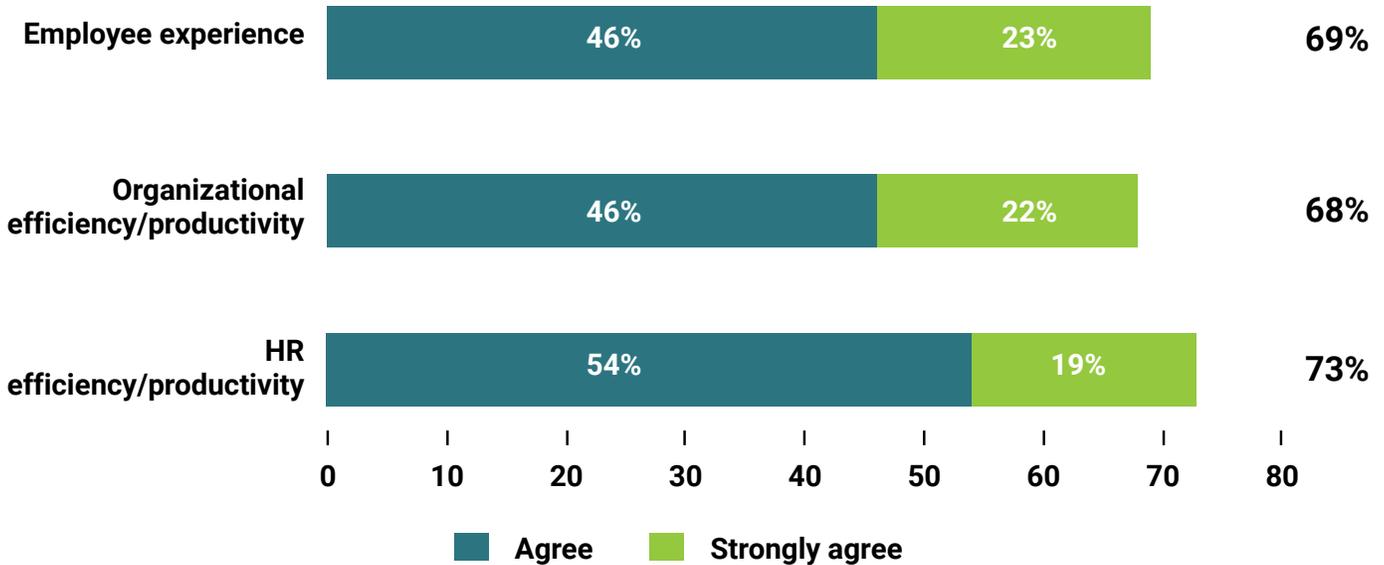


Finding: Paid solutions make a marked difference in productivity, efficiency, and the employee experience

To understand how paid solutions in an HR tech stack affect organizational priorities, we asked respondents about the effect on three key areas: employee experience, organizational efficiency and productivity, and HR efficiency and productivity. Across all three areas, a strong majority agreed that paid solutions made a significant improvement.

Sixty-nine percent agreed that paid HR tech solutions made a measurable positive difference to the employee experience, and a whopping 73% said they increased HR efficiency. Even about organizational efficiency and productivity, the results were pretty positive, with 54% agreeing and another 19% agreeing strongly.

Your organization's HR tech stack paid solutions measurably increase/improve:

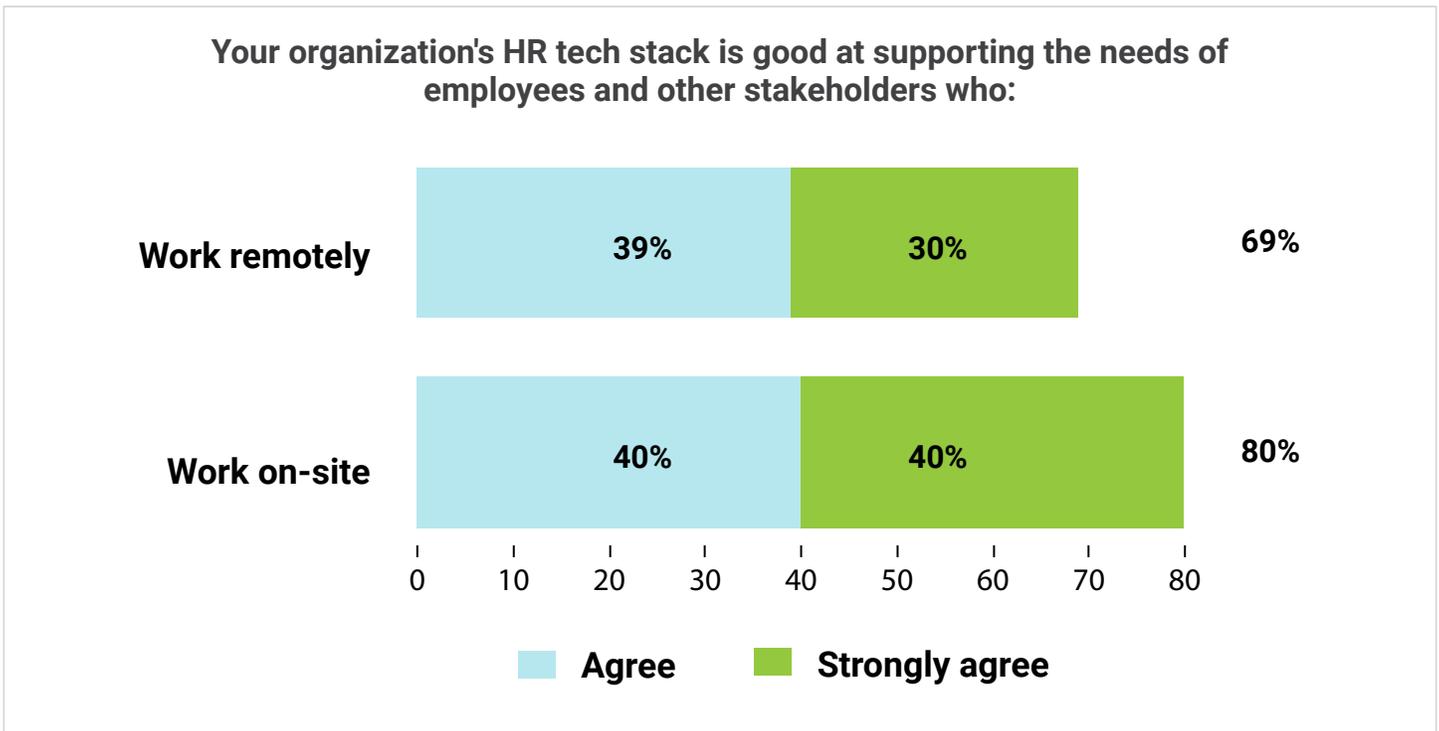




Finding: Organizations feel that the HR tech stack supports onsite staff better than remote staff

Remote and hybrid working has made it a necessity to have reliable and agile digital solutions to manage HR processes effectively. However, the benefits of a good HR tech stack are not confined to remote work. Even with [two-thirds of US workers](#) now having returned to the office full-time, HR technology remains a vital tool for efficiency and productivity.

We asked respondents about the effectiveness of their HR tech stack for both remote and on-site users. A similar number agreed that their organization's tech stack was good at supporting employees who worked onsite (40%) and those who worked remotely (39%). However, significantly more agreed strongly that their platforms supported onsite workers (40%) than remote workers (30%). This suggests that, as invaluable as HR tech has been in maintaining operations for remote and hybrid work, its impact is deeper when employees are in the office.



Problems with the HR Tech Stack



Finding: Organizations have a range of issues with their HR tech stack

Many organizations feel their HR tech stack is well aligned with their organizational priorities and objectives. The majority also say it measurably improves key business outcomes and supports the needs of both remote and onsite staff.

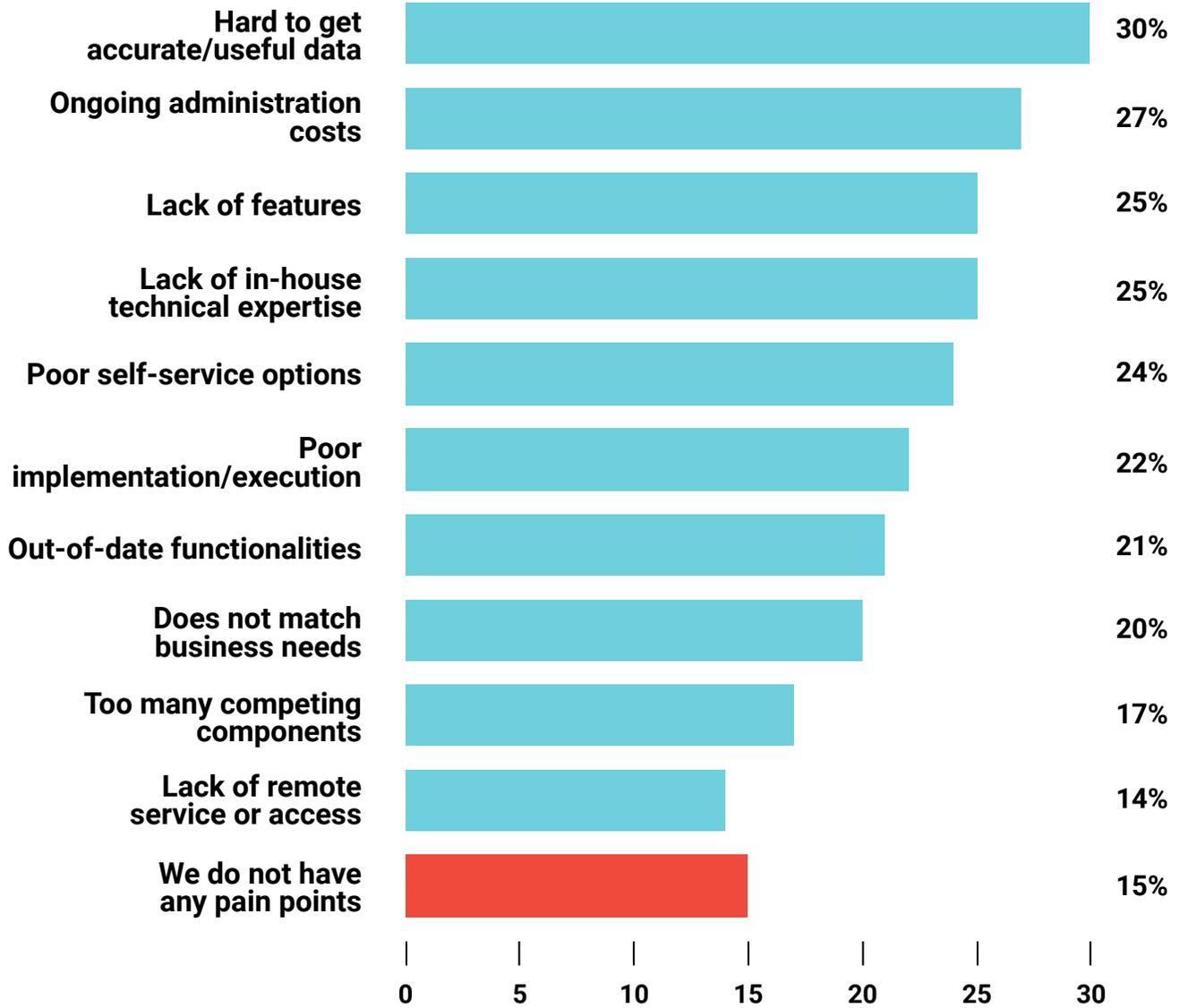
However, we've also seen that a lack of integration causes problems for a large majority of businesses and that a quarter struggles with reconfiguring their tech to meet their needs.

Digging deeper into these issues, we asked respondents about their main pain points when using their existing HR tech stack. A wide range of issues emerged.

The most common pain point, affecting 30% of businesses, is the difficulty in extracting accurate or useful data from HR analytics. This ties in with our earlier finding that just over half of organizations would describe their analytics as accurate, actionable, and meaningful.

The cost of administration was the second most cited issue at 27%. From an operational perspective, a quarter of respondents felt there was a lack of in-house expertise, and a little less (22%) cited poor implementation. One in five (20%) said that poor planning meant their tech stack did not match their business needs.

What are your organization's biggest pain points in regard to your current HR tech stack? (select all that apply)



Just 15% said they did not have any pain points



Finding: Half of organizations want people analytics tools in their tech stacks

One in four respondents cite that their tech stack does not have enough of the solutions and features their users required. We asked these respondents to tell us more about what components they most needed.

People analytics emerged as the top priority, needed by fully half (50%) of respondents. Learning and development tools were the second most required feature (48%). Other in-demand features of the employee experience include performance management (43%) and engagement (33%).

Just twelve percent of respondents mentioned requiring payroll.



You noted that your HR tech stack does not have enough of the solutions or features that your organization needs. What other solutions/features are needed?
(select all that apply)





Finding: Usability, integration, and customization are the key problems among users

No HR tech stack is perfect, and every organization is going to run into some trouble in using their tech solutions.

When asked about the problems they face, the most cited issue was the underutilization of the stack's capabilities, raised by nearly a third (31%) of respondents. The second most prevalent problem is insufficient integration between solutions (28%).

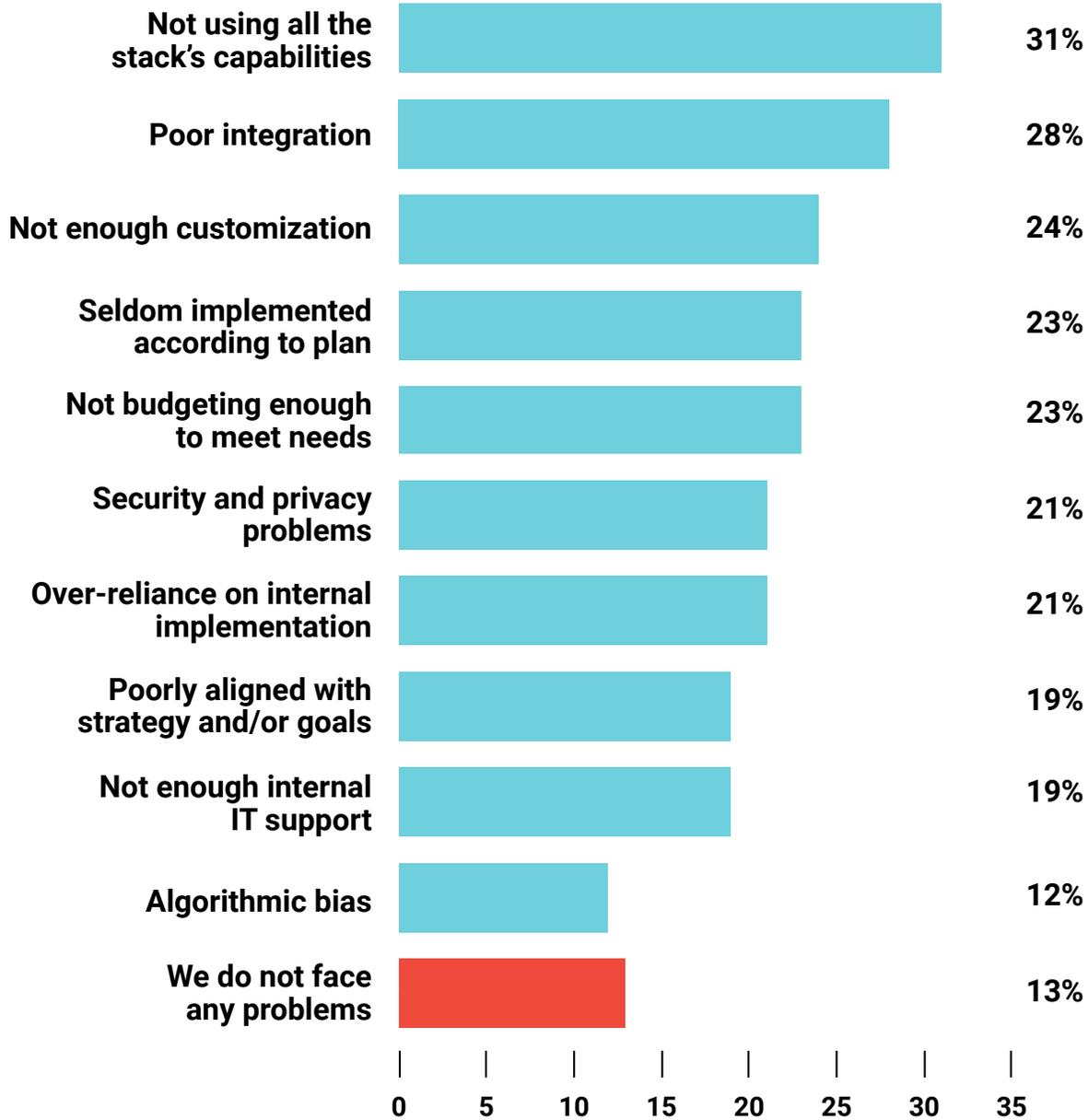
Limited customization options affect nearly one in four (24%) respondents. Similar numbers of respondents have issues with implementing according to plan (23%) and an over-reliance on internal teams for implementations (21%). Budget constraints are felt by 23%, and security and privacy concerns are a worry for one-fifth (21%) of respondents.

For almost one-fifth (19%) of respondents, their HR tech stack is poorly aligned with organizational strategy, while the same percentage feel in-house IT doesn't offer sufficient support. Nearly one in eight expressed concerns about potential algorithmic bias, which could be a concern for diversity, equality, and inclusion.

Differences by organization size

The biggest HR tech stack problem for most businesses is that they are not making the most of all the capabilities it has to offer, suggesting some inefficiency and wasted resources. However, the extent to which this problem affects businesses varies. While it is the top problem for both small and mid-size businesses, it affects a higher proportion of small businesses — 46%, as compared to 32% for mid-size businesses. It's less problematic again for large organizations, impacting just over one in four (26%). More large organizations, in fact, have an issue with integration, with 27% saying that solutions are not well integrated or can't be integrated.

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



Just 13% say they don't have any problems with their HR tech stack



Finding: Compared to leaders, more than twice as many HR tech stack laggards struggle with integration

No HR tech stack is perfect, and considering the rate of change and evolution of technology, there will always be issues to deal with. That said, it is not surprising that high-performing organizations have fewer problems than low-performing ones. While 30% of HR tech stack leaders said they don't face any problems with their HR solutions, just 1% of laggards say they are problem-free.

One key problem stands out when we compare the responses of leaders and laggards, and that is the issue of poor integration of tech solutions. We saw earlier the huge disparity between leaders and laggards when it comes to well-integrated systems. At the other end of the scale, there is also a wide gap between leaders and laggards who have a problem with tech stack integration. While 19% of leaders still say poor integration is a problem, well over twice the share (46%) of laggards face poor integration.



Future of HR Technology Stacks

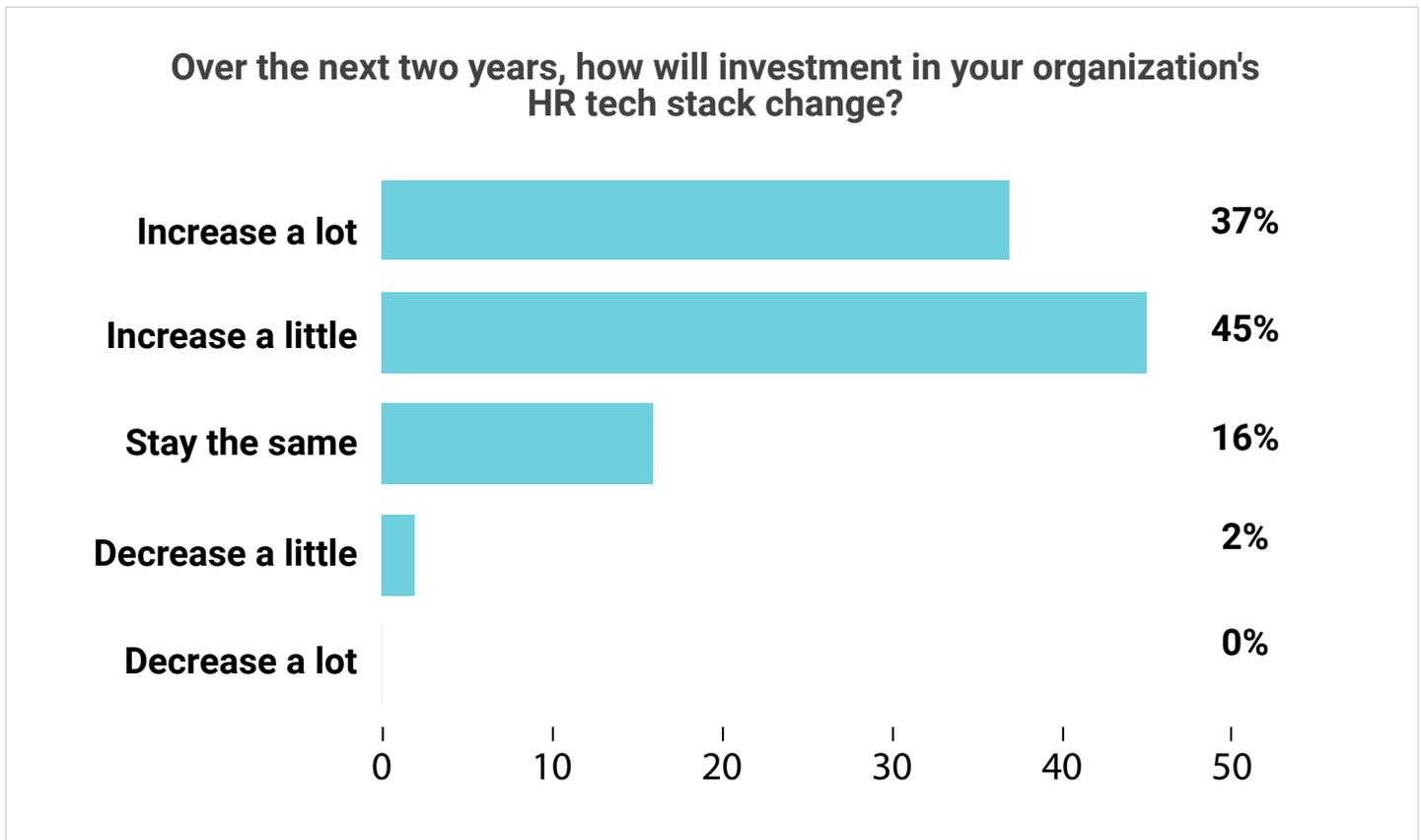


Finding: More than eight in 10 organizations plan to increase HR tech spending over the next two years

Many respondents see a significant gap between their current HR tech stack and their business needs.

It makes sense, then, that HR tech investment will continue to trend upward, with 82% planning to increase spending. The number of respondents planning to increase spending significantly will also grow, from 32% over the past two years to 37% over the next two years.

Just two percent intend to reduce spending, while the remaining 16% will maintain the same level of investment.



Editor's note: those who responded "don't know" were removed from the data set. They comprised 6% of the total data set.



Finding: User experience is the key priority for the future

To see how that increasing investment will take shape, we asked respondents about how they expected their HR tech stacks to evolve over the next two years.

The employee experience stood out as the main priority, with forty-seven percent seeing the user experience improving and 46% wanting employee self-service capacity to increase.

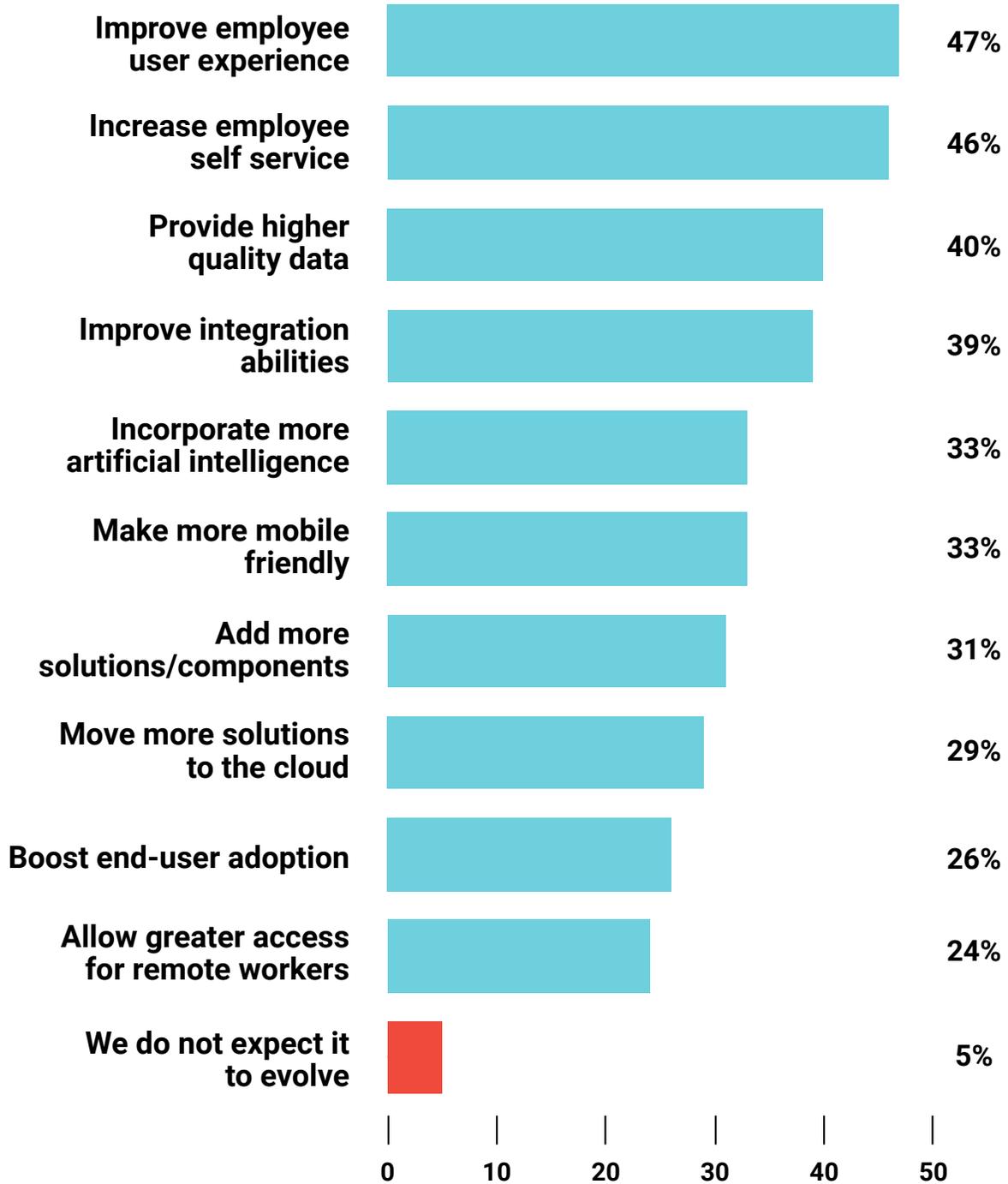
Many also expect to see higher-quality data (40%) and improved integration (39%).

A host of other improvements are foreseen, some of which are listed below.

- Almost a third of respondents (33%) expect increased use of AI and greater mobile access.
- Slightly fewer mentioned an increase in tech stack components (31%) and cloud-based solutions (29%).
- One in four expect to see boosted engagement (26%) and increased mobile access (25%).



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





Finding: Artificial Intelligence will influence many areas of HR tech stack

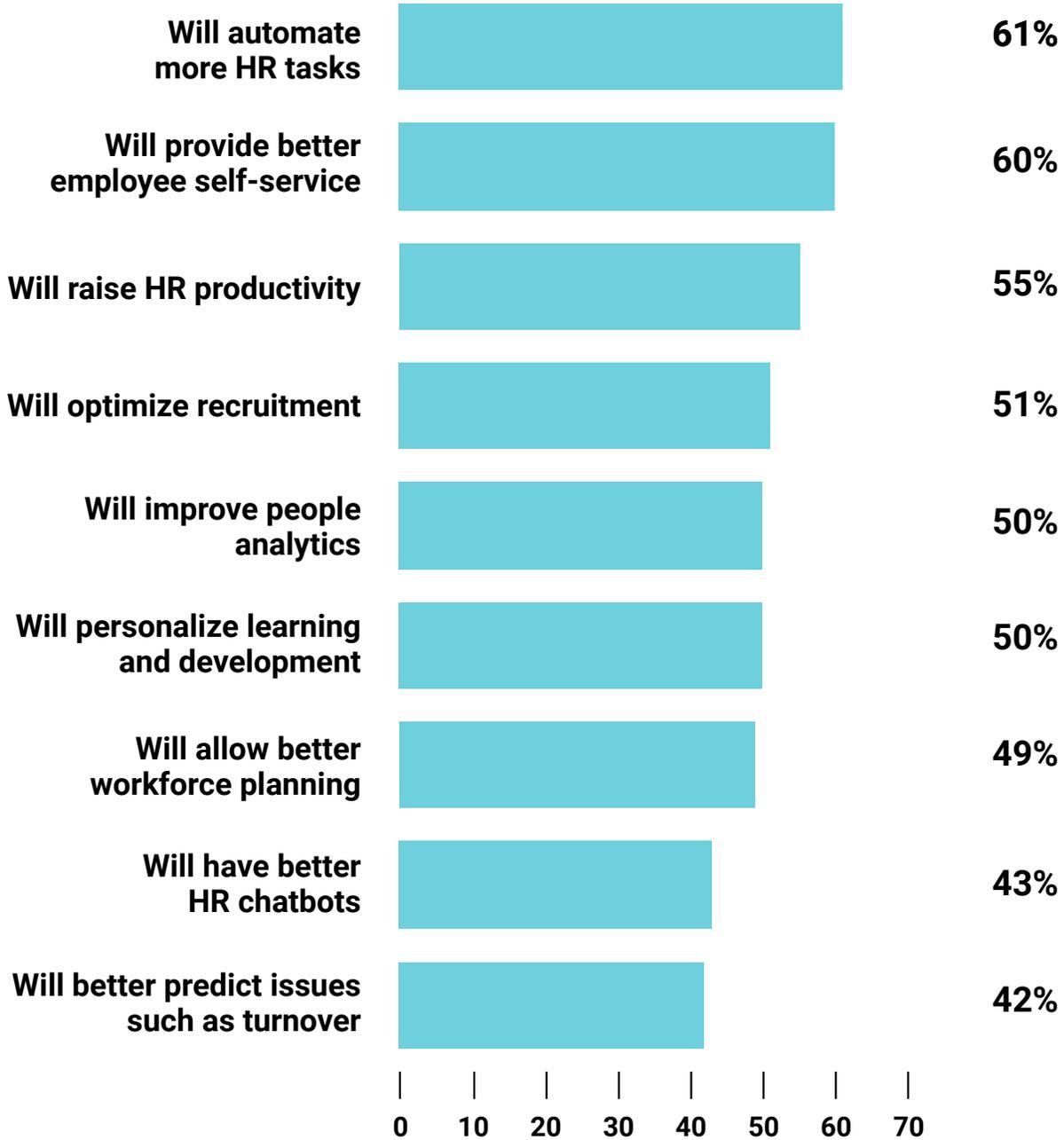
The influence of AI is a hot topic in just about every aspect of the business world. It's no different for HR technology, where the [application of AI and automation](#) are already helping to streamline processes.

We asked respondents how a greater incorporation of AI will influence the HR tech stack, and the findings are as follows.

- Sixty-one percent said it would automate more tasks.
- Sixty percent said it would allow employees greater self-service capabilities.
- Over half said AI would help raise HR team productivity (55%), optimize recruitment (51%), improve people analytics (50%), and personalize L&D (50%).
- Other predictions included better workforce planning (49%) and predictive analysis (42%).



**How will the incorporation of more AI influence your HR tech stack?
(select all that apply)**





Finding: Training is the key priority for improving the HR tech stack

Getting the most out of your HR tech stack also requires some non-technological actions, from skills development and relationship-building to financing and vendor selection.

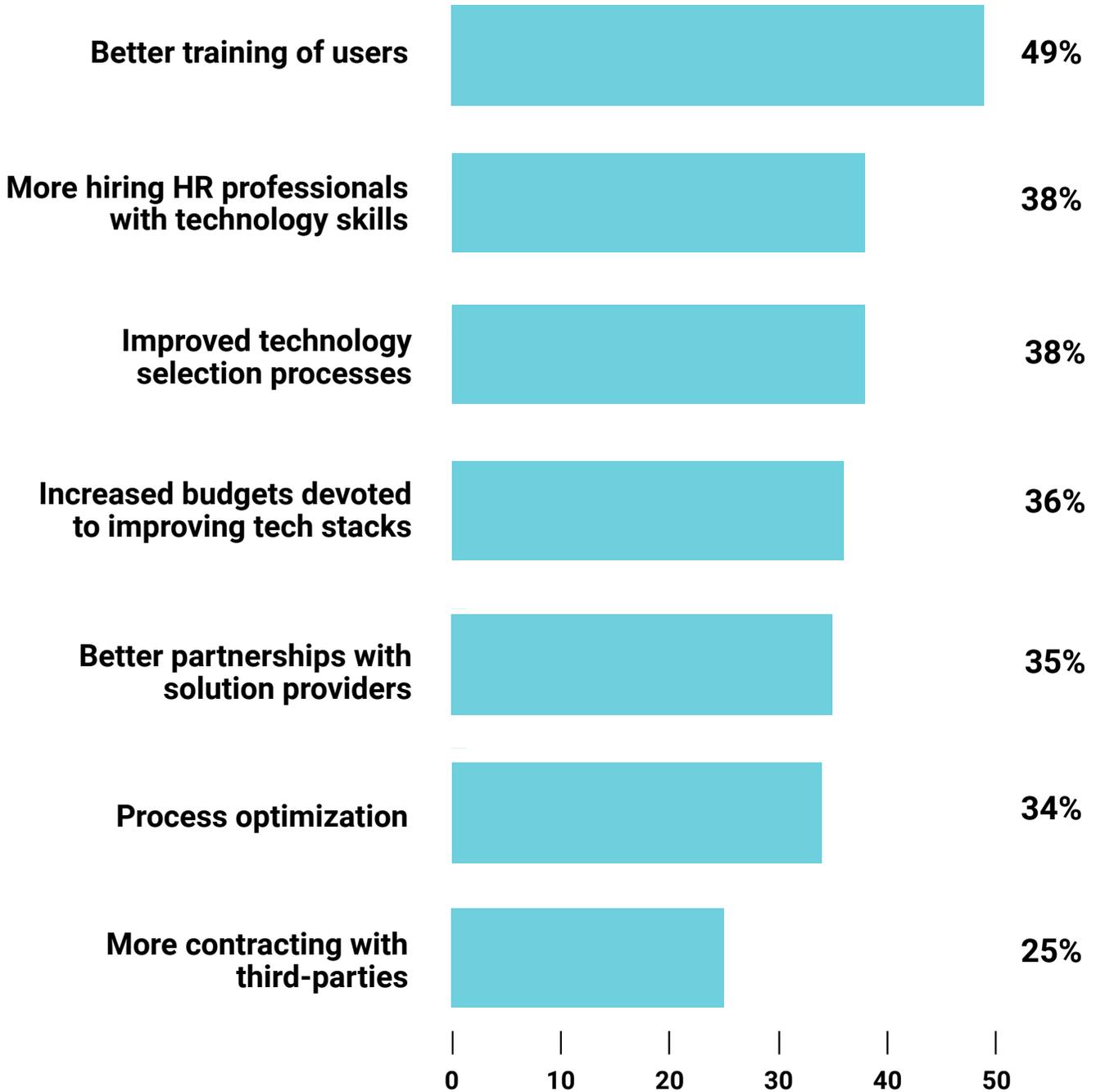
When asked about the strategies they intend to implement to support and improve their tech stack in the years to come, almost half of respondents (49%) said better user training was the priority.

A smaller proportion (38%) said they would recruit for tech skills. The same number want to improve how they select tech solutions: over one-third (35%) intend to build better vendor partnerships, with one in four planning to contract more external providers and consultants.

Optimizing processes is important for more than a third (33%) of respondents.



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



Close to two-fifths will increase their budget for tech stack improvement



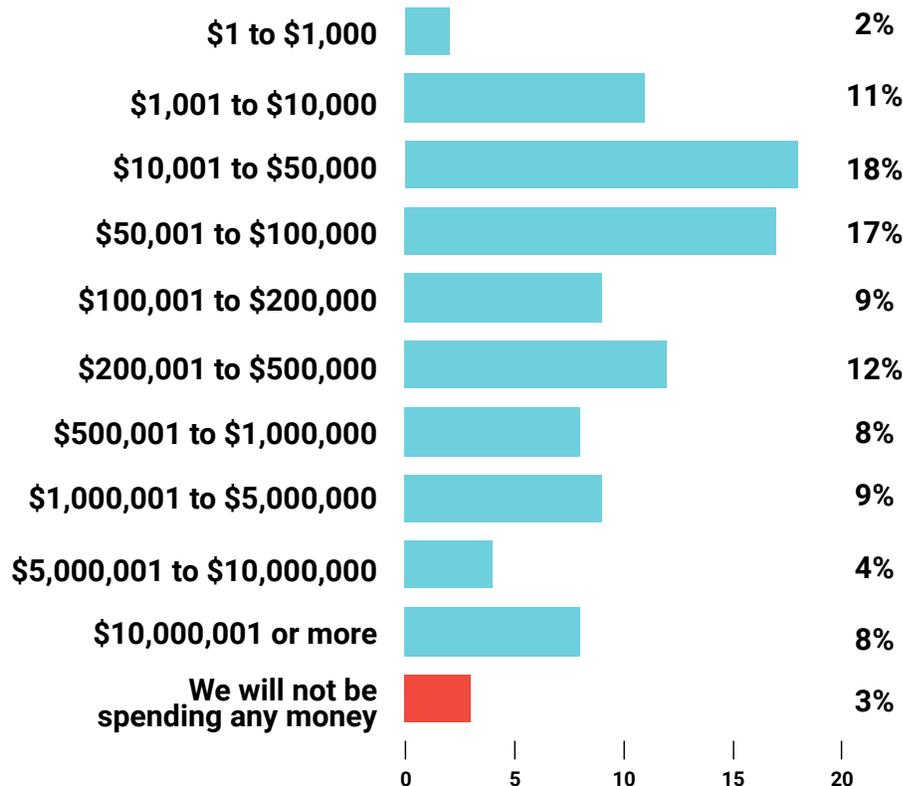
Finding: Most organizations plan to spend up to \$100,000 on their HR tech stack over the next year

We've seen that nearly all organizations intend to increase, or at least maintain, their level of HR tech spending over the next two years.

We asked our respondents to put a dollar amount on how much they intend to spend over the next year. Taking into account the different sizes and budgets of organizations, the results varied widely from a few thousand dollars to several million. However, the two preferred spending ranges were the 4-figure bracket (18%) and the 5-figure bracket (17%).

Eight percent of respondents say they will invest more than \$10 million next year. At the other end of the scale, 13% of respondents will spend under \$10,000.

How much is your organization planning on spending on HR technology in U.S. dollars over the next year? (please provide your best guess)





Key Takeaways

Below, we offer some suggestions for how organizations can improve and optimize HR tech stacks for greater business success.

Key Takeaway 1

Where it makes most sense, aim for seamless integration of solutions within your HR tech stack and across other business systems. Our research has shown us that even HR tech stack leaders, whose systems are well or very well integrated, can still face integration problems that hamper business processes. Building a smoothly functioning HR tech stack means considering integration at all stages and choosing solutions that can be easily scaled and modified. Depending on your business needs and resources, that could mean investing in a single platform with effective API capabilities or in a tech stack with modular components that can be reconfigured as needs evolve. Vendor relationships are important too, as you want to have reliable support and assistance to help keep your systems well-integrated and aligned with your business demands.

Key Takeaway 2

When it comes to people analytics, prioritize the accessibility and actionability of your data. Many HR professionals are still struggling to make the jump from data-aware to data-driven. However, HR tech stack leaders tend to excel at harnessing their HR technology to derive actionable insights from their data. To level up your capabilities in people analytics, choose tools that make it easy to visualize and understand the data available. Think carefully about the HR metrics you track and standardize those metrics across the organization so you can make meaningful comparisons and draw accurate conclusions. You may also want to consider offering analytics training to your HR team so they can more effectively use data to guide their decision-making.

Key
Takeaway

3

To create a more effective HR tech stack, start with a clear vision for how your technology will deliver business results.

HR and IT leaders need to communicate a clear and confident vision for technology if they hope to secure organizational buy-in and user adoption of HR tools. To achieve this level of strategic clarity, start by involving members of the HR team in selecting and implementing HR tech solutions. When introducing a new solution, create a solid change management plan, including a communication strategy that will make it clear why the tool is being introduced and the expected benefits for both the business and the users. Couple your communication plan with training and opportunities for feedback and questions.

Key
Takeaway

4

HR technology is only ever as effective as the strategy it supports.

HR tech stack leaders ensure that the technology they introduce is well-aligned with key organizational goals. To follow in their footsteps, start by identifying the key business objectives that your HR tools should support. Then define KPIs to confirm that the technology truly contributes to your progress towards your goals. In addition, make sure that your HR and IT leadership work closely with each other and with other departments to make sure that the decisions you make about the tech stack line up with the evolving priorities of the rest of the organization.

Key
Takeaway

5

Build an HR tech stack that can easily adapt to rapid changes.

Many of our respondents note the challenges involved in modifying or reconfiguring their tech stack in response to changing business needs. To avoid getting stuck with legacy systems that are no longer fit for purpose, choose HR tools that are built with flexibility in mind. For example, modular solutions that allow you to plug in or remove components over time can help you respond quickly to changing requirements. Platforms with a solid API can make integration easier, meaning you can more quickly implement new tools without creating silos. Tools with low-code or no-code development options also mean that your HR team can make their adjustments to the tech stack without waiting for support from the IT team.

Key
Takeaway **6**

Harness the HR tech stack to improve DEIB (Diversity, Equity, Inclusion, and Belonging). Our research shows that only around a third of businesses (36%) are using HR tech to increase diversity and inclusion. We view this as a missed opportunity. From mitigating unconscious bias with blind resume screening tools to anonymous continuous feedback mechanisms to gather data on the employee experience, the HR tech stack potentially provides ample DEIB resources. If you'd like to begin taking greater advantage of your HR tech stack to improve your DEIB performance, start by conducting a thorough assessment of your current processes and identifying areas where technology could address DEIB challenges.

Key
Takeaway **7**

Investigate the potential of AI in your HR tech stack. Some of our respondents are expecting transformational results from incorporating more AI technology into their tech stacks. Our research suggests there could be benefits for HR teams that take a proactive approach to incorporating AI in their tech stack, including significant efficiency gains, greater employee self-service capabilities, smoother recruitment processes, and more personalized learning and development. If you plan to remain competitive as an employer of choice, it may well be time to start exploring the market for AI-driven solutions to implement in your HR technology roadmap.

Key
Takeaway **8**

To get more out of your HR tech stack, consider better user training for your HR department. Many of our respondents admitted to struggling to make the most of their HR tech stacks. This isn't just a technology issue; it also suggests a need for increased user training. It is noteworthy that nearly half of our respondents told us they'd be prioritizing tech skills development for their HR team in the years ahead. Start by auditing the current skill level of your HR team and identifying any knowledge gaps. Then create tailored training programs and workshops that prioritize on-the-job learning. Couple this targeted L&D strategy with thoughtful communication about the benefits of using HR technology, for both the organization and the individual members of your HR department.



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