

How COVID-19 Is Changing HR Technology Investment

By Dave Zielinski

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The coronavirus pandemic dampened organizations' plans to spend on traditional HR technologies, but many found a way to invest in systems to help support remote work amid the pandemic, according to two new HR industry surveys.

The recently released Sapient Insights Group 2020–2021 HR Systems Survey found 15 percent of organizations plan to decrease traditional HR technology spending in 2021 by an average of 23 percent of their current budgets. But another 28 percent plan to increase investments in nontraditional HR technology areas like remote-working tools and infrastructure, the survey found. That's largely because 35 percent of respondents said at least half of their workforces will continue to work remotely even after the COVID-19 pandemic subsides.

The change in work norms has elevated the value of HR technology, according to the 2020 HR Technology Pulse Survey from Gallagher, a consulting services firm in Rolling Meadows, Ill. The survey found companies continue to invest in select HR technologies despite economic uncertainties.

While Gallagher's 2019 survey found respondents were focused on talent attraction systems, in 2020 that shifted to payroll, time-keeping, employee communications and performance management systems. Survey authors said the trend reflects the growing importance of using HR capabilities to support the vastly expanded remote-work environment.

"The world got bigger for HR technology this year," said Stacey Harris, chief research officer for the Sapient Insights Group, during a keynote session at the virtual HR Technology Conference and Exposition where she unveiled the organization's new survey results. "We've been talking about technology shifts in areas like HR service delivery for a while but this year because of COVID-19, those shifts really took over. This is the year that communications and collaboration platforms, engagement systems, help desks, and portals became lifelines in the HR environment, not just administrative tools."

The Sapient Insights survey found in 2020 that HR help desk and case management applications, in particular, emerged as mission-critical tools to support COVID-19 initiatives and track critical issues. For example, these solutions helped to quickly inform employees of companywide health and wellness issues and tracked engagement based on employee calls and online requests.

Such technologies also helped to quickly alert senior leaders to changes in employee concerns, wellness and engagement, without additional investment or adding to the workloads of already-taxed managers and employees, the survey found.

Talent Management Investments Pay Dividends During Pandemic

The Sapient Insights survey gauged how well organizations were able to acquire, develop, retain and mobilize their talent over the last year. Organizations that were prepared before the pandemic with data on critical job roles and skills, that had mechanisms in place to shift goals and employee focus quickly, and that understood the impact of compensation changes versus furloughs fared better than others, the survey authors wrote.

In other words, companies with mature talent management practices already had good people data in place that helped them make difficult workforce decisions during the pandemic. Those with low outcomes, on the other hand, hadn't invested in talent management in the same way, and their actions focused more on reducing salaries and laying off work groups.

"This past year was when investments in talent management paid its dues," Harris said. "Organizations that had good outcomes did things like increase the salary of those in essential roles and invested in technology infrastructure for remote workers," such as laptops and virtual private networks.

Top Initiatives During COVID-19

The Sapient Insights survey asked HR organizations what initiatives they had put in place due to COVID-19. HR leaders reported the top initiatives they undertook were:

- Increasing remote-work options and capabilities.
- Implementing COVID-19 employee tracking, tracing and assessment tools.
- Implementing new communications processes and technology.
- Creating more flexible compensation models, allowing for bonuses, decreases and holds.
- Creating pod-based work schedules and new teamwork environments to ensure critical workforces are protected.
- Implementing policies, technology and models for distanced and safe work environments.
- Implementing new social responsibility standards, metrics and governance models.

Rethinking Workforce Management, Learning and Recruiting Technologies

The Sapient Insights survey found more organizations are rethinking the value of their existing workforce management, learning and recruiting technologies.

Harris said 37 percent of respondents were evaluating or looking to replace learning technologies, 31 percent were doing the same for workforce management systems and 30 percent were rethinking their recruiting systems.

Many more organizations started using workforce management applications—which Sapient now calls "time management" tools— to comply with COVID-19 safety requirements such as contact tracing and safe work environments. One reason for the increase in a desire to upgrade systems: Companies increasingly need time management technologies with time tracking and scheduling applications that are highly configurable, according to the survey authors.

The Sapient Insights survey found 14 percent of organizations plan to move to newer time management applications over the next 24 months, particularly if they use on-premise rather than cloud-based systems.

Increased Focus on Workforce Planning and Continuous Change Management

The Sapient survey found 36 percent of organizations said they practiced enterprise workforce planning in 2020, a significant increase from the previous year's results. When called upon this year, HR functions figured out how to get the workforce data they needed and to leverage their tools to provide answers for leaders to help make workforce plans amid uncertainty, according to the survey.

The past year also saw a 20 percent increase in survey respondents actively practicing a culture of change management. Such an approach shifts from thinking of change management as a "once-and-done" initiative to the creation of adaptable organizations with the skills and resources needed to support perpetual change. Those practicing continuous change management had more positive outcomes in the Sapient Insights research than those using a project-based change management approach, including 21 percent average higher HR, talent and business outcomes and a 40 percent increase in the likelihood of HR being viewed as a strategic business partner.

Yet despite these strategic shifts, 20 percent of survey respondents said their HR function is still currently viewed as a compliance-focused organization. To be perceived as a strategic business partner, HR needs the ability to effectively lead continuous change, Harris said, because COVID-19 won't be the last momentous disruption organizations encounter.

"If your conversation is just about cost cutting or using data for compliance, you are not having a complete conversation," Harris said. "Your conversation also has to be about how you're using technology and data for workforce planning and to help inform better business decisions. That's the key to being seen as a strategic business partner."

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