HR Leaders Monthly

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HR Leaders Monthly

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Editor's Note By Brian Kropp and Lauren Romansky



Of all the external factors affecting the HR function and people management in today's business environment, technological change is among the most significant. Innovations that were the stuff of science fiction a decade or two ago, such as augmented reality and virtual reality training, are on their way to becoming standard tools for organizations in a variety of industries.

Organizations are finding ways to automate a wide range of tasks, including many managerial responsibilities and other work once thought automation-proof because it required a human touch. Human capital management systems, talent analytics and other HR-specific technologies are finally mature enough to become essential HR elements of the function's toolkit. Among these developments, organizations are struggling to build or acquire the growing set of technology skills required to compete in an increasingly digital world.

At the same time, HR leaders have seen technology overpromise and disappoint. How many organizations have had the experience of investing heavily in a platform or tool that turned out not to deliver the results the vendor advertised? Talent analytics leaders have had trouble establishing credibility with the C-suite, often because their teams were chasing interesting data and innovative solutions that don't necessarily apply to the organization's problems. Many organizations

need to rethink their processes for selecting and deploying HR technology with a tighter focus on stakeholders' needs.

On the other hand, fears of robots displacing human workers by the millions are not coming true — at least not yet. As it turns out, people and machines usually work better together than in opposition to each other. This means the challenges organizations face are different than those they had anticipated. Instead of training employees to survive after being replaced by robots, they are training them to work in concert with "co-bots."

This issue of HR Leaders Monthly is dedicated to the many ways technology is influencing HR today. In it, we consider the challenge of building trusted talent analytics and HR technology functions that have a clear ROI and a powerful impact on the organization. Other articles look at how machines are reshaping the job of the manager and playing a greater role in decision making around HR issues such as compensation. We also take a look at which HR technologies are likely to achieve widespread adoption in the coming years and which digital skills are most in demand within HR functions.

Our goals in this issue are to provide a holistic view of the many intersections of HR and technology and to arm HR leaders with insights they can use to make better technology decisions for their functions and organizations.

How to Build Credibility for the HR Technology Function

By Maggie Rutz

To ensure HR technologies are considered as solutions to cost optimization, performance and employee engagement challenges, the HR technology function needs credibility. HR leaders must therefore avoid a reactive approach and begin to serve as technology advisors to the business.



For most of its history, the HR technology subfunction has been more comfortable as an implementation partner than an innovator. It handles technology inquiries from various stakeholders, collects data and analytics (often still on spreadsheets), and deals with overall system maintenance. The subfunction arose from a need to keep HR information systems (HRIS) operational and to react and rectify issues as they arise.

However, this is starting to change as HR technology budgets — and expectations — grow. The median expenditure for the HR technology subfunction or group is between 6% and 7% of the total HR function budget, but some organizations spend more than 11% and this has been increasing year on year.¹ Expenses include diverse items like HR software and hardware purchases, implementation fees, license and application fees, and costs related to HR technology outsourcing.

As HR functions spend more on technology, their traditional, reactive view of technology brings greater risk to HR and to the business. Organizations are facing many micro and macro disruptions, and HR technology is being called upon to address the implications of these disruptions for employees and to propose solutions. For example, during the widespread shift to remote work due to the COVID-19 pandemic, HR technology leaders quickly had to address how to move a wide array of employee processes (such as performance management, onboarding, and learning) into a virtual space. This sharply illustrates the increasing need to include HR technology input into workforce planning and strategic business discussions within HR and across the organization.

To align themselves with a new mandate, HR technology leaders must move away from simply being order takers and start serving as technology advisors. It means supporting the business to make technology decisions that drive

critical employee outcomes such as improved productivity, engagement and diversity. HR technology leaders must build credibility for the subfunction in order to effectively win the attention and respect of business leaders and drive decision making. The three imperatives to building credibility are:

- Understand HR technology innovations.
- Highlight employee expectations and implications.
- · Speak the language of the business.

1. Understand HR Technology Innovations

No one will care as much about HR technology as the HR function, but every part of the business cares about its benefits. CEOs and other senior leaders are less interested in the details of HR technology systems than in whether they help or hinder them in solving business challenges. Technologies such as internal talent marketplaces to drive talent mobility, artificial intelligence (AI) to streamline hiring processes, or voice of the employee to better understand overall employee engagement and sentiment may not be on their radar. However, if these technology trends are crucial for the future of the workforce they must be included in strategy conversations.

HR technology leaders can position themselves as voices of authority within the organization on HR technology trends, adoption rates and use cases, and can share the implications of HR technology developments in workforce planning conversations, business operations meetings and strategy discussions. The value of these conversations lies not in simply updating the business on the latest HR technology trends, but in explaining why certain technologies may affect employees more than others and highlighting which might be worth future investment.

BroadSummer,* an organization we profiled, created an innovative process to push forward HR technology conversations called the "digital HR garage," where senior HR leaders invite outside vendors, mainly from HR technology startups, to present their ideas to the HR leadership team (see Figure 1). The goal of the digital HR garage is to crowdsource innovative opportunities that the organization can potentially leverage.

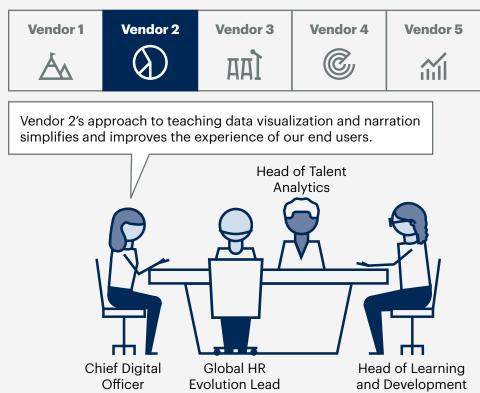
To involve senior leaders in the digital garage, the company's head of technology and digital selects senior executives to be a part of an investment board. The board's responsibility is to approve technology experiments and periodically assess their progress and demonstrated value. Every quarter, the investment board listens to a business case for a desired tech innovation. The board then continues to assess the technology on its ROI and future potential.

2. Highlight Employee **Expectations and Implications** of Technology Use

HR technology leaders can differentiate their subfunction from IT through their knowledge of employees, combining technical expertise with an understanding of the organization's workforce needs. To build credibility, HR technology leaders can find opportunities to demonstrate that knowledge and insight and to describe how technology can support employees.

Many HR functions already have mechanisms to assess employee needs, such as surveys, focus groups, employee resource groups and listening tours. Historically, this information has been used to recommend initiatives aimed at improving the employee experience. Where HR and HR technology leaders need to improve is

Figure 1. BroadSummer's* Digital Garage Illustrative



Source: Adapted From BroadSummer*

^{*} Pseudonym

in using this information to determine the best technologies to address gaps in the employee experience and in anticipating the organization's future digital needs.

For example, if exit survey data shows employees are leaving the organization because of a lack of development opportunities, an HR leader could use that knowledge to recommend appropriate technology. This might include an internal talent marketplace to facilitate mobility or a learning experience platform to create a curated learning pathway for employees. Technology becomes an integral part of the talent strategy, aligned with overall business objectives.

BroadSummer takes this idea one step further.

Besides understanding the employee experience and how technology will address current gaps, the digital HR garage team works to understand the end-user perspective of the technology. It brings users to a user experience (UX) lab and conducts a 360-degree review to understand what it can modify or improve from users' perspective. For example, to assess an HR chatbot, BroadSummer had employees interact with the chatbot interface, collected their feedback and observed how they interacted with the technology (see Figure 2). This deeper engagement gets closer to the real challenges and behavior of users and complements other methods that aggregate larger-scale — but less nuanced - inputs.

Figure 2. BroadSummer's* User Experience Lab

User Experience Interview Questions: HR Chatbot

- 1. Do you like the functionality?
- 2. How do you feel about the speed of response?
- 3. How could we make this more visually appealing?
- 4. What would you change about the product?

User Experience Lab HR Chatbot Interface Behavioral User **Psychologist**

Interface User Scan Report

- Hand movement exceeded expectations
- Good retina movement
- Response time as anticipated

Business Leader Observation:

The user seems to like the functionality, but based on how they are reacting, there is room to improve our chatbot's font and design.

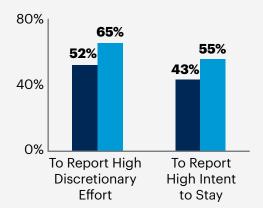


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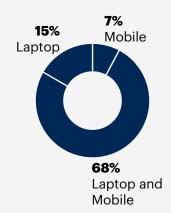
Figure 3. Sample Scorecard

Where We Are

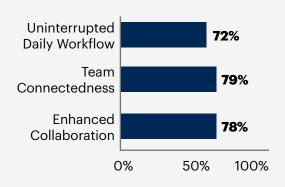
Likelihood of Employees Fully Satisfied With Their Technology Experience



Compatibility of **Technology Across Devices**



Reasons Cited by Employees for Smooth Transition to Virtual Work



How We Get There										
Initiative	Implementation Timeline									
	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21		
Driving Adoption of Technology										
Identifying End-User Personas Evolving With Time										
Rollout of Collaboration Tools in All Business Units										
Initiative D										

Source: Gartner

3. Speak the Language of the **Business to Underscore** the Value of Technology

If decision makers don't understand the value of HR technology, they will never become its advocates and may not approve its funding, even when user value exists. HR technology leaders must translate their vision for HR technology investment and innovation into language that will resonate with the business, build a compelling case, and secure buy-in.

To translate HR technology goals into language that will resonate with the business, technology leaders should consider the following:

- Engage financial buyers early in the value definition process.
- Collaborate with end users and consumers to define aggregate value.

- Avoid deep dives into technology and platform conversations.
- Stay focused on things you own and control that have a material impact on the organization's mission and vision.
- Make spend justification a collective effort.
- Ensure data and metrics are clear and relevant.
- Change (or new) spend is best measured by ROI. Operational (or run) spend is best measured by price for performance and efficiency.

HR leaders should invest in creating scorecards with metrics that clearly articulate how HR technology goals link to the vision of the business, and indicate progress against these goals (see Figure 3). A wide range of potential metrics linked to these value stories include cost and time savings, end-user adoption rates, reductions in employee attrition, increased

leader and employee satisfaction, the increasing digital dexterity of employees, and the number of completed projects virtualizing HR processes. (For more information, see Communicate HR Technology's Value to Executives).

The key is to bolster any metrics in a compelling narrative that contextualizes outcomes for the business through value stories. These stories help the business understand the HR technology function's ambitions to support business objectives and the function's progress in doing so. Value stories might be about how technology will successfully control costs, create process efficiencies, achieve strategic outcomes, enable the employee experience, or drive timely and valuable virtualization outcomes. The metrics within the scorecard should reflect and underpin the chosen value stories.

Conclusion

To fully leverage HR technology as a solution to business problems, HR technology leaders must transform their function from one that maintains employee performance to one that advises the business on how to innovate on the employee experience. This requires an understanding of emerging technology and its implications for the workforce, to go deep into employees' expectations and how technology fulfills them, and to speak the language of the business using simple and relevant metrics embedded in compelling value stories. By taking the time to consider these recommendations, HR and HR technology leaders can position their emerging subfunctions as credible and strategic advisors who deserve the business's trust and attention.



¹ Gartner 2020 HR Budget and Staffing Benchmarking Survey

^{*} Pseudonym

Unlock Effective Diversity Hiring With Location Data

The COVID-19 induced shift toward remote work provides an opportunity to hire diverse talent from a greater variety of alternate locations.



Get the full picture of talent availability in hubs outside your radar



Examine and adjust your location considerations in hiring and DEI strategy



Inform business leaders and hiring managers on the availability of diverse talent in alternative locations

Download Research





Technology is having a massive impact on management roles, driving an urgent need to reshape the relationship between managers and technology. To enact this change, HR leaders can learn from organizations that are already using technology to reshape the manager's role.

New technologies are changing the role of the manager on a fundamental level. As HR technology begins to take over many common management tasks, two-thirds of employees say they would trust a robot more than their managers, and more than 80% of employees think a robot would be better at performing some managerial tasks than a human.1 In response, organizations need to rethink

how human managers and technology can complement each other rather than compete.

To meet this challenge, HR leaders must understand how technology is already reshaping the manager's role and refocus the relationship between manager and technology toward a new mindset and a new way of thinking about how work gets done.

Technology Is Already Reshaping the Role of the Manager

HR continues to deploy technology for managers based on the positive results it delivers. For example, about half of the organisations we've talked to are already investing in artificial intelligence (AI) or planning to do so in the next three years. Among those who have done so already, 40% say the primary driver has been to maximize cost savings.2

Al has already proven it delivers against costsaving expectations and is now evolving into more refined uses such as enhanced decision making (not just, for example, by screening more CVs, but also by providing recommendations on which CVs to shortlist and why). Now technology is forcing organizations to begin questioning the role of the manager itself: What things can we change? Do we need managers as they are? Or do we need to think about a complete role redesign?

We believe the people manager role is ready for a deeper transformation based on technology.

Our studies predict that 69% of what a manager currently does will be automated by 2024, triggering a complete overhaul of this role (see Figure 1). As organizations adopt solutions such as employee development through real-time chatbot interventions, this transformation is already a reality for many managers and employees globally.

Although this doesn't mean the end of the human manager, it represents a big change in what the role of the manager will look like and in how managers and technology work together.

Refocusing the Manager-Technology Relationship

Currently, the manager-technology relationship is suboptimal. The mindset guiding decisions about deploying technology is often binary: human or technology, good or bad, effective or ineffective. In fact, there is a range of outcomes between "effective" and "ineffective," with many activities falling in the middle ground. It is true that in some instances there is a clear distinction. For example, AI is very effective at organizing or finding patterns and solutions in

Figure 1. Manager Tasks Automatable by Technology

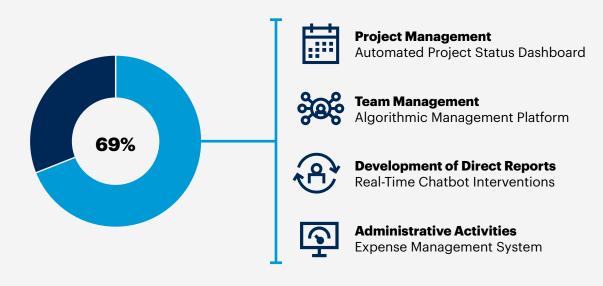


Figure 2. Social-Creative Tasks Central to Management

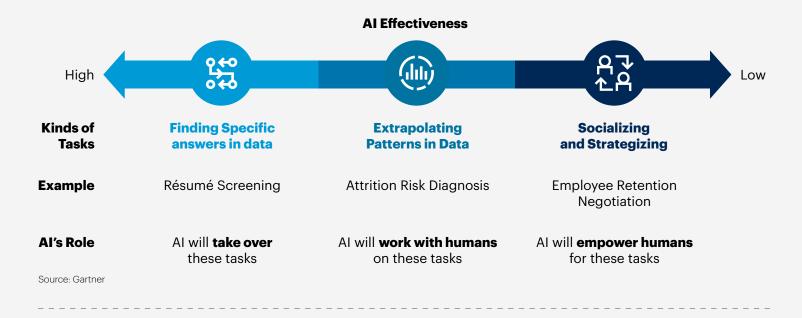
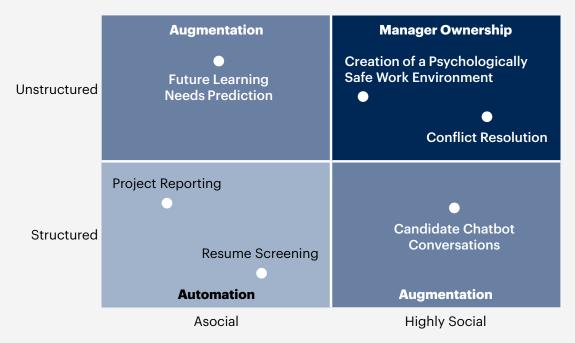


Figure 3. Activities Aligned by Expertise



Source: Gartner

large datasets, whereas it is clearly ineffective at tasks that require empathy. However, this binary way of thinking about humans versus technology does not account for tasks that neither humans nor AI can perform optimally on their own, but that both can do more effectively together. HR leaders must not only think about places where AI will replace human work, but also where it can augment managers' performance or enable them to work at a higher level (see Figure 2).

The question then is how to decide which management tasks to automate, augment with technology or leave in human hands. An effective way to plot this strategy is to categorize tasks as social or asocial, structured or unstructured (see Figure 3). Asocial and highly structured tasks are prime candidates for automation, while unstructured, highly social activities are not. Asocial, unstructured activities and those that are highly social but structured are the places

where technology can augment human strengths to accomplish these tasks in the fastest, smartest way. This augmentation becomes the basis for a true manager-technology partnership.

Achieving the Right Mix of Human and Machine

We have seen examples of organizations bringing this new relationship to life in all three stages of technology deployment: Selection, design and adoption.

Selection

In the selection stage, the objective is to ensure the technology will complement managers' strengths, rather than compete with them. Sanofi uses AI as an enabler in the recruiting process but does not assume it will automatically be better or more accurate than human judgment. Instead, Sanofi's screening algorithm is designed as just the first step of an application process and is used to aid, not override, managers' judgment (see Figure 4). To ensure it does so, Sanofi began the pilot stage by testing its algorithm on current employees and calibrating the results against a manager's independent assessment.

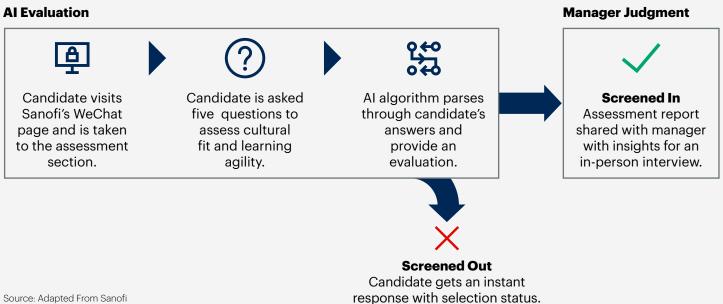
Once a candidate is selected, recruiters share insights from the AI assessment with the hiring manager, informing them of areas to probe further during their face-to-face interactions with the candidate. Thus, integrating technology with human judgment enhances the overall quality of the assessment.

Sanofi overcame concerns over adopting the Al screening by demonstrating the algorithm's results compared to hiring managers' assessments, showing that the tool consistently selected candidates of similar or superior quality.

Design

Rather than aligning technology to static processes, organizations need to design it to reflect the reality of dynamic workflows, so technology can support managers at the right touchpoints. Cisco, for example, used a technological solution to redesign its formal organization charts and human resources information system (HRIS). The company realized its organization structure did not align with how work was actually done, meaning efforts to improve team performance would target the wrong groups and fail to drive impact.

Figure 4. Sanofi's AI Screening Methodology



To capture a more accurate and timely understanding of team dynamics within the company, Cisco team leaders redefined their teams based on who was involved in accomplishing work, not just those within their direct reporting lines. These team dynamics were previously invisible to much of the organization and therefore did not receive direct support through technology tools to improve their performance (for example, some processes scheduled at a standard time of the year didn't fit their needs).

To solve this problem, HR enabled team managers and employees to view their own "real team" performance data in real time. For example, team leaders can use the platform to send an engagement pulse survey to their real teams when they need engagement data aligned with dynamic, real-time triggers (such as when a new project starts or when teams get reshuffled), rather than depending on traditional triggers like annual performance reviews.

Adoption

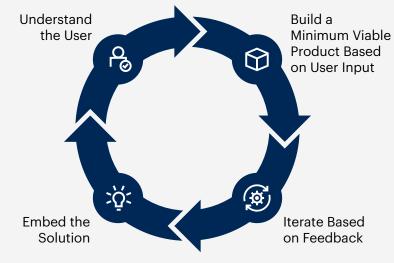
A major obstacle to encouraging managers to adopt new technology is that they don't trust it. More than a third of managers said they would not adopt new tech unless they absolutely must do so. We found 79% of users said "fear of the unknown" is what keeps them from adopting technology like AI.3 Instead of trying to sell managers on new technology by insisting on how good its benefits are, HR needs to demystify technology by openly sharing how it works.

General Electric (GE) counteracted that mistrust by more closely involving managers in the technology creation process. The organization uses a design thinking approach that allows it to identify key pain points with users, quickly build a test version of its solution and then iterate based on user feedback (see Figure 5).

Being a part of the creation process ensures managers understand technology is based on their inputs, and they also get a chance to test the technology before it gets embedded. In this way, complete transparency demystifies the process and builds trust from managers, driving higher adoption rates.

After GE used this co-creation approach to develop a talent analytics solution for managers, 91% of users found the overall tool useful, and

Figure 5. GE's Design Thinking Approach to **Creating Talent Analytics Solution for Managers**



Source: Adapted From GE

84% found the recommendations in the tool increased employee engagement.

Building the Partnership

What these best practices have in common is that they all encourage a partnership between managers and technology, which allows organizations to achieve the full cost savings and performance benefits of these investments. In each example, we can see how this relationship is brought to life in the three stages of technology deployment: Selection, design and adoption.

As HR technology continues to advance, organizations that successfully foster this manager-technology partnership will be better positioned to take advantage of new opportunities and prepare their managers and teams for success in the digital workplace.

¹ Report: Artificial Intelligence Is Winning More Hearts and Minds in the Workplace, Oracle.

² 2019 Gartner Artificial Intelligence Survey.

³ 2018 Gartner Annual Enterprise Survey.

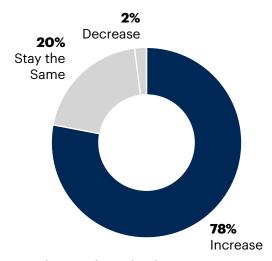


The value HR analytics leaders glean from their investments in technology is determined by how effectively they focus the potential power of analytics on end-user priorities. HR can improve the impact of talent analytics by starting from the problems end users need to solve.

Talent analytics is arguably the most exciting area of HR today. It certainly is one of the fastest growing. Overall investment has been increasing every year; in December 2019, 75% of talent analytics leaders expected their organizations to dedicate more resources to the function over the next three years (see Figure 1). Many of those added resources are going toward staffing the function, with staff costs making up an average 69% of organizations' expected talent analytics budgets in 2020.1 Many resources are also being directed toward investments in new, dedicated HR technologies that in many cases are overdue.

Figure 1. Expected Change in Talent Analytics Investments Over the Next Three Years

Percentage of Talent Analytics Leaders



n = 44 talent analytics leaders

Source: 2019 Gartner Future of Talent Analytics Survey

The Market Responds to High Demand for Talent Tools

With demand for human capital data on the rise, technology companies have seized the opportunity by creating remarkable products - centralized, streamlined, multifunctional technologies that hold the promise of light-lift, fast-to-build, trustworthy insight. It is hardly a mystery that HR technologies, which promise to solve so many longstanding problems,

have received so much attention, enthusiasm and budget. The challenge then for an HR or talent analytics leader is "test driving." Which technology will work best to generate human capital insights? The underlying assumption is that the technology generating those insights will solve the problems of old. It will improve data quality, centralize definitions and inspire action among decision makers by offering unprecedented access to human capital insights.

However, our research suggests that assumption is dangerous. While technology certainly reduces much of the manual labor and time needed to generate reports, it doesn't actually boost leader confidence in talent analytics or clarify how leaders are meant to apply those insights. A technology investment provides a powerful tool, but it remains insufficient to solve the root of the talent analytics problem: lack of utilization.

While technology certainly reduces much of the manual labor and time needed to generate reports, it doesn't actually boost leader confidence in talent analytics or clarify how leaders are meant to apply those insights.

Therefore, our teaching to clients centers on this: You will only maximize the value of your technology investments if you start with a relentless focus on the needs of the end user. What problems are you trying to solve? What opportunities have you missed? What changes should trigger the need for updated information on how these technologies impact your people?

Identify End-User Pain and Opportunity First

The most progressive talent analytics functions start by identifying where the talent insight can have the biggest impact and then work backward to the technology solution that supports that. Consider, for example, GE's approach to building out its talent analytics function.

When looking for opportunities to build the influence of the nascent talent analytics function at GE, the team leader did not start by buying or even building a tool. Instead, he overinvested in understanding the decisions his end users needed to make and the context of those decisions. The team first targeted a process in need of improvement — succession management - and then focused on the biggest pain points in the succession management process. The team relentlessly focused on addressing one very specific, very painful problem (too many of the same people under consideration), rather than jumping to ask, "What technology can we use to help with succession management?" And what technology did they reach for to help solve the problem? A spreadsheet. The "technology" was a couple of simple formulas and data in a file, co-created with the leaders who were expected to use it.

The team knew that eventually they could and should use more technological power to address the same process. But they aimed that power judiciously and incrementally. They made microimprovements over time and expanded

the tool to support the broader succession management process, ultimately building a robust technology solution. The key here is that the GE talent analytics team did not simply see a technology and run to find a problem to solve with it. They relentlessly focused on the end user, found an end-user pain point, and leveraged the technology to help answer it. And because they took this approach, they could build a firmer foundation for their insights; the tool they built prioritized transparency, agreement of definitions and simplicity of use. That made leaders more confident in using it to improve decision making.

Another example of end-user focus comes from how Lloyds Bank addressed the challenge of fastevolving skills needs, a concern shared by most leaders today. Despite the tools available to help build skills inventories, development modules and labor market analysis, Lloyds did not start its process by vetting these tools. The bank's HR team realized the tools, while rich in functionality, did not help address the higher-order challenge of skills preparedness — getting buy-in from leaders who need to work cooperatively with HR to identify skills gaps and solutions.

Upcoming Virtual Events



Gartner regularly hosts virtual events across a variety of Human Resources topics. These webinars present an opportunity for you to gain insights from our research experts on making better decisions for your function and organization.

Gartner Human Capital Management Hype Cycle: Trends and Emerging Technologies

Ask the Experts: The 5 Realities of **Remote Work in 2021**

Implement the HR Operating Model to Align With Changing Business Priorities

Build a More Agile and Strategic HR Function in 2021

Top 5 Post-COVID Workforce Planning Questions Answered with Analytics

So, before investing in skills inventory technology or new learning management systems, Lloyds Bank focused on building a better network of skills stakeholders and worked with them to align the potential solutions with those stakeholders' value drivers. The first question they sought to answer was not, "What's the best technology to build a skills inventory?" but rather, "What's hard for leaders in getting their arms around current and future skills?" Lloyds started with the pain points of the end user; leaders struggled to effectively communicate their skills needs to L&D, so Lloyds allowed each business unit to define their own, point-of-application skills. Leaders felt L&D didn't deliver fast enough on training, so L&D focused on empowering the line to do its own training. Leaders felt that skills needs changed at a cadence that didn't match the traditional needs-analysis approach, so HR armed the line to independently update changes in the current and future skills landscape.

Notice that none of these pain points or solutions have anything to do with technology. And that is the "aha" in the story. They didn't start to address the issue by vetting technologies and picking the one that seemed best. They did it the other way around, focusing first on the specific pain they were solving and then pursuing a technological solution that would best fit the experience of the end user.

Ask Better Questions of Your End Users

An effective talent analytics technology approach requires a shift in the order of operations; so many organizations, overly focused on the technology piece, miss the opportunity to put end users' needs first. That miss is why these organizations fail to optimize the ROI of such investments. Failing to pay due heed to end-user pain points and opportunities explains why over 80% of leaders have at least four different points of self-service to access talent data, but only 22% use that data frequently when making decisions.²

It is arguably easier to shop for a solution than to do this kind of end-user discovery. Leaders, having established their careers without the benefit of talent data, find it difficult to answer direction questions about prioritizing talent insights. If asked directly what tools will be most helpful, you might find your leaders grasping for good answers in unfamiliar territory. HR teams report that when they ask leaders what kinds of talent analytics features or tools will be most useful, they get vague answers, or hear about the trendiest new technology getting buzz on LinkedIn. Instead of asking what would be most valuable or helpful, those selecting talent analytics technologies should instead ask, "What problem do you need to solve?" or "What part of this process is painful?" and anchor the value of technology investments in that.

An end-user-centric approach has proven to be the most useful for resetting expectations for the role HR technology can and should play in increasing the impact of talent analytics. These powerful new technologies should be understood as useful tools whose value is marked not by their number of users or volume of reports, but by how they ease end-user pain points and inform how they make critical decisions and take action.

- ¹2020 Gartner Future of Talent Analytics Survey
- 2 2019 Gartner Talent Analytics Client Survey; 1Q19 Gartner Global Labor Market Survey



Key Trends in the 2020 Gartner Hype Cycle for Human Capital Management Technology

By Jonah Shepp



The 2020 Gartner Hype Cycle for Human Capital Management Technology shows several trends that speak to the major HR challenges organizations are facing today. HR leaders can learn about which technologies are nearing widespread adoption and which are likely to grow rapidly in the coming years.

The HR technology market has expanded dramatically in the past decade and will continue to evolve rapidly in the years to come. By 2025, we anticipate 60% of global midmarket and large enterprises will have invested in a cloud-deployed human capital management (HCM) suite for administrative HR and talent management, but they will still need to source 20% to 30% of their HCM requirements from other solutions, due to gaps in functionality. The transformations and new HR challenges that have arisen during the COVID-19 pandemic have accelerated the impact — and in some cases the adoption — of new technologies. Understanding the capabilities and maturity of new and established technologies, along with their applicability to specific business challenges, is an essential skill for HR leaders today.

The Gartner Hype Cycle helps HR leaders understand where technologies are on the journey from early innovation to maturity. The 2020 Hype Cycle for HCM technology (see Figure 1) illuminates several important trends in this field and shows that many technologies with high impact potential are on track for widespread adoption in the next two to five years.

3 Trends in HCM Technology

Based on the Hype Cycle, we have identified three major trends in HCM technology that will shape the market as organizations recover from the COVID-19 disruption and build toward a postpandemic "new normal." In the near future. we expect to see more employers using HCM technology for the three following purposes.

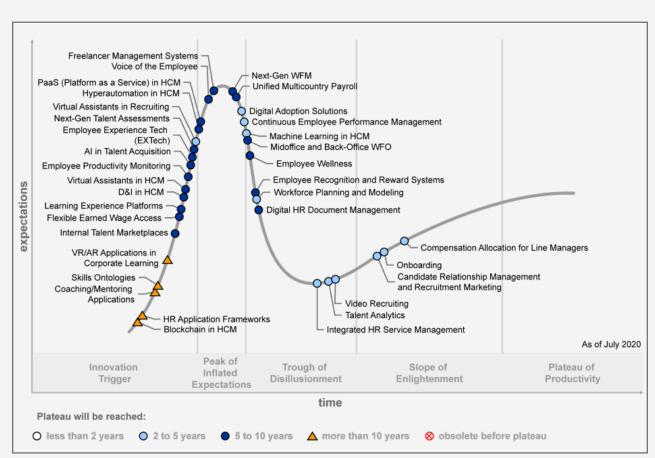


Figure 1. Hype Cycle for Human Capital Management Technology, 2020

Source: Adapted From Sanofi

The immediate, urgent and forced transition to remote work environments during the first half of 2020 has become an equally compelling driver of end-user demand. Organizations now want to use VoE to communicate care, listen to employee concerns, prioritize investments and quickly take action where necessary.

1 To Connect With Employees and Support Their Development and Well-Being

Organizations recognize that employees are more than just workers. Employee well-being and learning development require holistic investments. Listening to employees and the ways in which employers respond has never been more crucial. Tools such as voice of the employee (VoE) and learning experience platforms (LEPs) facilitate continuous education and help foster employee feedback and transparency.

LEPs look to deliver personalized learning paths, channels and collections that enable learners to easily organize, access and share relevant resources. They also offer visibility into additional learning assets that others find valuable. COVID-19 has pushed organizations to provide a wider range of learning resources to all of their employees. As the digital workplace evolves, these organizations will continue to look to LEPs as a way to aid learner adoption, increase content creation and collaboration, and drive engagement across a variety of stakeholders.

VoE solutions use engagement surveys, feedback tools and other data sources to gather employee

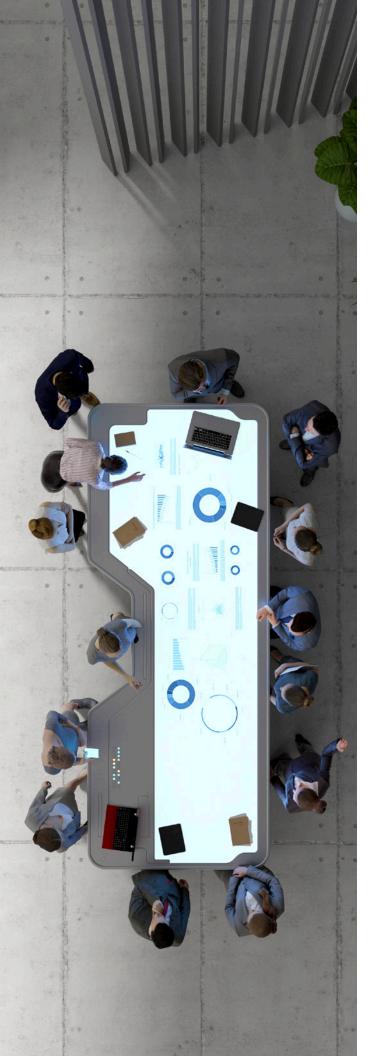
sentiment and infer preferences, opinions and well-being. VoE solutions deliver insights with actionable guidance to help improve employee engagement, experience, productivity and performance.

The immediate, urgent and forced transition to remote work environments during the first half of 2020 has become an equally compelling driver of end-user demand. Organizations now want to use VoE to communicate care, listen to employee concerns, prioritize investments and quickly take action where necessary. VoE solutions can become a key element of a firm's "sense and respond" feedback loop when connected with HCM and digital workplace technologies.

2 To Better Manage Employee Performance and Productivity

As employers attempt to manage productivity in a hybrid, flexible workplace with many more employees working from home, more organizations are turning to tools that enable them to track employees' time and productivity remotely. Next-generation workforce management (WFM) and employee productivity monitoring both aim to facilitate evaluating employees' time spent and activities incurred.





Next-gen WFM technology helps manage hourly paid workers — from time and attendance to scheduling, absence and task management. Nextgen WFM has been impacted by trends such as employee experience, virtual assistants and, more notably, the flexible workplace.

Employee productivity monitoring technology uses automated data collection and analytics to report on employees' activities — such as how time is spent, work locations and work patterns — to improve workforce productivity. The digitalization of work has accelerated the ability to automatically track and monitor work activities. And the shift to employees working remotely has significantly increased the level of interest in employee productivity monitoring technologies.

If not done properly, employee productivity monitoring risks creating a toxic work culture. Employees should be notified about the purpose of the data collection and how measurement is done. They need to understand how this monitoring benefits them and how it can improve their employee experience.

3 To Conduct Workforce Planning and to Redeploy Employees

Organizations need to consider how the gig economy and rise of the internal talent marketplace can enable them to continue to drive innovation and growth. Additionally, workforce planning and modeling also helps organizations be nimble in how they align talent efficiently and effectively.

Workforce planning and modeling technology includes tools that enable HR professionals to plan and monitor the evolution of their organization by aligning talent supply and demand with various business scenarios. It has been a critical element for navigating the impact of COVID-19.

The "gig economy" relies on marketplace platforms to match customer demand to workers who are offering products, services or solutions. An internal talent marketplace uses similar principles to match internal employees and, in some cases, a pool of contingent workers, to short-term project and work opportunities without the involvement of a recruiter. Where large enterprises can have trouble pivoting quickly and driving innovation due to heavy management and control structures, internal talent marketplaces have the potential to change that.

Technologies Approaching the Plateau of Productivity

Several HCM technologies are close to graduating from the Hype Cycle and reaching the Plateau of Productivity in the next two to five years. At this stage, approximately 20% of a technology's target audience has adopted or is adopting it, and its real-world benefits have been demonstrated and accepted. Growing numbers of organizations feel comfortable with the reduced level of risk and the rapid growth phase of adoption begins.

For example, cloud HCM suites and talent management suites were removed from the 2020 Hype Cycle because they had reached the Plateau of Productivity. The following technologies are approaching the end of the Hype Cycle and approaching that level of maturity.

Compensation Allocation for Line Managers

Line managers use compensation allocation tools to recommend salary changes, assess and award employee annual merit increases, and allocate bonuses and equity based on policies and guidelines. Compensation allocation tools for line managers are increasingly being deployed to enable fairer and more-informed compensation decisions and outcomes. Most offer mature functionality, with many incorporating analytics and recommendations based on worker performance combined with progression through the role's designated pay range, and other factors.

Compensation allocation tools for line managers are increasingly being deployed to enable fairer and moreinformed compensation decisions and outcomes.

We anticipate a continued shift from homegrown to packaged applications by midsize and larger enterprises, driven by a need for a closer link between pay and performance.

In addition, organizations want to ensure fairer compensation processes, and some must also address mandatory pay gap reporting.

Onboarding

Most initial onboarding products were offered by recruiting vendors that positioned employee onboarding as a bridge between an employee's acceptance of a job offer and his or her first day of work. This bridge would improve HR's operational efficiency by eliminating paperwork and reducing compliance risk. Expectations for onboarding have since grown to include provisioning, socialization, cultural orientation, and learning. Onboarding activities frequently extend well into a new hire's first year to help the person acclimate and become productive. Furthermore, the scope of onboarding now often includes related tasks undertaken by procurement, security, facilities, finance and IT departments to provide a holistic, enterprise integration approach to onboarding.

More complex process flows call for more robust technologies, such as those used in business process monitoring and provisioning integration. Next-generation onboarding technologies can also be used for a variety of worker transitions. such as transfers and relocations. Most recently with COVID-19 and digital transformation, vendors and end users are adapting onboarding to include total workforce management and the variations in delivery caused by remote and entirely virtual new hires.

Candidate Relationship Management and Recruitment Marketing

Candidate relationship management (CRM) and recruitment marketing (RM) software include marketing and intelligence tools for building talent pools, nurturing prospects, employing social marketing and attracting passive candidates. These tools deploy employer messaging, job distribution, sourcing and assessments, and can be used to extend the reach of the talent acquisition function. These tools improve the candidate experience by streamlining data collection and targeting audience personas.

CRM and RM tools increasingly deliver intelligent search, social data mining and machine learning to find "hidden prospects."

CRM and RM tools increasingly deliver intelligent search, social data mining and machine learning to find "hidden prospects." The wealth of data gathered from all these activities provides powerful insights related to the sourcing process and the strategic deployment of employment branding content. CRM and RM solutions are also increasingly assisting internal employees as vendors begin to aim offerings and features internally for enhanced employee referrals and talent mobility. The incorporation of artificial intelligence (AI) is adding candidate personalization and customization capabilities, allowing for a level of tailored automation that increases engagement and relevance. As external talent moves from prospects or a passive audience to applicants and candidates. integrations and embedded solutions in this space become increasingly important, with candidates viewing the process as an end-to-end experience.



Interview

Developing the Workforce of the Future With **Deanna Mulligan**

By Tommy Sullivan and Stessy Mezeu

Deanna Mulligan, author of "Hire Purpose: How Smart Companies Can Close the Skills Gap," explores how organizations are grappling with technological disruption. She offers strategies for HR leaders to champion a more forward-looking approach to workforce reskilling and retraining.



Deanna Mulligan Author of "Hire Purpose"

Deanna Mulligan is the former CEO of The Guardian Life Insurance Company of America and the author of "Hire Purpose: How Smart Companies Can Close the Skills Gap." In 2019, Fortune named Mulligan one of the "50 Most Powerful Women in Business." She holds degrees from the University of Nebraska and the Stanford Graduate School of Business.

In the coming years, organizations will continue to reckon with the technology trends the coronavirus crisis has accelerated — notably an unprecedented shift to living and working digitally. Effectively navigating this evolving landscape will require HR leaders to reevaluate their company's approach to employee skills development.

In her book "Hire Purpose: How Smart Companies Can Close the Skills Gap," Deanna Mulligan proposes reskilling and retraining employees as a solution to workforce upheaval. Mulligan joined Scott Engler on Gartner's Talent Angle podcast to discuss why — and how — HR leaders can help their organizations prepare for and respond to technological disruption.

Let's start off with the big picture. What big problems are you trying to solve for?

Well, there is a skills crisis about to hit us in this country, actually it's about to hit us globally. Research has shown there are potentially 85 million jobs that will go unfilled over the next ten years because we don't have enough people trained in some of the areas where future jobs will emerge. For example, data analytics, data science, all kinds of technology areas; but also areas like communications, flexible manufacturing, computerized manufacturing, agile development - those are the kinds of jobs that are hot right now and going unfilled.

Research has shown there are potentially 85 million jobs that will go unfilled over the next ten years because we don't have enough people trained in some of the areas where future jobs will emerge.

So what is the big idea we're putting up against this big problem?

The big idea is that employers should be responsible for reskilling their people and, potentially, helping people coming into the workforce for the first time to develop some of these skills. It's not employers' sole responsibility. It takes a village, if you will, between the public

and private sectors, between schools and not-forprofits, but employers have potentially a bigger role to play than they've played in the past.

As we look at what our organizations are saying, 80% of people are not prepared for the future,1 and now we're hearing the skills gap argument coming from our boards and coming from the head of HR. ... [That] signals to me that this is a shift and a real strategic problem. Are you seeing that tsunami coming like we're seeing it?

Yes. And I think it's being talked about more in the press as well, and I think you're going to get some government discussion of this as well, and potentially some shareholder discussion of this. If you're a public company, I can foresee a time when the questions analysts are asking include, "What are you doing to reskill? What are you doing to prepare for this future yawning gap, as you call it?"

The hard thing, I think, in this environment is that things are moving so fast, the business model inputs are changing so fast, and people who don't have the ability to lean in can struggle.

That's one of the reasons I wrote the book and why I think corporate education is so important. because you can learn all these things when you're part of a team. In school you don't always learn as part of a team, and you almost always work as part of a team. It's a team environment, the team rises or fails together. You know this because you guys do a lot of work in technology; if you're building a piece of software, it's not an individual score, either it works at the end or it doesn't, and that's a team-based function. But in school, we get individual scores, so somehow we're going to have to rise above that.

What we see is that organizations look at their people and think their people are static and they underestimate the ability of their people to learn. So they start to let those people atrophy, which creates a drag on the organization and then you have to pay top dollar for external talent. Does that ring true to you?

That's one of the things I'm wrestling with in my head right now. I do think we need to find better ways to keep up-to-date on the skills we have in our organization. And I have heard that there are some startup companies out there doing things like providing software that helps you do a very quick skills evaluation. And I think we owe it to our people and ourselves to find a better way to do that.

I think some of the ways we have right now are a bit static. But I don't really worry about "paying top dollar" on the outside, because if you have really good people on the inside, you're going to have to pay them market rate or they'll leave. They stay for culture and they love our culture, but we also have to pay fairly. Salaries are becoming more and more transparent to people, and I don't think it follows that we're going to be able to pay our people a lot less than they could get on the outside.

We're starting to see corporations value skill sets rather than things like titles or degrees. And the late Clayton Christiansen talked about how disruption was coming to the world of academia. Where's the mismatch between education and corporate need, and what does that gap look like?

Well, there are several thoughts here. One is what you sometimes heard when you were a child — the purpose of education is to learn how to learn. And I think we need to make sure we remember that when we're educating people, when you graduate from whatever it is, whether it be high school, college, graduate school, that's just the beginning. You're on a lifelong learning journey, so let's make sure our basic education teaches us how to learn, that love for learning and that confidence to learn.

I think secondly, we can take people at different stages of their educational journey and help them learn. So we have been doing some work on taking high school graduates, for example, bringing them into the company. And we have a program where you can earn a degree online, tuition free, at Guardian, allowing them to work and earn their degree at the same time. I think you're going to see more and more of that in the future, particularly as you see so much student debt and it's so difficult for some students to pay for college. Why not let them work, learn and earn all at the same time?

I do think you're going to see more hiring based on, let's say, ability to learn and willingness to learn as opposed to just a degree, for example. And yes, I think more companies are going to go the way Microsoft and others have gone, to say, "We no longer require a college degree for certain jobs." We've gone that way at Guardian, where we're saying, "We're willing to hire people as interns and teach them and have them earn their degree while they're here."

We're also hiring more community college graduates with a two-year degree or even a certificate than we used to. I think that's going to be a big trend at corporations.



So let's talk "Hire Purpose" for a second. Give us the elevator pitch on "Hire Purpose."

"Hire Purpose" is a book about corporations really understanding the need to be involved in educating their employees and reskilling them for the new world, rather than terminating them and going to look for new talent. So it's about a revolution that's going on in the corporate world ... We have lots of examples in the book, big and small, large companies and small companies all around the world, of this idea that learning has to take center stage in corporate culture.

So you say it's planning and deep investment that matter here. What does deep investment and planning look like for an organization that is just going on this journey?

Well, I think that you have to start small. That may sound a little contradictory, but the best examples of this are, What is the problem we're trying to solve? How can we apply new thinking, new technology, new skills to it? And then, what does that mean in terms of what we have to develop in our people?

And it's not as difficult as it might sound, because there are lots of companies going through this at the same time. So reaching out to your local community colleges, reaching out to some outside vendors who are doing a lot of work in this area, looking online; there are lots of courses online, all are sources for companies and employees to use. Let's face it, learning and knowledge is just a powerful tool to apply to the problem. And when you think about it that way, companies can't afford not to apply the most powerful tool they have, which is the knowledge of their employees, to their problems.

What's one message for leaders right now as you think about the transformation we're undergoing?

The message for leaders is the talent you're seeking is right there in front of you. You just need to develop it.

"Hire Purpose" is a book about corporations really understanding the need to be involved in educating their employees and reskilling them for the new world, rather than terminating them and going to look for new talent.



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Think a hybrid workforce model is not sustainable? Think again.

Many C-suite executives have been surprised by how successful remote work has been during the pandemic. Yet many question the long-term value of a hybrid workforce model.

Our research shows the power of the hybrid workforce, dispelling myths such as:

<u>*</u> ^

Our existing remote work strategy can work for a hybrid workforce.



We need in-person contact to sustain our culture.



Our jobs just can't be done remotely.

Learn how to build a more adaptable and resilient organization in a rapidly changing environment.

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Gartner.

Should Machines Make Pay Decisions?

By Carolina Valencia

Machines can solve decision-making challenges in ways humans cannot. But our lack of trust in machines means we miss out on key benefits, like increased perceptions of pay fairness. Total rewards leaders can use this research to learn how their peers have experimented with Aldriven pay decisions.



AI: A Potential Solution for Making Pay Decisions

Only 40% of employees believe their pay is fair despite all the efforts made to improve pay decisions and communication. Employees aren't the only ones concerned. As in previous years, only 40% of total rewards and compensation leaders have confidence in managers' ability to decide pay (see Figure 1).

The data is particularly stinging given total rewards' past efforts to solve the problem. In an attempt to match employee preferences, many total rewards leaders have tried giving managers more autonomy over pay decisions. Given the lack of confidence in managers' ability to make good decisions, total rewards leaders coupled those efforts with manager training.

When the trust issue persisted, some total rewards leaders took the opposite route and experimented with appointing themselves or senior leaders as decision makers. Beyond changing pay practices, many total rewards leaders have increased transparency to help employees better understand how pay decisions are made.

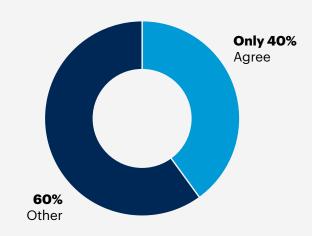
This is not to say the efforts were futile. But even if total rewards leaders run these initiatives perfectly, three challenges will likely remain unsolved:

- 1. The quality of pay decisions is highly dependent on the quality of the decision maker, usually the manager.
- 2. Organizations spend a lot of time and effort on making small decisions that improve perceptions of pay incrementally, if at all.
- 3. Managers assume a dual role as pay adjudicator and performance coach. In other words, managers are asked to determine the pay an employee should receive while simultaneously providing guidance to employees on how to improve their performance and pay.

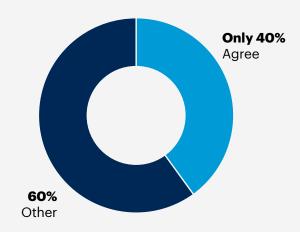
The technology advances of machines — AI or algorithms — mean total rewards has a new. viable option for addressing these challenges:

Figure 1. Pay Fairness Perceptions





Compensation Leaders: "Have Confidence in Managers' Ability to Decide Pay"



n = 5,000 global employees; 55 heads of total rewards or compensation

Source: 2020 Gartner Employee Pay Perceptions Survey; 2020 Gartner Pay Communication Benchmarking Survey

- 1. An algorithm enables consistent application of pay policies and philosophy. While it may have glitches in the beginning, it can be improved to a quality that merits comfort.
- 2. Al can save decision makers time and effort so they can focus on higher-value-adding activities, such as helping employees understand pay practices and how they can increase their pay.
- 3. Machines cover the role of pay adjudicator, positioning managers for success with a single role: performance coach.

Two Myths Prevent Al Use in Pay Decisions

Two myths in particular prevent most organizations from using AI to make pay decisions, despite its benefits.

Myth 1: Response to AI Will Be Negative

First, total rewards leaders fear employees, including managers, will respond negatively to Al-driven decisions. Sixty percent of total rewards leaders noted this fear as one of the biggest barriers preventing them from automating pay decisions.1

To determine whether employees would, in fact, react negatively to AI decisions, we conducted a

pilot experiment. We separated respondents into groups and gave each group different messages about their pay and how the decision was made. This pilot helped us test the effect of three factors on employee perceptions of pay fairness:

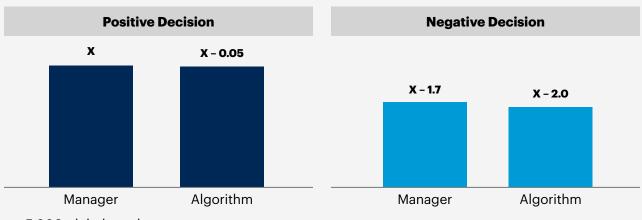
- **Decision maker** Manager versus algorithm
- Decision value Positive (market average) versus negative (below market average)
- Amount of information High versus low amount of detail about the decision2

Early findings from the pilot show that all three factors — who decides, the decision itself. and the amount of information an employee receives — affect an employee's perception of pay fairness. However, they differ in the extent of their impact.

The decision maker has a fairly small impact on perceptions of pay fairness. This pattern is consistent across groups that received high and low amounts of information. Whether employees receive a positive or negative decision, they believe managers are slightly more fair than machines at making pay decisions.

The pay decision itself shows a more glaring contrast. Employees who receive a negative decision are much more likely to believe their pay is not fair — regardless of who or what makes that decision (see Figure 2).

Figure 2. Impact on Employees' Perceptions of Pay Fairness



n = 5,000 global employees

Source: 2020 Gartner Employee Pay Perceptions Survey

Early findings from our pilot experiment show total rewards leaders spend significant time and effort trying to get their managers to make better decisions with minimal improvement to employees' perceptions of pay fairness.

Rather than spending that time to get a small boost from managers, total rewards should leverage machines for pay decisions. Managers can then spend their time coaching employees on what they can do to improve their performance and therefore receive pay at or above market value — boosting perceptions of fairness.

Moreover, most managers want to leave the decision making to someone else. Only 19% of managers would prefer to make pay decisions; most are either neutral (45%) or prefer not to make those decisions (36%).³ This data dispels total rewards' concern that managers would be unwilling to give up their ability to make pay decisions.

A European engineering company had guidelines for salary increases, but managers implemented them inconsistently. In 2010, the company gave its managers the ability to choose how to make pay decisions. It provided managers a salary increase tool with three tiers of manager involvement.

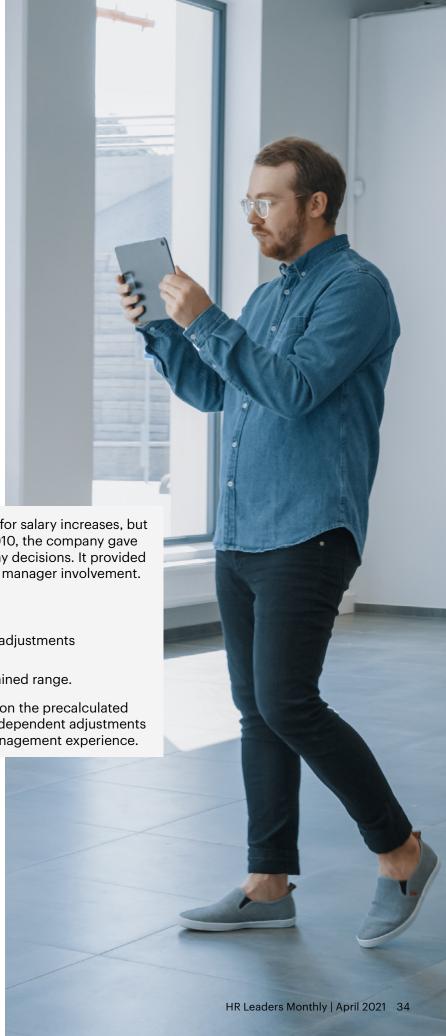
Managers could choose to:

- Rely solely on a precalculated recommendation.
- Use precalculated recommendations and make adjustments when necessary.
- Make independent decisions within a predetermined range.

Seventy percent of managers chose to rely solely on the precalculated recommendation. The 30% who chose to make independent adjustments were primarily managers with long tenure and management experience.

Myth 2: Al Cannot Capture Employees' Unique Contributions

The second myth that prevents total rewards from using AI to make pay decisions revolves around the nuance of pay decisions. Total rewards leaders believe AI is unable to capture and interpret the information needed to make good pay decisions. In fact, 68% are worried, specifically, about the inability to capture employees' unique contributions.¹



Early conversations with total rewards leaders suggest Al-driven decisions use primarily the same inputs as traditional decisions (see Table 1). Only one input — unique contribution measure seems to differ.

Total rewards leaders in companies using Al-driven pay decisions are experimenting with how to establish a quantitative measure that captures employees' unique contributions. In some cases, the measure is as simple as "high/ medium/low," in others it is a number in a three- or five-point scale. Some companies are asking managers to provide this input, while others ask a combination of managers, skiplevel managers and colleagues. Whatever the method, just as total rewards captures annual performance information, it can also capture employees' unique contributions that warrant an increase in pay.

As total rewards leaders determine the proper inputs for AI-driven pay decisions, they must establish safeguards to catch bias in inputs and the algorithm. Of course, this advice applies beyond pay. When working with AI in any capacity, total rewards leaders should establish mechanisms that allow them to identify and correct biases as needed.

Finally, our latest research shows when employees are asked to provide feedback in

pay decisions, their perceptions of pay fairness increase by 3%.3 Therefore, when total rewards leaders are ready to start trusting machines to make pay decisions, they should work with employees to think through the design of the algorithm and the corresponding pay communications. Organizations that have done so target employees who are low-risk — either those who have positive perceptions about pay fairness, or who are familiar with the organization's pay philosophy.

Early AI Efforts Are Limited but Promising

Today, only about one in three organizations has considered or is considering using algorithms to make pay decisions (see Figure 3).

But those who have implemented AI-driven pay decisions are seeing promising results from the approach:1

- Seventy-nine percent report they have been able to standardize pay decisions.
- Seventy-two percent report managers have more time to focus on high-value activities.
- Fifty-seven percent report improved efforts at pay for performance.

Table 1. Inputs to Traditional and AI-Driven Pay Decisions



Typical Inputs to Decisions

- · Performance rating
- Internal and external benchmarks
- · Pay guidance
- Compa-ratio

Inputs to AI-Driven Decisions

- · Performance rating
- Internal and external benchmarks
- Pay guidance
- Compa-ratio
- Unique contribution measure

Source: Gartner

To get started with using AI for pay decisions, most organizations recommend experimenting across three attributes: type of pay decision, degree of automation and strength of decision.

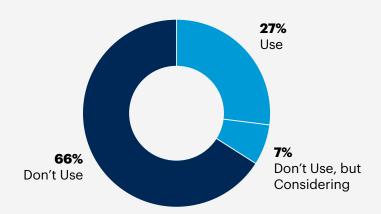
Total rewards leaders do not need to use AI for all decisions at once. They can choose which type of pay decision to experiment with (e.g., base pay, hiring pay, short-term incentives) depending on the complexity of the pay decisions, which decisions generate more questions from employees and which decisions they have more reliable inputs for. Many organizations use merit increases or hiring pay as a common first step.

The second attribute to account for is the degree of automation (e.g., only inputs, partial, full). While some organizations might feel comfortable using AI to make the final decision, others might prefer using it only to gather inputs or make a partial decision or suggestions.

Total rewards leaders do not need to use AI for all decisions at once. They can choose which type of pay decision to experiment with depending on the complexity of the pay decisions, which decisions generate more questions from employees and which decisions they have more reliable inputs for.

Finally, total rewards leaders can experiment with the strength of the decision (e.g., mandatory, leaders' override). Some organizations, skeptical of algorithms, are experimenting with running simultaneous processes. For example, one total rewards leader runs pay decisions as usual alongside an algorithm on pay decisions. She then compares the manager- and senior-leaderapproved decision to the Al-driven one to identify differences, evaluate perception of pay fairness and adjust the algorithm accordingly. This approach provides a safe environment while still moving forward with Al-driven pay decisions. Others have tried simpler approaches, such as experimenting with giving senior leaders the ability to override AI decisions at the leader's discretion.

Figure 3. Organizations' Use of **Algorithms to Decide Pay**



n = 55 heads of total rewards or compensation

Source: 2020 Gartner Pay Communication Benchmarking Survey

Conclusion

Al can address persistent pay decision challenges in ways humans cannot. An algorithm enables the consistent application of pay policies and philosophy, so the quality of decision no longer depends on the quality of the decision maker. Further, AI can save decision makers time so they can focus on higher-value activities, such as helping employees understand pay practices and how they can increase their pay. Moreover, Al can cover the role of pay adjudicator, allowing managers to take on the critical role of performance coach.

Ultimately, letting machines make pay decisions is possible. By experimenting with the type of pay decision, degree of automation and strength of decision, total rewards leaders can learn what works best for their organization.

¹²⁰²⁰ Gartner Pay Communication Benchmarking Survey.

² This report will not focus on what we learned about this third factor. Nonetheless it is important to note that information has the expected impact. Employees who had more information were more likely to perceive pay decisions to be fair.

³2020 Gartner Employee Pay Perceptions Survey.



Quant Corner Growing Demand for Digital Skills in the HR Function

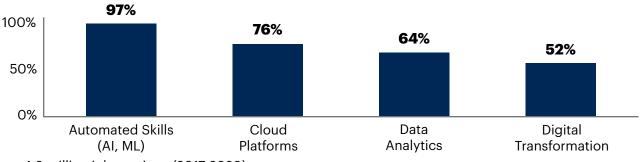
By Nikitha MV

As organizations become more digital and data-centric, many are facing a lack of digital skills. With the COVID-19 pandemic accelerating the digital transformation further, the need to fill these skills gaps is increasingly urgent. To adapt to this new reality, HR leaders must build digital skills and expertise on their own teams, as well as throughout the enterprise.

Gartner TalentNeuron data shows that demand for digital skills within the HR function itself has been growing rapidly over the past four vears. The fastest-growing technological

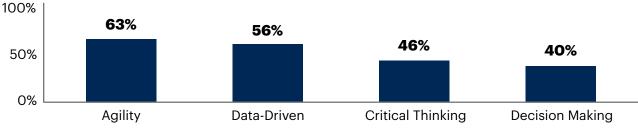
skills requirements are automation skills (artificial intelligence and machine learning), data analytics, cloud platforms and digital transformation. The digital environment also increases demand for certain social-creative skills, so keywords like agility, data-driven, critical thinking and decision making are also appearing more frequently in HR job descriptions. CHROs, along with heads of recruiting, learning and development, and HR technology, will need to decide whether and how to build, buy or borrow these skills.

Figure 1. Compound Annual Growth Rate (CAGR) of Technology-Based Skills



n = 4.6 million job postings (2017-2020)

Figure 2. Compound Annual Growth Rate (CAGR) of Social-Creative Skills



n = 7.0 million job postings (2017-2020)