servicenow

Employee Experience Trends 2024

HR leadership for a new business era

The changing role of HR leaders in driving business transformation

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HR leadership in an evolving business world

I love meeting with HR and business leaders across industries to discuss our most pressing challenges and share solutions. Our roles continue to change radically, and HR leadership is more important than ever within our organizations.

This evolution means more responsibility for HR leaders, but it also means we have a once-in-a-lifetime opportunity. When we share what works, we can reimagine the HR function.

These conversations with leaders cover a lot of ground, from confronting the mental health crisis to advancing progress on diversity, equity, and inclusion. And, increasingly, the discussions land on a couple of key themes. First, how can we harness AI in HR to accelerate growth? Second, how can we develop our talent and ensure our people have the right skills for the future? We need to address questions like these to help our people, and our organizations, thrive in 2024 and beyond.

That's why ServiceNow conducted a comprehensive global survey of HR executives to better understand the priorities, practices, and challenges at the top of their minds. And we're thrilled to share the results.

We know that breakthroughs in AI and other technologies—combined with systemic shifts in business goals and operating models—are ushering in a new business era. To prepare for this era, organizations are accelerating digital transformation into full-blown business transformation—under which technology fundamentally changes how they operate.

But making this shift is not easy. It requires realigning the people strategy to the business strategy, a fresh organizational mindset, and future-ready talent. To drive this forward, CEOs are turning to a new kind of HR executive—what we refer to in this report as the "HR innovators."

This HR innovator has three critical strengths: the ability to foster business and organizational change; the capacity to develop the skills and talent fit for future purpose; and the agility to provide employees with the tools and experiences they will need to stay fully engaged and productive.

As organizations transform, CHROs will have more than a seat at the management table. They will work hand in hand with the CEO and the rest of the C-suite to engineer wide-reaching business change and propel top-line growth.

– Jacqui Canney, Chief People Officer, ServiceNow

Surveying HR leaders

To gain a better understanding of the priorities, practices, and challenges of HR leaders around the world, ServiceNow and ThoughtLab, a global research firm, conducted a comprehensive survey of 1,225 senior HR executives in February-March of 2024. To ensure a global perspective, the survey covered organizations in North America, Europe, and APAC.

Survey respondents included key members of the HR leadership team, including CHROs, Chief Talent Officers, Chief People Officers, and their direct reports. It spanned seven industries: energy and utilities, financial services, healthcare, manufacturing, public sector, retail, and technology.

To examine how the role of HR leaders will need to shift in the next digital era, we created a digital maturity benchmarking model that compares the experiences of HR leaders in digitally transformed organizations with those earlier in their transformation journey.

Our benchmarking analysis was based on a scoring methodology that classified organizations as "advanced," "intermediates," and "beginners" in their digital transformation. (See research background section for details of the methodology.)

Throughout this paper, we define "HR innovators" as those senior HR executives in the most digitally advanced organizations in our sample. These HR innovators offer a unique glimpse into the future role and strategies of HR leaders in a digitally transformed business world.

People-led, tech-enabled transformation: the new role of HR leaders

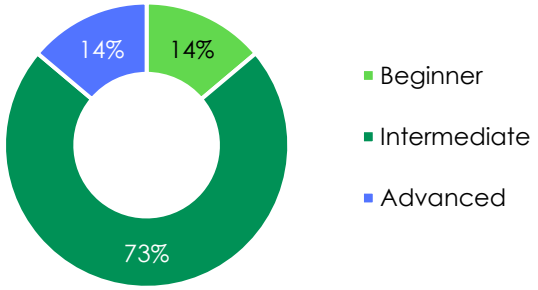
Meet the HR innovator

HR leaders in organizations that have made the most progress in digital transformation shine a light on the future role and practices of HR in a tech-transformed business world. We have termed those leaders in advanced entities "HR innovators," since they represent the future direction of HR executives and their teams. **Among the organizations surveyed, 14% qualify as advanced in their digital transformation.**

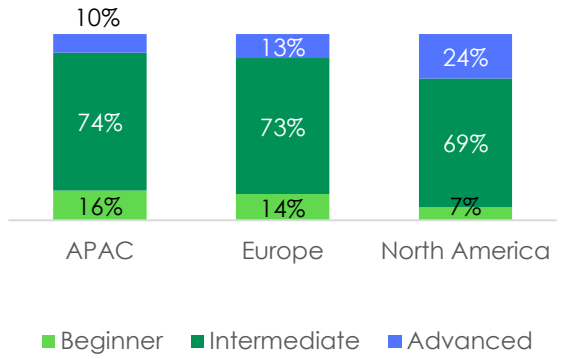
Compared with those in less digitally advanced organizations, HR innovators are more proficient and proactive users of technology—particularly AI and data analytics—and are further ahead in improving employee productivity and experiences across their enterprises. As a result, their workforces are better equipped to drive future business growth.

Today, HR innovators are most prominent in financial services and technology firms, which tend to be ahead in their digital transformation. They can be more often found in North American and larger organizations for the same reason.

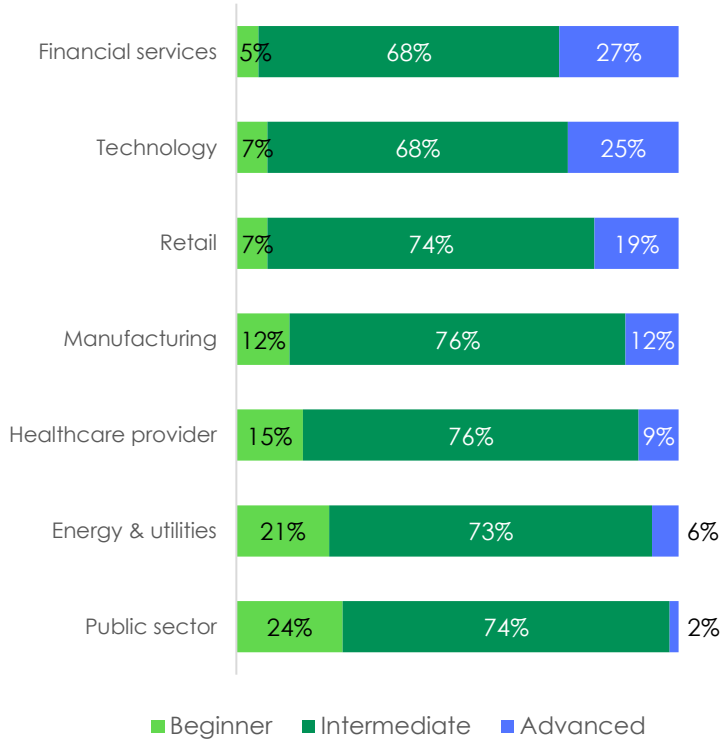
Digital maturity, all organizations



Digital maturity by region



Digital maturity by sector



Organizations are moving into full-scale business transformation

With the pace of technological change quickening, organizations can no longer afford to undertake digital transformation in pursuit of modest goals. Today's transformers must use technology to boost overall performance through higher growth, lower operating costs, and greater workforce productivity.

Our survey tells the story: Over the next 18 months, C-level executives will prioritize the acceleration of digital transformation into full-scale business transformation.

This is reflected in the goals they have set for the period: according to our survey, 42% are accelerating digital transformation, 40% aim to deliver top-line growth, and 39% see this growth coming from expanded digital business.

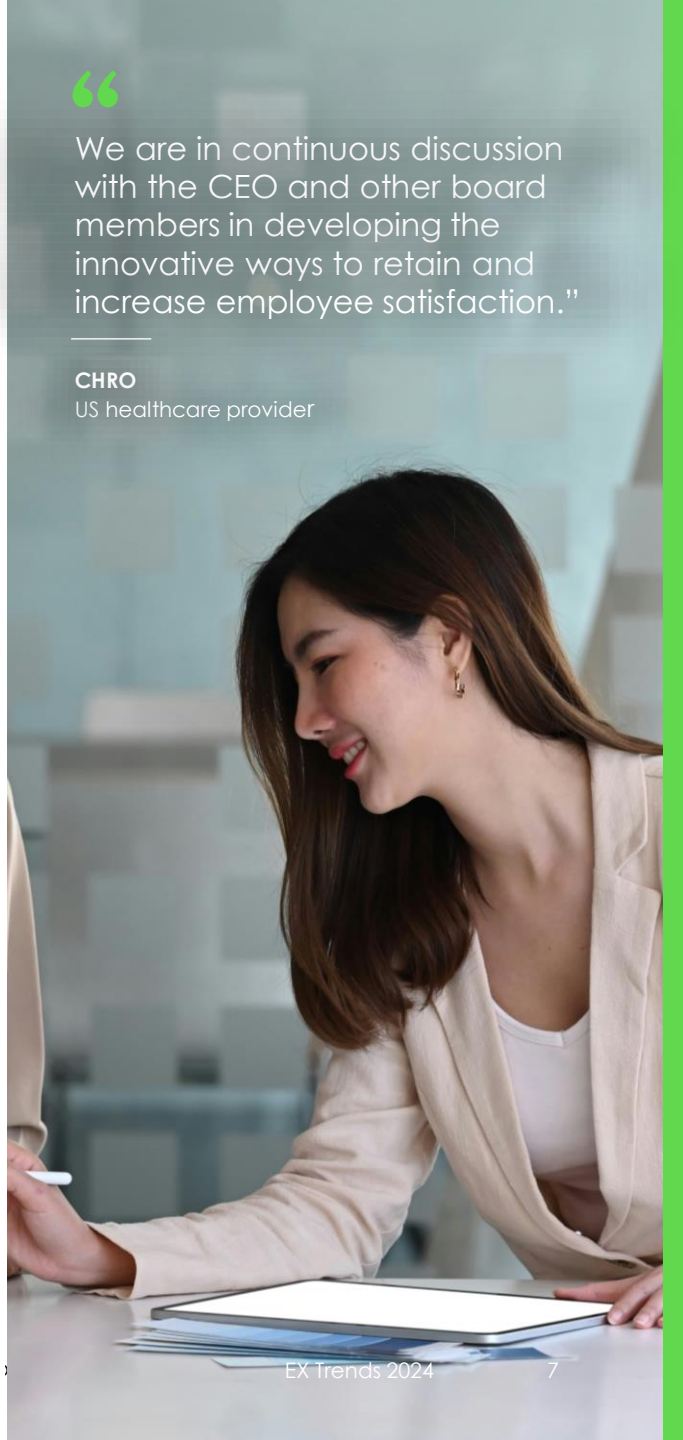
To drive this forward, almost 40% are looking to build an innovation-minded business culture. To help fund this business transformation, 44% will drive down costs and 43% will find new operational efficiencies.

Most importantly, the C-suite recognizes the key role of people in business transformation: employee satisfaction (45% of respondents) is at top of their agenda for the next 18 months.

Q8: What are the top C-level priorities at your organization for the next 18 months?

Top C-level priorities for the next 18 months

- Increase employee satisfaction 45%
- Reduce costs 44%
- Increase operational efficiencies 43%
- Accelerate digital transformation 42%
- Drive top-line growth 40%
- Strong business culture 39%
- Accelerate digital business 39%



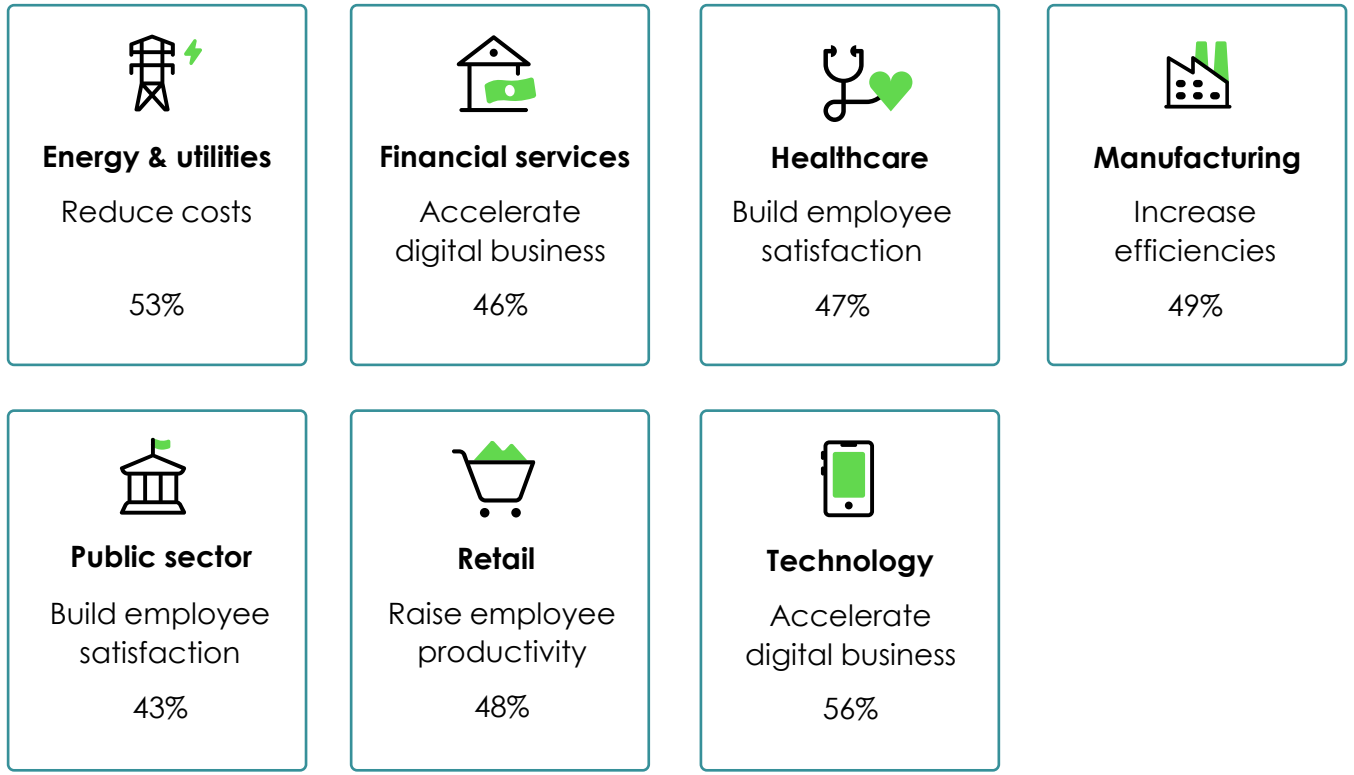
HR leaders work with CXOs in each sector to achieve their goals

Across every industry, organizations are undertaking business transformation to boost financial and operational results. Yet the C-level priorities underpinning their efforts vary significantly by sector, influencing the goals of HR leaders.

For instance, over the next 18 months, the top priority for financial institutions is to accelerate their ability to do business through multiple digital channels to meet rising expectations of customers. As a result, senior HR executives in this industry will need to focus on hiring critically needed digital talent over the next 18 months (55% of financial-sector HR executives surveyed say they will do so vs. 46% on average in all industries; see page 27). Senior HR executives in this sector also possess a better understanding of digital business practices and innovation.

In contrast, the top priority for the energy industry, which is undergoing an expensive long-term energy transition, is to reduce costs. And for the public sector, which often struggles to attract and retain skilled talent, the top area of focus is employee satisfaction.

Top C-level priority by industry for the next 18 months



Q8: What are the top C-level priorities at your organization for the next 18 months?

HR plays a pivotal role in driving transformation

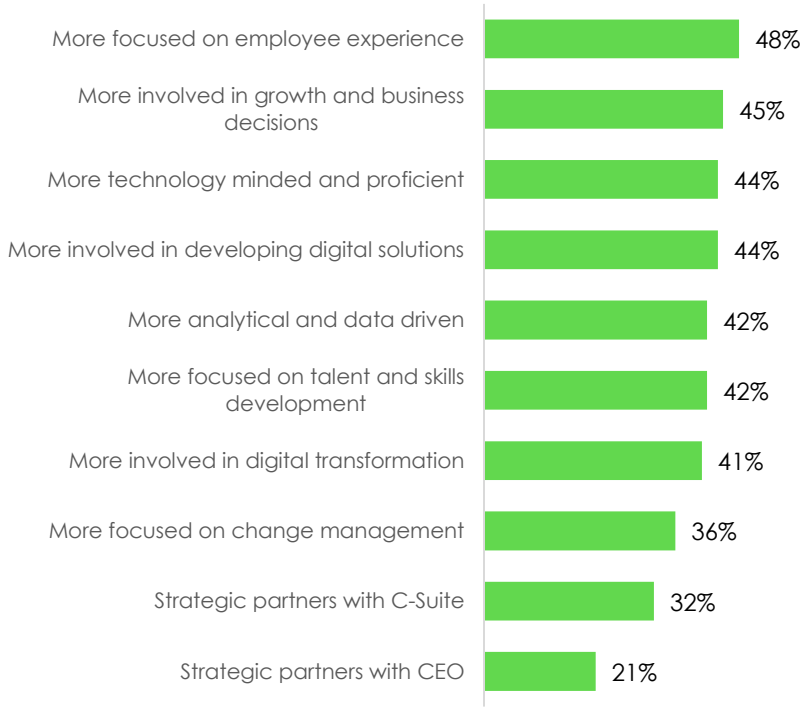
The transformation imperative is expanding and elevating the role of CHROs and their teams. Across sectors, CEOs are calling on CHROs, Chief Talent Officers, and Chief People Officers to work with top management to help shape and implement a strategic plan for people-led, digitally enabled business transformation. Our survey found that 45% of senior HR executives are now more involved in growth and business decisions and 36% are more focused on change management.

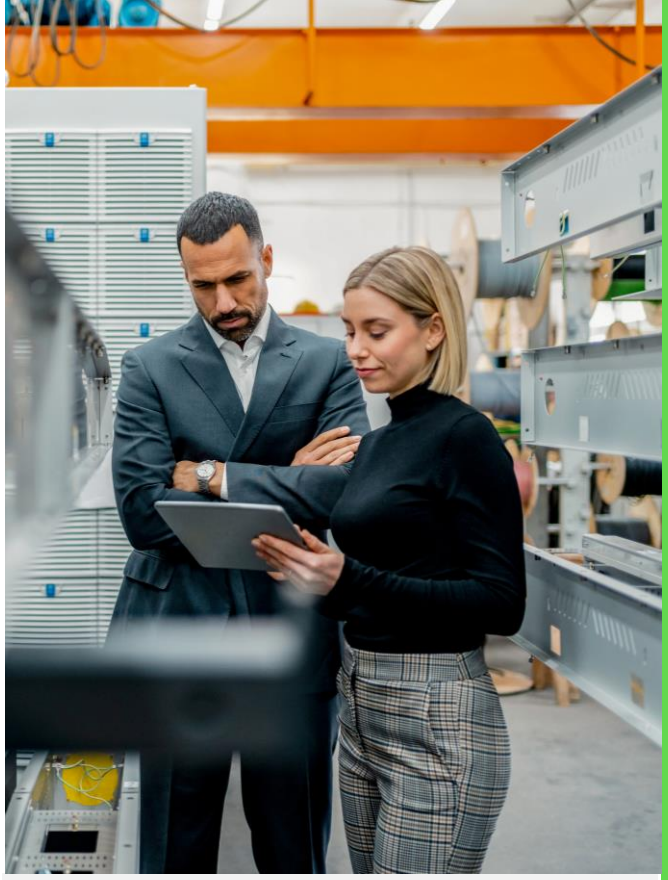
At the same time, HR leaders must work hard to ensure their organizations have the right talent and skills—and a fully engaged and productive workforce—to take their businesses to the next level. Nearly half of HR leaders are concentrating on improving the employee experience and 42% on talent and skills development.

Also, the organization's talent must become more digitally proficient, starting with the CHRO. Indeed, 44% of CHROs surveyed (66% of those in digitally advanced organizations) said they are becoming more digitally minded and proficient. And 44% of all HR leaders said they are more involved in developing and managing digital solutions across the enterprise.

Q9: Considering the latest trends, how is the role of the HR leader changing at your organization?

How the role of HR leaders is changing





"We regularly review and update employee strategy based on changing business needs. It is essential for staying competitive."

Senior HR executive
German manufacturer

CHROs will need to partner with the CEO and their staff

As organizations digitally transform, the partnership between CHROs and the rest of the C-suite becomes ever more crucial to success. Almost half of surveyed CHROs in digitally advanced entities reported that they are becoming strategic partners with other members of the C-suite and business leaders, compared with 31% of CHROs in organizations just starting their transformation journeys.

Similarly, more than a third (34%) of CHROs in digitally advanced organizations have become strategic partners with the CEO compared with only 17% of those in beginner organizations.

Along those lines, 35% of all HR leaders (and 46% of all CHROs) surveyed believe that the ability to work in partnership with CXOs will be important over the next 18 months.

47%

of CHROS in digitally advanced organizations are partnering with other CXOs and business leaders **vs. 31%** in beginner organizations

"We conduct frequent meetings with C-level executives to discuss talent requirements and how our people strategy may help the organization achieve long-term objectives."

CHRO
Dutch manufacturer

34%

of CHROS in digitally advanced organizations are becoming strategic partners with the CEO **vs. 17%** in beginner organizations

"Our company proactively engages in business-related planning with other C-level members to achieve business goals."

Senior HR executive
US manufacturer

Q9: Considering the latest business and workforce trends, how is the role of the HR leader changing at your organization?

Q10: Which of the following skills and areas of knowledge will be most important for HR leaders to have in order to succeed over the next 18 months?

How HR leaders are working with the C-suite

"Partner with the Chief Data Officer to leverage HR analytics to inform talent decisions."

Chief Talent Officer
Australian financial services firm

"Collaborate with the CMO on differentiated employer branding strategies."

Senior HR executive
Dutch financial services firm

"Partner with the Chief Innovation Officer to foster a culture of risk taking and experimentation."

Chief People Officer
Australian financial services firm

"Work with the Chief Data Officer to build talent for digital transformation initiatives around telehealth and connected care platforms."

Senior HR executive
Australian healthcare provider

"Collaborate with the Chief Technology Officer to explore HR solutions needed to manage changing laws, technology advancements, and talent strategies."

Senior HR executive
Singaporean financial services firm

"Partner with the COO to develop a customer-centric mindset and skillset across the organization."

Chief Talent Officer
Australian financial services firm

"Review demands and problems with the CEO to determine a course of action."

Chief Talent Officer
Swedish public sector organization

"Maintain an ongoing feedback loop with the CEO to check how well HR initiatives are working."

Chief People Officer
Japanese public sector organization

CHROs and CIOs will become the new power duo in the C-suite

The alignment between HR leaders and the C-suite is more pronounced in digitally advanced organizations: 88% of HR innovators in these entities have HR and talent strategies that are considerably or very well aligned with the strategic priorities of the C-suite. That compares with just 33% of HR leaders in beginner organizations.

The least aligned sector is the public sector (48%), which suffers from a more bureaucratic structure subject to political influences. The most aligned is technology, given the synergy between digital talent and the achievement of C-Suite goals. The strategic alignment helps explains why tech firms tend to be further along in digitally enabled business transformation than public-sector organizations.

The HR-CIO partnership is especially important for successful business transformation. HR innovators in digitally advanced organizations collaborate more with CIOs than their counterparts in those beginning their journeys. For example, 62% of these HR innovators work with CIOs to support innovation vs. 50% of those in beginner organizations.

Q13: In which ways does your HR department collaborate with the CIO to maximize the use of technology for HR and workflow processes?
Q14: How aligned are your HR and talent strategies with the strategic priorities of your C-Suite?

Alignment with C-suite priorities (considerably or very aligned)

All	Advanced	Beginner	Tech.	Financial	Retail	Healthcare	Mfg.	Energy	Public sector
61%	88%	33%	79%	74%	64%	57%	56%	55%	48%

How HR leaders and CIOs collaborate to maximize use of technology

	Advanced	Beginner	All
Support innovation & digital transformation initiatives	62%	50%	59%
Align technology strategies with HR goals	56%	44%	49%
Increase utilization & adoption of existing technology investments	44%	40%	47%
Automate HR & IT cross-departmental employee processes	48%	39%	46%
Reduce people costs through technology	43%	43%	43%
Evaluate & select software & digital solutions	45%	22%	40%

HR leaders require a wider array of business skills…

To deliver on their remit, HR executives must develop capabilities in five key areas over the next 18 months:

1. Business acumen. To drive business change and growth, HR leaders regardless of digital stage need a firm understanding of their businesses. Some 43% say this is a pressing skill, while 28% cite the importance of becoming involved in non-HR issues and processes.

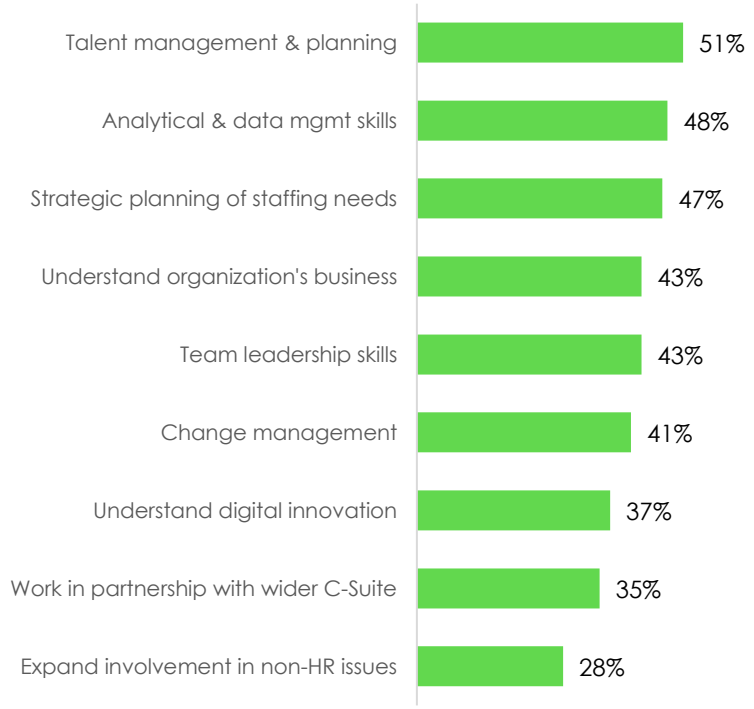
2. Analytics and data management. Data is the lifeblood of modern organizations. Nearly half of senior HR executives say they will need to develop the abilities to help staff gain more value from data and to make their own decisions more evidence based.

3. Planning and strategy. Having the right talent is vital for business transformation. That is why 51% of HR leaders rank talent management skills as most important, and 47% give a similar grade for skills around strategic planning and forecasting of staffing.

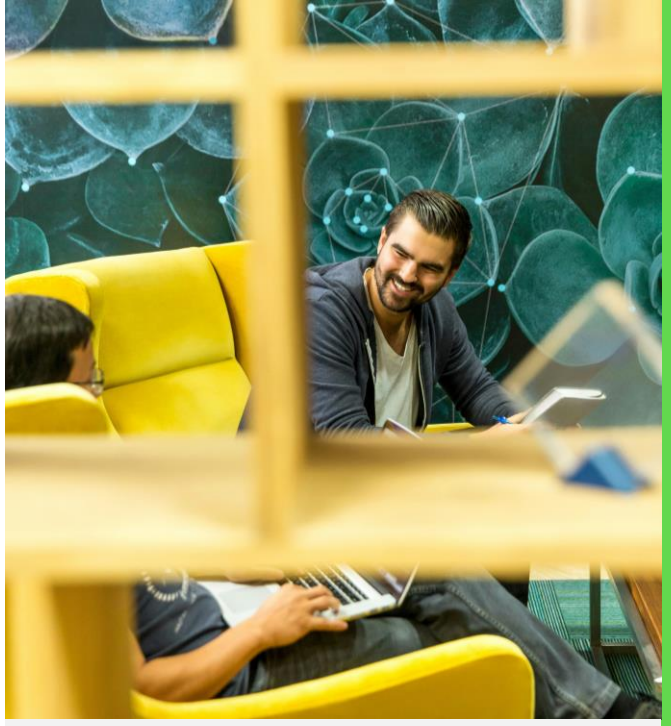
4. Change management and digital innovation. To help the C-Suite drive business transformation, HR leaders will need to be adept at both change management (41%) and digital innovation (37%).

5. Team leadership and partnerships. As their role grows, 43% of HR leaders believe that team leadership skills will become more critical. And 35% highlight the ability to work in partnership with the C-suite.

Skills HR executives need over next 18 months



Q10: Which of the following skills and areas of knowledge will be most important for HR leaders to have to succeed over the next 18 months?



52%

of HR innovators see talent management skills as the most important for their jobs.

▲ **10 pts. higher** than HR leaders in beginner organizations

…and a deeper set of technological skills

HR leaders will take a more evidence-based approach to making decisions over the next 18 months. They find data crucial for identifying talent gaps, assessing staff performance, improving talent planning, and aligning talent to tasks.

But that is just the tip of the iceberg. Senior HR executives will also need to build other technological capabilities, including digitizing learning and training, digitizing employee experiences, knowing HR information systems, and—increasingly—understanding AI and automation.

HR innovators are well ahead of others in recognizing the urgency for these skills for the next business phase. They see themselves becoming more technologically adept and involved in developing and managing digital solutions.

The criticality of specific digital skills differs by industry. For example, HR leaders in the public sector believe skills in digitizing employee experiences will be most critical over the next 18 months to drive efficiency and productivity. For technology firms, remote learning and collaboration is most important as the sector shifts toward hybrid working models.

Q11: Which of the following *technological* skills and areas of knowledge will be most important for HR leaders to have to succeed over the next 18 months?

Most important tech skills to succeed over next 18 months

Data-driven decision making **48%**	Digitizing employee experiences **46%**	Digitizing learning & training **46%**
Knowledge of HR IT systems **45%**	HR technology systems management **44%**	AI and automation solutions **42%**
Data privacy & security management **41%**	Knowledge of social media **36%**	Remote working/ collaboration skills **29%**

Most important tech skills by industry

Energy & utilities
Data-driven decision making **51%**

Financial services
Knowledge of HR information systems **52%**

Public sector
Digitizing employee experiences **51%**

Healthcare
Knowledge of HR information systems **50%**

Manufacturing
Digitizing learning & training **50%**

Technology
Remote working & collaboration skills **59%**

Retail
HR tech systems mgmt. **48%**

Across industries, HR leaders are applying new skills

"We are encouraging organizational resilience and talent development while incorporating people strategy into strategic planning."

Chief People Officer
US healthcare provider

"We have implemented robust data security policies and procedures to safeguard employee data and stop data breaches."

CHRO
US financial services firm

"We improve the employee experience by enabling work management programs, automating working models, and recognizing the efforts of all employees."

Chief Talent Officer
Dutch retail firm

"We are collaborating with senior leaders on large-scale transformation or restructuring initiatives to implement necessary organizational changes."

CHRO
US financial services firm

"We have created a learning management system, enabling us to deliver training programs, courses, and educational content digitally, and empowering employees in the process."

Chief Talent Officer
Spanish energy firm

"We aim to make remote or hybrid working possible since it can improve work-life balance and lead to more flexible work hours, which in turn can boost employee happiness."

Chief Talent Officer
Swiss healthcare provider

AI, data, and other digital solutions will transform talent management

HR leaders believe AI will change work as we know it

Without doubt, AI is reshaping the foundation of business strategy and the world of work. Just a few data points tell the story: About two-thirds of all HR respondents (65%) across sectors believe that AI will radically change how work gets done. The percentages are even higher for some, such as technology and retail (both 69%).

With technologies like AI automating routine tasks and making employees more efficient, 43% of HR leaders believe their organizations will be able to do more with fewer employees. Those in financial services and retail believe this especially (both 53%). For financial firms, AI will be able to take over tasks such as data entry, document processing, and addressing customer inquiries. For retailers, AI will be useful for inventory management, supply chain optimization, and customer service, among other work.

Q30: What is your view regarding how digital technologies will likely transform work in the future?

How AI and digital technologies will transform work (% agreeing)*

	Energy & utilities	Financial services	Health-care	Mfg.	Public sector	Retail	Tech.
AI will radically change how work gets done.	**59% L**	64%	68%	60%	65%	**69% H**	**69% H**
We will need fewer people to get work done.	**31% L**	**53% H**	35%	48%	35%	**53% H**	51%

*** For each statement, H (high) represents the industry that was in highest agreement and L (low) represents the industry that agreed least.**

"AI-driven chatbots have helped us to provide relevant insights to reduce employee workload and increase interaction."

Chief Talent Officer
Australian tech firm

"AI algorithms that analyze employee skills and performance help us with professional development planning."

Senior HR executive
Spanish healthcare provider

65%

of all HR leaders say AI will radically change how work gets done.

HR innovators use AI more to deliver on their talent-management goals

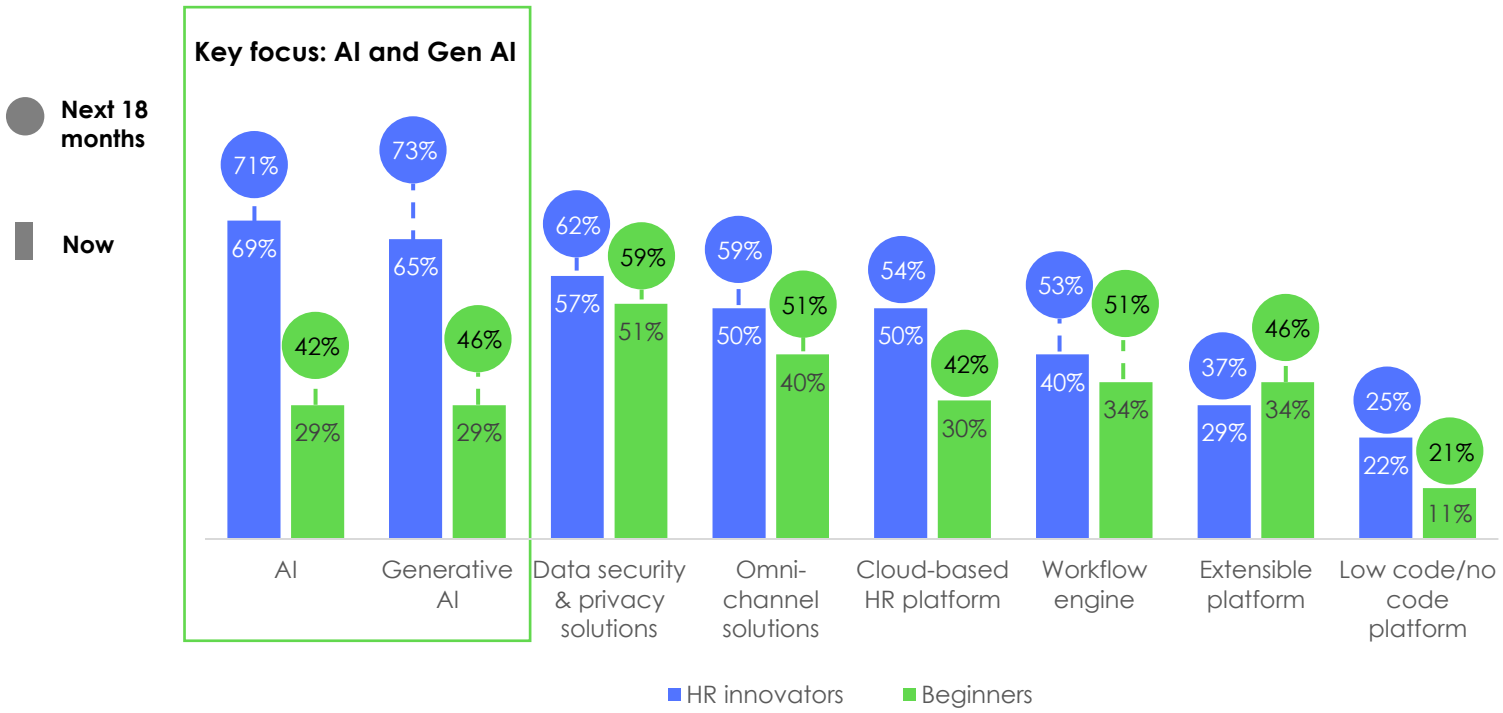
Many HR respondents—especially those in advanced organizations—feel a sense of urgency about moving forward with AI in the HR function. Nearly seven out of 10 HR innovators now leverage traditional AI, more than any other "foundational" or core technology (vs. 29% of those in beginner organizations). And this number is set to jump to 71% (42% of beginners) over the next 18 months.

A similar percentage now uses generative AI—65% of HR innovators vs. 29% of beginners (climbing to 73% and 46% in 18 months). Even as the early days of generative AI unfold, it is becoming clear that the entire workforce will be transformed as this technology brings new capabilities and objectives within reach. HR innovators are helping drive this broader change, just as their own function evolves.

In addition to AI, HR innovators use other core technologies more often than those in beginner organizations, particularly cloud-based HR platforms and omni-channel solutions. Over the next 18 months, HR leaders in all organizations will increase their use of these solutions.

Q24: Which digital technologies and solutions is your organization using to deliver its HR strategy and improve employee productivity? Which does it plan to start to use or continue to use over the next 18 months?

Core technological solutions used to deliver HR strategy



AI and Gen AI already play a role in HR processes

AI's place in the future of work is evident in the practices of HR innovators. These forward-looking HR leaders have made significant progress in using AI for a range of work activities, such as human call center support (87%), use of chatbots (84%), search support (82%), workforce optimization (80%), data and process mining (78%), data security and privacy (78%), and decision support (77%).

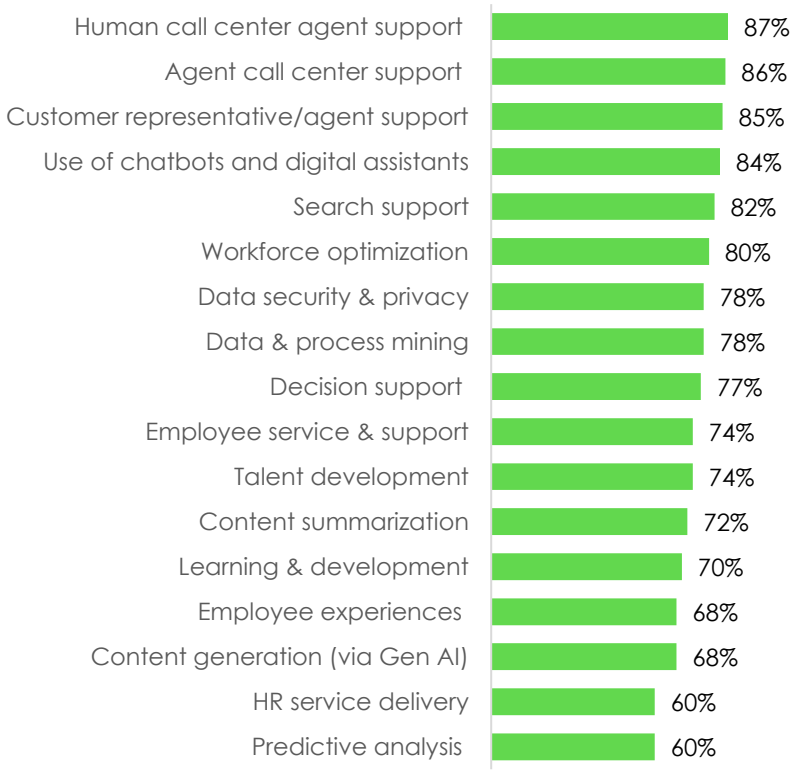
And 68% already make moderate or high use of generative AI for content generation and summarization for HR purposes. These can include creating job descriptions, generating communications, and screening job applicants.

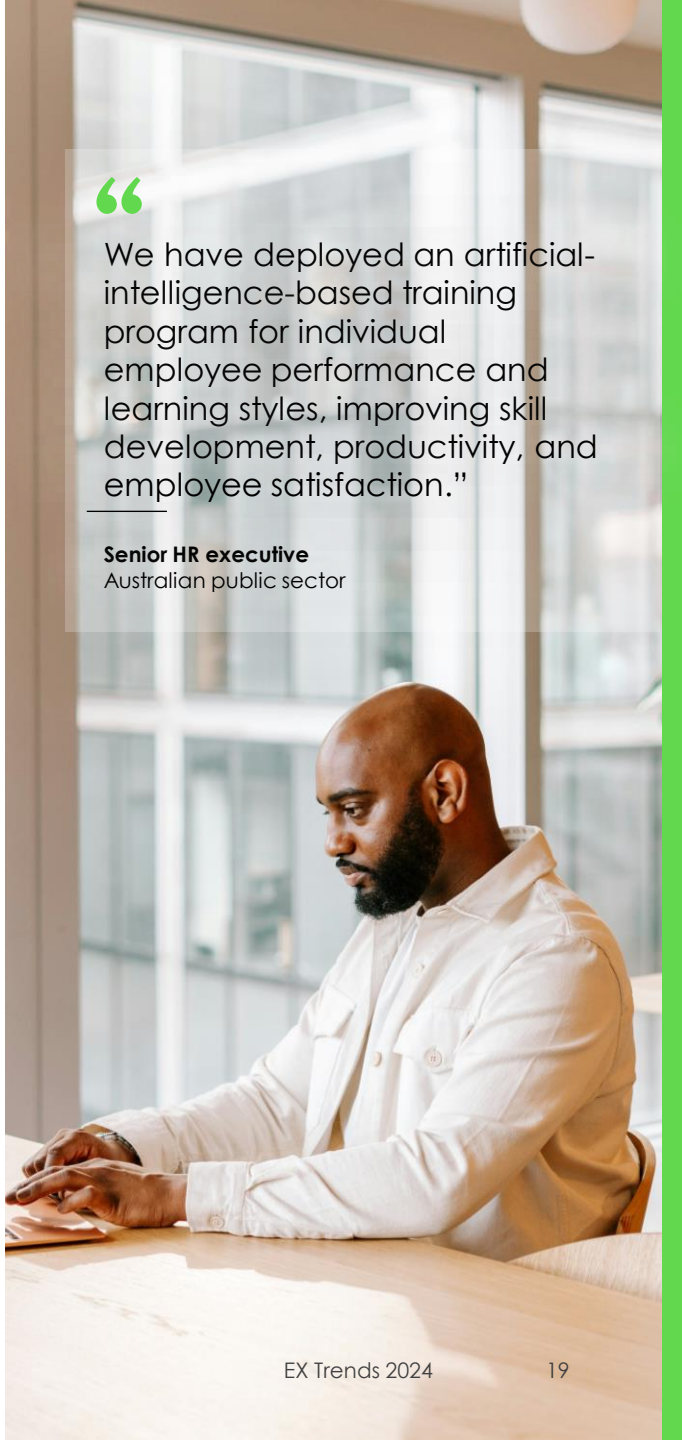
HR respondents are using Gen AI in different ways. For example, the Chief People Officer with a US manufacturer said that "use of generative AI and other AI tools has contributed extensively in terms of smart decision-making." A senior HR executive at a Spanish financial organization said: "Using Gen AI tools has improved our research time."

HR innovators plan to put the pedal to the metal over the next 18 months: 73% plan to implement Gen AI, compared with 42% of those in beginner organizations.

Q25: How much progress has your organization made in the use of AI for the following work activities and solutions?

HR innovators' use of AI for work activities (moderate or high use)





"We have deployed an artificial-intelligence-based training program for individual employee performance and learning styles, improving skill development, productivity, and employee satisfaction."

Senior HR executive
Australian public sector

AI-empowered HR is spreading fast across industries

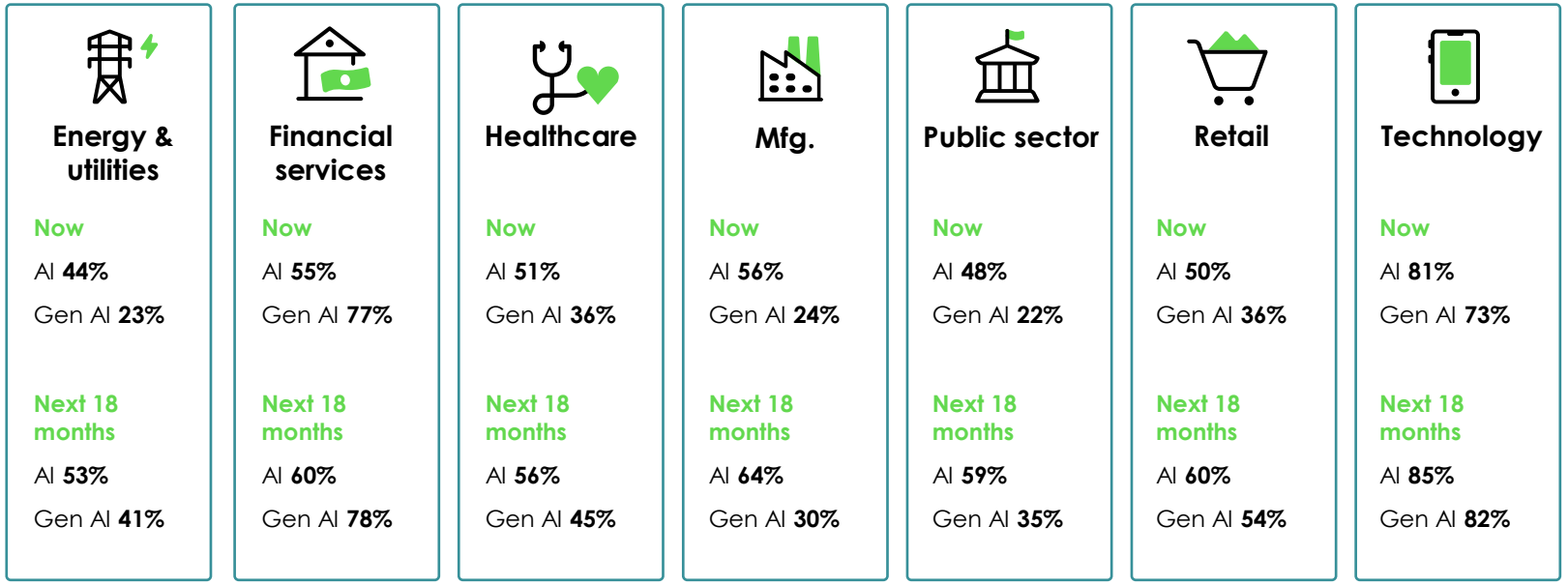
Senior HR executives across industries are flocking to AI to deliver on their people strategies and improve staff productivity.

HR leaders in tech firms are far ahead of others in adopting AI, with 81% now using it. More than half of manufacturing, financial services, and healthcare firms are following suit. In18 months, more than half of HR leaders will be powering their HR strategies through AI.

Although still relatively new, Gen AI is gaining traction among HR leaders across industries. Those in financial firms are jumping out ahead, with more than three-quarters using Gen AI. Financial institutions, in general, have been earlier adopters of Gen AI for fraud detection, cybersecurity, algorithmic trading, and many other applications.

Over the next 18 months, the use of Gen AI will blossom across industries. Energy and utilities firms will increase their use of Gen AI by about 80%; the public sector, 60%; and retail, 50%.

Use of traditional and generative AI now and in 18 months, by industry



Q24: Which digital technologies and solutions is your organization using to deliver its HR strategy and improve employee productivity? Which does it plan to start to use or continue to use over the next 18 months?

How AI enhances HR processes across industries

"We use AI to scan hundreds of resumes to locate applicants with the necessary competencies and make better recruiting decisions."

Chief People Officer
Dutch technology firm

"AI helps in analyzing large volumes of data quickly and accurately, providing valuable insights that help in strategic decision-making and identifying new opportunities for growth to our employees."

Chief Talent Officer
Swiss public sector

"We have automated our control room operations and enhanced safety through AI monitoring of critical systems."

Senior HR executive
Japanese energy firm

"We utilize AI algorithms to provide employees with personalized insights into their work habits."

Chief Talent Officer
Italian manufacturer

"AI-based learning and skills development platforms have made it easier to improve employee learning."

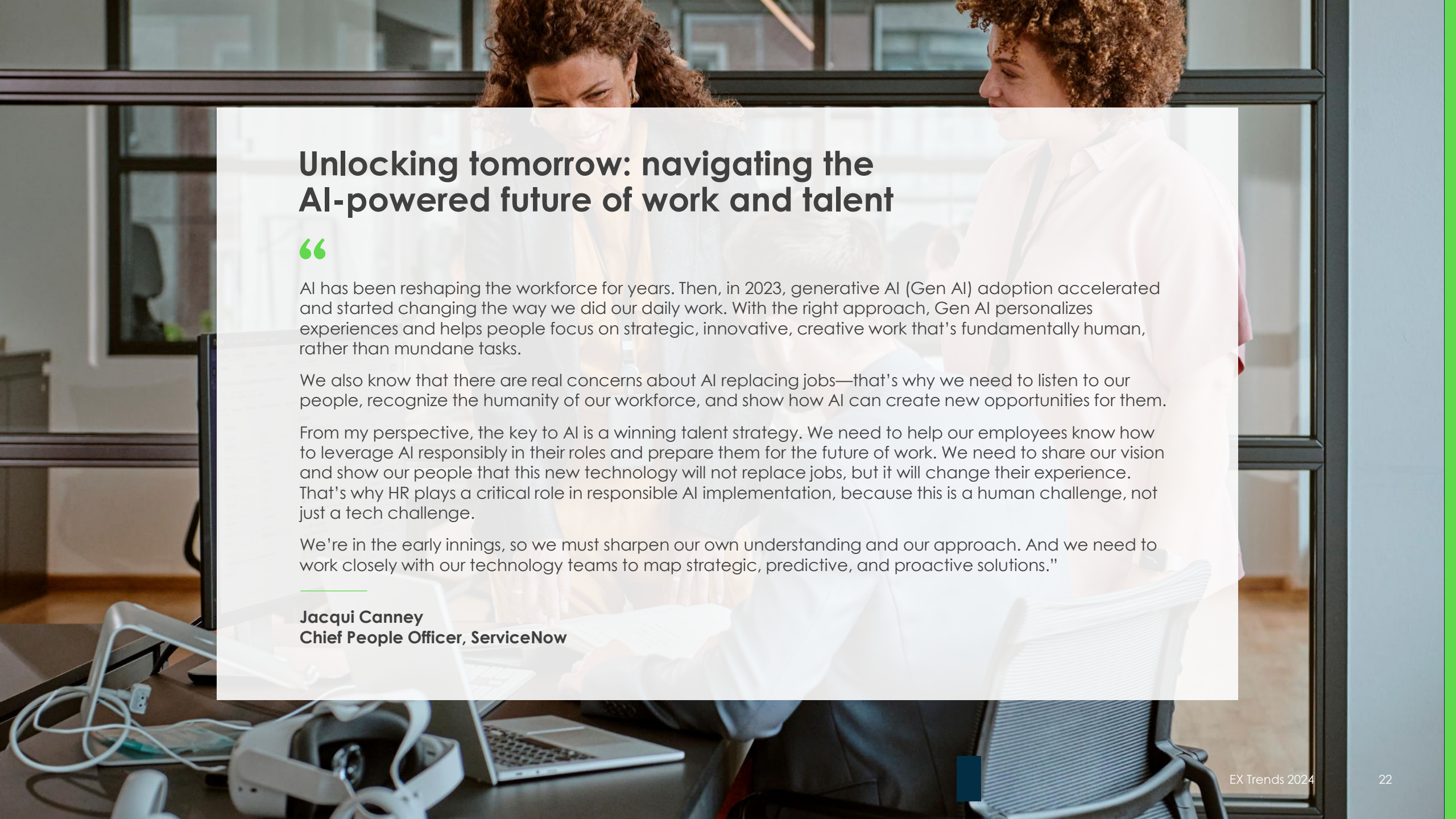
Senior HR executive
Spanish financial services firm

"We implemented AI chatbots and virtual assistants to handle routine HR queries and IT support, which has led to reduced administrative burden."

Chief Talent Officer
Swedish technology firm

"We use AI-based patient monitoring tools to collect and treat patients based on real-time reports."

Senior HR executive
Dutch healthcare provider



Unlocking tomorrow: navigating the AI-powered future of work and talent

"

AI has been reshaping the workforce for years. Then, in 2023, generative AI (Gen AI) adoption accelerated and started changing the way we did our daily work. With the right approach, Gen AI personalizes experiences and helps people focus on strategic, innovative, creative work that's fundamentally human, rather than mundane tasks.

We also know that there are real concerns about AI replacing jobs—that's why we need to listen to our people, recognize the humanity of our workforce, and show how AI can create new opportunities for them.

From my perspective, the key to AI is a winning talent strategy. We need to help our employees know how to leverage AI responsibly in their roles and prepare them for the future of work. We need to share our vision and show our people that this new technology will not replace jobs, but it will change their experience. That's why HR plays a critical role in responsible AI implementation, because this is a human challenge, not just a tech challenge.

We're in the early innings, so we must sharpen our own understanding and our approach. And we need to work closely with our technology teams to map strategic, predictive, and proactive solutions."

Jacqui Canney
Chief People Officer, ServiceNow

HR innovators go beyond AI to reinvent their function

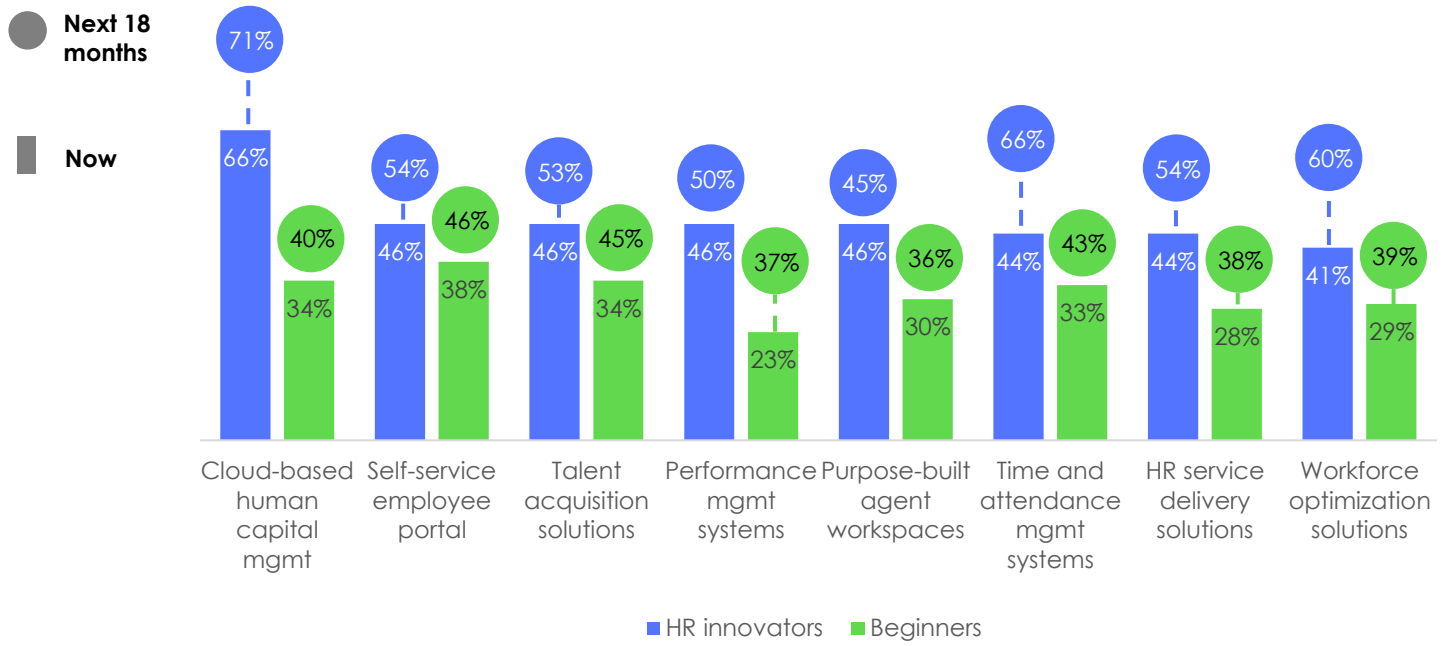
In addition to AI, HR innovators are ahead of others in drawing on specialized digital solutions that help with varied HR tasks, such as employee data management, recruitment, onboarding, performance management, learning and development, and compensation management.

These solutions include human capital management (HCM) systems (66% of HR innovators vs. 34% of those in beginner organizations), purpose-built agent workspaces (46% vs. 30%), talent acquisition solutions (46% vs. 34%), and self-service portals (46% vs. 38%). All HR respondents will increase use of these solutions over the next 18 months.

> "Human capital management systems reduce recruitment time and cost and help with analysis and informed decision-making."

Chief People Officer
German technology organization

Top HR-specific solutions used by organizations to deliver their HR strategies



Q24: Which digital technologies and solutions is your organization using to deliver its HR strategy and improve employee productivity? Which does it plan to start to use or continue to use over the next 18 months? Q24a: Which of these technologies and solutions have been most effective?

HR innovators use data to take talent management to the next level

As AI takes hold across enterprises, data becomes the fulcrum of transformation, giving HR leaders a way to understand their employees, predict their needs, and equip them with the tools to succeed and propel their organization forward. HR innovators in advance organizations, especially, are using data for various purposes, including the following:

1. Fill talent gaps. Over 6 out of 10 use data analytics heavily to identify emerging talent needs and shortages. Around 56% use data analytics to improve talent planning. Data also helps them focus on skills-based hiring (43%).

2. Improve productivity, cost efficiencies, and performance. HR innovators make robust use of data to boost productivity and performance (57%), reduce recruiting costs (44%), increase business agility (44%), and develop better performing teams (43%).

3. Align talent with business goals. Over half of HR innovators (56%) use data-driven approaches to align the right talent with business priorities. Almost half (46%) also place talent on the right teams.

4. Enhance staff skills and mobility. Some 44% of these forward-looking leaders use data to increase upskilling and retraining of staff. This can take different forms: gathering data on employee performance and goals, monitoring progress in reskilling journeys, and forecasting skill requirements for future business plans. At the same time, 37% of HR innovators use data to improve internal employee mobility, such as by gaining insights into employee skills and aspirations.

How HR innovators harness data

Q22: How data-driven are the following talent management activities?

Aligning skills and talent for future business goals

Many workforces are not prepared for the next business era

Still in the early days of digitally enabled business transformation, energy and utility firms, public-sector organizations, and manufacturers have the least equipped teams to drive growth. But even those industries that have made the most progress in business transformation still have chunky skills gaps to fill.

Beginners must bridge a wide talent chasm to catch up with advanced organizations. And while workforce readiness is a challenge in all world regions, it is a bit more acute in Europe.

As we move into a new business era, workforce readiness is a strategic worry that HR and business leaders around the world and across industries will need to address.

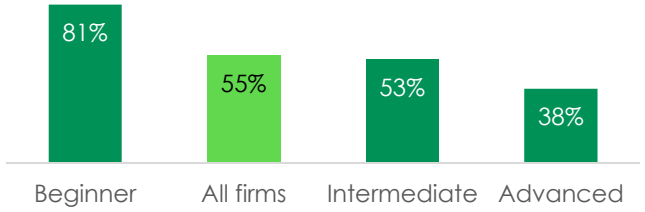
55%

of HR leaders believe that half or more of their workforce is not equipped to drive future growth

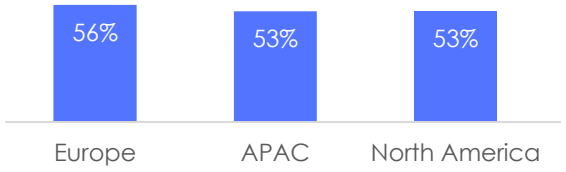
Q18: How equipped is your current workforce to drive future business growth?

Where half or more of workforce is *not equipped* to drive future business growth

By level of digital maturity



By region



Where half or more of workforce is *not equipped* by industry

- Energy & utilities **71%**
- Public sector **69%**
- Manufacturing **63%**
- Healthcare **51%**
- Financial services **45%**
- Retail **42%**
- Technology **38%**

HR teams are ramping up efforts to fill talent gaps

As businesses transform, their talent needs change. According to ManpowerGroup, 75% of employers worldwide now have difficulty filling roles, compared with 36% 10 years ago. HR leaders surveyed plan to fill talent gaps in three main ways over the next 18 months:

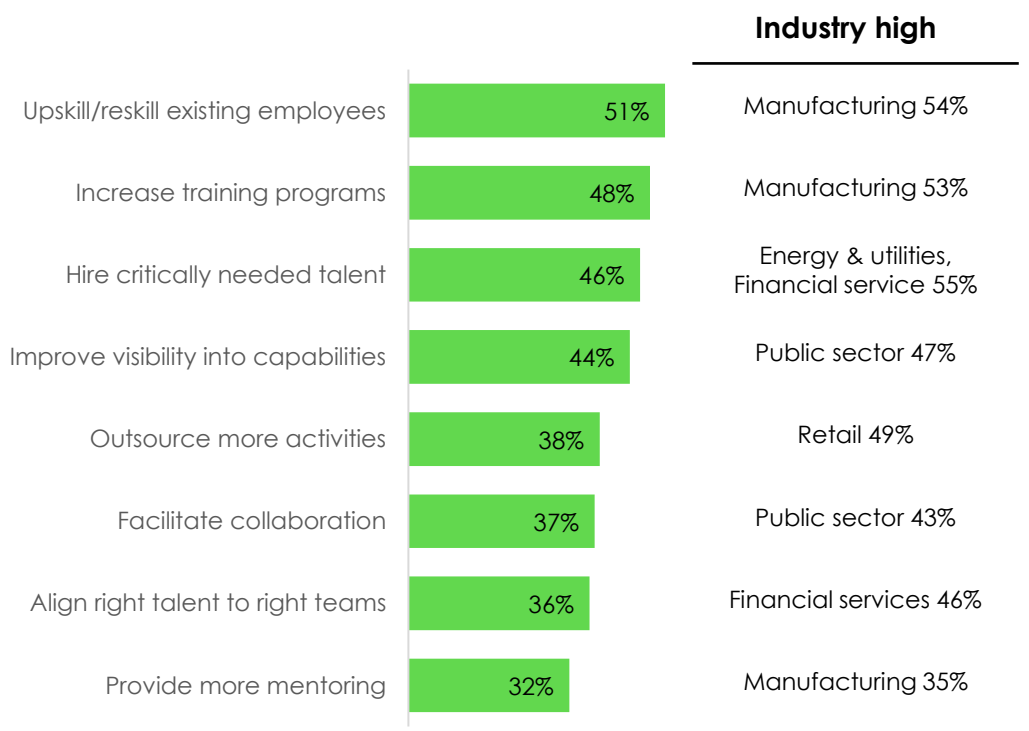
1. Upskill and reskill employees. Upskilling is a clear first step for over half of survey respondents. Accordingly, 48% will increase training programs and 32% will provide more mentoring. Manufacturers are sharply focused on upskilling as they rush to prepare for Industry 4.0.

2. Look outside for talent. To address talent gaps, 46% of senior executives aim to hire critically needed talent over the next 18 months. And 38% will outsource more activities, particularly those necessary to stay competitive in a digital world, such as IT services and 24/7 customer support.

3. Optimize internal talent. Over four out of 10 respondents plan to gain greater visibility into existing capabilities, and 36% will align the right talent to the right teams. Some 37% will facilitate collaboration to encourage skill transfers—a step favored by the public sector, which often suffers from departmental silos.

Q19: Which are the main ways the HR team will address talent needs over the next 18 months?

Main ways HR teams will address talent needs over next 18 months



"Our HR team is constantly collaborating with different departments to determine how best to assign employees to different projects and how to get the best out of them."

Senior HR executive
US retail firm

Industries address talent needs in different ways

Across sectors, upskilling remains a go-to strategy to develop the knowledge, skills, and competencies that they need to prepare for the future. Senior HR executives understand that when employees take advantage of opportunities for their professional growth, engagement and retention improves.

Approaches can differ by sector. Manufacturers put somewhat greater emphasis than other sectors on training and development programs, as well as on mentoring and coaching. "We are working to develop tailored learning roadmaps to upskill current employees for future needs," said the Chief People Officer at a Spanish manufacturer.

At the same time, HR teams across industries are increasingly looking outside for the right skills. Over the next 18 months, energy and utilities and financial service firms will focus even more on hiring critically needed, skilled staff. For instance, the Chief People Officer at a UK energy company said they are "developing tactics to draw in and hire talent that complement our expansion goals."

Healthcare providers, meanwhile, are far less likely to outsource activities—which, given its data privacy constraints and need for expertise, is no surprise.

Q19: Which are the main ways the HR team will address talent needs over the next 18 months?

Main ways HR teams will address talent needs over next 18 months, by industry*

	Energy & utilities	Financial services	Health-care	Mfg.	Public sector	Retail	Tech
Upskill & reskill existing employees	49%	49%	51%	54% H	48% L	50%	53%
Increase training & development programs	48%	43% L	49%	53% H	46%	48%	45%
Hire critically needed & skilled talent	55% H	55% H	46%	42% L	45%	42% L	44%
Improve visibility into workforce capabilities	36% L	44%	44%	45%	47% H	45%	44%
Outsource more activities	37%	36%	27% L	41%	39%	49% H	41%
Facilitate collaboration & knowledge sharing	39%	33% L	36%	36%	43% H	35%	36%
Align right talent to right teams	37%	46% H	37%	41%	31% L	32%	33%
Provide more mentoring & coaching	29% L	29% L	32%	35% H	32%	29% L	34%

*** For each way organizations are addressing talent needs, H (high) represents the industry that is doing it the most and L (low) represents the industry that is doing it the least.**

Making talent future ready is high on the HR agenda

HR leaders plan to take a variety of approaches to prepare employees for work in the next business era.

Over the next 18 months, the most common methods will be to align talent development with strategic plans (49% of respondents), shift to a skills-based talent strategy (46%), make more informed, data-driven talent decisions (41%), improve career development (41%), and foster a culture of continuous learning (40%).

Facing talent shortages, even more (56%) HR innovators will give top priority to shifting to a skills-based talent strategy. That will allow them to focus squarely on the skills needed for the future, rather than traditional qualifications. They will use digital technology to spot skills and gaps and match talent to roles.

More HR innovators (40% vs. 33% of those in all organizations) will prioritize remote working solutions. They expect this to help build staff loyalty, since lack of remote working is a main reason employees leave, cited by 42% of leaders surveyed (see page 35). However, not all industries lend themselves to remote work: tech will be able to offer remote solutions more than others (48%) and manufacturing less so (28%).

Q17: Which talent development approaches is the HR team prioritizing over the next 18 months to address changing business and workforce needs?

Talent development approaches prioritized over the next 18 months

56%

of HR innovators are prioritizing a skills-based talent strategy

40%

of HR innovators are prioritizing solutions for remote working

Digital technologies will change how work gets done

Developing skills and talent for the future requires more than a grasp of business goals. It calls for HR leaders to have a vision on the future of work. Almost 70% of them across sectors agree that technology will make work more efficient and staff more productive. Nearly half believe that machines and AI will handle most routine tasks; for manufacturers, this trend will be even more pervasive as they revamp their factory production processes (71%).

Some 43% of respondents say they will need fewer people to get work done. For some industries, such as financial services and retail, the percentages are higher (both 53%), since the shift to digital channels can lessen the need for a network of stores and branches.

There is no consensus on whether hybrid working will become the norm, with 32% agreeing and 28% disagreeing. But the answer varies widely by sector. For instance, 57% of HR leaders in technology firms believe hybrid working will become commonplace, compared with just 14% in manufacturing, where there is less potential for remote working.

Many senior HR executives see a downside to technology. Indeed, 42% of respondents—and nearly half of those in the Baby Boomer generation—worry that AI and other new technologies will create major ethical and cyber risks. HR leaders in beginner organizations are more concerned (46%) that technology will blur the distinction between work and home.

Q30: What is your view regarding how digital technologies will likely transform work in the future?

Views on how digital technologies will transform work

	Agree	Industry high
Technology will make work more efficient and staff more productive.	68%	Technology 72%
AI will radically change how work gets done.	65%	Retail, Technology 69%
People will add value to digital solutions through critical thinking.	55%	Technology 58%
Machines will handle most routine tasks.	48%	Manufacturing 71%
We will need fewer people to get work done.	43%	Financial services, Retail 53%
AI and other emerging technologies will create major ethical and cyber risks.	42%	Financial services 53%
Hybrid working will become the norm.	32%	Technology 57%
The distinction between work and home will get blurred.	31%	Retail 37%

Driving employee satisfaction and productivity through better experiences

HR innovators see the value of digitizing EX

HR innovators know that digitized employee experiences (EX) are a prerequisite for operating in the next business era. Nearly three-quarters believe that digitized employee experiences are becoming fundamental to the way organizations work.

HR innovators see many benefits to digitizing employee experiences. They believe that these experiences make work more productive for employees (66%), bring customers and employees closer together (58%), give organizations a major competitive advantage (57%), and enable organizations to significantly improve employee loyalty(53%).

To be sure, digital transformation can cut both ways. HR innovators work to manage the downside of digitized employee experiences. Two out of 10 agree that by digitizing experiences employees will have less personal freedom since they will be "always on and always connected." But 53% disagree.

Some 37% agree that digitized experiences can expose people to greater data security and privacy risks if they are not managed effectively—which is why 57% of HR innovators deploy digital solutions to improve data privacy and security.

Q28: What is your view on the following statements about digitized employee experiences?

How HR innovators view digitized employee experiences

	Agree	Industry high
Are becoming fundamental to the way organizations work.	74%	Technology 91%
Make work much more productive for employees.	66%	Energy 100%
Bring customers and employees closer together.	58%	Public sector 80%
Give organizations a major competitive advantage.	57%	Public sector 80%
Enable organizations to significantly improve employee loyalty.	53%	Retail 70%
Will be transformed through the use of AI.	44%	Technology 57%
Expose people to greater data security and privacy risks.	37%	Public sector 80%
Take away personal freedom.	20%	Energy 43%

How HR innovators improve EX

In an increasingly digital world, employees expect well-designed digital experiences. The question organizations face is not whether they should digitize employee experiences, but which steps are the most effective to make it happen.

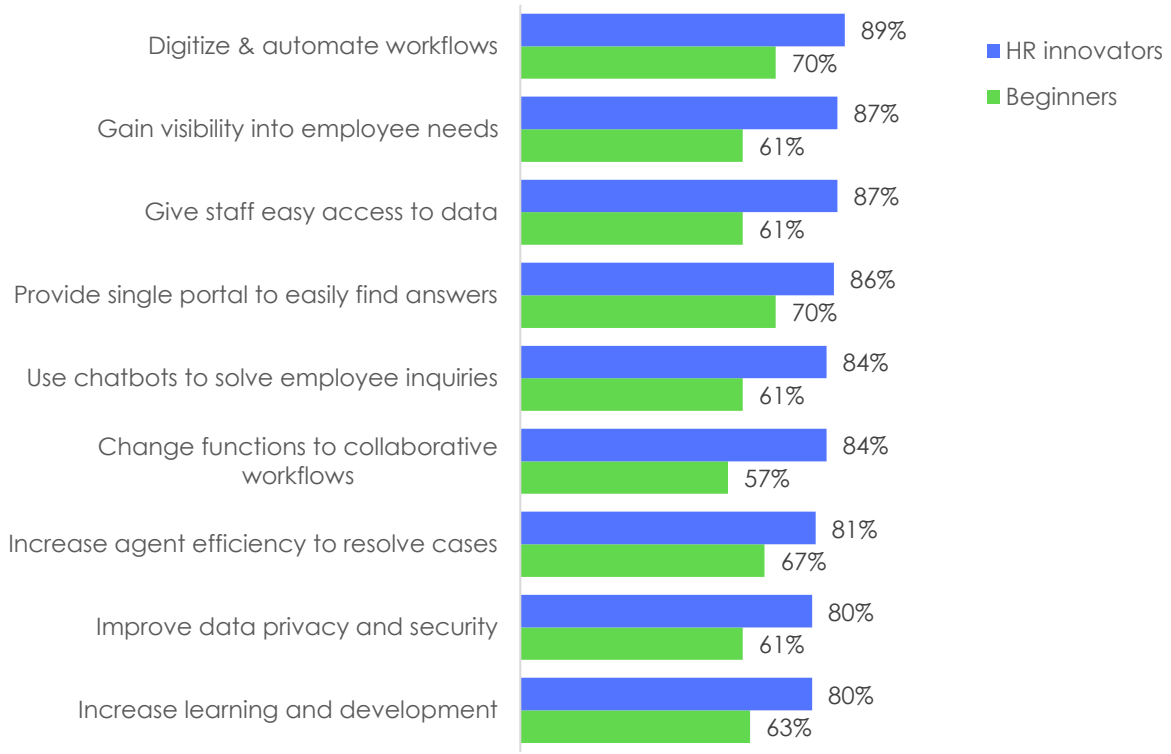
HR innovators have made considerably more progress than those in beginner organizations in digitizing and improving the various dimensions of employee experience. About nine out of 10 have made moderate to high progress in digitizing and automating workflows across departments; 87% in gaining visibility into employee needs; and 87% in providing staff with easy access to the data they need.

Some 86% have made considerable progress in providing employees a single portal to easily find answers or get help. Such portals offer an effective way to serve large workforces. Chatbots, embraced by 84% of HR innovators, are another helpful tool for handling employee inquiries.

HR innovators are also out in front in transforming functions into collaborative workflows, improving data privacy and security, and increasing learning and development.

Q26: How much progress has your organization made in implementing the following steps to improve *employee experience*?

Top steps HR innovators have taken to improve EX (moderate to high progress)



How going digital improves productivity and engagement

"Introducing employee self-service portals to access basic HR services has helped reduce turnaround time and eliminate doing multiple follow-ups."

Senior HR executive
Japanese technology firm

"By making patient data easily accessible through electronic health records, we have improved staff engagement and productivity while also reducing errors and enhancing collaboration."

CHRO
US healthcare provider

"Our internal task management portal has improved employee productivity by enabling them to work more efficiently."

Senior HR executive
Spanish public sector

"Interactive dashboards offer real-time insights for faster decision-making, which helps to improve employee productivity."

Senior HR executive
Spanish tech firm

"Social intranets have helped streamline information sharing, minimize search time, and ensure access to current resources."

Senior HR executive
US financial services firm

"Thanks to the use of several virtual assistants, our team members can focus more on strategic work and can improve their work-life balance."

CHRO
German retail firm

"Our workflows have been digitalized, and the automation of manual processes has assisted us in lowering employee churn and increasing ROI throughout operations."

Senior HR executive
French retail firm

In today's competitive marketplace, employee churn is a growing issue

The number of employees voluntarily leaving their jobs has grown exponentially over the millennium. In the US, over four million people quit their jobs each month, according to the Bureau of Labor Statistics. In the US alone, Gallup estimates that voluntary turnover costs businesses $1 trillion a year. Employee churn is even higher among the coveted digitally native generations.

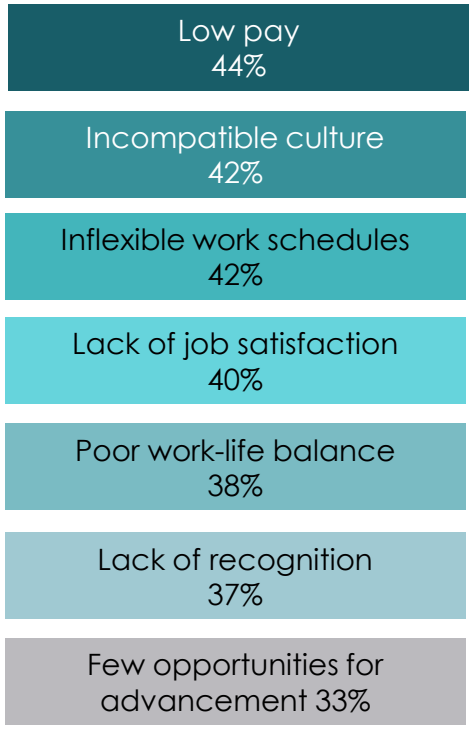
Low pay is a top reason for leaving in many sectors, but not all. For example, in the well-paying financial sector, inflexible work schedules and lack of job satisfaction are larger causes for leaving. That's why our survey shows that more than half of financial services HR leaders, as well as those in other sectors, are striving to build a positive and inclusive work culture (next page).

Similarly, low pay is a common reason for leaving in the healthcare industry, but the main cause is insufficient work-life balance, due to the stressful nature of the job.

And while insufficient pay is the main reason for leaving in the energy, technology, manufacturing, and public sectors, an important secondary issue is an incompatible organization culture.

Q16: Which are the top reasons cited by employees for choosing to leave your organization?

Top reasons employees leave



Top two reasons by industry

Energy & utilities
Low pay **49%**, Organization culture **47%**

Financial services
Inflexible schedules **48%**, Job satisfaction **45%**

Healthcare
Work-life balance **46%**, Low pay **43%**

Manufacturing
Low pay **46%**, Organization culture **44%**

Public sector
Low pay **46%**, Organization culture **44%**

Retail
Inflexible schedules **45%**, Lack of recognition **40%**

Technology
Low pay **47%**, Organization culture **42%**

HR leaders push hard to improve retention

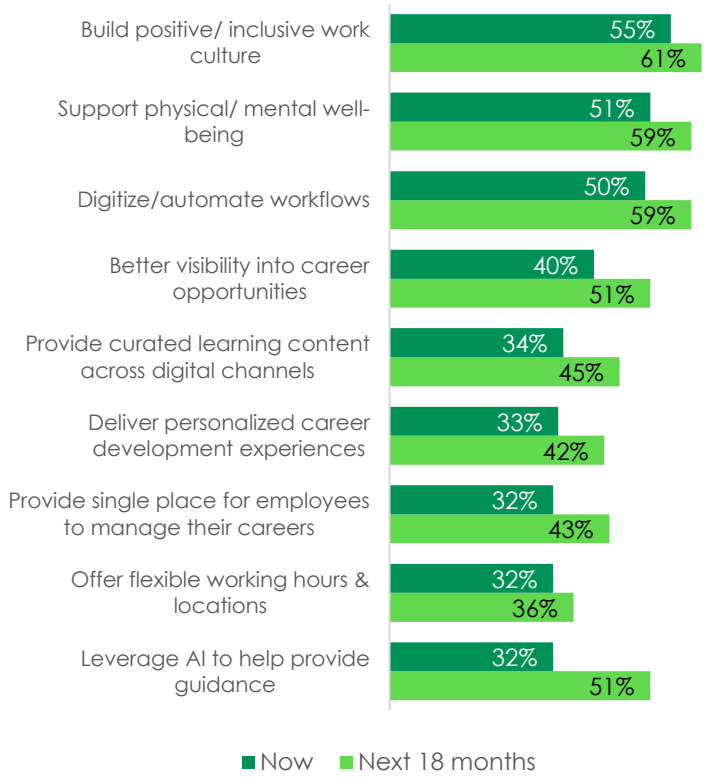
With the stakes high, employee retention has become a paramount concern for senior HR executives, who are taking a myriad of steps to hold on to staff. Currently, 55% of HR respondents are taking steps to build a positive and inclusive work culture, and 51% are acting to support physical and mental well-being.

More manufacturers than others are taking actions to improve work culture and employee well-being. For example, the Chief Talent Officer of a Swiss manufacturer said that virtual wellness programs have been an effective way to support employee well-being and engagement.

Half of all HR respondents reported that their organizations are digitizing and automating workflows, with the share slated to grow to 59% in 18 months. Technology and financial service firms—among the most digitally advanced companies—are ahead in this area. About one-third of all respondents are putting their bets on AI, which they hope to use to provide guidance on employee interactions. Over the next 18 months, 51% plan to do this.

Q21: Which are the main steps your organization is taking to enhance employee retention and satisfaction and which steps will your organization continue to take over the next 18 months?

Main steps to enhance employee retention



Main steps by industry now

Build a positive and inclusive work culture	Mfg. 58% Health 56% Tech 56%
Support physical and mental well-being	Mfg. 56% Financial 56% Retail 53%
Digitize and automate workflows	Tech 65% Financial 62% Retail 56%
Leverage AI to provide guidance	Tech 40% Financial 39% Retail 36%

Measuring the success of talent initiatives

On average, HR leaders surveyed use about five key measures to gauge the success of their talent development initiatives.

Improved business performance has become a top metric for talent development as HR teams strive to align their efforts with business goals. Retention and career progression, which are interlinked, are also common measures, as are utilization of learning systems and employee productivity.

HR leaders use metrics geared to their businesses to measure the success of talent initiatives. For example, productivity is the leading measure in the manufacturing sector, where success is driven by levels of efficiency and output. Financial and technology firms are more inclined to use business performance as a yardstick, since they are further ahead in digitally enabled business transformation and are already seeing many performance gains.

Metrics to measure success of talent development initiatives

	All	Industry high	Industry low
Improved business performance	46%	Financial, Technology 49%	Retail 42%
Increased career progression	45%	Financial 54%	Energy 42%
Improved employee retention	45%	Public sector 49%	Financial 42%
Increased utilization of talent & learning systems	45%	Public sector, Technology 48%	Financial 42%
Increased employee productivity	42%	Manufacturing 49%	Financial 30%
Increased internal mobility	40%	Manufacturing 44%	Technology 36%
Increased business agility	37%	Financial 44%	Energy 30%
High-potential talent	36%	Technology 40%	Energy 30%
Increased customer satisfaction	33%	Manufacturing 38%	Financial 27%
Higher employee satisfaction scores	31%	Retail 44%	Public sector 25%
Talent distribution	31%	Retail 36%	Energy 22%
Reduced training spend	28%	Retail 33%	Public sector 22%
Reduced recruiting & hiring spend	23%	Energy 31%	Financial 19%

Q23: Which are the main measures that your organization uses to gauge the success of its talent development initiatives?

Building value through people: the road ahead

Digitizing HR and EX yields many staff dividends…

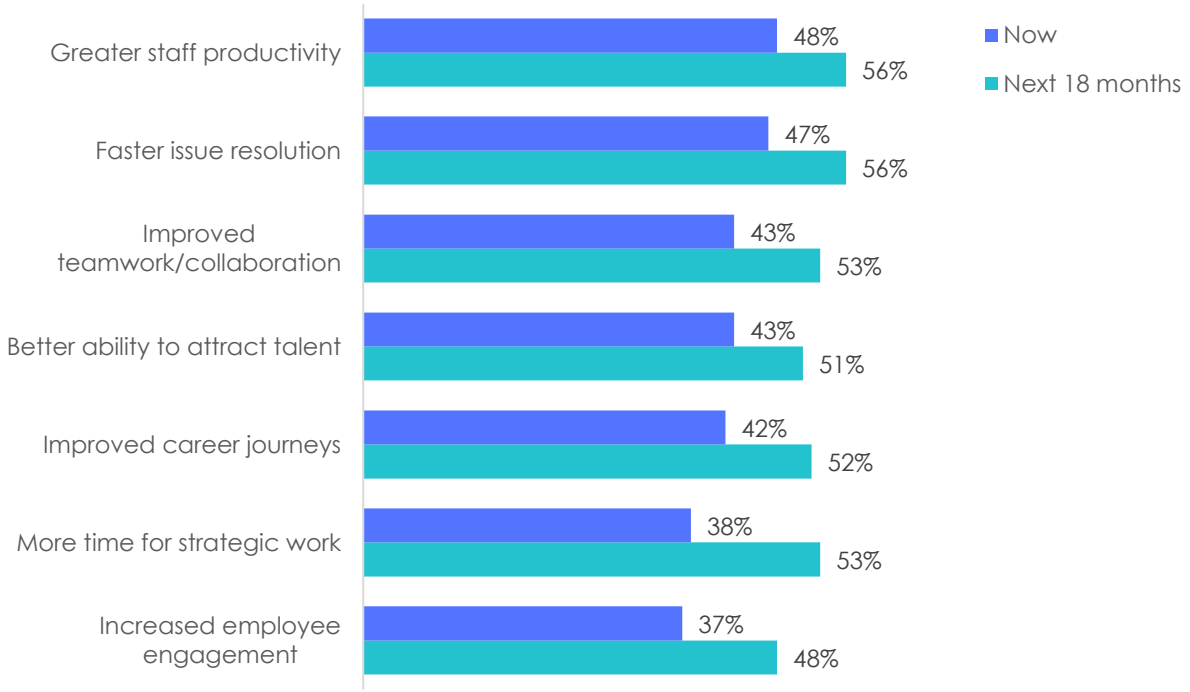
Digitizing HR activities and employee experiences delivers clear advantages to workers and the executives that manage them. Those benefits grow as organizations advance in digital transformation--seen in the responses from HR Innovators.

HR innovators report employee and staffing benefits such as greater productivity (48%), improved teamwork (43%), and better ability to attract talent (43%). They also see faster issue resolution for employees and customers (47%).

HR Innovators expect these benefits to accrue over time. Some 53% of HR innovators believe that digitizing HR and EX will grant staff more time for strategic work over the next 18 months. Another 51% say that it will enhance their ability to attract talent, while 48% think it will ramp up employee engagement.

48% of HR innovators report greater staff productivity from digitizing HR

Employee benefits seen by HR innovators



Q29: Which are the main benefits now to your organization from digitizing HR and employee processes and experiences? Which benefits will your organization continue to see or start to see over the next 18 months?

…and myriad financial and strategic benefits

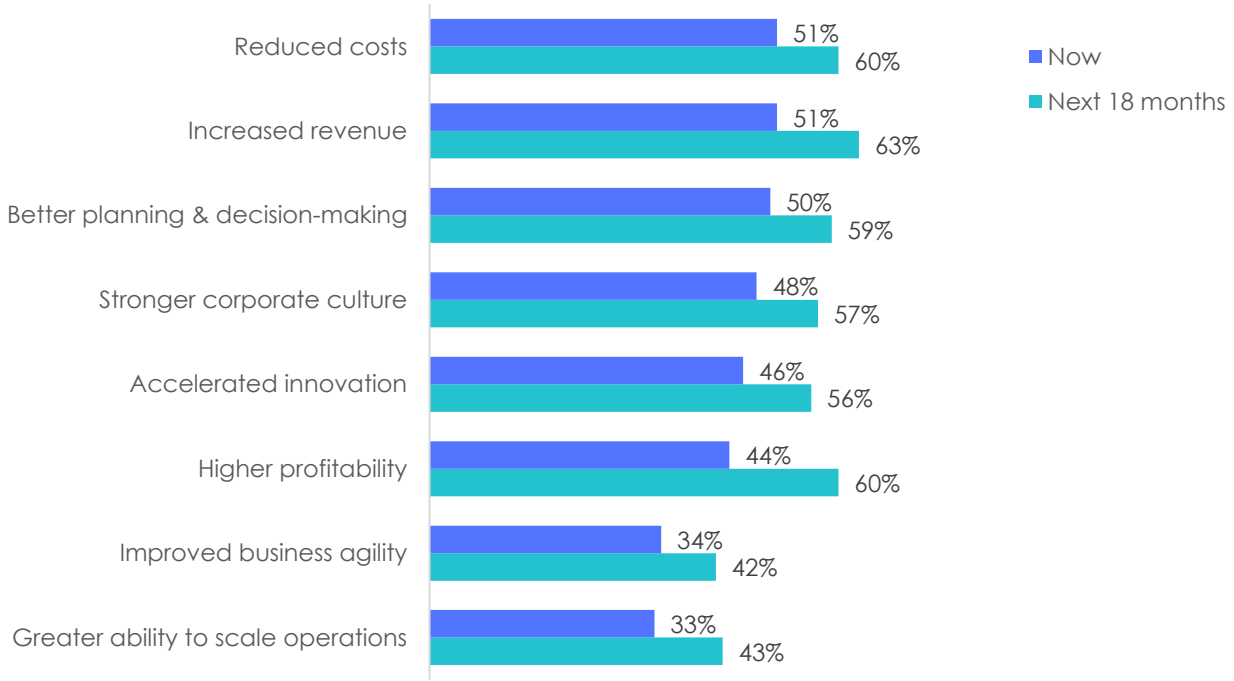
Digitizing HR functions and employee experiences not only unlocks value for employees, but it also drives substantial financial and strategic rewards.

HR Innovators report a host of financial benefits, including reduced costs (51%), increased revenue (51%), and higher profitability (44%). Over the next 18 months, at least 6 out of 10 HR innovators expect to see these three financial benefits.

The strategic advantages are also enticing. Half of HR innovators already observe better planning and decision-making, as well as a stronger corporate culture (48%), and accelerated innovation (46%).

51% of HR innovators report reduced costs and increased revenue

Financial and strategic gains seen by HR innovators



Q29: Which are the main benefits now to your organization from digitizing HR and employee processes and experiences? Which benefits will your organization continue to see or start to see over the next 18 months?

Organizations gear HR and EX solutions to their business goals

Digitizing HR and employee experiences help organizations across industries achieve their business goals.

For example, as financial services firms take steps to digitally reinvent their businesses, strategic benefits around stronger corporate culture, top-line growth, and better decision-making rise to the top of their agendas.

Technology firms—also on the forefront of digital transformation--are focused on achieving similar strategic gains around revenue growth and corporate culture. But they see productivity increases—a source of competitive advantage for the industry--as especially valuable.

In contrast, with a need to move fast to meet changing patient and clinician expectations, healthcare providers look to HR and EX digitalization to drive business agility and attract talent. But with limited operating budgets, driving down costs is vital.

Top 3 benefits HR innovators see by industry

Energy & utilities	Financial services	Healthcare	Mfg.	Public sector	Retail	Technology
Improved teamwork **86%**	Stronger corporate culture **53%**	Improved business agility **55%**	Better decision-making **50%**	Better decision-making **65%**	Faster issue resolution **61%**	Increased revenue **67%**
Ability to attract talent **71%**	Increased revenue **50%**	Ability to attract talent **55%**	Stronger corporate culture **49%**	Reduced costs **54%**	Better staff productivity **57%**	Stronger corporate culture **61%**
Reduced costs **71%**	Better decision-making **50%**	Reduced costs **50%**	Improved teamwork **49%**	Improved teamwork **50%**	Ability to attract talent **48%**	Better staff productivity **59%**

Q29: Which are the main benefits now to your organization from digitizing HR and employee processes and experiences? Which benefits will your organization continue to see or start to see over the next 18 months?

HR teams must overcome organizational hurdles on the path to transformation

When organizations start out on their business transformation journeys, senior HR executives encounter a host of early impediments. These include insufficient budget (cited by 45% of those in beginner entities), resistance to change (42%), lack of digital skills among staff (36%), outdated training and development experiences (31%), and lack of tools and support for managers (27%).

As organizations make more progress in digitally enabled business transformation, many of these barriers recede, while others grow. One growing challenge for innovators is supporting multi-generational workforces. This hurdle rises from 33% of HR teams in organizations beginning their transformation journey to 43% of innovators, which need to accommodate a more diverse set of digital workers.

Organizational silos, which are a trouble spot for 24% of HR leaders when starting out, climb to 34% of innovators as they strive to improve collaboration and data sharing. Similarly, uncertain business cases for investing in people grows as a challenge as advanced organizations look for new ways to drive value (32% vs. 26% of beginners).

Q12: Which are the main organizational challenges hampering efforts to generate greater value from your organization's human capital?

Top challenges for beginner organizations

1. Insufficient budget, 45%
2. Resistance to change, 42%
3. Lack of digital skills among staff, 36%
4. Need to support multi-generational workforces, 33%
5. Outdated training & development experiences, 31%
6. Lack of tools & support for managers, 27%

Top challenges for advanced organizations

1. Need to support multi-generational workforces, 43%
2. Silos preventing collaboration and knowledge sharing, 34%
3. Uncertain business case for investing in people, 32%
4. Resistance to change, 29%
5. Lack of visibility of workforce capabilities, 27%
6. Disparate systems and processes, 26%

Top organizational challenges vary by industry

All HR leaders, regardless of digital maturity, face organizational challenges inherent to their specific industries. For example, retailers and financial services firms are more apt to struggle with silos because of their intricate and entrenched divisions across departments and elaborate footprint of stores and branches.

Insufficient budgets are a bigger problem for more resource-constrained healthcare provider and public-sector entities, which struggle to raise funding for digital initiatives.

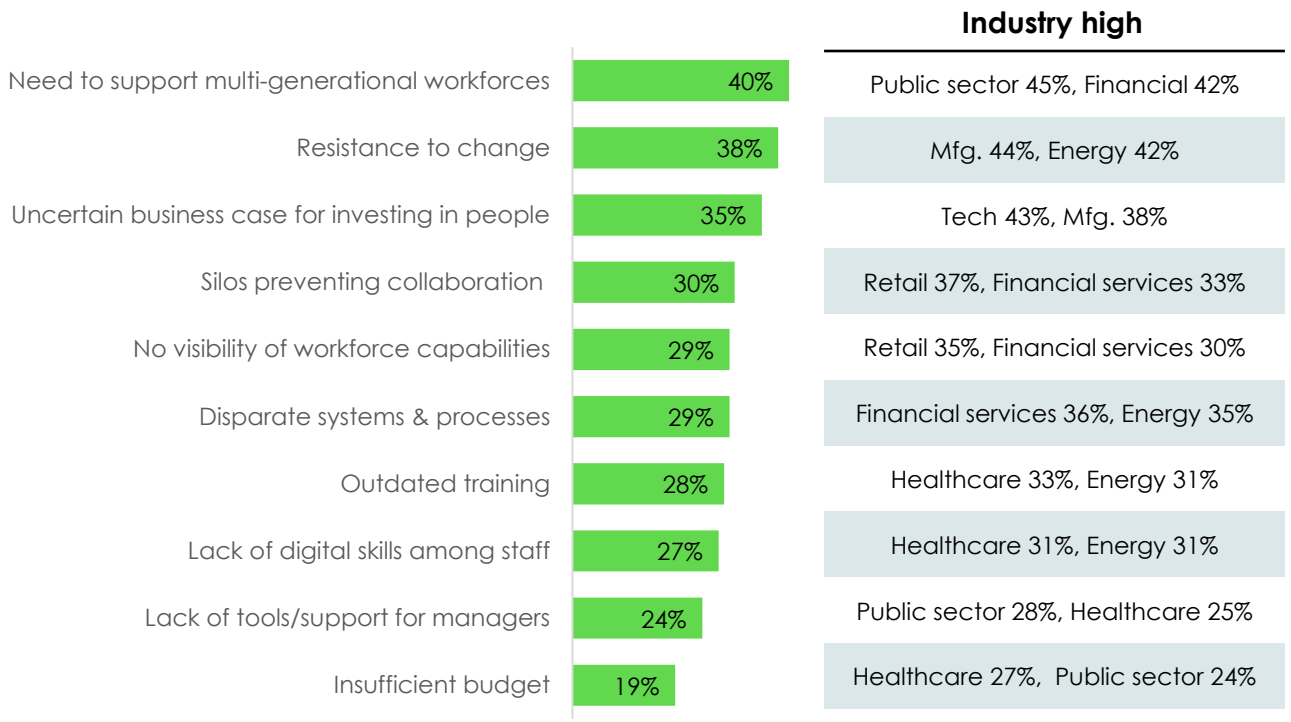
Manufacturing and energy firms, which are earlier in their transformation journeys, more often face resistance to change as new technologies are introduced and employees need to adjust.

Healthcare and energy firms, also less digitally proficient, more often report outdated training methods and lack of digital skills as they strive to make progress towards a more digitized future.

40% of respondents say supporting a multi-generational workforce is a main organizational challenge

Q12: Which are the main organizational challenges hampering efforts to generate greater value from your organization's human capital?

Top 10 organizational challenges hampering value from human capital



Tech challenges morph as businesses transform

No single action or group of actions define transformation success. Yet senior HR executives who work to resolve the flurry of technological problems that naturally arise in any transformation give their organization the best chance of achieving its full potential.

Our study revealed that when starting out on their transformation journeys, organizations face many technological hurdles, including a lack of real-time data-processing capabilities (46%), concerns about data security, privacy and compliance (37%), inadequate technology investments (37%), lack of visibility into employee processes (34%), and disparate systems and processes (34%).

As entities make progress in transformation, many problems subside, except for those around data security, privacy, and compliance, which grow to 45% of advanced organizations (from 37% of beginners) as they embrace widescale digitization. Also growing as a challenge are fragmented data and silos (34% of advanced organizations vs. 23% of beginners)—which become greater obstacles as digitization is scaled more widely across an enterprise.

Q27: Which are the greatest technical challenges that your organization faces in digitizing HR and employee processes and experiences?

Top tech challenges for beginner organizations

1. Lack of real-time data-processing capabilities, 46%
2. Concerns about data security, privacy, and compliance, 37%
3. Inadequate technology investments/budgets, 37%
4. Difficulty extracting relevant insights from existing data, 35%
5. Lack of visibility into employee processes across the organization, 34%
6. Disparate systems and processes, 34%

Top tech challenges for advanced organizations

1. Concerns about data security, privacy, and compliance, 45%
2. Lack of visibility into employee processes across the organization, 43%
3. Fragmented data and silos, 34%
4. Difficulty extracting relevant insights from existing data, 31%
5. Disparate systems and processes, 30%
6. Inadequate technology investments/budgets, 29%

Each sector has its own technology challenges

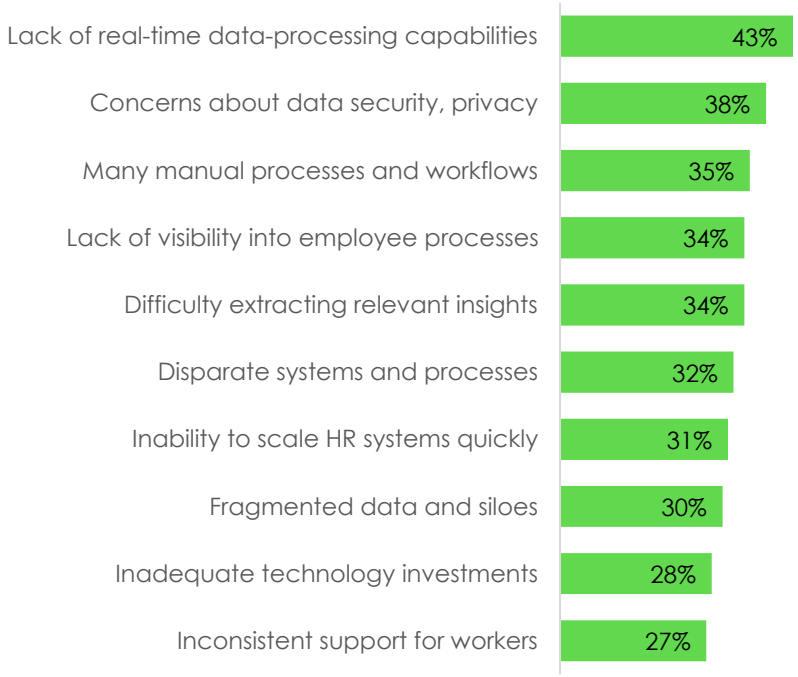
While many technology-related pain points are common across industries as they digitally transform, HR leaders must be prepared to meet the hurdles that tend to be most prevalent in their businesses.

For example, manual processes and workflows are a much bigger challenge for retailers and manufacturing firms than for technology and financial organizations, which were earlier adopters of automated workflows.

Similarly, outdated legacy systems are a larger technical hurdle for cash-strapped public-sector entities than other organizations with deeper pockets that can afford to invest in modernized platforms and systems.

Concerns about data security are loom larger for healthcare providers, which handle large amounts of personal health-related data, and for retailers, which transact largely through credit cards and are frequent targets of hackers.

Top 10 technology challenges faced in digitizing HR and EX



Industry high
Energy 49%, Retail 47%
Healthcare 43%, Retail 43%
Retail 43%, Mfg. 40%
Retail 36%, Public sector 35%
Energy 42%, Financial 42%
Financial 39%, Mfg. 34%
Energy 34%, Healthcare 34%
Financial 34%, Public sector 32%
Financial 31%, Healthcare 30%
Public sector 31%, Healthcare 29%

Q27: Which are the greatest technical challenges that your organization faces in digitizing HR and employee processes and experiences?

Advice from HR innovators

Lessons learned by HR innovators offer valuable guidance to HR teams in the early stages of digitizing HR and workforce processes and experiences to drive business transformation. These lessons boil down to four key pieces of advice:

1. Work in partnership with the C-suite to drive strategic change. To avoid organizational resistance, make sure you have the support of both management and staff. HR innovators get the best results when they align their strategies with business goals and focus on strategic actions, such as creating a positive work culture, to maximize productivity and performance.

2. Make data a strategic asset. HR innovators know that organizations gain a competitive age when they fully harness data and integrate it into decision-making and business operations. Over four out of 10 innovators recommend turning data into a tool for enterprise-wide staff and, especially, the HR team to make evidence-based decisions.

3. Lay the groundwork for digital success. This includes breaking down silos to ensure cross-department collaboration; streamlining processes before digitizing them; and installing an end-to-end IT platform that facilitates the addition of new digital tools and solutions.

4. Fully embrace digital innovation and AI. Organizations should develop a clear business case for digitizing workforce experiences and processes. Then they should hit the gas, since digital working is the future of work. But they shouldn't just focus on tech, since it will take people to drive business change.

Most important lessons learned by HR innovators

Make sure you have the support of both management and staff to digitize HR and workforce processes and experiences.	44%
Focus on strategic action to maximize productivity, business performance, and talent potential.	42%
Align your HR and talent strategy with your company's future business goals.	41%
Turn data into an asset that enables you and your team to make evidence-based HR decisions.	41%
Organize for digital. Break down silos to ensure cross-functional collaboration. Make sure you have the right teams with new business and digital skills.	38%
Start with understanding and improving processes, before automating and digitizing them.	37%
Modernize your core systems. Replace your legacy systems with a new IT platform that facilitates the addition of new employee tools and software.	37%
Prove the economics of digital. Develop a clear business case for digitizing employee experiences and workflow processes.	37%
Hit the gas! Digital working is becoming the new normal. Moving too slowly will lead to extinction.	31%
Manage the human part of change. Don't focus just on technology. Take steps to drive people and cultural change.	30%
Make the employee your client and understand their needs before digitizing how they work.	29%
Don't go it alone. Know where to draw on external workers and ecosystems.	19%

Q31: Which are the most important lessons that the HR team has learned regarding digitizing HR and workforce processes and experiences?

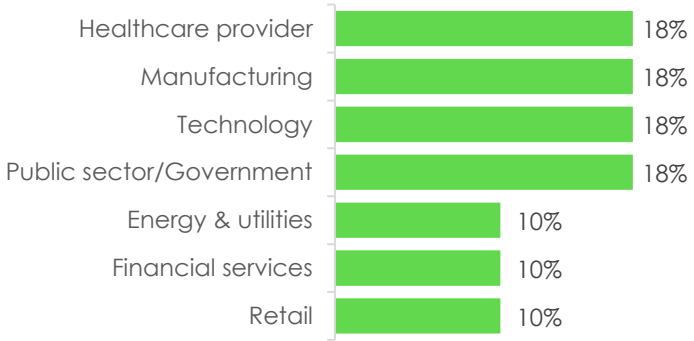
Research background

Respondent profile

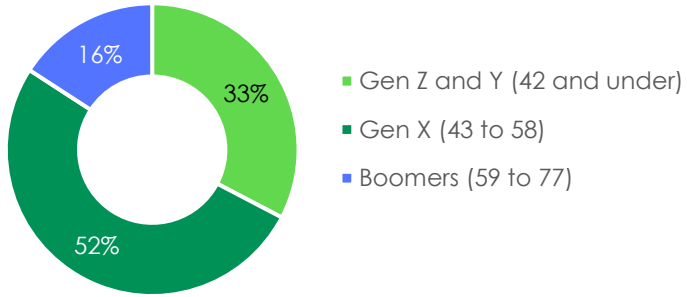
By HR role (total 1,125)

Chief Talent Officer	20%
Direct report into the CTO	20%
Chief People Officer	15%
Direct report into CPO	15%
Chief Human Resource Officer	15%
Direct report into CHRO	15%

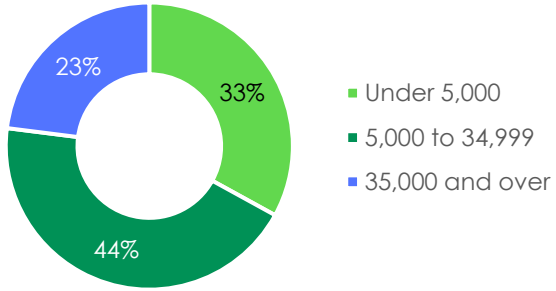
By sector



By age



By employee size



By geography

North America	**12%**
US	12%
Europe	**55%**
UK	8%
Germany	8%
France	8%
Switzerland	6%
Sweden	6%
Spain	6%
Netherlands	6%
Italy	6%
APAC	**33%**
Australia	8%
Singapore	8%
Japan	8%
India	8%

Defining digital maturity

We created a framework to determine the progress that organizations have made in their digitally enabled transformation using Question 7 in the survey. That question asked respondents to report their current stage of progress in three key areas.

Q7. How much progress has your organization made in the following areas of digital transformation?

(1) Integrated data management: Development of an integrated data platform providing access to data across departments

(2) Automated, digitized workflows: Use of technology to automate and optimize processes to enhance employee productivity and experience.

(3) Modernized IT platform: A secure and efficient platform built on cloud and other advanced technology integrating workflows, applications, and users.

For each area, the stages of progress were:

Not considering

Planning stage: developing implementation plans and building internal support

Early stage: starting to pilot and implement plans in some parts of the business

Intermediate stage: digitally transforming key parts of the business and seeing some performance improvements

Advanced stage: scaling digital transformation across the enterprise and seeing significant performance gains

Maturity scoring methodology

We used respondents' answers to Q7 to assign them to a maturity category.

We used the following scoring for the stages of progress:

(1) Not considering, 0 points

(2) Planning stage, 1 point

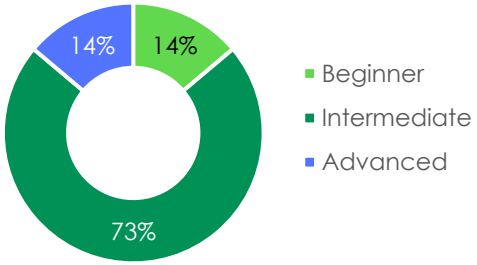
(3) Early stage, 2 points

(4) Intermediate stage, 3 points

(5) Advanced stage, 4 points

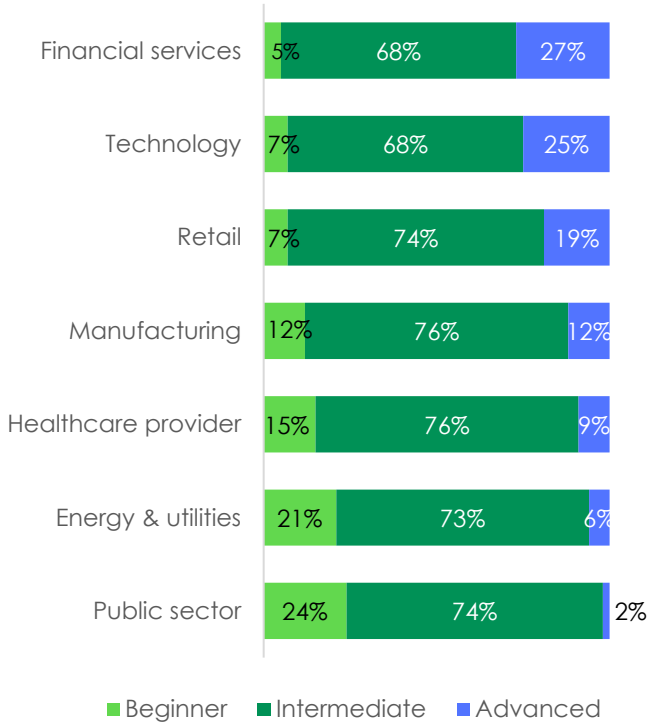
For each respondent, we created a score for each of the three areas of transformation. We then calculated an overall maturity score for each respondent by taking the sum of the scores for each area. We then grouped each respondent into one of three maturity categories. Those in the bottom 25th percentile of scores were classified as beginners, those in the top 25th percentile were categorized as advanced, and those in between as intermediates. In this report, respondents in advanced organizations are referred to as "HR innovators."

Based on this framework, 14% of respondents hailed from organizations classified as advanced, 73% from intermediates, and 14% from beginners.

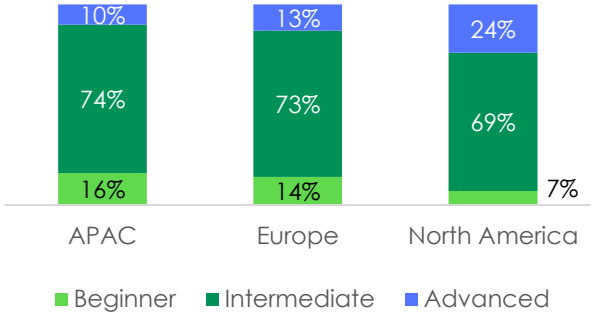


Digital maturity classifications

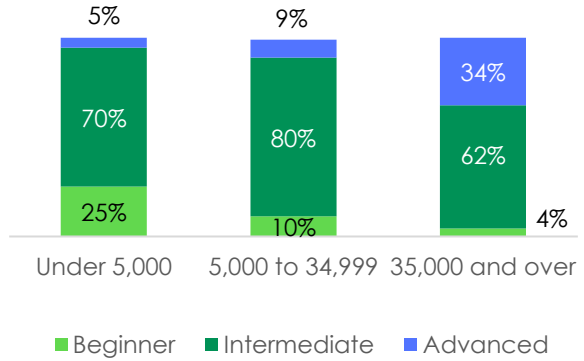
By sector



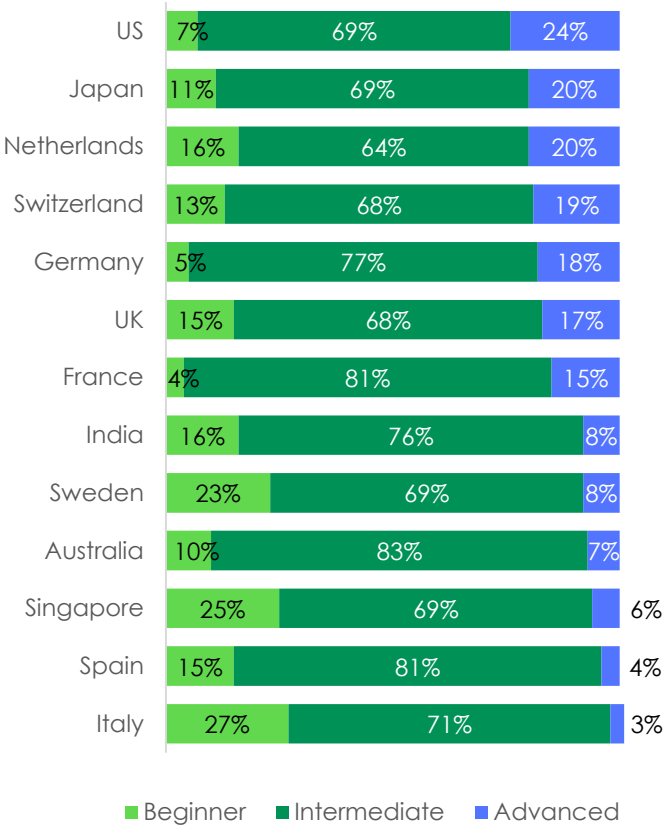
By region



By employee size



By country



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