

# HR.com's State of Today's HR Technology and Integrations 2025



Harness new technologies  
to drive HR innovation

MARCH 2025



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# Executive Summary

## About the Survey

HR.com's "State of Today's HR Technology and Integrations" survey ran between November 2024 and February 2025. We gathered responses from 153 HR professionals in virtually every industry vertical. Respondents are from all over the world, with the majority from North America, especially the United States.

The participants represent a broad cross-section of employers by number of employees, ranging from small businesses with fewer than 50 employees to enterprises with 20,000+ employees. Over a third of the organizations have over 1000 employees.

This study also consolidates valuable insights on AI's role in HR, drawn from various research studies conducted over the past two years by HR.com.

If we had to give HR technology a performance review, it might read: "Promising progress, but still needs work to maximize impact."

Why the mixed results?

While many have advanced systems in place, only a few have expert-level HR technology systems. This research shows that, as a result of their HR technologies, 68% of organizations report increased HR productivity, 57% see better employee experiences, and 54% note gains in overall efficiency. Nonetheless, many struggle to align these tools with broader business goals.

Integration issues remain a significant roadblock. A striking 81% say poor integration limits their ability to meet HR goals. Many companies rely on multiple HR solutions, but without seamless connectivity, valuable insights get lost, and key objectives go unmet.

Despite these challenges, the future of HR technology looks promising. Organizations are doubling down on AI-driven solutions to automate tasks, enhance decision-making, and improve workforce management.

This study explores the current state and future of HR technology, offering insights into key trends, challenges, and opportunities. It also consolidates research on AI's impact on HR, showing how automation and data-driven decision-making are reshaping the field.

By providing a clear roadmap, this study helps HR professionals optimize technology investments, align them with business goals, and navigate the evolving HR tech landscape with confidence.

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

## Our Major Research Findings

### Major Finding 1

**Few organizations reach expert-level HR technology maturity, with most at moderate or advanced stages.**

- Only one in ten rate their HR technology stack at the expert stage of maturity.
- Most say their HR technology is at the “advanced” (26%) or “moderately developed” (38%) stage.
- Top capabilities included in the HR technology stack are:
  - ▶ payroll (79%)
  - ▶ recruitment/talent acquisition (74%)
- Top issues organizations are trying to address with HR technology are:
  - ▶ providing useful people data and analytics
  - ▶ enhancing employee experience
  - ▶ enhancing process automation

### Major Finding 2

**Lack of maturity can be due to a lack of HR technology alignment with business goals.**

- About half believe their organization’s HR technology supports key business goals and strategies well (29%) or extremely well (19%).
- About half also agree (33%) or strongly agree (15%) that their leadership has articulated a clear vision for the future of the organization’s HR technology.
- Under three-fifths say their HR technology systems are well-aligned with critical business objectives.

### Major Finding 3

**HR systems remain fragmented, limiting their effectiveness.**

- The majority of respondents (62%) report using between two to four paid HR solutions from different providers.
- However, only 39% say the various solutions are usefully integrated with one another.
- One-fifth find the integration to be poor (17%) or very poor (4%).
- Of those who indicate their solutions integrate poorly, 81% believe this lack of integration keeps the organization from attaining important HR goals.

## Major Finding 4

### HR technology investments are rising, driving efficiency and employee experience.

- Over the past two years, three-fifths of organizations have increased investment in HR technology.
- Over half believe HR technology solutions have measurably increased/improved:
  - ▶ HR efficiency/productivity (68%)
  - ▶ employee experience (57%)
  - ▶ organizational efficiency/productivity (54%)
- About seven in 10 respondents believe their organization's HR technology is good at supporting the needs of employees/stakeholders who work remotely (69%) and on-site (72%).

## Major Finding 5

### HR technology struggles with integration, funding, and actionable analytics.

- The biggest pain points in regard to HR technology are:
  - ▶ lack of integrations within/between systems
  - ▶ inadequate budget
  - ▶ difficulty getting accurate and useful data/information out
- Further, under half say HR technology produces analytics that are actionable (33%) and accurate (42%) to a high extent.
- Half also say it is difficult or very difficult to substantially reconfigure the HR technology stack when needed.

## Major Finding 6

### HR technology investment is poised for growth, with a focus on AI integration, process optimization, and improving user experience.

- Over the next two years, 63% of organizations expect increased investment in HR technology, with 50% anticipating a slight increase and 13% expecting a significant rise.
- HR technology is expected to evolve, with organizations focusing on:
  - ▶ increasing employee self-service (54%)
  - ▶ improving user experience (50%)
  - ▶ incorporating AI (39%)
  - ▶ increasing data quality (38%)
- AI is anticipated to drive HR productivity (77%), automate tasks (71%), and improve analytics (57%).
- To optimize HR technology, organizations plan to focus on process optimization (47%) and better training for users (39%).

## Major Finding 7

**AI is transforming HR across multiple functions, driving efficiency, personalization, and data-driven decision-making, while raising concerns about job displacement and privacy.**

- AI is transforming recruitment by enhancing candidate experience, streamlining screening, and optimizing job descriptions, with nearly half of HR professionals seeing AI as critical to future talent acquisition.
- AI helps identify skill gaps and personalize training in retention and learning, though many organizations lack structured reskilling programs and effective learning solutions.
- AI automates administrative tasks and enhances decision-making in performance management, but many remain cautious about replacing human judgment in assessments.
- 80% of organizations plan to implement new AI initiatives in HR, and 60% are upskilling their people analytics teams, though uncertainty exists around AI's impact on engagement and productivity.
- AI improves compensation and pay equity by analyzing market trends and automating processes, but privacy concerns hinder adoption.
- AI's role in communication and collaboration lags, with two-thirds of organizations not using AI for employee communication or unaware of its presence.
- AI raises concerns about job displacement, with over a quarter of HR professionals predicting job reductions in the next three years, but many remain optimistic about its potential to enhance productivity.

### Defining the HR Technology Stack

Within the context of the survey, we provided survey respondents with the following definition:

**Human Resources technology** (aka, HR tech or HR tech stack) represents an organization's totality of technological solutions that HR uses to achieve its strategic goals, fulfill its various roles, and carry out its tasks in easier, better, and more efficient ways. Non-HR stakeholders (e.g., employees and contract labor) may also use portions of the HR technology stack to meet various needs, from self-service applications to learning and development (L&D).

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

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



# HR Technology Landscape: Maturity, Features, and Business Challenges

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

## Finding: Just 10% of organizations have expert-level HR technology stacks

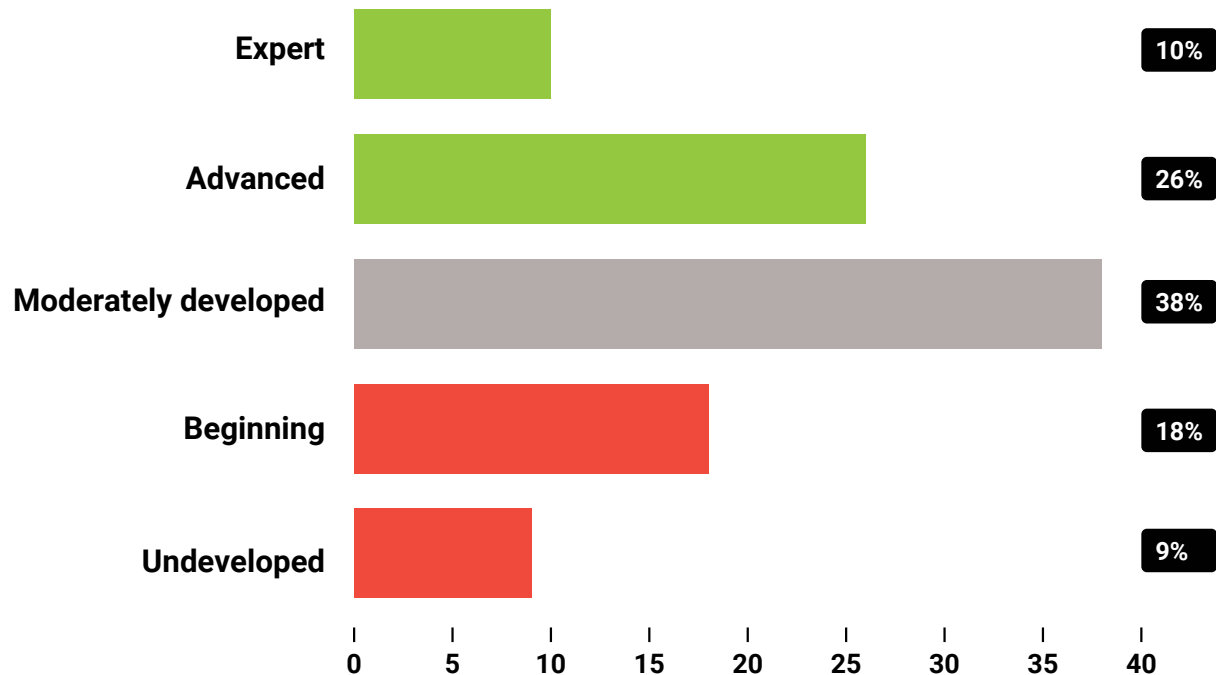
We asked HR professionals to rank their current HR technology setup on the five-stage HR technology stack maturity model developed by the HR Research Institute (described in the next page). Most respondents (38%) have a moderately developed HR technology stack, with multiple solutions but little integration or strategic alignment.

However, 26% have an advanced stack with some analytics and system integration, while only 10% use expert-level AI-driven technology that is aligned with business strategy. Meanwhile, 18% are in the beginning stage, and 9% rely on manual processes. These findings highlight the need for better integration and strategic use of HR technology.

### Difference by organization size

Large organizations have better developed HR technology systems. Over half of large organizations rate themselves at the advanced or expert level, compared to about a quarter of midsize and small organizations.

## How would you rate your HR technology stack?



Editor's note: Numbers do not add up to 100% due to rounding.

### HR Research Institute's HR Technology Stack Maturity Model

**Undeveloped:** Basic HR functions with manual processes, technology limited to record-keeping and payroll. Lacks integration and automation.

**Beginning:** Introduction of specialized HR applications for recruitment, onboarding, and basic employee management. Some data sharing starts, but full integration is missing.

**Moderately developed:** More solutions are available, but they are seldom integrated, often redundant in larger organizations, and not aligned with strategy, only administration.

**Advanced:** Comprehensive HR tools with modest descriptive analytics. Some alignment with business strategy and integration of HR functions with other business systems for strategic data use.

**Expert:** Cutting-edge, agile HR tech with proven AI applications. Emphasizes integration with non-HR systems, central to business strategy and driving innovation for a competitive edge.

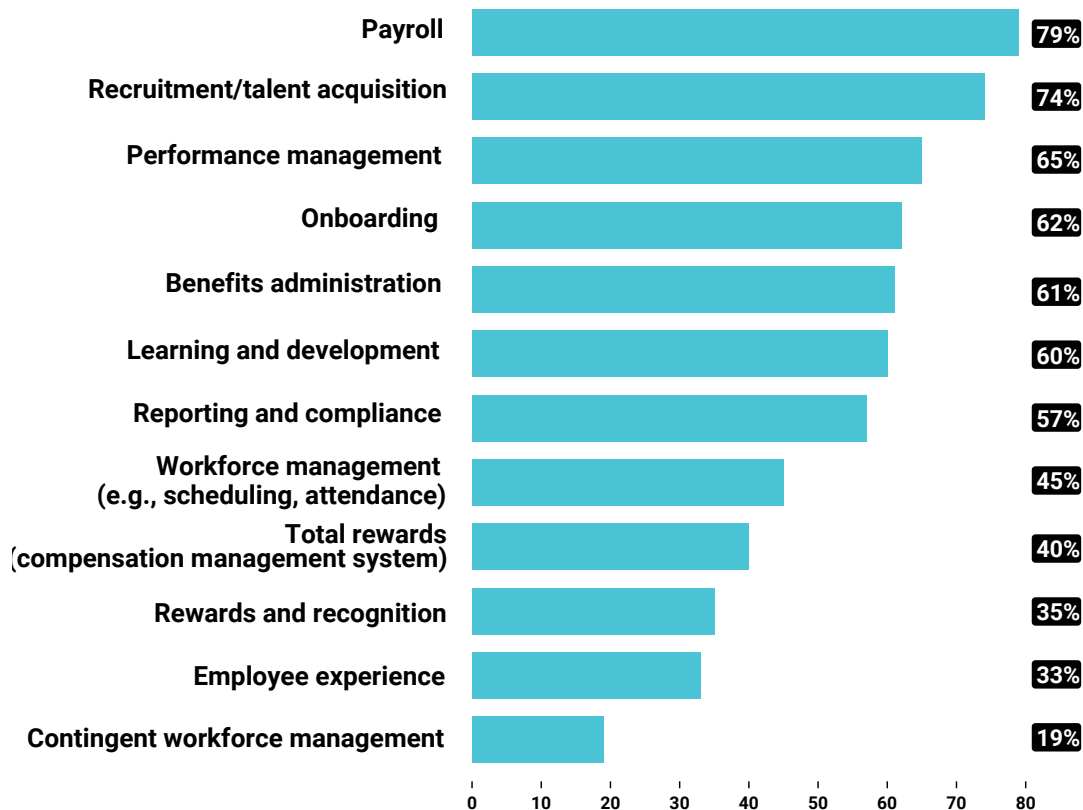




## Finding: Payroll and recruitment dominate HR technology capabilities, but engagement capabilities lack the same adoption rates

Most organizations include payroll (79%) and recruitment/talent acquisition (74%) in their HR technology stack, followed by performance management (65%), onboarding (62%), and benefits administration (61%). However, adoption drops for strategic and employee-centric capabilities. Only 45% use workforce management tools, 40% have total rewards systems, and even fewer integrate rewards and recognition (35%) or employee experience (33%). While most organizations prioritize core HR functions, investment in holistic solutions that enhance workforce management and engagement remains an opportunity.

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



**Only a third of organizations are currently using their HR technology stack to enhance the employee experience**



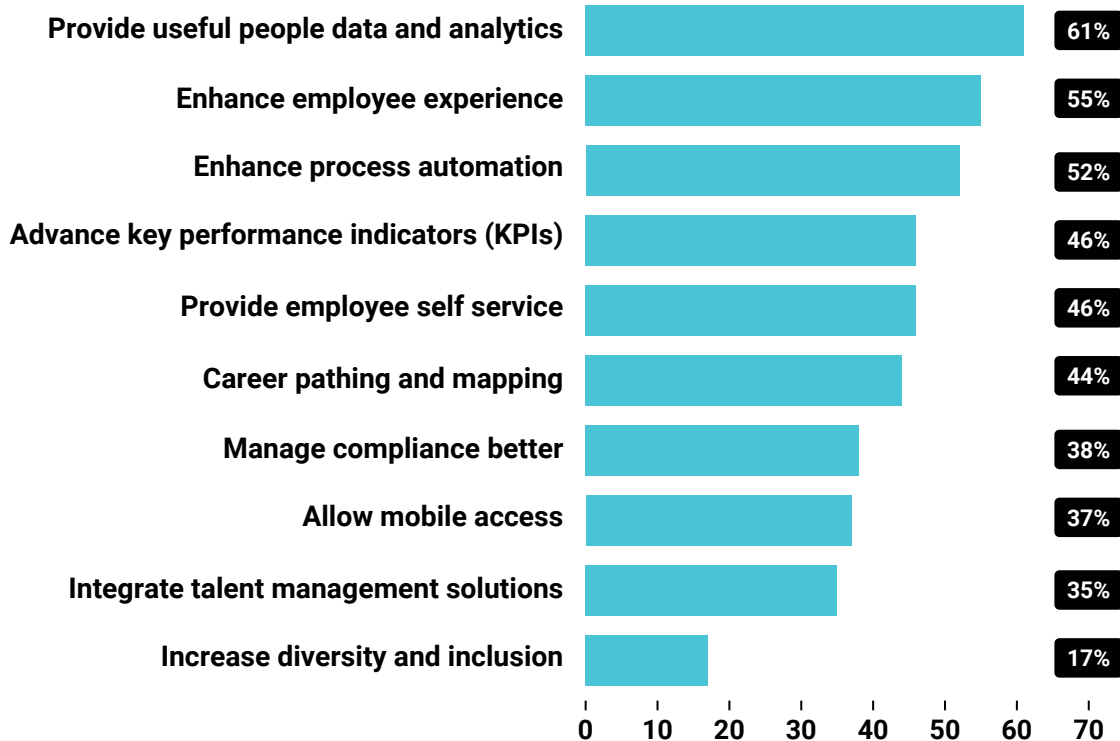
## Finding: Providing people data and analytics is the top HR technology priority

Respondents indicate that the highest priority for HR technology is providing useful people data and analytics (61%), followed by enhancing employee experience (55%), and process automation (52%). Career pathing, self-service options, and advancing KPIs also rank highly, reflecting a focus on employee development and performance. However, increasing diversity and inclusion is less emphasized, with only 17% prioritizing it, signaling a potential gap for HR professionals to address in their technology strategies.

It is also important to note that, while employee experience is a key focus area in HR technology, there is a gap in adoption. While only 33% of organizations include employee experience tools in their HR tech stack (see previous section), 55% aim to enhance employee experience, highlighting an opportunity to align technology capabilities with strategic priorities.



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



**Under a fifth of businesses are using their HR technology stack to increase diversity and inclusion**

### HRRI Strategic Recommendations

Based on our research, please consider these suggestions:

- **Integrate HR technology with business strategy.** HR professionals should focus on integrating systems for better data flow and alignment with organizational goals.
- **Expand adoption of employee-focused tools.** Invest in technologies for workforce management, rewards, and employee experience to create a more holistic HR tech stack.
- **Leverage people analytics for better decision-making.** Enhance analytics capabilities to improve employee performance tracking and strategic decision-making.
- **Improve employee experience through HR tech.** Focus on self-service options and performance management tools to boost employee engagement and satisfaction.
- **Look for automation opportunities.** Given AI agents are on the horizon, there may be more opportunities to automate administrative work in HR over the next two years.

# From Investment to Outcomes: Evaluating HR Technology's Effectiveness



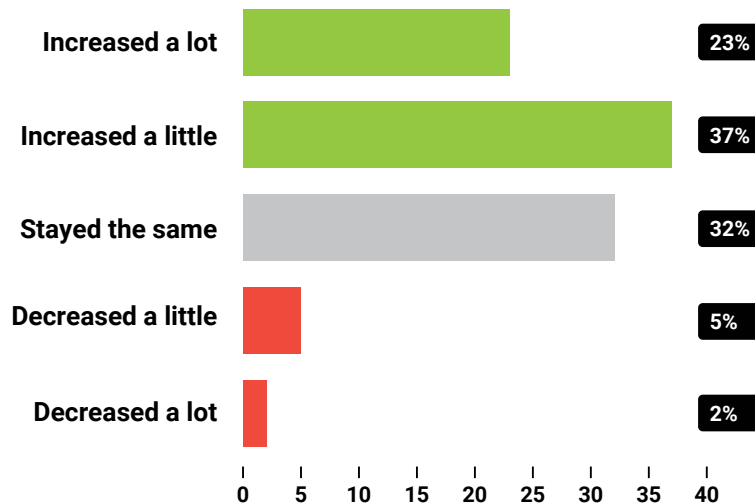
## Finding: HR technology investment has generally increased over the past two years

Respondents indicate that investment in HR technology has largely increased over the past two years. While only 2% report a significant decrease, and 5% note a slight decrease, 32% say investment has stayed the same. However, 37% of organizations have seen a slight increase, and 23% have experienced a substantial increase, highlighting a positive trend in the prioritization of HR technology.

### Difference by organization size

Seventy-one percent of large organizations have increased investments in HR technology over the past two years compared to 56% of midsize organizations and 36% of small organizations.

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



Editor's note: Those who responded "don't know" were removed from the data set. They comprised 5% of the total data set.



**Just 7% of organizations have cut spending on HR technology over the past two years**



## Finding: HR technology solutions are improving HR and organizational efficiency

Respondents indicate that HR technology paid solutions are having a positive impact on HR efficiency and productivity, with 52% agreeing and 16% strongly agreeing. The employee experience is also improving with 47% agreeing and 10% strongly agreeing. This may be a result of the gap identified earlier where HR tech capabilities may not be fully addressing employee experience needs.

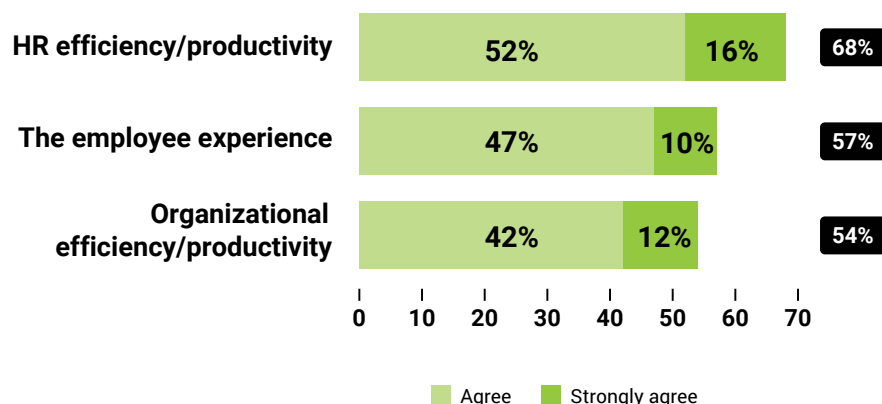
Additionally, 42% agree and 12% strongly agree that these solutions enhance organizational efficiency and productivity. While the data reflects positive outcomes, HR professionals may look for opportunities to further maximize the potential of HR technology to drive even greater improvements across these areas.



**"HR technology has become more agile, empowering HR subject matter experts (SMEs) to configure systems independently, rather than relying on an HRIS team. The growing prevalence of AI in HR technology is further enhancing its capabilities, enabling organizations to make data-driven decisions about their people."**

- Deb LaMere, CHRO, Datasite

### Your organization's HR technology paid solutions measurably increase/improve:

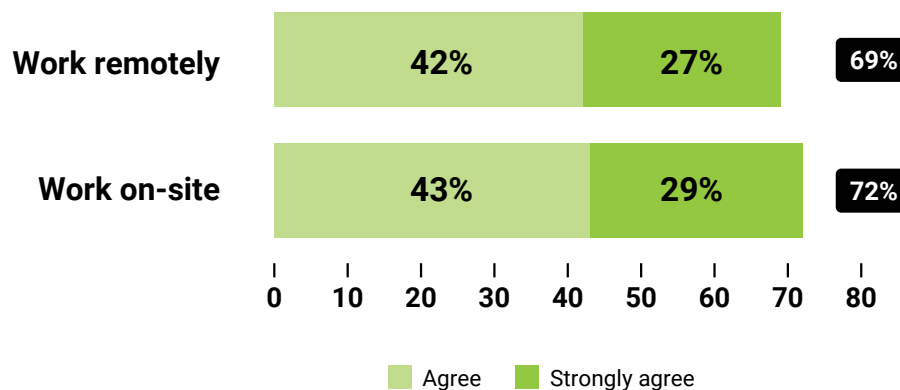




## Finding: HR technology supports both on-site and remote employee needs

Respondents indicate that HR technology is generally effective in supporting the needs of both on-site and remote employees. For on-site workers, 43% agree and 29% strongly agree that the technology meets their needs. Similarly, for remote workers, 42% agree and 27% strongly agree. While the technology is helping support both groups, the data suggests there may be further opportunities to enhance how HR systems cater to remote employees, ensuring they receive the same level of support as on-site staff.

### Your organization's HR technology is good at supporting the needs of employees and other stakeholders who:



### HRRI Strategic Recommendations

Based on our research, please consider these suggestions:

- **Continue increasing investment in HR technology.** With a positive trend in HR tech investment, HR professionals should continue prioritizing and expanding their HR technology spending to further enhance organizational efficiency.
- **Maximize HR tech's impact on efficiency.** Considering HR technology's impact on efficiency, HR leaders should explore additional ways to optimize technology for even greater productivity gains across HR and organizational functions.
- **Enhance employee experience through HR tech.** To increase HR technology's positive impact on the employee experience, HR professionals should focus on further enhancing these tools to boost engagement and satisfaction.
- **Strengthen support for remote employees.** While HR technology supports both on-site and remote employees, more effort is needed to ensure remote workers receive the same level of support and resources as on-site staff.
- **Monitor ROI of HR technology investments.** Given the positive outcomes from increased HR tech investment, HR leaders should continuously assess the return on investment to ensure these tools are driving desired improvements.

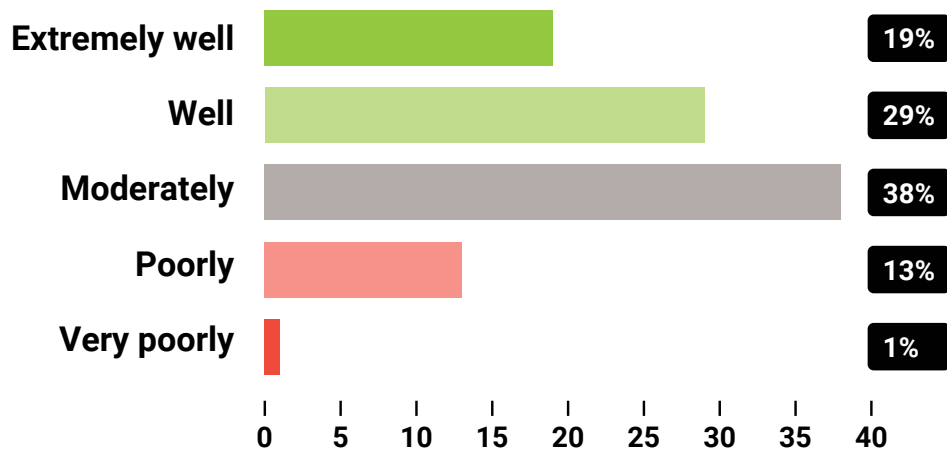
# From Vision to Execution: The Strategic Impact of HR Technology



## Finding: HR technology's support for key business goals and strategies shows room for improvement

Respondents report that HR technology support for key business goals and strategies is mixed. While 14% say it supports their goals poorly or very poorly, 38% indicate moderate support, and 29% believe it supports their goals well. Additionally, 19% feel their HR technology supports business objectives extremely well. This suggests room for improvement in ensuring that HR technology is more closely integrated with organizational strategies.

**How well does your HR technology support your organization's key business goals and strategies?**



**Almost half feel their technology stack supports organizational key business goals and strategies well or extremely well**





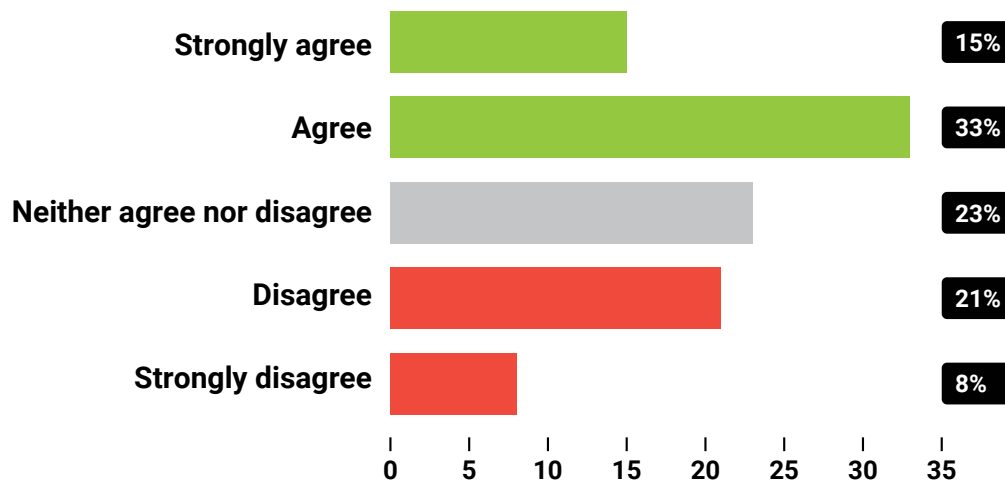
## Finding: Clarity of leadership's vision for HR technology is mixed

Responses show a varied perspective on the clarity of leadership's vision for HR technology. While 33% agree and 15% strongly agree that leadership has articulated a clear vision, 8% strongly disagree and 21% disagree, indicating that many feel the vision is unclear. Additionally, 23% remain neutral. This highlights the need for leaders to better communicate and align the organization's future HR technology strategy to ensure greater understanding and support across the team.

### Difference by organization size

About three-fifths of respondents from large organizations say their leadership has articulated a clear vision for the future of their organization's HR technology compared to 40% from midsize and 36% from small organizations.

### Your leadership has articulated a clear vision for the future of your organization's HR technology.



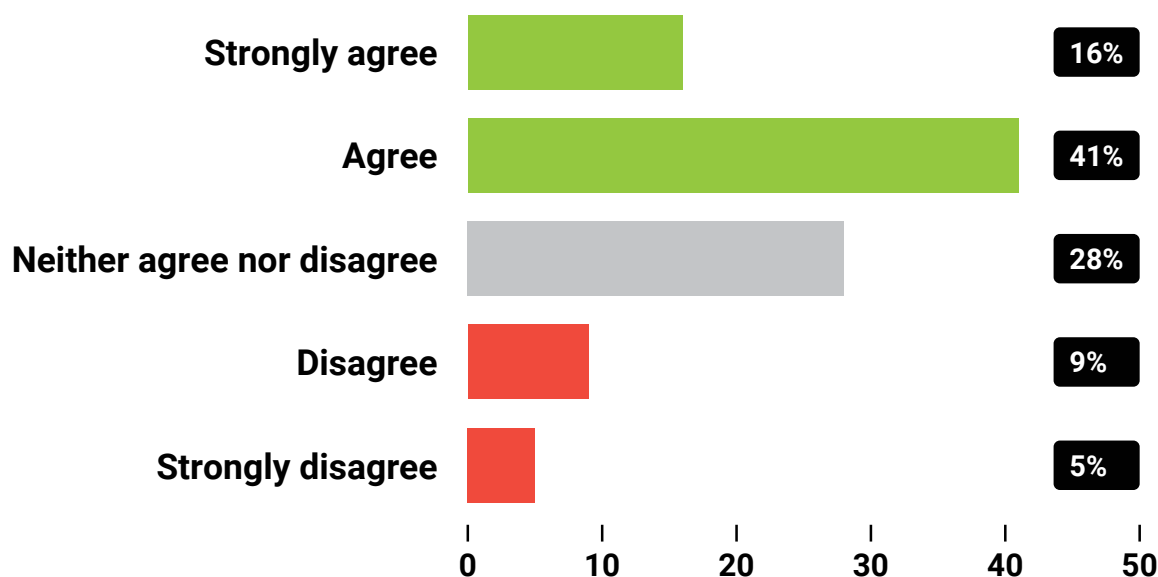
Editor's note: those who responded "don't know" were removed from the data set. They comprised 3% of the total data set.



## Finding: Alignment of HR technology with business objectives shows room for improvement

While almost three-fifths of respondents agree (41%) or strongly agree (16%) that HR technology systems are well-aligned with critical business objectives, 5% strongly disagree and 9% disagree. Additionally, 28% remain neutral, indicating that alignment is not fully clear or consistent across all organizations. This may be due to the lack of a clear vision in over half of organizations (as discussed above). This suggests that HR technology may not always be optimally integrated with business goals, presenting an opportunity for HR leaders to better align systems with organizational priorities to drive more effective outcomes.

**Your organization implements HR technology systems that are well-aligned with critical business objectives.**



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



**Over half (57%) say their HR technology systems are well-aligned with critical business objectives**

## HRRI Strategic Recommendations

Based on our research, please consider these suggestions:

- **Improve integration of HR technology with business goals.** To enhance outcomes, HR professionals should focus on aligning HR tech more closely with organizational strategies, ensuring it better supports key business objectives.
- **Clarify leadership's vision for HR technology.** HR leaders need to communicate a clear, unified vision for the organization's HR technology strategy to ensure alignment and support across all levels of the business.
- **Address gaps in HR tech strategy understanding.** Ensure that leadership and all employees have a clear understanding of how HR technology supports business goals by improving communication and strategy alignment.



# From Fragmentation to Synergy: Assessing HR Technology Integration



## Finding: Most organizations use two to four paid HR solutions

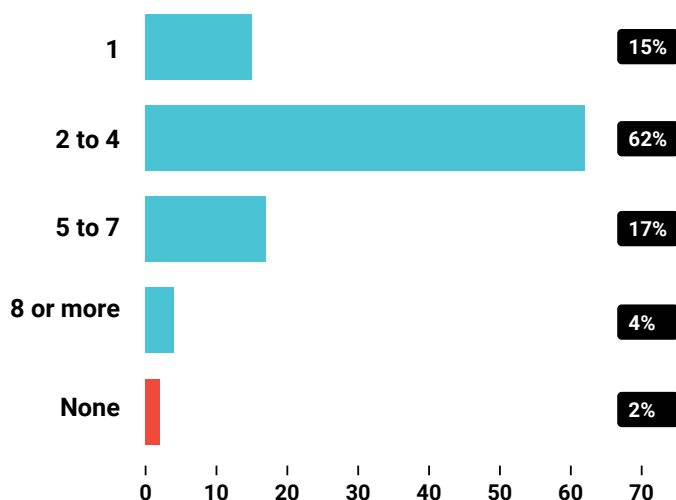
The majority of respondents (62%) report using between two to four paid HR solutions from different providers. A smaller percentage, 17%, use five to seven solutions, while 4% utilize eight or more. Only 15% of organizations rely on a single HR solution, and 2% report having no paid HR solutions at all. This suggests a trend towards a multi-solution approach, with organizations seeking a variety of tools to meet their HR needs.



**"We seem to be back in the cycle of 'Best in Breed' ecosystem/stacks instead of searching for an all-in-one tool."**

- Katrina Paglierani, SMB Profit & Growth Consultant, SMBROI

**How many paid HR solutions from different providers are included in your organization's HR tech stack?** (Note: For example, an HRIS with multiple modules purchased from a single provider would count as 1 solution, but an ATS and LMS from different provider)



Editor's note: those who responded "don't know" were removed from the data set. They comprised 8% of the total data set.



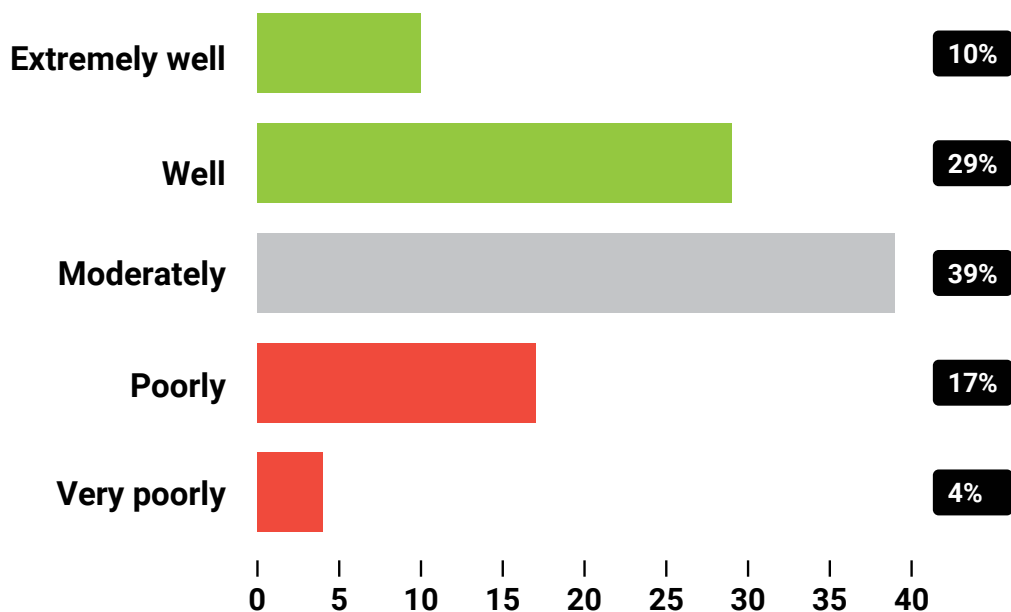
**Just 15% of organizations use a single HR platform**



## Finding: HR technology integration shows moderate effectiveness with just 10% saying their solutions are extremely well integrated with one another

Respondents report varying levels of integration between their HR technology solutions. About a fifth say their organization has integrated HR technologies poorly or very poorly, and 39% say integration has only gone moderately well. A further 29% report good integration, and 10% say it integrates extremely well. This suggests that while integration is generally functional, there is significant room for improvement in ensuring seamless connectivity across HR solutions.

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



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



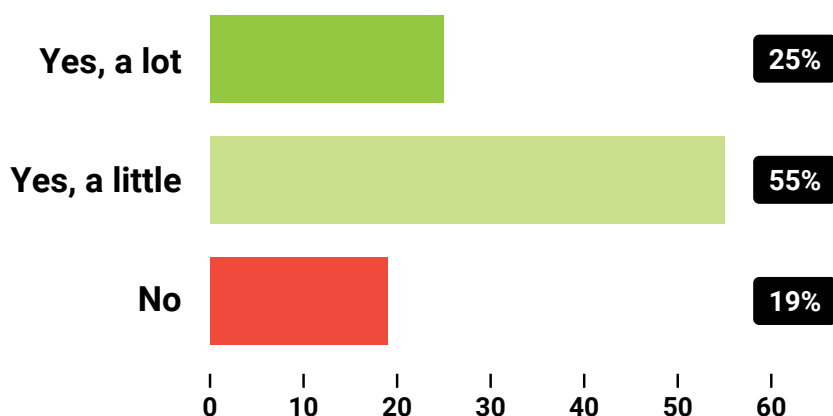
**Almost a fifth of HR technology stacks are poorly or very poorly integrated**



## Finding: Lack of HR technology integration is a challenge for achieving HR goals

Respondents who report issues with integration also indicate that the lack of useful integration in HR components is a notable barrier to attaining important HR goals. While 56% feel it hinders progress to a small extent, 25% report it as a significant obstacle. Only 19% believe it does not affect their ability to achieve HR goals. This suggests that improving integration could enhance the effectiveness of HR strategies and help organizations meet their objectives more efficiently.

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



Editor's note: those who responded "don't know" were removed from the data set. They comprised 14% of the total data set.

### HRRI Strategic Recommendations

Based on our research, please consider these suggestions:

- **Address integration challenges to achieve HR goals.** Given the barriers posed by poor integration, organizations should focus on addressing integration gaps to ensure smoother workflows and more effective achievement of HR objectives.
- **Optimize multi-solution strategies.** While using multiple HR solutions, organizations should evaluate the effectiveness of each and ensure they are working together cohesively, avoiding redundancies or inefficiencies.
- **Invest in technology that enhances integration.** Organizations should explore solutions that offer strong integration capabilities, enabling HR teams to leverage data and processes across different systems for greater impact.

# HR Technology Challenges: Analytics, Flexibility, and Unmet Needs

## Finding: Accuracy and actionability of people analytics need significant improvement

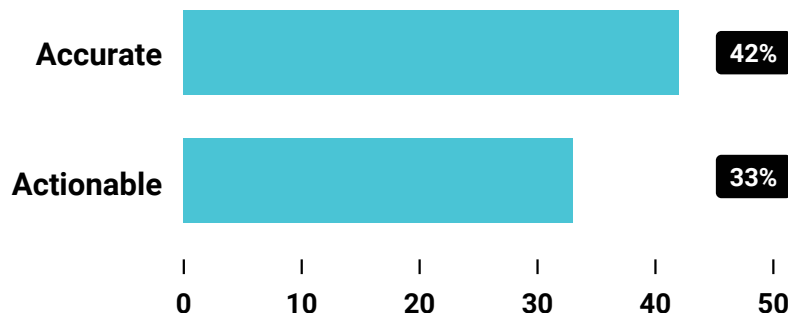
With only 42% of respondents finding their HR technology's people analytics accurate to a high or very high degree, the survey reveals a concerning gap in data reliability. This level of accuracy may not be sufficient for organizations to confidently use analytics in decision-making. Additionally, just 33% report that the analytics are actionable to a high or very high degree, suggesting that even while the data may be reliable, it may not be effectively translated into strategic insights or decisions. Together, these findings point to a critical opportunity for HR professionals to invest in improving both the accuracy and actionability of their analytics. Enhancing these areas will enable organizations to make more informed, data-driven decisions and to better align their HR strategies with business goals.



**“Better data improves decision-making, allowing organizations to redeploy internal talent instead of hiring externally. Analytics can help optimize teams by assessing skills, tenure, and potential.”**

- Brent Colescott, Vice President, Learning and Development, WorkForce Software

**To what degree does your HR technology produce people analytics that are:**  
(Percent responding high or very high degree)



Editor's note: those who responded "don't know" were removed from the data set. They comprised 11% of the total data set.

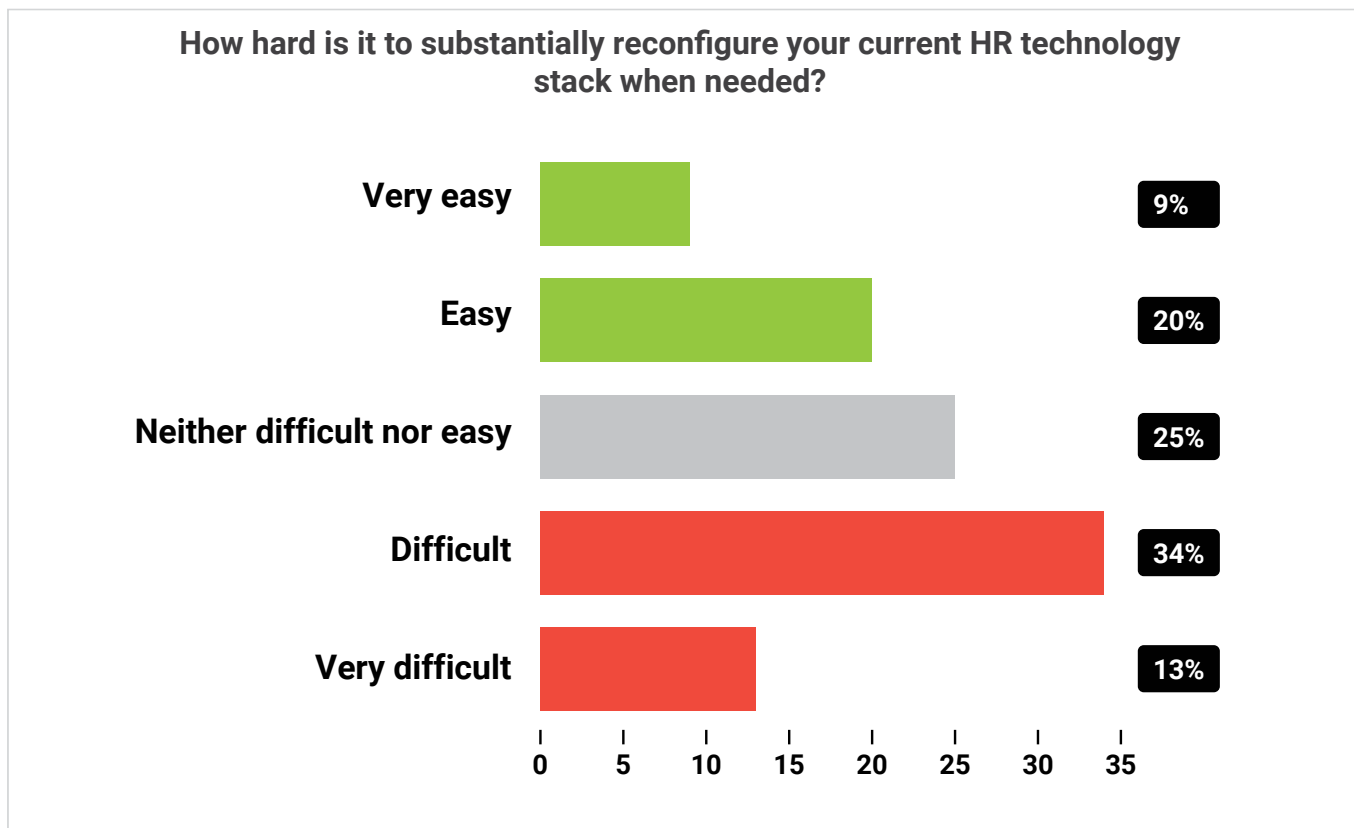




## Finding: Reconfiguring current HR technology stacks is a challenge for many organizations

A considerable portion of respondents, 34%, find it difficult to substantially reconfigure their current HR technology stack, with a further 13% stating it is very difficult. While 25% find it neither difficult nor easy, only 20% say reconfiguration is easy, and 9% find it very easy.

This highlights a key challenge for organizations: flexibility and adaptability of HR technology may be limited, making it harder to respond quickly to changing business needs. HR leaders may need to prioritize systems that offer greater scalability and ease of reconfiguration to stay agile in a dynamic business environment.



Editor's note: those who responded "don't know" were removed from the data set. They comprised 5% of the total data set.



## Finding: Lack of integration and data challenges are the biggest pain points in HR technology

The most common challenge reported is a lack of integration within and between systems, cited by 46% of respondents. Other challenges include inadequate budgets (33%), difficulty extracting accurate and useful data (32%), and a lack of customization (31%). Deb LaMere, CHRO at Datasite, has also emphasized the importance of resource constraints when it comes to investing in HR technologies, noting that “budget” and “resources” remain the leading obstacles organizations face when implementing or upgrading HR technology.



**“Resistance to change presents a significant challenge in AI adoption, often exceeding initial expectations. Employees may be reluctant to adopt new technology if they perceive it as inconvenient, time-consuming, or difficult to learn, creating hidden barriers to implementation. Addressing change management early in the process is crucial, as overcoming these adoption challenges is a prerequisite for successful integration.”**

- Mark Knowlton, CEO & Founder, TechScreen

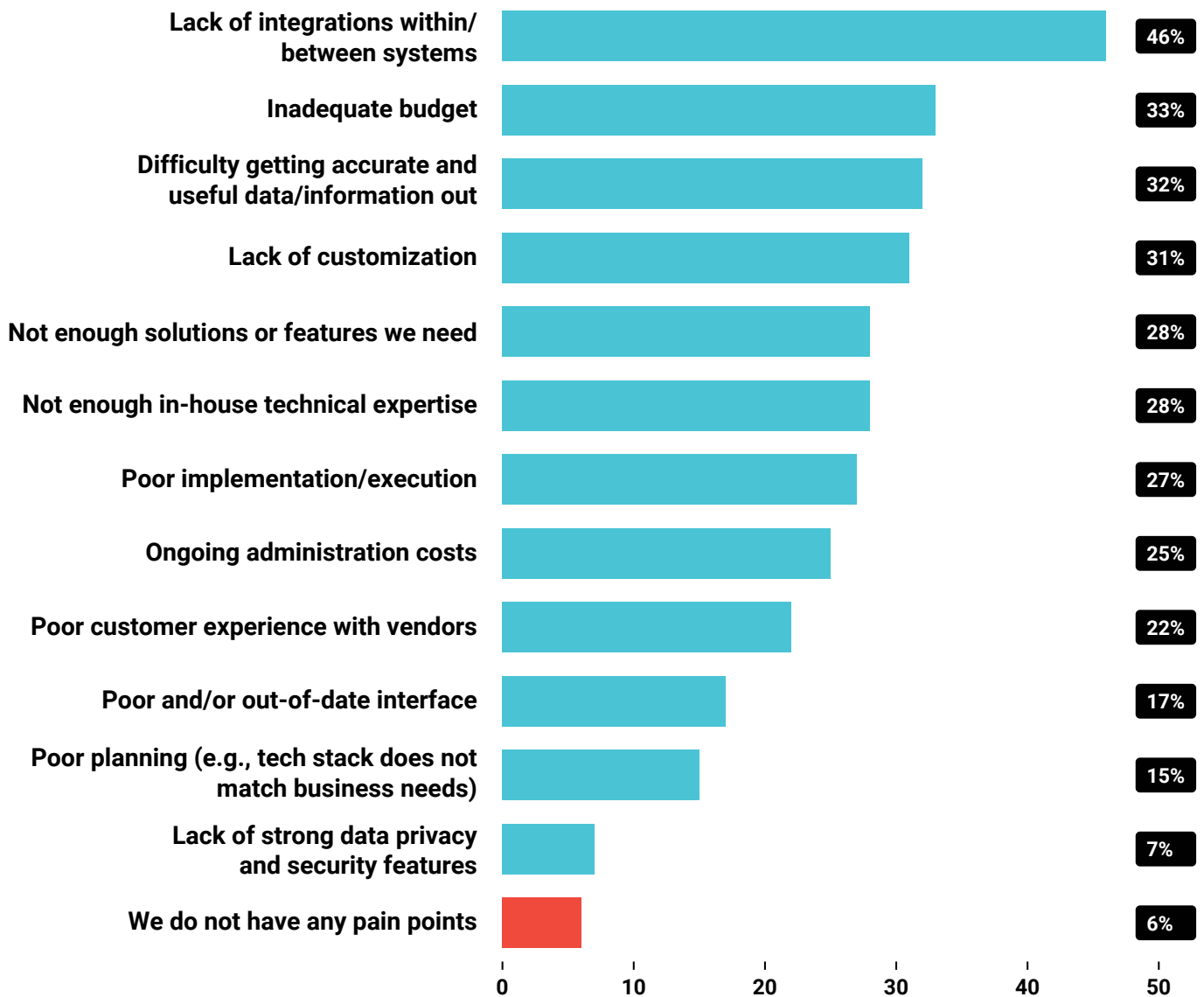
Not enough in-house technical expertise and insufficient solutions or features also impact organizations, both at 28%. Poor implementation and ongoing administration costs further complicate HR technology usage, affecting 27% and 25% of respondents respectively. While a smaller percentage reports issues with poor vendor customer experience (22%) or outdated interfaces (17%), it's clear that addressing integration, data accuracy, and customization is key for improving HR technology's effectiveness.



**“Having participated in a large-scale migration of an HRM solution, the biggest issues we faced were related to data migration and quality, user adoption, and change management.”**

- Tara Phelps, CEO/Founder, AI Advisors Network

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



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



**Just 6% said they did not have any pain points**



## Finding: Key missing features in HR technology are related to succession management and people analytics

Respondents who said that one of the pain points in their HR technology is the lack of enough solutions or features were then asked to elaborate on what features they desired. The most sought-after HR technology features include succession management (68%) and people analytics (65%), indicating a strong need for tools that support talent planning and data-driven decision-making.

Engagement (56%) and onboarding (53%) are also highly prioritized, suggesting a focus on improving employee experience from hiring through long-term retention. Skills assessment (53%) and performance management (47%) are also critical for organizations seeking to develop and evaluate their workforce. Other notable needs include compensation management (47%) and learning and development (41%). These findings suggest that organizations are looking for more comprehensive HR technology solutions to cover a broader range of HR needs.



**"The debate between best-of-breed versus full-suite HR solutions has always involved trade-offs: integration challenges versus sacrificing functionality. However, major companies are increasingly acquiring others to fill gaps and provide comprehensive, turnkey HR solutions, including services and support."**

- Brent Colescott, Vice President, Learning and Development, WorkForce Software

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



Two-fifths say their HR tech needs L&D solutions/features

## HRRI Strategic Recommendations

Based on our research, please consider these suggestions:

- **Improve the accuracy and actionability of people analytics.** HR professionals should invest in refining people analytics to ensure data accuracy and actionable insights, enabling more effective decision-making aligned with organizational goals.
- **Enhance system integration.** Address the common pain point of poor integration by focusing on solutions that ensure smooth connectivity between HR systems, enabling data flow and better strategic alignment.
- **Prioritize scalable and flexible HR technology.** Given the difficulty of reconfiguring HR technology stacks, organizations should seek systems that offer flexibility and scalability to quickly adapt to changing business needs.
- **Address key HR technology feature gaps.** Organizations should focus on implementing HR technology solutions that support succession management and people analytics, ensuring tools are available for talent planning and data-driven decisions.
- **Focus on customizing HR technology.** To tackle the pain points related to customization, HR leaders should invest in solutions that offer tailored configurations to meet specific business needs and enhance usability.

# Planning Ahead: HR Technology Investments, Advancements, and AI's Role



## Finding: HR technology investment is expected to increase over the next two years

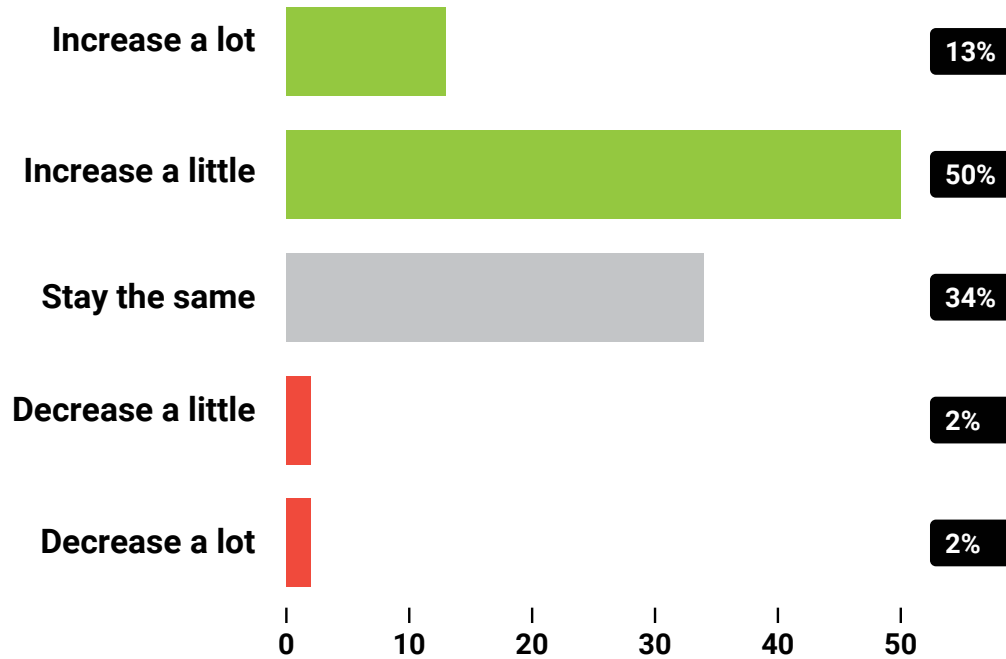
Respondents indicate a strong trend towards increased investment in HR technology, with 50% expecting a slight increase and 13% anticipating a significant increase. Only 2% foresee a decrease, and 34% expect investment to remain the same. This suggests that organizations are prioritizing HR technology and preparing to expand their investments to meet evolving needs in the near future.

However, this increase in investment needs to be backed by ROI. Both Brent Colescott, Vice President of Learning and Development at WorkForce Software, and Katrina Paglierani, SMB Profit & Growth Consultant at SMBROI, reiterate the importance of ROI when organizations make technology investment decisions. Considering the poor alignment of HR tech with strategic business goals, it is essential to consider how such investments advance organizational goals when deciding what technologies to invest in.

### Difference by organization size

When it comes to organization size, 63% of large organizations say they will increase investment in HR technology over the next two years compared to 53% of midsize and 45% of small organizations.

Over the next two years, how will investment in your organization's HR technology change?



Editor's note: those who responded "don't know" were removed from the data set. They comprised 13% of the total data set.





## Finding: Organizations expect HR technology to evolve with a focus on user experience and AI integration

The majority of respondents (54%) anticipate an increase in employee self-service capabilities, while 50% expect improvements in employee user experience. Additionally, 39% foresee the incorporation of more artificial intelligence (AI), and 38% expect higher quality data. Other key expectations include adding more solutions/components (34%) and adopting advanced analytics for better decision-making (34%).

It is important to note that while a large majority lament the poor integration of HR technologies, only a third say improving integration abilities (32%) is in their future, highlighting a key area of improvement. While 13% do not expect HR technology to evolve, most organizations are preparing for substantial upgrades, especially in enhancing accessibility, mobility, and automation.



**Develop strategies and technology for smooth data migration. Plan for data retention and warehouse options instead of moving all records at once, which can be time-consuming and resource-draining, especially if data quality is poor. Establish a clear HR data strategy—either clean and organize existing data or start fresh. Don't let outdated data hold back progress."**

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- Brent Colescott, Vice President, Learning and Development, WorkForce Software

**Over the next two years, how do you expect your organization's HR technology to evolve?**  
(select all that apply) (Note: This could be pre-purchase or post-purchase.)

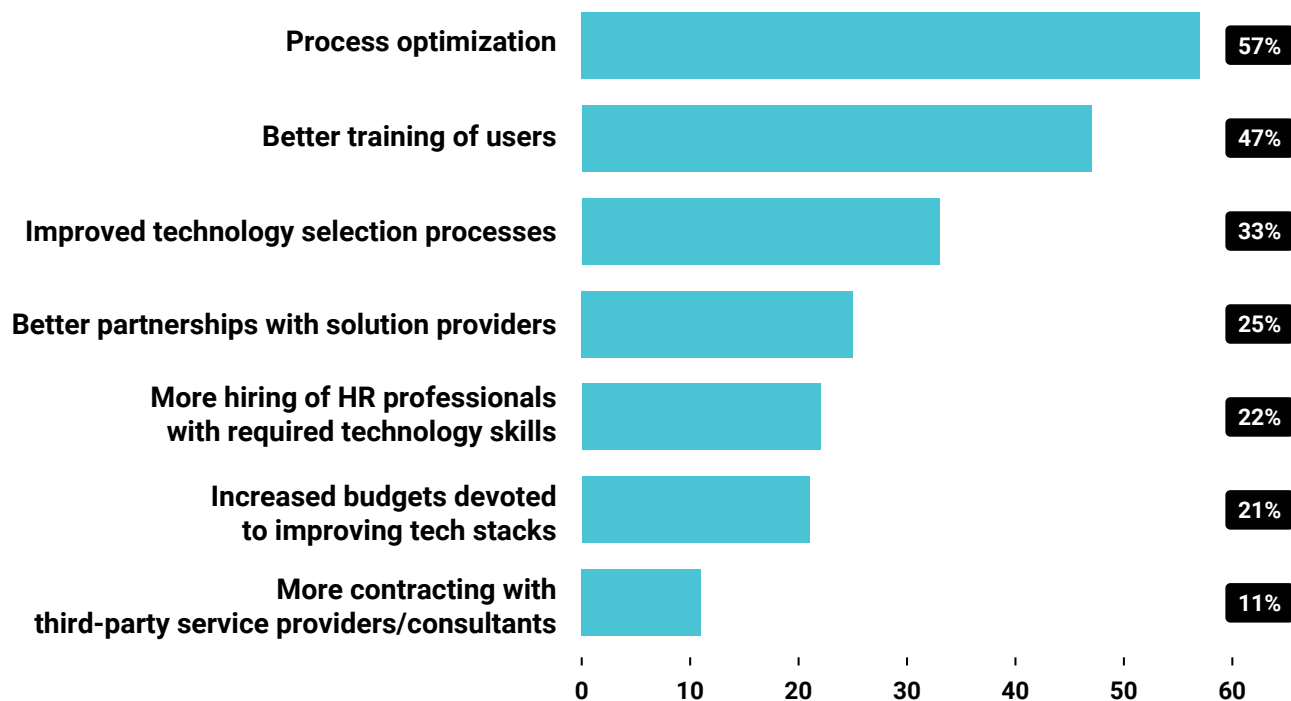




## Finding: Non-technological methods to enhance HR technology focus on process optimization and training

Over the coming years, organizations are likely to prioritize process optimization (57%) and better training for users (47%) to improve HR technology. Additionally, 33% plan to enhance their technology selection processes, while 25% will focus on building better partnerships with solution providers. A smaller percentage (22%) will invest in hiring HR professionals with the necessary technology skills, and 21% will increase budgets dedicated to improving technology stacks. Other methods such as contracting third-party service providers (11%) are less commonly considered, suggesting a preference for internal process and skill development.

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



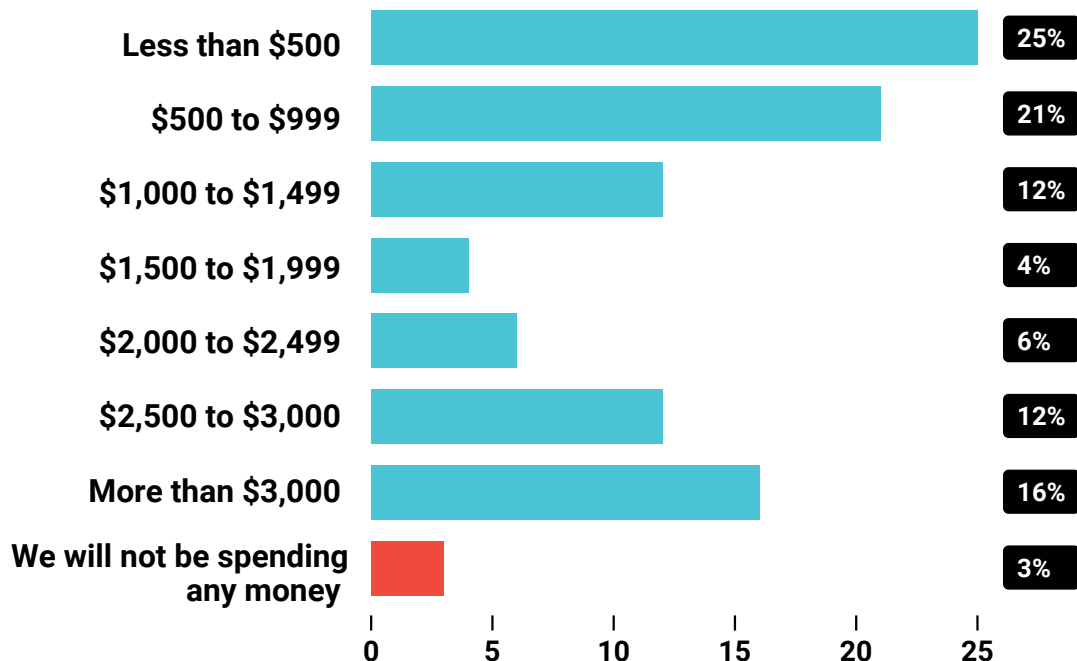
Editor's note: those who responded "don't know" were removed from the data set. They comprised 17% of the total data set.



## Finding: Nearly half of organizations plan to spend under \$1,000 per employee on HR technology next year

Organizations plan a diverse range of spending on HR technology per employee in the upcoming year. A quarter expect to spend less than \$500, while 21% will allocate between \$500 and \$999. A smaller percentage, 12%, plan to spend between \$1,000 and \$1,499, and 12% anticipate a spend of \$2,500 to \$3,000. At the higher end, 16% expect to spend more than \$3,000 per employee, and 6% foresee spending between \$2,000 and \$2,499. However, 3% of organizations do not plan to spend anything on HR technology, highlighting a gap in investment among certain organizations.

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



Editor's note: those who responded "don't know" were removed from the data set. They comprised 49% of the total data set.

## HRRI Strategic Recommendations

Based on our research, please consider these suggestions:

- **Focus on improving user experience and self-service capabilities.** HR professionals should prioritize enhancing employee self-service and user experience features in HR technology, making systems more intuitive and accessible.
- **Leverage AI to boost productivity and analytics.** HR teams should integrate AI to automate HR tasks, improve people analytics, and streamline recruitment processes, enhancing decision-making and overall efficiency.
- **Invest in process optimization and training.** Focusing on process optimization and training initiatives will help HR teams maximize the value of their technology investments and ensure users are well-equipped to leverage new systems effectively.
- **Budget for HR technology strategically.** Given the varying levels of spending planned, HR leaders should consider the most cost-effective solutions that align with the organization's strategic goals, ensuring proper allocation across technology investments.

# AI: Transforming HR Technology and Workplace Efficiency



## Finding: AI incorporation will drive HR productivity, automation, and analytics improvements

Respondents overwhelmingly expect AI to enhance HR productivity (77%) and automate more HR tasks (71%).



**“AI represents the most transformative technological advancement since the introduction of the browser, reshaping how individuals perform and complete transactional tasks. Unlike the browser, AI’s adaptability allows it to read, interpret, analyze, and execute a wide range of activities, enabling customizable intelligence that enhances efficiency and productivity across various domains.”**

- Mark Knowlton, CEO & Founder, TechScreen

Additionally, 57% believe AI will improve people analytics and provide better employee self-service. AI is also seen as a tool for optimizing recruitment (49%) and personalizing learning and development (43%). Other anticipated benefits include better HR chatbots (41%), improved workforce planning (41%), and enhanced predictive capabilities, such as predicting turnover (31%). These insights suggest that AI will play a critical role in streamlining HR functions in the near future, but enhancing strategic decision-making may require more time and resources.



**“AI is great for analytics of any kind and allows automation of selection and matching of applicants and employees.”**

- Katrina Paglierani, SMB Profit & Growth Consultant, SMBROI

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





# The Impact of AI on HR: Trends, Challenges, and Opportunities

Artificial intelligence (AI) continues to reshape HR functions, influencing talent acquisition, retention, learning, performance management, and workforce analytics. As AI adoption accelerates, HR professionals must navigate both its opportunities and challenges, from efficiency gains to concerns about depersonalization and workforce disruption.

The following summarizes key AI-related findings from multiple research studies conducted by the HR Research Institute over the past year. It highlights trends, adoption patterns, challenges, and strategic considerations for AI in HR.

In some cases, we provide charts referred to in the summaries, but in other cases we provide details that are not in the accompanying charts. In all cases, however, we link back to the original report from which the data originally came.

“

**“While the initial novelty of AI is fading and skepticism is growing, AI is here to stay. Machine learning has been around for some time, and the current buzz is largely marketing-driven. IT departments and senior leaders must collaborate with legal and risk teams to use AI responsibly, ensuring it leverages algorithms while protecting intellectual property.”**

- Brent Colescott, Vice President, Learning and Development, WorkForce Software



## AI drives efficiency and personalization in talent acquisition

Recruiters increasingly leverage AI to streamline hiring. More than half of [surveyed HR professionals](#) identify personalization as a crucial AI capability. The most commonly [cited benefits](#) of AI in recruitment are its ability to enhance the candidate experience and enable efficient screening of applicants. Further, [AI-powered tools](#) assist in converting job descriptions into compelling job advertisements, optimizing outreach to potential candidates.

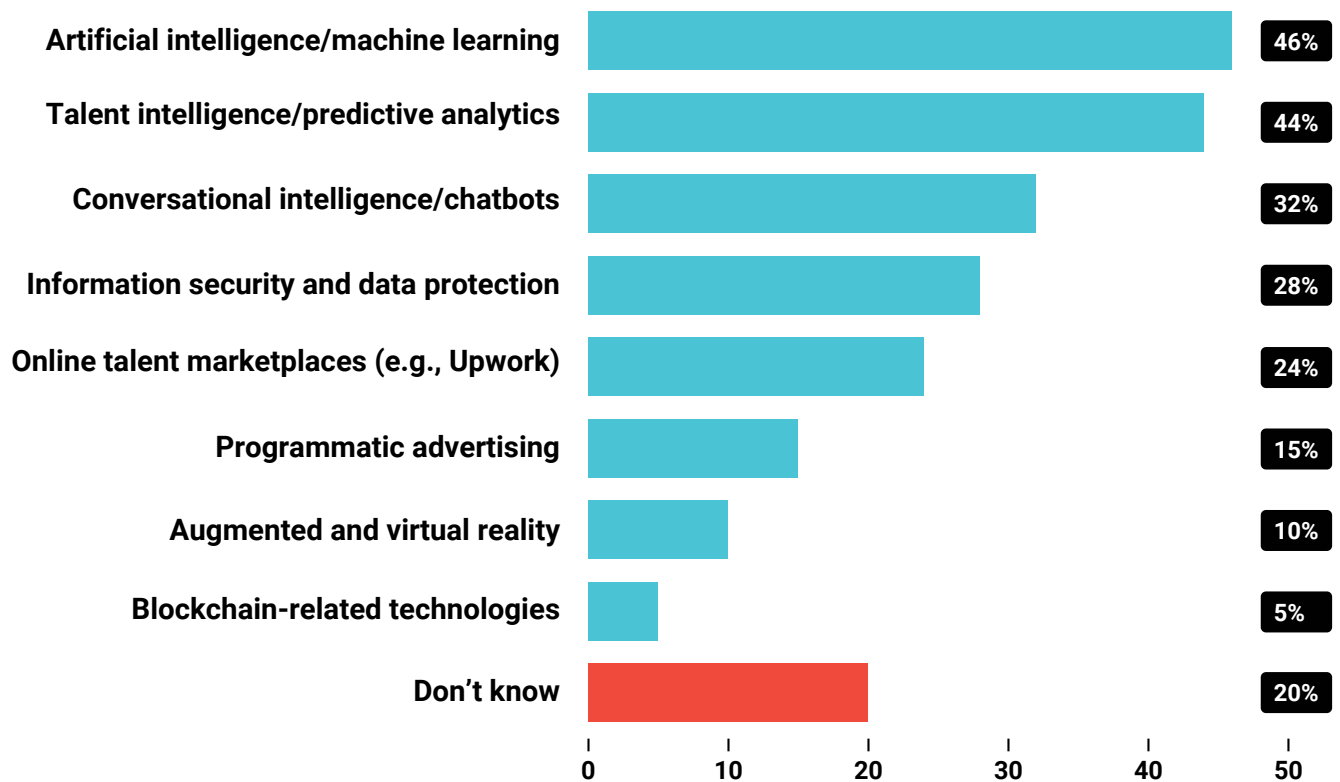
In [2024](#), AI adoption in talent acquisition had doubled compared to the previous year. About three-fifths of respondents report plans to use AI in [high-volume recruiting](#). Despite these advantages, concerns persist regarding the [depersonalization](#) of the hiring process. Many organizations also emphasize the need for [safeguards](#) in AI-driven decision-making. Nevertheless, nearly half of HR professionals believe that among all emerging technologies, [AI will play a critical role](#) in talent acquisition in the near future.



**“I see this as a tricky area. As DEI makes its exit, the risks of bias or even lack of bias due to AI could be an area that HR has to navigate if they use AI for talent processes or HR risk analysis. HR needs to emphasize the “Human” in Human Resources, otherwise AI can introduce some cold, calculated decisions that lack empathy.”**

- Brent Colescott, Vice President, Learning and Development, WorkForce Software

If you had to guess, which of the following emerging technologies do you think will be the most significant or impactful for your organization's talent acquisition capabilities over the next two years? (select all that apply)



Source: The Future of Talent Acquisition 2024



**46% believe AI will be most significant to their organization's talent acquisition capabilities in the near future**



## Retention and L&D: AI's role in employee engagement and development

HR professionals recognize AI's potential to improve retention strategies. Half of surveyed organizations [believe](#) AI can identify skill gaps and recommend targeted training to enhance employee engagement. Further, AI-driven learning platforms offer personalized development opportunities, which may contribute to higher retention rates.

However, [few organizations](#) have established structured reskilling programs in response to AI's growing influence. Internal online courses remain the preferred method for workforce upskilling. While a majority of [employees express interest](#) in developing their skills, organizations frequently fall short in delivering effective learning solutions.

### How can artificial intelligence (AI) be used to boost employee retention rates? (select all that apply)



Source: The State of Employee Retention 2024



**64% of organizations believe AI can be used to identify skill gaps and recommend training to help boost retention**



## Performance management: Automating processes and enhancing decision-making

AI is transforming [performance management](#) by automating administrative tasks and providing training recommendations. AI-powered analytics support succession planning and employee experience strategies, enabling HR teams to make data-driven decisions.



**“AI offers significant potential for automating time-consuming and repetitive tasks, but its implementation can introduce unintended consequences. One prominent example is the use of applicant tracking systems (ATS) in candidate selection. A critical concern is the lack of transparency in how these systems determine which applicants are filtered out during the initial screening.”**

— Mark Knowlton, CEO & Founder, TechScreen

Despite these advancements, organizations [remain cautious](#) about AI's ability to replace human judgment in performance assessments. Over a third of organizations say they will not use AI in performance management. Therefore, maintaining a balance between AI automation and human oversight remains a key consideration.



**“HR must adapt to changes in job processes, roles, and compliance. Digital literacy will be essential, and workforce planning will be key as technology expands. GenAI and related tools should enhance, not replace, the HR function.”**

— Tara Phelps, CEO/Founder, AI Advisors Network

**For what purposes will your organization use artificial intelligence (AI) in performance management over the next two years? (select all that apply)**



Source: The Future of Performance Management 2024



**Over a third of organizations will use AI in PM to automate administrative tasks and provide training recommendations**

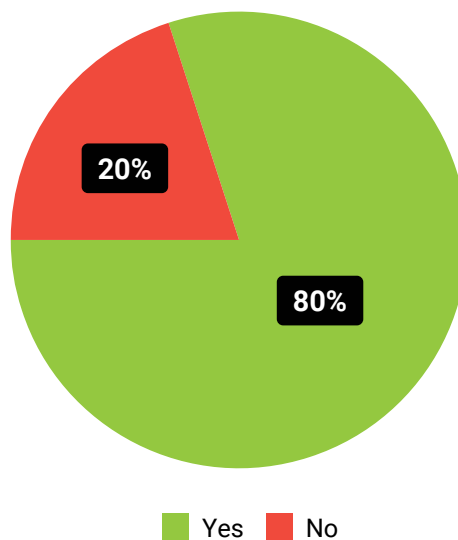


## HR analytics: Adoption and uncertainty

AI-driven analytics continue to gain traction in HR. [Eight in ten organizations](#) report plans to implement new AI initiatives, and [60%](#) report that their people analytics team will undergo training to actively refine their AI skills.

However, uncertainty persists. [More than one-fifth](#) of respondents are unsure how AI will impact engagement and productivity, and another third are unsure about its impact on [employee well-being](#). Meanwhile, half of HR professionals expect AI to play a role in [learning and development \(L&D\) personalization](#). Despite several advantages, [six in ten organizations](#) report not using AI for people analytics, indicating a gap in leveraging AI for workforce insights.

**Is your people analytics team planning new AI initiatives given the recent changes related to generative AI (e.g., large language models)?**



Source: The State of People Analytics 2023



**Eight in 10 organizations say their people analytics team is planning new AI initiatives**



## Compensation and total rewards: Opportunities and privacy concerns

AI's integration into compensation and total rewards programs offers [several advantages](#), including analyzing industry and market trends to offer competitive pay, automating manual processes for efficiency, and identifying pay disparities. AI is also expected to [impact pay equity and transparency](#) by enhancing pay audits and analytics. However, [data privacy concerns](#) remain a significant barrier to adoption, with two-thirds of respondents expressing apprehension. Nonetheless, [over half](#) of HR respondents believe the use of AI in recruitment will increase.

**In which of the following areas would the use of artificial intelligence (AI) most benefit the compensation and total rewards in your organization? (select all that apply)**



Source: The Future of Compensation and Total Rewards 2024

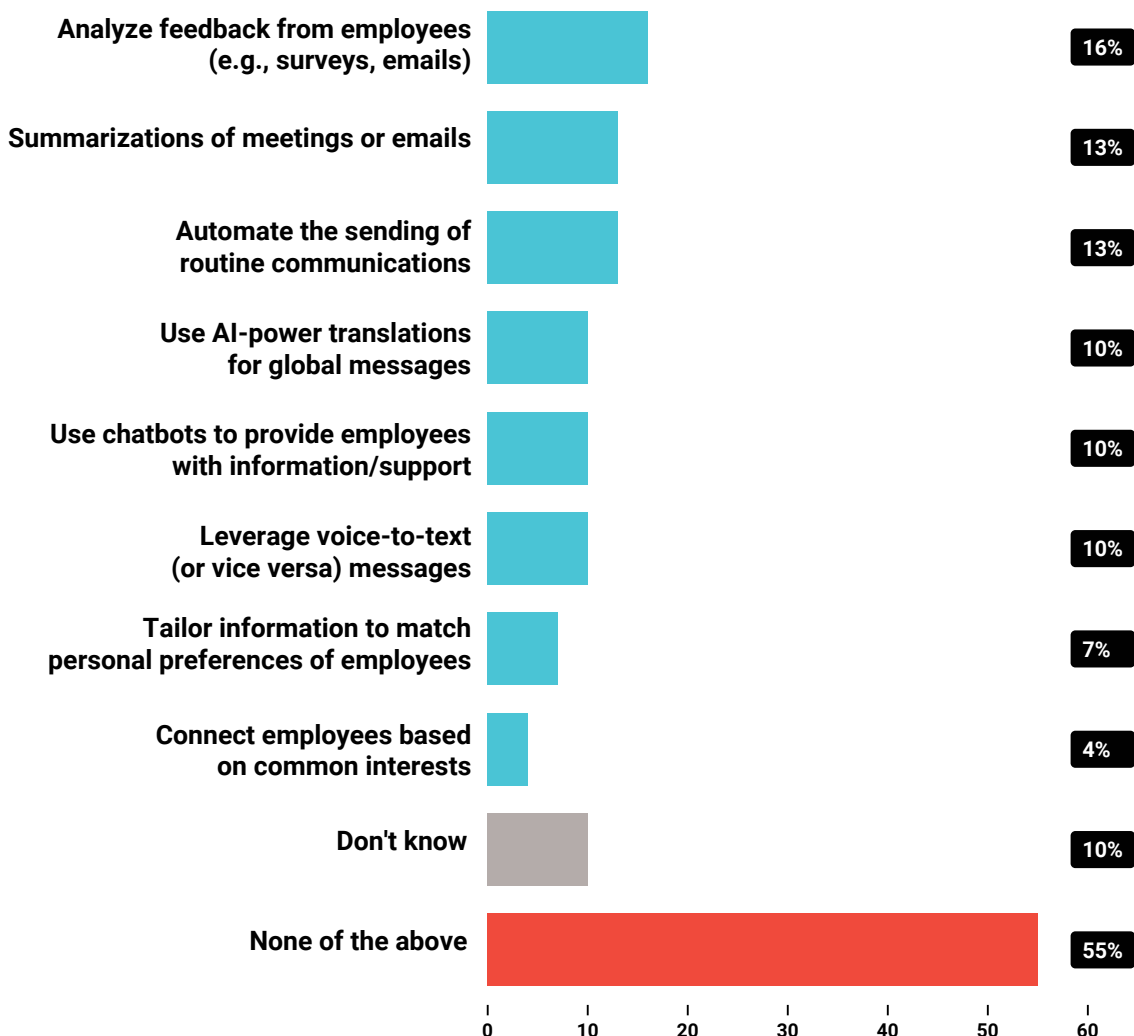




## Areas of resistance: Limited AI adoption in communication and collaboration

Despite AI's growing influence, some HR functions lag in adoption. [Nearly two-thirds](#) of organizations either do not use AI for employee communication or are unaware of its presence in their systems. AI's role in workplace collaboration [remains underdeveloped](#), with most organizations yet to integrate AI-driven tools into their workflows.

**How is artificial intelligence being used to enhance employee communication in your organization? (select all that apply)**



**How is artificial intelligence being used to enhance collaboration in your organization?  
(select all that apply)**





## Workforce impact: Job displacement and automation

AI's rapid advancement raises concerns about job displacement.

[More than a quarter](#) of HR professionals believe AI will reduce jobs in their organizations within the next three years. [Estimates](#) suggest AI could replace 300 million full-time jobs globally, with automation affecting 46% of administrative tasks, 44% of legal profession tasks, and 30% of back-office functions within five years.

Despite these concerns, HR professionals remain optimistic. Over half of HR professionals believe [automation](#) could enhance their work. Notably, 43% of professionals already use AI-powered tools like ChatGPT in their workplaces, often without employer awareness.<sup>1</sup> Further, HR professionals predict that more decisions at work will be [data based](#), and AI is expected to have a largely positive impact on the productivity of white-collared workers.<sup>2</sup>



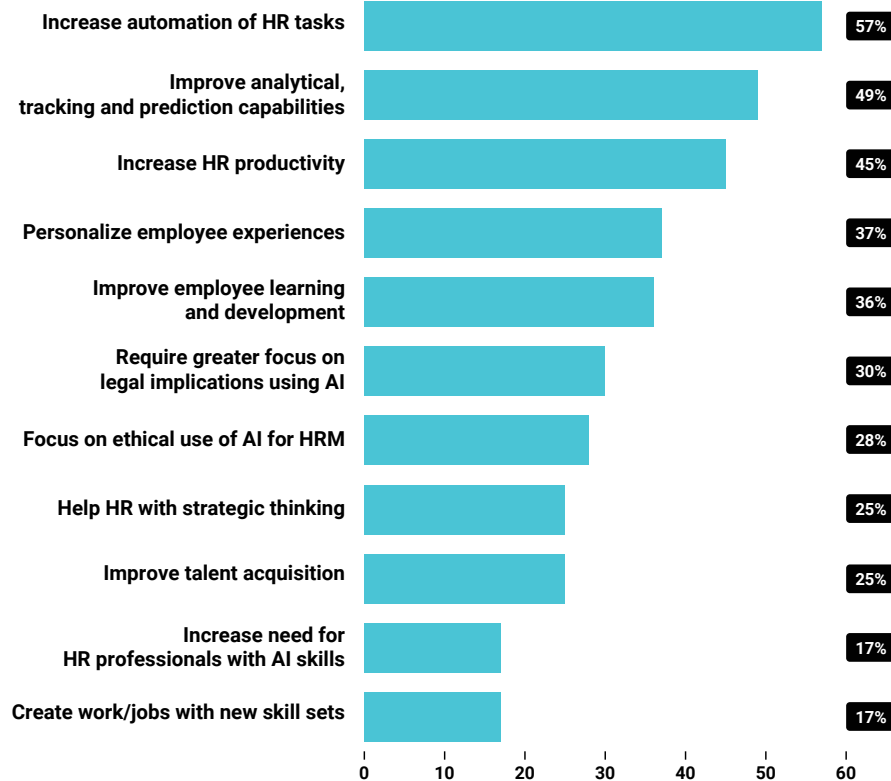
**"I believe that it will have a positive impact on HR. The ability to use more bots to answer basic questions, dive deeper into data, and provide predictive analytics, and also generate things like job descriptions will free up the time of HR Business Partners and Leaders to be that strategic partner and focus on employee engagement."**

- Deb LaMere, CHRO, Datasite

<sup>1</sup> Results from a post-event registration survey question conducted by HR.com, September 2023

<sup>2</sup> Results from a post-event registration survey question conducted by HR.com, January 2024

## Which of the following will be the top four impacts of AI for HR over the next two years? (select up to four)



**Increased automation of HR tasks is predicted to be the top impact of AI in the near future**

### HRRI Strategic Recommendations

As AI continues to evolve, HR's role must adapt to harness its full potential. Organizations that strategically integrate AI will gain a competitive edge in workforce management and employee engagement.

Based on our research, please consider these suggestions:

- **Implement AI responsibly.** Develop clear safeguards to mitigate bias and depersonalization in HR processes.
- **Invest in AI upskilling.** Equip HR professionals with the necessary skills to navigate AI-driven changes.
- **Balance automation with human oversight.** Ensure AI supports, rather than replaces, human decision-making in performance management and recruitment.
- **Address data privacy concerns.** Establish robust data governance frameworks to protect employee information.
- **Strengthen AI adoption in underutilized areas.** Explore AI's potential in employee communication, collaboration, and people analytics.



# Key Takeaways

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

## Key Takeaway 1

### **Prioritize integration across HR systems.**

A large portion of HR technologies lack full integration and this acts as a barrier to achieving HR goals in over 8 in 10 organizations. HR professionals should focus on creating seamless connections between different systems to optimize data flow and improve decision-making capabilities. Further investment in tools should help integrate various HR functions, reducing redundancy and improving system efficiency.

## Key Takeaway 2

### **Invest in advanced analytics for better HR insights.**

Many organizations are not yet utilizing people analytics effectively. HR professionals should aim to incorporate advanced analytics to generate actionable insights and improve workforce planning and development.

## Key Takeaway 3

### **Enhance employee experience through HR technology.**

The employee experience is a priority for many organizations. However, only a third of organizations have employee experience capabilities in the HR tech stack. Implementing HR technologies that provide self-service options and improve user interfaces can significantly boost satisfaction and engagement.

## Key Takeaway 4

### **Build a clear HR technology vision aligned with business goals.**

A clear and strategic vision for HR technology that aligns with business goals is essential. However, over half of respondents say their leaders do not articulate a clear vision for their HR technology. HR leaders should work with senior management to develop a roadmap that integrates HR technology into broader organizational strategies.

## Key Takeaway 5

### **Increase investment in HR technology solutions.**

As HR technology continues to evolve, investing in cutting-edge solutions should be a priority. Consider increasing budgets and evaluating new technologies that can improve efficiency, data accuracy, and decision-making. Further, ensure these investments are aligned with strategic business goals and are able to demonstrate ROI.

## Key Takeaway 6

### **Expand mobile access for remote workers.**

The demand for mobile-friendly HR systems is increasing, especially with more remote workers. While results show that HR technologies are increasingly supporting both remote and on-site workers, HR professionals should ensure that HR technology is accessible from mobile devices to support a flexible and productive workforce.

## Key Takeaway 7

### **Optimize AI applications for productivity and automation.**

AI can greatly enhance HR functions, from automating tasks to improving analytics. Investing in AI-driven solutions can boost productivity, enhance recruitment, and provide personalized learning experiences for employees. This can ensure that applications of AI can move from automation and streamlining to more strategic issues.

## Key Takeaway 8

### **Improve data quality and usability.**

Accurate and actionable data remains a challenge. HR professionals should prioritize technologies that enable the collection of high-quality data and ensure that it is easily accessible and useful for decision-making.

## Key Takeaway 9

### **Focus on continuous learning and development.**

Learning and development technologies are essential for employee growth. With two-fifths of respondents looking to increase L&D features in their HR tech stack, HR professionals should seek solutions that allow for continuous skills assessment, personalized training, and real-time feedback to foster employee development.



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