



# Transforming Employee Experience:

A SWOT Analysis of 500 Human  
Resources Departments

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## From the Editor

### Dear HR Heroes,

While it may seem too early to celebrate, let us congratulate you on making it through a career-defining year in which the only constant was change. You helped maintain business continuity despite tremendous challenges and reacted in real-time to what your employees and employers needed – all while caring for your personal circumstances likely changed by the COVID-19 pandemic as well.

As a human resource (HR) leader – or someone who supports them be it broker, administrative services organization (ASO), professional employer organization (PEO), advisor or consultant – you are well-equipped to adapt. You learn new regulations overnight. You manage crises. You get trained on software and then immediately train others. You make work, well, work.

Adapting to the post-pandemic world will require a similar skillset but there are new situations and strategies to be aware of. What the economic and health crisis did was expose gaps in employee experience investments and infrastructure – gaps that the majority of employers are actively looking to close according to our research detailed in these pages.

To get you the most in-depth information possible – in the most consumable format possible – we've surveyed 500 of your peers to learn the strengths, weaknesses, opportunities and threats (SWOT) of your field. Detailed within is an aggregate SWOT analysis of 500 HR departments, told by our survey data from HR managers, directors, VPs and chief HR/people officers who are in charge of those very departments.

We brought along some of our experts too. My colleagues shown here on the right, will provide actionable insights and informed commentary. isolved has over 30 years of experience serving HR leaders like you and want to help make your people-centric career profitable, productive and personally rewarding – glimpsing into your peers' roadmaps and roadblocks is a good start. If you have any questions about the data or would like to be in touch with our expert panelists, I'm just an email away.



### *Best Wishes,*

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Director of Brand & Content  
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**Amy Mosher**  
Chief People Officer



**James Norwood**  
Chief Marketing and  
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**Lina Tonk**  
Vice President of  
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Vice President of Solution  
and Product Strategy



**Rodney Turner**  
Director of Product  
Strategy, HCM

# Key Findings



## HR Gets Its Share of Tech Budget

Fifty-three percent of HR leaders' budgets are increasing this year, with technology getting the majority of the spend.



## Vaccine Mandate on the Horizon

The majority of organizations (44 percent) will mandate that employees get the COVID-19 vaccine in order to work.



## Employee Experience Becomes a Business Imperative

Ninety-two percent of HR leaders said that employee experience is a top priority for them in 2021. When asked why, the top reasons were because of the remote work environment (32 percent) and the need to improve employee retention rates (32 percent).



## Leaders See Opportunity in Artificial Intelligence (AI)

While the "robots taking over" has long been a fear of replacing employees with AI, 58 percent of HR leaders believe AI will evolve their jobs rather than replace them by (1) creating more opportunities for technical roles, (2) alleviating burdensome tasks and (3) improving compliance.



## Data Concerns with Current HCM Tech

There's no more valuable data than people data and 20 percent of HR leaders are experiencing security issues with their human capital management (HCM) solution. It's the top reason why 51 percent of companies using an HCM are considering switching in the next 12 months.



## Remote Work Giveth and Taketh Away

One of the top opportunities for HR in 2021 is that the remote-work environment opens up the ability to recruit from anywhere. However, HR leaders across all seniority levels and company sizes are concerned with the negative impact remote work has on culture, hiring and retention.

# strengths



Employee experience is a top priority



Employee experience is rated highly



HR budgets are increasing for tech



HR leaders are happy in their current roles

## To Transform the Employee Experience, HR Leaders Focus on Priorities, Platforms & Partners

With all the change that HR leaders had to navigate this past year, you might think they're longing for business as usual – not wanting to purposely disrupt anything in 2021 after so much was disrupted for them in 2020.

The opposite is true, however, in that **nearly 2 in 10 HR managers, directors, VPs and chief people/HR officers will lead a digital transformation project this year**, according to isolved's survey – and we think that's a good thing. Yes, you read that right. HR is leading digital transformation – not IT, not marketing, not operations. More of your peers will likely follow because employee expectations are only increasing and when you're measured by employee acquisition and retention, those expectations matter.

Strength: **Employee experience is a top priority**

Employees expect that the digital experience they have at work will mimic their favorite social media app or shopping site – from onboarding and offboarding to performance reviews and PTO requests. The sum of all these digital communications and capabilities makes up the "employee experience" (EX) – a top investment for your peers this year. In fact, **92 percent of HR leaders said that employee experience is a top priority for them in 2021**. When looking at the data across the industries where our respondents work, agriculture companies (25 percent) and nonprofit organizations (22 percent) were the most likely to indicate "no", EX is not a priority for them in 2021, while 100 percent of respondents working in education, legal, and travel and hospitality indicated "yes", EX is a top priority.

### Transforming Employee Experience

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75%

25%

Agriculture



90%

10%

Business & Professional Services



94%

6%

Construction & Engineering



100%

Education



93%

8%

Financial



82%

18%

Government



100%

Legal



96%

4%

Manufacturing



95%

5%

Medical & Health



78%

22%

Nonprofit Organization



92%

8%

Real Estate or Property Management



93%

7%

Transportation



100%

Travel & Hospitality



85%

15%

Utilities



92%

8%

Wholesale & Distribution

Is employee  
experience a  
top priority?

● Yes

● No

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*"The term 'employee experience' can be a bit vague when HR leaders are lobbying for budget and buy-in to invest in it. To truly understand what we mean when we say employee experience, think of how you shop online. Most retail sites know a lot about your interests and intent, so they provide personal recommendations based on that data and guide you to the best-possible outcome, so you get what you want, and they get the sale.*

*Our workplaces must offer similar consumer-grade technology to navigate employees to information about payroll, benefits, scheduling, and engagement and growth opportunities while guiding HR and people leaders to similar recommendations on compliance, compensation and career support. Retailers have their 'back-end' functionality to provide a seamless 'front-end' experience to customers, and HR departments are starting to have the same through their digital transformation efforts for the benefit of workplace effectiveness, retention and development and HR efficiencies."*

James Norwood, Chief Marketing and Strategy Officer at isolved

When asked why EX was a priority, two reasons tied for the top spot: **32 percent** of respondents indicated the remote work environment is why EX is a top priority, while another **32 percent** pointed to improving retention rates as the main reason. There were differences in the responses, however, by company size.

*Companies under 150 employees (EEs) are more likely to be investing in EX than any other company-size segment because "employees are more stressed than ever."*

#### Strength: **Employee experience is highly rated**

The majority (57 percent) of companies rate their company's current employee experience (e.g., communication, connectivity and collaboration capabilities) as "good", with 24 percent going as far as saying their employee experience is "excellent." The C-suite is most confident in this area and more likely to rate their EX as "excellent" than their peers.

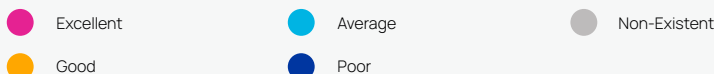
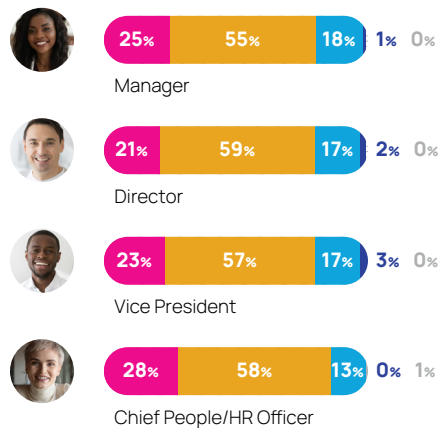
While there was no reason to rate EX as high/positive if it wasn't, egos can sometimes get in the way of answering truthfully, so there could be more work to do than what is being reported. Additionally, there might need to be more definition of what employee experience is and isn't. While previously defined in these pages, employee experience is the sum of digital capabilities, communication and collaboration that an employee has each day at work – regardless of channel or device.

The way we want the Target or Walmart app to show inventory at the closest store for pickup in an hour is the way we want a job application to auto-populate our resumé, so we don't need to enter every field on our own. The way we check our bank balances is how we want to check our PTO balances. The way we engage with friends on social media is the way we want to engage with coworkers at work. The way we download tax forms on financial sites is how we want to download our W2s on work sites. Consumers enjoy so many conveniences outside the workplace, which can regrettably contrast with a workplace environment that is too often characterized by friction. Achieving a more positive employee experience will reduce friction and lead to a happier journey for your people, and more goals accomplished.



#### Transforming Employee Experience

How do you rate your company's current employee experience (e.g., communication, connectivity and collaboration tools)?



Strength: **HR budgets are increasing for tech**

While HR has always been a mission-critical department, they have never gotten their fair share of budget beyond headcount. With more distributed workforces than ever, more complex business challenges and more digital requirements, HR has suddenly become a hotspot for digital transformation.

**Fifty-three percent of respondents said their HR budget will increase in 2021**, although these figures were skewed by larger companies. Organizations under 100 EEs, for example, were the most likely to have their HR budgets cut than any other size company. In fact, this small-business segment of 100 EEs or less was twice as likely to receive an HR budget cut than companies with 101-300 EEs, and nearly four times as likely to experience a budget cut than companies across the 301-1,500 EE range.

In terms of industries, some have more positive news than others. The industries most likely to experience budget decreases this year are those directly impacted by the lifestyle changes brought on by the pandemic. Twenty-nine percent of transportation companies, for example, will experience an HR budget cut this year and twenty-eight percent of travel and hospitality will as well. These latter two industries have been greatly impacted by not only revenue losses from multi-state, multi-month shelter-in-place orders but also layoffs and furloughs due to less available work than a year ago. After seeing the data from highly impacted industries, the industry most likely to have their HR budget stay the same is real estate and property management.

*"I find it surprising that the majority of HR leaders rate their current employee experience so highly, because the bar is always being raised. When an employee browses or buys from a company online and is pleasantly surprised by how everything just works the way it should or even better than previously thought, those expectations are coming with the employee to work. The little frustrations that happen day in and day out when an employee experience is not seamless, add up and can cause low morale, high turnover and a feeling that the company just doesn't care to keep up."*

**Amy Mosher, Chief People Officer at isolved**

## Transforming Employee Experience



75% 25%

Agriculture



50% 18% 32%

Education



100%

Legal



22% 67% 11%

Nonprofit Organization



39% 28% 33%

Travel & Hospitality



51% 43% 6%

Business & Professional Services



65% 28% 8%

Financial



57% 36% 7%

Manufacturing



17% 83%

Real Estate or Property Management



62% 31% 8%

Utilities



63% 14% 23%

Construction & Engineering



53% 18% 29%

Government



51% 40% 10%

Medical & Health



29% 29% 43%

Transportation



62% 35% 3%

Wholesale & Distribution

Will your HR  
budget increase or  
decrease in 2021?

- Increase
- Decrease
- Stay the same

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Anyone who has gone through the motions of a departmental budget knows that there's never just a single line item for which to allocate. To get a greater understanding of where those increases and decreases will happen, we asked our respondents to describe what line items will be impacted most.

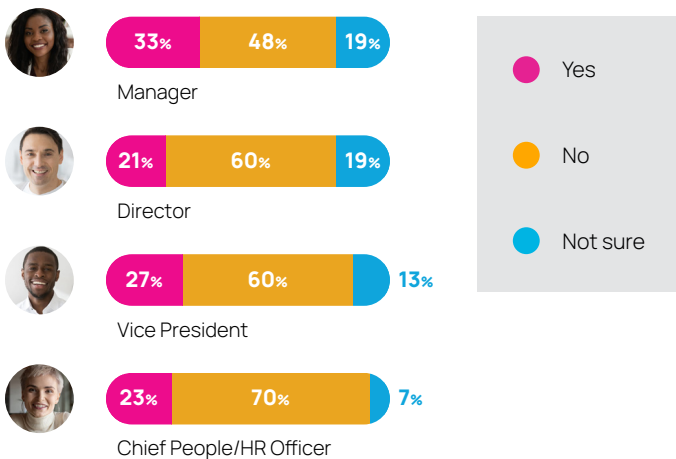
HR technology budget is the area where most of the extra funds are going, with headcount budget getting lowered overall. Stated otherwise, if budgets are increasing, 72 percent of respondents said the increases are going to technology. If a respondent's HR budget is decreasing, 59 percent of respondents said that headcount is what is being cut. In later sections, we explore more about both topics – from investments in software to onboarding practices. Since this section is primarily about the strengths of a company, we'll change gears to HR leaders' happiness in their current roles.

Strength: **HR leaders are happy in their current roles, despite a tumultuous year**

While it's difficult to pinpoint the exact reason – perhaps it's the economic uncertainty brought on by the pandemic or perhaps it's the excitement of increased budgets for technological innovation – most HR professionals are comfortable at their place of employment. isolved's survey found that **only 27 percent** of HR leaders said they'd look for a new job in 2021 across seniority levels. Stated differently, **56 percent** of HR leaders will not look for a new job in 2021 while only 17 percent were unsure.

There are notable differences in job mobility by seniority level. HR managers are the most likely to be looking for a new job this year, followed by VPs. This path makes sense for both titles potentially eyeing their next promotions externally to director or the C-suite, respectively. It's the C-suite members, however, who are very firm in staying where they are, which means there is likely fewer open positions for those VPs looking for their next move. **Seventy percent of chief human resource/chief people officers will not look for a new job in 2021.** Continuity among HR staff will help because there is a lot of weaknesses to address, opportunities to go after and threats to avoid.

Will you, as an HR leader, look for a new job in 2021?



**Transforming Employee Experience**



# weaknesses



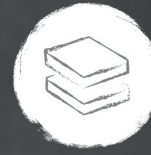
Weak HCM  
solutions



Disconnected  
HR tech



Payroll as  
a pain point



The digital  
maturity gap



Tech can't  
cure culture

## HR Digital Transformation Woes

### Start with Tech and End at Culture

It's not uncommon for teams – across any department – to delay long-term goals for short-term gains. What is right in front of us day to day becomes our main priority and anything beyond that can seem unattainable.

The challenge with this thinking, however, is that it stalls progress toward transforming the employee experience. We only have to look to HR's current technology stack to identify why some HR teams are struggling to think past today. HR leaders are spending too much time on tech that doesn't put people and proficiencies first.



Weakness: **Weak HCM solutions**

Human capital management solutions are supposed to make the business of employing, empowering and enabling people easier and more efficient. What is happening in many organizations is the opposite, however. While 70 percent of respondents currently use an HCM, most are unhappy with their solution. In fact, **51 percent of companies using an HCM are considering switching to a new platform in the next 12 months.**

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50% 50%

Agriculture



78% 22%

Business & Professional Services



74% 26%

Construction & Engineering



73% 27%

Education



78% 23%

Financial



59% 41%

Government



67% 33%

Legal



81% 19%

Manufacturing



67% 33%

Medical & Health



56% 44%

Nonprofit Organization



67% 33%

Real Estate or Property Management



64% 36%

Transportation



61% 39%

Travel & Hospitality



69% 31%

Utilities



73% 27%

Wholesale & Distribution

Do you currently use  
an HCM platform?

Yes

No

Total

70% 30%

## The top reasons – in order – for wanting to switch HCMs.



Security issues



We're undergoing a digital transformation project



Service issues



We have a bigger budget now



Product issues/ poor product quality



Looking to lower costs



Compliance issues



Doesn't have everything we need to manage the entire employee journey



Currently utilizing too many platforms



Seems outdated

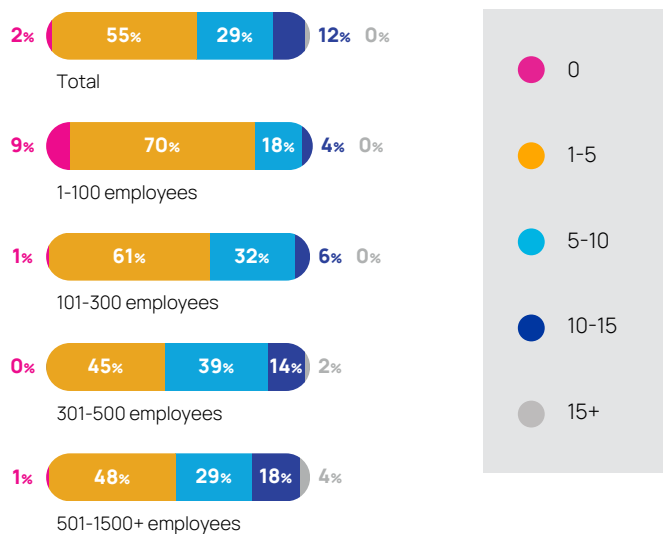
While respondents working in companies with 151 or more employees are five times more likely to use an HCM than respondents working in companies with 150 or fewer employees, a generic HCM isn't a cure-all solution for companies of any size. Using a one-size-fits-none HCM solution is costing HR departments precious resources for many reasons – they're either having to add on to the system to fit their needs with point solutions, they are facing compliance or security issues or they aren't able to get the service they need.

### Weakness: **Disconnected/disparate HR tech**

If you've worked in HR long enough (or even with software in any other field), you likely know the pains of different systems not "talking" to each other the way they should, requiring you to manually download a data file from one system, for example, and feed it into another – only to find out that the formats don't match. For the record, this is an example of friction in the employee experience on part of the HR admin.

If many HCM solutions aren't offering an end-to-end experience for employers and employees, then HR leaders have no choice but to add on to their technology stack, which ultimately causes challenges like these. We wanted to learn just how many different HR software platforms our pool of HR leaders is using, and the answers are likely not surprising. Overall, a third of HR departments (29 percent) are using 5-10 systems to manage the entire employee experience (e.g., onboarding, payroll, engagement, retention). **Companies with 501 employees or more are the most likely to be using over 10 solutions to manage HR.**

On average, how many different HR software platforms do you use for the entire employee experience (onboarding, payroll, engagement, retention, etc.)?



## Transforming Employee Experience

A glaring weakness here is that the HCMs brought on to alleviate these issues aren't getting companies any closer to solving for fragmentation. The number-one expectation of an HCM solution is that the technology is a full end-to-end platform for hiring, onboarding, engaging, benefits, payroll, offboarding and more, according to 33 percent of respondents.

*"It's a chronic challenge in HR that the very HCM solution that teams think will 'save them' from disparate systems, manual processes and continuous errors, are the very ones introducing new problems. HR teams expect a truly end-to-end platform, which is possible with cloud-based systems that manage the entire employee experience from hire to retire while guiding admins and people managers with the right processes to save time, reduce risk and accelerate results. What's important to note is that teams can consolidate their software and often save a tremendous amount of money on an enterprise-like tool because they can retire the point solutions that only serve as band-aids for the gaps in their tech functionality."*

Rodney Turner, Director of Product Strategy, HCM, at isolved

#### Weakness: **Payroll as a pain point**

The negative effects of tech not working the way it should is perhaps most notable when it comes to payroll. While the company's culture matters to employees in terms of morale, as do the colleagues they work with and the campaigns they are able to lead, it really comes down to getting paid and payroll problems equal people problems.

**Twenty percent** of respondents indicate "manual time and attendance processes" is their main payroll challenge. Despite these payroll-specific challenges, when asked how automation could help HR leaders the most, recruiting came in as the top reason, followed by time and attendance, and audits and compliance.

#### Weakness: **The digital maturity gap**

What all these weaknesses – weak HCM solutions, disconnected HR tech, challenging payroll and more – add up to is a gap in digital maturity. In other words, the software in place adds hours and headaches to a person's day rather than empowers them to accurately, compliantly and creatively serve employees.

### Transforming Employee Experience

### The top expectations – in order – for an HCM.



That the technology is a full end-to-end platform (e.g., hiring, onboarding, engaging, benefits, payroll, offboarding)



Our company can grow with the platform, such as adopting new features as we grow in our digital maturity



It integrates with other HR tech solutions



It's easy for all employees to use



It reduces human error



It's in the cloud



It provides us actionable data insights

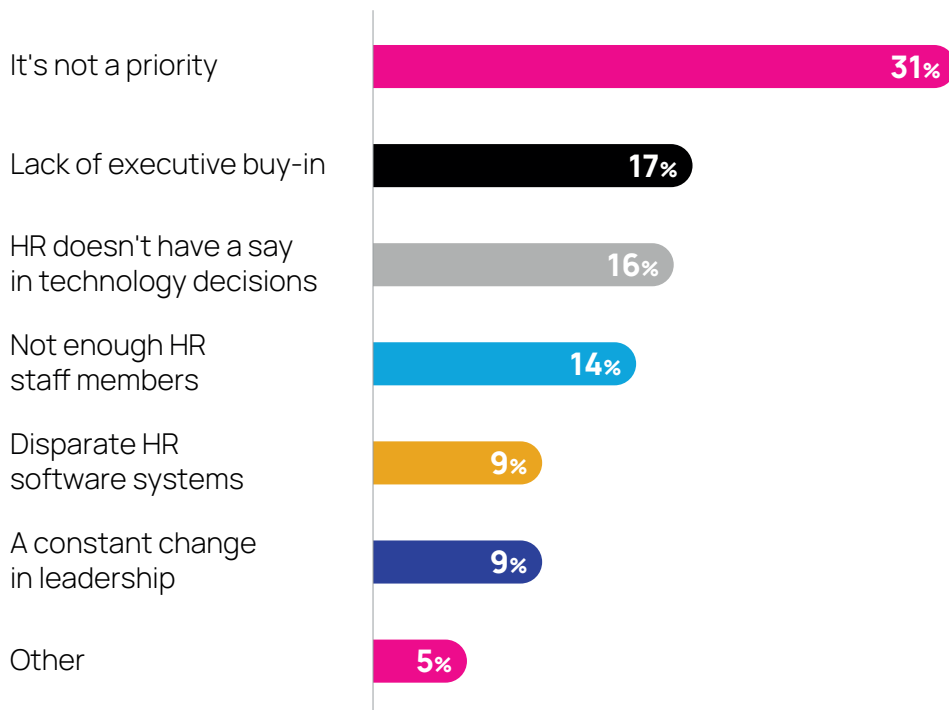


It uses artificial intelligence

**The top challenges – in order – in payroll today.**

While some industries were more confident than others in their current level of digital maturity (see graph), **31 percent** of HR leaders said being digitally mature is not a priority at their companies.

## What is holding back your HR organization from being digitally mature?



Weakness: **Tech can't cure culture**

There is a long list of ways the right HR technology can help organizations – from attracting and hiring the best candidates to guiding them to learn and grow within your organization to onboarding and offboarding them with respect – but it cannot be relied on to fix a company's culture. What our survey data exposed was the need to improve how employees feel about the companies where they work, their sense of belonging, the values that they share and their confidence about their future within the organization.

The top way HR leaders think they can improve company culture is through **employee engagement programs** (19 percent), followed by providing a flexible work environment (15 percent), followed by improving internal communications (14 percent).



Manual time and attendance processes



Tax filing and credits



Human error



Not offering employee self-service to make changes



Inflexible direct deposit changes



Complicated garnishments



Too many different systems



Lack of actionable insights

## Transforming Employee Experience

The least-recorded answer for the top threat to a positive company culture was "lack of workforce job security" at 2 percent, which is a bit odd since 55 percent of HR leaders said they furloughed or laid off employees in 2020 due to COVID-19. Those numbers trend even higher for companies with 151-500 employees (71 percent) and companies between 1,001-1,500 employees (62 percent). The company size least likely to have laid off or furloughed employees in 2020 is companies with less than 150 employees. The good news is 84 percent of companies who furloughed employees have or plan to rehire them.

What is the top threat to a positive company culture?



*"A sense of belonging is paramount to company culture. When we work across time zones, we need to find creative ways of bridging that distance with engagement programs. When we dig deeper into why someone feels like they belong, however, we must highlight that representation matters. If I were to take this same survey, I would have rated 'lack of diversity' much higher on the threats to a positive company culture. There is no sense of belonging without every single employee feeling like they belong. That's real equity and inclusion."*

**Amy Mosher, Chief People Officer at isolved**

# opportunities



Tap into outside help to fill in gaps



Capitalize on stated opportunities



Support employee referrals



Redefine HCM needs

## Opportunities Abound with

## Outside Help and Inside Referrals

Together – with the help of 500 HR leaders – we’ve identified the strengths and weaknesses of their organizations. The top answers provide a pattern across industries and company sizes. There are many strengths, particularly with focus on and funds for employee experience, and many weaknesses, particularly when it comes to disparate tech and disconnected workforces. Now comes the fun part. What opportunities are available to companies needing to become more efficient, engaging and empowering?



Opportunity: **Outside help to fill in gaps**

As shown in the previous section, **14 percent** of HR leaders think they don't have enough HR staff members to **become digitally mature**. One of the ways companies get the service and support they need is by outsourcing some of their HR, payroll and benefit needs to a professional employer organization (PEO).

**Forty-nine percent** of HR leaders in our survey work with a PEO – with the top reason being to establish business processes.

## The top business drivers – in order – for working with a PEO.



Establish business processes



Provide resources for managing HR and compliance



Reduce operational costs



Help reduce the risk of non-compliance



Lower workers' compensation costs



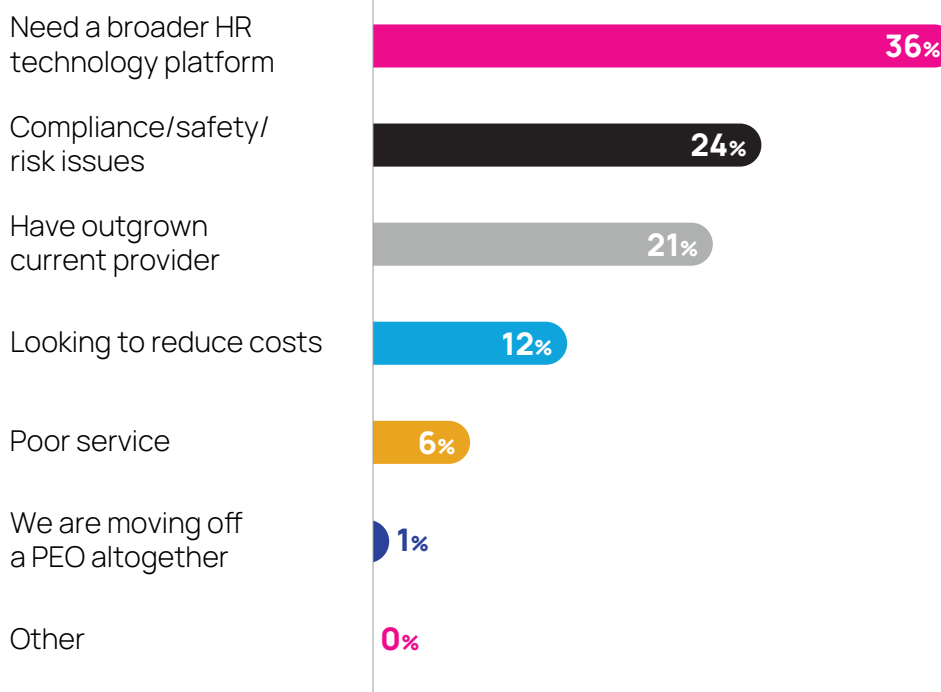
Workers' compensation insurance, health benefits, employers' practice and liability insurance

There is an even split, however, in whether respondents will switch their PEO in the next 12 months or not. **Fifty percent of HR leaders will switch their PEO in the next 12 months and 50 percent will not.** With this, we wanted to explore why an HR leader would leave their PEO. The top reason was because they need a broader HR technology platform (36 percent). If you remember back to the top expectation of an HCM, it's that it will be an end-to-end solution. One consideration to make when shopping for a new PEO or a new HCM is to think about the scalability of the platform. Can it serve your needs today and grow into what you need tomorrow?

*"It's telling that the number-one reason an HR leader is considering switching PEOs is because the HR technology they use isn't broad enough when that's the top expectation of HR leaders – for HCMs to be end-to-end solutions. PEOs often know the HCM technology they offer as well as the vendor themselves, so if there are shortcomings, they already know about it. My advice is to use the feedback loop that your vendor provides to communicate deficiencies. The vendor must be open to using the voice of the customer and partner in their product development to retain customers as they grow."*

Lina Tonk, Vice President of Channel and Network at isolated

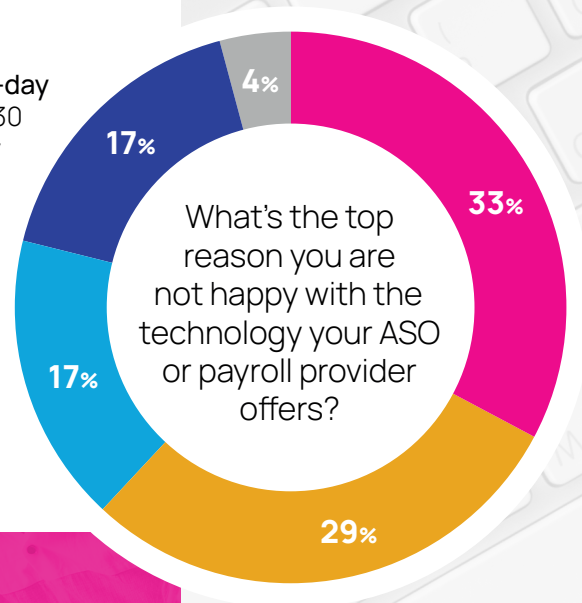
## What is the top reason you are changing your PEO?



## Transforming Employee Experience

Along with PEOs, **70 percent** of HR leaders work with ASOs for day-to-day tasks and payroll service providers for payroll management. For the 30 percent of HR leaders not working with one of these providers, it may be helpful to know that **93 percent** of HR leaders are happy with the technology their current payroll service provider offers. If they aren't happy, it's often due to a poor user experience or that the technology is too expensive (often a built-in cost with the service).

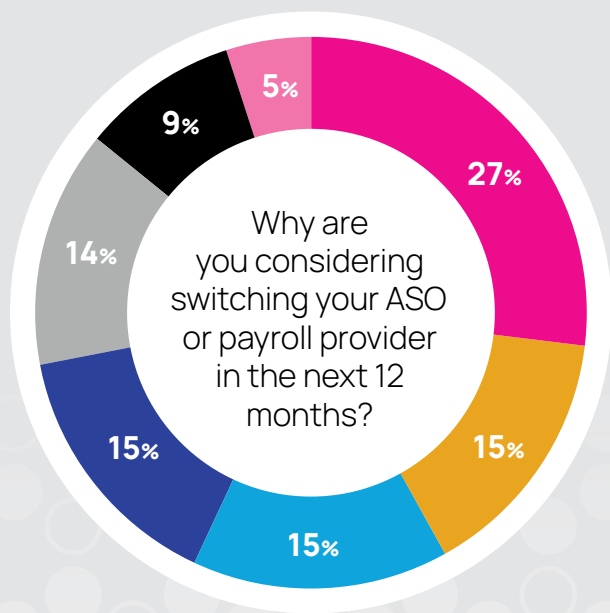
The benefits seem to be outweighing the costs though, as **59 percent** of HR leaders are not considering switching ASO or payroll providers in the next 12 months. Of the 41 percent who said "yes", they are considering switching providers, the need for a broader HR technology platform tops the list.



- Poor user experience
- Too expensive
- I've outgrown it
- Poor service
- Other

*"Extensibility, flexibility and scalability are the key components of a cloud solution that will not only meet your needs today but also continue to deliver value in the future. Every company has gone through significant change and the pace of change is only accelerating – so your technology must adapt with you. When we see these findings that some of the top reasons an HR leader would leave their valuable partners – whether it's a PEO or ASO – it is because of the underlying technology isn't growing with them. That's a huge problem. HCM vendors must be agile and flexible, so that they can be right-sized to every company, meaning that the technology can fit at each stage of any business."*

Geoff Webb, Vice President of Solution and Product Strategy at isolved



- Need a broader HR technology platform / have outgrown current provider
- Compliance issues
- Looking to lower costs
- Integration/consolidation
- Service issues
- Product issues / poor product quality
- Digital transformation initiative

In this same area of opportunity is the work that HR leaders are doing with advisors and brokers. **Eighty-one percent of HR leaders who work with an advisor or broker are happy with their provider.** The top reason they are retaining their business is because their expectations are being met (43 percent), followed by service (24 percent), followed by being cost effective (22 percent), followed by 360 system integrations (6 percent) and, finally, followed by current software (5 percent). Alternatively, the top reasons they are unhappy include unmet expectations (35 percent), support service issues (25 percent) and lack of 360 system integrations (20 percent).

Opportunity: **Capitalize on stated opportunities**

While outsourcing is always an area of opportunity for companies needing partners to close gaps they have with bandwidth or budget, we also wanted to specifically ask our leaders what their top opportunities are this year. We were hoping there were clear front runners in the responses, but the data was spread out across top opportunities, with a three-way tie (at 20 percent each) for: consolidating multiple HR software systems, employee engagement and being able to recruit from anywhere due to being remote.

What do you believe is your company's biggest opportunity for HR this year? By company size.

Employee engagement

1-150 employees

Consolidating multiple HR systems and providing merit increases (tied)

151-250 employees

Being able to recruit from everywhere due to the remote environment

251-300 employees

Consolidating multiple HR systems

301-500 employees

Employee engagement

501-1000 employees

Being able to recruit from everywhere due to the remote environment

1001-1500 employees

Employee engagement

1501+ employees





#### Agriculture

Hiring a "head of remote" work, providing learning solutions for our employees and growing our brand awareness (tied)



#### Education

Employee engagement



#### Legal

Hiring a "head of remote" work



#### Nonprofit Organization

Employee engagement



#### Travel & Hospitality

Providing learning solutions for our employees, growing our brand awareness, being able to recruit from anywhere due to remote work (tied)



#### Business & Professional Services

Being able to recruit from anywhere due to remote work



#### Financial

Being able to recruit from anywhere for remote work



#### Manufacturing

Consolidating multiple HR software systems



#### Real Estate or Property Management

Employee engagement



#### Utilities

Employee engagement



#### Construction & Engineering

Consolidating multiple HR software systems



#### Government

Employee engagement



#### Medical & Health

Employee engagement



#### Transportation

Employee engagement, consolidating multiple HR software systems (tied)



#### Wholesale & Distribution

Consolidating multiple HR software systems

What do you believe is your company's biggest opportunity for HR this year? By industry.

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*"Some of my best hires have been from employee referrals, and I think many of you can say the same. Employees don't know what they don't know, though, so if you're relying on employee referrals, employees better have an easy way to access the availabilities and be rewarded for when they do secure a new hire. Employee referrals are even more critical during the pandemic as many companies are relying on digital networking to fill roles because a lot of us can't meet in person. The one thing to keep in mind, however, is that you're not furthering any biases toward certain groups. This is because recruiting from the same networks can reinforce certain demographics getting the opportunities. Encourage all employees to tap into their various networks – not just who they have worked with before – to help ensure that opportunities reach everyone."*

Amy Mosher, Chief People Officer at isolved

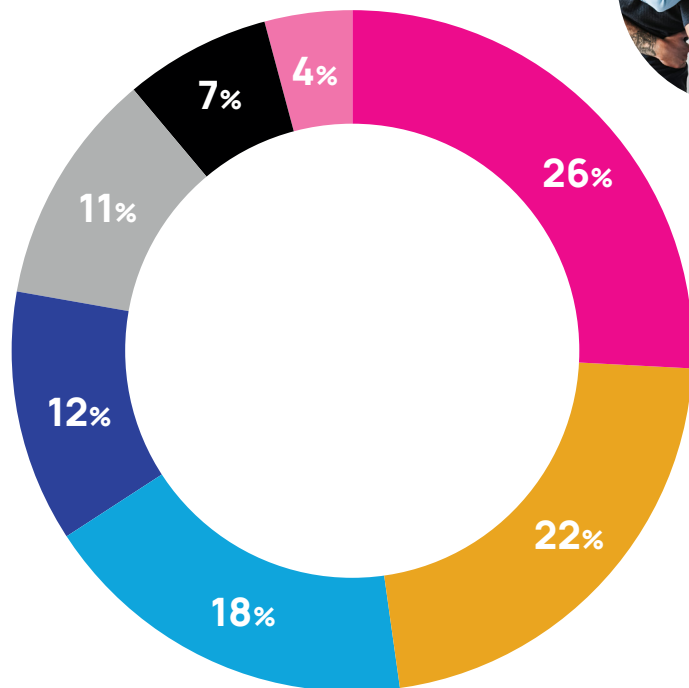
#### Opportunity: **Support employee referrals**

While some HR leaders told us that the talent pool poses a challenge for them (more on that in the Threats section coming up), the biggest opportunities for recruiting come from platforms and people. **Twenty-six percent of HR leaders said employee-review sites are their most valuable recruiting tool**, followed by employee referrals (22 percent), followed by their recruiting software (18 percent).

If employee referrals are so valuable though, employees should probably know what jobs are available for referral. In a [December 2020 survey of full-time employees by isolved](#), 30 percent of respondents said they don't refer candidates because they are unaware of open positions – indicating a gap between HR and their most important assets (referrals).

### What is your most valuable recruiting tool?

- Employee-review sites (like Glassdoor, Indeed)
- Employee referrals
- Our recruiting and hiring software
- Our website
- Our talent team
- Social media
- Our brand



Opportunity: **Redefine HCM needs**

Software cannot save a company from poor communication but what it can do is intelligently connect an organization and empower HR admins, people managers and employees to accomplish what they need. As an HCM vendor ourselves – although we've kept this research vendor-neutral and unbiased – we know the potential that your HR tech can have, but it must be what you need today and tomorrow. We lead with this here because **the number-one HR technology that HR leaders will invest in this year is a human capital management (HCM) platform**. We've seen from the data above that a rip and replace isn't going to cut it when companies are still using many solutions to get what they need. HCM needs to be intelligently connected to avoid the same problem with a new vendor.

**Forty-two percent** of respondents said they will invest in an HCM platform this year, but this heavily trends upward for companies over 251 employees. The smaller companies are more likely to invest in best-of-breed solutions like a standalone benefits enrollment system or a standalone applicant-tracking tool (see chart).

*"Our advice to HR leaders – often in a position of technology or digital transformation leadership for the first time – is always to think about their current must-have needs for an HCM solution, but not lose sight of their tomorrow wants for an HCM vendor. Understand what your business's plan is for digital transformation and align your HCM planning with it. Your HCM solution and service vendor should guide you on that path to maturity, delivering value at each step, rather than expecting you to get there on day one, particularly if your company is not ready. At the same time, don't fall into the trap of thinking that narrow, point solutions will ultimately deliver the integrated, scalable HCM capabilities that your business will eventually need. Rather, this is where an end-to-end suite starts to power your capacity to both deliver today and remain on the path to transformation."*

**Geoff Webb, Vice President of Solution and Product Strategy at isolved**





Agriculture

50% 50% 25% 0% 75% 0% 0% 25% 0% 25% 0% 0%



Education

36% 36% 23% 32% 41% 32% 27% 27% 9% 27% 41% 0%



Legal

33% 0% 0% 0% 0% 33% 0% 0% 0% 33% 67% 0%



Nonprofit Organization

22% 17% 11% 0% 11% 22% 6% 22% 0% 28% 17% 11%



Travel & Hospitality

33% 22% 39% 28% 44% 44% 28% 28% 11% 44% 17% 6%



Business & Professional Services

54% 39% 37% 27% 37% 34% 32% 46% 20% 49% 27% 4%



Financial

43% 25% 38% 30% 33% 35% 33% 38% 18% 43% 30% 0%



Manufacturing

42% 28% 32% 25% 42% 40% 36% 33% 28% 50% 31% 6%



Real Estate or Property Management

50% 17% 42% 17% 42% 58% 42% 33% 25% 33% 17% 0%



Utilities

23% 62% 31% 31% 54% 46% 46% 54% 46% 46% 38% 8%



Construction & Engineering

57% 29% 31% 20% 46% 29% 40% 37% 9% 51% 29% 6%



Government

35% 18% 12% 35% 29% 24% 29% 18% 12% 12% 12% 0%



Medical & Health

40% 21% 16% 25% 32% 37% 25% 24% 16% 37% 27% 8%



Transportation

21% 21% 29% 7% 14% 43% 29% 21% 21% 36% 29% 21%



Wholesale & Distribution

49% 27% 11% 46% 54% 24% 19% 30% 32% 46% 51% 3%

42%

27%

27%

25%

36%

35%

28%

32%

19%

41%

29%

6%

Which of the following HR technologies will you invest in this year?

- Human capital management (HCM) platform
- Learning management system (LMS)
- Applicant tracking
- Time and attendance
- Benefits enrollment
- Employee surveys
- Workforce scheduling
- Performance reviews
- Audit and compliance
- HR analytics
- Safety + risk compliance
- We will not be investing in any of these technologies in the coming year

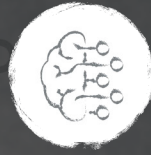
# threats



Recruiting and retaining are expected to be difficult



Larger companies disproportionately investing in the future of work



Artificial intelligence will require change management

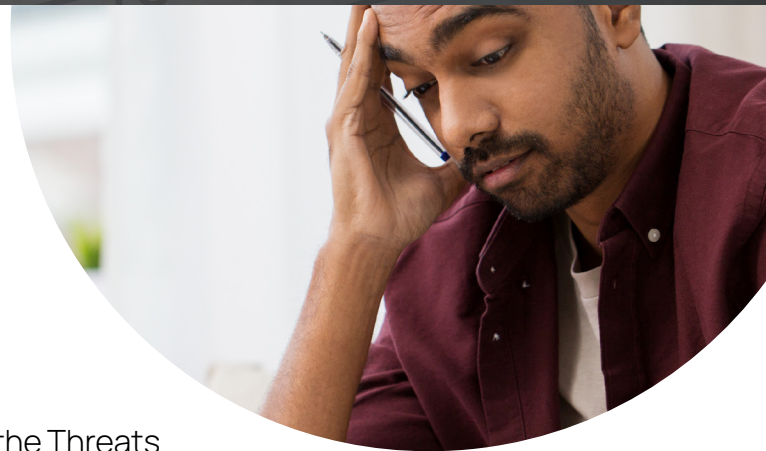


Mandating vaccines in a polarizing political climate

## Worried About Recruitment and Retention,

## HR Faces New Threats as Roles Change

What a journey to get here – yes, to 2021, but also to the Threats section of this report on digital transformation in HR. It's now time to see what our trusted HR leaders said about the pressures and risks they are facing this year and beyond.



Threat: **Recruiting and retaining are expected to be difficult**

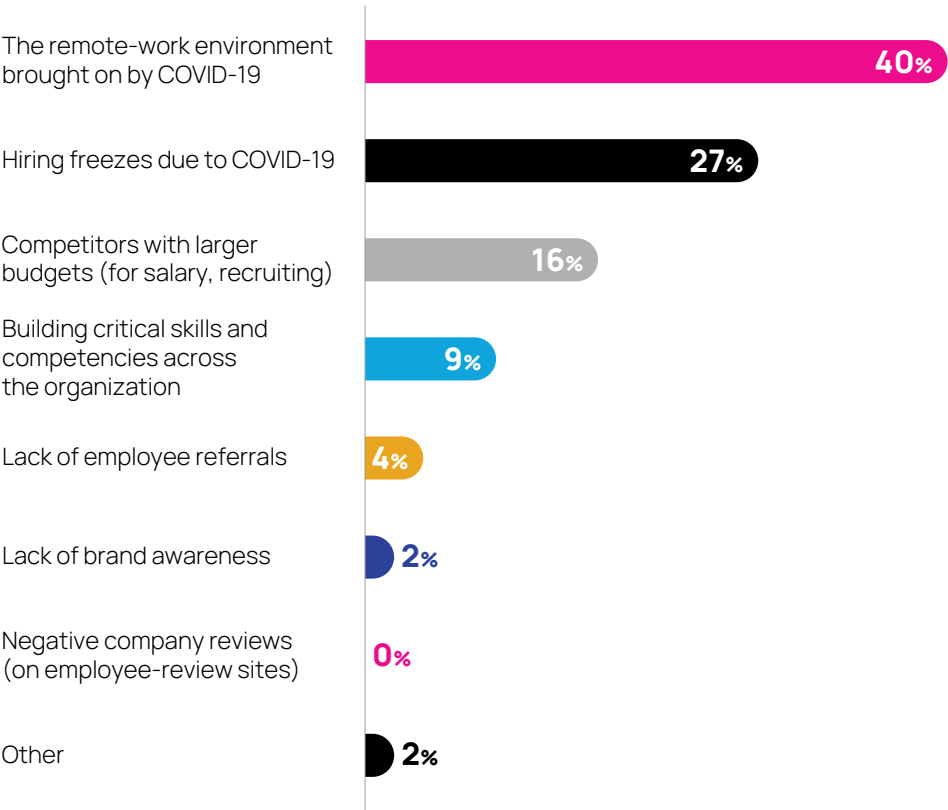
As could be expected due to the pandemic, the majority of HR leaders (**54 percent**) said that retaining talent was more difficult this past year and that the remote work environment brought on by COVID-19 will be the top threat facing talent retention this year.

People's circumstances changed and so those fortunate to have retained employment during this time still had to face difficult decisions in whether to stay employed or quit their jobs for reasons such as to care for kids who were doing virtual learning, to reduce their risk of exposure by not working, etc.

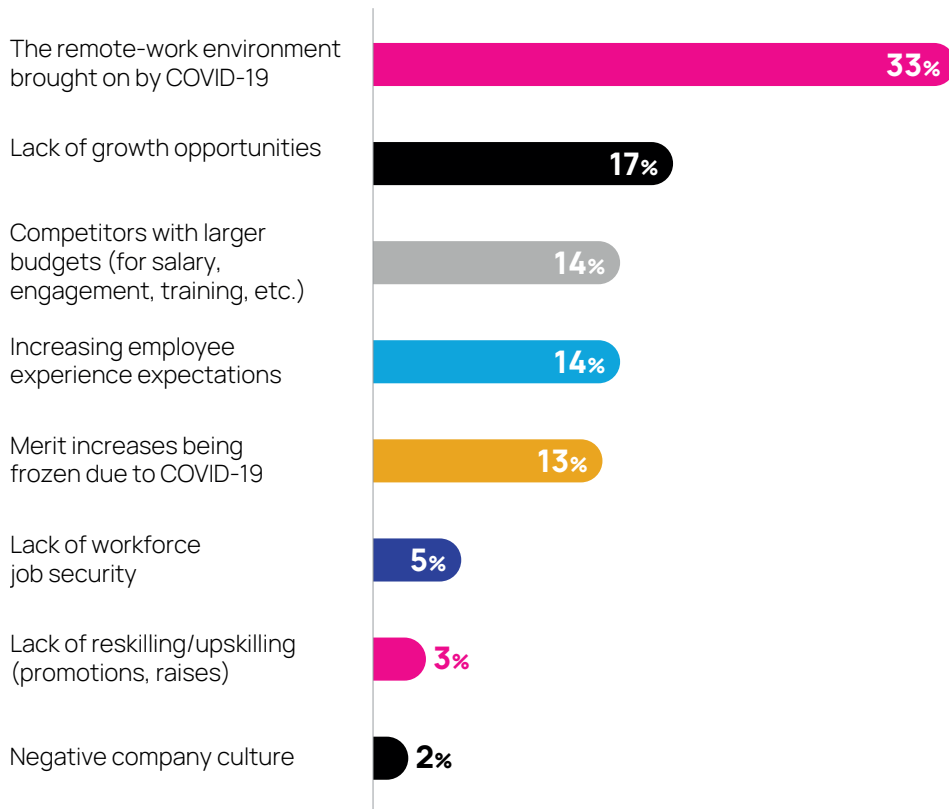
When it comes to company size, everyone agreed the remote-work environment was their biggest retention challenge, but some company sizes were more worried about other factors. Twenty-eight percent of companies with 151-250 employees, for example, are concerned with merit increases being frozen due to COVID-19 and that impacting their ability to retain talent.

Recruiting is set to be increasingly challenging for HR departments too, according to our respondents. **Forty-eight percent** of HR leaders said that **recruiting for new talent will be more difficult in 2021 than in previous years**, with the number-one reason being the remote-work environment brought on by COVID-19. While remote work allows HR professionals to recruit from anywhere, they are clearly seeing the downside of the situation as well – making it more difficult to maintain a positive culture, recruit talent and retain talent.

### What is the top threat facing talent acquisition at your company?



## What is the top threat facing talent retention at your company?



Threat: **Larger companies disproportionately investing in the future of work**

While **79 percent** of respondents said they actively invest in the “future of work” (e.g., digital, cloud-based tools, data, automation, artificial intelligence, employee experience) and only 21 percent said they did not, companies under 150 employees were more likely to say they did not invest in the future of work. **Sixty-two percent of companies under 150 employees said their company isn’t actively investing in the future of work** compared to 85 percent of companies over 1,501 employees.

*“The future of work is somewhat of an ominous phrase but what we mean by that is really connecting with people more effectively regardless of where or how they are engaging and in the most intuitive way possible. When you see innovations in virtual reality, artificial intelligence, biometrics, Internet of Things or even retail, you’re looking at what will come to work sooner than later. As consumers we want convenience and now as colleagues, we expect it too. If we’re fortunate to be working 40, 50, 60 hours a week, then that workweek should be made as efficient as possible so we can eliminate inefficiencies and focus on what matters: people.”*

James Norwood, Chief Marketing and Strategy Officer at isolated



75% 25%

Agriculture



82% 18%

Education



33% 67%

Legal



61% 39%

Nonprofit Organization



83% 17%

Travel & Hospitality



80% 20%

Business & Professional Services



88% 13%

Financial



85% 15%

Manufacturing



75% 25%

Real Estate or Property Management



77% 23%

Utilities



86% 14%

Construction & Engineering



71% 29%

Government



79% 21%

Medical & Health



64% 36%

Transportation



89% 11%

Wholesale & Distribution

Does your company actively invest in the “future of work” (e.g., digital, cloud-based tools, data, automation, artificial intelligence, employee experience)?

Yes

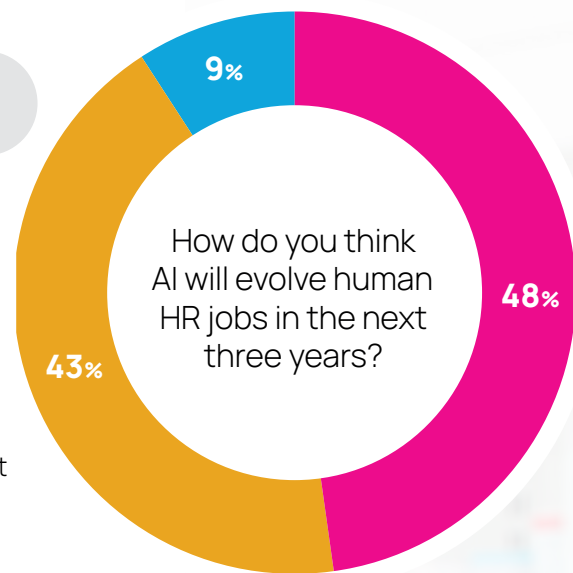
No

Total

79% 21%

Threat: **Artificial intelligence will require change management**

When we talk about the future of work, we have to mention artificial intelligence (AI). While there has been fear of “the robots taking over”, people are getting more comfortable with the benefits of AI. In fact, **only 20 percent of respondents believe AI will replace human HR jobs in the next three years**, whereas the majority (58 percent) believe it will evolve human HR jobs. The threat with AI mainly centers around the cultural shift that must happen. We speak to so many HR leaders who are having to justify moving off paper or manual processes in favor of digital that adding in AI – with so many misconceptions about it – will require extensive education to calm fears.



*"We're already seeing incredible benefits of AI in HR functions. The power of AI in HR is often the same as elsewhere in the business – to deliver analytics and insight that enable better, more informed decisions. When you can harness people data – salaries, promotions, engagement, payroll – and leverage it to predict trends and get advice on what to do next, it's an incredibly powerful tool. As employee expectations regarding their work environment and their employer continue to change, analytic tools become increasingly powerful in identifying emerging trends early and predicting important changes ahead of time. In people management, that capability is incredibly powerful and it shapes a far better employee experience."*

Geoff Webb, Vice President of Solution and Product Strategy at isolved

- It will relieve HR teams of burdensome tasks to focus on more strategic aspects of the role
- It will create opportunities for more technical roles
- It will improve compliance

Threat: **Mandating vaccines in a polarizing political climate**

AI can certainly strike a lively conversation, but it has nothing on mandated vaccines. Regardless of views, we can all agree that the last year has been divisive politically. One of the polarizing topics has been that of how various leaders and localities managed pandemic protocols, so getting groups to agree on how vaccine distribution and requirements should be handled will be difficult, at best. And, what role is it of the employer to say either way? According to our 500 HR leaders surveyed for this report, **44 percent of companies will mandate that employees get the COVID-19 vaccine**. Forty-one percent of HR leaders will not mandate the vaccine, while 15 percent are unsure.

**Transforming Employee Experience**



Agriculture



Business & Professional Services



Construction & Engineering



Education



Financial



Government



Legal



Manufacturing



Medical & Health



Nonprofit Organization



Real Estate or Property Management



Transportation



Travel & Hospitality



Utilities



Wholesale & Distribution

Is your organization  
mandating employees  
get the COVID-19  
vaccine?

- Yes
- No
- Unsure

Total  
44% 41% 15%

# SWOT Analysis of 500 HR Department

## strengths



Employee experience is a top priority



Employee experience is highly rated



HR budgets are increasing for tech



HR leaders are happy in their current roles

## weaknesses



Weak HCM solutions



Disconnected HR tech



Payroll is a pain point



The digital maturity gap



Tech can't cure culture

## opportunities



Tap into outside help to fill in gaps



Capitalize on stated opportunities



Support employee referrals



Redefine HCM needs

## threats



Recruiting and retaining are expected to be difficult



All businesses must prepare for the future of work



Artificial intelligence will require change management



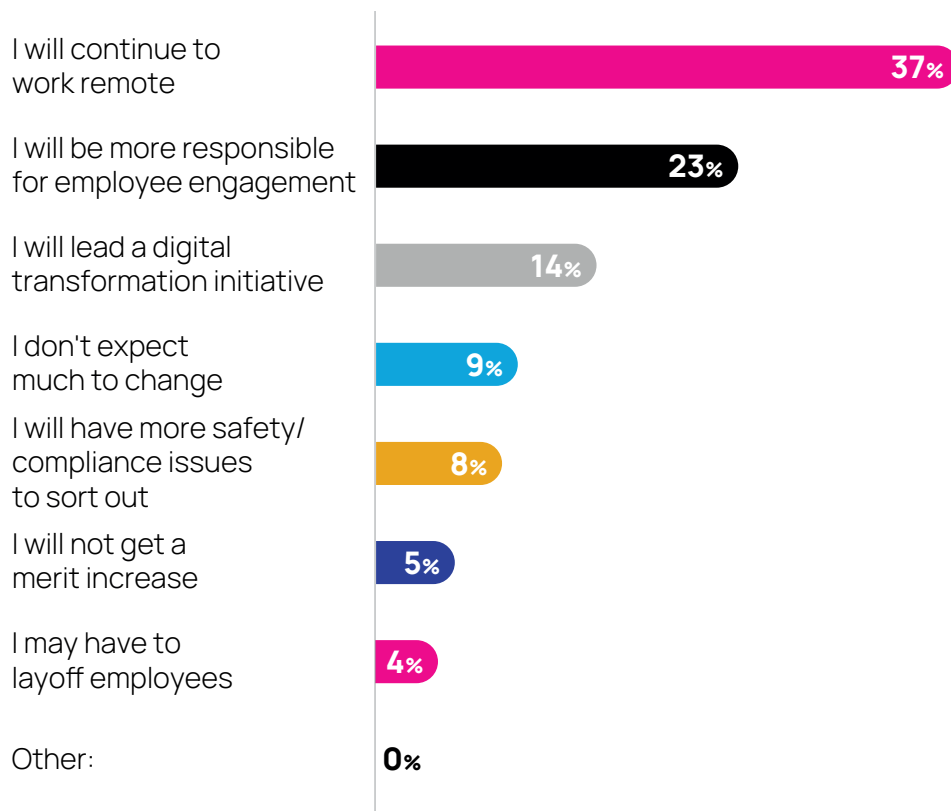
Mandating vaccines in a polarizing political climate

# The Digital-First Imperative,

## In a Digital-First Age

If there's one thing we can count on, it's a highly evolving HR department that will be more focused on digital matters than ever before. We wanted to know straight from the source about how HR leaders expect their role to change as the pandemic continues. The top answer to this question was, "I will continue to work remote." The second highest answer was "I will lead a digital transformation initiative." While digital transformation isn't just about supporting the virtual work environment, it's as big of a reason as any.

How do you expect your HR role to change while the pandemic continues?



Over 2020 and into 2021, digital-only was how many of us could interact with our colleagues and the companies where we work. If you start to question the need for digital transformation when you're back in the office, just think of those employee expectations we mentioned so early on here, because expectations never go backward. Expectations only increase. If you're used to two-day shipping with Amazon, would you be OK waiting for 14 days instead? If you're used to collaborating in real-time with coworkers over chat, will you wait until their office door is open to ask a question? If you got two hours back in your day by not commuting to an office, would you be happy sitting in traffic instead of at home working?

The pandemic exposed a company's digital infrastructure and ability to support HR teams, people managers and employees through digital channels. What organizations need now more than ever is for that entire employee journey – from hire to retire – to be supported to meet expectations, minimize risk, maximize productivity and marry every HR system into a seamless experience. It's a tall task but one you can achieve by taking a step at a time and with the right internal and external partners.

### Transforming Employee Experience

## Methodology

The Transforming Employee Experience report from isolved analyzes the priorities and plans of 500 human resources leaders from the United States. Respondents are employed full-time in an HR role, with the seniority level of manager or above. The survey was conducted online in January 2021, with the demographics broken down as followed\*:

### Seniority

- Entry level/associate: 0%
- Manager: 46%
- Director: 29%
- Vice President: 6%
- Chief People/HR Officer: 19%

### Company size

- 1-100: 18%
- 101-250: 12%
- 251-500: 18%
- 501-1,500: 35%
- 1,501 or above: 16%

### Industry

- Agriculture: 1%
- Business & Professional Services: 16%
- Construction & Engineering: 7%
- Education: 4%
- Financial: 8%
- Travel & Hospitality: 4%
- Legal: 1%
- Manufacturing: 14%
- Medical & Health: 13%
- Government: 3%
- Nonprofit Organization: 4%
- Real Estate or Property Management: 2%
- Transportation: 3%
- Utilities: 3%
- Wholesale & Distribution: 7%
- Other: 11%

*\* Numbers in the graphics may not add up to 100 percent due to rounding to whole figures.*

## About isolved

isolved is an employee experience leader, providing intuitive, people-first HCM technology. Our solutions are delivered directly or through our partner network to more than five million employees and 145,000 employers — who use them every day to boost performance, increase productivity, and accelerate results while reducing risk. Our HCM platform, isolved People Cloud, seamlessly connects and manages the employee journey across talent management, HR & payroll, workforce management and engagement management functions. No matter the industry, we help high-growth organizations employ, enable and empower their workforce by transforming employee experience for a better today and a better tomorrow. For more information, visit [www.isolvedhcm.com](http://www.isolvedhcm.com).