

The future of HR technology: 7 themes guiding the way forward

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My work focuses on using technology to help companies make better decisions and create better work environments for employees. It involves studying how technology intersects with employee psychology to affect business success. Given what I do for a living, I am often asked to comment on the future of HR technology. The following are thoughts about how I expect HR technology to evolve. The goal is not to predict exactly what developments will occur. But to describe what kind of development we are likely to see and why. Illustrating the nature of future changes by looking at examples of changes from the past

To cut to the chase, the most impactful future innovations in HR technology will:

1. Be guided by fundamentals of employee psychology
2. Compensate human weaknesses and enable human strengths
3. Enable employees to act naturally and stop following inhuman processes
4. Be used to coordinate and specialize workforce management activities
5. Help companies unleash the capability of an infinitely complex workforce
6. Support people's natural capacity and aptitude for adapting to change
7. Not be about HR technology

1- HR technology will be guided by fundamentals of employee psychology

The primary purpose of strategic HR technology is to build and manage workforces to deliver on the strategic goals of the business. This requires doing two things:

- **Predicting people's behavior** to ensure employees are placed in roles where they can be successful given their knowledge, skills, interests, and other psychological attributes. This includes understanding what types of roles the company needs to succeed.
- **Influencing or changing people's behavior** in a way that increases the overall performance of the company. This includes getting candidates to join and remain with the company and developing the capabilities of existing employees.

The science of psychology is focused on understanding how to predict and change human behavior. As a result, it is central to understanding the future of HR technology. The psychology of employees is also one of the only constants in the world of work. People do not evolve at the speed of technology or business markets. Despite ageist claims in the popular press about millennials being totally different from boomers, the core [psychology of people actually changes very little](#) from one generation to the next. As much as we might want to deny it, the cognitive processes used by our brains are the same as our parents. Furthermore, what millennials want from work is almost identical to what their great-grandparents wanted: a reasonable level of employment security, fair compensation, being appreciated and supported, meaningful and interesting job assignments, and some level of work-life balance. What does change based on labor market conditions is people's willingness to demand that employers provide these things?

It is folly to think we can predict what specific technological innovations will occur in the future. In the 1960s everyone looked forward to a world filled with flying cars, but no one anticipated online shopping. But there is one thing we can be certain of whatever technology the future contains it will be used by people. And people don't change much. If we want to predict how HR technology will develop over time, the best place to start is to understand the psychological factors that influence employee behavior at work.

2-HR technology will compensate for human weaknesses and enable human strengths

The most impactful HR technology solutions tend to do at least one of two things: a) automate tasks that people did not want to do, or b) enable people to do things they wanted to do but found difficult to do well. To illustrate this concept, consider two of the most successful HR technology innovations in the past 20 years: applicant tracking and social learning. Applicant tracking is a great example of automating tasks people dislike. Hiring can be tedious and difficult. It requires gathering information about candidates, reviewing this information, and deciding who has the best potential for success. People are not good at these sorts of repetitive information processing tasks. We grow bored and develop shortcuts that make the task faster but decrease the quality of our decisions. Applicant tracking and selection technology were quickly adopted by organizations because it automated staffing tasks that people were neither good at nor enjoyed.

Social learning technology (e.g., "how-to" videos and online learning communities) is another example of HR technology enabling people to do something in a more enjoyable manner. Humans are social creatures. Since the dawn of humanity people have acquired skills by working alongside people who

knew more than them. The most natural way for people to learn is through individual relationships. The problem is this one-on-one social approach doesn't scale well. As a result, organizations developed training courses. But there is nothing natural about attending a course. We don't want to sit through classes. If you don't believe me, spend time with children who are attending structured classes for the first time. This is why social learning technology became popular so quickly. It allows people to learn in a more personal and social way that comes naturally to them.

One way to forecast the “next big thing” in HR technology is to identify talent management activities that require people to do things they are neither good at nor enjoy. Coaching employees is a good example. Managers know they should provide coaching, but many avoid it because it is not something that they are good at or enjoy. Development of technology that provides effective coaching without requiring managers to invest considerable time delivering it will greatly improve the working lives of both managers and employees. There is good coaching technology currently available, but it has not yet reached the level needed to achieve mass adoption. It will happen at some point. Other examples include technology solutions to make compensation decisions that increase motivation and maintain equity, to help people balance demands of work and non-work obligations, or to guide large-scale organizational restructurings and acquisitions.

Another way to forecast the “next big thing” is to look for technology that supports things people want to do but struggle to do well. Career development is a good example. The most effective and most preferred way for people to develop careers is to get challenging job assignments and build supportive professional relationships. But employees struggle to land assignments and find contacts that will help develop their careers. Career development solutions that can effectively overcome these challenges will be rapidly adopted because they will help employees do things they want to do but struggle to do well. Another example in this category is the creation of better solutions supporting the creation and performance of [dynamic teams](#).

3-HR technology will enable employees to act more naturally

Many work processes are “unnatural” from a psychological perspective. If people have a choice, few would voluntarily do things like the commute to an office every day, conduct annual performance reviews, or attend one-size-fits-all training programs. Many of the HR processes employees dislike are a result of limitations of past technology. Consider the example of the much-hated annual performance review. How did we end up with such a poorly designed process? The answer lies in a historical conflict between organizational size and existing HR technology. As companies grew in size during the 20th-century leaders became concerned about having a way to measure performance across the workforce. Yet until the 1990s, the only technology available was paper forms or computer spreadsheets. How can a company measure the performance of thousands of employees when all it has is paper forms? The best

companies could do at that time was the annual performance review process. It is no surprise companies started radically redesigning these processes shortly after the development of flexible cloud-based HR technology solutions.

As HR technology evolves, expect to see other reviled HR processes and tools become abandoned or radically redesigned. For example, the [hierarchical organization chart](#) was created over 100 years ago as a way to manage large numbers of people. Companies continue to use these charts even though they encourage functional silos and artificial distinctions between job roles. At some point, a good technology solution will be created to replace the hierarchical org chart, and when this happens, we will never go back. Some other unnatural HR processes poised to be eliminated through technological innovation include annual compensation increases, certification tests, and even [graduation and retirement](#).

4-HR Technology will allow companies to coordinate and specialize in HR activities

Workforce management involves a range of activities that are related yet distinct. For example, hiring employees involves a different set of activities than developing them. Yet how a company develops employees impacts the kinds of people it needs to hire. Conversely, the kinds of employees a company hires determine how it needs to develop them. Although HR activities such as staffing and development are interrelated, historically companies managed them as separate processes because it was too difficult to coordinate them. Companies also combined processes that are relatively distinct as a way to simplify HR operations. For example, hiring employees involves two different activities: recruiting and selecting. Recruiting is about finding qualified applicants and convincing them to join the organization. Selecting is about evaluating candidates to make sure the company is hiring the right people. Convincing someone to apply for a job is much different from evaluating whether they are qualified to perform it. Yet many companies combine recruiting and selecting into a single process called “staffing”.

HR technology can enable companies to improve different types of HR activities while still keeping them intertwined. The following are some examples:

- Staffing is split into 1) finding and sourcing applicants, 2) managing and engaging candidates, 3) screening and selecting candidates, and 4) transitioning and onboarding newly hired employees into the organization.
- Performance management is splitting into 1) setting performance goals and expectations, 2) providing ongoing coaching and goal alignment, 3) assessing and developing performance, 4) evaluating employee contributions, and 5) making compensation and staffing decisions based on past accomplishments and future performance expectations.

- Employee development is splitting into 1) assessing development opportunities, 2) accessing training, 3) establishing development relationships, and 4) providing development-focused job roles.

HR technology will increasingly break processes into specialized components to improve their design while still sharing data and creating alignment across process components. For example, using information collected during the staffing process to tailor subsequent actions during the employee development process. This concept of “divide yet integrate” will be a consistent theme in the future development of HR technology.

5-HR technology will unleash the capability of an infinitely complex workforce

Many of the methods companies use to manage workforces ignore the inherent complexity of people. Organizational charts, job profiles, and compensation plans often treat people in the same job category as though they all had identical interests, needs, and capabilities. This is largely a result of companies lacking the ability to treat every employee like the unique individuals they are. This is will increasingly change with advances in HR technology.

To effectively manage a diverse labor force, companies must appreciate how people’s differences influence how they work, learn, develop, and thrive. People are infinitely complex. But we are complex on a finite number of psychological dimensions. One might make an analogy between people in a company and paintings in a museum. All paintings are different, but they can all be described using a standard set of primary colors. The same is true of employees. Employees are all different, but their differences can be described using a common set of psychological traits, interests, experiences, and accomplishments. HR technology will increasingly be used to understand and appreciate people for their unique combination of characteristics. Helping people find where they can make the greatest contributions to the business while achieving their personal goals. We are still early on when it comes to fully embrace workforce diversity, but the world is demanding we move in this direction. Our success will require developing HR technology solutions that allow us to embrace the complexity of people without becoming overwhelmed by it.

6-HR technology will support people’s capacity for adapting to change

As the pace of change accelerates, companies are having to manage people in a much different way.

Historically companies managed employees to maximize productivity. People are most productive when they are doing things they already know how to do. HR technology solutions built for productivity-focused on hiring people based on what they already know as opposed to what they could learn. And emphasized providing people with clear job directions and educating them with planned learning activities. These solutions work when the goal is to maximize performance doing relatively familiar tasks in stable work environments. But they fall short when the goal is to maximize people's ability to adapt to new environments and master constantly changing activities.

Managing for adaptability starts with dispelling the belief that people fear change. People do not fear change. What they fear is poorly managed change. They fear losing valuable resources or being forced to do things they cannot or do not want to do. But the change in the right conditions is exhilarating. It is the feeling of developing new capabilities, overcoming challenges, and achieving meaningful goals. But whether employees view change as an opportunity instead of a threat depends on whether [their experience of work](#) provides:

- Purpose: the changes are meaningful and fulfilling for employees.
- Community: employees are supported and valued by their colleagues.
- Confidence: employees have access to the knowledge and resources needed to adapt.

As HR technology continues to evolve, we will see steady development of solutions to support these three critical aspects of employee experience. Coupled with increasingly sophisticated solutions to detect and improve the experiences employees are having at different phases of their employment journey.

The most transformational HR technology may not be HR technology

Despite the old saying that “employees are a company’s most valuable asset”, most companies cannot accurately assess the financial value of employees. Nor can they convincingly demonstrate the financial impact of most HR methods. The ultimate goal of HR is to ensure a company’s employees achieve its strategic objectives. So, one might think companies would be constantly studying the link between HR practices and business outcomes. But when companies evaluate the impact of HR methods they mainly look at other HR data such as employee engagement, turnover, demographics, and skill level. They almost never look at business results data because it is not stored in HR technology systems.

Employee engagement, retention, and skills are critical to an effective workforce. But companies do not hire and pay people to be happy, develop skills, and not quit. They employ them to influence business outcomes associated with profit, growth, and customer service. The problem of linking HR to business

operations is not about having data. It is about linking data collected by HR technology solutions to data collected in business operations solutions associated with finance, supply chain, manufacturing, sales, and customer service. Closing the historical disconnect between HR methods and business outcomes will not be achieved by building better HR technology. It will be achieved by building [integrated technology platforms](#) that link HR solutions used to manage the workforce with non-HR solutions used to manage money, sales, materials, manufacturing, and customers.

These 7 themes do not cover all the ways HR technology will change over the coming years. They do provide a sense of how it will change and why. And can be used as a guide to predict the future and build out long-term HR technology roadmaps. But like any roadmap, these themes only provide a general sense of where we are going. The most interesting stuff will be the specific things we will see along the journey.

The post "The future of HR technology: 7 themes guiding the way forward" was first published by Steve Hunt here <https://www.linkedin.com/pulse/future-hr-technology-7-themes-guiding-way-forward-steve-hunt/>

About Steve Hunt

My career is focused on helping companies design and deploy technology-enabled processes to improve workforce adaptability, experience, and productivity. I believe that meaningful and fulfilling work is critical to human happiness. Creating high-quality work environments positively influences the lives of employees, their families, their managers, their customers, and their broader society. Better work environments create better world environments.

In the 20+ years, I've been doing this sort of work, I've had the fortune to play a role in the implementation of systems that have improved productivity and engagement of millions of employees working for hundreds of companies ranging from small start-up organizations to the largest employers in the world. My experiences have also led to authoring hundreds of articles and presentations on topics related to strategic HR and workforce productivity as well as two books on HR process design and implementation: "Commonsense talent management: using strategic human resources to increase company performance" (Wiley Press, 2014) and "Hiring success: the art and science of staffing assessment and employee selection" (Wiley Press, 2007). The link below will take you to a site where you can download most of my papers, blogs, and publications.

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