

HR Technologies UK Pulse Survey Report

Adopting HR Technologies: An Organisational Imperative

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A close-up portrait of Nicki Morris, a woman with long, wavy brown hair, smiling warmly at the camera. She is wearing a dark top and a necklace. The background is a neutral, light grey.

Foreword

Nicki Morris
Group Exhibition Director

In the face of a challenging economic landscape, many organisations are currently having to manage tough financial decisions. With investments under intense scrutiny, it's crucial for businesses to understand where to allocate resources to maximise both employee satisfaction and profits.

Following a turbulent few years, companies are having to manage rapidly shifting employee priorities and expectations, which is placing modern HR practices and processes firmly into the spotlight. While the work of the HR team has historically been viewed as a sunk cost, the C-Suite is beginning to understand its role as a strategic player within the business. As such, this report looks to explore the potential return on investment of HR technologies and how HR teams can use these tools to their advantage to foster business growth.

Data from the *HR Technologies UK Pulse Survey* highlights some of the growing trends in HR technology investment. The report guides readers through the forms of HR technology currently in use, highlighting

both its benefits and challenges. Moreover, it delves into the transformative power of AI within HR departments, outlining its potential to revolutionise processes while addressing concerns around bias and expertise.

This report serves as a roadmap for HR leaders, offering insights into navigating the complex terrain of technology investment. By leveraging the right tools and technologies, HR teams can not only streamline operations but also foster a culture of engagement and innovation. As we look to the future, it's clear that the strategic deployment of HR technologies will be instrumental in shaping the success of organisations in the years to come.

This report aims to serve as a beacon of guidance amidst uncertain economic times, offering strategies to harness the power of HR technologies. I'd like to take this opportunity to encourage readers to delve into its content, digest its insights, and start the conversation to create a more resilient and agile future for their companies.

Introduction

In the UK, human resources is experiencing a paradigm shift. Over the past few years, there has been an undeniable shift in attitude to work from both employers and employees. This has led to organisations looking inward, examining their practices, and seeking innovative solutions to attract, engage, and retain top talent. In this dynamic environment, technology emerges as a helping hand, promising to streamline processes, unlock efficiencies, and ultimately, cultivate a happier, more productive workforce.

Based on a survey of over 1,000 UK HR professionals – one of the largest national surveys of its kind – the *HR Technologies UK Pulse Survey* Report dives into the heart of this transformation. Ahead of the HR Technologies UK exhibition, this report examines the current state of technology adoption within the industry, explores the challenges and opportunities presented by AI, and highlights the emerging trends shaping the future of work.

Gone are the days of siloed data and paper filing, the rise of the tech-savvy HR is here. Our survey reveals a UK HR community embracing change with open arms. A surge in technology investment is evident, but this isn't just a fleeting trend; forecasts predict sustained growth, with budgets poised to increase across the next five years. Widespread adoption signals a clear message: organisations recognise the potential of technology to revolutionise the HR function.

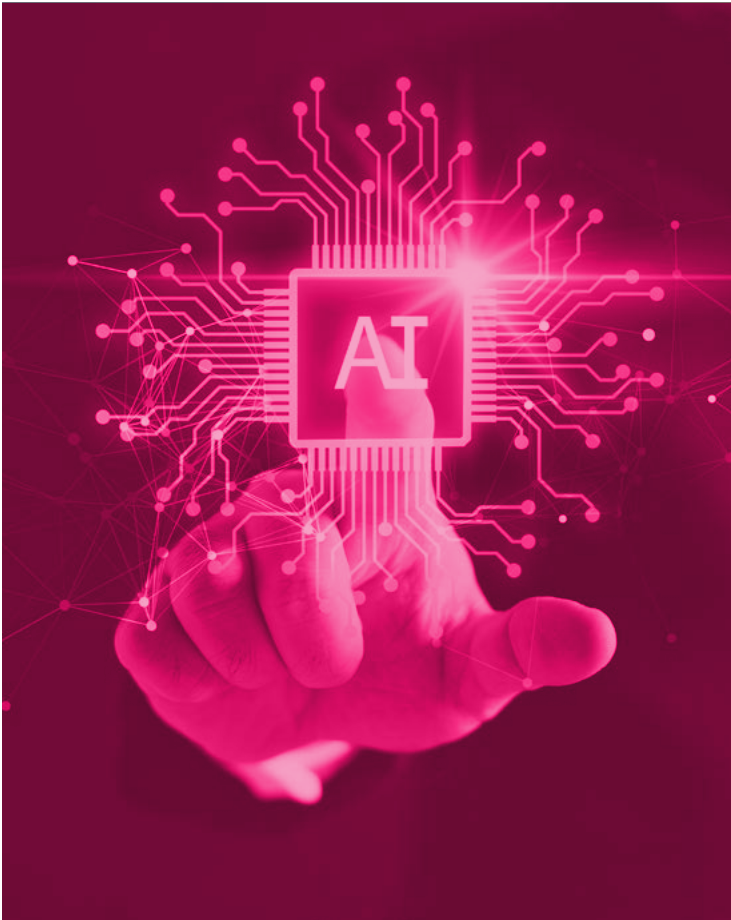
However, while optimism rings across the tech landscape, navigating the human complexities remains a central challenge for employers. Our survey identifies employee retention, hybrid work models, and fostering wellbeing, as the top concerns for HR practitioners. These interconnected issues highlight the critical need for technology to serve as a bridge, not a barrier, in nurturing a vibrant and engaged workforce.

The good news is that technology can be a powerful ally in addressing these challenges. The correlation between upskilling and improved



Our survey reveals a UK HR community embracing change with open arms.





There is a growing acceptance of AI, with a significant portion of HR professionals expressing openness to its integration into talent acquisition processes

employee engagement and retention only emphasises the importance of leveraging technology. AI, while currently being used to automate tasks, can also empower employees through personalised learning journeys, and effective feedback mechanisms.

AI was quickly thrust into the cultural zeitgeist and continues to dominate the conversation surrounding the future of work. What was once met with scepticism, has now seen a shift in narrative. Our survey reveals a growing acceptance of AI, with a significant portion of HR professionals expressing openness to its integration into talent acquisition processes. This shift reflects the understanding that, when harnessed correctly, AI can automate mundane tasks, freeing up time for HR staff to focus on more strategic and valuable activity, ultimately building meaningful connections with candidates and fostering a human-centric employee experience.

The success of AI, and wider HR technology, hinges on its ability to serve a fundamental purpose: creating a better workplace for everyone. Studies have shown that organisations which prioritise employee wellbeing and diversity initiatives not only see higher engagement¹, but also experience increased profitability². This highlights the growing focus on building a more equitable and inclusive work environment, where technology acts as a catalyst for positive change.

However, this is only the beginning of the conversation. As we further explore the data and the nuances of HR technology adoption, we will gain invaluable insights into the evolution of the future of work. In a world where human connection remains paramount, technology is the tool HR professionals must wield to amplify empathy and increase the efficiency of the function.

Reviewing the existing HR budget

Though leaders are beginning to appreciate the very real impact of HR technologies on the wider organisation, investing in these tools is another matter. Given that organisational spending is currently under scrutiny, HR leads must take the time to examine their own budgets. So, what does a typical HR budget look like in 2024? Within this, there are two perspectives that we need to consider; the first is, how business leaders view and (therefore) fund the HR department. The second is how HR leaders prioritise spending within their teams.

Organisational HR spending

According to Gartner's 2023 HR Budget and Efficiency Benchmarks report³, the average HR functional spend as a percentage of revenue is 0.74%, which is one of the lowest investments, compared to other areas of the business, such as finance (1.33%), IT (3.06%), marketing (5%) and sales (7.01%). The reality of these figures suggests that HR department spending is not necessarily seen as an 'investment' among the wider business including the C-suite.

Is this any surprise when senior management and the C-suite have admitted to not really understanding the function of their HR teams? For example, survey data from Personio⁴ found that 63% of C-suite leaders would like to gain a better

understanding of what their HR teams actually do. The same research found that over half of the C-suite respondents are unsure how to use their HR teams in the most effective and strategic way. Therefore, despite this slight educational gap, it appears that CEOs are looking to better understand and maximise the use of their HR departments.

Pete Cooper, Director of People Partners & DEI at Personio explains "The HR function is a vital part of any organisation, yet it's clear there is a lack of understanding of its purpose when it comes to the C-suite, which may stem from an absence of prioritising investment in HR."

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Cooper add "Meanwhile, People teams feel weighed down by purely operational tasks, impacting their ability to contribute to strategic initiatives and exacerbating the problem. Involving HR teams in top-down strategy and decision making from the off is a vital consideration for the C-suite in order to address these challenges and truly recognise the value and expertise that HR can provide, within - and beyond - the people function."

Despite various economic concerns, such as rising inflation, recent research from Gartner⁵ found that most CEOs aren't fearing a significant or long-term recession, and that growth remains a top priority for



49% of respondents. This offers a real opportunity for HR leaders to prove the value of their tools and technology investments.

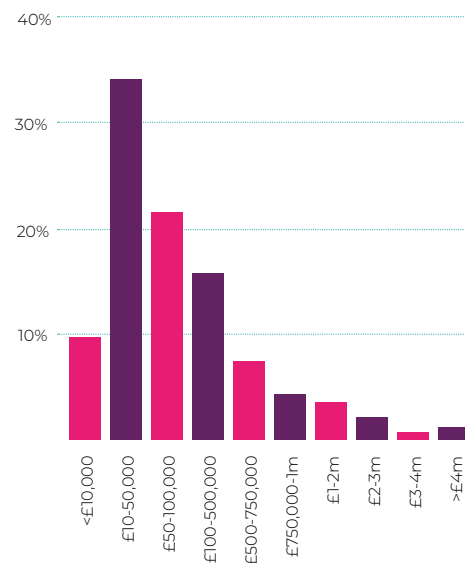
HR department spending

But how are HR leaders currently prioritising their budgets to maximise growth and return on investment? Data from the 2023 HR Budget and Efficiency Benchmarks report found that the top area HR is planning to increase investments is in technology. The study found that up to 47% of HR leaders were planning to increase their budgets, with recruiting and HR technology cited as the two areas where investments were expected to rise the most.

These figures are supported by research from the HR Technologies UK Pulse Survey. For example, when asked about how much their organisation invested in HR technology over the last financial year, 56.3% of respondents reported that they had invested £50,000 or more. Similarly, 37.12% of respondents reported that their annual HR technology investment over the next five years would most likely increase by 20% or more.

Overall, the data suggests that HR teams are recognising the impact of investing in the appropriate HR tools and technologies. But what kinds of HR technologies are they investing in, and how are they using them to ensure maximum return on investment for the company as a whole?

56% of HR professionals reported that they have invested £50,000 or more in HR technologies over the last financial year



Exploring technology in the HR department

Research from the *HR Technologies UK Pulse Survey* found that HR professionals are expecting to see a significant increase in their annual technology budget over the next five years. However, this surge in investment isn't just a fad; it's a reflection of the transformative power of technology in empowering HR staff to build a thriving workforce.

Recruitment, reimagined

Attracting and hiring top talent is one of the most critical functions of the HR department. Technology takes the guesswork out of this process by automating certain tasks, like resume screening and scheduling interviews. AI-powered platforms can scan through mountains of applications, identifying candidates with the right skills and experience, saving HR professionals valuable time and effort.

Efficiency, while important, isn't the entire goal, it's also about finding the perfect fit. The *HR Technologies UK Pulse Survey* found that 80.44% of HR staff are open to using AI in talent acquisition, particularly for tasks like onboarding and training (25.75%), where technology personalises the new hire experience and encourages engagement from day one.

Building an ecosystem to engage employees

While essential, hiring top talent is only the beginning. Now you have to retain them.



Eight in 10 HR professionals are open to using AI in talent acquisition

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Employee engagement is the lifeblood of success for organisations that seek to get the best from their workforce. Our research established that 71.26% of HR professionals believe technology plays a crucial role in boosting engagement and retention. Employee engagement platforms can connect teams across different locations, while performance analytics dashboards provide data-driven insights to tailor development opportunities and celebrate achievements. While upskilling and training are frequently correlated with improved employee engagement, 93.71% of survey respondents agree that it's also empowered by technology. For example, eLearning platforms cater to diverse learning styles, and gamified training programs can significantly boost knowledge retention.

Rolling performance management

Continuous feedback platforms ensure employees receive regular insights, while 360-degree feedback fosters open communication and collaboration. AI-powered tools analyse data from various sources, providing managers with tailored coaching suggestions and helping them identify high-potential individuals. This data-driven approach empowers managers to become effective coaches and mentors, ultimately driving both individual and organisational growth.

Nurturing a workforce through employee wellbeing

Technology is a powerful ally in promoting employee wellbeing, which 68% of respondents consider "somewhat" or "very important".

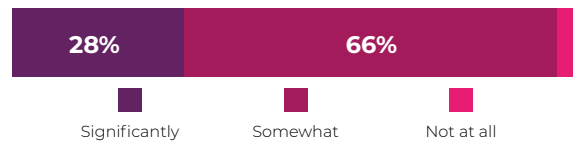
Wellness apps⁶, for example, offer resources for stress management, mindfulness practices, and healthy living tips – a strategy offered by up to 83% of UK employers, according to research. In the face of challenges, employee assistance programs offer confidential support, while online communities provide a platform for peer-to-peer connection and resilience.

Future-facing HR

Technology is not there to replace HR professionals; it's empowering them to



94% believe that technology contributes to improving employee engagement and retention



focus on what truly matters: building connections, nurturing talent, and fostering a thriving workplace culture.

The success of HR technologies will hinge on its ability to put people at the heart of everything it does. With continued investment and a focus on human-centric solutions, HR technology can create a future where organisations not only attract and retain top talent but also create a vibrant and fulfilling work environment for everyone.

While HR technologies have been developing consistently over the last few decades, the (seemingly) sudden proliferation of AI across all facets of business technology is set to further change the game.

Implementing AI solutions

In recent years, AI has shifted from the realm of fantasy fiction to become a transformative force for organisations all over the world. The technology's boundless potential to save time and resources has captured the interest of consumers and businesses alike; now the challenge is harnessing this potential.

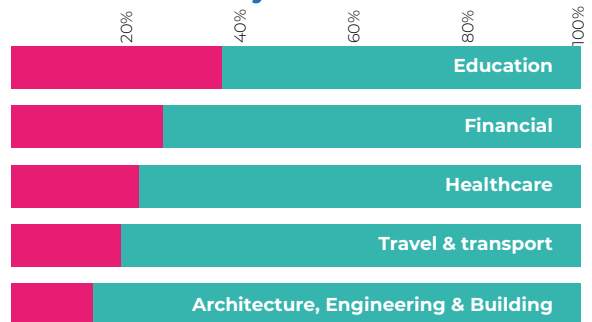
Findings from the *HR Technologies UK Pulse Survey* support the belief that AI holds huge promise in addressing key HR challenges. When asked about the most beneficial uses of AI for HR professionals, the primary areas cited by respondents were onboarding and training (25.8%), performance management (24.5%) and chatbots and virtual assistants (22.3%). In the long run, the implementation of AI in HR departments will be driven by its numerous benefits to the overall workforce.

An overwhelming 80.4% of respondents reported being somewhat likely or extremely likely to adopt AI specifically for their talent acquisition processes. The support for AI follows the technology recently being catapulted into both the public and professional eye. This has accelerated the widespread acknowledgment of its potential benefits in HR operations. A significant rise from just 52% willing to explore potential use cases and opportunities last year⁷ (Gartner, 2023), shows the rapidly evolving uplevelling of AI technology and changing investments by business leaders.

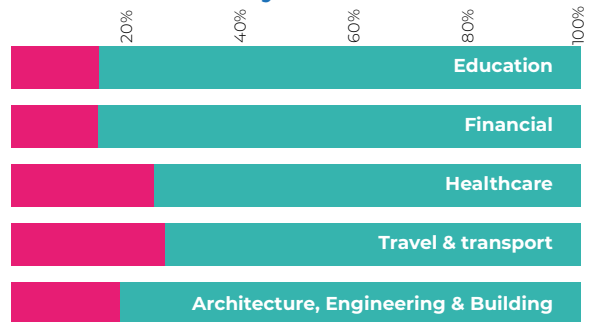
Richard Doherty, Senior Director Product Marketing EMEA at Workday shares “AI

The most beneficial uses of AI in HR varies by industry

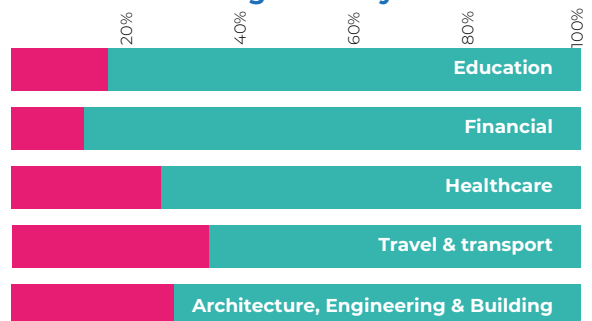
HR Information Systems



Performance analytics



Workforce management systems



is a boon for HR teams. When it comes to recruiting, for instance, AI can draft content for job descriptions based on simple prompts, scan huge numbers of job applications to identify candidates with the right skills for a role, and recommend job opportunities based on their experience. Traditionally, these have been time-consuming, repetitive tasks that acted as a drag on the agility of HR teams. With AI's support, HR professionals can instead be freed up to work higher value work - from nurturing internal relationships to crafting strategy."

When embracing AI in onboarding and training processes, organisations can effectively address the reported 36% challenge in upskilling. This approach not only meets the demands of the contemporary workforce but also positions AI as a key enabler of continuous learning and skill development.

Shaping the trajectory of AI adoption

AI offers several key benefits to the HR department, including a significant time and resource saving that allows staff to dedicate more time to strategic activities that contribute directly to the organisation's goals. By reducing their administrative workloads, HR teams are able to focus on more valuable tasks such as talent development, employee wellbeing, and fostering a positive workplace culture.

However, the adoption of AI in HR is not without its challenges. Research emphasises that while the majority support AI integration into acquisition and onboarding, HR practitioners are also mindful of its potential disadvantages. One major concern is the potential for bias, particularly in recruitment processes, where algorithms might inadvertently perpetuate or even exacerbate existing biases present in historical data.

Another prominent challenge is the lack of sufficient in-house expertise to effectively manage AI tools. As the technology is developing so rapidly, HR teams may require additional training or external assistance to use AI most effectively.



There's additional uncertainty surrounding where and how to implement AI while ensuring the wellbeing of employees remains a central priority. Balancing automation with human touchpoints is crucial to maintaining trust and transparency within the workforce. Addressing these challenges and concerns requires careful planning, ongoing evaluation, and a commitment to ethical AI practices.

Doherty advises "While using AI, however, it's important for HR employees to stay in control. This involves what we call the 'human-in-the-loop' approach to using AI. This means AI taking on the labour-intensive tasks - like analysing data or drafting descriptions - but humans remaining firmly in control of the decision-making. With this approach, HR teams can do better, faster and more meaningful work."

While these challenges will likely persist, the positive impact of AI on efficiency, productivity, and ultimately, profitability is substantial. As businesses begin to integrate AI tools into HR operations, these insights will hopefully serve as a guide to shape their transformation.

Providing a return on investment

While employees will always be the heart and bloodline of HR teams, we must not underestimate the growing importance of integrating technology into day-to-day activity. As we move towards a more digital-centric future workforce, HR teams need to be provided with the necessary tools and technologies to optimise their workload.

To ensure that HR teams receive the budget required to invest in these tools, they should be able to justify their outputs and results. While many of the benefits of HR technologies are well-documented and understood, from a leadership perspective there seems to be a disconnect between the technology investment and the positive impact on the wider workforce.

This section will explore how HR technologies can extend far beyond the traditional and expected administrative functions to provide tangible workforce-wide benefits, with potential long-term implications for the financial health of the business, ultimately yielding a measurable return on investment.

Unlocking new efficiencies in recruitment

The recruitment process is one of the key areas revolutionised by the development and investment in new HR technologies and AI. As administrative tasks become increasingly automated, not only will candidates be offered a quicker and more efficient recruitment experience, but HR staff will have the opportunity to work on a range of more strategic and intellectually stimulating activities. These changes are



primed to have significant implications on the financial health of the organisation.

On the hiring front, a more efficient recruitment process will encourage a bigger cohort, including higher calibre candidates to pursue open roles. Survey data from 2022⁸ suggests that more than three-quarters (78%) of jobseekers would drop out of a recruitment process if it was too lengthy or complicated.

More efficient recruitment and onboarding processes will also be beneficial for existing employees as it will minimise handover periods, where they may have to pick up extra work or train up new employees.

It's difficult to quantify exactly how

much efficient recruitment will save an organisation because it will impact so many areas within the business. However, research suggests that the cost of a bad hire in the UK could be upwards of £50,000⁹, further highlighting the distinct need to transform the hiring process, supplementing it with the relevant HR technologies.

Retaining the top talent

While effective recruitment strategies are essential, they represent just one aspect of the HR department's duties. HR teams are responsible for managing the entire employee lifecycle, encompassing everything from initial hiring to eventual termination, and all the phases in between. As part of this, establishing procedures to foster strong staff retention rates should be considered an absolute priority. From Performance Managements software to Internal Communications tools, HR technologies can play a huge role in this.

Unfortunately, this isn't necessarily a simple process, as employee performance and staff retention can be determined by a veritable cocktail of factors. These include everything from leadership style and management support to training culture and organisational culture. However, academic research¹⁰ notably suggests that engaging staff in more interesting work can act as a catalyst for improving these rates.

Leveraging AI and HR Technologies can engage both HR teams and the wider workforce in more stimulating activity. From the HR team perspective, these tools can hugely reduce the administrative responsibilities of HR practitioners, allowing them to focus on more complex and strategic tasks, accelerate their professional development and reach their career goals.

If HR professionals are more satisfied with their roles, and committed to the company, we can expect to see higher performance. For example, according to research from Oxford University's Saïd Business School, happy and content employees are likely to be up to 13% more productive. While a study from Adobe suggests that satisfied

workers are significantly more inclined to innovate and apply creative thinking. Consequently, fostering a more effective HR department is expected to benefit the entire organisation.

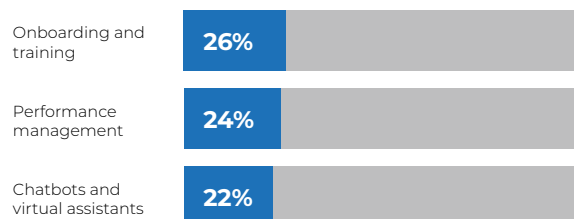
Upleveling training and upskilling

Research from the *HR Technologies UK Pulse Survey* found that staff training and upskilling is considered to be one of the top challenges currently faced by HR practitioners and teams today (35.53%). Similarly, when asked about the most beneficial uses of AI for HR staff, 26% of respondents cited onboarding and training. Implementing HR technologies has the potential to revolutionise training and upskilling across the organisation, facilitating tailored learning experiences to individuals. Ultimately, this can result in substantial long-term cost savings, attributable to factors such as reduced staff turnover costs, increased workforce

A third believe upskilling is one of the top challenges facing HR professionals



The top 3 beneficial uses of AI





By leveraging AI-driven analytics, HR professionals can identify skill gaps more effectively

productivity and enhanced innovation across the organisation.

In many cases, investing in upskilling and training programs can help employees to feel more valued, and motivated. All of which is likely to lead to increased job satisfaction and reduced turnover rates. This, in turn, lowers recruitment and onboarding costs associated with hiring new employees.

Additionally, employees who receive continuous training and upskilling are likely to be more proficient in their roles, leading to improved productivity and efficiency. This can result in cost savings by optimising workflow processes and reducing the need for additional resources to complete tasks.

In a similar manner, training programs can empower employees with new skills and knowledge, which can help to foster a culture of innovation and adaptability within the organisation. This enables the business to stay competitive in a rapidly changing market landscape and maximise new opportunities for revenue generation.

By leveraging AI-driven analytics, HR professionals can identify skill gaps more

effectively and work with the relevant subject-matter experts to develop targeted training programs to address them.

Additionally, virtual reality and augmented reality simulations can offer immersive training experiences, enhancing knowledge retention and skill acquisition. As employees become more skilled and proficient, productivity increases, turnover decreases, and the overall efficiency of the organisation improves. Ultimately, the strategic investment in HR technologies for upskilling and training pays off by fostering a more knowledgeable, adaptable, and competitive workforce while significantly reducing training-related costs over time.



Conclusion

In today's digital age, technology has become indispensable across all aspects of business, including HR teams. In fact, the adoption of HR technologies presents a transformative opportunity from both an employee-centric and financial standpoint.

From an employee perspective, HR technologies can enhance engagement, job satisfaction, and career development opportunities, ultimately leading to increased productivity and retention rates. All the while, the automation of repetitive tasks not only cuts down on labour costs, but also streamlines processes, reduces manual errors, and enhances efficiency, meaning businesses can achieve significant cost savings in the long run.

The strategic deployment of HR technologies can drive innovation and agility within companies, enabling them to adapt to rapidly changing market dynamics and stay ahead of the competition. In essence, the benefits of implementing HR technologies extend beyond mere operational efficiency; they contribute to the creation of a dynamic, agile, and future-ready workforce.

By prioritising both employee-centric and financial considerations, businesses can create a win-win situation where employees feel empowered and supported while the organisation thrives and grows sustainably.

As we move towards an increasingly digital and interconnected world, the strategic integration of HR technologies will undoubtedly become a cornerstone of success for businesses across industries.

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