EMBRACING THE NEW NORMAL

How to strategically optimize your human capital management

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Workforce dynamics have entered a new era

Today's dynamic business environment has made human capital management (HCM) more challenging than ever. Technology is advancing at unprecedented rates, enabling continuous improvements in system functionality and integration capabilities. Simultaneously, evolving workplace dynamics, including recruitment and retention challenges and the realities of a hybrid workforce, amplify the urgency for taking an agile and strategic HCM approach.

Equally important for most companies is the bringing together of workforces, HCM systems and processes after a merger or acquisition (M&A). With all of the regulatory and compliance requirements that have to be met after an M&A, an understanding of how to integrate HCM systems is essential to the success of the business.

Those and other significant trends are affecting the world of work and encouraging businesses to adapt their HCM systems to continually keep pace. But as companies strive to adapt, fiscal directives around cost controls raise uncertainties about optimal investment cycles.

This guide outlines the key change catalyzers and success enablers for upgrading your HCM.

73%

of human resources leaders confirmed their organizations' leaders and managers are not equipped to lead change.[1]

Recognizing catalysts for system optimization

An understanding of the triggers involved in an HCM system refresh change is the cornerstone of proactive decision making.

Modern organizations experience daily change triggers. This guide helps uncover when such events could compromise a business's systems

7 strategic triggers to optimizing an HCM system

1. Leadership changes

To remain competitive, organizations commonly revitalize senior leadership teams by bringing in mavericks who think outside the industry's collective box. When those new, transformational leaders take the helm, they often face the challenge of inheriting an HCM system configured to support their predecessors' goals, which may not align with their new direction. In such cases, embedding more automated, self-service capabilities and unlocking unused functionalities within the existing systems typically become priorities.

By optimizing, leaders can ensure the system aligns with their strategic priorities, ensuring the technology supports their goals — and the company's evolving needs.

2. A fragmented workforce technology stack

HR, IT, and finance leaders often grapple with increasingly complex technology portfolios. The perpetual quest for operational solutions amid a fast-paced work environment leads to oversubscription of cloud-based applications that perform disparate functions — known as a fragmented technology stack. Such fragmentation complicates the technology landscape and results in duplicated work efforts, which in turn increases the likelihood of data entry errors and time-consuming processes.

Now more than ever, companies must explore integrating their existing workforce applications for a seamless and efficient operational flow.

3. High-volume employee turnover

Knowledge loss due to voluntary and involuntary turnovers at any scale is costly and common. However, it affects organizations on two fundamental levels when it occurs in high volumes. First, in a fast-paced work environment, high turnover among workforce system administrators can inadvertently disrupt routine upgrades, enhancements and overall processes. Documenting operational know-how and configuration changes is critical to maintaining system proficiency, yet such documentation often gets neglected.

Second, organizations in generally high-turnover industries or those facing seasonal hiring fluctuations and changes in market forces must also manage the impacts of managerial loss. Turnover at the management level, especially among midlevel managers, necessitates ongoing configuration updates.

Performing a system audit after such significant personnel changes is essential to safeguarding an organization against knowledge loss and avoidable increases in turnover costs. Developing customized training programs and regularly updating knowledge libraries are key strategies for ensuring system continuity and proficiency.

"Our training is highly personalized to the customer. We have set topics that we cover, but we customize the program based on a client's specific implementation and, more important, the client's priorities and goals for the system within the context of the overall market environment."

— Ryan Russell
Manager, Client Advisory Services

4. Regulatory change and increased compliance challenges

Regulatory compliance challenges extend beyond the nuances of remote work. As federal, state, and local laws regarding healthcare provisions, labor regulations, and leave policies rapidly change, payment errors and improper employee deductions become commonplace. Regularly updating and optimizing HCM systems ensure that policies remain aligned with the latest regulatory requirements, reducing risks of compliance-related issues.

In addition, pay transparency — a mechanism for improving pay equity — is becoming increasingly required by state law. The laws have potential noncompliance consequences, and they compel organizations to disclose pay in job postings and to current and prospective employees when asked.

Building a robust, accurate, and intuitive pay data and reporting ecosystem becomes crucial because pay equity analyses, pay range development, and transparency-related communications about benefits are increasingly required by law and demanded by employees.

Managed correctly, transparent pay data can dispel rumors and assumptions, guide the closure of pay gaps, provide a referenceable, high-quality source of competitive compensation insights, and support employee engagement goals.

5. A growing hybrid workforce

More organizations than ever before are introducing hybrid and remote work policies, yet many have not reconfigured their systems to support a dispersed workforce's realities and ensure employee experience doesn't erode.

Understanding remote workers' productivity dynamics and keeping such workers engaged require intentionally optimizing the HCM ecosystem. Employee engagement is linked to customized in-system experiences, efficient workflows with minimal manual effort, and intuitive and consistent operational guidelines.

As your hybrid employee population grows, consider that:

- Employees with low digital dexterity may require personalized training on mobile applications.

- The ways company information is consumed differently in a remote environment might warrant multichannel internal communications.

- A virtual experience that reinforces company values, branding and culture is crucial without physical assets and experiences.

Multistate compliance becomes a critical issue when workforces disperse. If a remote employee relocates to a state where the employer is not present without disclosure, the situation triggers regulatory changes and requires updates to system policies. The updates may include adjustments in mealtimes, break times and sick leave policies. Additionally, the employer may have to register with state regulatory bodies with regard to issues involving corporate income tax, withholding taxes, unemployment insurance, and workers' compensation, among other obligations.

6. Employee demographic shifts

As the baby boomer generation exits the workforce, the new, Generation Z has already begun making waves in the workplace. Meanwhile, organizations are expanding their understanding of gender, ethnicity and disability — including neurodiversity — and expanding the need for self-identification capabilities and personalized user experiences within systems.

Employees prioritize experience above everything else, and a workforce system that caters to their individually unique needs can make all the difference.

7. New workforce metrics

In today's data-driven human resources (HR) landscape, workforce metrics are pivotal in strategic decision making. According to Gartner's 2023 talent analytics client survey, 78% of HR leaders agree that their organizations rely more heavily on talent data than they did three years ago. It's no surprise, then, that changes in workforce demographics, market conditions, and sociopolitical context all affect organizational performance dynamics, which means that the factors that underpin success are no longer static — they are ever evolving — and HCM systems must be adaptable enough to evolve with them.

The risk of inaction

It's easy to settle for "good enough" with regard to workforce system performance, but user and administrator challenges, small as they may seem today, compound quickly in a fast-evolving world of work. Failing to act now can have costly outcomes later, such as:

Compliance fallout

Ignoring regulatory changes and compliance challenges increases the likelihood of legal repercussions such as fines and reputational damage.

Data security vulnerabilities

A disjointed workforce platform increases data security risks, exposing sensitive information and compromising business integrity.

Employee engagement gaps

A poor system interface that doesn't consider all user profiles or employee demographics, including remote workers, may lead to engagement gaps, reduced productivity and erosion of company culture.

Organizational knowledge loss

Subject-matter-expert turnover without robust knowledge transfer leads to decreased productivity, communication gaps, and poor user experience.

Operational chaos

A fragmented technology stack hinders operational efficiency and complicates data management, leading to more work and the likelihood of errors. On the flipside, fragmented technology can lead to missed opportunities for unified performance insights.

Outdated metrics

Inability to adapt reporting capabilities to new goals and new organizational structures may result in inaccurate reports, which in turn hinders informed decision making.

Pay inequity

Underprioritizing pay transparency stagnates organizational growth, erodes employee trust and diminishes employer brand.

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