

WSR

Workforce Solutions Review

4th Quarter | 2024

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Volume 15 | Number 4

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from the managing editor

Dan Vander Hey, HRIP

Welcome to the 4th Quarter Issue of *Workforce Solutions Review*, marking the conclusion of our 2024 publication calendar. This issue highlights the vibrant activities of the 2024 HR Technology Conference. It features a record number of submitted articles, reflecting the dynamic HR Tech environment and the increased enthusiasm among professionals to share innovations and enhance service delivery.

A significant highlight is the recognition of this year's *Master Keys of Success*, awarded by IHRIM to outstanding HR IT professionals and organizations. Honorees such as *Deanna Fortson, Brookville Zoo, ETC Network, Sapient Insights*, and *Raven Intelligence* have set a high standard for innovation in our field. Their achievements are detailed in this quarter's feature article.

This issue includes ten outstanding articles showcasing diverse perspectives. We are excited to feature first-time WSR contributor Renee Gross, who explores the "Future of AI in HR Technology" and shares insights from the HR Technology Conference 2024. AI was a pervasive theme at HR Tech in Vegas, and Renee offers astute observations on its future implications for HR Technology.

Sneha Mandela returns with a complementary perspective on AI in "Exploring Emerging Workplace Trends in AI." She reminds us that while AI and technology offer incredible benefits, they cannot replace the value of genuine human interactions and relationships.

In his article, "Don't Fall Under the Spell of the Bright, Shiny Ball," Scot Marcotte cautions us to be wise and avoid being captivated by the latest technology trends without addressing real business issues.

Dieter Veldsman and Marna van der Merwe's article "Do We Have the Courage to Evolve HR?" discusses HR's potential to impact organizations and individuals, urging the profession to address systemic barriers and challenges. They envision a future where work is purposeful, organizations thrive, and society flourishes, but they question whether we dare to transform ourselves first.

WSR Review Committee Member and frequent author Bob Greene highlights the rising employee costs in "Employee Costs Are on the Rise Once Again" but

offers optimism with "HCM Innovations Are Essential to Address the Challenge," emphasizing the role of HCM innovations in mitigating these costs.

New author Sahithi Jukkalkar discusses "Women in Data Science: Challenges Faced and Opportunities," emphasizing the need for more women data scientists to foster innovation and effectiveness. She highlights how diverse viewpoints can drive new solutions.

Frank Ginac's fourth article in the "AI Buyers Guide for HR Professionals" series stresses the importance of safeguarding employee data as AI-based HR technologies are adopted.

Carl Hoffman's article, "Challenges of Fully Utilizing Workforce Analytics in the Organization," explores how AI and Machine Learning can model problems and suggest improvements, requiring skilled analysts to bridge the gap between technical expertise and business needs.

Janna Hartsock and Rob Ginzel offer sound counsel for systems deployment in Part 2 of "Runway to HCM Transformation: Steps Prior to an HR Systems Implementation," providing a solid action plan to maximize ROI on technology investments.

It wouldn't be the end of our publication for the quarter and the year without closing with The Back Story by Katherine Jones. Katherine closes the year with a sage perspective in "Under the Covers: The Not-So-Hidden Cost of AI. AI and the data centers that support it will only continue to grow in 2025 and beyond. All companies should be cognizant of the environmental impact and consider how to continue to grow capacity while always respecting the environment.

That wraps up an excellent year for the *Workforce Solutions Review*. We are deeply grateful for your support and engagement. The Editorial Review Committee, Advisory Council, and the IHRIM Board wish you well for the rest of 2024 and look forward to exciting developments in 2025. Expect increased volume and diversity in topics, authors, and delivery channels. Don't miss it!

Yours truly,

Dan



from the IHRIM Chair

Dennis Hill, Ph.D., MSL, HRIP, SHRM-SCP, SPHR
Chairperson/President/CEO



Dear IHRIM Members, Colleagues, and Friends,

As Chair and CEO of IHRIM, I extend my heartfelt gratitude for your unwavering commitment to the HR Technology profession. Your foresight and dedication to solving complex challenges shape the future of work for coworkers and employers alike. For 45 years, our shared passion for people and technology has been the foundation of our community's success. Our leadership team is honored to serve you as peers practicing our craft worldwide.

Special thanks to all who attended *HR TECH 2024*. Your active participation made the event a remarkable success, fostering connections and sparking innovative ideas that will drive our industry forward. We honored the *Master Key of Success Award* winners—customers nominated by vendors for their mastery of HR information management. Showcased at *HR TECH 2024* and in the center spread of this issue of *Workforce Solutions Review*, these professionals and organizations set the standard of excellence we can achieve together.

As we look ahead, the impact of Artificial Intelligence (AI) cannot be overstated. Unlike past disruptions that created new labor capacities—such as steam power or global networking—AI can potentially displace labor. Its instant scalability offers unprecedented opportunities and significant challenges. Rapid AI deployment will enhance efficiency and capabilities, and employers will turn to HR technology professionals as they did during the pandemic to address proactive workforce development under unprecedented changing conditions. Our members are committed to supporting the HR and HRD community with meaningful resources to manage transformational change.

First, IHRIM's member-managed community comprises top practitioners, seasoned consultants, and forward-thinking suppliers who often offer professional courtesy consultations. Second, our unparalleled publications and webinars—crafted by dedicated practitioners, articulate thought leaders, and empathetic partners—help you navigate the complexities of technology workforce integration, including AI. Finally, with minimal effort, IHRIM saves you time researching solutions to your challenges, upholding a professional code of conduct and an ethical commitment to maintain vendor-neutral perspectives. We meticulously vet our content creators, cutting through marketing hype to highlight proven and innovative approaches, offering insights into evolving best practices, and providing valuable support to members managing workforces of any size. *And may I shamelessly add that all this year-round access costs only \$200 per year as a Professional member, and even less if you're an educator or student.*

So once again, thank you for your dedication to an exciting career at the leading edge where humanity and technology meet and for being an integral part of the vibrant community we call IHRIM.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dennis Hill".



Future of AI in HR Technology: Insights from the HR Technology Conference 2024

By Renee Gross

Introduction

AI is shifting traditional HR functions—such as recruitment, onboarding, performance management, and employee development—toward automation and data-driven decision-making, allowing HR professionals to focus on strategic initiatives. Beyond automating repetitive tasks, Generative AI creates new outputs, while agentic AI operates autonomously, strategically impacting workforce management and enabling skills-based decision-making. Additionally, AI enhances the manager-employee dynamic and elevates the candidate experience with personalized recommendations and streamlined application processes. As AI capabilities expand, integrating advancements like natural language processing and augmented reality, HR will continue to evolve toward greater efficiency and engagement. This AI-driven transformation will empower HR teams, business leaders, and employees alike, reshaping the future

of work.

The HR Technology Conference is the premier gathering of HR professionals. Hundreds of HR technology vendors and service partners come together annually in Las Vegas, NV, to showcase their offerings and introduce new product features. This year, the conference showcased the transformative power of artificial intelligence (AI) in reshaping the HR landscape, with keynote speakers, industry experts, and technology innovators all offering valuable insights into how AI will revolutionize HR functions and support businesses, HR teams, managers, individual contributors, and candidates.

While I personally had some familiarity with AI's potential in HR coming into the conference, I was stunned by the extent to which it has already been integrated into HR technology. Since last year's conference introduced themes on AI in HR, I believe AI was still in its early stages of adoption by enterprise organizations. However, keynotes,

breakout sessions, and the expo hall showed that AI is now a mainstream component of HR practices.

In this article, I will highlight AI's transformative impact on HR, showcasing how AI-powered tools revolutionize talent management, automate tasks, and enhance decision-making.

AI-Driven HR: A New Paradigm

Integrating AI into HR technology and processes is ushering in a new era of talent management. AI-powered tools are revolutionizing traditional HR practices, from recruiting and onboarding to performance management and employee development. By automating repetitive tasks and providing data-driven insights, AI enables HR professionals to focus on strategic initiatives and foster a more engaged and productive workforce. AI is reshaping how organizations attract, develop, and retain top talent, from predictive analytics identifying potential talent risks to personalized learning paths

supporting employee growth.

Traditional AI in HR is still very present and focuses primarily on automating repetitive tasks and providing data-driven insights. It excels at:

Traditional AI
Data Analysis Identifying patterns and trends in HR data to inform decision-making
Task Automation Automating processes like resume screening, scheduling interviews, and generating reports
Predictive Analytics Forecasting employee turnover, identifying high-potential candidates, and predicting performance

Unlike traditional AI, generative AI analyzes existing data and generates new possibilities and outputs. For example, generative AI can be used for:

Agentic AI can operate autonomously, make decisions, take actions, and interact with the system with minimal human intervention. This type of AI can be adaptive and goal-driven, acting like an “agent” with a degree of autonomy. This shift has profound implications for HR. For instance, agentic AI-powered systems can:

Generative (Gen) AI
Job Description Creation Automates the process of writing tailored job descriptions based on role requirements and industry trends
Develop Employee Communications Generates personalized communications based on company policies and processes
Training Content Creation Creates custom training materials, FAQs, etc.

While traditional AI has been valuable in automating HR tasks, agentic AI has the potential to

revolutionize the field by taking on more complex and strategic roles. As AI technology advances, we expect more agentic AI applications in HR, leading to more efficient, effective, and personalized talent management practices.

Skills-Based Business Decision-Making

Agentic AI also empowers organizations to adopt a skills-based approach to business decision-making. By focusing on the skills and capabilities of employees rather than their traditional roles or job titles, businesses can:

Supporting Businesses, HR Teams, Managers, and Employees

Agentic AI benefits businesses, HR teams, managers, and individual contributors. For example:

Agentic AI
Recruiting Agents Autonomously source candidates, conduct initial screenings, interact with candidates, and schedule interviews
Virtual Assistant Answer employee inquiries based on company policies and support initiation of basic transactions
Workforce Management Create schedules, allocating resources dynamically based on business needs and employee skills and availability

Supporting Business Leaders

AI offers business leaders valuable insights into workforce trends, enabling them to make data-driven decisions. By analyzing employee data, AI can identify skill gaps, predict attrition rates, and measure the impact of HR initiatives on business outcomes. These insights empower leaders to allocate resources effectively, foster a high-performance culture, and achieve strategic business goals.

Empowering HR Teams

HR professionals can leverage AI to enhance their efficiency and effectiveness. AI-powered tools can automate administrative tasks, allowing HR teams to focus on strategic initiatives and building strong employee relationships. Additionally, AI can provide HR professionals with data-driven insights to support talent acquisition, development, and retention strategies.

Business Leaders Gain deeper insights into workforce trends and make data-driven decisions to achieve strategic objectives
HR Professionals Streamline administrative tasks and focus on strategic initiatives, such as talent development and employee engagement
Managers Receive personalized recommendations for coaching, mentoring, and performance management
Employees Access personalized development opportunities and career paths, empowering them to take ownership of their professional growth

Transforming the Manager-Employee Relationship

AI has the potential to redefine the manager-employee relationship by providing managers with tools to support their teams more effectively. AI-powered performance management systems can offer personalized feedback and development recommendations, while AI-driven analytics can help managers identify and address potential issues early on. These analytical tools can improve employee engagement, productivity, and overall job satisfaction.

Enhancing the Candidate Experience

AI can significantly enhance the candidate experience by automating the application process and providing personalized communication. AI-powered chatbots can answer candidate questions and guide them through the application process. At the same time, AI-driven talent acquisition platforms can match candidates with suitable job opportunities based on their skills and experience. These enhanced capabilities can improve the overall candidate

experience and attract top talent to the organization.

Conclusion: The Future of HR Technology

HR technology is expected to become even more sophisticated and integrated as AI evolves. Keynote speakers at the HR Technology Conference 2024 discussed emerging trends such as natural language processing, machine learning, and augmented reality, which can potentially transform HR practices further. These technologies can enable

personalized experiences, improve decision-making, and create a more engaging and productive workplace.

AI is poised to play a pivotal role in reshaping the HR landscape. By automating tasks, enhancing decision-making, and improving employee experiences, AI can help businesses achieve their strategic goals, create a positive work environment, and attract and retain top talent. As HR professionals continue to embrace AI-powered solutions, they can position their organizations for success in the digital age.

About the Author



Renee Gross joined HRchitect in 2021 with over five years of HR practitioner experience, bringing valuable firsthand knowledge of the daily challenges HR professionals face in delivering services to their organizations. As a “digital native,” Renee is uniquely positioned to consult in a tech-forward world, enabling her to offer innovative, tech-savvy insights into process optimization and digital transformation. In her role as a Senior Strategic Services Consultant, Renee coaches global clients through strategic thinking, aligning technology and processes to their business goals and desired future HR Service Delivery model. She also supports her clients through formal evaluation processes culminating in vendor-of-choice selections. Renee is a Certified Professional with the Society for Human Resource Management (SHRM), invited to speak at conferences and industry events in Boston, Houston, and New York City. She writes a quarterly Tech Trends blog for HRchitect. She has a Bachelor’s degree from Skidmore College and a Master’s from the University of London. She can be reached at RGross@HRchitect.com.



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Exploring Emerging Workplace Trends with AI

By Sneha Mandala

The integration of AI into the workplace has accelerated over the past decade, transitioning from experimental projects to essential business operations. Historically, automation has always played a role in transforming industries, from the advent of the assembly line to the introduction of computers. However, the pace and scope of AI's impact are unprecedented. Unlike previous technological advancements, AI's capabilities in data analysis, natural language processing, and machine learning enable it to perform tasks that require a high degree of cognitive ability. Rapid AI technology growth has revolutionized the healthcare, finance, retail, and manufacturing industries, creating new opportunities and challenges.

As AI continues to evolve, it brings forth a new era where intelligent systems automate tasks and augment human capabilities. This shift necessitates reevaluating the workforce's structure and the nature of work itself. Let's delve deeper into the top three work trends in 2024 and explore how AI can serve as a positive force.

Trend #1: Increasing Financial Stress Among Employees

The financial well-being of employees has become a critical concern in the workplace. According to a 2023 study by Bank of America,¹ only 42% of U.S. employees rate their financial health as good or excellent, a significant drop from previous years. This decline in economic health is alarming, as it directly impacts employees' productivity and mental well-being. Financial stress can lead to increased absenteeism, lower engagement levels, and higher turnover rates as employees struggle to focus on their work due to monetary concerns. The cost of living, inflation, and economic uncertainties exacerbate these issues, making financial stress a prevalent challenge across various sectors.

How AI Can Help Financial Well-being (and Not Hurt)

Several companies have implemented AI-driven financial wellness programs to support their employees. For instance, PwC introduced an AI-powered platform² that offers personalized financial advice, helping employees manage

debt, savings, and investments. The platform analyzes individual financial data and provides customized recommendations, allowing employees to make informed financial decisions. This initiative has improved employees' financial literacy and boosted morale and productivity.

Moreover, AI can streamline the administrative aspects of financial management, such as payroll, taxes, and expense reimbursements. By automating these processes, AI reduces the likelihood of errors and ensures timely payments, alleviating some of the financial uncertainties employees may face. This AI impact improves employees' financial literacy and security, enhancing their overall job satisfaction and engagement. Organizations can create a more financially secure and focused workforce by providing these supportive tools.

Trend #2: Job Displacement Due to Automation

The rise of AI and automation technologies has sparked significant concerns about job security. A 2023 report³ from IBM found that 43% of CEOs have already reduced or redeployed their workforce due to AI-

driven automation, with another 28% planning similar actions. This trend indicates a broader shift in the labor market, where traditional job roles are being redefined, and new skills are increasingly in demand. The fear of job displacement is a significant concern for employees, leading to anxiety and uncertainty about their future.

The impact of AI on job security varies significantly across different sectors. For example, manufacturing has extensively used AI-driven robotics and automation, reducing manual labor jobs. In contrast, sectors like healthcare and finance are witnessing the creation of new roles, such as AI specialists, data scientists, and AI ethicists. These new positions require a blend of technical expertise and ethical considerations, particularly in responsibly developing and implementing AI systems.

The ethical considerations surrounding AI and job displacement are multifaceted. Organizations must address concerns about equitable access to new job opportunities and the potential for AI to exacerbate existing inequalities. For example, there is a growing need to ensure that reskilling programs are accessible to all employees, regardless of their socio-economic background. Additionally, companies must consider the societal impact of AI deployment, such as the implications for local economies and the potential for increased unemployment rates in certain regions.

How AI Can Help Job Stability (and Not Hurt)

While AI's ability to automate routine and repetitive tasks can lead to job displacement, it also creates new opportunities and necessitates the development of new skill sets. AI is not merely a tool for replacing human labor but can also be leveraged to augment human capabilities, enhancing the quality of work and opening new avenues for career growth. For example, in industries such as healthcare, AI can

assist in diagnostics and patient care, allowing medical professionals to focus on more complex and nuanced aspects of their work.

Organizations can harness AI to develop comprehensive reskilling and upskilling programs, helping employees transition into new roles that are emerging due to technological advancements. AI-powered learning platforms can offer personalized training modules, adapting to the individual's pace and learning style. These platforms can track progress, suggest areas for improvement, and provide certificates for completed courses, thus enhancing employees' resumes. By fostering a continuous learning and adaptability culture, organizations can prepare their workforce for the evolving job landscape, ensuring that employees remain valuable assets even as technology advances.

Several companies have successfully navigated the transition to an AI-augmented workforce. For instance, Microsoft has implemented extensive reskilling programs to prepare its employees for AI and cloud computing roles. The company's AI Business School⁴ provides employees access to AI ethics, data science, and AI strategy courses, ensuring they are equipped with the necessary skills to thrive in a tech-driven environment.

Looking ahead, the future of work will likely see a continued blurring of boundaries between human and machine roles. As AI advances and becomes more sophisticated, it will take on more complex tasks, such as customer service, creative content generation, and strategic decision-making. However, this shift also allows employees to focus on tasks that require unique human skills, such as emotional intelligence, creativity, and ethical judgment. By embracing AI as a partner rather than a competitor, employees and leaders can find new ways to contribute and add value to their organizations.

Trend #3: Declining Trust in Organizational Leadership

In recent years, trust in organizational leadership has been on the decline. A recent study by Gallup⁵ revealed that only 23% of U.S. employees firmly trust their leaders. This erosion of trust can be attributed to various factors, including a lack of transparency, perceived unfairness in decision-making, and concerns about data privacy. The increasing use of AI in decision-making processes can exacerbate these issues if not managed ethically and transparently. Employees may fear that AI is being used to monitor them excessively or make decisions that lack a human touch, leading to feelings of alienation and distrust.

One notable example is the controversy surrounding Amazon's use of AI algorithms⁶ for employee monitoring and performance assessment. Critics argue that such systems can lead to a lack of transparency and fairness, as employees may need to fully understand how their actions are evaluated or how decisions regarding promotions or terminations are made. This lack of clarity can erode trust in the organization, as employees may feel an impersonal system needs to be more fair to judge them.

How AI Can Help Build Trust (and Not Hurt)

To address these concerns, companies must prioritize ethical AI governance. This governance includes

- establishing clear policies on data usage,
- ensuring algorithmic transparency and
- maintaining accountability for AI-driven decisions.

For instance, Google has implemented an AI ethics board⁷ to oversee the development and deployment of its AI technologies, ensuring that they align with the

company's ethical principles. Such initiatives can build trust by demonstrating a commitment to ethical standards and open communication.

Google's AI ethics board is part of a broader governance structure that includes regular reviews and assessments of AI projects to ensure they align with ethical standards. Through stringent review, Google seeks to avoid applications that could cause harm, uphold privacy, and ensure that AI systems are accountable to humans. Google also collaborates with external experts to continually refine these practices and keep pace with evolving ethical challenges in AI.

Furthermore, implementing ethical AI governance is crucial to address concerns about privacy and fairness. Organizations should establish clear policies on collecting, using, and protecting data, ensuring that AI systems are designed and deployed with ethical considerations. Governance includes

- minimizing biases in AI algorithms,
- ensuring accountability for AI-driven decisions, and
- maintaining open lines of communication about how AI technologies are used within the company.

By prioritizing ethical standards and transparency, organizations can foster a culture of integrity and trust, making employees feel valued and respected.

Besides, AI-driven analytics can provide objective and transparent

insights into company performance, helping employees understand how decisions are made and their role in the organization. Using this objective data for a clear and unbiased basis for promotions, raises, and other HR decisions can help demystify decision-making and build trust with their employees.

The Balance of AI and Human Connection

The future of AI in the workplace is not just about technological advancement but about creating a positive integration into the workplace. By focusing on how AI can help rather than hurt, companies can create a more inclusive, supportive, and dynamic work environment.

Here is an important reminder. In pursuing efficiency and innovation, organizations must maintain sight of the fundamental need for human connection in the workplace. While AI and technology can offer incredible benefits, they cannot replace the value of genuine human interactions and relationships. The human touch is crucial in addressing issues like financial stress, job security, and trust. Human connection fosters community and belonging, which is essential to employee well-being. For example, regular face-to-face meetings, team-building activities, and open communication channels help create a supportive work environment where employees feel valued and understood. Such practices are essential in reducing feelings of isolation and stress, especially in

hybrid or remote work settings.

Beyond technological solutions, organizations should create a workplace culture emphasizing empathy, compassion, and respect. Cultural focus involves leaders being approachable and transparent and listening to employees' concerns and aspirations. When leaders demonstrate genuine care and concern for their team's well-being, trust and loyalty are foundational to a healthy workplace. Initiatives like mentorship programs, mental health support, and flexible work arrangements can significantly enhance employee satisfaction and retention. These strategies show that the company values its employees as workers and individuals with unique needs and challenges.

Moreover, fostering a sense of purpose and alignment with the organization's values can inspire employees to engage more deeply with their work. This engagement goes beyond financial incentives or performance metrics. It's about helping employees see the impact of their contributions and how they align with the company's broader goals. Organizations can create a more cohesive and motivated workforce by emphasizing a shared vision and celebrating collective achievements. In essence, while technology and AI offer efficiency tools, the human-centric approach truly drives long-term success and fulfillment in the workplace. This balanced focus on technological and human elements is crucial for sustainable peak performance and overall organizational health.

ENDNOTES

- ¹ Employee Financial Stress Peaks, <https://bit.ly/46lomFt>
- ² PwC's AI-Powered Financial Wellness Platform, <https://bit.ly/46yScfC>
- ³ GenAI Will Bring Unprecedented Workforce Disruption, <https://bit.ly/4fA870F>
- ⁴ Reskilling and Upskilling Workforce for AI Disruption, <https://bit.ly/4dAJG21>
- ⁵ Gallup Workplace Report, <https://bit.ly/3Wyy710>
- ⁶ Amazon Surveillance and Labor Law, <https://bit.ly/3ytjkQq>
- ⁷ Google's AI Ethics, <https://bit.ly/3T1fxRJ>
- ⁸ Sneha Mandala, <https://bit.ly/3ygrtbr>

About the Author



Sneha Mandala,⁸ a seasoned speaker and advisor on sustainable peak performance, specializes in enhancing engagement while reducing stress and burnout in the workplace. With a passion for unlocking human potential, Sneha combines neuroscience insights with practical strategies to create environments where individuals thrive. Sneha's

expertise drives peak performance by integrating drive and authenticity at work, fostering flow states for increased productivity, creativity, and learning. Sneha's impact is evident in her work with leaders across various industries, where she champions integrating AI tools like Flow-Pilot to revolutionize the modern workplace. To reach her, [visit https://snehamandala.com/](https://snehamandala.com/).



feature

Don't fall under the spell of the "bright, shiny ball."

By Scot Marcotte

Relax, take a deep breath, and keep your eyes off the bright, shiny ball. This is one of the best pieces of advice an employer can receive when shopping for HR technology. It's easy to get hypnotized by the "bright, shiny objects" associated with the vast amount of technology available to support organizational strategy, automation, and compliance.

Most basic technology is not particularly interesting. Functional? Yes emphatically! Fun and exciting? Not a chance! So, it's easy to understand the allure of the growing number of attention-grabbing features included with new solutions. Many of these flashy elements are helpful and deliver significant value...if needed.

And there's the rub. Frequently, employers find themselves charmed into purchase decisions based on how the software looks or performs rather than on the problems it solves. This approach lies in mistakenly thinking of technology as an outcome instead of a tool.

Following is an abridged version of the advice Gallagher consultants offer employer clients looking to purchase HR technology.

Technology is a tool, not an outcome.

First, define "what" you're trying to accomplish before looking for the "how." Take the example of time-tracking software. What's your goal? You may be looking to automate time tracking. At the same time, comply with regulatory reporting or determine if hiring another person is cheaper than paying overtime. You should use the time to understand worker productivity or if employees spend time on activities supporting business goals.

These are particular and different objectives. While there are tools to accomplish each, without first defining your needs, it can be easy to make a purchase decision based on a far less strategic basis—including attraction to a bright, shiny ball.

Defining your "what."

Sometimes, your "what" gets defined for you, e.g., a new state or federal law regarding time reporting. More often, however, it will require critical thinking about the challenges you're trying to solve in your business. Your employees are your most important asset, but don't approach this exercise as solving HR challenges. Think about the company's objectives and the CEO's agenda. Employees will figure out largely any strategy to deliver on that agenda.

The following is a list of core workforce management areas and examples of "related outcomes." These may not match your organization's needs. However, they should

First, define "what" you're trying to accomplish before looking for the "how."

spark your thinking about your organization’s strategic objectives and how HR technology (the tool) can support those objectives.

- **Talent acquisition:** Hire faster or hire better. Meet diversity, equity, and inclusion goals. Avoid discrimination traps.
- **Onboarding:** Shape new hires’ experience during the first three months of employment to increase the rate of retention.
- **Core HR:** Monitor compliance reporting such as EEO-1, visa expiration, or Americans with Disabilities Act.
- **Performance:** Change the performance management process from an annual review to continuous feedback.
- **Succession planning:** Identify future positions and create a pipeline of qualified people.
- **Compensation:** Understand whether you have a pay equity

problem.

- **Benefits administration:** Offer plans that meet the needs of your workforce profile and provide decision-support tools that help employees make wise choices.
- **Learning:** Determine the need for re-training or upskilling associated with increased automation.

Getting to the “how”

Defining what you want to accomplish will lead you to the tool to help achieve that goal. The increasing sophistication of industry technology and ease of integration with existing or other new tools mean it’s possible to identify technology solutions that address multiple goals. Further, many of these solutions likely include bright, shiny balls you can now look at and enjoy.

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About the Author



Scot Marcotte is chief technology officer of Buck, a Gallagher Company. For 30+ years, he has helped organizations solve human resources

challenges through the strategic use of data, communication, and technology. He holds a certified employee benefit specialist (CEBS) designation and is a regular presenter at global HR conferences. Scot fills his free time leading Northwestern University’s efforts on alumni engagement, serving as the president of the Illinois Fatherhood Initiative, and providing play-by-play at Chicago Bears games as the press box announcer. He can be reached at caitlin@luminapr.com.

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Do we have the courage to evolve HR? Five Priorities to Equip HR for the Future of Work

By Dr. Marna van der Merwe and Dr. Dieter Veldsman

Introduction

The imperative for HR to adapt to the future is hardly a novel idea. Yet recent developments in generative AI, tightening labor markets, and evolving employee relations have underscored the urgency of repositioning HR for forthcoming challenges.

There is broad recognition of the crucial role HR will play in shaping the future of work. The lingering question is: what will the future of HR look like, and how can we ensure the profession is equipped to meet new expectations?

Our comprehensive “State of HR” study was designed to address these questions. We analyzed three million HR profiles, gathered data from over 1,000 HR professionals, and conducted detailed interviews with ten senior HR leaders to pinpoint what preparations are necessary for HR to navigate the future work landscape effectively.

This article identifies five key priorities that should be at the forefront of today’s HR agenda.

Priority 1: Invest in HR Capacity aligned to other business functions.

The HR function has experienced significant growth over the last five years and is projected to increase by 10 percent by 2030. However, despite this growth, HR represents only two percent of all U.S. employees, a lower share than other functions such as Marketing, Operations, and Administration.

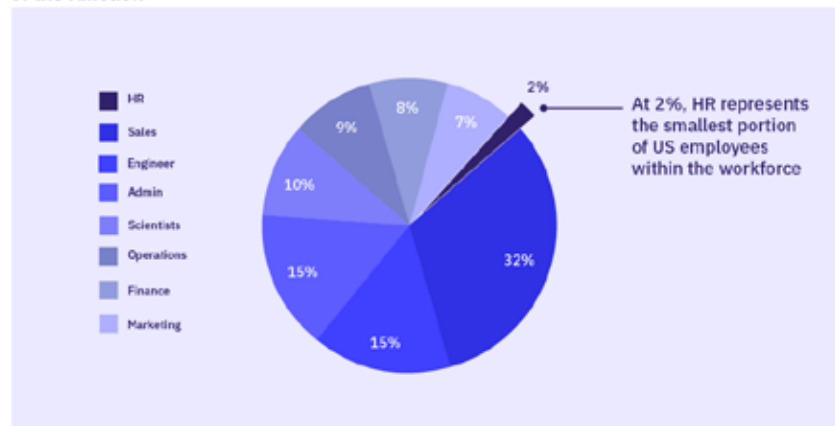
This disparity underscores the need for HR to address the imbalance and adapt to the changing landscape.

Despite 80 percent of the workforce being deskless and frontline workers outside of head office environments, HR functions are primarily found in larger metropolitan areas.

This work environment produces less representation in factories, branches, and distribution hubs.

The Size of HR Compared to Other Functions

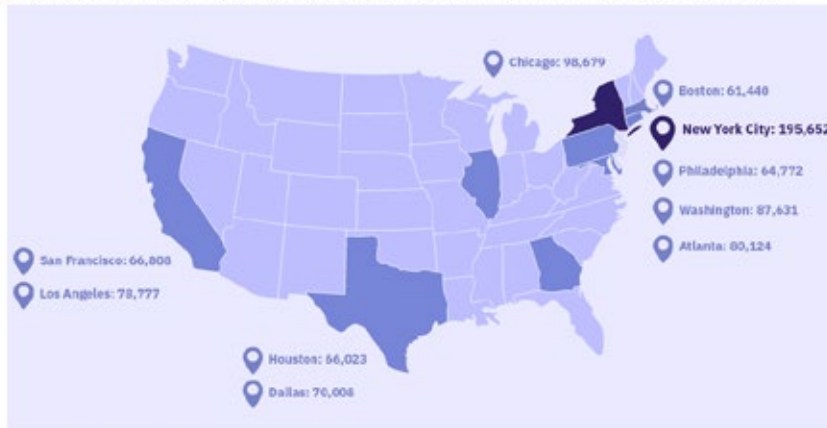
Despite HR’s increasing scope, there has been little investment in increasing the size of the function



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Geographic Distribution of HR Employees

The HR function is concentrated in the major metropolitan areas. However, 80% of the workforce are deskless workers, resulting in less HR representation in factories, branches, & distribution hubs outside of metros



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The stretched HR capacity creates challenges for HR professionals, their employee experience, and the strength of talent pipelines. It also means that HR is seen as a head office function primarily responsible for hiring and firing.

For HR to meaningfully contribute to the future of work, three actions need to be on the agenda:

1. Align HR operating models to the business.

To enhance HR service delivery and support business growth and performance, it's essential to redesign HR operating models and align them with organizational development and complexity rather than just workforce size. By doing so, HR resources can be invested more effectively, resulting in a more significant impact on the organization.

2. Invest in technology.

HR must embrace technology, including automation and AI, in HR processes. Enhanced technology will allow HR professionals to streamline transactional tasks and focus on delivering results at scale.

3. Rethink HR team distribution.

Another way to improve HR

effectiveness is to distribute HR teams according to the organization's geographic footprint. Distributed HR can change the perception of HR as solely a headquarters function while also increasing visibility and fostering closer collaboration with employees and business units.

Priority 2: Practice what we preach in terms of HR workforce diversity.

Recognizing the current diversity gaps within the HR function and their implications is essential. In the US, women comprise

68.2% of the HR function, significantly higher than the broader workforce. This trend is consistent globally, highlighting the dominance of women in HR. The overrepresentation of women in the HR profession is likely due to its historical association with stereotypically feminine and "soft skills" focus, which is typically associated with women.

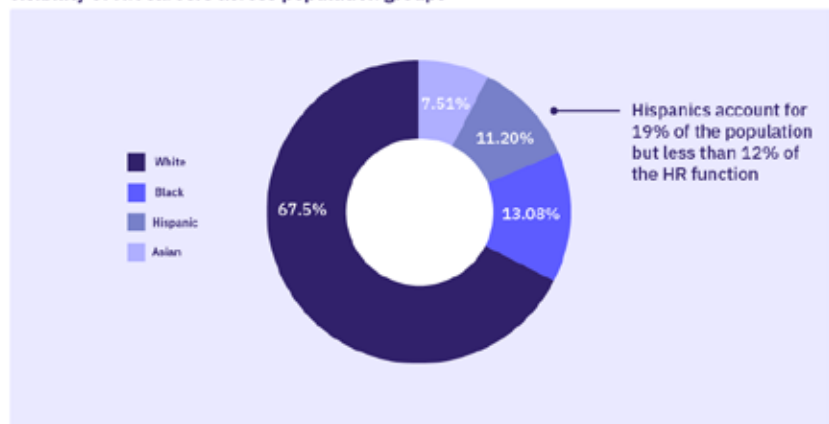
Although more diverse than other functions, HR diversity is not representative of the overall population diversity, given that the HR function is predominantly white (67.5%) in the US. Hispanics are proportionately underrepresented in HR roles, in contrast to their 19% presence in the US population.

The underrepresentation of certain ethnic groups raises concerns about the accessibility and visibility of HR careers across all populations.

Around 60 percent of HR professionals fall in the 20-40 age range, indicating a relatively young workforce in the HR function. Most HR professionals (57 percent) also hold junior or entry-level positions. Senior roles still lack representation of minority groups, which could limit diversity based on the small number of positions at this level. This lack of diversification affects

Ethnicity Distribution of HR Employees

Underrepresentation of certain ethnic groups raises concerns about the accessibility & visibility of HR careers across population groups



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HR professionals' availability and institutional knowledge development.

To address the diversity dilemma in HR, HR must focus on the following actions:

1. Assess talent pipelines.

It's vital to assess talent pipelines and the sources from which you are attracting talent. As you do for your business, you need a diverse sourcing and development strategy to ensure you have a talented HR team for the future.

2. Break role stereotypes.

HR needs strong leaders and associations to break role stereotypes and advocate for the profession. This will help showcase the diverse skills and profiles required for a successful HR team.

Priority 3: Create clarity on HR skill requirements.

HR professionals face constantly evolving skill requirements driven by the increasingly complex operating environment. These requirements include business acumen, change management, data literacy, and technology integration. However, our research shows that organizations' job postings

must reflect these changes. HR job postings still overemphasize generic skills such as administrative tasks, effective communication, and compliance.

This mismatch in skill requirements indicates a potential problem of ill-defined HR roles that must accurately articulate job requirements. The ambiguity in skill requirements could inhibit future exploration and adoption of new HR operating models. Moreover, the lack of clarity in skill requirements undermines HR professionals' skill development efforts, impacting the reputation and perception of HR within organizations. This mismatch also hinders the ability to demonstrate the business impact.

To address the mismatch between skills and requirements, these actions should be prioritized:

1. Create clarity on HR skill requirements beyond generic, outdated descriptions.

Translate modern competency models into practical job descriptions that align with how businesses perceive the value of various HR roles.

2. Redesign HR roles.

Redefine HR roles and responsibilities in line with modern business needs.

Integrate modern skills like digital and data as core components of the HR professional profile. This requires work design, internal change, and communication efforts to shift expectations and ensure that businesses know what is expected of HR professionals.

Priority 4: Redefine the HR career to build a robust HR talent pool with the right skills.

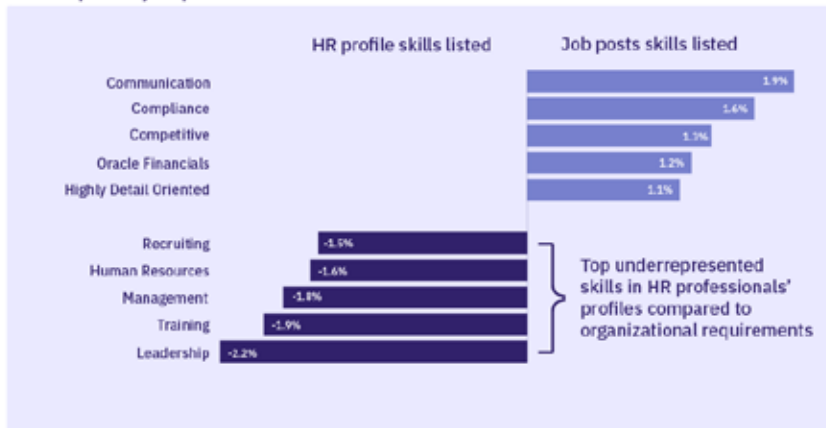
Our research shows that HR careers are often unplanned and unstructured. About 72% of HR professionals begin their careers before age 30, with only 18 percent starting in HR as their first or second role.

Most HR professionals have prior experience in humanities, social sciences, or administration before entering HR. They start their careers in HR because they are motivated by their interest in people and desire to create a business impact.

This unplanned or unstructured approach to HR careers is also evident in how HR careers unfold. As many as 17% of individuals reported that their careers in HR need to follow a distinct path or trajectory. Instead, personal interests, motivation, and opportunities largely shape their career path. Most HR career paths are still traditional and linear, meaning professionals steadily climb the ranks within a specific HR domain (32% of respondents). However, some HR professionals (23%) opt for upward and lateral progression between different HR areas of expertise. Around 17% of respondents also indicated that they had gained in-depth knowledge and responsibility within a particular skill set by moving within the broader HR function. Fewer HR professionals (11%) explore careers that involve transitions between HR and other business functions.

Skills Listed in HR Profiles vs. Job Posts

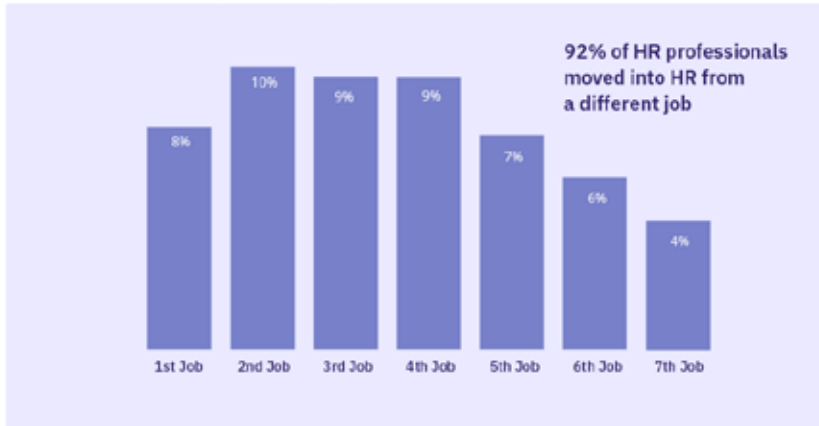
Current HR job postings and HR professionals' profiles don't reflect the evolving HR competency requirements



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Career Transitions Into HR

Due to its unstructured nature, many HR professionals start & continue their HR careers without relevant HR experience or qualifications



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This unstructured nature of HR careers impacts the development and availability of future-ready HR skills, as well as the career opportunities available to HR professionals:

1. Upskill, reskill, and cross-skill.

This approach allows HR professionals to develop skills through practical exposure and is crucial for robust HR development.

2. Structure and formalize HR professionals' career development.

To structure and formalize HR professionals' career development, consider creating HR Academies focusing on future HR skills. Align these academies to the requirements of strategic HR operating models and new competency profiles. At AIHR, HR professionals require T-shaped competencies, and HR Academies can be structured to build these skills.

3. Make HR careers attractive.

To make HR careers attractive, we need to create more structure for early HR careers while making non-traditional career paths visible and actionable

within organizations. This will drive HR as a career choice rather than an accidental occurrence, making it a sustainable profession.

Priority 5: Proactively address the emerging Chief People Officer crisis.

Our data showcased an exodus of HR talent at the mid-career stage, citing organizational politics, leadership changes, and a desire to break free from organizational bureaucracy as critical reasons for exploring alternate career opportunities outside traditional HR teams. Similar studies have highlighted that only 40 percent of senior HR individuals aspire to move into the CPO role in the future. At the same time, current CPO turnover levels are higher than those of other C-suite members.

This is concerning as it implies an emerging CPO crisis on the horizon. As HR aims to navigate the complexity of the future of work, strong leadership will be required to weather the storm. Yet, it seems we are not building a readily available senior HR leadership talent pool with the desire to do the job. Similarly, the skills of the future HR leader will be different, especially given the increasingly complex stakeholder

environment and responsibilities such as environmental, social, and governance (ESG) becoming crucial to the success of HR.

Preparing a willing and able future CPO talent pool will require action in terms of the following:

1. Redefine the CPO Employee Value Proposition.

Attention needs to be paid to the CPO EVP to make the role more attractive and meaningful for future talent. The EVP must go beyond financial means, yet this is a good starting point for closing the pay gap between CPOs and the rest of the C-suite.

2. Legitimize the CPO role in terms of its influence on the organization.

To ensure the sustainability of the CPO role, we require legitimizing the role as part of the C-suite and the inner circle of business decision-making. This positioning will only occur if organizations let go of past-held beliefs about the HR profession and promote HR values differently in the future.

3. Develop CPO talent that is confident and self-aware.

To effectively prepare for their roles, CHROS must clearly understand their belief system and its influence on their professional identity. This clarity aids them in making difficult decisions, navigating through ambiguity, and staying true to their purpose. Self-awareness is critical in leadership, but for CHROs, the ability to reflect on and understand their strengths and limitations is particularly vital.

Final Words

The future of HR has the potential to significantly impact organizations and individuals. However, to reach

this potential, the HR profession must first acknowledge and address some of its systemic barriers and challenges.

We firmly believe that the future holds significant opportunities for HR, but we need to be pragmatic about the function's current reality and what needs to change.

HR could shape a future where work is purposeful, organizations thrive, and society flourishes, but the question remains whether we dare to transform ourselves first.

About the Authors



Dr. Marna van der Merwe is an Organizational Psychologist and HR Subject Matter Expert at AIHR. She has over 13 years of experience in Human Resources, Organizational

Effectiveness, and Strategic Talent Management. She is a researcher, published author, and regular conference speaker on talent management, experience design, and the changing nature of careers. Marna holds a PhD in Organizational Psychology, specifically focusing on talent management and careers in the future of work. She can be reached at marna.demerwe@aihr.com.



Dr. Dieter Veldsman is an organizational psychologist with 15+ years of experience across the HR value chain and lifecycle. He has worked for and consulted with various

organizations in EMEA, APAC, and LATAM. He has held the positions of Group Chief People Officer, Organizational Effectiveness Executive, Director of Consulting Solutions, and Chief Research Scientist. He regularly speaks on Strategic HR, the Future of Work, Employee Experience, and Organizational Development. He can be reached at dieter.veldsman@aihr.com.

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feature

Employer Health Insurance Costs Are on the Rise Once Again: HCM Innovations Are Essential to Address the Challenge

By Bob Greene

For Benefits directors at employers offering calendar-year-based health plans to their employees, summer is never the relaxing vacation season it is for some of their employees. It's plan renewal season, and if costs increase dramatically year over year, those employers have just a few short months to decide on changes—sometimes sweeping—to those plans to be ready for Open Enrollment in late October or November.

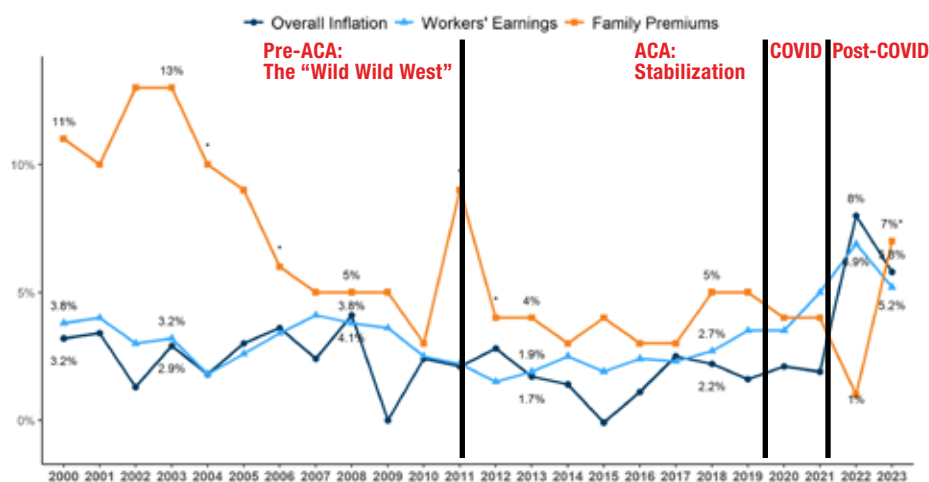
2024 is shaping up to be one of those years. Surveys conducted by the significant benefits consulting firms earlier this year predicted the highest increases in employer healthcare costs, year over year, in more than ten years. In the U.S., earlier this year, H.R. consulting firm Willis Towers Watson (WTW) predicted year-on-year medical benefit cost increases of 8.9 percent. In contrast, in a similar survey, Buck Consultants predicted a cost increase in 2024 of between 6.8 and 7.3 percent. Both of these predictions are significantly higher than the same numbers in 2023. Not only are these increase estimates some of the highest employers have seen in the last ten years, but

they are predicted in a context of general inflation, employee wage inflation, and increases in employee contribution rates for family coverage that, to put it bluntly, puts more and more employers into “sticker shock” territory going into 2025. (See Fig. 1., graph from Kaiser Family

Foundation, kff.org.)

Given these realities, many employers will find themselves in a bind going into renewal talks with their insurance providers this year. Facing budget-busting cost increases, employers will be under unprecedented pressure to make

Average Annual Increases in Premiums for Family Coverage Compared to Other Indicators, 2000-2023



* Family Premiums Estimate is statistically different from estimate for the previous year shown ($p < .05$).
 SOURCE: KFF Employer Health Benefits Survey, 2018-2023; KaiserHRET Survey of Employer-Sponsored Health Benefits, 1999-2017; Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation, 1999-2023; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2023.

Fig. 1. Source: The Henry J Kaiser Family Foundation and The Health Research & Educational Trust, Employer Health Benefits, 2023 Annual Survey. (Note: Drop lines and red section labels added by author.) Can be accessed here: <https://www.kff.org/health-costs/report/2023-employer-health-benefits-survey/>

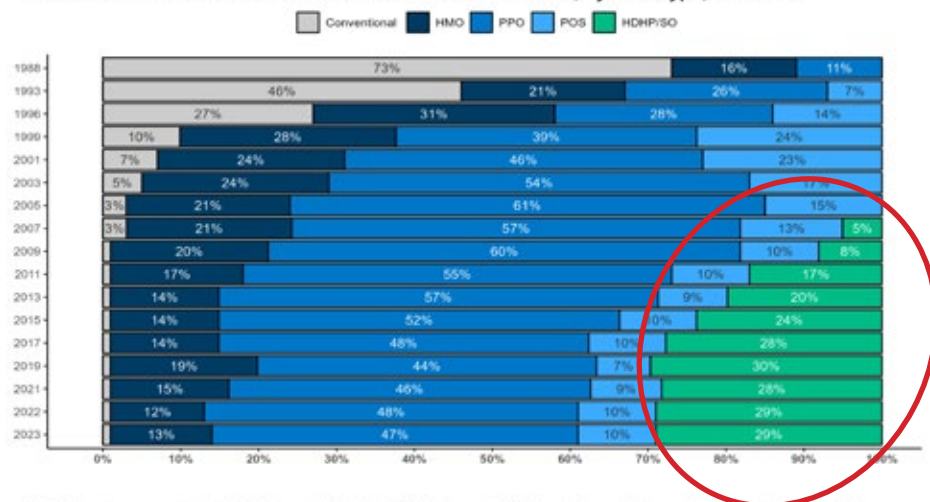
the changes needed to keep their plans attractive to employees. This is particularly challenging in the current employment market, in which, for more than two years, we've seen unemployment rates under 4.4 percent and almost two available jobs for every unemployed person in America. (See "New Hire No-Shows and the Failure of First-Generation Onboarding," *Workforce Solutions Review*, 1Q2024.) Indeed, in a recent survey by *Economist Impact*, an astounding seventy percent of employees said they would be willing to change jobs for better benefits!¹

What's an Employer to Do?

In the face of these multiple challenges, many employers will choose from various potential actions as they design their 2025 benefits offerings, focusing on healthcare cost control. Some of these actions ranked (arguably) from least "disruptive" from the employees' perspective to most are:

1. Moving from passive to active enrollment
2. Introduction of voluntary wellness screenings
3. Introduction of mandatory wellness screenings (e.g., health risk assessments, biometric screenings)
4. Imposition of increased coverage restrictions (prior authorization, step therapy, etc.) and/or formulary changes to prescription coverage
5. Restrictive changes to healthcare networks
6. Changes to any one: out-of-pocket maximums, deductibles, copays, and/or coinsurances
7. Changes to *multiples(or all)* of the factors described above
8. Increases to employee contributions for various plans/options
9. Introduction of consumer-directed health plan(s) (e.g., FSA, HDHP, HSAs) as an

Distribution of Health Plan Enrollment for Covered Workers, by Plan Type, 1988-2023



NOTE: Information was not obtained for POS plans in 1988 or for HDHP/ISO plans until 2006. See the Survey Design and Methods section from the 2005 KaiserHRET Survey and the 2021 KFF Survey for a discussion of weighting changes.
SOURCE: KFF Employer Health Benefits Survey, 2018-2023; KaiserHRET Survey of Employer-Sponsored Health Benefits, 1999-2017; KPMM Survey of Employer-Sponsored Health Benefits, 1993 and 1996; The Health Insurance Association of America (HIAA), 1988.

Figure 2. Source: The Henry J Kaiser Family Foundation and The Health Research & Educational Trust, *Employer Health Benefits, 2023 Annual Survey*.

(Note: red circle highlight added by author.)

Can be accessed here: <https://www.kff.org/slideshow/2023-employer-health-benefits-chart-pack/>

employee choice

10. Introduction of consumer-directed health plans as a forced change across the employee population (i.e., while eliminating "traditional" plans like PPO HMOs, substituting HDHPs as the only available option).

An Age-Old Problem: Offering vs. Adoption

The famous tagline from Kevin Costner's movie *Field of Dreams* was, "If you build it, they will come." Unfortunately, the corollary, "If you offer it, they will opt-in," is not necessarily true for healthcare benefits design professionals. The fundamental determinant of the success of health plan re-design is not how much the revised or new plan offerings save the organization but how well the eligible workforce adopts them. This success measure is particularly true of first-year adoption of new consumer-driven health plans, like HSA-based plans.

To put this adoption in perspective, it is useful to examine overall

enrollment data over the past quarter century. As seen in research by the Kaiser Family Foundation (kff.org; see Fig. 2), since their introduction around 2007, enrollment in HSAs has risen from about 5 percent to a stubborn ceiling of 28 - 30 percent over the last six years.

Benefits experts believe that there are two main reasons for the failure of cost-saving insurance alternatives to catch on with employees: (a.) a tendency of employees, as consumers, to avoid the unknown and enroll only in plans with which they have experience. In other words, just like consumers generally, during enrollment, employees "don't buy what they don't understand," and (b.) some really bad "marketing" on the part of H.R. and benefits professionals.

This "bad marketing" is not a new problem. Consumer-driven health plans ("CDHPs") have been around for more than two decades, yet when they first debuted, somehow they were named "High Deductible Health Plans" ("HDHPs,") apparently under the misimpression that

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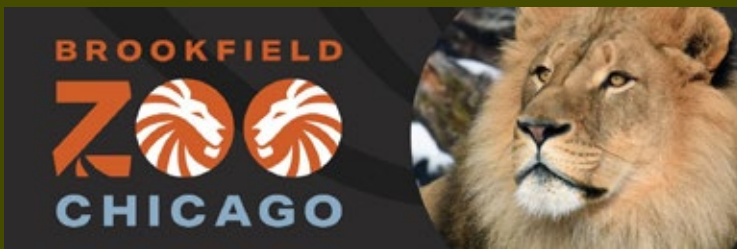


Photo: IHRIM Board of Directors at HR TECH 2024 in Las Vegas, Sept 22-27. Planning has begun

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MASTER KEY OF SUCCESS FOR PARTNERSHIPS ETC's Rebecca McKenna and Lee Tiemann

FOR KNOWLEDGE CREATION SAPIENT's Susan Richards, Teri Zipper, and Stacey Harris FOR INNOVATION-ADAPTATION RAVEN's Bonnie Tinder

We are also pleased to honor two other organizations that offer vendor-agnostic research on solutions, market trends, and third-party implementers of HCM systems. **Sapient Insights Group** conducts a comprehensive annual survey of the market and offers IHRIM members an exclusive peak at the coveted results and extends a generous discount price for the report.

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high deductibles were a selling point.² (Why would anyone name a new product after its worst, most feared feature? After all, we call the main cabin on commercial flights “economy class,” not “super-cramped claustrophobic class.”)

Indeed, with the combination of poor naming, complex rules regarding the kinds of common services that may not be subject to that high deductible (e.g., preventive services, immunizations, well-baby care, etc.), and the still common practice of mailing or e-mailing a small mountain of often dull and dry pdf documents describing these plans, it is small wonder that employers on average fail to gain acceptance of them by more than 29 percent of enrollees – and in their first year of introduction, often much lower than that.

Furthermore, when employers take the traditional approach to benefits communications and enrollment materials, many employees spend less time on enrollment than their employers might hope that they do. A 2023 Greenwald Research survey found that 68 percent of health plan enrollees spend less than one hour educating themselves and choosing plans during open enrollment.³

Additionally, employers’ focus on workforce wellness has been increasing for years – partly because an estimated sixty percent of all employers are self-insured for their health plans, making a more direct connection between employee health claims and corporate operating expenses. It is a proven fact that the illnesses resulting from employee mismanagement of chronic health conditions like diabetes, hypertension, asthma, and obesity (to name a few) cost employers far more in health claims and time off from work than those employer plan sponsors would pay for proper preventative care. Multiple recent surveys, including those conducted

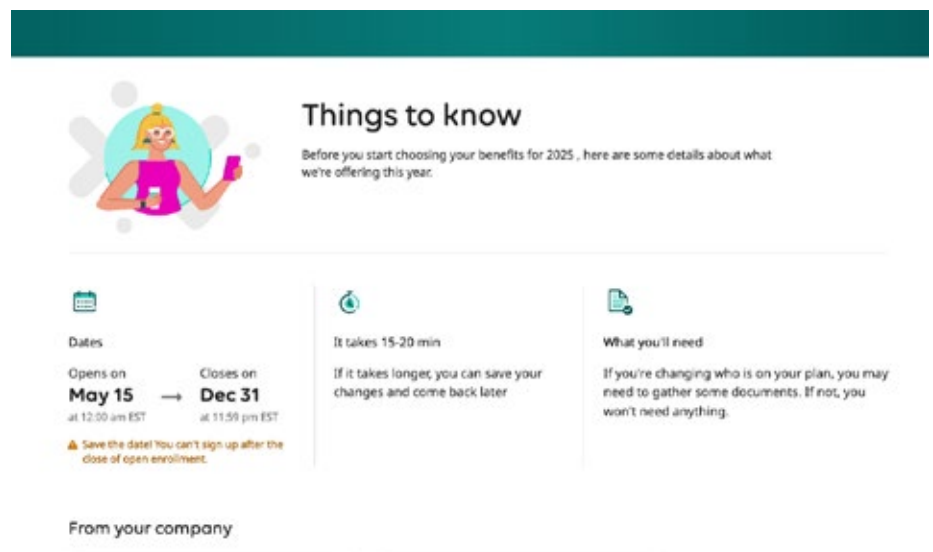


Figure 3. The introductory page of a typical HCM Open Enrollment process, offering various links and guides, and with reminders of key dates for completion.

by the Centers for Disease Control & Prevention, the American Diabetes Association, and the National Business Group on Health, highlight the importance of self-education for managing these chronic illnesses.

Creative Use of HCM Systems Is Key to Managing Employer Healthcare Costs

Whether an employer’s planned changes to their health plans in response to rising costs is as benign as simply moving from passive annual enrollment to active, offering optional new plans, or making minor prescription formulary changes to much more intrusive changes like escalating copays, deductibles, and coinsurances or even transitioning the entire population to HDHPs, the Human Capital Management infrastructure should play a prominent role in the rollout of these changes. The more divorced a healthcare management and benefits communications strategy is from the organization’s HCM capabilities, the less effective it is likely to be. The days of paper mailings and even automated e-mails as a primary communications strategy are – or should be – behind us.

Open Enrollment Tools Are Important, But...

By now, most employers recognize two foundational facts about new hires, life event change, and annual open enrollment processes:

1. Online enrollment must be offered “any time anywhere” the employee has an internet connection (not solely within the four walls of the work location,) in large part due to a recognition that the employee is not always their family decision-maker about insurance decisions, and
2. When employees (or their family members) get into the process of enrollment, they often have questions that will interrupt the process and prevent its completion unless those questions are resolved on a more immediate basis.

To address this issue of employee questions during enrollment, many employers incorporate various tools into that process – from glossaries to bullet point plan features to network provider directory links – and these tools can be pretty effective (See Fig. 3), *as far as they go*.

However, employers need to recognize that, from an employee education perspective, these steps

are primarily tactical rather than strategic.

The HCM “Secret Weapon” for Lowering Employer Healthcare Costs

Having determined that, when it comes to health plans, employees won’t choose what they don’t understand, employers facing significant changes to their health plans this year need a secret weapon. To find it, they should look no further

than the LMS. No matter what maturity stage that LMS strategy is in – fully implemented but lacking open enrollment-specific content, limited in deployment to subjects like job skills, safety, and compliance, or planned but not yet implemented – leveraging an LMS can “supercharge” an employer’s health benefits and wellness strategy.

Reviewing the list from earlier in this article, of the ten potential actions employers will take in

response to sharply rising health insurance costs, all benefit from using an LMS to supplement essential employee communications. The goal is to “cushion the blow” associated with these changes by educating the workforce, putting higher costs into perspective, offering alternative ways to save, etc.

In particular, where employers are introducing new plan types such as HDHPs and HSAs, or new wellness screenings, the LMS can make the difference between employees failing to understand the programs, jumping to uninformed conclusions, and assuming the new program is not beneficial to them, vs. fully understanding the nuances of the programs, making an informed decision about whether to elect/participate and ultimately viewing the new program as a “real” benefit to employees and not simply cost-cutting. Experienced benefits professionals know that traditional paper or e-mail-based communications “drops” are ignored by too many employees.

The usual question around this approach is, “How do we drive employees to this content if we’re concerned that they don’t read what we’re already sending them?” Part of the answer lies in the innate differences between wordy fliers (paper or PDF) and more active video content delivered within an LMS. Employers must remember the usual learner “rules of engagement” – particularly for Millennials and Gen Z – to keep the content brief, “punchy,” and relatable. Employ gamification where possible. Break more extended training units into 5–10-minute lessons. Entertain the learners. (See Fig. 4)

However, there are more concrete steps that employers can and should take to drive the uptake of this content. One of the best strategies is to run contests with entries determined by the number

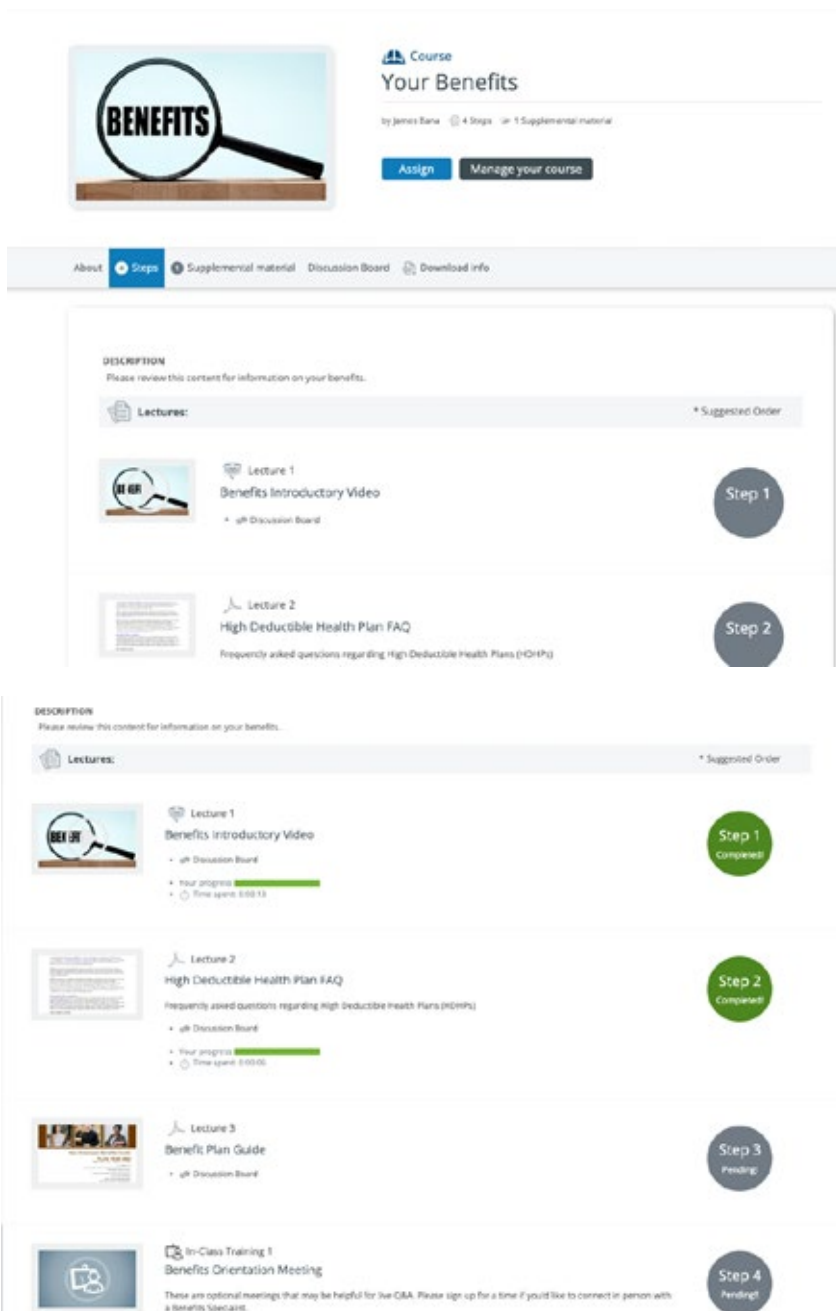


Figure 4. The contents of a Learning Management System specific to benefit plans, open enrollment, and a new Health Savings Account option.

of training units taken – the more valuable the prize, the better the attendance driver will be. Prizes comprised entirely of corporate logo merch will likely not drive attendance. Prizes like extra PTO days, tickets to popular sports or entertainment events, airfare for two nationwide, or even six months or a year of reimbursements for employee health insurance premiums⁴ will drive much greater content uptake. Employers may even want to add quizzes to the content at strategic places and require a minimum percentage of correct answers to generate an entry into the contest.

The ROI of LMS-Driven Open Enrollment

The first step in calculating the ROI of an LMS-driven open enrollment process is to know the difference between the total employer cost of their highest-cost health plan (typically an open PPO or an HMO) and their lowest-cost plan (typically an HDHP with an HSA savings option.) For reference, the Kaiser Family Foundation’s (kff.org) 2023 survey of these values found that the

average PPO (family coverage) cost employers \$23,968 per year, and the average HDHP/SO cost employers \$22,344 per year⁵. That saves the organization \$1,624 per year for every employee who switches from traditional PPO coverage to HDHP/SO in open enrollment.

Further, in a survey of employers, the Employee Benefits Research Institute (EBRI) found that first-year introductions of HDHP/SOs can experience enrollment rates as low as 20 percent—compared with the 29 percent average enrollment rate for more established plans that KFF has documented.

For a 1,000 benefits-eligible employee organization, an incremental enrollment rate of just 4 percent, where it can be credited to the use of an LMS, yields a savings of ~ \$65,000 per year – likely more than enough to justify the cost of the LMS and any fees for the benefits content. Remember that the ROI associated with health insurance savings may pay for a new LMS (or an upgrade to an existing one). However, the system is then available for hundreds or thousands of courses

and topics unrelated to healthcare plans – from leadership skills to safety, compliance, management training, and personal growth.... the topics are virtually limitless.

Conclusion: LMS As the Ultimate Untapped Resource

Even as employers face more challenging and difficult decisions about employee health insurance cost containment, little research has been conducted about the “symbiotic” relationship between learning management systems and benefits technology. There is a growing trend for employers to include third-party AI-like coverage election simulators, “plug-in” enrollment tools, and plan/option configurators in their enrollment processes. However, they should also look at their own LMS content as an alternative, or supplemental, low-cost resource for the same goal of educating employees to make better, more economical benefits choices. The ROI of this approach is straightforward and can even justify the acquisition of a new or upgraded LMS for organizations that don’t already have one in place.

Endnotes

- ¹ 70% of US workers would be willing to switch jobs for better benefits, according to an Economist Impact study. (April 18, 2024) Find it here: <https://www.economistgroup.com/group-news/economist-impact/70-of-us-workers-would-be-willing-to-switch-jobs-for-better-benefits>
- ² See for example, [kiplinger.com](https://www.kiplinger.com/personal-finance/insurance/health-insurance/602814/high-deductible-health-plans-dont-let-the-name), “High-Deductible Health Plans: Don’t Let the Name Scare You Off!”. Find it here: <https://www.kiplinger.com/personal-finance/insurance/health-insurance/602814/high-deductible-health-plans-dont-let-the-name>
- ³ Greenwald Research, 2023 Annual Survey. Find it here: <https://greenwaldresearch.com/health-plan-enrollees-spend-little-time-selecting-a-plan-and-are-largely-satisfied-with-enrollment/>
- ⁴ Yes, it is legal to reimburse one employee an amount equivalent to their health insurance premiums, provided that the additional compensation represented by these paid premiums is appropriately reported and taxed.
- ⁵ Kaiser Family Foundation, 2023 Employer Health Benefits Survey. Find it here: <https://www.kff.org/report-section/ehbs-2023-section-1-cost-of-health-insurance/>

About the Author



Bob Greene currently serves as Senior HCM Value Consultant for UKG, providing value consulting services to UKG’s clients and prospects in the human capital management space. Prior to this, he was an HR Industry Analyst at Ascentis. His 43 years in the human capital management industry have been spent in practitioner, consultant, and vendor/partner roles. As practitioner, he managed payroll for a 5,000-person bank in New Jersey. As consultant, he spent eight years advising customers in HRMS, payroll and benefits system design, as well as acquisition strategies for Towers Perrin (now Willis Towers Watson). He also built a strategic HCM advisory practice for Xcelicor (now Deloitte Consulting.) As vendor/partner, he has had prominent roles in sales support, marketing, and product management at Cyborg Systems, SAP, Oracle, Vurv Technology, SumTotal Systems, Enwisen, and Lawson Software. Greene has a total of ten years on the Editorial Board of IHRIM’s Workforce Solutions Review journal as a contributing editor, and for 2020-2021, was Co-Managing Editor. His experience also includes two years as Adjunct Lecturer in HRIS at Benedictine University in Lisle, Illinois. Greene holds a BA in English from Rutgers College, and studied Law at IIT-Kent College of Law, concentrating in ERISA and employment law. He can be reached at robert.greene@ukg.com.



feature

Women in Data Science: Challenges Faced and Opportunities

Sahithi Jukkalkar

Data Science has been one of the most rapidly expanding and promising career paths. Data scientists are at the forefront of innovation, particularly in emerging technologies like machine learning and artificial intelligence; countless industries depend heavily on vast digital datasets to extract valuable insights. The Harvard Business Review called data Science the “Sexiest job of the 21st century” (Davenport, T. H.)¹ in 2012. Even after a decade of being hailed as this, the representation of women in the Data Scientist roles is still a concern, with their numbers potentially decreasing despite their majority in the labor force.

The U.S. Bureau of Labor Statistics predicts a rapid 35 percent growth in employment for data scientists by 2032, exceeding the average growth rate for other professions. Despite this potential, more women need to be in data science. Encouraging more women to pursue careers in data science is crucial to addressing this gender disparity.

In this article, we will delve into the following reasons:

1. Why Data Science is an exceptional career choice for women
2. The Challenges Encountered by Women
3. How to Conquer these Challenges
4. The prospects in this field

1. Why Data Science is an Exceptional Career Choice for Women

Women play a critical role in data science, which is in high demand. Despite progress in promoting diversity, there is still a gender imbalance, with men making up the majority of data scientists.

A career in data science opens abundant opportunities for women. Whether entering this field as a novice or transitioning as an experienced professional, numerous prospects await those possessing the requisite skills and experience.

Beyond just the money—like the average yearly pay for a Data Scientist at USD 121,114—working in data science brings many opportunities. You can move up in your career, work with the latest technologies, meet experts in different fields, and gain skills you can use in any industry. This field has much room for growth, and women can succeed in data science.

Firstly, this is a highly sought-after field with a high demand for professionals. Many organizations across different industries use data science, leading to numerous job opportunities.

Secondly, data science provides significant job satisfaction. As a data scientist, I know individuals face complex business and societal challenges. The satisfaction of

solving these intricate problems is unmatched, making data science a captivating and rewarding career choice for women.

From a business standpoint, prioritizing women’s participation and promoting inclusion brings valuable diversity to decision-making processes. Women’s unique perspectives and skills are crucial for the growth and success of the data science industry.

- Companies with a female representation exceeding 30% (belonging to the top quartile) are likely to outperform those with 30% or fewer women financially.
- Reducing the gender gap by 2025 could result in an additional USD 12 trillion in global GDP (Woetzel, L., Madgavkar, A.)²
- An inclusive organization is twice as likely to surpass financial targets, three times more likely to be high-performing, six times more likely to be agile and innovative, and eight times more likely to achieve superior business outcomes.

Despite the initial challenges women might face, data science offers an excellent career path for upcoming and established women in technology.

2. The Challenges Encountered

The representation of women in data science is a complex issue that

needs to be addressed together. Even though women comprise 57 percent of the workforce, only 27 percent are in the technology industry. Over 50 percent of women in this field are likely to leave before age 35, and 56 percent are inclined to go in mid-career. The gender gap in technology and data science has become a bigger problem over the past two decades, raising concerns about inclusivity in the industry.

Multiple contributing factors to this phenomenon include:

1. There is an inherent bias created by the outdated marketing narratives that portray tech as a male-exclusive domain, which, by default, discourages women from potentially thinking about a career in data science. Moreover, the lack of early exposure to computing skills like coding further widens the gap, as highlighted by prominent figures in interviews with women in data.
2. Confidence issues may also play a significant role, with studies showing that women often underestimate their programming skills compared to their male counterparts. Stereotyping further hinders women's perceived ability for success in the field, leading to self-imposed limitations.
3. The challenge of gender diversity in tech and data science goes beyond educational exposure. (Avolio, B., Chávez, J.)³ Recruitment and attrition present additional obstacles, resulting in a decline in women in the field over time.

3. How to Conquer these Challenges

Here are some essential tips that will help you if you are starting your career as a data scientist:

- **Identify your learning goals:** Determine the specific data skills you want to learn, whether just writing your first Python code or trying to learn SQL.
- **Choose the right resources:** Select courses, tools, and

languages that align with your goals.

- **Create a learning schedule:** Allocate time for practice and learning.
- **Apply your skills to real-world projects:** Work on practical tasks to gain experience.
- **Connect with supportive people:** Find mentors, role models, and advocates who can guide and support you in your journey in data science.
- **Use your strengths:** Align your career with your strengths and values to find fulfillment in data science roles that match your aspirations.
- **Expand your network:** Building your professional network is essential for gaining valuable insights, collaborating with peers, and accessing various growth opportunities.
- **Advocate for fair pay:** When negotiating your salary, be confident in seeking fair compensation based on your skills and contributions in the data science field.
- **Challenge stereotypes:** Learn to challenge stereotypes and biases to create an inclusive and empowering environment where everyone can thrive in data science.

4. The Future Outlook

The future of women in data science relies on their presence and success in executive and leadership roles. To achieve this, women in data science need both education and confidence, crucial elements often discussed in the context of the gender gap in technology. Beyond issues like male-dominated cultures and mentorship gaps, researchers now emphasize confidence's significant role as an obstacle for women in statistics and data science.

As data plays a central role in every sector, a degree or certification allows individuals to pursue careers aligned with their interests. In this evolving landscape, being part of the data science field is not just about

working with data; it's about actively shaping its future.

Conclusion

The growing amount of data in various industries highlights the urgent need for more data scientists, especially women, to harness its potential. As mentioned, data scientists play a crucial role in analyzing, interpreting, and communicating valuable insights from large datasets. By promoting gender diversity and encouraging more excellent representation of women in the field, we can incorporate various viewpoints and ideas, fostering innovation and effectiveness in solutions.

Endnotes

- ¹ Davenport, T. H. (2024, March 19). Data Scientist: The sexiest job of the 21st century. Harvard Business Review, <https://bit.ly/3Ywkgyb>
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About the Author



Sahithi Jukkalkar works as a contractor and senior data analyst with AT&T. She started her career in 2017 as a data analyst with Capital One.

Sahithi has been a consultant since 2017 and has worked for clients like AT&T, Capital One, Nike, and Kroger in the roles of data analyst, data scientist, and senior data scientist. Jukkalkar worked on product recommendations at Kroger, Nike, and Built ML models, enabling customers to make purchases based on their interests. She has also led effective marketing campaigns using A/B testing to understand customer pulse. She has worked with large datasets and developed KPI dashboards for my stakeholders. Sahithi is a self-professed nerd for continuous learning and aspires to be an author. She aims to help women in a way that makes them financially independent. She takes Sudha Murthy as her inspiration and desires to work in philanthropy and help girls and women live better lives with good education and financial freedom. Sahithi Jukkalkar can be reached at jsahithi13@gmail.com.



Navigating Data Privacy and Security in AI

By Frank P. Ginac

This fourth article in the “AI Buyers Guide for Human Resources (HR) Professionals” series highlights HR’s critical role in safeguarding employee data amid adopting AI-based HR technologies. It discusses the complexities introduced by stringent regulations like the EU AI Act and GDPR, which impose significant data privacy obligations on AI software vendors and HR users. The article examines the risks of large language models (LLMs) memorizing sensitive employee information, potentially leading to privacy breaches through model inversion attacks. Traditional data protection techniques such as data masking, pseudonymization, and anonymization are reviewed, noting their limitations in entirely securing personal data. Differential Privacy (DP) is introduced as an advanced method to prevent models from memorizing private data by adding calibrated noise during training. By combining robust data preparation methods with DP, organizations can train AI models while protecting individual privacy and maintaining regulatory compliance. The article concludes by urging HR professionals to proactively navigate the intersection of AI technology and data protection laws to uphold employee trust and ensure responsible handling of personal information.

Welcome to the next edition of my series, AI Buyers Guide for Human Resources (HR) Professionals. This article is number four in the series. My objective for this series is to arm HR professionals responsible for selecting, deploying, and managing AI-based HR Tech solutions with the knowledge they need to perform these tasks confidently. The information shared here is not just valuable to HR professionals but also applies to any buyer of AI-based software. I hope you find the information helpful, and I welcome your feedback and comments.

HR is responsible for safeguarding employee data. This responsibility extends beyond traditional confidentiality concerns, as they

collaborate with IT and data security experts to implement robust systems and processes. These measures are critical for protecting sensitive employee information within the organizational framework. Compliance with stringent government regulations, encompassing a range of data security and privacy aspects, is paramount. Regulations such as the EU AI Act and GDPR highlight the complexity of this responsibility, as they introduce nuanced requirements and challenges, especially in the context of AI technology utilization in business.

European regulations like the EU AI Act, which regulates AI systems, and GDPR, which provides data

protection and privacy for EU citizens, present unique challenges to both vendors of AI-based HR software and the HR professionals who would like to use them. The EU AI Act and GDPR are extraterritorial, meaning they apply to all AI-based systems used by EU citizens and EU citizens’ data regardless of their location and could drive global AI policy changes similar to the GDPR’s impact on data privacy.

The EU AI Act, proposed in April 2021 and now in full effect as of August 1st, 2024, aims to regulate AI systems in the EU to ensure safety, transparency, and fairness. It classifies AI systems based on the risk they pose, with varying levels of regulation for each

risk level. AI systems are divided into unacceptable risk, high risk, and general-purpose categories, each with specific obligations for providers and users.¹

The GDPR, effective May 25, 2018, is a comprehensive data protection law that imposes obligations on organizations globally if they target or collect data related to people in the EU. It includes strict penalties for violations and defines key terms such as personal data, data processing, and data controllers. The GDPR emphasizes principles like lawfulness, fairness, transparency, data minimization, and accountability in data processing.²

By contrast, U.S. AI regulations are decentralized, with individual states and executive orders shaping the landscape. More than half of U.S. states, like California, New York, and others, have implemented AI laws focusing on consumer data privacy and protection, similar to the EU's GDPR. Thus far, the U.S. federal government has focused on providing industry guidelines through executive orders, such as the Blueprint for an AI Bill of Rights, which is similar to the EU AI Act; however, the U.S. is attempting to strike a balance between the need to protect its citizens while supporting innovation.³

Artificial intelligence creates new challenges for HR teams. Large language models (LLMs) fine-tuned with sensitive employee data can memorize sensitive information, posing a risk of leaking private data like personally identifiable information (PII). Attackers can exploit this leakage in several ways. One often-cited technique is the model inversion attack, where the model's output is used to infer sensitive information. In a model inversion scenario, an attacker systematically queries the model and uses the output predictions

to infer the characteristics of the training dataset. This is particularly concerning if the model has been trained on sensitive data such as PII or medical records. The attacker leverages patterns in the model's responses to reconstruct aspects of the input data, potentially breaching privacy even without direct access to the training dataset.

Artificial intelligence creates new challenges for HR teams.

Data masking, pseudonymization, and anonymization are employed in data privacy applications and during the data preparation phase before machine learning model training. Data masking involves creating structurally equivalent but inauthentic representations of real data; pseudonymization uses an encoding scheme to replace sensitive employee data. In contrast, data anonymization involves erasing or encrypting identifiers that connect an individual to stored data.

For example, data masking can mask the last four digits of a U.S. social security number (SSN), thus protecting the employee's SSN while allowing the model to learn something from the region and year the number was issued. Pseudonymization can replace an employee's name with a unique code, thus allowing the model to learn something about a particular employee without knowing their name. Anonymization involves erasing or encrypting sensitive data, effectively preventing model

training from learning anything from that data. However, these methods have limitations. For example, threat actors with access to the training data can use de-anonymization methods to retrace the process and reveal personal information even when data is anonymized. In short, these techniques are insufficient for comprehensive data protection. Despite their limitations, these techniques are still effective at reducing the probability of the model memorizing sensitive data during training.

In addition to techniques used to prepare sensitive data for model training, Differential Privacy can prevent models from memorizing private data during training by interfering with a machine learning model's ability to memorize private data. The technique introduces calibrated noise into the training process, making individual contributions indistinguishable.

To illustrate this with an analogy, imagine an organization conducting an employee satisfaction survey to improve workplace conditions. Each employee provides honest feedback, some of which includes sensitive personal opinions and experiences. The goal is to analyze the overall trends in employee satisfaction without exposing any individual's specific responses.

Traditional data preparation techniques like anonymization and pseudonymization can obscure direct identifiers, but they may only partially prevent the possibility of linking responses back to individuals. If you are familiar with each employee's writing style through email and instant messaging interactions, you might be able to guess who wrote a particular survey response. This is where Differential Privacy comes into play.

Differential Privacy adds a carefully measured layer of uncertainty to the survey results.

Differential Privacy functions by adding a carefully measured layer of uncertainty to the survey results. Before the data is analyzed, a small amount of random variation (or “noise”) is introduced to each response. This noise is calibrated

precisely not to distort the survey’s overall findings but to ensure that individual contributions cannot be distinguished from the aggregated data.

Organizations can confidently train AI models on sensitive employee data by integrating advanced data preparation methods and Differential Privacy. This combination allows the models to learn valuable insights from the data while robustly protecting individual privacy. It aligns with stringent data protection regulations like the EU AI Act and GDPR and reinforces employees’ trust in their employers to handle their personal information responsibly.

HR professionals are at the forefront of navigating the intricate interplay between data protection

laws and the challenges posed by AI in the workplace. The EU AI Act and GDPR have set a new precedent for stringent AI and data processing guidelines. While LLMs and other AI technologies offer significant advantages, they also present risks, notably in potentially memorizing sensitive data. However, combining data preparation techniques like anonymization, pseudonymization, and synthetic data alongside advanced model training methods like DP can effectively mitigate the risk. HR professionals must remain vigilant and proactive, ensuring that their organizational practices not only comply with current regulations but also integrate cutting-edge technologies to safeguard privacy and maintain the trust of their employees.

Endnotes

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About the Author



Frank Ginac is a leading figure in the intersection of artificial intelligence (AI) with talent management. As Co-founder and Chief Technology Officer of TalentGuard, he has been pivotal in advancing AI applications and addressing complex challenges within large enterprises. Frank also serves as the head of TalentGuard Labs, where he drives innovation in AI to enhance employee growth, organizational growth, and operational efficiency. Frank has also made significant contributions to the academic field by providing instructional support for graduate-level courses in AI and related subjects at the Georgia Institute of Technology. His work in education reflects his dedication to nurturing the next generation of tech innovators, ensuring ongoing engagement with the forefront of technological research and development. He holds a

Master of Science in Computer Science from Georgia Institute of Technology and a Bachelor of Science in Computer Science with Honors from Fitchburg State University. His academic and professional achievements underline his role as a visionary in applying AI technologies to enhance talent management systems and his commitment to educating future leaders in technology. A published author, he has contributed to AI, software development, and quality assurance through his books and numerous articles. He can be reached at frank.ginac@talentguard.com.

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feature

Challenges of Fully Utilizing Workforce Analytics in The Organization

By Carl C. Hoffmann, Ph.D.

Introduction

After years of doing workforce analytics, as much as we talk about it, there are still impediments to its effective adoption and integration into the business. This resistance is often deeply embedded in the psyche and structure of the Human Resource Organization as well as the larger organization's view of HR and the supporting infrastructure of the company. Before diving into what may impede workforce analytics adoption, let's define what it could be. Early in my career, I was fortunate enough to work with a chief human resource officer who described the work of human resources as turning the company's strategy into the workforce's behavior. He understood that analytics was not just a tool but a vital aspect of being a strategic partner, underscoring the importance of HR in the company's success.

Workforce analytics cuts across the whole organization. It is the ongoing and active investigation of how the company:

- Organizes their workers to

use technology to be efficient, effective, and profitable as they compete for resources and markets.

- Builds and maintains an inventory of workers with the knowledge, ability, tools, and interest in doing the jobs that make up that organization.
- It provides the managers with the tools to guide and motivate those workers.
- Innovates to respond to technological changes, competition, and the resources they need.

Workforce analytics cuts across the whole organization.

Silos Within HR May Inhibit Helping Line Functions Solve Pressing Issues.

The first impediment to embedding workforce analytics in

the organization may come from the structure and thinking of the HR function itself. Early in my career in workforce analytics, I consulted with a company (we shall call XYZ) undergoing a reorganization in response to competitive pressure. A series of interviews was revealed with the plant managers and business unit heads affected by this large-scale reorganization. First, someone from organizational design and effectiveness would ask questions about what they do and need, followed by employment and staffing, compensation, equal employment opportunity, and industrial relations. The heads of these plants all said the same thing; each representative asked similar questions but in very different languages, which left these leaders confused and frustrated. They knew they needed help and wanted to act in a way that would balance the need to be more efficient while attending to the needs of their workers. They could not understand why they could not deal with one person who had one view of how HR could give them fact-based insights to

understand their options. While the role of the Business Partner is designed to solve this problem, the separate thinking of the HR functions, the disparate systems, and the data that support them make an integrated approach difficult.

How Some Human Resource Functions See Their Role

Some HR functions have a more limited view of workforce analytics than XYZ. They avoid dealing with line functions. Recently, I led a meeting of people tasked with running the workforce analytics function in many large national companies. We invited a speaker to talk about the analytical work done to help improve the productivity of a large unit of a global company. This presentation demonstrated the unified approach of the HR function. Our speaker talked about adopting new technology, changing roles to gain the maximum efficiency from that technology, pushing down decision-making to the front-line workers, realigning, retooling, or laying off workers who could not or would not adapt to the new role, rethinking the role of leaders, all of which in the end led to a happier and more productive workforce. Using the results of their analysis, they mapped how to get from where they were to where they needed to be.

Many of the attendees' reactions were surprising. Many did not think that what the speaker presented was a matter HR should handle. They said the speaker was dealing with an operations problem, and once the operations folks decided how they would organize, HR's job would begin. In other words, HR would react to operations and not collaborate with them and take on the responsibility of working to guide the business.

The Inertia of HR's Traditional Role Led to Silos

To some extent, this is not surprising. HR has been tasked with keeping the company out of trouble by greasing the wheels of a system already in operation. This preventative effort involves complying with laws and regulations, balancing the cost of the workforce with the need to find and keep good workers, and ensuring managers respect their workers and use the rewards systems fairly and effectively. Finally, it involves supplying information and services to the workers: payroll, benefits, training, etc., and how and when they need it. A whole set of specialized professional organizations, academic institutions, and journals support each HR function engaged in these activities. Indeed, designing and evaluating compensation programs, employment and staffing processes, and approaches to training and development are meaty topics. At the same time, this self-examination contributes to siloed thinking. It supports best-of-breed systems that structure data specific to the function's needs and challenge data integration. This division of labor also segments the HR budget to purchase products and services that are affordable and uniquely tailored to the individual HR functions. It inhibits collaboration and a comprehensive view of the HR function.

The Role of HR as a Worker Advocate

HR often needs help combining their role as employee advocates with the scientific approach to the study of work. Taylorism, or what in modern parlance is seen as the maniacal scientific focus on labor

force productivity and efficiency, is seen as antithetical to the interests of workers. Contemporary press reports from warehouse workers and customer service workers in call centers reinforce this view of analytics. I remember hearing one modern critic say that if Charles Dickens had written today, he would have set his stories in call centers and warehouses. This fear of analytics is ironic. Modern workforce analytics practice grew out of employment law, the uniform selection guidelines on employee selection, and the need to ensure fair treatment of all workers. Its goal was to eliminate bias that led to disparate treatment and short-sighted business decisions whose impact was detrimental to the workers subject to them.

HR often needs help combining their role as employee advocates with the scientific approach to the study of work.

Indeed, the thoughtless uses of data and productivity measures masquerading as analysis have resulted in unintended and negative consequences for many workers. A recent example comes from call center operations. In one large call center, it was found that a small proportion of the CSRs outperformed their coworkers by a wide margin. These measures included successful call completion,

completion time, satisfaction ratings, percentage of disconnects, and add-on sales. It was decided that these superior CSRs would set the performance benchmark for all other CSRs. After all, everyone was hired to meet the position's basic requirements and given the same training, so why would some CSRs perform so much better? It was felt that those who did not meet the standard would have to work harder. The problem was that no matter how hard these folks worked, they could not match the productivity of the top workers. They were feeling oppressed by a standard they could not meet. In this case, the CSR performance being measured did not reflect what was being done and was detrimental to customer service.

The company skipped an essential step in all workforce analytics by not asking why those CSRs were able to do so well. Once they asked that question, they discovered that these folks had figured out how to navigate and efficiently link the diverse systems and information stores supporting their work with customers. These learnings could then be translated into better training and systems integration. This not only improved performance but also the happiness and engagement of the workers.

The Challenge of Getting and Integrating Data

Data integration and quality is a challenge. Professionals doing workforce analytics face many of the same issues that have confronted building reporting systems and business intelligence applications for years. The number of separate HR systems that support the function can be staggering. The need to feed data to supporting applications can cause problems when data is reintegrated

into more extensive databases later. Unique keys to integrate data from diverse sources often do not exist or are lost or changed in the process. Adding additional data from Finance, Sales, Marketing, and Operations can be more challenging. Arguments about data quality are not often about errors in the data as much as definitions and the use of the data. For instance, integrating data from HR and Finance can involve discovering that finance thinks of and accounts for employees differently from HR. Arguments about how many workers are in a department or division often come down to how finance sets up the general ledger for accounting versus how HR views the reporting relationships of workers in that organization. Unfortunately, those discrepancies can be heated and lead to a distrust of the results of workforce analytics. Similar confusion may come from the unique needs of systems that separately support operation – scheduling or sales management – rapid adjustment of territories and those assigned to them or tracking the composition of sales teams.

But Don't Business Intelligence Systems Do All Of This?

Yes, but these systems and the infrastructure that support them often need clarification with the more inclusive category of workforce analytics. First, they are usually housed in business intelligence departments, which are meant to house business analytics, and these systems have limited analytic capabilities. Scorecards, dashboards, and the data warehouses that support them often integrate HR with Finance, Sales, and Operations data. These

systems solve many challenges of extracting, validating, cleaning, transforming, and distributing valuable information. They allow executives and managers visibility into whether they are achieving their goals in the form of KPIs and provide the ability to see how parts of the organization, geographies, and time frames contribute or fail to deliver on those KPIs. They often contain human resource information: workforce demographics, education, training, experience, tenure, etc. However, they frequently fall short of providing insight into why things are going well or failing and showing what are the best ways to act to improve performance.

They are control systems designed to show management what is working and where it may need to be fixed based on the business model they instantiate. They are sophisticated reporting systems that grew out of accounting principles associated with sales, finance, and operations, which represent how managers think about their work and are held accountable. They are often top-down in their logic, decomposing the components of profitability, CRM, Operations/Supply chain, and the workforce. They are necessarily supported by a complex assembly line process that

Workforce analytics leads to fact-based models and knowledge about how to improve the business.

often includes daily extraction, validation, cleaning, integration, and data transformation. This must be stable and sustainable over years of service, securing information distributed to a broad audience. The demands for building and maintaining these systems require skills appropriate to building complex infrastructure and thinking more attuned to spreadsheets than statistical or mathematical modeling. The product of workforce analytics is different. It requires a different set of skills. Its product is a set of unique, quickly-produced mathematical models that answer a specific question. These models will need interpretation and require thinking through how the business can best act on the implication of that model. This differs from an easily understood graphical user interface required for a broader audience.

Workforce Analytics Faces Its Problems in Explaining What It Offers the Corporation.

First, what is the product? Data warehouses, scorecards, dashboards, and the infrastructure that supports them are tangible. Workforce analytics is a process that leads to fact-based models and knowledge about how to improve the business. These models can provide immense benefits but are conceptual, requiring interpretation and concrete action. While workforce analytics can be packaged a bit, it is still a deliberate process that includes the following:

- Understanding the problem to be solved, the background that may have led to the problem, and the business context for the solution.
- Identifying the workforce and business factors likely to explain

what is happening and the possible solutions.

- Capturing, cleaning, integrating, and relevant data. This process is similar to that described for scorecards and dashboards but needs to be quicker and more flexible. Presentation and distribution are also much simpler because the audience is usually limited to a small group of stakeholders, requiring minimal data security.
 - Applying analytical methods to build and validate models that explain what is happening and offer options to improve performance. Stakeholders tend to think of analytics as a monolith. However, there are many approaches to workforce analytics. Analysts must carefully explain how their methods are appropriate to the problem being solved. The approaches vary.
 - Industrial Psychology and Organizational Development—Building a more efficient and effective organization by reorganizing around new technologies and understanding their impact on jobs, capabilities, and compensation. These methods may include surveys, factor analysis to summarize capabilities, various forms of clustering to group people into employment, and running scenarios to test operations.
 - Optimization Algorithms—These solve the inevitable problems of labor force supply and demand by balancing the timing, costs, benefits, and risks associated with retaining people with the needed skills, developing current workers to acquire
- the skills, hiring those with the required skills, or using temporary, contract, or outsourced labor to fill the gaps.
- Process models—These are associated with understanding how workers move through the organization, detecting barriers to movement, and improving the internal labor market.
 - Various forms of regression and modeling are associated with understanding who makes a good worker or the effects of training and development.
 - Network analysis /relational analytics – The modeling of communication patterns to map the behavior of teams and the value of the people in them
 - Various forms of Machine Learning—to better automate routine activities like navigating the complex systems and databases that customer service agents contend with and detect innovation naturally occurring in the organization.
 - Interpreting and presenting the results of those models and the options to improve performance contained in those models to stakeholders to get their feedback and buy-in.
 - Finally, implementing and evaluating the changes to policies, procedures, technology, and management actions required to achieve enhanced performance, which may include scorecards or dashboards.

Accomplishing all of this requires

Workforce analytics is a process that leads to fact-based models and knowledge about how to improve the business.

skilled and experienced analysts who can bridge the gap between the abstract world of statistics and mathematics on the one hand and the pressures on businesses to make money, control risk, and act quickly on the other. It also requires stakeholders who value what can be learned from this effort and eventually own the decisions and actions resulting from using this knowledge. This often necessitates overcoming deeply held beliefs of executives who have successfully relied on their intuition and judgment.

The new world of Artificial Intelligence and Machine Learning will increase the number of ways to model problems and suggest ways to improve the company's and its workers' performance. Hopefully, these algorithms will make machines more intelligent and make the managers and workers who use them wiser and happier.

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About the Author



Carl C. Hoffmann, Ph.D., has been engaged for more than 30 years in helping companies worldwide meet the challenges of formulating and implementing

effective strategies that support their business goals. From 1978 until 1999, when his company was purchased by PricewaterhouseCoopers, Dr. Hoffmann was CEO of a successful private consulting firm that focused on helping companies collect and analyze data to support strategic workforce decisions. He then joined PwC as a Partner, where he developed and led the Integrated Analytics practice for the Americas and the global Workforce Analytics practice (Analytics and data warehousing for HR, Finance, Supply Chain and Marketing). In 2002, when IBM acquired the PwC Management Consulting Group, he became a Partner and Vice President of IBM's Global Business Services group where he led the workforce analytics practice globally. Since leaving IBM in 2007, he established a private consulting firm, Human Capital Management and Performance LLC (HCMP) that continues to work with large international corporate executives to make fact-based decisions that integrate workforce activities effectively with line operations to achieve business strategy. Dr. Hoffmann is lead author of a book on workforce analytics published by *Harvard Business Press* called "Calculating Success: How the New Workplace Analytics Will Revitalize Your Organization" published in 2012. He has authored numerous publications, reports, and white papers dealing with analytics and research methodology. More recently he was a peer reviewer for the National Academy of Science publication on the use of "Data Science Methods for the Department of Defense" and has published extensively on selection and training. He holds a Ph.D. in sociology with a concentration in biostatistics from the University of North Carolina at Chapel Hill. He can be reached at Carl.C.Hoffmann@gmail.com.



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HCM Transformation

feature

Runway to HCM Transformation: What to do the Year Before Your HR Systems Implementation, Part 2

By Janna Hartsock, HRIP, and Rob Ginzel, SHRM-SCP

In Part 1, we examined how HCM Systems implementations can facilitate organizational transformation by following several key principles: Considering Your Stakeholders, Ensuring Leadership Alignment and Vision, Understanding Your Operating Model and Design, and Elevating Your Talent Strategy. In this second part, we examine three more Success Drivers and finish with an overall Action Plan.

Success Driver #4: Compensation Practices

Compensation is called out here because many core HCM system elements are tied back to compensation practices, such as jobs, salary structures, and positions. If those practices need to be updated, standardized, and aligned with your business strategy, a new HCM system will not magically solve much, and your implementation will be complex

and frustrating.

Revitalizing your compensation approach will enhance your organizational effectiveness. By aligning compensation practices

with your business strategy, you will be more effective in attracting and retaining key talent, increasing competitiveness, and driving a high-performance culture.



Key compensation insights: recent data trends say...



HR leaders believe there is a pay equity issue at their organization¹



Say their pay is clearly linked to performance²



Of employees are worried their wages will not keep up with inflation³

Ideally, your company supports an entire ecosystem of compensation practices that stems from aligning your compensation philosophy with your business strategy. Determining your operating model first can then drive a high-performance culture while managing and mitigating human capital risks. Besides attracting, retaining, and motivating talent, you want to ensure fairness and equity in pay, align compensation with performance, incorporate market trends and benchmarks, and communicate policies transparently.

Compensation trends are shifting towards strategies that address the impact of inflation, promote equity and competitiveness, and place a growing emphasis on supporting the well-being of employees. Recent data trends highlight that half of all HR leaders believe a pay equity issue exists in their organization (7 Trends to Watch in Benefits and Compensation in 2024. SHRM). Only 44% of employees say their pay is linked to performance (Grant Thornton's State of Work in America report "U.S. employees try to shape work environment." 2023), and 50% of employees are worried that their wages will not keep up with inflation (The True Value of Data and AI in Human Resources. Forbes. December 2023).

Some signs that your compensation practices require focus

include:

- Inconsistent compensation practices and/or complex setups across the organization
- Multiple sets of job codes, career ladders, and complex interfaces to other systems
- Variable incentives by division with complex workflows for approvals

Of course, an organization may have all three of these indicators and not need to work on their compensation practices if there is variation in the division because each division has an entirely different line of business and operating model. Healthcare organizations are particularly prone to complexity in this area, as acquiring multiple local health systems that perform similar care procedures but have different systems of job codes and pay practices can complicate merging these entities. This sometimes leads to incredibly complex HCM system implementations.

For instance, when an extensive healthcare system with over 23,000 employees wanted to implement a new HCM system, they discovered they had more than 6,000 job codes from the 15 different local health systems they had acquired in little more than a decade. Reporting was incredibly complex, with multiple back-end mapping tables used to group equivalent jobs. Frustration

with course assignments in their learning management system was at an all-time high, to the point that the Learning and Development department was lobbying for a new learning management system (LMS), needing to understand that they would just be importing old problems into a new system.

We performed a job harmonization project that reduced 900 job codes for their core business to 258. Job levels, families, categories, and subcategories were created to facilitate easier metrics definition, reporting, and approval processes for compensation practices. The organization was able to move forward with the HCM system implementation, reporting, and dashboard development with unified key data elements across local health systems. This positioned the organization for success in implementing a new LMS.

Success Driver #5: HR Operations

HR operations is the home for several more administrative functions in HCM. Payroll (and timekeeping) is the most high-risk function because of compliance requirements with federal and state regulations and taxation. No organization wants to be known for paying their employees incorrectly. However, benefits and absence are a close second because they impact the employees' well-being personally and can cost organizations in multiple unwanted ways if not administered correctly. The goal should be optimized payroll practices, technology-forward timekeeping and attendance tracking, streamlined benefits administration, and efficient absence management, with enhanced data accuracy as the backbone for HR processes and reporting.

Effective payroll, timekeeping, benefits administration, and absence management are the cornerstones of successful HCM system



Grant Thornton's Perspective on HR Operations

transformation. Organizations unlock many value-driven benefits by optimizing these critical HR operations. For example, managing scheduling in compliance with the required skills and licenses can enhance the employee experience, leading to higher morale, retention, and engagement.

With effective HR Operations, organizations are able to...

Comply with Federal and State regulations

Retain top talent with Total Rewards (pay and benefits)

Manage scheduling in compliance with skills and licenses required

Enhance the employee experience, leading to higher morale, retention and engagement

Some signs that HR operations require focus include:

- Manual updates to time record files before loading in for payroll so that the timekeeping system is no longer the system of truth for time records
- Manual manipulation of eligibility and balances due to convoluted eligibility and grandfathered PTO plans defined sometimes at the employee ID level
- Missed shifts are uploaded as bonuses rather than corrections made in a timekeeping system.

a separate deduction code. Pay codes were standardized across the organization for consistency. Retirement plan administration was streamlined to match the primary job for clarity and efficiency.

The streamlined processes and new functionality reduced the deduction codes to 280 and the consolidation of pay codes to 323. This greatly enhanced payroll's accuracy and efficiency in processing and reporting and helped accelerate the transformation timeline with minimal disruptions.

Success Driver #6: Change Management

All the work to transform practices and implement systems will still not reach maximum ROI if change management is not a part of every project step. You want to proactively address resistance to change, communicate benefits and rationale early and often, and empower employees to embrace change through multiple support mechanisms. You want to establish clear milestones and success metrics but also be flexible to adapt strategies based on employee feedback.

A recent change management study found that only 34% of change initiatives succeed, yet 79.7% of people need to adapt their business every two to five years (WalkMe Change Management Statistics Infographic, 2024).

Some signs that your change management execution requires focus include:

- Employees resisting new processes, signaling the need for more proactive change management
- Stakeholders lack awareness or understanding of the change initiative, requiring educational efforts for clarity and buy-in
- The organization lacks managers and leaders who are role models of the behaviors and ways of working needed to inspire change

In one example, a federally funded organization needed to replace an aging HCM and ERP system. They knew they had a history of significant resistance to change from employees and leadership and felt a need for leadership alignment and support for the upcoming change.

We conducted stakeholder and sponsor interviews to foster strong relationships, developed a comprehensive strategy, including a case for change, with impact assessments and a communication



Grant Thornton's Change Management Framework

The need for change management execution:



plan, and helped the organization establish a change champion network with a leader playbook.

The organization successfully launched an HCM system within a tight six-month timeline. They gained leadership recognition for the value of the change management efforts. They supported the larger ERP implementation with change management as an adoption accelerator while minimizing disruption to the business.

Clear for Takeoff: Your HCM Action Plan

Depending on where your organization is in the transformation

journey, this discussion can feel confirming or overwhelming. What's most important is that you approach any HCM system implementation thoughtfully. Whether you are implementing a complete HCM platform, independently or as part of a more extensive ERP implementation, or just implementing an individual module, evaluate the relevant processes and practices and focus on any necessary transformations first. What works for one organization may or may not work for yours. While some industry standards exist, HCM practices are ultimately unique to your organization's business strategy

and operating model. Four action points can summarize the six success drivers discussed:

- Engage key executive leaders and stakeholders for alignment
- Refine the organization's operating model
- Align talent strategy and HR practices with HCM and organizational objectives
- Optimize change management practices to drive employee engagement and maximize ROI

Take the time to incorporate these steps so that your HCM system implementation can take flight and achieve the maximum ROI expected—not just at go-live but for years to come!

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About the Authors



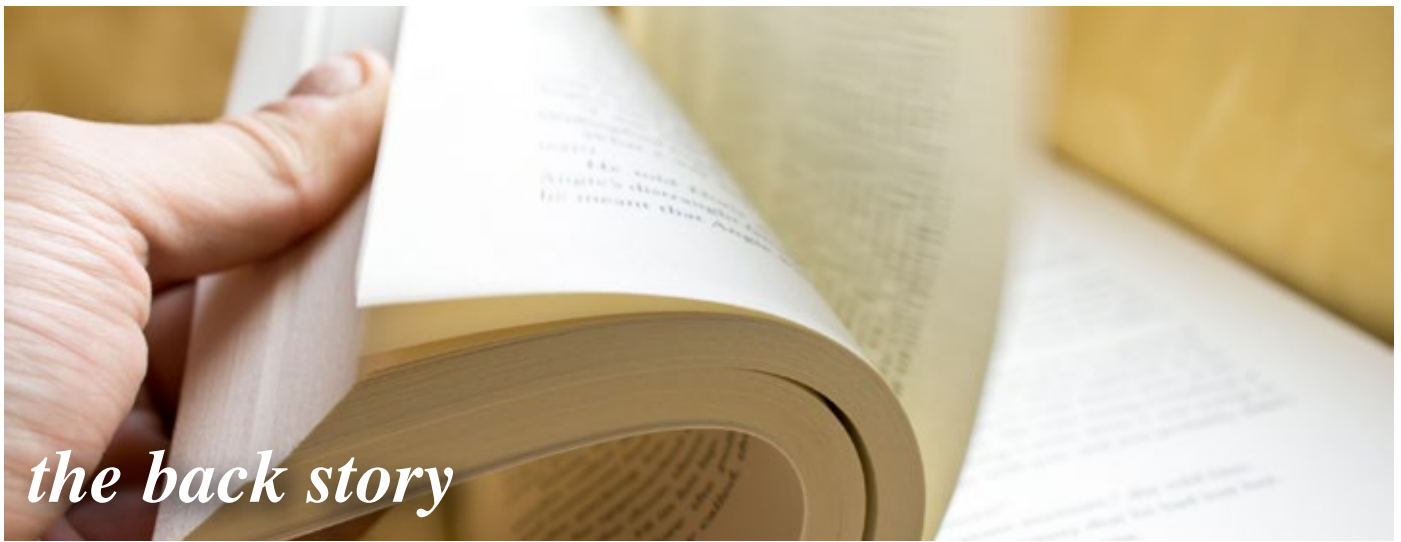
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Under the Covers: The Not-So-Hidden Cost of AI

By Katherine Jones, Ph.D.

Many of you may have just attended this year's HRTECH Conference in Las Vegas and were likely inundated with the possibilities for using artificial intelligence (AI) across HR organizations. AI is as inescapable as the Cloud—both define how today's applications are built, sold, and used.

While HR professionals may never need total algorithmic literacy, it is helpful to remember that AI is not magic; it is just code—algorithms that can make repetitive tasks, sorting and ranking, content generation, and predictions made on data faster and easier. The work is done elsewhere: in a data center, aka “the Cloud.”

It is helpful to remember that AI is not magic; it is just code.

Large and small solution providers rely on AI to ensure a competitive stance. Some support their own clouds; some rely on public clouds. Companies such as Google, Microsoft, Amazon, and Oracle are investing tens of billions of dollars in secure data centers that can serve these providers and themselves. However, climate experts are waving a red flag, concerned about potential environmental impacts.

Who Knew?

Chatbots are ubiquitous at all levels of customer service. From job application queries to addressing complex customer issues, bots have become de rigor as the first line of response. How do they work? Each prompt on ChatGPT flows through a server that runs thousands of calculations to determine the best words to use in a response. In completing those calculations, these servers, generally in the Cloud in a data center, generate heat. Often, water systems are used to cool the equipment and keep it functioning.

Google's emissions jumped 48% over five years as AI increased power demands.

What are the Ramifications?

AI, with its large language models, is an energy hog. Experts estimate that generative AI applications are around 100 to 1,000 times more computationally intensive than traditional search or email.¹ Goldman Sachs posits that AI is poised to drive a 160% increase in data center power demand in the next five years.² For example, despite Google's ambition of reaching 'net zero' by 2030, the company's emissions jumped 48% over five

years as AI use radically increased the power demands required to support these systems.³ Microsoft's data center emissions jumped almost 30% to meet AI demand.⁴

What about Water?

Data centers generate substantial heat due to the high computational power required for AI tasks. Water is used in cooling systems to dissipate this heat. Water transports the heat generated in the data centers into cooling towers to help it escape the building, similar to how the human body uses sweat to keep cool, according to Shaolei Ren, an associate professor at UC Riverside and the author of "Making AI Less 'Thirsty': Uncovering and Addressing the Secret Water Footprint of AI Models."⁵ Sometimes, water is directly used as a coolant in liquid cooling systems. Some data centers use electricity generated from steam-powered plants, which also consume large amounts of water to produce steam that drives turbines to generate electricity.⁶

High computational power is required for AI tasks, which generate substantial heat.

The Washington Post worked with researchers at the University of California, Riverside, to understand how much water and power OpenAI's ChatGPT, using the GPT-4 language model, consumes to write the average 100-word email. They determined that one email requires 519 milliliters of water, a little more than one

bottle.⁷ A Cornell report revealed that training GPT-3 in Microsoft's data centers could evaporate 700,000 liters of clean freshwater.⁸

Going Carbon-Free

Big data center providers are actively looking for energy solutions, but not just any energy solutions. For example, Microsoft is buying all the electricity generated by the now-shuttered Three Mile Island's nuclear plant, Unit 1. Unlike the reactor Unit 2, partially melted down in 1979, it consistently and safely generated electricity for decades until it was shut down in 2019. The site's owner announced last week that it has plans to reopen the plant and signed a deal with Microsoft, noting that it will likely take until at least 2028 to reopen the plant. Microsoft will purchase the plant's entire electric generating capacity over 20 years.⁹ Amazon recently bought a data center site that purchases power from the Susquehanna nuclear power plant in Pennsylvania.¹⁰ Amazon prides itself on being the world's largest corporate purchaser of renewable energy, with more than 500 solar and wind projects across the globe. Yet, interest in nuclear, solar, and wind energy addresses only a fraction of the overall issue.

Conclusion

Is this a call to action on the part of HR? No. It is, instead, a call for awareness. AI and the data centers that support it will only grow, not shrink. The corporations that support HR applications are mostly cognizant of their environmental impact and sometimes look at alternate resources. What we take for granted in our daily use of business and personal applications, sophisticated games, and chatbots, however, does come with a cost we should all be aware of as one step in becoming algorithmically articulate.

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About the Author



Unique as a thought leader for her ability to make theory actionable and technology comprehensible to non-technologists, Dr. Jones

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The Fifth Week Calendar

By Dennis Hill, Ph.D., HRIP, SHRM-SCP, SHRP

Nearly fifty years ago, I thought it odd that we were taught from earliest schooling that every month had four weeks. But there were 52 weeks in a year. I realized that a fifth week could be very useful now and then. So, as a young professor, I created the 5th Week Calendar, a versatile management tool designed to enhance scheduling precision and project agility.

Unlike traditional calendars, the Fifth Week Calendar organizes weeks from Monday through Sunday, aligning with global business norms and minimizing the confusion of starting weeks on different days. The design's hallmark is its recognition of months that include a fifth week, a feature overlooked in most planning systems.

These occasional fifth weeks—typically appearing 4-5 times annually—provide invaluable opportunities for strategic scheduling. Instead of cramming tasks into rigid cycles, the 5th Week Calendar introduces a flexible buffer. Teams can utilize these weeks to catch up on delayed milestones, ensuring projects remain on track. Alternatively, the fifth week can serve as an ideal period for specialized, high-

intensity projects, allowing focused efforts without disrupting ongoing workflows.

Additionally, this built-in flexibility supports better work-life balance. Companies can coordinate vacations, team-building activities, or downtime during these weeks, minimizing interruptions to core business operations. The 5th Week Calendar also encourages proactive planning by highlighting natural transitions in the timeline. By leveraging these "extra" weeks, businesses can break free from the constraints of conventional monthly systems, fostering innovation, adaptability, and improved efficiency.

Our planned schedule for 2025 at IHRIM is shown on the opposite page, accompanied by a convenient color key indicating HRIP courses, webinars, convos, board and committee meetings, WSR publication dates, and even the three major HR TECH Conferences around the globe. This agile framework not only helps meet deadlines but also strengthens a culture of resilience and thoughtful time management—proving invaluable across industries and team dynamics. What are your thoughts? Sign into IHRIM's member platform and join the conversation at www.IHRIM.org.

January						
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28	29	30	31			

KEY	Week Counted by Monday	Fifth Week	IHRIM Wins-days Webinars/Convos	HRIP Courses	IHRIMonday Annual Mtg Live HRIP	HR TECH 2025 EU Mar ASIA May US Sept
US FEDERAL RELIGIOUS Holidays	Comm Mtgs	IHRIM Board & EC Mtg	WSR Pub	WSR Ads & Sponsors Due	WSR Articles Due	Dates Subject to change

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HR TECH PRACTITIONERS & LEADERS WEBINAR



KEY FINDINGS IN THE 27TH ANNUAL HR SYSTEMS SURVEY



Wednesday, Dec 18, 2024



12:00 - 1:00 ET

- ✓ Connect HR systems strategy to key business outcomes
- ✓ Identify top-rated HR solution providers by user experience
- ✓ Explore adoption strategies for AI and emerging HR tech



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Chief Research Officer &
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HR TECH PRACTITIONERS & LEADERS WEBINAR



ALIGNING HRIT STRATEGY WITH EMERGING COMPENSATION TRENDS



Wednesday, Jan 22, 2025



1:00 - 2:00 ET

Examine...

- ✓ Emerging Compensation Trends and Their Impact on HR
- ✓ Aligning HRIT with Organizational Goals
- ✓ Navigating Risks and Building Competitive Advantage



Janna Hartsock, HRIP

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