

Digitalization of Human Resources. Survival of the fittest

3rd Latin American Study of Technology for Human Resources Results

MAY 2017



INTRO

Imagine a world where employees instead of accessing their work tools with a password do it through their thumbprint or a selfie.

Now imagine that they have access to all the information they need through a mobile application... Sounds familiar, right? That's because these innovations are not a thing of the future, but a reality that already exists in several organizations of Latin America.

We live in a digitized world where most people have already adapted to this change. However, there are still companies that [don't put emphasis to the value of technology](#) for Human Resources.

Every industry and every organization will have to transform itself in the next few years. What is coming at us is bigger than the original internet and you need to understand it, get on board with it and figure out how to transform your business.



Tim O'Reilly, Founder and CEO, O'Reilly Media

Digital transformation, like any change, is not easy, it means learning new things and different ways of collaborating. But in today's competitive and fast-paced world, **the fittest organizations survive**. These are the ones able to understand and successfully promote the initiatives of digital transformation to improve productivity levels.

The traditional workspace as we know is ceasing to exist. HR professionals must adapt to these changes and move quickly. Tasks that previously required a lot of time have been greatly improved. From interviews, through performance evaluation and training, to digital records. This is why implementing technologies to enhance organizational productivity will be key to surviving this hypercompetitive world.

"Survival of the Fittest" easily applies to this process where technology, software and platforms for Human Resources force companies and employees to reinvent to sustain themselves, in a scenario where building the organization of the future is the highest priority for World leaders, as stated in [2017 Deloitte Global Human Capital Trends study](#).

We are rebuilding companies into "digital organizations": businesses that empower people to use their skills and leverage their best capabilities, breaking down the traditional "job description" and upward career model, using data and culture as tools to build alignment and coordination.

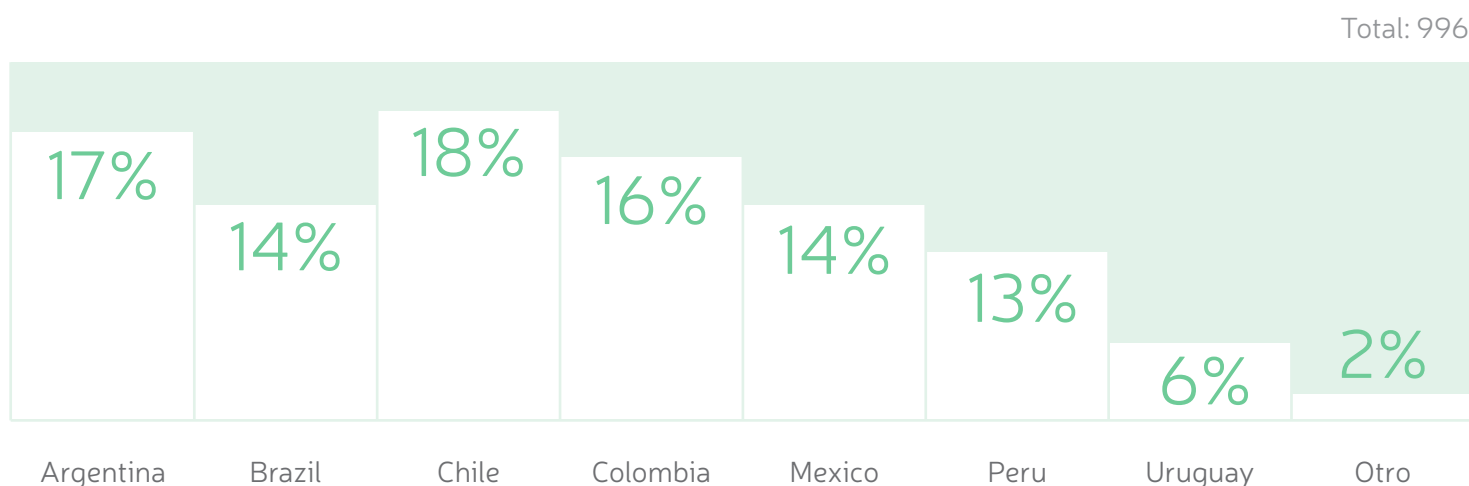
Josh Bersin, Founder, Bersin by Deloitte



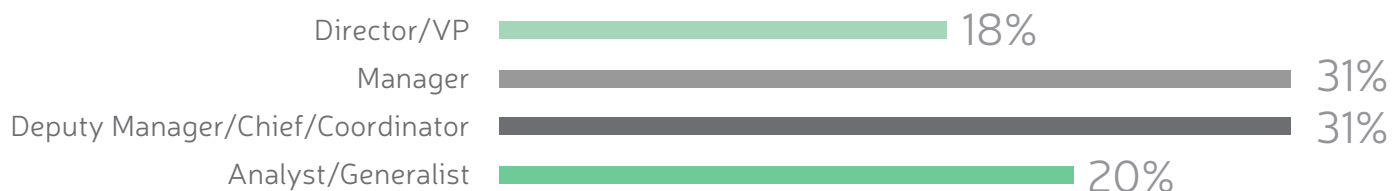
ABOUT THE STUDY

In the first quarter of this year, we conducted a survey addressed to 996 Human Resource professionals from large and small companies with presence in Latin America. Through 16 questions we discovered the different technological realities in the region which we share below.

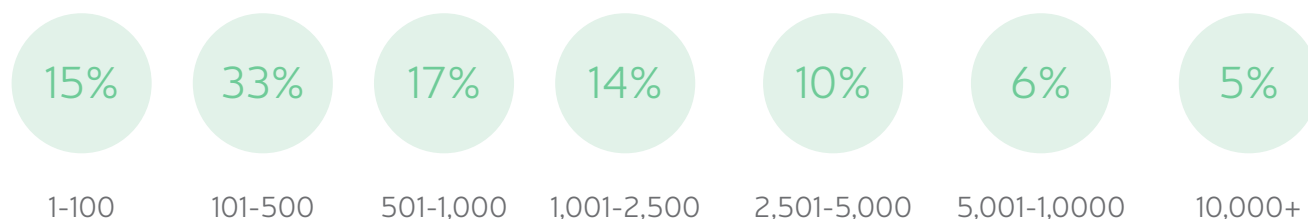
WHAT IS YOUR POSITION?



¿CUÁL ES TU CARGO?



HOW MANY COLLABORATORS WORK IN YOUR ORGANIZATION?



TALENT RETENTION TAKES FRUITS FROM EMPLOYEE ENGAGEMENT

There is an increasing pressure on the function of HR to support strategic goals and focus on value-added activities. This is why, in this study, we couldn't leave out consulting about Human Resources objectives; since identifying them is essential to properly address the introduction of technology in the area and guide it to increase productivity and organizational goals.

So, it's not surprising to observe that most large companies, with more than 2,500 workers, indicated **Productivity** as their biggest goal for Human Resources. In addition, 96% of organizations with more than 10,000 workers ranked it as the first priority.

However, it's worth noting that **Employee Engagement** (76%) closely follows productivity (77%) as a priority. An "engaged" worker is a person who is fully involved and enthusiastic about their work. Their affective relationship with the company has an impact on their final productivity, so it's not uncommon to see these two objectives so close in Latin American companies priorities.

Employee Engagement has become a top priority for today's businesses. Where a high-performing workforce is essential for growth and organizational survival. This is reflected in the survey, where 90% of the companies that exceeded all of their goals (which for purposes of this document we will call successful companies) recognize that highly committed employees are a priority, placing Employee Engagement as the first priority for these companies. Followed, in order of importance, by the development of leaders (85%), strengthening of organizational culture and internal communication (80%).

MAIN HUMAN RESOURCES OBJECTIVES



Although Employee Engagement was singled out as a top priority for successful businesses, where there was greater success by far was in **reducing turnover**. One of the least identified as a high priority but that is specifically receiving the benefits.

COMPANIES WHO FULFILLED THESE OBJECTIVES 100% OR MORE



There is a correlation between levels of commitment and turnover. When commitment decreases, rotation increases. If commitment increases, the volume of rotation decreases; it's that simple.

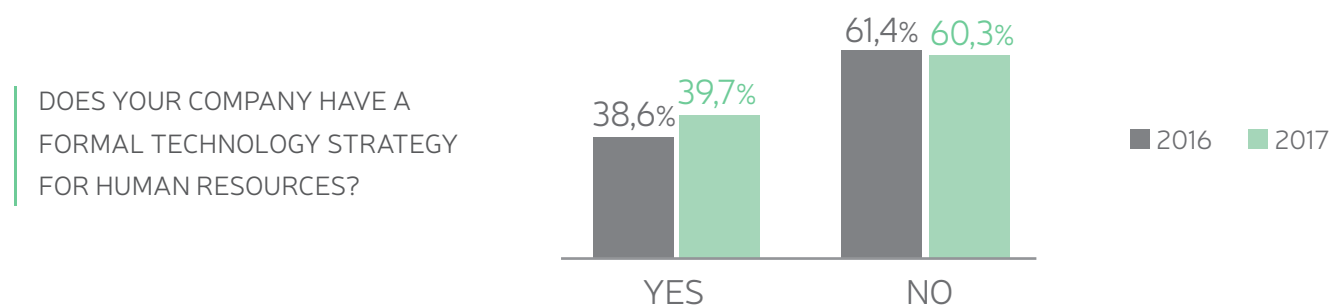
Focusing on fostering Employee Engagement is certainly something that brings great benefits. [Rotation means a million dollar loss to businesses every year \(when a person leaves the office, the company incurs an expense of up to 12 times the salary\) and engagement has a proven relationship with employee retention.](#)

SUCCESS COMES IN THE HAND OF A STRATEGY

[According to a study by SCORE](#), Human Resources management takes up 35% of a company owner's time. That is why many of them are constantly looking for new ways to reduce these figures and improve the efficiency and productivity of their business.

Resisting [the digitalization of Human Resources is useless](#). The Latin American market for Human Resource technology [is booming](#), reinventing itself to include mobile applications, better analytics and video, all through software and cloud-based platforms. And while it's easy to get enchanted with all the offers and promises, it's important to remember that **even the most impressive technology is useless unless it's accompanied by the right strategies**.

We observed that, in comparison with the 2nd study of Technology for Human Resources conducted last year, there is a minimal change, rising from 38.6% to 39.7% of companies that have a formal technology strategy for HR.



To make decisions aimed at creating long-term value, a formal technology strategy is necessary. This is reflected in our universe, which reveals that 56% of successful companies have a formal HR Tech strategy.

With 60.3% of the sample indicating that they still don't have a technology strategy for Human Resources, we observe that Latin American companies have the opportunity to grow and enhance their companies by incorporating formal technology strategies for Human Resources. Now is the time to get informed and create strategic plans.

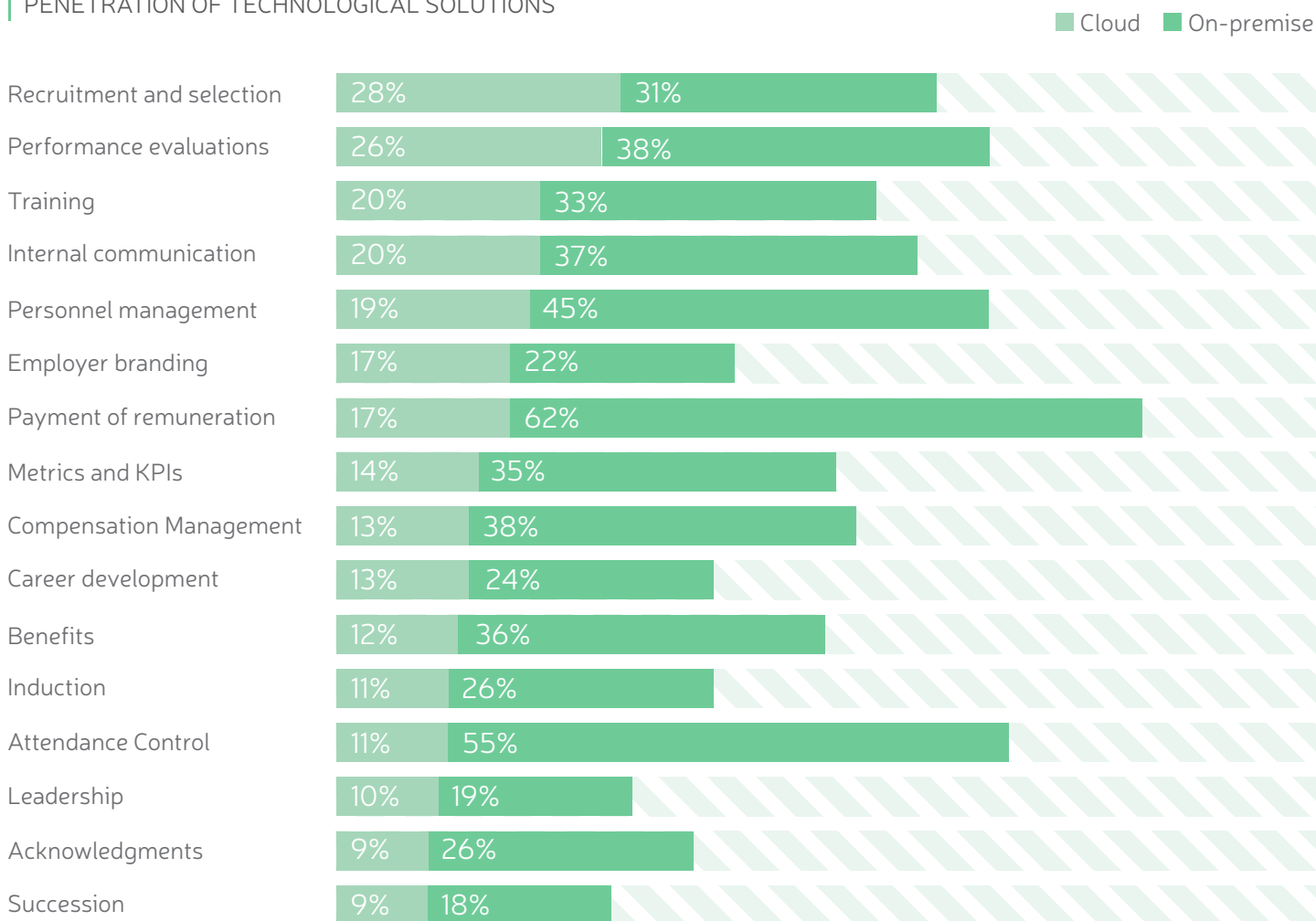
Inevitably, to talk about Human Talent management you must make a reference to technology. We observe that the largest companies are those that have a greater presence of a formal Human Resources technology strategy: 56.5% in companies with more than 5,000 employees and 71.4% in companies with more than 10,000 employees.

THE IMPLEMENTATION OF HUMAN RESOURCES TECHNOLOGY IS IN THE CLOUDS

Organizations are increasing the use of cloud-based technology to expand capacity, improve functionality, or add services without having to resort to expensive infrastructures.

The use and penetration of technology grows in all categories around 8% and in Employer Branding around 12% compared to last year. Clearly, this growth is toward cloud solutions in all categories, although historical on-premise solutions still predominate.

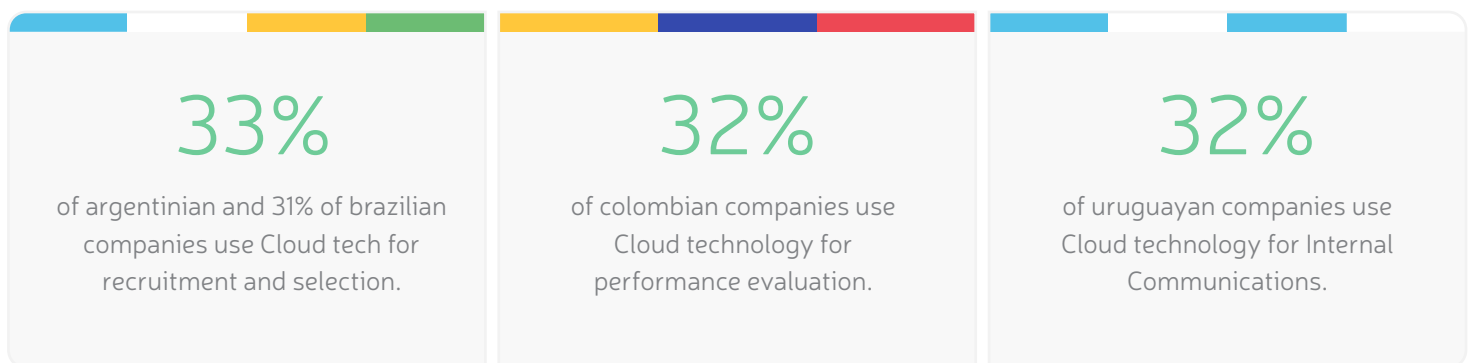
PENETRATION OF TECHNOLOGICAL SOLUTIONS



As you can imagine, successful companies are those that demonstrate a greater use of Human Resources technologies in all categories. **Emphasizing what we have been postulating: the higher the use of technology, the greater productivity and engagement.**

A remarkable finding is that smaller companies are realizing the importance of technology for Human Resources. This is demonstrated by the segment between 100 and 500 employees who expect to grow as much as large companies in terms of technology use in the area.

The great advantage of Cloud is that it offers an opportunity to revolutionize the traditional role of Human Resources through the automation of processes and data. In addition to the ease of access from any device with internet.

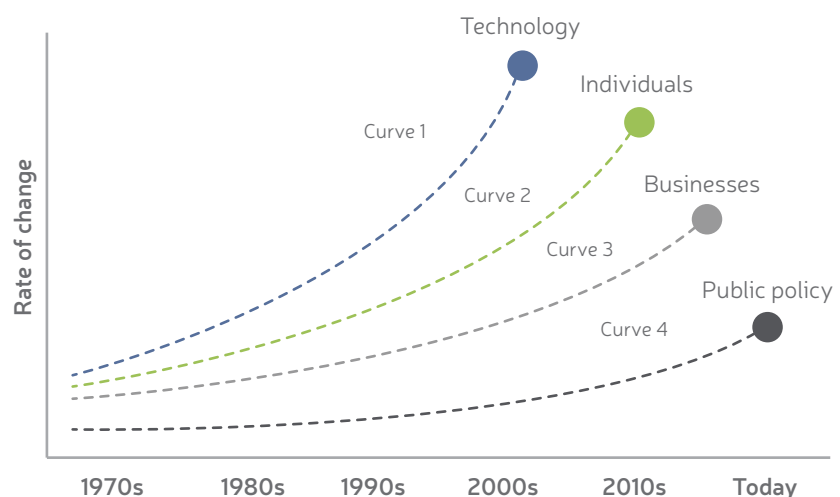


THE FASTEST WINS THE RACE

As technology advances, people adapt quickly and organizations can not be left behind. That is why it's important that Human Resources advance as quickly as possible in adapting to the changes.

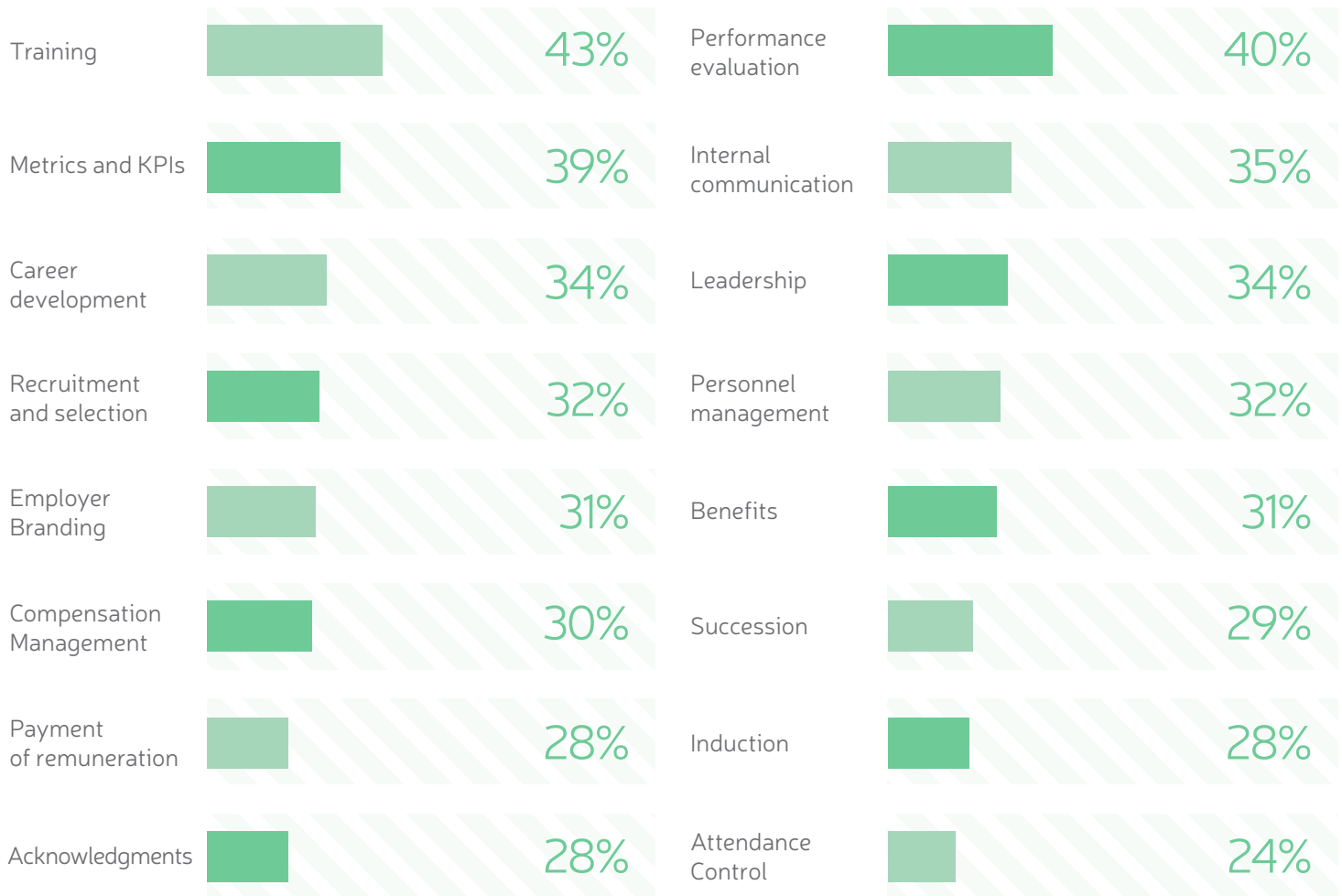
WHAT IS REALLY HAPPENING
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HR's opportunity is to help close the gaps among technology, individuals, businesses, and society and governments.



Fortunately, as we see in the survey, a significant growth in investment in HR tech in Latin America is expected. In general we see that the countries surveyed know the importance and benefits of having technologies for Human Resources. An average of 32% have expectations of increasing their investment in technology in 2017.

COMPANIES THAT WILL INCREASE THEIR INVESTMENT IN TECHNOLOGY



Every day new technologies and tools appear. Which have the purpose of satisfying some need or problem in HR management, but it's not enough to have technology to be successful, it's necessary to have the appropriate technology for YOUR organization accompanied by an implementation that facilitates the understanding and use of these tools.

To survive in this world of change you must not only be fast but you must do it well.

SUCCESSFUL IMPLEMENTATION IS FUNDAMENTAL

The ability to effectively use technology for HR is critical to organizations success. However, implementing these technologies can become a major headache; issues such as planning (40%) and convincing management to make the investment (31%) are the most difficult tasks for Human Resources managers.

It's important to mention that Latin American companies are making progress and have learned from their mistakes; issues such as goal setting, change management and information security were identified as the mistakes that were made less this year in relation to the previous one.

MOST COMMON ERRORS COMMITTED TO IMPLEMENTING HUMAN RESOURCES TECHNOLOGY

Don't plan properly	40%
Lack of support from senior management	31%
Launch the process without highlighting the benefits and implications for the end user	30%
Scan old processes without adding value	28%
Mismanagement of change	27%
Not properly planning training and support delivery	27%
Don't clearly define project goals	27%
Don't adequately define the problem or need to be solved	25%
"Forget" the application once it goes into operation	19%
Other (specify)	14%
Failure to properly manage data security	12%
Not understanding legal requirements	7%

One of HR manager's main roles is to be change agents to enable digital transformation. Successful implementation of technology requires a high-quality planning program; a critical component of a well-organized business. By incorporating a fully integrated and systematic process, organizations facilitate successful implementation.

We can see that companies in the region which indicated that they were more focused on optimizing the operation of the Human Resources area are the ones that made the most mistakes around the digitizing processes. This is often because benefits and applications don't communicate effectively; if support is obtained and no collaborative work is done internally, your efforts will be in vain.

What you do has far greater impact than what you say.

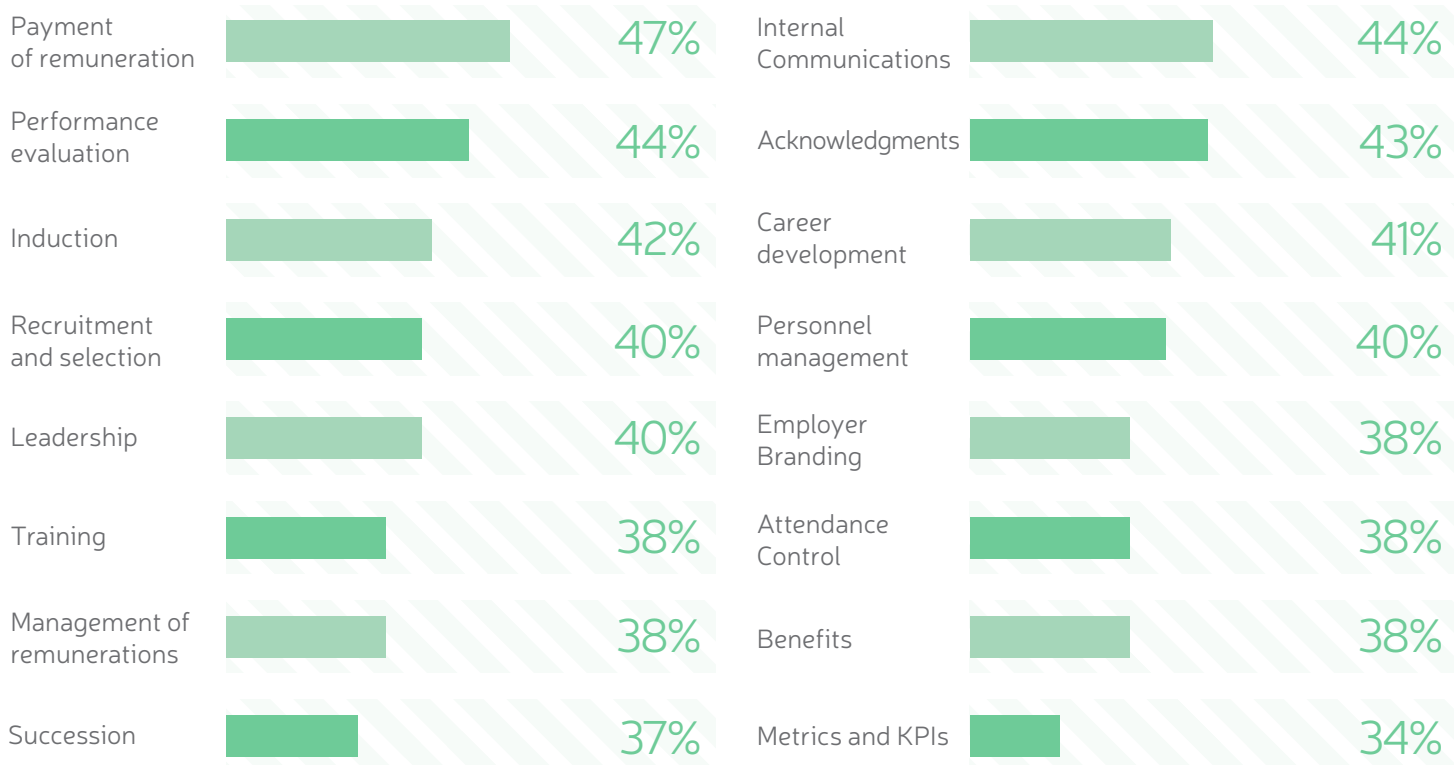
Stephen Covey

Failure to effectively communicate the benefits and legal implications of new HR technology initiatives is a big mistake. Not doing so is investing in a platform that no one will use, wasting time and money.

WHAT LATIN AMERICAN COMPANIES ARE LOOKING FOR IN A HUMAN RESOURCES TECHNOLOGY PROVIDER

We can conclude that in Latin America there is a great opportunity for the development of Human Resources technology industry, since 40% of the companies say they are very or extremely satisfied with their current suppliers.

SUPPLIERS OF HUMAN RESOURCES TECHNOLOGY WITH HIGH SATISFACTION

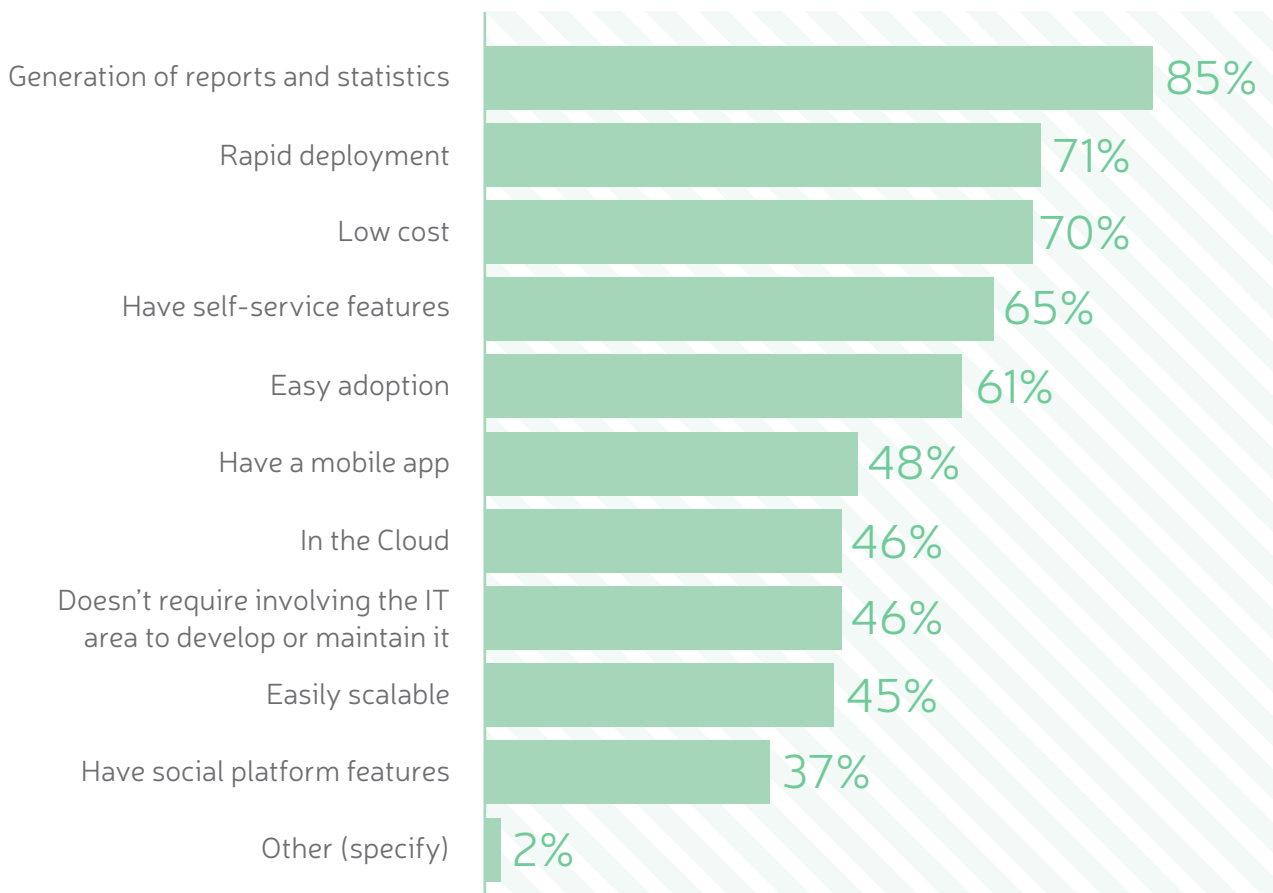


We can observe that the most successful companies have a much higher level of satisfaction with their Human Resources technology providers. Surely as a consequence of greater focus, penetration and maturity in their technology strategy. It's interesting to see that Uruguay and Colombia have a better experience with their technology suppliers than the rest of the countries, although the difference is not very significant, and Brazil has one of the lowest satisfaction rates.

We asked HR professionals what factors they considered when evaluating the implementation of a technology platform, it was interesting to note that the most important factor is **the generation of reports and statistics** (85%). This is due to the ability of analytics for Human Resources of providing a wealth of knowledge to diverse areas such as: talent assessment, Employee Engagement and productivity. This knowledge, that otherwise might not be discovered, is highly valued.

Implementation is also an important issue for 71% of the companies when choosing a supplier. For them it's essential that the platform is quick and easy to implement.

THE MOST IMPORTANT FACTORS WHEN INVESTING IN HUMAN RESOURCE TECHNOLOGY



It's important to point out that the most successful companies focus more on the existence of a Mobile Application (64%) and a Rapid Implementation (86%), Brazil also puts more emphasis on Low Cost as the second factor in importance behind Reports and Statistics With 82.5%. Mexico is the only country that has in first place a rapid implementation (88%).

CONCLUSIONS

The incorporation and adoption of new technologies represent a great opportunity for Human Resources.

It's clear that if companies want to stay competitive they can't underestimate technology to accelerate their Digital Transformation. The potential is enormous; specifically it improves productivity and reduces voluntary turnover, in addition to promoting greater commitment and participation of employees in HR initiatives.

It's no longer the big beating the small, but the fast beating the slow



Eric Pearson, CIO, International Hotel Group (IHG)

Companies in Latin America are increasingly aware of the need to have technologies to boost their efforts around people management. But there are a lack of actions to accompany intentions; concrete strategies for success. A successful strategy and a correct implementation will undoubtedly contribute to a more agile and modern organization

For this, it's important that HR managers reinforce the benefits and importance of technology to retain and motivate their employees to senior management and that these new tools or applications are powerful in deepening the connection with employees.

About GOintegro

GOintegro is the leading Employee Engagement platform in Latin America. It integrates Internal Communication, Recognition, Benefits and Incentive applications that allow Human Resources leaders to centralize the management of their Employee Engagement programs all in one place.

More than 500 companies, representing 1 million people, use GOintegro every day to enhance the positive impact of their internal culture.

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