MHR

2024: WHAT TO EXPECT IN THE CHANGING WORLD OF WORK

YOUR ROADMAP TO 2024

From the rise of AI to the lingering headaches caused by the great resignation, to an increased focus on wellbeing and fears of absenteeism and burnout, there's been a lot of challenges hitting organisations of all kinds for the past year. There's also been some amazing opportunities that organisations have been able to take advantage of.

So what comes next? There'll be new challenges and new opportunities, but we'll also see the return of some old favourites too. When you know these things are coming, you can jump on them before you miss out – or before they cause havoc!

But where on earth are you supposed to start?

This guide is your map to 2024. We've been chatting to some fantastic thought leaders and innovators within MHR and across the industry, and we've pulled their insights together into one easily digestible package.

CONTENTS

HR

MORE THAN 60% OF BUSINESS LEADERS SEE HR AS A PURELY ADMINISTRATIVE ROLE.

THE GREAT HR BURNOUT

One of the most worrying trends that the world of work is facing is HR burnout. More than half of HR professionals are considering quitting in the next year. Organisations will have to either prepare for a sudden massive talent gap or find ways to help their HR teams avoid burnout.

> " You have to have more structure around how to get employees in when you need them most. "
>
> **Jeff Weigh, Executive Coach**

"Having suffered with this myself, it often feels like there is no HR for HR and it can be a lonely place as we don't want to admit it for fear of being seen as weak," notes Natalie Ellis, Founder and Director at Rebox HR. "The emotional load presented by the role of HR is only likely to increase given the constant changes with employment law and increased employee expectations, sometimes the balance to please everyone is difficult to achieve."

What's caused this sudden uptick? A lot of it comes down to changes in the world of work. HR professionals have a lot more on their plate, and they've had to learn a lot in very little time thanks to things like the pandemic and the shift to remote work.

"Remoteness doesn't always help," says Graham Fisher, Senior Product Designer at MHR. "While remote work can cut down on stresses related to commutes, it can also have teams feeling disconnected from each other, and like they don't have a support network. Providing resources to connect your team together and spaces they can meet in person is very helpful."

The fixes aren't always obvious, but a crucial one is automating key processes. As we enter 2024, more and more organisations will embrace digital transformation. When time-consuming manual processes get automated, that takes a lot of pressure off your plate!

Ian Daykin, Senior Product Manager at MHR, goes on to add "It was always a well-known excuse of why things couldn't change. 'We just don't have the technology.' Well, I think in this day and age that would be a poor excuse because we know there's a better way. If you've got a smartphone, you can access the Internet, you can access an app! With new HR software, you can simplify a lot of processes, which will ease that burnout."

Ellis added that "I would recommend HR teams treating themselves in the same way they would an employee, identify the issue, seek support and most of all be kind to yourself if you find yourself in this position. Stress management workshops can be incredibly useful, as can taking annual leave. Many HR professionals I speak to fail to take their allocated time off each year and it is so important to do. Get it booked in and have a break!"

> The HR industry is facing a real turning point with burnout. Organisations' need to get ahead of it and consider investing in ways to reduce this risk in order to protect themselves from a talent deficit.

WORKING ALONGSIDE AI

"AI is a very useful tool across businesses," says Ellis. "In the HR space, I think it'll need to be monitored, purely because it may impact upon areas such as recruitment and performance. Being able to measure its benefits will be telling as to whether it works for a particular organisation or not."

A blended human/AI workforce offers the potential to enhance productivity, innovation, and decision-making across various sectors. But there are also a lot of challenges and ethics to consider. Effective collaboration between humans and AI is possible, but it needs to be seen as a tool in the toolbox, and not a one size fits all solution to every problem.

"The best approach is 'support not replace,'" says Fisher. "You can't have a human resource department without humans, so you'll always need the personal touch."

> 66 People buy into people at the end of the day. We're quite social creatures! 99
>
> **Graham Fisher**

AI needs to be especially monitored for instances of bias. People assume that AIs are free from bias, but because they're trained by humans, they're just as fallible as us. This means you'll always need to keep an eye on them, especially in recruitment.

"You must regularly analyse and test AI-driven HR processes and continuously improve AI models based on feedback. All of these steps help mitigate bias, promote fairness, and ensure ethical AI use in HR," says Daykin.

> Moving into 2024, HR departments will need to work closely with other departments to figure out what AI can do for them, and how it can serve as a supplemental tool rather than a talent replacement.

BUILDING A MORE DIVERSE WORKFORCE

Diversity and inclusion has been a top priority for HR departments for several years, and it will continue being so into 2024. Most important of all is ensuring that you have a pipeline that brings in diverse talent from day one.

Fisher has these tips to get started.

"Firstly, you need to create a benchmark. What demographics are represented in your organisation already? Consider age, ethnicity, gender, sexuality and faith, disability, class and neurodiversity. Once you know representation levels within your organisation and within specific departments, you need to consider if this reflects demographics in the region you're based in. Some areas of the UK and Ireland are more diverse than others, and this should be reflected in your employment records.

"Opening up remote work will let you reach talent pools you ordinarily couldn't access. It's also great for parents or carers who might want more flexible options to work around childcare.

"Finding new places to promote roles can also help you reach untapped pools. Community outreach to schools and universities can also help you create a pipeline of talent from a range of backgrounds."

Once you've established a more diverse hiring pipeline, you'll also need to consider how you're going to support employees from a range of backgrounds. Whether that's through a robust inclusion policy, offering additional training, or encouraging social mobility.

Improving diversity isn't just a matter of promoting or hiring candidates from diverse backgrounds. It's a cultural shift that needs to start from the moment you look to hire new employees.

FINDING CANDIDATES WHO CAN LEARN

A lot of hard skills are becoming obsolete due to the rise of automation. Plus, with technology advancing quickly, a specific job role can look very different year to year. The traditional model of employment where you look for someone who can perform a set list of skills is becoming more and more outdated.

Both hard and soft skills can be taught with experience and time. Finding candidates who are able to pick up new skills and adapt to change is critical, and such candidates will be in high demand for 2024.

Daykin has a few tips for anyone looking to find more adaptable employees who are able to learn new things. "Evaluate their growth mindset and attitude towards learning and use skills assessments and role-specific tests. Ask about their commitment to continuous learning and evaluate soft skills such as communication and collaboration."

In order to create more of a learning culture, proper talent management is critical. You can offer every learning resource under the sun, but if these aren't offered as part of a broader talent management strategy you won't see much success.

DOWNLOAD OUR SOFT SKILLS GUIDE 〉

> ❝Competition for key skills will continue to be an issue, and investment in apprenticeships will be popular, which I expect will drive up pay for these positions. ❞
>
> **Chris Phillips, Human Resources Director, Platform Housing**

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LEARNING

62% WOULD CONSIDER LEAVING THEIR CURRENT JOB DUE TO INSUFFICIENT LEARNING OPPORTUNITIES.

LEARNING HAS CHANGED FOREVER

As we move into 2024, learning and development (L&D) departments will continue to take more flexible forms. Gone are the days where traditional face-to-face instructor led learning was seen as the default. E-learning has well and truly established itself, and even more kinds of learning are being offered to employees.

But there are more changes to come, as new challenges rear their heads.

80% of the workforce don't sit behind a desk to do their job. So L&D departments can't keep relying on the kinds of learning approaches that work for office based employees.

> " Soft skills don't change, people are people. Human behaviour is human behaviour. Maybe just the methods we use to bring those behaviours to the fore need to change. "
>
> **Julia Roberts,**
> **People Development Trainer, MHR**

73% of young people are anxious about their futures because of the cost-of-living crisis and feel like they've not had the same opportunities to develop in their careers as other colleagues, lowering their career expectations as a result. That's a lot of untapped talent that isn't being channelled.

And with more and more departments being asked to do more with less, how are L&D departments supposed to keep up with other more visible departments and ensure they get the funding they need?

So, what new shapes will learning take as we move into 2024?

LEARNING EXPERIENCE, THE NEXT GENERATION OF LEARNING?

A learning experience platform (LXP) is a new way of looking at learning, that's regarded as an offshoot or evolution from a Learning Management System (LMS).

An **LMS** is what you're most likely familiar with. These help ensure everyone in your organisation gets a baseline level of knowledge that's consistent from employee to employee. Their focus is on what the employer needs.

An **LXP** is used to help employee's self-direct their own learning. It uses iterative development (including AI) to recommend content to users. This creates a more personalised learning journey for an employee, letting them take charge of their own development instead of waiting to be told to do things.

It's a lot like how customer service has expanded to customer experience, LXP represents an evolution of what already exists. It's an expanded perspective on what L&D can be.

"LXP is starting to become a more known term, as well as a new priority to the mainstream," says Ian Mackinnon, Senior Learning Product Manager at MHR, "It will likely become a big thing going into next year."

Katrin Shaw, Founder, Go!Fish Collective says, "Providing true learning experiences, where everyone has control over their own learning paths, will bring out better performance and keep great people in the company. It will create a culture of learning and exchanging knowledge, skills, and best practices."

DEVELOPED EMPLOYEES ARE EMPOWERED EMPLOYEES

The growing interest in LXPs points to another trend - truly effective learning empowers your employees. In 2024, we'll see a further push towards employee autonomy in learning. It's about giving people the tools they need to forge their own paths and create a culture that encourages learning for its own sake.

Industries like retail, hospitality and manufacturing with the highest levels of turnover will need to have a greater focus on training frontline workers to avoid losing employees. Mobile-ready, democratised learning, personalisation, microlearning and on-the-job learning are key areas to focus on for these companies.

That means we need to rely a lot less on the traditional ways of delivering learning. There needs to be less reliance on synchronous, 'instructor-led' approaches, and a bigger focus on learning at the point of need.

By changing how learning is delivered, by empowering employees to share their own knowledge and by equipping them with content and experiences that are hyper-relevant to the changing market, a true learning culture can be created.

"It doesn't always matter what employees are learning about; they don't need to be work related either. Let them discover and experience the joy of learning again. As a next step, give people an opportunity to share what they have learned with others. This is best done in informal settings that are voluntary to take part in, with more of a suggestion for people to engage with what excites them," adds Shaw.

> We'll see a trend towards 'learning cultures,' where employees are actively encouraged to take time to learn. We'll also see more learning resources that are not always directly connected to someone's job role.

> " To create a real culture of learning, people need to be free to learn when and what they want to first. Only then will they develop a real interest in it, and it will impact their skills. "
>
> **Katrin Shaw**

LEARNING BUDGETS ARE THE FIRST TO GO, BUT...

With a lot of economic uncertainty in the air, one big trend we might see in 2024 is organisations cutting their learning budgets. Learning doesn't directly translate into immediate profits, so it can be all too easy to let priorities shift.

This a very short-term view. Sure, it might save you some cash right now, but it can cause you a lot of problems in the future. Without investment in your people, you'll see a dip in efficiency and an increased risk of compliance issues.

The worst part? This knock-on effect can take ages to become apparent, but when it does it can become incredibly costly to fix.

Samantha Murray, Director of Product Marketing at Docebo, observed, "L&D doesn't just improve employee performance; it helps attract top talent and retain the talent you already have. According to research commissioned by Docebo that looked at over 1500 employees across Europe, 62% would consider leaving their current job due to insufficient learning opportunities."

Instead, it's time to start spending what you are given more wisely and prove the value of that spend to the rest of the business.

"Evaluation and understanding learning, this is something L&D leaders need to own. They need to justify their position. This is the value we bring – because we are a cost to a business. We need to show return of investment on learning," says Chris Mellors, People Development Trainer at MHR.

"L&D teams need to move away from vanity metrics like completions and happy-sheet style surveys and towards metrics that show business improvement," says MacKinnon, "That can include retention rates, time-to-competency, or even customer service scores and sales performance."

> " There really is just one metric that is important in learning- what is the impact on the person? It's the only insight that will show true ROI. "
>
> **Katrin Shaw**

However, MacKinnon suspects that it's not all doom and gloom for learning departments. "A LinkedIn learning workplace report showed strong forecasts for L&D spending power in 2023, it was the third most optimistic report in seven years. Higher budgets and spending power will correlate with organisations where L&D is working closely with the rest of the business and where L&D is seen an investment not a cost."

Samantha at Docebo breaks things down like this:

1. REVENUE

Things like increased sales performance, reduced time-to-productivity, improved customer renewal rates etc. These are metrics that have a clear and direct link to top-line revenue generation.

2. STRATEGIC

These are metrics that impact business performance in less direct ways. Think employee engagement, the effectiveness of onboarding, knowledge-sharing, manager productivity.

3. RISK

Compliance training reduces risk. For L&D leaders, this means looking at variables like compliance attainment.

4. COST

Reductions in costs and expenses. This includes improvements to employee retention, which saves on recruiting and training costs, as well as costs mitigated by consolidating technology, reducing support and admin needs, etc.

In order to thrive, L&D departments will need to acquire and analyse data that proves their ROI.

UPSKILLING FOR THE FUTURE

Skill sets for jobs have changed by 25% since 2015. By 2027, this number is expected to double. Shifting technologies means that new skillsets are constantly in demand. That means skill gaps are plaguing organisations up and down the country – Finance teams in particular are suffering as a result of skill gaps, because they often lack soft skills revolving around leadership and workload management.

Skills change at a pace faster than traditional L&D approaches can keep up with. As a result, it's really important that L&D departments collaborate closely with employees and managers to understand what skills are currently needed and what will be needed in the future.

This will be especially important for industries where AI could be quite disruptive. By training people up on soft skills and leadership skills, you give employees the ability to supplement AI use without being overpowered by it.

> " Who better to talk about the latest skill than the employees that are demonstrating this day to day? "
>
> **Ian MacKinnon**

Training that focuses on soft skills as well as how to learn will become more valuable. This will cross over into hiring practices. Employees that demonstrate the ability to pick up new skills will become a lot more valuable.

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PAYROLL

PAYROLL DEPARTMENTS ARE FACING A LOT OF GAME CHANGING CHALLENGES AT THE MOMENT, WHICH ARE EXPECTED TO COME TO A HEAD IN 2024.

DON'T GET STUCK IN THE PAST

"Knowledge and subject matter expertise are the big issues," says Camilla King, Principal Product Manager at MHR. "With the volume of changes that have occurred over the past few years, along with experienced members of the payroll community retiring at an accelerated rate during the pandemic there is a big knowledge gap in some organisations leaving them vulnerable to fines for not meeting legislative compliance."

> " We can see which way the wind is blowing, but how fast is it going? "
>
> **Mat Akrigg**

Neil Tonks, Senior Product Manager at MHR, adds "Remaining compliant with ever-changing legislation is a big challenge common to all payroll operations. In the present economic climate, employee financial wellbeing can be a challenge depending on the attitude of the employer."

Since the Great Resignation, a lot of departments have been struggling with talent gaps, but this is especially pronounced in payroll teams. They're so reliant on knowledge (in regard to processes and compliance particularly) that skill gaps aren't just problematic, they can be crippling. Finding ways to overcome this will be the major trend of 2024.

Payroll departments also tend to struggle with modernisation. Often seen as a purely administrative or bookkeeping role, payroll teams don't often get the tech investment other departments see. That makes those skill gaps an even bigger issue, as upgraded technology can smooth over the missing gaps.

"Digitisation is coming." Says Mat Akrigg, Policy and Research Officer at CIPP. "HMRC has made it clear they are moving to a more technological approach, with multiple consultations and interactions indicating so. What this means in the long run, we don't know, HMRC is quite understandably risk adverse in many respects and so large changes will take time. But with their new focus on tax simplification, HMRC are setting their sights on a cohesive tax system that works for a digital world."

All of the above is intensified by the fact that organisations want more flexibility than ever. Gig workers and financial wellbeing all hinge on a more flexible approach to payroll.

In this section, we'll take a look at some of the biggest payroll's biggest innovations and how to overcome those issues.

THE REAL-TIME KEY

No matter what problems a payroll team might be facing, real-time payroll is a key solution. It has proven to be a massive success for the organisations that have implemented it, overcoming a lot of problems that have plagued payroll departments for years, while also unlocking new ways of handling new requirements.

Real-time payroll is an automatic process where payroll calculations are made as soon as changes are made to data, and you can see how changes are impacting your payroll straight away.

That removes a huge number of issues. Payroll has historically been a process with a lot of stressful peaks and troughs. Things get locked in place, and any errors that crop up are often not spotted until it's too late.

Real-time payroll removes all those concerns. "Not only does this streamline processes, but it also means it is easier to spot errors, increases accuracy and improves visibility without adding to your payroll team's workload," says Smith.

> 66 Good payroll software will take care of much of the legislative stuff, though the users still need some knowledge as no system can do it all. 99
>
> **Neil Tonks**

FLEXIBLE PAY MEANS BETTER FINANCIAL WELLBEING

The world of work is more flexible than ever. From new approaches to working hours to alternative contracts, the traditional 9 to 5 is looking more and more outdated.

> " People work flexibly and want to be paid flexibly to meet their needs. "
>
> **Camilla King**

We're also starting to see legislation for gig workers (delivery drivers being the most famous example, but this definition also includes freelancers and temporary hires) catch up with their increased prevalence, with a higher risk of compliance issues.

Payroll needs to reflect this flexibility. But this isn't just a matter of keeping you compliant, it's also a matter of financial wellbeing.

"In the CIPP's 2023 Payslip Statistics Report, only 40% of respondents believe that payroll is well placed to assist with the financial well-being of employees," says Samantha O'Sullivan, Policy Lead, CIPP.

Financial wellbeing has become a more significant concern for employees than ever before. Close to 7% of employees are distracted or unengaged at work due to financial stress. Such employees are five times more likely to need to take time off, adding up to seven extra sick days per year. This increased absenteeism costs organisations £2.5 billion a year.

"Financial well-being doesn't need to be a costly large strategic shift," says O'Sullivan. "It could be something as simple as, allowing home-based colleagues to work from the office if they wish, meaning they don't have to switch the heating on at home during the day. Ask your employees what they would like to see, they're the people who mean the most to you, so you should plan any well-being initiatives around their wants and needs."

Gig workers are especially vulnerable to financial wellbeing concerns. Women earn an average of 10% less than men in a gig economy, and 89.7% of those gig workers say that the cost-of-living crisis has pushed them to take up extra work.

As we move into 2024, we'll see more and more companies leading the charge on financial wellbeing services, with payroll forming a key cornerstone. Improved payroll accuracy and real-time payroll are important here, but other services like flexible wage access can also help.

"Earned wage access (EWA) is a benefit slowly creeping into UK businesses and is a programme that requires strong education and support surrounding it to effectively work for your employees," says Akrigg.

"The CIPP has recently united with leading UK providers of earned wage access to create an 'EWA Code of Practice'," explains O'Sullivan. This Code was written in response to a recommendation by the Financial Conduct Authority (FCA) and sets the common standard for firms providing EWA products to deliver good consumer outcomes. We'd recommend that any employer already using, or considering implementing the use of EWA, should review The Code to ensure best practice, and the best outcomes for their employees."

"Where I have seen organisations really excel with financial wellbeing is when payroll, HR and finance partner together and all align to the broader goals and strategies of an organisation," Smith adds.

UP IN THE CLOUDS

IT systems are moving to the cloud, with around a forecasted £59 billion market share at stake. So why should payroll be left behind?

"There are several reasons why someone might choose cloud computing over a physical server," says Smith. She identifies the key advantages as:

1. ENVIRONMENTAL IMPACT
Cloud providers often have initiatives and investments in place to reduce their environmental impact. This can be important for businesses looking to align with sustainability goals.

2. COST-EFFICIENCY
With cloud computing, you can avoid the upfront capital expense and ongoing maintenance costs associated with physical servers.

3. AUTOMATIC UPDATES AND MAINTENANCE
Cloud providers handle the maintenance, updates, and security of the underlying infrastructure.

4. HIGH RELIABILITY
Cloud providers typically offer Service Level Agreements (SLAs) that guarantee a certain level of uptime.

5. FLEXIBILITY AND MOBILITY
Cloud services can be accessed from anywhere with an internet connection, which allows for more flexibility in terms of where and how you work.

6. SECURITY
Cloud providers have dedicated teams and resources focused on security, from encryption to firewalls.

7. INNOVATION AND EMERGING TECHNOLOGIES
By using cloud computing, you can take advantage of cutting edge technologies, such as AI, machine learning, and advanced analytics.

8. SCALABILITY
Cloud computing allows for easy scaling of resources up or down based on demand.

9. BACKUP AND DISASTER RECOVERY
Cloud providers offer built-in backup and disaster recovery solutions.

10. GLOBAL REACH
Cloud providers often have a global network of data centres, allowing you to deploy resources in multiple geographic regions.

11. EASIER COLLABORATION
Cloud services often include collaborative tools and features that make it easier for teams to work together and communicate.

Many payroll platforms are starting to move towards cloud computing almost entirely, so we're likely to see more and more sunsetting of their on-site server support. Tonks adds, "It depends on the implementation, but a well-designed system should be extremely scalable."

The crucial benefit of note is the improved security and disaster recovery, as cloud setups are much easier to keep secure. Vulnerabilities can be quickly patched with no downtime.

> Most software solutions are moving towards the cloud, but payroll can hugely benefit from the added flexibility it brings. It ensures added security and reduces the risk of vulnerabilities going unnoticed.

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FINANCE

CFOS AND THEIR BOARDS ARE FOCUSED ON THREE TOP
CONCERNS: PROFITABLE GROWTH (72%), INFLATION (65%)
AND BALANCE SHEET HEALTH (52%).

RETENTION RETENTION RETENTION

The biggest challenge that finance teams have been facing for the last few years, and will continue to face going into 2024, is talent acquisition and retention.

Finance relies heavily on some particularly specialised hard skills, but the sector is struggling to bring in new blood. The world has something of a stereotypical view of finance professionals as accountants with big ledgers, who were largely just responsible for data entry. But for many years, finance has been growing into a more systems based function That means finance professionals need a combination of skills that are getting harder and harder to find. As a result, there's a huge fight for employees.

"I think it'll be a big problem over the next few years because as people start to say 'I desperately need this, I'll pay extra for it' and that does create a bit of a clamour," notes Richard Mellors, Principal Product Manager, MHR. "Now you're always going to pay a premium for good people, but that's now going through the roof and it's not about finding new people. It's about holding onto who you've got."

But how exactly are you supposed to retain staff? The exact fix will vary massively based on your business. It could mean hybrid working, but that won't work for everyone. Salary increases can also help, but Mellors notes, "It isn't always money. Money's not always the driver." Talking to your existing employees to get the lay of the land can be hugely helpful.

"Becoming less process driven can help pull in new talent and improve efficiency," adds Phillip Edwards, Finance Director, MHR. "Otherwise, finance professionals get tripped up on the deadlines, getting trapped in a budget cycle that becomes too heavy. They're doing a lot of heavy leg work or they're getting into an audit and they can't get through it. They're chained to a desk producing a report that will only be seen by a few different people!"

> As we move into 2024, competition for top finance talent will hot up. Employers should consider how they plan to attract, develop and retain these employees.

> " The rise in turnover rates for finance and accounting roles underscores the importance of adaptability. "
> **Rachael King, Editor, The CFO**

COSTS ARE ON THE UP

> " The inflation that we're seeing at the moment, all costs are going through the roof, employment costs are going through the roof, it's not sustainable. "
>
> **Richard Mellors**

Rising costs are threatening to cripple businesses of all types. Edwards notes, "There's likely to be a period of stagnation where the economy doesn't grow. People are reluctant to invest. That can lead to issues."

"I don't see costs reducing. I see costs increasing," says Mellors.

Finance departments are uniquely equipped to handle rising costs and ensure that organisations can maximise profitability with what they already have. The temptation is to lower budgets, but with current inflation rates that's rarely viable. Equally, constantly rising costs aren't particularly stable either.

Finance departments will become even more important as we move into 2024. With improved forecasting and budgeting capabilities, they'll be able to see which way the financial wind is blowing, and help businesses account for it.

"If your electricity, your rates, your rent, petrol, car insurance, goes up, you can model that and you can say okay let's assume the worst case," says Jonathan Rose, Enterprise Sales Executive, Finance & CPM Expert, MHR. "We'll put that at 9% for the next three years and let's see what happens. There are much more sophisticated forecasting and modelling solutions now that are more robust."

Now is the time to invest in your finance function if you haven't already. Ensuring you have the best talent, and that you give that talent the best tools for the job will give your organisation more agility, more protection and more opportunities to succeed.

One critical improvement is data integration. By integrating financial and operational data, we're seeing finance departments able to create more holistic views of the entire organisation, with all the information they need at their fingertips. That speeds up the entire process from transaction to close and doesn't require fundamental culture shifts as other more involved upgrades might.

> In 2024, finance teams will become a key defence against rising costs, optimising budgets without cutting things to the bone.

AUTONOMOUS FINANCE ISN'T A PIPE DREAM

Autonomous finance is a term for processes and activities that are at least partly operated by self-learning and self-correcting software. It doesn't just automate mundane processes, it is also capable of delivering real-time predictive insights, match compliance requirements and make your financial strategies more flexible.

> ❝ If it's AI, where do you allow it? Where do you stop it? ❞
>
> **Philip Edwards**

Finance teams can often find it difficult to create the kinds of reports businesses find useful, because their approach and the wider organisation's needs don't line up. Without investment, finance teams can become fragmented, which leads to silos. Autonomous finance can link up your data to prevent this, speeding up the whole process and ensuring you can find more intuitive ways to get insights to the people who need them.

The rising cost of doing business mentioned above will serve as a particular driver for this, according to Mellors. "You have to get smarter or do things in a more efficient way with the same resource that you had before. That resource is going to cost a little bit more. So you need to get a little bit more out of it and that's where automation comes in."

However, it's unlikely that autonomous finance will push out finance employees. Instead, they'll work as a co-pilot, removing monotonous tasks and improving efficiency.

"It might be hard to convince businesses to make the move as they've always done things a certain way, there will need to be a real drive to make changes," adds Rose.

> If finance chiefs shift their perspective and attitude, opening themselves up to experimenting with autonomous finance, and using it as a tool instead of a replacement, we should see the finance function growing even stronger in 2024.

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DATA, ANALYTICS, DATA PROTECTION AND REPORTING

THE WIDER WORLD IS BEGINNING TO UNDERSTAND JUST HOW VALUABLE PERSONAL DATA IS.

DATA SOVEREIGNTY

Data protection legislation is developing at a pace, with many new countries now coming online or revising existing legislation. We've seen this happen before with GDPR, but new innovations and new ways of handling and using data enter the mainstream all the time. Government and other legislative bodies will need to keep up to date with new innovations, which means new laws can appear.

Chris Cocking, Assistant Data Protection Officer, MHR noted, "In a world where the workforce and data can move relatively easily then it can become a challenge to control and remain compliant. Just think of the scope of GDPR (where it applies to the personal data of EU citizens and residents, even if it's transferred outside the EU), and then consider, potentially, this same scope for other countries' legislation. This could become challenging to navigate given that although they broadly follow the same theme, they all add their own twist."

Even when new arrangements come into place, that's no guarantee they'll be used. The new Trans-Atlantic Privacy Framework, which has been in the pipeline for some time, is likely to be challenged by Max Schrems and NOYB, his non-profit focused on digital rights. This will be one to watch closely!

We're seeing a renewed push on data sovereignty and data protection, as more and more legislative bodies get to grips with the importance of these concepts. The New Trans-Atlantic Privacy Framework in particular is something to keep a close eye on.

TENDING TO YOUR OWN GARDEN

One of the big data topics in 2024 will be the requirement for sustainability reporting.

"Up until now it's been pretty much voluntary in the UK," says Mark White, Lead Financial Performance Management Pre-Sales Expert, at MHR. "It was mostly enforced by customers making their suppliers submit sustainability reporting to them so they can prove the sustainability of their supply chain, and at the moment the reporting standards have been guided on what has been mandatory in the US and Europe."

It was announced on 2nd August that the UK would implement new Sustainability Disclosure Standards (SDS) by July 2024, so UK businesses need to prepare for this and start to get solutions in place. Previous environmental, social and corporate governance (ESG) lack standardisation, and this has led to several instances of stakeholders getting misled, unintentionally and otherwise. This intervention will prevent this from happening.

With global pressures mounting, there have been several crisis events that have pushed less sustainable businesses to their absolute limits. While mandatory sustainability reporting might seem like a pain, it can give you the tools you need to create a business that can withstand a lot more stress.

THE SDS SHOULD COVER:

- Climate change mitigation
- Resource use
- Human rights
- Business ethics
- Equality and inclusion

While preparing for new compliance standards can be a headache, getting ahead of the curve will ensure you have everything in place in time, and can protect your organisation through improved resilience.
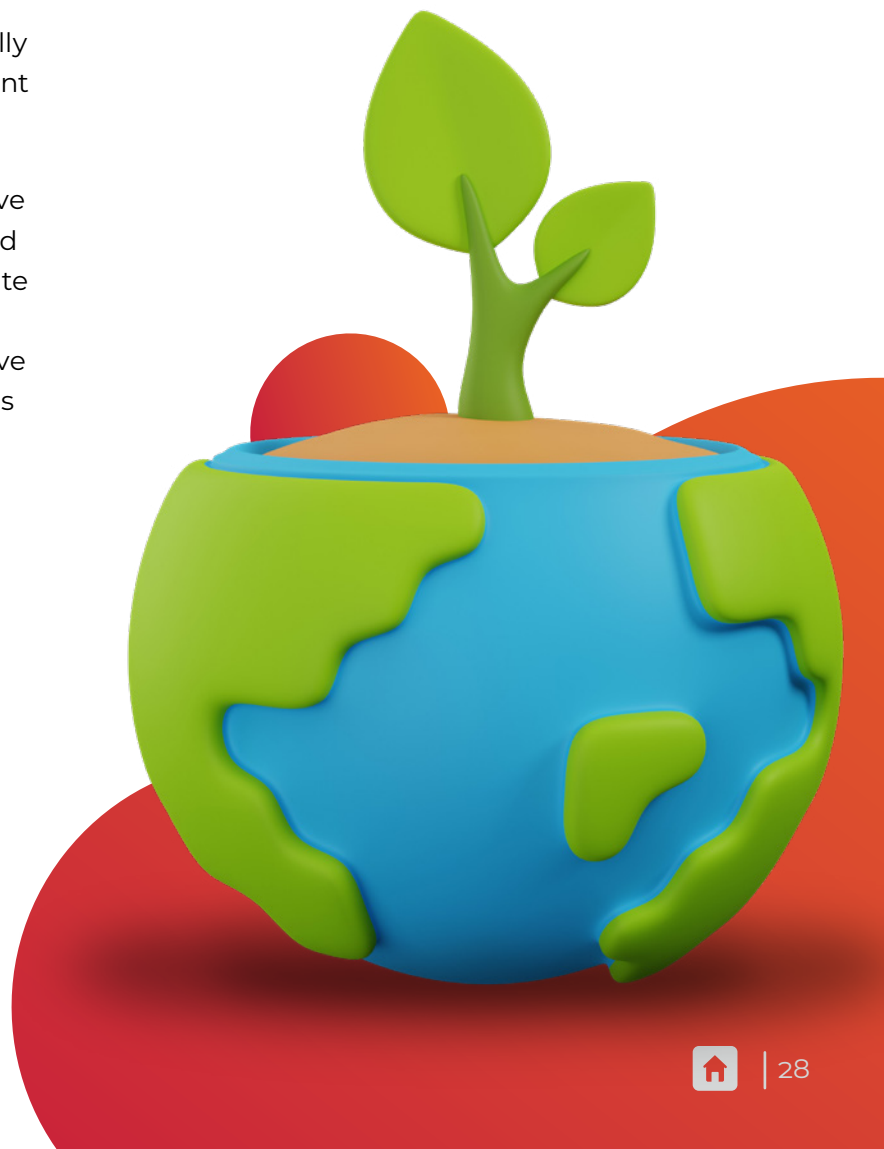
THE YEAR OF GENERATIVE AI

AI is expected to have a massive impact on data and analytics, and in fact has already resulted in some major shifts.

> 66 In 2024, we will see a lot of companies realising that AI services are utterly dependent on high-quality data input. 99
>
> **Gerry Goodwin**

"AI is here and we are already seeing generative AI functionality being dropped into BI and Analytics tools such as Microsoft using CoPilot to generate code via Natural Language Processing (NLP) in Power BI," observes Ross Bruce, Analytics Solutions Architect at MHR. "Eventually, even the idea of a static dashboard may no longer be the norm".

Instead, Bruce suspects we'll start to see more fluid dashboards, that can be generated in seconds. Users will be able to ask questions of their data, while the AI will produce the answers, insights and even strategies to act upon.

"This will no doubt accelerate leading organisations towards more prescriptive analytics where AI can use the data gathered every day to provide actions and strategies to achieve business goals."

Of course, AI usage leads to a lot of ethical concerns as it continues to evolve and becomes more integrated into our everyday lives.

"There's still a lot of noise about the arrival of AI, but it's currently more of a solution looking for a problem. A lot of energy is expended on discussing ethical requirements, and as a result, conversations on ensuring the tools work well are falling by the wayside, observes Gerry Goodwin, Chief Commercial Officer, Dufrain.

Data privacy in particular will be a huge concern. ChatGPT, for example, is not a truly secure system, as things you tell it will be used to train it. There are also ethical concerns around employee replacement, bias and data transfer to consider.

"AI needs to be unpacked carefully, and businesses need to keep a tight rein on it through internal policies, audits, research and training," says Cocking.

> AI has dominated conversations across the world of work, and data security and analytics is no exception. Moving into 2024, organisations will have to seriously consider how and if they're going to utilise AI.

RETENTION IS THE NEW RECRUITMENT

Attrition remains one of the top concerns for just about every organisation as we move into 2024. But this is not solely a concern for HR departments. Without strong data and analytical processes in place, you'll have no way of calculating things like flight risk, or number crunching metrics revolving around employee engagement.

"So much cost and effort can be reduced from keeping hold of your best employees. Analytics teams should be using predictive models to help identify employees who are at risk of leaving the organisation," says Bruce.

If you're having issues with retention, gathering up data could be a solution. But a lot of companies, especially SMEs lack the resources and data literacy to know how to start this.

"Often the go to answer is – we would look to hire a data scientist if we could. The question would then be, how do you know this is the right answer, have you considered the data to be used and what you wish to deliver?" says Roger Taylor, BI Business Development Manager at MHR.

This is where true "People Analytics" is forming. Using not just your HR and payroll solutions data but other data across the business will unlock true insights. Doing so in a structured manner will help improve the employee experience massively.

By taking a level headed approach with your data, your data analyst can deliver a more insightful and richer output.

But it's well worth investing time and resources into this area and refining what you already have in place. By taking a levelheaded approach your data team can help you find and retain the best talent.

> Retention isn't going to be a matter solely for HR anymore. Data teams can absolutely help drive retention by ensuring that key flight risks are identified, and that employee engagement is high.

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TECHNOLOGY AND CYBERSECURITY

32% OF BUSINESSES AND 24% OF CHARITIES RECALL BREACHES OR ATTACKS FROM THE LAST 12 MONTHS.

FAILURE TO LAUNCH...

Some technology that got pushed as the next big thing in 2023 has been stuttering on the launch pad. Blockchain, VR and large language models (LLMs) are all getting a lot more scrutiny as we move into 2024.

Hannah Jeacock, Research Director at MHR, had this to say: "None of us are convinced on blockchain! The immutable ledger component of the technology can be achieved without requiring a 'full blockchain'. This, arguably more useful, component provides guaranteed data integrity and traceability so there are practical use cases that we will see emerging within products in 2024 and beyond."

Likewise, while virtual reality (VR) has been integrated into gaming platforms to great effect, it's struggled to find a place within businesses.

Kevin Slater, Research Engineer at MHR observes "Despite attempts at integrating VR into virtual business meetings, the technology has often resulted in increased setup times and participants feeling drained. Additionally, the immersive nature of VR can sometimes lead to distraction, causing users to lose focus on the task at hand."

However, while VR is struggling to find its footing, augmented reality (AR) is seeing more of a push, as while it's not as immersive as VR, it doesn't have the same inherent setup issues.

> Technologies that were being pushed hard in the last year have settled into more practical forms. Actual business use cases will continue to come in, shaping how these technologies are actually used. AR seems the front runner in terms of practicality for most organisations.

THE CYBERCRIME ARMS RACE

The past year has seen a number of incredibly high-profile cybercrimes and data leaks. Will North, MHR's Chief Security Officer, has made a number of observations about where cybersecurity will be headed in 2024.

"The main cyber-security challenges won't change much for 2024. The biggest risks will be from supply chain attacks resulting from vulnerabilities in third party products, as we saw with the MoveIT vulnerability in 2023."

The organisations that will be most affected are the ones that cannot afford the latest security tools, or the resources to deploy them effectively. Organisations running on-premises solutions will also be at a higher risk, as they likely don't have the resource to continually protect them from new vulnerabilities and threats, which organisations using the cloud won't face.

Specific developments are hard to track, because as soon as a fix is implemented, cybercriminals can attempt to find a way around it. Cloud-based software is a great universal defence here, as it ensures vulnerabilities can be spotted and patched out quickly.

> While the world of cybersecurity is constantly evolving, the fundamentals won't shift too much in 2024.

THE RISE OF THE MACHINES?

ChatGPT and other large language models (LLM) have dominated discussions about technology for the last year and will continue to do so going into 2024. However, now that the hype has settled down, it's time to evaluate what it can do, compared with what businesses want it to do.

Neil Stenton, Research Engineer at MHR, isn't convinced by it. "I think LLMs are dominating the conversation, and are overstated in their usefulness, but they're here to stay. However, the culture around them (with 'AI whisperers' and prompt engineers demanding extremely high salaries) will be a flash in the pan and will go the way of blockchain et al...I think businesses are due a reality check. For example, AI coding tools help a bit, but they're way off replacing coders (even bad ones!)".

Jeacock suggests that we'll be taking a more realistic stance on the potential of AI in business. "For me, it's the getting these new generative AI tools into some kind of stability and usefulness. AI – which is a very overused term nowadays – can't live up to the promises in the state that it's currently in. It's too inefficient, there are too many unanswered questions around ethics, and it still needs a huge amount of manual intervention, to name a few of the challenges to overcome."

Instead of a one size fits all approach that ChatGPT encourages, we will see more LLMs targeted to specific purposes. While there is an ongoing risk to creative industries, the intense backlash there (including lawsuits) should ensure that AI is used more as a supplement to human employees instead of an outright replacement.

AI will also have an impact on cybersecurity, according to North, continuing the arms race between attackers and defenders. "It will be used by attackers to improve phishing e-mails, by being more grammatically correct and sophisticated, and to write malware more quickly. It will also continue to be used by defenders to identify abnormal behaviour from the vast amounts of data available."

RETURNING TO OLD RELIABLE

It may not be as exciting as a flashy new technology, but Joe Norley, Research Engineer at MHR suggests that the most important trend to follow will be investing in your people, particularly ensuring their data literacy and statistical knowledge is strong. Investing in data literacy will pay off. "Knowing how to get all that data together, cleaned and usable is still the problem facing most businesses."

This is also the case in security. According to North, more important than any technological development is basic cyber hygiene. "Most cyber-attacks are not targeted at any specific individuals but are a scattergun approach where the weakest companies are compromised. If organisations can protect themselves from these basic attacks with basic controls, they will be able to do a lot to stop an attack."

Investing in your people to ensure data and technology literacy remains the best technological investment. It ensures you're getting the most out of the technology you already have and means that when you invest in new technology that it's actually going to help your teams out.

LIFE ON THE EDGE

Edge computing is shaping up to be the next big thing. As 5G networks become more widely adopted, edge computing is becoming more and more viable. In short, edge computing is a decentralised computing framework that enables data processing and storage near the data generation sources, such as IoT devices and sensors, rather than solely depending on centralised data centres or cloud-based systems.

"This method reduces latency, improves response times, and fosters efficient use of network resources by processing data locally or at the network's 'edge,'" observes Slater. "Potential use cases encompass a wide range of sectors, including smart cities, healthcare, manufacturing, retail, agriculture, energy management, logistics, security, autonomous vehicles, and entertainment - covering diverse applications from urban planning and patient care to supply chain management to name a few."

> Edge computing isn't a revolutionary idea; it simply involves taking what already exists and supercharging it, unlocking new technologies that haven't been practical before.

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FINAL THOUGHTS

Retention is the name of the game as we move into 2024, and AI isn't at a stage where it can fully plug your talent gaps. You'll need to embrace digital transformation across a range of disciplines if you want to take advantage of all the opportunities and beat all the challenges the year will throw at you.

Need some help with that?

That's where we come in - We'll provide you with the solutions and expertise you need to meet all these challenges and more. Revolutionise your world of work with us and you'll be able to handle anything, in this year and for many years to come!

LEARN MORE >

READY TO ENABLE EXCELLENCE WITH SMARTER HR, PAYROLL AND FINANCE?

For more on how you can build business resilience, achieve operational simplicity and empower your people, just get in touch.

About MHR

MHR International Group is a global software and consultancy company specialising in HR, payroll, finance, employee engagement, learning and analytics, and artificial intelligence services. We maximise employee engagement, generate better data insights and improve efficiencies for over 1300 companies, ranging from SMEs to large multinational corporates across both public and private sectors.

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