



# Aligning HRIT Strategies with Emerging Compensation Trends: A Guide for Executive Leaders

By Bob Lemke

In today's fast-paced workplace, the convergence of employee compensation trends and HR technology (HRIT) strategy has become a critical focus for senior executives. As organizations navigate shifting workforce expectations, regulatory challenges, and a competitive business landscape, aligning compensation frameworks with innovative technology solutions is imperative. This article explores the latest trends shaping compensation, strategic alignment of HRIT, and actionable insights for leaders guiding their organizations through human resources transformation.

## The Evolving Role of Compensation in Organizational Success

Compensation has evolved beyond salaries and benefits; it is a cornerstone for building trust, enhancing transparency, and driving organizational success. For HR and IT executives, this means ensuring that compensation strategies are

equitable and competitive and seamlessly integrated into the broader HRIT ecosystem. This integration enhances operational efficiency, strategic agility, and compliance in an ever-changing environment. Achieving success in this endeavor requires aligning HRIT systems with emerging compensation trends, balancing immediate operational needs with long-term, transformational goals, and mitigating risks while amplifying organizational impact.

## Shifting Expectations and Emerging Compensation Trends

Shifting employer and employee expectations are reshaping operational priorities and compensation practices. For employers seeking growth through mergers & acquisitions or efficiencies through divestiture of selected lines of business, designing flexible compensation programs that respond to shifts in new markets, customers, or organizational structures has become a key driver in pay program

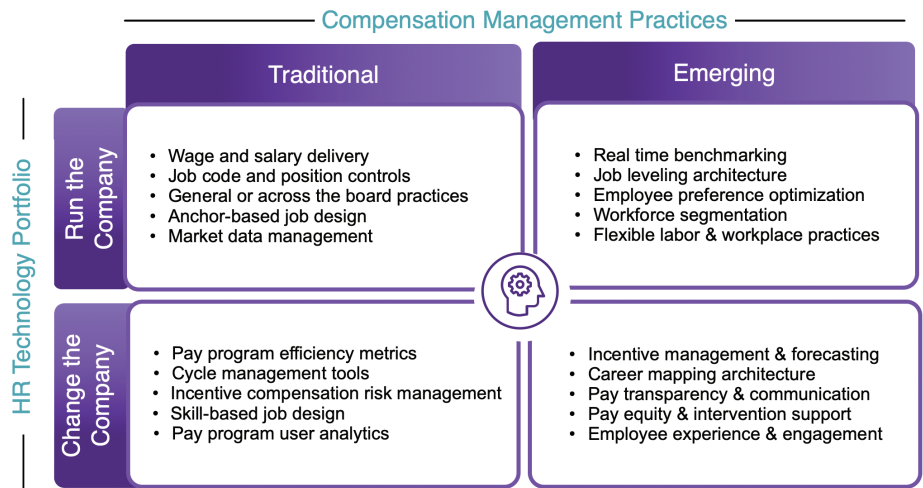
design decisions. In addition, legislative mandates and employee demand for pay transparency drive organizations to implement compensation practices that foster trust and maintain competitiveness. Employees increasingly seek personalized and flexible rewards, including non-monetary benefits such as professional development and wellness programs. As workforces become more global, compensation structures must adapt to varying local economic conditions, regulatory requirements, and cultural expectations. These developments redefine employee expectations, compelling organizations to prioritize transparency, flexibility, and personalized rewards to attract and retain top talent in a competitive market.

For example, I had the opportunity to work with a rapidly growing FinTech organization that had acquired small teams of technology and financial specialists along with rapid organic growth in its customer accounts. This growth

required a new approach to balance past compensation management practices with its future growth and IPO strategies, including a mix of base, annual incentive, and equity compensation. The leadership team's objective was to establish job levels within its technology and credit operations teams while targeting the allocation of restricted and appreciation-only long-term incentive vehicles to critical individual contributors and leaders. This segmented approach to compensation management was very different from its past practice of more traditional, one-size-fits-all structure and cycle management practices. The HR and IT technology teams were challenged to reconfigure existing HCM functions, including job tables and incentive award processes, where standard role-based privileges were available. New compensation vehicles required administrative solutions to manage incentive compensation and mitigate risk while expanding transparency into valuation methods used to determine grants for this privately held company.

## Strategic Approaches to HRIT and Compensation Alignment

To stay competitive, organizations must assess their current HRIT infrastructure to determine whether their systems are adaptable to new compensation frameworks, capable of supporting personalized strategies, and integrated with emerging tools. This evaluation is critical in choosing between integrated HCM systems and a portfolio of point solutions. Integrated HCM systems provide unified platforms that streamline HR functions, ensuring consistent data flow and simplified system management—ideal for organizations prioritizing cohesiveness and simplicity. Conversely, point solutions offer specialized tools with advanced



functionality for specific needs, such as more intuitive cycle management or advanced analytics, but require robust integration efforts to function effectively. Leaders must evaluate the trade-offs between comprehensive systems and tailored solutions, considering their organizational size, complexity, and strategic priorities.

Strategic technology investments should align with compensation objectives and the organization's vision for its employment brand, employee experience, and engagement. Emerging technologies like AI and predictive analytics can inform decision-making and optimize compensation planning while enhancing transparency. These solutions can be categorized into tools that "run the company" and those that "change the company." For example, core HRIT systems, such as payroll, benefits administration, and compliance tracking, fall under the "run the company" category, ensuring operational efficiency and continuity. Meanwhile, innovative solutions like workforce planning tools, AI-driven compensation management, and advanced analytics fall under "change the company," enabling organizations to remain agile and drive future growth. Balancing investments in these areas ensures stability while fostering innovation and

adaptability.

Further, through strategic resource planning, the intersection of an organization's HR technology portfolio and its desired future compensation management practices can create risk and further misalignment between strategy and practice if not connected. The table below illustrates the intersection of HR technology tools and connected traditional and emerging compensation practices and how organizations can begin to evaluate gaps and future needs.

## Mitigating Risks Through Advanced HRIT Systems

HRIT systems play a pivotal role in mitigating operational inefficiencies and compliance risks. These systems can automate manual processes, eliminate redundancies within legacy systems, improve data accuracy, and streamline reporting capabilities. Compliance is a foundational element of compensation strategy, with emerging regulations necessitating tools for greater transparency and robust reporting. Analytics-driven compliance solutions enable organizations to identify and mitigate risks proactively. To manage risks effectively, organizations should conduct comprehensive risk assessments tied to compensation practices, invest in scalable systems that adapt to

evolving regulations and workforce dynamics, and utilize predictive analytics to address compliance risks before they escalate.

For example, many organizations have recently faced significant challenges in adapting their compensation communications to meet new transparency requirements. Our practice has assisted many organizations in evaluating their current pay programs and technology solutions to ensure they meet these evolving needs.

A February 2024 survey conducted by Grant Thornton revealed insights into organizational readiness for regulatory changes. The survey identified eight dimensions that human resource leaders could use to evaluate their current practices against new pay transparency requirements. Respondents indicated a low level of readiness concerning all dimensions, with heightened concern over the competitiveness of the current program, the internal resources needed to manage pay transparency, employee

understanding of the current pay program, and a lack of clarity on the factors used to differentiate pay. Many of these issues were later raised with HRIT leaders, sometimes with less-than-optimal results and often requiring even more workarounds or rework by HR operations staff.

### **The Path Forward: Leadership and Strategic Execution**

Aligning HRIT strategies with compensation trends transcends technology; it demands vision, leadership, and execution. Senior executives are pivotal in bridging the divide between current operational demands and future transformation goals. Building trust through transparent, equitable, and innovative compensation practices is essential for driving competitive advantage and leveraging technology to attract and retain top talent. Executives should stay informed about emerging compensation trends, align HRIT investments with “run the company” and “change the company” objectives, and proactively manage

risks through robust compliance strategies and advanced technology solutions.

Now is the time for executive leaders to position their organizations for the future. By integrating emerging compensation practices into strategic HRIT planning, organizations can better prepare the business case needed to sustain trust, engagement, and value creation. Failure to embrace these strategies to drive meaningful change and achieve strategic alignment can further impair business performance and the probability of long-term success.

### **About the Author**



With over 20 years of extensive total rewards consulting and human resource leadership expertise across multiple industries, Bob brings a unique perspective as an advisor and practitioner.

His expertise engages senior leadership and elevates the business case needed to help organizations manage their workforce investments. Bob serves as Director for Health Capital Services at Grant Thornton Advisors LLC and can be reached at [bob.lemke@us.gt.com](mailto:bob.lemke@us.gt.com).