

Gartner®

# HR Budget and Investments Trends for 2024



HR leaders face the challenge of strategic budget planning amid perpetual disruptions and budget constraints. This research provides data-based insights to drive efficient growth and outlines HR investment trends for 2024.

# Overview

## Key Findings

- In 2024, HR leaders face an expansion of their responsibilities alongside perpetual economic disruptions, talent shortages and increased pressure for operational efficiency.
- Accordingly, the 2024 budget outlook is slightly more conservative than in 2023, with only 40% of HR leaders planning to increase their HR budget (as opposed to 45% in 2023). Thirty percent want to maintain 2023's budget levels and the remaining 30% aim to decrease their HR spending.
- In response to ongoing disruption and talent shortages, HR investments focus on driving HR efficiencies as well as retaining and reskilling critical talent. HR technology remains the No. 1 investment priority with 48% of HR leaders planning to increase their budget in this area, followed by learning and development (L&D), total rewards and talent management.
- Staffing and recruiting is no longer a top investment priority for HR leaders; it dropped from the second-highest priority in 2023 to seventh in 2024 as a result of ongoing hiring slowdowns.

## Recommendations

- Use a zero-based budgeting (ZBB) approach to drive HR efficiency and strategic value. Prioritize HR investments that align closely with strategic business and HR priorities while decreasing investments in low-value-adding HR initiatives.
- Invest in HR technology to accelerate HR's digital transformation, support business growth and increase HR efficiency. Make sure the investments pay off by:
  - Setting realistic goals for the technology implementation
  - Improving employee adoption
  - Adjusting spend based on constant ROI measurement
- Make targeted investments in L&D, total rewards and talent management to retain and reskill talent and ultimately build competitive advantages for the organization.

# Pressure for Operational Efficiency and a Growing HR Remit

HR leaders who plan to allocate their budget in 2024 face two competing challenges:

1



## Increased and more complex HR demands

Despite ongoing economic disruptions, CEOs continue to focus on business growth, naming it their No. 1 strategic business priority for 2024. At the same time, CEOs recognize that talent issues such as attraction and retention are critical to ensuring business growth. They are increasingly turning to their CHROs for support. CEOs more frequently turn to their CHROs to support their growth plans. In general, HR leaders report an increasing number of business requests for HR support, and over half say they are getting more requests on a wider variety of topics. This expanding remit for HR work includes, for example, finding innovative ways to enable workforce productivity, handling conflicting employee expectations, implementing generative AI (GenAI) in HR, designing flexible work arrangements and supporting unprecedented organizational change.

2



## Pressure for operational efficiency

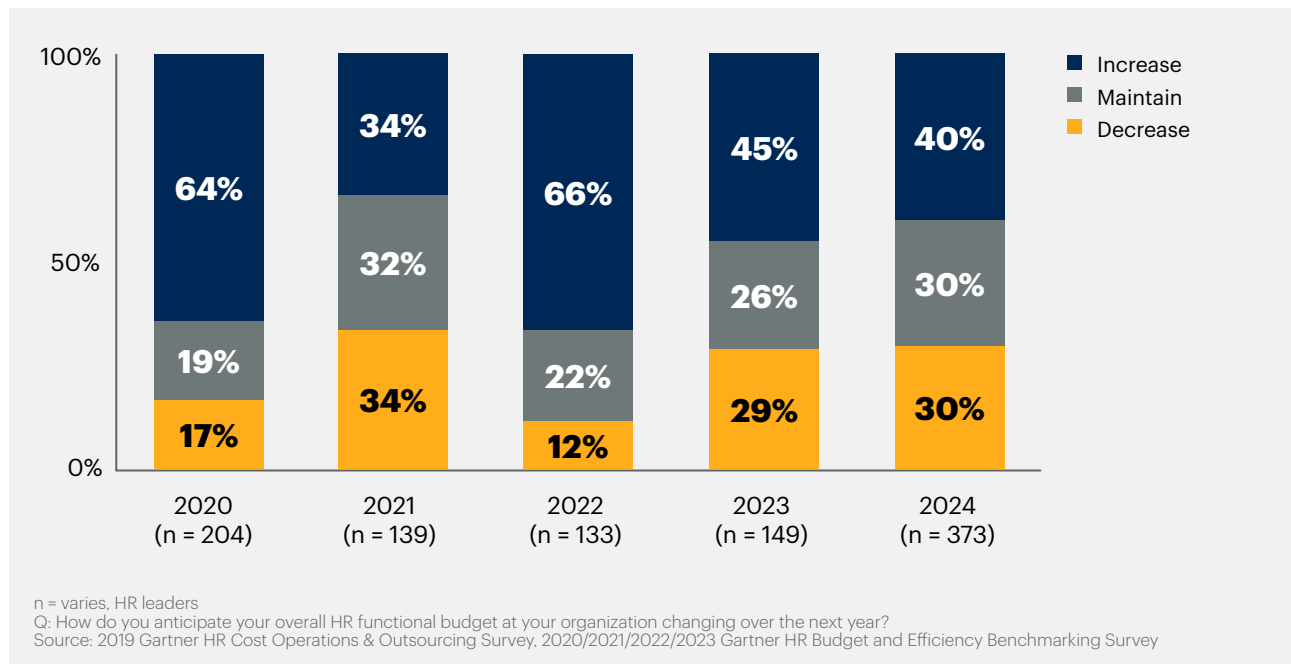
An analysis of S&P 100 global earnings calls between 2021 and 2023 shows an increased focus on productivity, efficiency and reduction in the face of persistent skills shortages and continuous inflation levels. CEOs are highly concerned about inflation and recession's negative business impacts. They turn to HR leaders to identify opportunities to reduce cost in HR and create a more efficient HR function.

# Limited Budget to Meet Rising Demands

HR leaders have already started adapting their investments in anticipation of 2024's perpetual disruption, according to data from the 2023 Gartner HR Budget and Efficiency Benchmarking Survey. This year's budget outlook is more conservative than in 2023. Forty percent (instead of 45% in 2023) of HR leaders plan to increase their 2024 budgets, while 30% state they want to maintain previous budget levels and 30% plan to cut HR spending in 2024. While 2024 budgets are a bit more comfortable than those between 2020 and 2022, the year-over-year budget outlook shows that the 2023 spending enthusiasm has passed and pre-2020 budget levels are still far out of reach (see Figure 1).

**Figure 1: HR Budget Outlook 2020-2024**

Percentage of HR leaders anticipating budget changes



In 2024, HR leaders need to enable profitable business growth by:

- Measuring the return on investment of ongoing HR initiatives
- Reducing budget for low-value-add HR activities
- Reallocating freed budget to areas that support business growth and talent retention

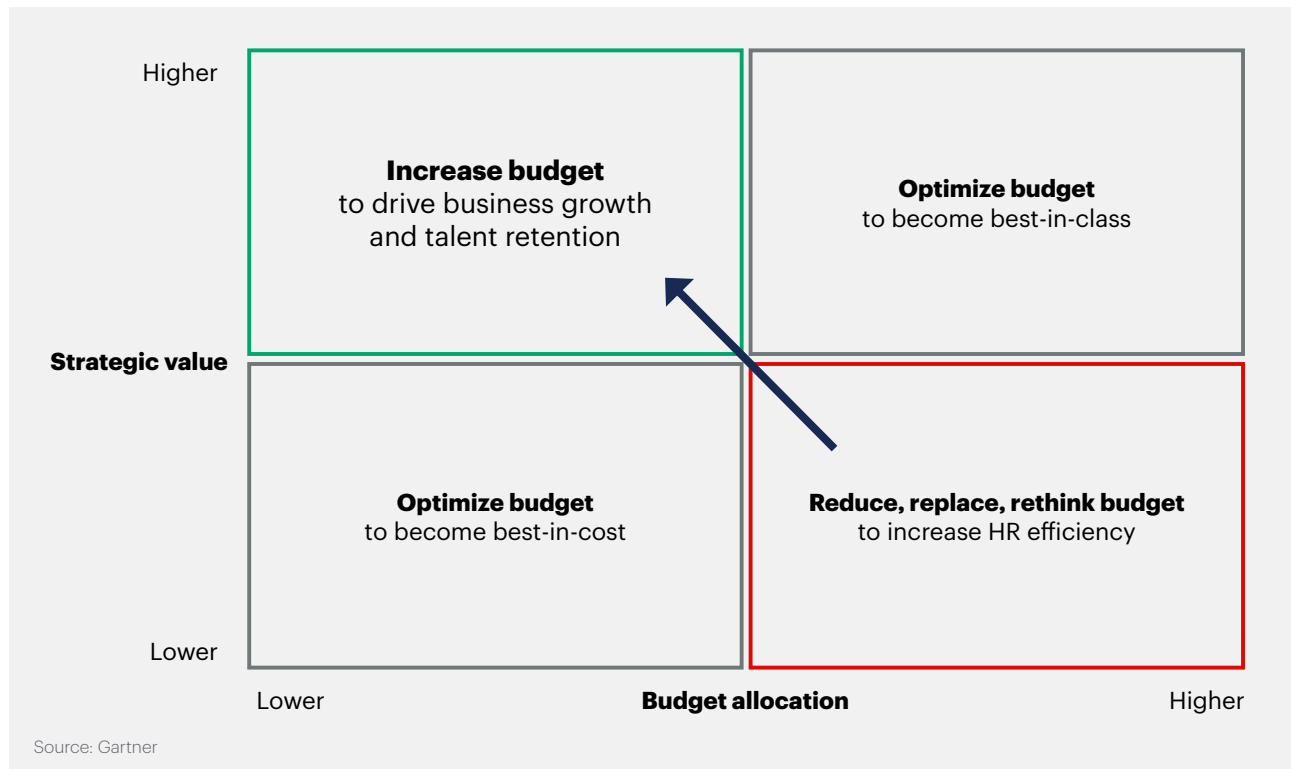
# Reallocate Budget to High-Strategic-Value Areas

A combined 60% of HR leaders expect budget cuts or plan to maintain previous year's budget levels and address growing HR responsibilities without increasing their resources.

To leverage efficiencies while driving organizational growth in a disruptive environment, HR leaders must discontinue traditional budgeting processes (which tend to assume a year-on-year continuation of activity and cost) and instead embrace a ZBB approach. ZBB forces a thorough review of all expenses and ensures that resources and expenditure allocation prioritize changing business needs, strategic alignment of initiatives, and ROI rather than historical continuity.

Using a ZBB process enables HR leaders to reduce, replace and rethink HR budgets in low-value-add HR areas and shift freed-up resources to high-value-add HR areas that support business growth (see Figure 2).

**Figure 2: Reallocate Budget to High-Strategic-Value Areas**



# How to Reduce, Replace, Rethink HR Budget in 2024

There are several ways to reduce, replace and rethink the HR budget in low-value-add HR areas, and the number of HR leaders planning to implement those efficiency measures has risen in 2024.

## Reduce



Decrease the number of processes, tools or services HR provides by reducing service levels, canceling or postponing projects. As a last resort, HR leaders may consider more drastic measures, such as headcount reductions, salary cuts or hiring freezes.

## Replace



Identify less expensive or more efficient alternatives to current spending. For example, HR leaders can renegotiate terms with external vendors or even rearrange the external vendor portfolio. HR leaders can also move more transactional tasks toward shared services teams and outsource complete processes.

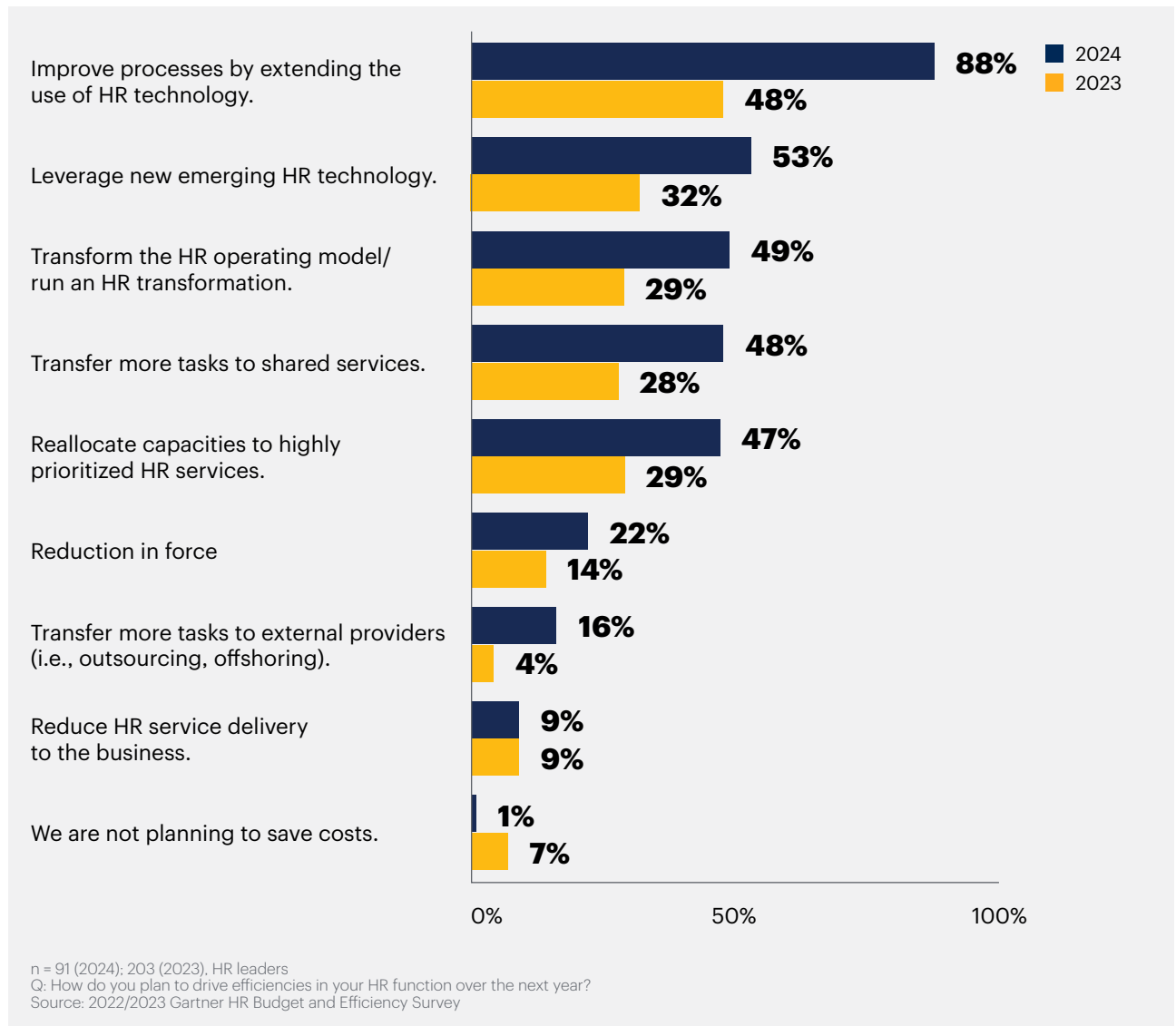
## Rethink



Rethinking spending is complex and often requires thorough evaluation and sometimes even upfront investments. Examples include redesigning the HR operating model, standardizing and centralizing processes and implementing technology solutions to automate processes or enable self-service.

Most HR leaders are focusing their 2024 cost-saving efforts on rethinking and replacing: pursuing greater efficiency through technology; revamping their operating model; or shifting more tasks to shared services (see Figure 3).

**Figure 3: Most Common HR Efficiency Measures in 2024**  
 Percentage of HR leaders



# Where to Increase HR Budget in 2024

The current top four HR investment areas reflect organizations' needs to accelerate growth and efficiency through technology while reskilling and retaining critical talent.

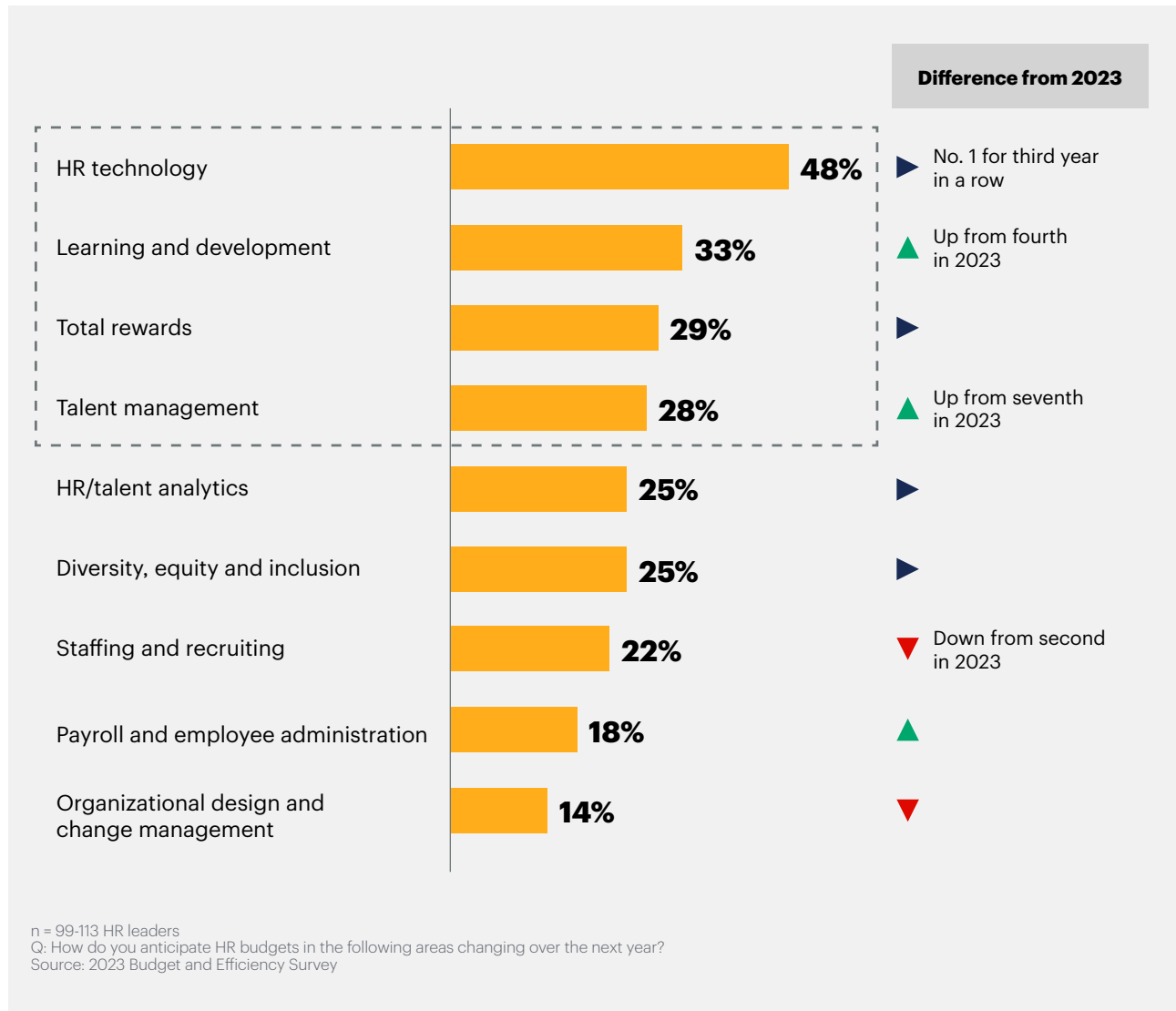
The top four investment focus areas are (see Figure 4):





### Figure 4: HR Investment Areas 2024

Percentage of HR leaders planning to increase budget



Considering the dominance of HR technology investments, this research provides both general and technology-related investment recommendations for the remaining investment priorities (L&D, total rewards and talent management). To effectively measure returns on investment and lead future planning discussions with data, this research also provides suggested metrics for these respective areas.

# Actionable, objective insight

Position your organization for success. Explore these additional complimentary resources and tools for HR leaders:

## Report

### 2024 HR Budget and Efficiency Benchmarks

Compare your HR function's performance and prioritize future investments.



[Download Report](#)

## Template

### 5 Steps to Building an HR Strategy

Learn how to create an effective HR strategy to support business goals.



[Download Now](#)

## Tool

### Gartner HR Score

Assess HR functional maturity against seven objectives and 39 key HR activities.



[Learn More](#)

Already a client?

Get access to even more resources in your client portal. [Log In](#)

# Connect With Us

Get actionable, objective insight that drives smarter decisions and stronger performance on your mission-critical priorities. Contact us to become a client:

**U.S.:** 1 855 811 7593

**International:** +44 (0) 3330 607 044

[Become a Client](#)

**Learn more about Gartner for HR Leaders**

[gartner.com/en/human-resources](https://gartner.com/en/human-resources)

**Stay connected to the latest insights**

