



A SilkRoad TalentTalk Research Report

The State of Talent Management 2013

**Winning In the New HR Environment:
Innovating to Engage Employees and Drive Business Results**

*Twenty Topics. Detailed Analysis. Our Top Insights into Social Media,
Employee Engagement, HRMS, Learning Compliance, and More.*



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Winning in the New HR Environment:
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Introduction

In 2012, market forces and external events challenged talent management professionals to adopt a new mindset and capabilities:

- Managing virtual workforces outside the company four walls is the “new normal.”** Disruptive technologies and tools, such as personal mobile devices, tablet computing, and social media give the workforce access to a wealth of information beyond the 9 to 5 day. HR professionals must prepare and retrain themselves, so that they can work in multi-disciplinary teams to develop a cohesive strategy for new technology.
- Talent management professionals must help manage more risk, protecting vital human resources and data.**
- Disruption and movement in the makeup of the workforce continues.** The workplace blending of Baby Boomers, Gen Y, and Gen X will challenge professionals to engage and motivate these different groups. The conventional wisdom is that the Baby Boomers are retiring. Yet, statistics show that with the need to supplement their incomes, Boomers are working longer than ever.

“Events of this year demonstrate that talent management professionals must be more agile than ever. Diverse and virtual workforces, disruptive technologies, an uncertain economy, and greater regulation in some regions are real “game changers.” Organisations must quickly adapt their practices in human asset management, or risk losing their competitive edge.”

W. Edward Vesely, Executive Vice President and Chief Marketing Officer, SilkRoad.

- **The turbulent economy around the globe continues to drive demand for temporary staffing.** Talent management professionals will look for innovative ways to manage a revolving workforce. In the U.S. alone, temporary hires across all industries are predicted to reach 106 percent of their historical high during 2013. Some sectors will far exceed the average, including IT, industrial, engineering, scientific, creative, and temporary physicians.¹

In this environment of tumultuous change, we at SilkRoad wondered how talent management professionals are managing their work and what kind of progress they have made in the past year. So in a series of surveys, we sought to discover how respondents face the challenges of their jobs on a day-to-day basis, their level of satisfaction with the tools and processes they use, and their vision for the future of talent management.

This research report shares the results of those surveys, with insights that help corporations and management better leverage human capital as a strategic asset. In some instances, we've blended survey results with information derived from other industry sources to give greater context to our analysis.

Research Environment and Methodology

- **Surveys:** Eight surveys were conducted from January 2012 through October 2012, on topics ranging from Social Media and Technology, Employee Engagement, and Beyond Onboarding, to Recruitment Metrics, Learning Compliance and HRMS.
- **Delivery system:** Surveys were collected online using Web-based survey tools and targeted toward talent management professionals.
- **Responses:** 5,753 professionals responded.
- **Research base:** Participants had a wide variety of titles, ranging from Vice President and Director of Human Resources, Learning Analyst, Director of Training, Manager of Organisational Development, and Benefits Coordinator, and more. An experienced group, the majority had worked more than 10 years as Human Resource or Learning and Development professionals.
- **45% of respondents worked at companies with more than 1,000 employees.**

¹ TLNT, John Zappe, "Temporary Staffing Demand Expected to Hit Record Numbers in 2013," Oct. 11, 2012

Executive Summary

Top Insights for Talent Management Professionals

The following critical issues for Human Resource and Learning and Development professionals emerged from our research:

- Talent Management becomes even more “social,” driven by mobile and tablet computing.** Findings showed that most employees access social media sites from personal mobile devices frequently during working hours. Talent management professionals can expect the new workforce to demand 24/7 access from tablets, cell phones, and other handheld devices, such as wireless personal readers. Innovative software applications for HR management and Learning must accommodate this new reality. Recruitment, Learning, and Performance may ultimately be managed from the smallest devices.
- The “cloud” isn’t just a fad.** Organisations are either incorporating partial or complete cloud-based approaches into their Human Resource Management Systems. Cloud computing systems are able to host geographically dispersed applications, accessible to the workforce anywhere and at anytime: Global HR, virtual workforces, and mobile computing are just a few of the trends driving organisations toward the “cloud.” So, what is the implication for talent management professionals? HR is going virtual, using more sophisticated tools to interact with employees.
- Integrated talent management should provide a clear picture of the workforce across the organisation.** Surprisingly though, SilkRoad’s HRMS survey showed that integration did not extend widely beyond the “core” functions of HR to Performance, Onboarding, and Learning. Many companies use a hodgepodge of standalone systems, whether spreadsheets or single-function software applications—and in a few cases paper filing systems. Without integration of HR functions, “information at your fingertips” will never be a reality for organisations. What’s more, organisations that lack workforce data can face serious consequences: failure to track and report compliance information accurately.

FAST FACT

Three out of four workers check social media once a day or more on personal mobile devices.

- Compliance reporting for Learning is the “Achilles heel” of most organisations.** Many companies are managing compliance tracking and reporting using a patchwork of technologies and processes. Professionals can build a stronger business case for improving the process by “hooking” compliance, learning, and reporting to business objectives that demonstrate productivity and time savings. Companies also stand to benefit by linking Learning to Performance for compliance reporting: Employees might “test out” of compliance training, but does that indicate that workers will apply the learning correctly in a real-world situation?
- Managing employee transitions beyond onboarding:** Far-seeing companies are using onboarding tools and techniques to manage talent and acculturate workers beyond initial hiring stages. These organisations have automated forms management, are providing employees with personalised portals, and in a few cases, are experimenting with social technology. Yet, there’s definite room for improvement in employee lifecycle management. Employees who are promoted or transferred internally are less likely to have the help of a formal process—as are employees brought into an organisation via merger or acquisition.
- Talent management professionals go back to the classroom in 2013:** Many professionals say they want to sharpen their “numbers” skills and that they could be more confident analysing metrics. Moreover, survey findings show that organisations could take greater advantage of the metrics at their disposal, especially for recruiting: In particular, cost per hire is a less commonly used metric, but it ties HR activity directly to a company’s bottom line. That’s just one way HR professionals can demonstrate strategic value to their organizations.
- Employee engagement programs are missing some pieces:** Though companies were fairly evenly split in whether they had explicit engagement programs, survey participants who did have programs were vocal about the shortcomings: an absence of metrics for assessing value; a lack of buy-in at the executive level; and strategies for engaging different levels and types of employees.
- Organisations stand to benefit by providing managers with self service systems.** The majority of employees have access to self service applications, but managers do not. There’s truly a negative impact on productivity when managers are forced to call the HR department to access employees’ reports, process simple changes in employment status, or view employees’ education records. Companies can reduce the workload—for HR and for managers—by adopting tools that make managers more self sufficient.

Detailed Findings

The State of Social Media and Talent Management

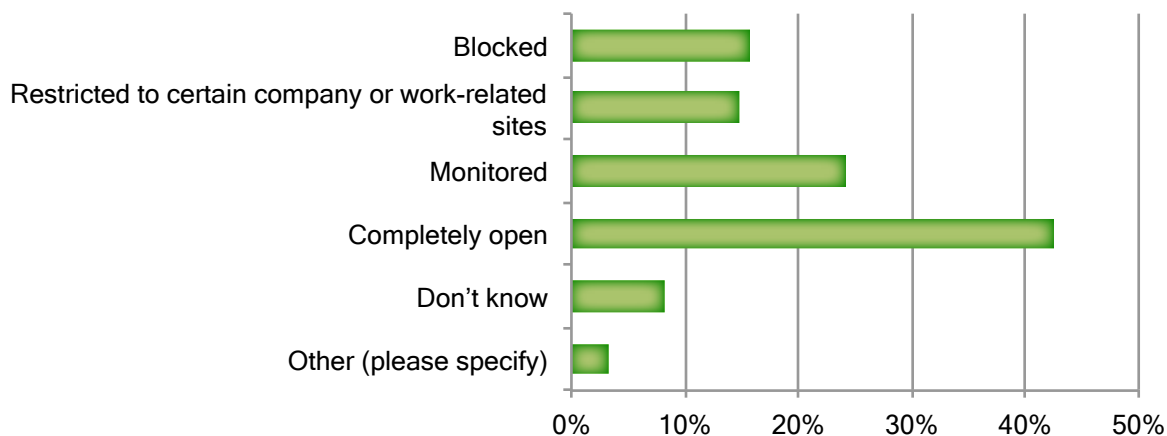
This year we conducted two surveys on the use of social media and technology in the workplace: one targeted to talent management professionals and the other to employees in general. In our survey to professionals, we wanted to learn how they apply social technology to the work of HR and Learning and Development. In our survey to employees, we wanted to understand how and why they use social media in the workplace and whether their companies had provided policies to guide their online experience. Our goal was to uncover the “sweet spots”—ways talent management professionals could make social media an asset to the business.

More than 1,105 employees and 290 talent management professionals responded, with revealing results.

1. Corporate Policy: Blocked or Open Access?

In a survey of employees, we found that most companies allow some type of access to social media at work in varying degrees. 43% of employees work in organisations in which social media access is completely open. 24% reported that their access was monitored. Only 16% of companies completely block their employees’ access to social media at work.*

Please choose the options that best describe your company's approach to social media access at work. Check all that apply.



*Because “monitored” is a choice that could apply to some of the other options, we made this question “check all that apply,” therefore, totals do not sum to 100%.

Key Points:

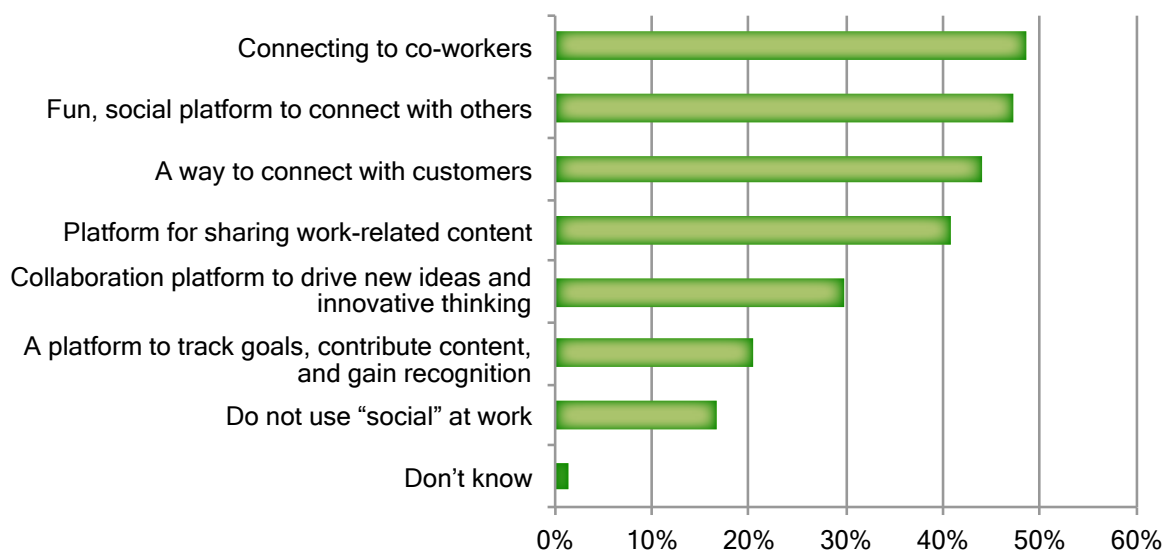
Social media is causing a seismic shift in the business environment, as companies attempt to leverage the benefits of this technology. In our survey sample, we found that a substantial percentage of companies had completely open social media access. Most of the companies that exerted controls had instituted only partial blocking or surveillance, such as social media monitoring or restrictions to certain work-related sites.²

As subsequent survey findings show, large numbers of employees use personal social media at work through personal or mobile devices, and therefore, blocking, restricting, or monitoring use is not an effective corporate policy. Because employees will access social media regardless of restrictions, talent management professionals have an opportunity to determine how to channel the power of this technology, so that employees are using it productively for business.

2. “Social” in the Workplace: Not Just a Playground

Employees’ top three purposes for using social sites at work were: “Connect with co-workers” (49%), followed by “a fun social platform to connect with others” (47%). Interestingly, 44% are using social media to connect with customers. *

For what purposes do you use social sites/networking tools at work? Please check all that apply.



*Note that this is a “check all that apply” question, so totals do not sum to 100%.

² Our findings are in line with other predictions about workplace social media use. According to a recent Gartner, Inc. report, “Fewer than 30 percent of large organisations will block employee access to social media sites by 2014, compared with 50 percent in 2010. The number of organisations blocking access to all social media is dropping by around 10 percent a year.” Gartner, Inc., Andrew Walls, March 2012, <http://www.gartner.com/it/page.jsp?id=1940714>

Key Points:

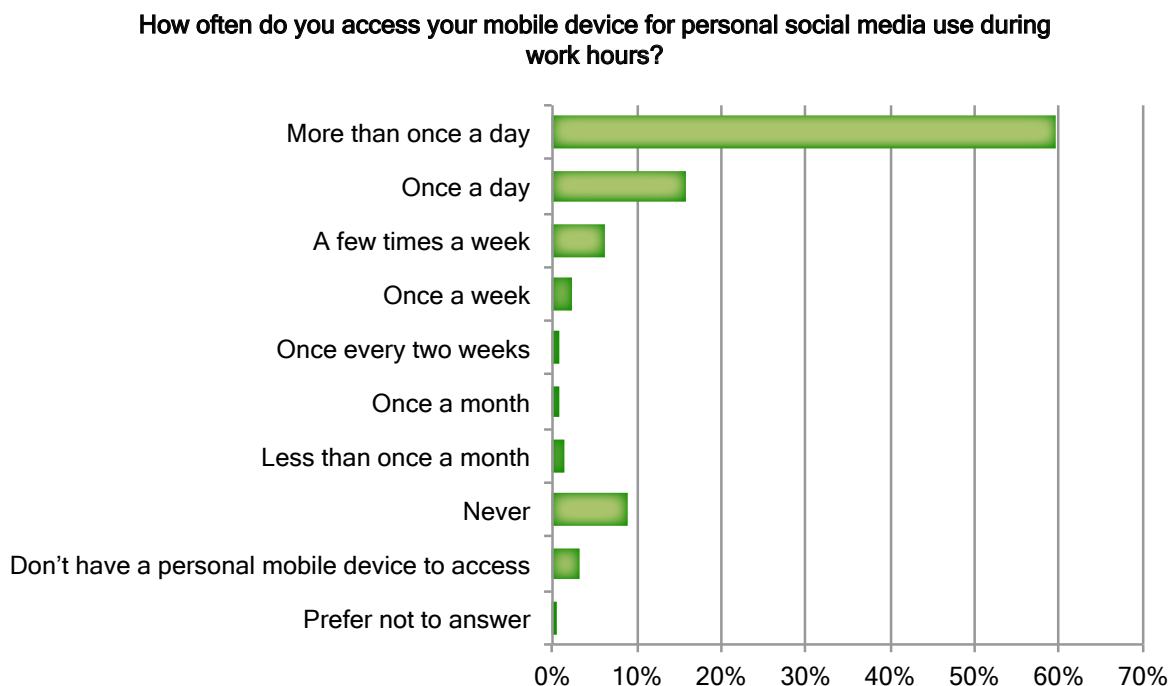
Findings show that employees use social media at work because they seek “connections” most of all—whether those are with co-workers or customers. What’s more, results indicate that organisations implementing social projects in the workplace should incorporate the “fun factor” into their plans. Gamification or reward systems and contests might be key ways to engage and motivate employees.

Interestingly, social media as a “collaboration platform to drive new ideas,” and “platform to track goals, contribute content, and gain recognition,” received lower numbers of responses, indicating that these are not high priorities for employees right now.

Human resource professionals take note: Given the popularity of social media in the workplace, HR should view “social” activity as an opportunity to advance the organisation, capitalizing on employees’ enthusiasm. This might involve embedding social media into learning activities, or using a social platform to promote the company to prospective hires and orient new employees.

3. Personal devices@work

Employees use mobile devices frequently during working hours to access personal social media. 60% of workers told us that they check personal social media more than once a day on their mobile devices; three out of four workers check once a day or more.



Key Points:

Clearly, personal use of social media at work on mobile devices is frequent and widespread. Moreover, it can be expected to grow, given the popularity of smart phone use.³

But we wondered: Did those employees who were blocked from social media at work use their mobile devices for personal “social activity” more frequently during the workday? We took our investigation one step further and found the results

In social networking at the office, employees value connections with co-workers and customers—and last but not least, fun.

intriguing: Findings showed that a company’s approach to social access was not related to employees’ use of personal social media. In other words, there was no difference between light and heavy use of social media at companies with monitored, blocked, or restricted sites in comparison to those with no restrictions. Employees across the board are using personal social media frequently. Simply put, placing corporate limitations on personal social media use at work is just not effective.

Without a doubt, employees will continue to blur the line between professional and personal use of social media at work. In fact, the most forward-looking companies are leveraging the boom in personal mobile devices, enabling employees to BYOD, or bring your own device.⁴ This trend could boost the use of “social” in the workplace.

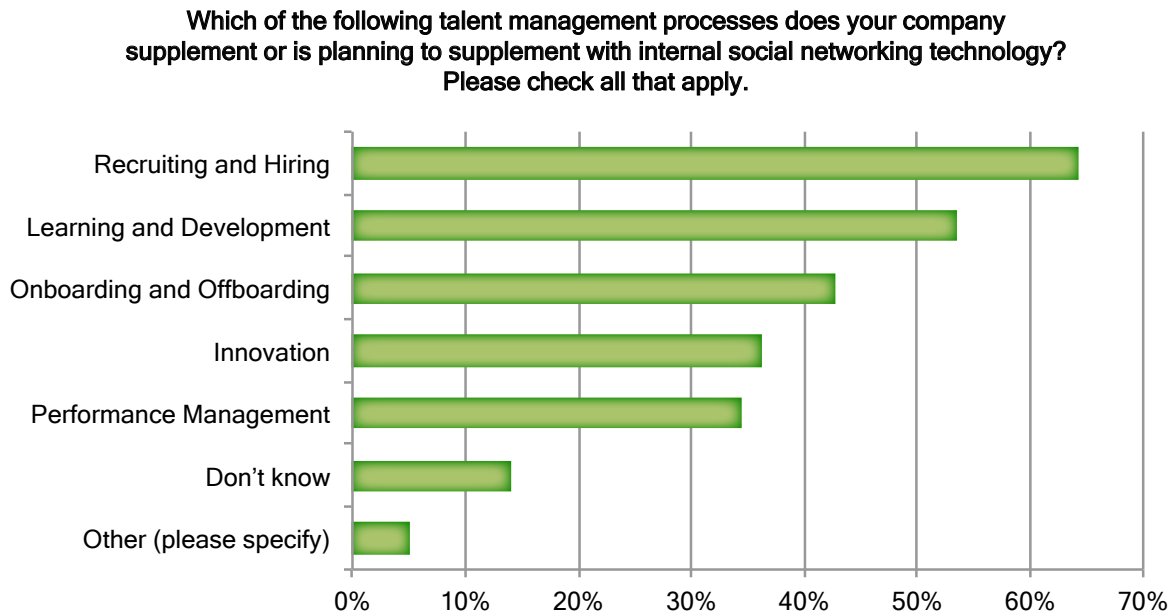
So, what does this mean for talent management professionals? Social technology will be used to enhance human capital in the business environment. As the managers of human capital, talent management leaders have a crucial role to play in facilitating the transition: helping set strategy, assessing risk, and contributing to guidelines around social initiatives.

³ Nearly nine-in-ten (88%) U.S. adults own a cell phone of some kind as of April 2012, and more than half of these cell owners (55%) use their phone to go online. March 2012 <http://pewresearch.org/pubs/2296/mobile-cell-internet-web-access-phone>

⁴ “Bring Your Own Device: New Opportunities,” New Challenges, David A. Willis, Gartner, Inc. August 16, 2012

4. Most “Social” Talent Management Disciplines

Respondents to our survey of talent management professionals said that Recruiting, Hiring, and Learning are the most “social” talent management processes. “Recruiting and Hiring” was the most popular talent management process for use or future use of social technology, selected by 64% of respondents. “Learning and Development” was second (54%). Notably, “Performance Management” was selected by only 34% of respondents.*



* Note that this is a “check all that apply” question, so totals do not sum to 100%.

Key Points:

Recruiting and Hiring is the hottest space for social technology in talent management.

Vying for the most qualified talent in a difficult economy, companies are using internal social technology to cast a wider net for recruiting and leverage existing employees’ skills: Branded recruitment portals articulate company messages; internal company sites encourage employees to apply for open positions, offering them opportunities for career growth and development; employee referral networks support participation in the company culture. Learning and Development professionals are also leveraging internal social technology for collaborative learning. Employee directory listings and team sites highlight valuable expertise and insights that everyone can share. “Performance Management” received a lower response, showing that it’s not where the HR application for social technology is right now; yet it could be a growth area in the future.⁵

⁵ In other parts of the survey to talent management professionals, we found that two thirds of companies (67%) surveyed have adopted or planned to adopt social technology. Among companies that are using or planning to use the technology, a surprising 38% are using it now; another 36% of that group plan to start within the next year.

The State of Learning and Compliance

The penalties an organisation faces for failing a learning compliance audit can be serious.

An organisation that falls out of compliance runs the risk of a one-two punch: possible damage to the company's image, followed

by loss of business. What's more, a business can quickly feel the impact on its finances and reputation if the negative news ripples through the media.

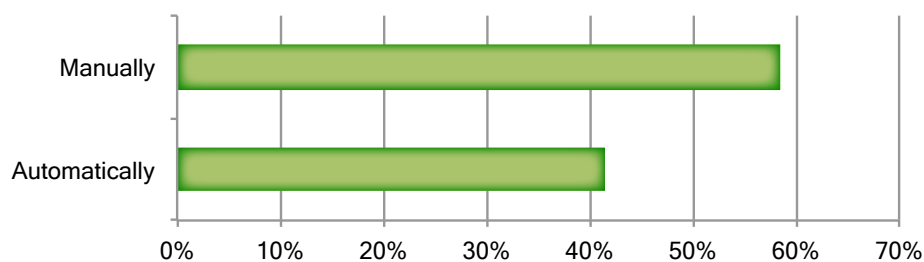
Recruiting and Hiring is the hottest space for social technology in talent management.

Talent management professionals are particularly vulnerable, because they manage and support compliance processes and systems. Learning and development professionals have the added challenge of linking training to human behavior in order to improve employee performance. In highly regulated industries that impact human welfare—such as energy, healthcare, human services, and transportation—learning and compliance processes are especially subject to scrutiny. For these reasons, we surveyed professionals to discover how well their organisations were managing the learning compliance processes, whether they were “audit ready,” and what challenges they faced.

1. Learning Compliance Training: Automated or Not?

Interestingly, the majority of respondents were assigning compliance training manually (59%), as opposed to 42% who were assigning it automatically.

With your current learning management system, how are you assigning your compliance training?



Key Points:

For an organisation to remain compliant, employees and managers must know upcoming training milestones, and talent management professionals must be able to generate reports easily for auditors.

Manually assigned compliance training requires more intervention from learning professionals and managers—and carries the risk of employees falling out of compliance. Lack of automation in assigning compliance training can result in inefficiencies, duplication of effort, and inaccuracy of reported data—particularly in companies that are globally dispersed.

Results from other portions of this survey are also revealing. We asked participants what learning management systems they were using. The most popular response was “In-house developed systems,” (29%), followed by “None” (27%). Moreover, in free-form responses, many professionals reported that their in-house systems are cobbled together from Excel spreadsheets, emails, and survey forms for reporting.

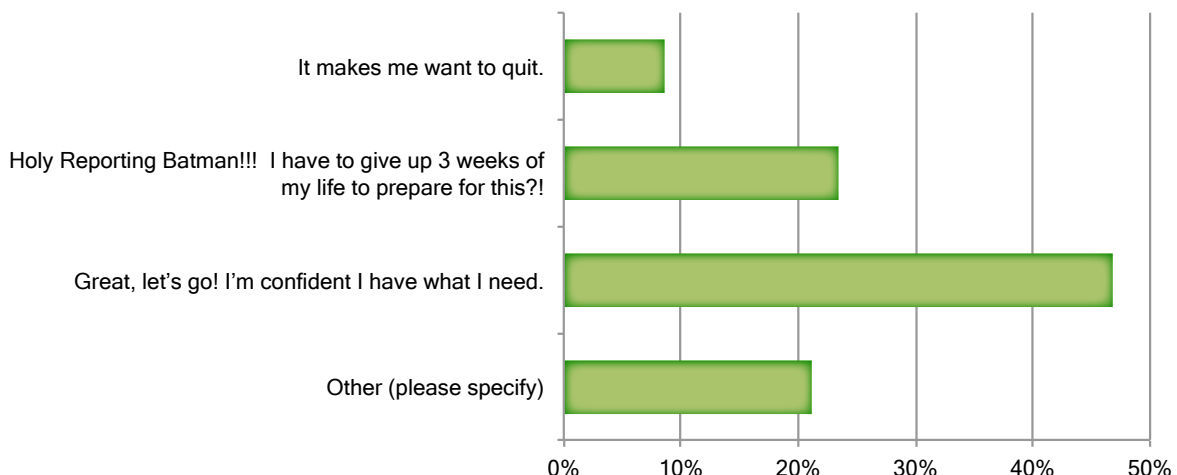
We infer that in-house developed learning management systems are putting companies at risk, and those organizations with no systems at all are particularly vulnerable.

2. Managing Risk: Professionals’ Readiness for an Audit

Less than half of the survey participants felt that they were prepared for learning compliance reporting and that they had what they needed for an audit (47%).

The next highest response was “Holy Reporting Batman!!! I have to give up 3 weeks of my life to prepare for this?!” at 23%, indicating that the compliance reporting task is time-intensive. 9% said the process made them want to “quit.”

Please choose the answer that best describes how you feel about the audit process.



Key Points:

In this year's survey, we wanted to determine professionals' level of confidence in their audit "readiness." Although a sizable percentage did indicate that they had everything they needed, nearly a quarter of the organisations indicated that an audit would take three weeks of their time.

It's evident that organisations stand to gain by adopting more strategic and organised approaches to their compliance training, reporting, and audit preparation. However, professionals in other parts of the survey indicated that they are not necessarily able to implement needed process improvements, because the issues are complex. Some professionals reported that "spending money," "executive resistance," "stuck on manual operation," and "motivating the organisation" prohibited their organisation from improving the compliance reporting process.

3. Challenges Professionals Face in Compliance Training and Reporting

We wanted professionals to tell us in their own words the shortcomings of their current learning and compliance systems, so we asked them, "Please describe in two or three sentences the biggest challenges your organization faces in compliance training and reporting."

Participants were provided with an open text field where they could write their answers. Five "themes" emerged:

- Lack of integration of learning compliance reporting with other company processes—namely payroll and performance.
- Learning not tied to incentives within the organisation.
- Remote, geographically distributed workforces. Organisations that span countries or employ speakers of multiple languages need assurance that every employee receives training.
- Lack of ability to efficiently schedule training, so that it minimizes the impact on the business.
- Poor reporting capabilities. Professionals want detailed information on completion rates, test scores, and aggregated employee scores for more strategic decision making.

These responses, coupled with findings on the relatively low number of organisations that automate training assignment (59%), indicate that many organisations are at risk.

The State of Recruitment and Transition Management

This year SilkRoad conducted two surveys related to recruitment and employee lifecycle management: the first dealt with recruitment metrics; the second investigated issues related to managing employee transitions. We wanted to explore the ways companies evaluate recruitment efforts, hire employees, acculturate them into a company, and help them through transitions. Why? Organisations that make adjustments smooth for new and transitioning employees inspire greater loyalty and build their reputations as great employers. The categories of employees we focused on were new hires, promotions, transfers, relocations, mergers and acquisitions, and offboarded workers.

1. Most Popular Recruitment Metrics

Findings show that some recruitment metrics are used more frequently than others.

The top three recruitment metrics used in organisations were Time to fill (65%), Employee/Candidate retention (55%), Quality of hire (44%).*

In Their Own Words

Professionals' Learning Compliance Challenges

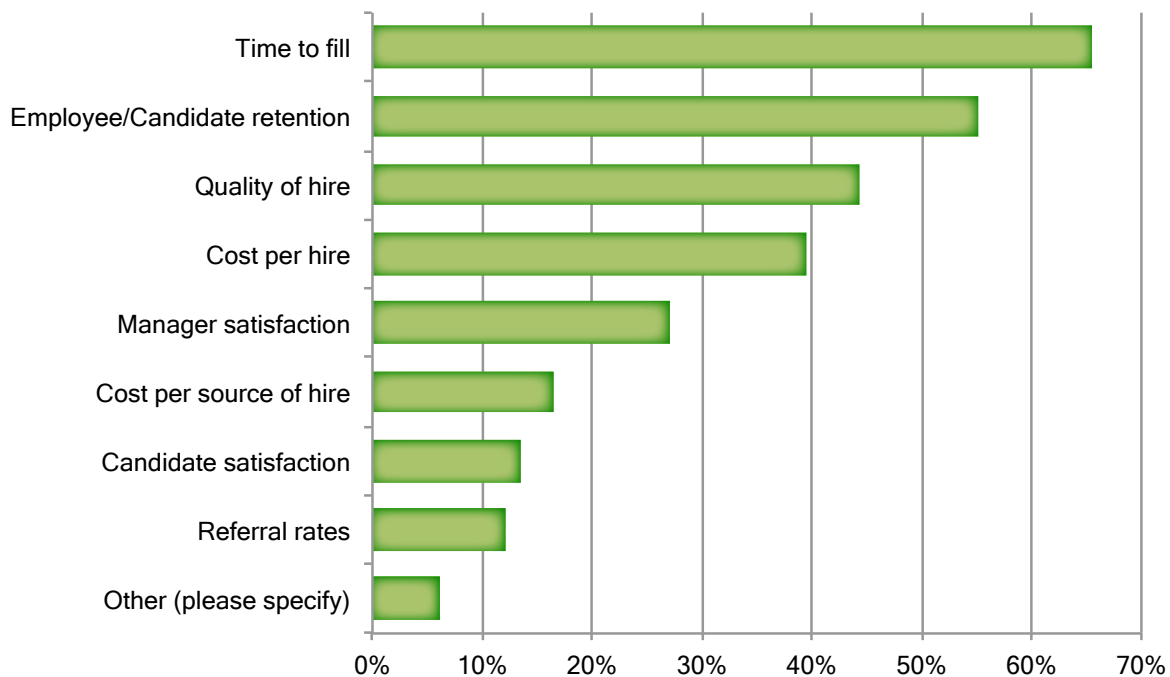
"We need learning and compliance to be fully integrated with the HRIS and Payroll systems."

"We need to connect the dots between learning and professional and career development. That relationship is missing in our company."

"Organised data for individual employees should be stored in one system and not spread out among multiple tracking systems."

"Most of our compliance training is conducted online, and though participants achieve a passing grade, can they apply the material in a real-world situation?"

Please select up to three top recruitment metrics used in your organization.



**We asked respondents to choose the top three recruitment metrics used in their organisation , therefore, the numbers do not sum to 100%.*

Key Points:

Recruitment metrics not only reflect the effectiveness of the recruitment process, they indicate how deeply organizations analyze business indicators. Survey findings show that organisations must take a closer look at the metrics they use. Companies are tracking some metrics, though not as thoroughly or effectively as they could. Unsurprisingly, the majority of organizations track time to fill and employee/candidate retention. Cost per hire, candidate/manager satisfaction, cost per source of hire, and referral rates are less commonly used metrics—though these are benchmarks that drive business results. Measuring the candidate experience, for example, can help companies understand whether their brand is being presented appropriately in the marketplace. And by linking cost per hire to metrics for retention and quality of hire, professionals can calculate return on investment—the impact of a hire on the organisation.

2. Professionals' Confidence in Their Analytical Skills

Talent management professionals want to become more proficient in interpreting recruitment metrics:

45% say that their analytical skills need sharpening, as compared to 40% who were confident in their skill with numbers.

Key Points:

Participants' responses indicate that HR organisation might not be tracking detailed recruitment metrics

because many professionals admit they are not comfortable interpreting them.

2013 may just be the year that some

HR professionals head back to the classroom to develop more sophisticated skills in numerical analysis. In brief, HR confidence in analytical skills adds up to greater value for an organisation.

We wanted to learn more about measurement of processes throughout the employee lifecycle, and in a separate survey, we asked professionals about how they measure the performance of their onboarding/employee transition programs—as shown in the following graph.

In Their Own Words

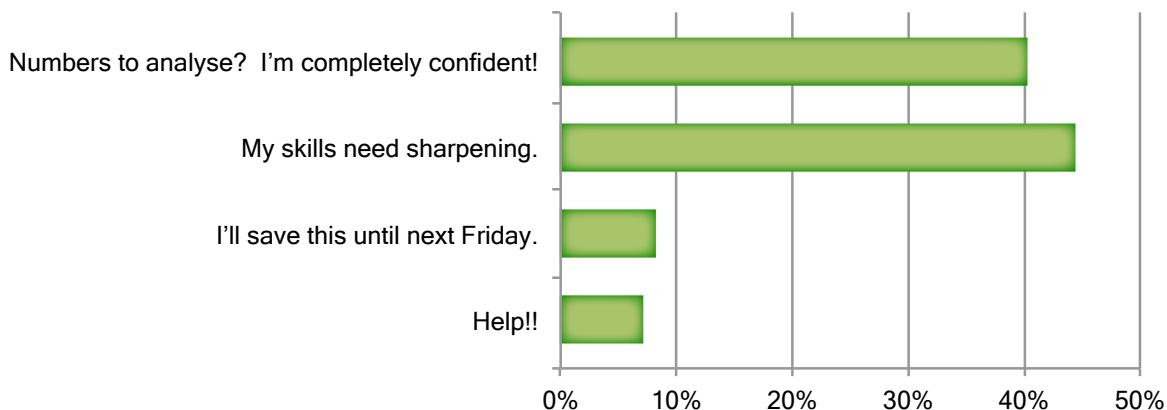
Professionals Describe Challenges in Tracking Metrics

“We don’t track recruitment metrics. The greatest challenge is finding the organisational will to do it.”

“We are so focused on filling jobs that we do not track the performance of our recruiting function on standard metrics.”

“Knowing the right metrics to track and translating them into a real-world situation: Those are our biggest hurdles.”

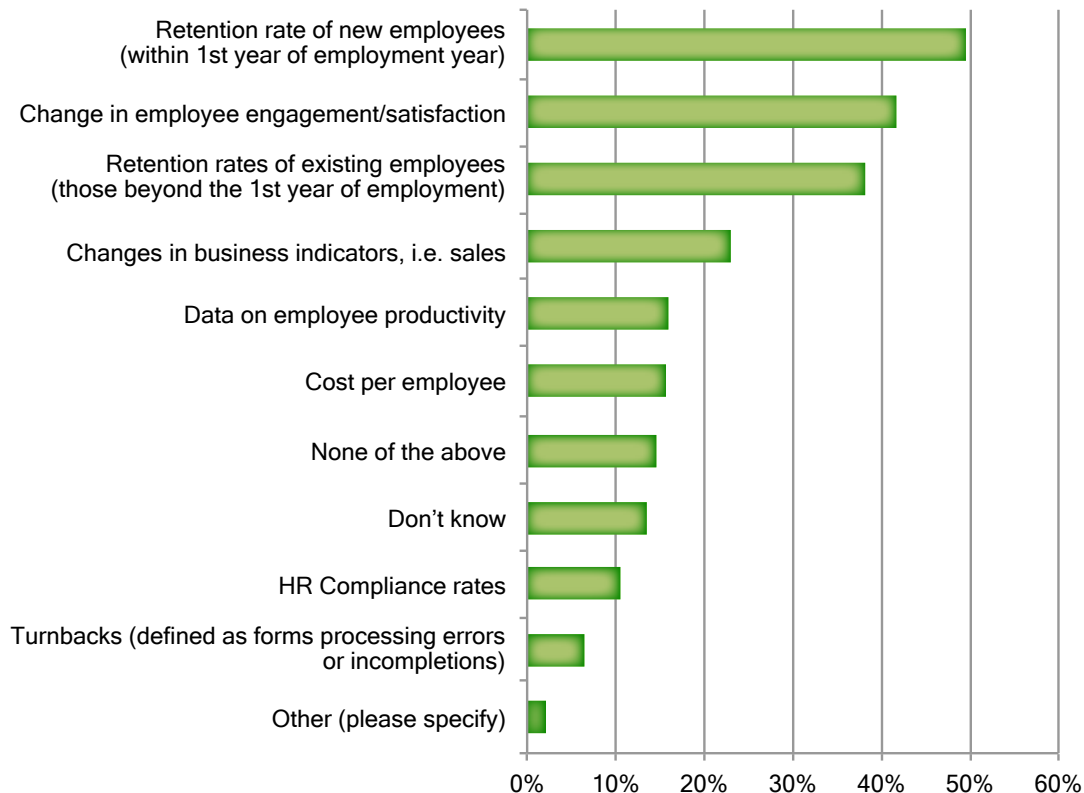
Please indicate your skill/comfort level with interpreting recruitment metrics.



3. The Yardstick for Measuring Transition Management Effectiveness

“Retention rate of new employees within the first year” (50%) and “Changes in employee engagement” (42%) were the most popular key performance indicators used for measuring transition management programs. *

Which of the following Key Performance Indicators does your organization use to determine the effectiveness of its process for managing employee transitions?
Please select all that apply.



*This was a 'check all that apply question' so responses will not sum to 100%.

Key Points:

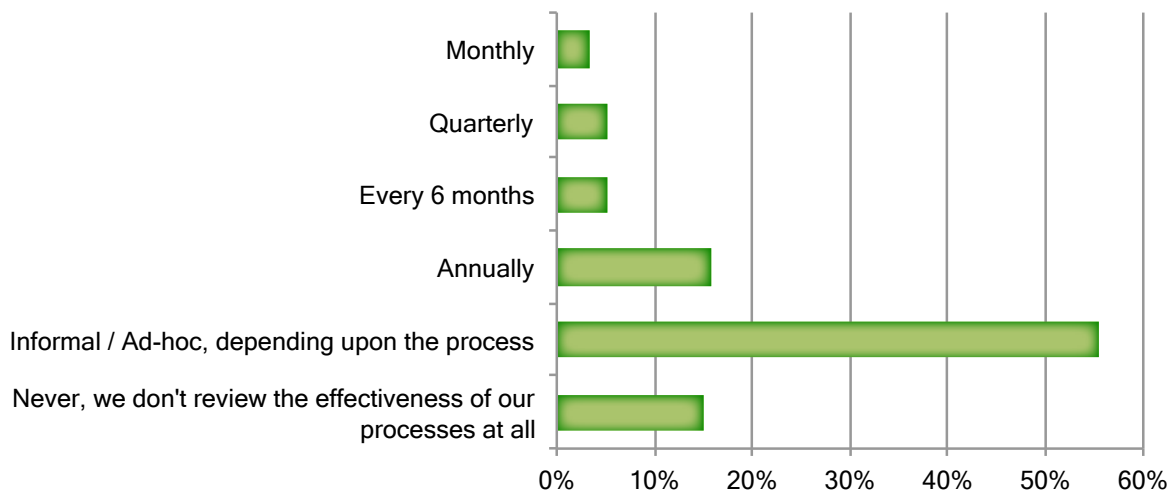
Companies get good marks for defining several common (and traditional) KPIs to evaluate their transition management processes, namely retention and employee engagement. Yet fewer companies used “hard” business data to measure program effectiveness, such as cost per employee, productivity, or changes in business indicators, such as sales. One explanation is that professionals might not have readily accessible data—or the skills—to calculate those metrics.

We probed further to determine how often organisations used KPIs for measurement, as shown in the next graph.

4. Measurement of Transition Management: Sporadic and Infrequent

More than half of the respondents assess their employee transition programs on an ad hoc basis (56%).⁶

How often does your organization FORMALLY assess the performance of its transition management processes?



Key Points:

Clearly, survey findings underscore a need for improved planning and scheduling of process assessment. A surprising 56% percent of respondents indicated they do not assess their transition processes on a regular basis, and 15% do not assess their processes at all.

Given these results, we wondered whether organizations had automated transition management. Automated tools can deliver information rapidly and provide greater visibility into the workforce. They can provide reports that tell professionals whether their transition management processes are working effectively.

FAST FACT

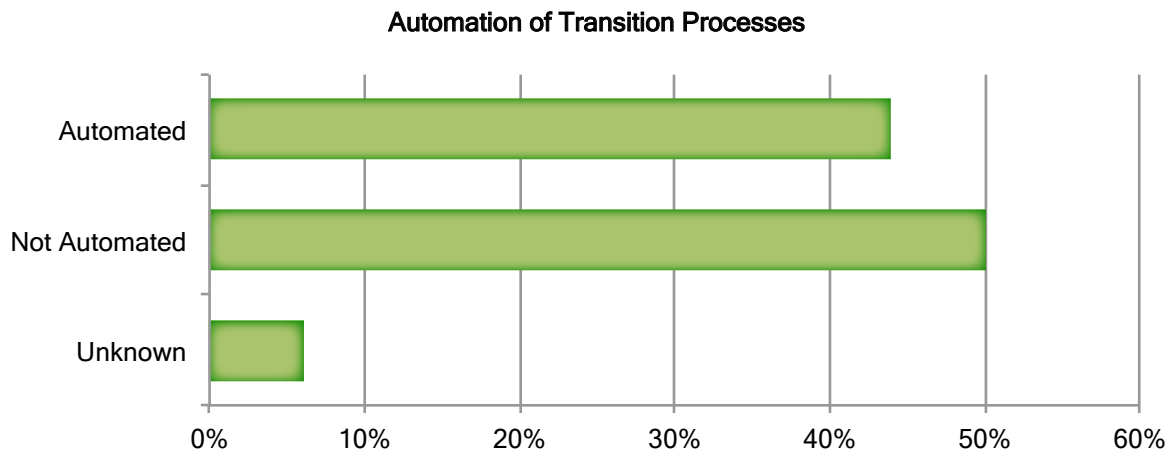
50%

The number of companies that have not automated transition management.

⁶ The categories of employees we focused on were new hires, promotions, transfers, relocations, mergers and acquisitions, and offboarded workers.

5. Automated Transition Management Processes

Half of the respondents had not automated their processes for managing transitions (50%), as opposed to (44%) who had automated.



Key Points:

Automated transition management software not only eliminates paper forms, it provides the employee with a more effective, positive experience. Yet, it's evident that organisations are split on the question of automation.

Survey findings also tell a “tale of two workforces.” Many professionals (44%) said automated software was used to manage transitions for employees recruited from outside their organisation. Still, automation was not widely used to manage the transitions for transferees, departing employees, or those joining a company through merger or acquisition—particularly stressful events.

In Their Own Words

Professionals' Challenges in Managing Transitions

“We have too many local processes and lack the ability to share and enforce a standardised one.”

“We lack systems to automate and centralize our transition management processes.”

“Internal transfers are not standardised, and in some cases, they should be treated as new hires.”

“We need to centralise our transition processes and adopt best practices.”

Less than one-quarter of respondents reported using automated software for each of these types of events.

The offboarding issue is particularly complex. Most companies naturally stop payroll, benefits, and security access. However, it's critical that companies also discontinue cell phone accounts, mobile applications, voicemail, and email. Given so many handoffs between departments, this can be a difficult task without an automated process.

Overall, findings suggest that companies stand to improve their lifecycle management processes. HR must lead the charge to make sure that employee transitions are smooth.

The State of HRMS

Inarguably, HRMS software has transformed the HR workplace and will continue to do so. Automated systems have boosted productivity in HR offices, shifting the HR professional's role to be less administrative, more consultative. Speed and efficiency have become benchmarks in tasks such as compliance reporting, managing employee benefits, and measuring workforce retention. Moreover, automation has enabled HR professionals to engage in higher level workforce planning and more strategic activity.

Still, we wondered: Have paper filing cabinets, benefits statements, and payroll truly gone the way of the dinosaur? How completely automated are organizations' HR functions, and are they really that well-integrated? In SilkRoad's 2012 HRMS survey, we were particularly interested in the processes, methods, and practices organisations use. We wanted to gain greater insight into organisational trends and learn whether professionals were truly reaping the benefits of automated systems.⁷

FAST FACT

38%

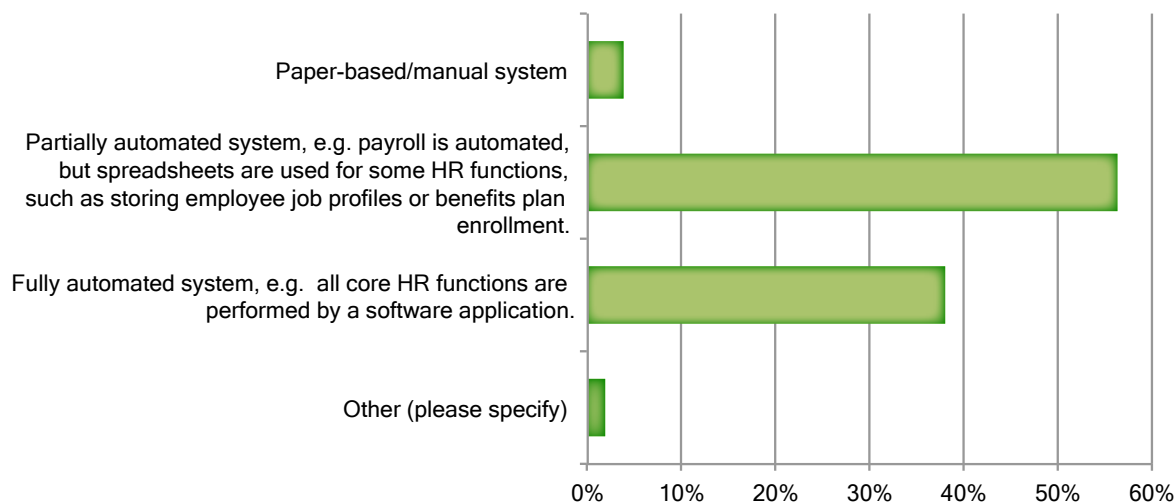
Companies that had fully automated all core HR functions.

⁷ In the survey, a Human Resources Management System (HRMS) is defined as a software application that combines core human resources functions, such as benefits administration, payroll, compensation and timekeeping into one package.

1. Automation of Human Resource Functions

Most respondents reported that their HR systems were partially automated, (56%) e.g. payroll is automated, but spreadsheets are used for some HR functions, such as storing employee job profiles or benefits plan enrollment. 38% said their systems were fully automated.

Please choose the option that best describes the automation of your organization's human resources functions.



Key Points:

Though the majority of organisation had automated some or all of their HR functions, a sizeable number are operating with standalone “silos,” not integrated with other business processes. This finding indicates that many professionals manually compile reports and sift through data to get the information they need—an unfortunate situation in our age of advanced technology. Companies can derive much more strategic value from automated systems, because they

In Their Own Words

Professionals Comment on Their HRMS

“Our “HRMS” was really built to feed finance. Everything else is either stand alone OR jerry-rigged around that.”

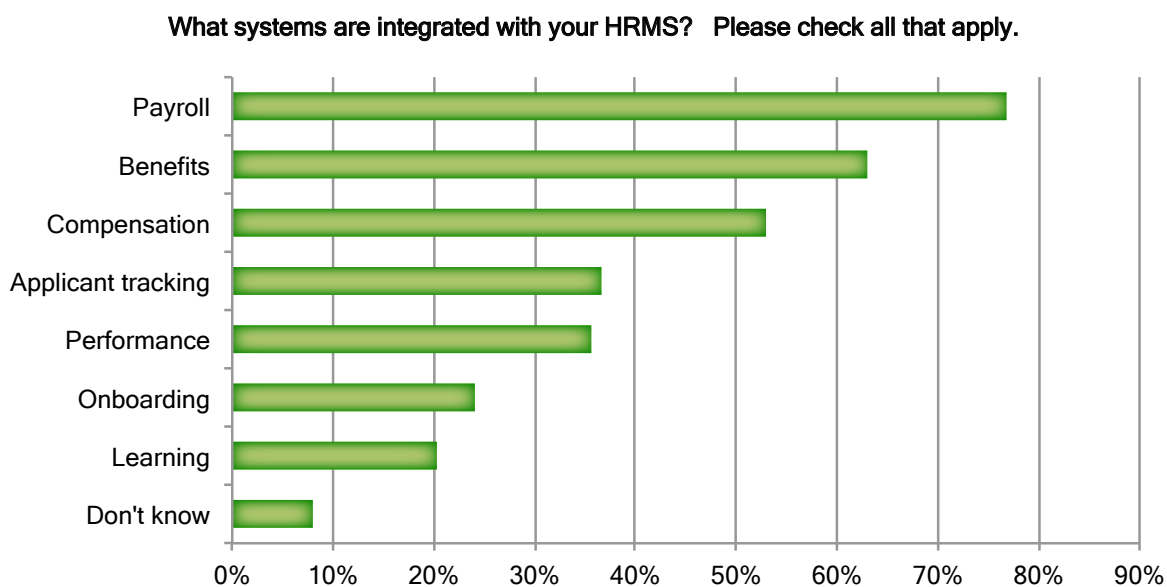
“We really don’t have a true HRMS. We have lots of systems that are independent of each other.”

“Our system is really geared toward payroll processing, the HR functions are minimal and not always conducive to what we need it to do.”

supply consolidated, readily accessible information for analysis. Through automation, professionals are able to study workforce metrics and analyse HR programs in financial terms.

Last but not least, fully automated organisations can be more accurate in meeting compliance regulations; those companies that lack full automation may struggle to assemble complete and correct information for compliance reporting.

- 2. Integration of HRMS with Other Talent Management Systems: Unlikely**
Not unexpectedly, Payroll Systems (77%) and Benefits (63%) were the functions most integrated into the HRMS. Performance (36%), Onboarding (24%), and Learning (20%) were less likely to be integrated into the HRMS.

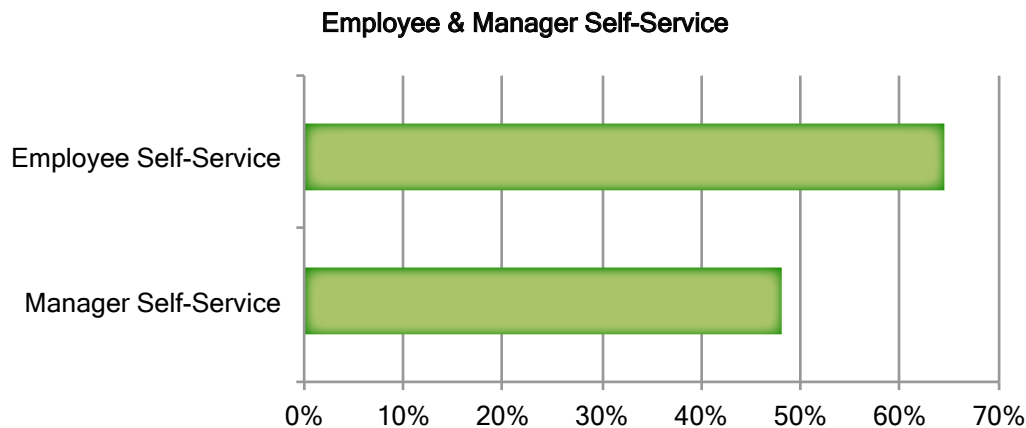


Key Points:

Unsurprisingly, most respondents reported “need to have functions,” such as payroll and benefits integrated into their HRMS. Yet, this integration did not extend widely beyond “core” functions of HR to Performance, Onboarding, and Learning. Without a doubt, organisations are faced with the issue of analysing data originating from multiple systems.⁸ Questions remain: Does the absence of integration cause human resource departments to be slower to respond to the needs of the business? And, are they more “siloesd” and less strategic in their decision making processes?

3. HRMS Self-services: Managerial versus Employee

Organisation would benefit by having managers use more HRMS self-service functions. Compared to use of employee self-service (65%), use of managerial self-service was less prevalent (48%).⁹



Key Points:

Though it's encouraging that the majority of companies empower employees to manage their own information and benefits, it's unsettling that fewer managers have self-service capabilities. First-line and middle management are crucial to efficient organisational operation. But from survey findings, we conclude that many are missing the opportunity to take care of HR functions efficiently through an HRMS.

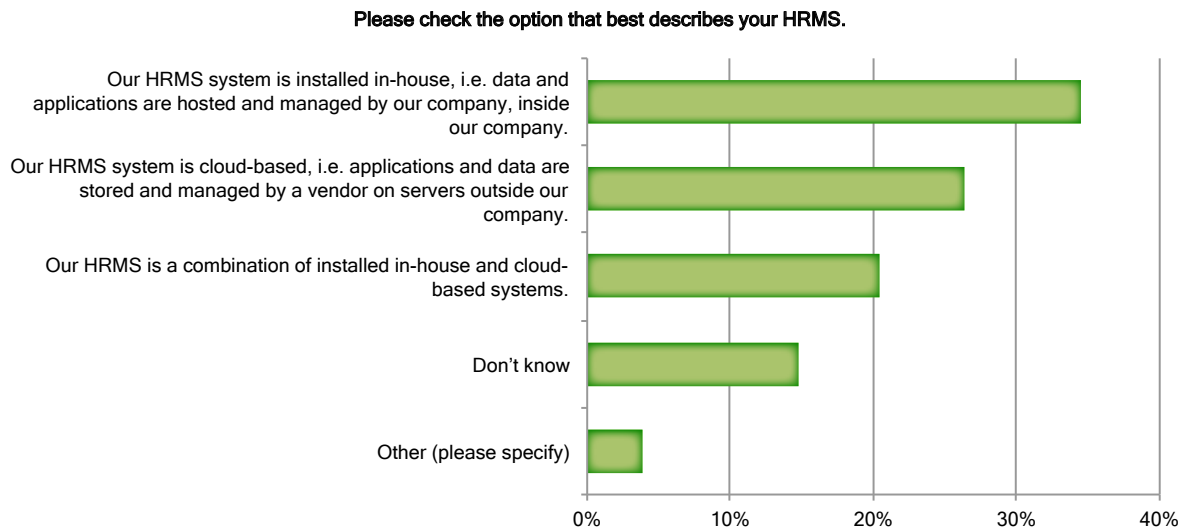
Without a doubt, companies can help their managers be more effective and productive. There's an opportunity for managers to move from being paper pushers to being truly consultative, using HRMS functions to run reports, process changes in employee status, or view employees' education records, for example. Still, managers need to be "re-skilled" in order to use new automated systems efficiently.

⁸ Bersin & Associates Research Report, Strategic Human Resources and Talent Management, November 2011. According to Bersin, large companies still have an average of seven HR systems in place, making it difficult to create a single integrated environment for analytics, reporting and decision-making.

⁹ In the survey, we gave respondents examples of managerial and employee self-service. We said that managerial self-service might involve giving managers the ability to access HR reports, process employee changes of status, or view employee education records, for example. We said that employee self-service might entail benefits open enrollment online for employees, or giving employees the ability to update information in their human resource files, such as emergency contact numbers.

4. Projection: “Cloud” on the Horizon

Companies appear to be incorporating partial, or in some cases, complete cloud-based approaches into their HRMS. While in-house installed systems are more prevalent (35%), “pure” cloud-based systems represent 26% of responses, and combinations of cloud and in-house systems represent an additional 20% of responses.



Key Points:

More companies rely on in-house HRMS systems, yet findings show that “cloud” is steadily becoming a component of HRMS strategy. Cloud-based systems are recognized for their ability to host distributed, geographically dispersed data, and to provide users with 24/7 access to data and applications. HR departments considering greater employee and managerial self-service, especially after working hours, will look to the “cloud” as a logical solution. Future surveys will tell whether this trend toward self-service will continue.

Intriguingly, survey data show that HRMS strategy is being driven by HR. Though we initially assumed that IT was in charge, findings showed otherwise: We found that HR “owns” its human resource management systems at the Director level and above (64%), as compared to IT (9%).

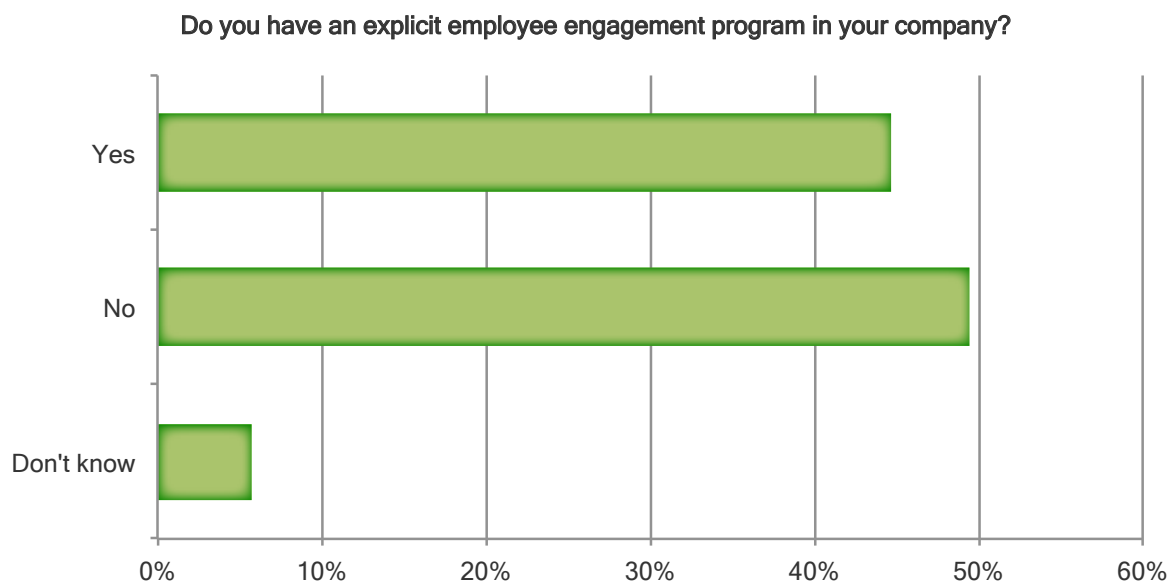
The State of Employee Engagement

This year, employee engagement continues to spark discussion in the C-suite, HR offices, and the media as a strategy that fosters greater workforce morale, productivity, and retention. When hiring budgets are thinner, employees are stretched to work longer hours and take less time off: As a result, companies are seeking ways to increase their workers' loyalty to their jobs and organizations. Employees who are invested in their jobs are more enthusiastic, proud of their work, and ultimately create greater competitive advantage for an organisation.

With this in mind, we wondered whether employee engagement programs were widespread and whether they were well-supported by management. So, this year we conducted an entire survey on this topic.¹⁰ Nearly 600 talent management professionals responded to our call for information, suggesting that this is one of their top-of-mind concerns.

1. Employee Engagement Programs: A Split

Employee engagement programs are not necessarily the status quo. There is a fairly even split between organizations that have explicit employee engagement programs (45%) and those that do not (50%).



¹⁰ In our survey, the term "employee engagement" was defined as a measurable degree of employees' attachment to their jobs, their companies, and their colleagues, as well as the tools and techniques used to engage employees to become productive, contributing members of their teams. contact numbers.

Key Points:

To set the tone for our survey, we asked professionals whether they had an explicit employee engagement program. Surprisingly, findings show that explicit employee engagement programs are not necessarily widespread. More organisations have chosen not to establish programs.

Properly implemented, employee engagement programs can spur employees to work concertedly toward company success. Yet, it's important to note that employee engagement isn't about superficial "feel good" programs, which can actually cause employees to become cynical and disengaged. Employee engagement is a mindset that energizes an organisation 365 days a year.

2. Fostering Engagement: The Best Mechanisms

For mechanisms to foster employee engagement, the most often selected response was 'Trust in management' (54%) followed by 'Career development' (47%).

"Salary" rated relatively low at 20%. 'Good pension and retirement plans' and 'Diversified compensation options' each received only 4% of the responses.

In your opinion, what are the best mechanisms to foster employee engagement? Please check your top three.



Key Points:

Employee engagement is a mix of different ingredients—but the real “secret sauce” is trust that management will steer the organisation to success.

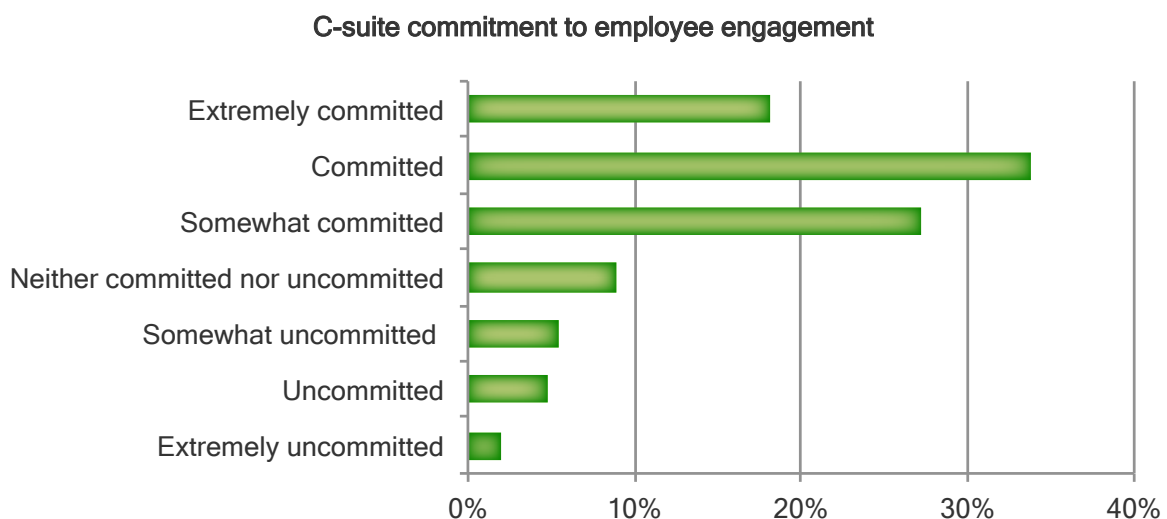
Survey participants recognize that trust in management is the number #1 way to spark employees' enthusiasm and dedication. Opportunities for 'career development' ranked #2 in importance among respondents, indicating that employees who are able to realise greater depth in their jobs are more engaged.

Employee engagement isn't just a vertical, top-down strategy (management to employees), but is also horizontal, giving employees plenty of time to interact with their co-workers or those in other areas of the company. One solution for geographically distributed organisations: New technologies and tools can help tie together a workforce and enhance communication among employees. As we saw in other parts of this survey, employees are already using an array of mobile devices in the workplace and view social media as a “fun way to interact with co-workers.” Chat, Skype, and other VOIP (voice over Internet conferencing applications) are also technologies to explore.

Unsurprisingly, professionals in the survey recognise that employee engagement isn't about a paycheck or good benefits, choices that received low responses.

3. How Committed is the C-Suite?

Most professionals rated their C-suite as either committed (34%) or somewhat committed (27%) to employee engagement, suggesting that engagement is important to executives, but not a top priority.



Key Points:

Management literature shows that companies will do a better job of engaging employees if their leaders are truly engaged. Crunching the numbers, we discovered that the C-suite is committed to employee engagement, but not overwhelmingly. Executives who are not wholly committed to employee engagement are missing an opportunity to unlock the creativity and energy of their workforce. Still, a question remains to be answered: How can HR professionals enlist the executive suite to be greater champions of employee engagement, and otherwise address the challenges to employee engagement?

4. Challenges to Employee Engagement

We wanted professionals to tell us in their own words the challenges they face, so we asked them, “Please describe in two or three sentences your chief challenges in keeping employees engaged.”

Participants identified several clear challenges vis-à-vis employee engagement:

- A lack of buy-in at the managerial level.
- Responsibility for managing employee engagement programs is not clearly delineated.
- An absence of metrics for assessing value of engagement programs.
- Engaging different levels and age groups of employees.
- “Silos” within the company create inconsistencies and prohibit employee interaction.
- The issue of providing localised or company-wide engagement programs.

*In Their Own Words***Professionals’ Top Challenges to Employee Engagement**

“Our top challenge currently is to get senior level buy-in.”

“Consistency among leadership is a challenge to employee engagement in our organisation.”

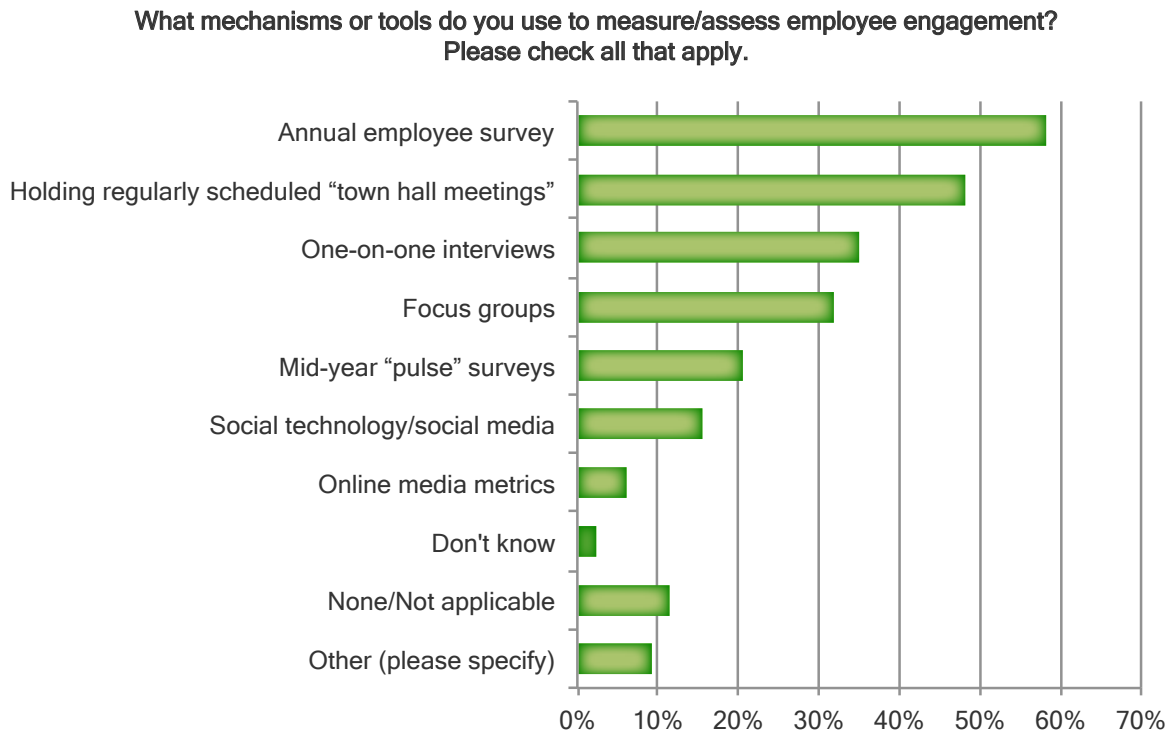
“Helping them understand how their role and their contributions fit into the bigger picture and goals of the business.”

“One of the hardest challenges is keeping a clear clean line of communication flowing and an open door program. Employees need to feel like their voices are being heard and understood. They don’t want to feel like their concerns are falling on deaf ears.”

5. Measurement: Traditional and Somewhat Infrequent

The most popular mechanisms used to measure engagement are: 'Annual employee survey' (58%), followed by 'Holding regularly scheduled 'town hall meetings' (48%).

The majority of companies measure employee engagement once a year.



Key Points:

Most organisation still rely on traditional methods of measuring engagement, such as the annual employee survey and town hall meetings. While these are perfectly fine tools for measurement, they might not deliver the most up-to-date information, particularly for companies in the throes of dramatic change—such as mergers, acquisitions, or downsizing. Only 21% of companies conduct mid-year "pulse" surveys, and 16% use "social technology/social media" to measure workforce engagement. Frequent two-way communication with the workforce will enable talent management professionals to "course correct" if there is an issue concerning employee morale.

Conclusion

At the outset of this report, we noted that talent management professionals are challenged to adopt a new mindset, driven by tumultuous changes in the marketplace. HR and L&D professionals are balancing day-to-day, responsibilities, yet are also being asked to deal with the “new normal” of virtual workforces, innovative tools, and an uncertain global economy.

This year’s research highlighted some intriguing developments. For starters, we found that social technology isn’t just a passing fad. Many organisations have implemented “social” and others have it on their agenda within the next year. Recruitment is the hottest space for social technology, followed by Learning.

Plans to use cloud computing, either as a standalone solution or in combination with other in-house systems, came as a real surprise. Moreover, we had assumed that “cloud” was driven by IT departments, but in fact, we found that HR firmly controls decisions about its HRMS systems. So what are the implications of the “cloud” for talent management? With cloud computing systems in place, professionals can more effectively manage talent from any place, any time zone in the world. Correctly implemented, cloud-based software enables employees and managers to access self-service HR functions, removing the administrative burden from HR & LD professionals.

FAST FACT

50%

Companies that do not have employee engagement programs.

At that same time, organisations remain vulnerable. Professionals express a lack of confidence in their analytical skills with regard to metrics. Without metrics, companies are missing vital information they need to make sound business decisions for planning, budgeting, and staffing. In other words, you can’t be effective if you don’t understand what is happening in your organisation.

We also found that companies were fairly split on whether they had explicit employee engagement programs. Trust in management is the “secret sauce” that inspires employees’ loyalty to an organisation. Yet survey participants indicated that their C-suite is committed to engagement, but not overwhelmingly.

Lack of HR process integration also emerged as a theme. Beyond payroll, benefits, and compensation functions, the processes for Performance, Learning, and Recruiting were

usually not integrated, leaving professionals to manage a patchwork of different systems and approaches. We wondered whether this lack of integration makes talent management professionals more “siloe” and less effective in their decision making processes.

Despite evident vulnerabilities, the State of Talent Management is sound. Professionals in the survey are well aware that change is in the air—and they know what needs to be done to effect it. What remains to be seen is whether they can stay ahead of the transformation. Will they help drive change, or will they simply be witness to it?



ABOUT THE SILKROAD TALENTTALK RESEARCH PROGRAM

The SilkRoad TalentTalk Research program provides research and education that helps talent management professionals understand the best practices, processes, and tools used by their peers.

Drawing upon the experience and resources of SilkRoad, industry experts, and an independent research firm, the TalentTalk program is committed to helping professionals build high-performance organisations. For more information about the State of Talent Management and other TalentTalk research reports, please contact ukcontactinfo@silkroad.com