The HCM Imperative: Aligning Technology With the New Digital Employee

Research Brief

Brandon Hall GROUP

Brandon Hall Group Research Team
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NOTABLE INSIGHT

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Executive Summary

Anyone who has been involved in human resources for more than one week has seen the advent of some new HR technology. It takes about the same amount of time in HR to have been warned about the wave of digitally sophisticated Millennials who are transforming the workforce. The two issues – rapidly multiplying technologies and a rapidly increasing number of digital natives – may seem to solve each other (the technical comfort of Millennials assuaged with a shiny new toy). But in reality, the two trends compound each other.

While many of these new technology solutions address a specific need (e.g., payroll processing, social collaboration, HRIS), they don't necessarily address overall business outcomes (e.g., revenue generation, profitability, customer satisfaction). In fact, recent research from Brandon Hall Group shows that there are financial repercussions from implementation of these systems that are not directly related to the processes they were originally created to improve.

This is because HR often implements technology without:

- Properly determining the right technology solution, process and support structures

- Properly implementing and integrating the technology

- Training end-users on the technology

Either due to time and budget constraints, or because an assumption is made that the newest generation is automatically tech savvy, many HR teams find that the technology did not solve the problems for which it was intended.

Even worse, the unfamiliarity with the technology or the new, confusing and complex user interfaces often leaves end-users – the employees – less engaged than they were prior to the new solution. Just because a solution makes it possible to address specific business issues does not mean that it automatically will.

## The Nexus Between Employee Engagement and HCM Technology

Rapidly changing workforce conditions are placing new pressures on how organizations engage their employees. Technology is both a driver for these changes (internet-connected employees have more opportunities to communicate internally and externally about grievances or perceived slights), and also has been driven by workforce changes (a global workforce means collaboration must be possible even across half the Earth).

In the example above, technology allows employees to share their negative experiences. But positive, engaging experiences can also be captured and magnified by technology. By allowing greater communication, workers can become more connected with their co-workers from distances that previously required hours of often cost-prohibitive travel. For example, screen-sharing and videoconferencing technology create a level of personal connection that cannot be replicated by written communication, and this helps create positive engagement despite distance or societal differences.

Cultural misunderstandings and communication barriers are diminishing rapidly, and this has led to an even greater reliance on technology, which is creating a perpetual cycle of expansion. As technology enables organizations to expand into new countries, it's also needed to connect the global workforce.

What often is neglected in this expansion is the employee user experience. Organizations firmly committed to an employee engagement strategy must understand the value of a great experience for their employees.

In Brandon Hall Group's 2015 HCM Technology Trends survey, creating a better HR experience for employees was only the fifth leading driver for automating HCM systems, but it was the second most common reason for replacing existing HCM systems.

Figure 1	Reasons for Replacing HCM Systems
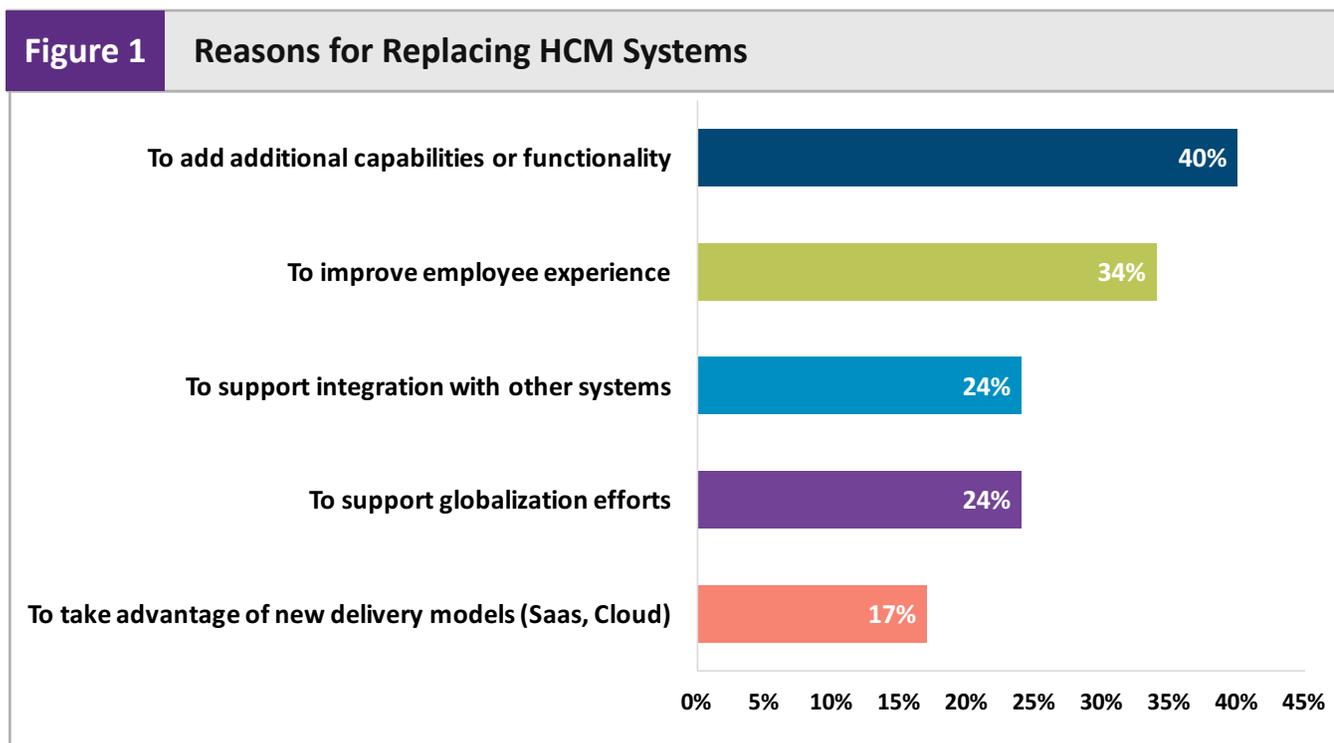
Source: 2015 Brandon Hall Group HR Technology Trends Study (n=365)

This may be a cause-and-effect relationship: User experience had not originally been a priority in system selection, but as newer systems are replacing legacy ones, user experience is now understood to be more important than previously known.

This realization is important, because the ultimate goal for HCM automation should be increased business results, and that cannot come without employee engagement.

Brandon Hall Group's talent management research shows that organizations that have talent strategies in place, invest in talent process automation, and focus on talent priorities, reap better results. The graphic below compares business results of high-performing (Level 4) organizations – those that combine talent strategy, a focus on filling talent gaps, and talent process automation – to other performance levels.

Figure 2	Process Improvement through Automation Drives Business Results		
Level	**Description**	**Revenue Very Good or Excellent**	**Decreased Turnover**
Level 4	**High-Performing** Represents 6% of organizations	**50%**	**37%**
Level 3	**Performing** Represents 57% of organizations	**45%**	**13%**
Level 2	**Under-performing** Represents 24% of organizations	**24%**	**12%**
Level 1	**Poor Performing** Represents 13% of organizations	**12%**	**12%**

Source: Brandon Hall Group State of Talent Management Study (n=312)

The case for a company improving its HCM technology is clear, but does a top-tier technology solution automatically result in increased employee engagement? The answer is more complicated than a simple yes or no – although the short answer is no; it must be offset by improved and supportive internal HR processes.
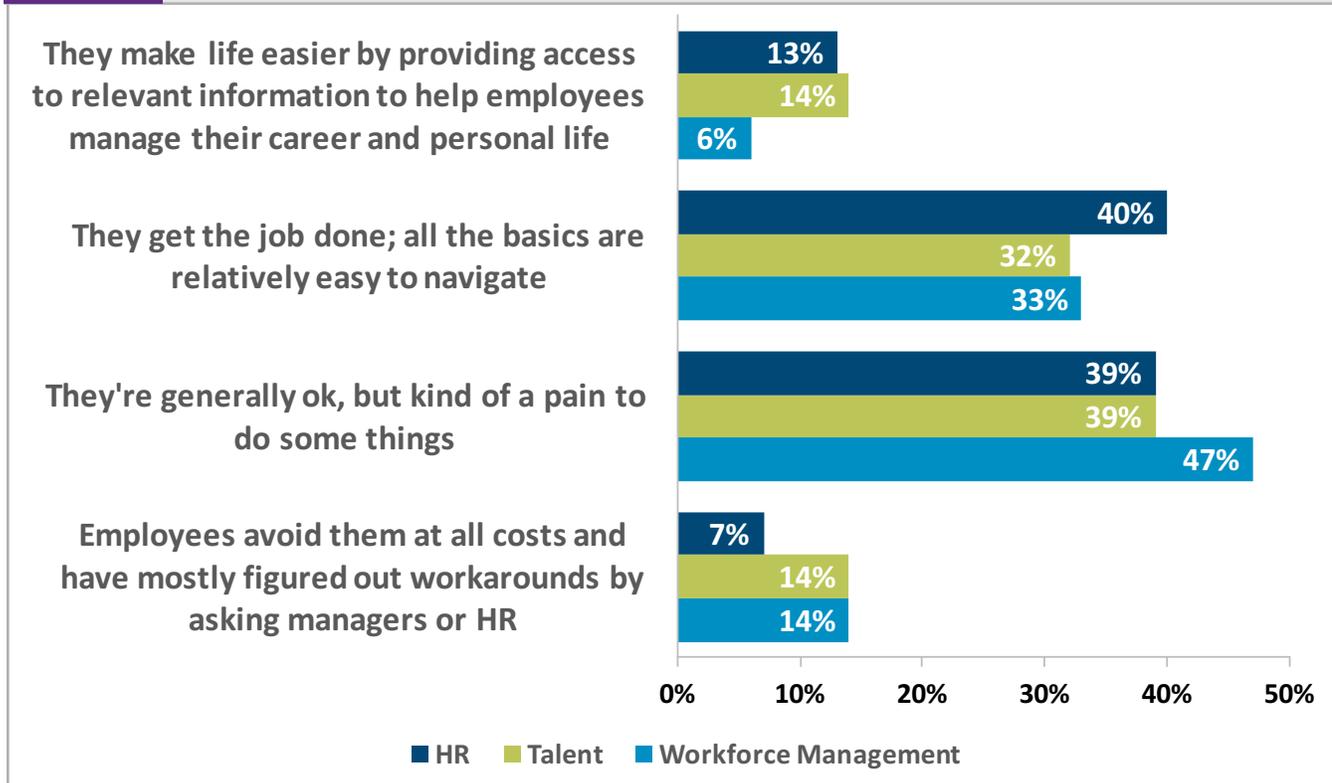
NOTABLE INSIGHT

Organizations surveyed were just as likely to hate their HCM technology solution as they were to love it.

The Current Satisfaction With HCM Technology

The current state of technological satisfaction within organizations is one of indifference. Respondents to the Brandon Hall Group's 2015 Employee Value Proposition Survey were just as likely to hate their HCM technology solution as they were to love it (Figure 3), and only 19% of organizations said they were very satisfied with the quality of their technology environment (hardware and solutions that work properly).

Figure 3	Satisfaction With Technology Systems

Source: 2015 Brandon Hall Group Employee Value Proposition Study (n=203)

56% of our survey respondents said HR service delivery through technology systems was extremely important to the employment brand and employee engagement.
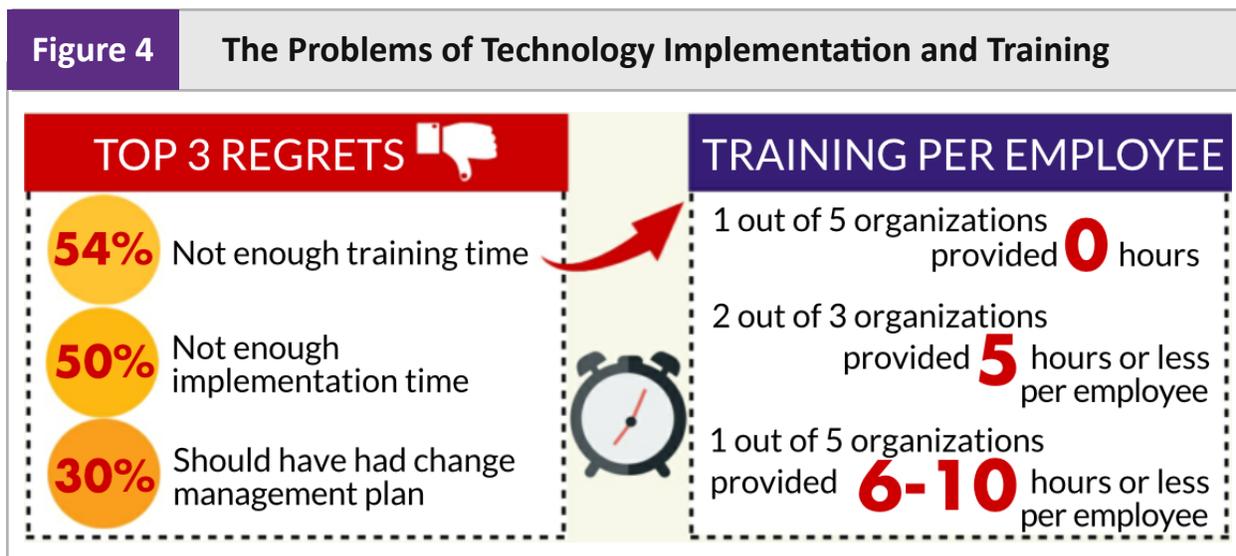
NOTABLE INSIGHT

The most common regret, expressed by 54% of respondents, was not having scheduled enough training time.

But the understanding of what is needed to improve existing systems is changing. It is not only functionality (although obviously important), but also the way that these systems interact with each other (integration) and the employee (user experience).

The research also shows that the technology implementation and training processes are severely lacking. Regrets were reported across all types and sizes of organizations (Figure 4). The most common regret, expressed by 54% of respondents, was not having scheduled enough training time. When a follow-up question was asked about the amount of actual training time given, 66% of companies reported they had given less than five hours of training per employee.

Figure 4	The Problems of Technology Implementation and Training

TOP 3 REGRETS

54% Not enough training time

50% Not enough implementation time

30% Should have had change management plan

TRAINING PER EMPLOYEE

1 out of 5 organizations provided **0** hours

2 out of 3 organizations provided **5** hours or less per employee

1 out of 5 organizations provided **6-10** hours or less per employee

Source: Brandon Hall Group HCM Technology Trends Study (n=365)

Those statistics are staggering, but the positive takeaway from that is that any organization planning to purchase a technology solution now knows the pitfalls. It is very clear that training for new systems is in high demand, but very short supply.

It may be that the training itself can be improved by focusing on the "how" and "why" of the change so employees feel a part of the process and not just the recipients of the policies made from on high, which leads to better acceptance and potentially better engagement. Allowances must be made to budget for the proper training for any new system, or the solution is likely to underperform. Ample implementation time and having a change management plan in place are also vitally important. In short, investment in transitioning to new technology is imperative for employee acceptance, which in turn has an impact on business results.

The Importance of Integration

Integration of systems is also vitally important in achieving the optimal employee engagement experience and system performance, because it allows the HR workers (whose time was freed up by the automated system so they could focus on better reporting and analytics) better data to work with.

Integration, as noted in the HCM technology study, is one of the foremost factors in high-performance people analytics. The data that the organization uses must be consistent and shareable across departments. Employees' access to that data allows them to not only perform individual tasks better, but to create a sense of engagement that comes from feeling part of a whole rather than compartmentalized and separate from their fellow workers. Many Cloud/SaaS vendors consistently oversimplify the level of effort required and saddle their clients with poor integration toolsets. Almost one-third (31%) of our survey respondents said that solutions were not integrated as promised by their providers. Clients are then forced to redirect integration efforts into more robust toolsets such as Oracle Fusion Middleware.

NOTABLE INSIGHT

Technology plays a critical role in employee engagement, but that technology must be supported by the right HR processes, policies,procedures, and methods.

Key Recommendations

Regardless of vendor promises, a technology solution is not always a solution. Technology plays a critical role in employee engagement, but that technology must be supported by the right HR systems, processes, policies, procedures, and methods. Many of these processes existed before the technology is implemented; it is vitally important that these processes are formally recognized and evaluated before any "solution" is put into place.

First, any organization interested in improving their technology should define just what "improvement" means to them. There are many similarities across companies (people are people), but there are also characteristics that define the disparate needs and requirements of the individual experience. Create a comprehensive integrated talent management strategy to identify the technology requirement that will be needed to support that strategy.

This strategy should include:

- **A formal procedure that involves input from any group that will be affected by the technology change.** This should include IT personnel. This input could come from focus groups, interviews, surveys, or any other relevant method, but the goal should always be to understand how the technology will support employees in performing their jobs.

Once the data collection step is complete, the various and possibly competing needs of each of the groups must be evaluated and a balanced approach should be taken that allows for the critical needs of stakeholders but keeps consistency and user experience at the forefront of all requirements.

Figure 5	Checklist for HCM Technology Strategy Development
1.	Launch employee surveys to assess the level of satisfaction of technology within the organization.
2.	Collate data and develop a list of technological requirements that balance the needs of business stakeholders, employees, HR, and IT.
3.	Build use cases to showcase how the system needs to behave to support major talent processes across the organization.
4.	Develop a comprehensive change management plan that includes plenty of time for implementation and training, which should include a system for receiving and reacting to employee feedback.
5.	Integrate systems as much as possible to create a uniform technological experience across the board for employees.
6.	Test and evaluate systems with user experience as the primary focus. Ease of use and simplicity of design are critical factors.

Source: Brandon Hall Group 2015

- **Use cases that illustrate how various users would commonly interact with the system to fully clarify all the different interactions that could take place.** Part of this exercise is imagining different scenarios that show not only how different stakeholders will be involved, both directly and indirectly, in a given action, but also will show the stress or possible break points in certain scenarios.

  Building use cases is an important exercise, not just to develop the steps needed to fully realize the various scenarios, but also to help to show the capabilities needed which helps in system selection. Using these scenarios also helps create a full set of test cases that will be leveraged regularly to test new versions. In the brave new world of SaaS, HR solutions are updated more frequently.

These updates require a more robust, automated and streamlined testing regimen to enable the new versions and guarantee user experience is not compromised.

- **Integration.** Once the system has been selected, integration with existing systems should be as extensive as possible. This integration will not only allow for better data sharing and improved analytics, but will help create as little friction as possible for employees moving between systems within the organization. The fundamental objective is to create an enriching experience that is a blend of ease-of-use and performance support for your workforce.

- **Budgeting proper time for implementation and training.** As shown by Brandon Hall Group research, organizations that did not spend the proper time implementing their systems and training their employees on the new system came to regret it later, and systemically reported lower levels of satisfaction with their systems overall.

These numbers will only be worse in coming years as the new digital employees become more prevalent, and they expect their technology to support them in becoming more autonomous, connected, and productive. There is real revenue to be lost by rushing the process, and even more revenue to be gained by creating a highly-engaged workforce that supports their technology as much as it supports them.

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