

## Using Digital Tools to Unlock HR's True Potential



**Human  
Resources**

# Talent Has Gone Digital, But Not HR

The Human Resource (HR) function is at the center of sweeping changes. Digital technologies are radically impacting the manner in which employees and prospects connect and communicate with organizations. Barring a few exceptions, however, HR functions in most organizations continue to stay rooted in traditional modes of engagement.

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*Mobile devices now account for over a billion job searches.*”

## Job Seekers are Rapidly Graduating to Mobile and Social Platforms

Job seekers are increasingly using digital channels and devices to search for jobs. In a survey of over 900 job seekers in America, 52% mentioned that they use Facebook, 38% use LinkedIn and 34% use Twitter to find jobs<sup>1</sup>. Additionally, mobile devices account for over a billion job searches per month<sup>2</sup>. An organization's presence across digital channels now has a strong impact on job seeker preferences. For instance, 40% of job seekers abandon a non-mobile friendly job application process<sup>3</sup>.

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*75% of leaders in HR and talent management believe their companies are behind the curve in the use of internal and external social networking technologies.*”

## Employees are Using Digital to Record Workplace Impressions

Digital is changing the way employees interact with employers. Increasingly, employees are using social platforms such as Twitter and Glassdoor to express opinions on workplace issues. Glassdoor, for instance, has more than 3 million pieces of content contributed by employees, on more than 200,000 companies across 190 countries<sup>4</sup>. Given their reach, these platforms can significantly impact employer branding. For instance, employees at HMV publicly tweeted their angst on being fired through the company's official Twitter account, which had a following of over 70,000<sup>5</sup>. The first tweet went viral with over 1,300 retweets in 30 minutes. The incident was a major public relations disaster for the company<sup>6</sup>.

## But HR is Still Lagging in the Use of Digital

The use of digital in HR is lagging on many fronts. 75% of leaders in HR and talent management believe their companies are behind the curve in the use of internal and external social networking technologies<sup>7</sup>. Only 26 of Fortune 500 companies offer a mobile optimized job application process<sup>8</sup>. And only 26% of talent acquisition leaders feel that their organization uses workforce analytics well during the hiring process<sup>9</sup>. We decided to explore the current state of digitization in HR in more detail, to understand the use of digital in key HR processes. In Spring 2013, Capgemini Consulting conducted its annual survey of 130 HR executives – the Global HR Barometer survey. The survey revealed that the overall digital maturity level of HR processes is low. Only few organizations have established best-in-class digital processes to interact with current and potential employees.

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*Only 6% of organizations use social recruiting as a way to interact with potential candidates and strengthen the employer brand.*”

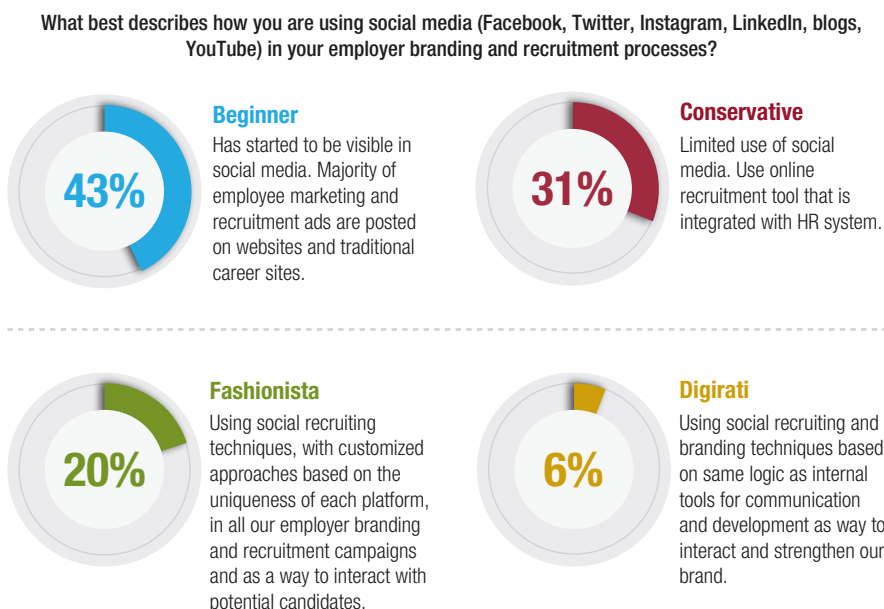
For instance, nearly 75% of organizations in our survey primarily still rely on traditional recruitment and branding techniques such as posting advertisements on traditional career websites. Only 6% of organizations can be classified as digitally advanced, using social recruiting as a way to interact with potential candidates and strengthen the employer brand (see Figure 1).

“  
**80% of organizations still rely on one-way communication tools for Learning and Development.**  
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Other HR processes also showed similarly low levels of digitization. For instance, 80% of organizations rely on one-way communication tools, such as face-to-face classroom training and webinars, for Learning and Development. Only a minority of 5% use socially interactive platforms that enable employees to share experiences and learn from each other (see Figure 2).

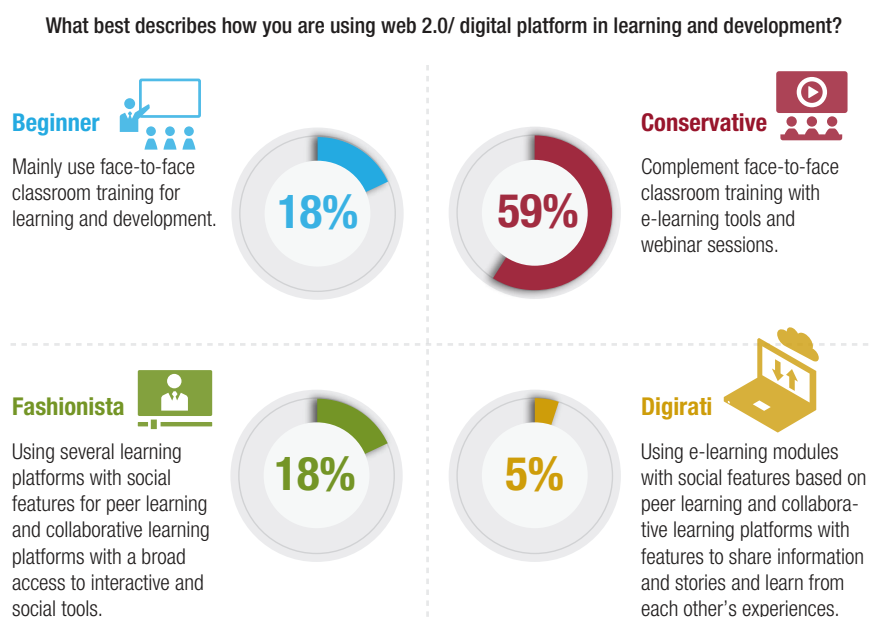
Recruiting and retaining talent in a competitive marketplace is a concern for nearly 70% of organizations. Our survey revealed that organizations that lag in the adoption of digital are also more likely to face challenges in recruiting and retaining talent. In this paper, we explore the transformational impact of digital on HR and how organizations should approach the digitization of their HR function.

**Figure 1: Use of Social Media in Employer Branding and Recruitment**



Source: Capgemini Consulting HR Barometer Survey 2013

**Figure 2: Use of Digital Tools in Learning and Development**



Source: Capgemini Consulting HR Barometer Survey 2013

# Digital Offers Innovative Ways to Attract, Retain and Engage Talent

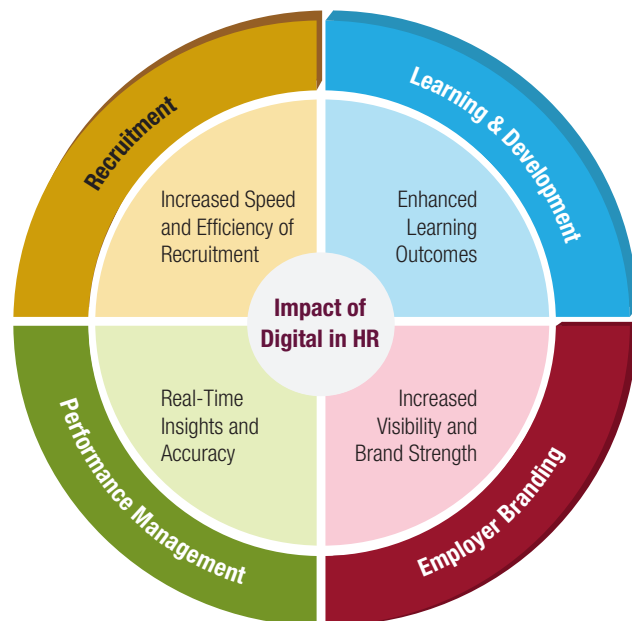
Digital can potentially revolutionize the manner in which HR processes are currently run. We investigated the impact of digital on key HR processes (see Figure 3).

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*UPS has seen the number of hires through its mobile and social recruitment channels increase from 19 to nearly 15,000 in just 3 years.*”

## Digital Technologies Help Organizations Close the Talent Gap Faster

UPS is a shining example of digital's potential to attract talent. In 2009, UPS cut back on traditional recruitment channels and instead began developing digital channels for recruitment. The company posted job recruitment videos online, which attracted 1.5 million views without any paid media support<sup>10</sup>. Since then, UPS's digital recruitment strategy has delivered impressive results. The company has seen the number of hires through its mobile and social recruitment channels increase from 19 to nearly 15,000 in just 3 years<sup>11</sup>. Digital also enhances the efficiency of recruitment processes. For instance, the use of workforce analytics enabled a bank to cut staff costs in one area by half. The bank analyzed the performance of staff and found that candidates from lower ranked universities outperformed top-university candidates, who typically draw higher salaries. As a result, the bank was able to better target its recruitment efforts and reduce recruitment costs<sup>12</sup>.

Figure 3: Impact of Digital on HR Processes



Source: Capgemini Consulting Analysis

“  
*78% of HR professionals feel that crowdsourced recognition data is an important source of information for performance reviews.*”

## Crowdsourcing Enhances the Accuracy of Performance Assessments

Research indicates that 45% of HR leaders believe annual performance reviews are not an accurate appraisal of

an employee's work. Additionally, 42% believe that employees are not rewarded fairly for their job performance<sup>13</sup>. As such, there is a strong need for organizations to overhaul existing performance management processes and align them more closely with employee aspirations and entitlements. Performance management based on data gathered from internal social platforms injects multiple sources of feedback into the review process and enables feedback to be recorded continuously. Consequently, it offers richer insights into an employee's performance, which in turn enables a fairer appraisal. In fact, in a recent survey of more than 800 HR professionals, 78% said that crowdsourced recognition data is an important source of information for performance reviews<sup>14</sup>.

“

*83% of talent acquisition leaders agree that an organization's employer brand has a significant impact on its ability to hire great talent.*

”

### **Employer Branding Receives a Shot in the Arm with Social Media**

A strong employer brand plays a critical role in attracting and retaining talent in a competitive marketplace. In a survey of talent acquisition leaders 83% agreed that an organization's employer brand has a significant impact on its ability to hire great talent<sup>15</sup>. Organizations that have adopted digital for employer branding have seen strong results. For instance, Novo Nordisk adopted a social media-focused employer branding strategy to attract new applicants, especially those of international origin, to its Graduate Program — a rotational program for new recruits. Current and former graduates

from the Graduate Program were encouraged to share their experiences on the company-owned blog and Twitter accounts. The initiative saw the number of applicants for the Graduate Program rise threefold, from 1,250 in 2008 to 3,500 in 2011 and drew candidates from over 92 countries<sup>16</sup>.

### **Gamification Boosts Employee Learning and Development**

The effective use of digital platforms can dramatically improve learning outcomes. Research shows that the use of gamification techniques, for instance, can enhance employees' ability to learn by as much as 40%<sup>17</sup>. NTT Data has successfully used gamification to build critical leadership skills among its employees. The company developed the “Ignite Leadership” game to enable employees to experience a variety of leadership scenarios. The game offers employees the opportunity to learn more about new management subject areas and the role they aspire for. It allows them to collaborate online with their peers, get instant feedback and be recognized for their game — all the while increasing their visibility as potential leaders. The

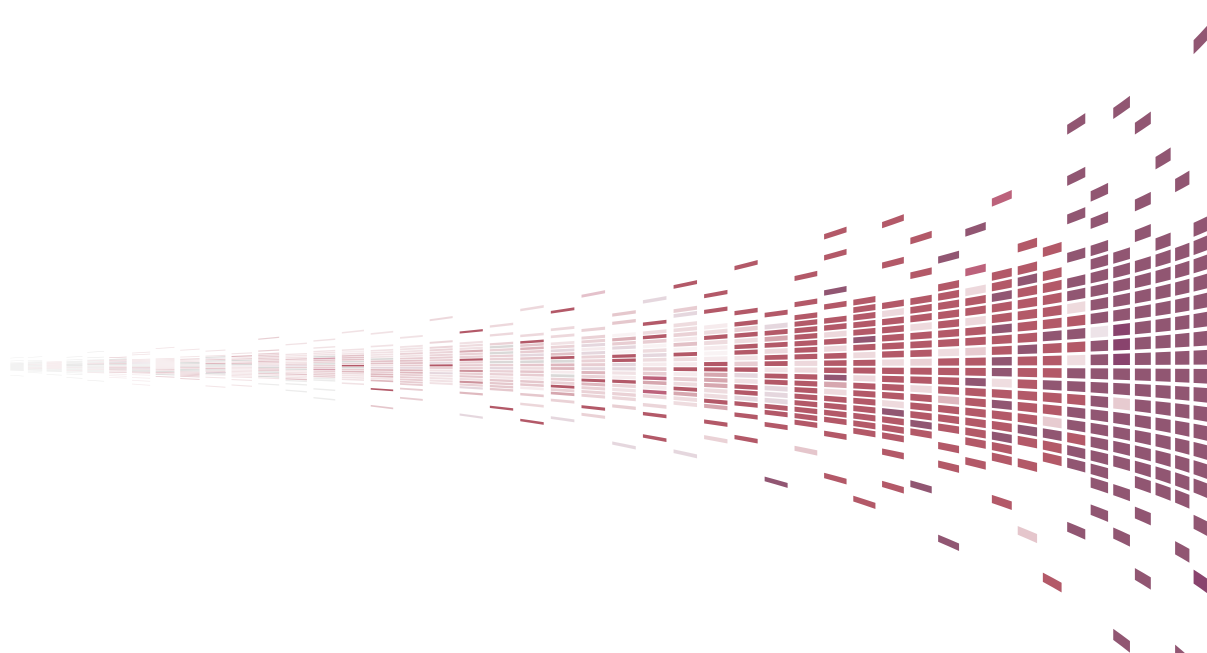
results from the “Ignite Leadership” game have been impressive. The game led to a 50% increase in the number of employees taking up team leadership roles, compared to traditional training and coaching methods<sup>18</sup>.

In the next section, we look at the barriers impacting HR's ability to digitally transform processes.

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*The use of gamification techniques can enhance employees' ability to learn by as much as 40%.*

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# What Is Holding Back Digital In HR?

Digitization in HR is being held back by infrastructure constraints, perception issues and inadequate use of data in decision making.

## Current HR IT Systems Do Not Support the Latest Digital Technologies

HR processes in most organizations have traditionally been supported by multiple systems. These include ERP systems as well as legacy custom-built systems. These systems are not interoperable and do not function seamlessly. Close to 70% of organizations in our survey stated that they face integration issues with their existing HR IT systems (see Figure 4). Such fragmented systems prevent HR from rolling out organization-wide initiatives. Additionally, 44% of companies said that their HR IT systems are not compatible with the latest technologies such as Web 2.0 tools and devices such as smartphones.

## Senior Management Perceptions Curtail Digitization Efforts

The HR function has traditionally been viewed as a cost center. In fact, only about half of all respondents in a 2012 survey of HR executives agreed that HR is seen as a profit driver in their organizations. The perception was found to be particularly pronounced in North America where only 23% of organizations consider HR to be a profit driver<sup>19</sup>. Consequently, HR initiatives

are often not regarded as strategic and have been the target of cost reductions.

Additionally, senior management concerns regarding the impact of social media on company branding are also

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*70% of organizations in our survey stated that they face integration issues with their existing HR IT systems.*”

stalling social media adoption. Almost 30% of HR executives say getting buy-in from senior management for social initiatives is a major hurdle as senior management is concerned about the manner in which employees will represent the company on social platforms<sup>20</sup>.

## Lack of Data-Driven Insights Impede HR's Ability to Take Informed Decisions

HR functions own vast amounts of data but few organizations utilize this data to track the effectiveness of their HR programs, measure employee engagement, or plan workforce needs. In a recent survey of US employers on their return on investment strategies, over 56% mentioned that they lack any measure of talent investment returns<sup>21</sup>. Disconnected

systems and silo-ed data sources create challenges in data collection, which in turn limits the use of data by HR. The lack of data-driven insights impacts HR's ability to take informed decisions on strategic issues. For instance, most HR functions have visibility into attendance records but few have comprehensive data on competency skill gaps. Such gaps in data impair HR's ability to accurately identify and prioritize investment areas for hiring and skill development.

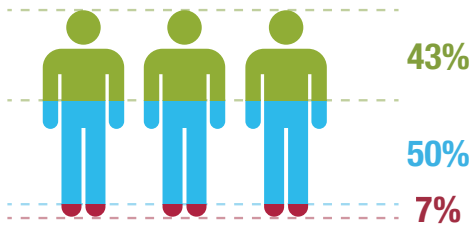
HR will need to develop strategies that clearly address these challenges in order to attract, retain and engage talent in a digital world.

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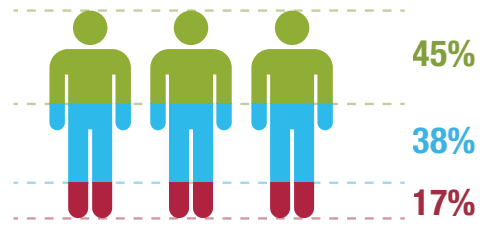
Figure 4: Satisfaction with Existing HR IT Systems

Please rate your HR system based on the following criteria

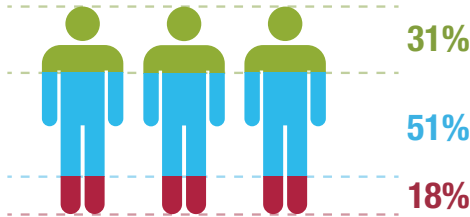
Supports an effective execution and automation of administrative and transactional HR work



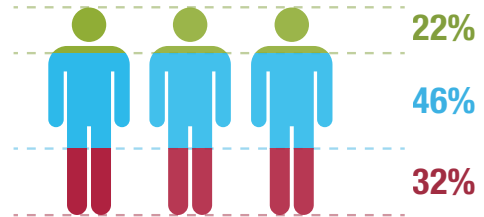
Provides Manager and Employee access to self service



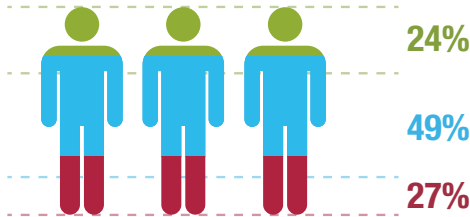
Supports end-to-end processes (minimal integration issues between multiple systems)



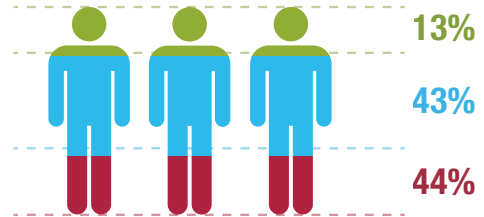
Has the abilities to increase employee experience using web 2.0/digital tools



Has integrated and web based features for HR work for employees and potential employees



Has embedded tools to connect to latest technology (smartphones etc)



Number of respondents = 109

Sufficiently Not sufficiently Not at all

Source: Capgemini Consulting HR Barometer Survey 2013

# The Road Ahead

We recommend four key actions that HR leaders must take in order to ensure that their digitization efforts are successful and deliver maximum benefits.

## Build Top-Management Consensus to Drive Digitization across HR Processes

The success of a large-scale digitization effort depends on top-management support. Top-management resistance towards digitization in HR is often linked with a lack of understanding of the business benefits of digitization. To build top-management consensus, HR should develop a clear vision for digitization that takes a long-term, holistic view of talent acquisition and engagement. The vision should be clearly aligned with the overall business goals of the organization so that HR is positioned for a more strategic role — that of a profit driver rather than an administrative cost center. The vision should be backed by a strong business

case for technology investments. As part of the vision, HR must also lay down clear guidelines for the use of social media by employees, to ensure that the employer brand is not negatively impacted by the information shared by employees on external media.

## Upgrade to a Flexible, Interoperable IT Architecture

In order to roll out initiatives that cut across departments and geographies, HR will need IT systems that are interoperable. Since the current HR IT landscape in most organizations consists of fragmented, localized systems that do not support end-to-end process integration, this means HR will need to graduate to a more flexible IT architecture. Additionally, HR IT systems will need to support mobile and social media integration and at the same time, be flexible enough to accommodate future advancements in technology. The shift to a cloud-based model can address

many of these requirements as cloud-based platforms are easily scalable and upgradable, can be managed centrally, and implemented at lower costs than a full-scale legacy upgrade.

“  
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Figure 5: Roadmap for Digitization of HR



Source: Capgemini Consulting Analysis



## Deliver a Seamless Multichannel Experience

HR should use social and mobile platforms to build stronger relationships with employees as well as prospects. For the user, the experience of interacting with HR should be seamless across channels. Mobile websites and applications should be designed such that they are easy to use and simplify the applicant's access to information. HR should also aim to personalize the experience based on the user's profile. Building a digital HR strategy will need to be an ongoing process for organizations. HR will need to continuously monitor digital channels to ensure that it is listening and responding to the needs of its target audience. In a competitive marketplace, it is steps like these that will differentiate an organization and enable it to attract and retain the best talent.

## Use Data to Drive Decision Making

A shift to a data-driven approach to decision making is a crucial element of digitization that HR needs to address. Data should be used across all HR processes — including recruitment, learning and development, and performance management. As a first step, HR should develop a unified view of all employee data. To do so, HR will need to consolidate data that currently resides in multiple systems spread across business units and geographies into a centralized repository. The next step should be to invest in analytics tools and skill sets so that the data can be utilized effectively. Finally, HR should establish metrics and KPIs that will enable it to determine the effectiveness of its initiatives. These steps will enable HR to prioritize its investments and develop targeted programs.

By not digitizing fast enough, organizations risk being left out in the race to attract and retain the best talent. Digital technologies offer a host of innovative ways to enhance employee experience and organizations that have realized this, have reaped rich rewards. For the others, it is time to take swift action towards envisioning, defining and implementing a comprehensive digital HR strategy.

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