# Human Capital Management Trends 2013

It's a Brave New World

January 2013

Mollie Lombardi, Madeline Laurano

~ Underwritten, in Part, by ~

*Aberdeen Group*
A Harte-Hanks Company

# Executive Summary

Human capital management is a key business initiative. Without insight into workforce and talent needs, organizational performance suffers. Aberdeen's Human Capital Management (HCM) research has continually shown that in order to meet business challenges, grow the organization, and keep customers happy, the right talent must be hired, retained, deployed, developed, and engaged. This study of 253 organizations, conducted in November and December 2012, looks at the key strategies, technologies, and capabilities deployed by Best-in-Class HR and talent management practitioners, and the positive impact those activities have on business performance.

## Best-in-Class Performance

Aberdeen used the following three key performance criteria to distinguish Best-in-Class companies for Human Capital Management:

1. 85% of employees rated themselves as "highly engaged" in their most recent engagement survey

2. 74% of key positions have a ready and willing successor identified

3. 13% year-over-year improvement in hiring manager satisfaction

## Competitive Maturity Assessment

Survey results show that the firms enjoying Best-in-Class performance shared several common characteristics, including:

- Establishing a proactive partnership with the business and including business stakeholders in HCM strategy;
- Integrating workforce management and talent management strategies through a holistic approach to HCM;
- Automating critical HCM initiatives in a way that supports existing people strategies;
- Identifying the gaps between the supply and demand for talent through strategic workforce planning.

## Required Actions

In addition to the specific recommendations in Chapter Three of this report, to achieve Best-in-Class performance, companies must:

- Standardize processes for both workforce and talent management;
- Combine workforce and talent data with business data to drive organizational growth and performance;
- Invest in technology to lift the administrative burden of HR, create greater efficiencies, and provider a positive user experience.

### How Does Your Performance Compare to the Best-in-Class?



- Compare your processes
- Receive a free, personal PDF scorecard
- Benefit from custom recommendations to improve your performance, based on the research

**Take the Assessment**

Receive Your Free Scorecard

# Table of Contents

# Figures

# Tables

Aberdeen Group
A Harte-Hanks Company

# Chapter One:
# Benchmarking the Best-in-Class

## Business Context

As business evolves, most HR departments have undergone a seismic shift. No longer viewed as a back-office function, HR now plays a critical role in organizational growth, performance, and profitability. As a result, Human Capital Management professionals must adopt a new set of skills focused on driving business outcomes and balancing two very different and often contradictory personas. On one hand, they are required to focus on relationship-building initiatives by navigating through complex organizational hierarchies and bridging the gap between employer and employee. Meanwhile, they must behave as finance professionals by measuring and monitoring workforce and talent initiatives with an understanding of the impact to the bottom line.

While 55% of organizations believe that HCM professionals have succeeded in making HR more strategic to the business, many companies still have a long way to go. Aligning HR and business objectives presents several challenges, particularly in a time of economic uncertainty and increased competition. According to Aberdeen's 2013 HCM Trends survey, organizations that overcome these obstacles are able to plan for future talent needs, integrate workforce and talent initiatives, and leverage innovative technology solutions. The following pages of this report will outline how some of today's leading companies design, implement, and measure a successful Human Capital Management strategy.

| Fast Facts |
| --- |
| √ 55% of organizations believe that HR has become more strategic over the past year |

## The Business of HCM

Most organizations are unclear about the future of today's economy and its impact on organizational growth. This uncertainty forces them to make leaner and smarter decisions — particularly around talent. As a result, the top pressure facing HCM professionals today is the need to operate more efficiently in today's economic climate (41%). For many organizations, increased efficiency will not only improve processes but will enable them to continuously outperform competitors. In addition, organizations cited organic growth (32%) and the scarcity of key skills (30%) as top pressures (see Figure 1). Understandably, organizations looking to gain competitive advantage must move outside of their comfort zones and expand their footprint in new geographies, markets, and industries. As these organizations grow, the shortage of key skills is often exacerbated.

**Figure 1: Pressures Driving HCM in 2013**
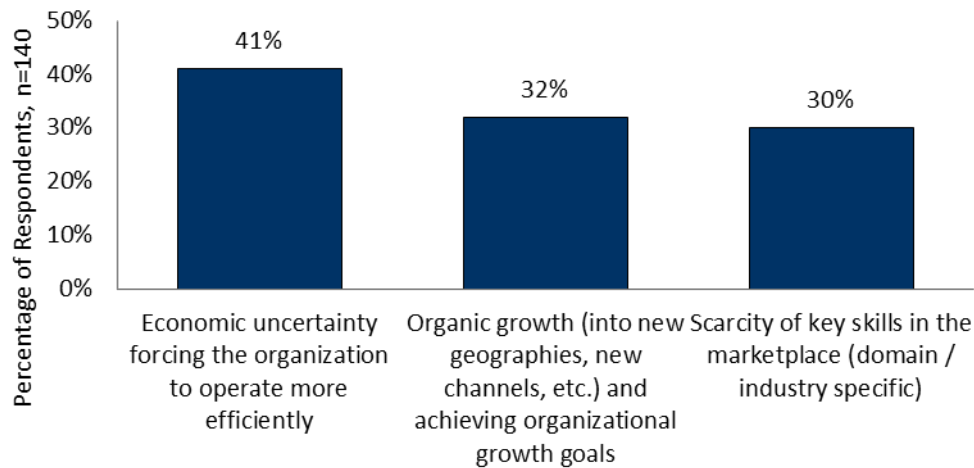


Source: Aberdeen Group, December 2012

In response to these business pressures, organizations are reevaluating existing strategies and technology, most notably those in the talent management arena. Aberdeen identified three major areas that organizations are prioritizing over the next year: talent acquisition, performance management, and successional planning (see Figure 2). Although these are mature markets, many organizations must update their processes in order to respond to current workforce trends and shifts in workforce demographics. For example, what may have worked to recruit, develop, and retain Baby Boomers will not necessarily work for Generation Y.

**Figure 2: Top HCM Priorities**
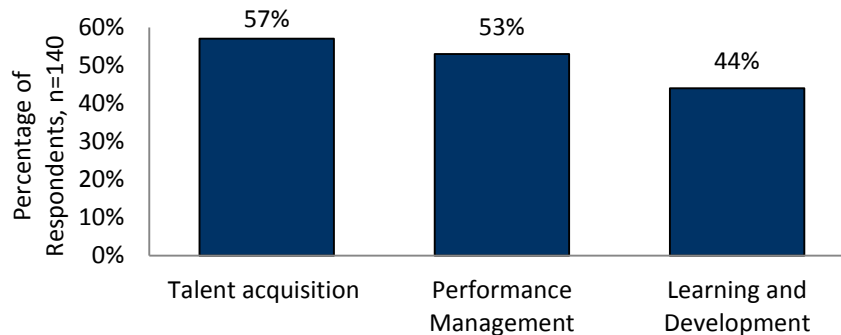


Source: Aberdeen Group, December 2012

- **Talent Acquisition**: Organizations are reevaluating the way they source and engage with talent. Rather than focus on filling positions as quickly and as cost-effectively as possible, they are looking for a way to improve quality of hire and the candidate experience. For

example, in Aberdeen's 2012 _Strategic Talent Acquisition: Are You Prepared to Hire the Best_ report, over 50% of organizations are moving away from Job Boards.

- **Performance Management**: One component of performance management that has created much debate is the topic of performance reviews. For many organizations, they are either inconsistent or ineffectual. While some organizations have eradicated standard reviews, others are finding a more innovative and engaging way to conduct reviews that relies on peer-to-peer feedback and stronger communication.

- **Learning and Development**: Organizations today are looking to create a culture around learning and development. As a result, both formal and informal learning are deeply ingrained in any successful talent management strategy.

As this report will show, these challenges around human capital management are not insurmountable. Organizations have achieved dramatic gains not only in their ability to create a clearly defined strategy but in their ability to measure results.

## The Maturity Class Framework

Aberdeen used three key performance criteria to distinguish the Best-in-Class from Industry Average and Laggard organizations:

- **Employee engagement** is defined as the percentage of individuals indicating they were "highly engaged" on the most recent engagement survey. Engagement is not an HR initiative, it is a business initiative. It is also a true indicator of organizational development and growth.

- **Bench strength** is defined as the percentage of key positions with at least one ready and willing successor identified. This metric is a key indicator of how well the organization is doing in managing succession risk and in preparing itself to face future leadership challenges, as well as its success in retaining key talent

- **Hiring manager satisfaction** is defined as the percent improvement in hiring manager satisfaction with new hires year-over-year. Historically, the relationship between HR and hiring managers has been challenging. In order to achieve results in talent initiatives, HR and hiring managers need to coordinate efforts, improve communication, and align goals and objectives.

Aberdeen Group
A Harte-Hanks Company

**Table 1: Top Performers Earn Best-in-Class Status**

| Definition of Maturity Class | Mean Class Performance |
|---|---|
| **Best-in-Class: Top 20%** of aggregate performance scorers | ▪ 85% of employees rated themselves as "highly engaged" in their most recent engagement survey<br>▪ 74% of key positions have a ready and willing successor identified<br>▪ 13% year-over-year improvement in hiring manager satisfaction |
| **Industry Average: Middle 50%** of aggregate performance scorers | ▪ 67% of employees rated themselves as "highly engaged" in their most recent engagement survey<br>▪ 35% of key positions have a ready and willing successor identified<br>▪ 2% year-over-year improvement in hiring manager satisfaction |
| **Laggard: Bottom 30%** of aggregate performance scorers | ▪ 40% of employees rated themselves as "highly engaged" in their most recent engagement survey<br>▪ 9% of key positions have a ready and willing successor identified<br>▪ -1% year-over-year improvement in hiring manager satisfaction |

Source: Aberdeen Group, December 2012

## The Best-in-Class PACE Model

Excellence in human capital management results from a combination of strategies, capabilities, and enabling technologies. The Best-in-Class display a number of common core characteristics including the ability to:

- Establish a proactive partnership with the business and include business stakeholders in the HCM strategy;
- Integrate workforce management and talent management strategies through a holistic approach to HCM;
- Automate critical HCM initiatives in a way that supports existing people strategies;
- Identify the gaps between the supply and demand for talent through strategic workforce planning.

**Table 2: The Best-in-Class PACE Framework**

| Pressures | Actions | Capabilities | Enablers |
|---|---|---|---|
| ▪ Economic uncertainty forcing the organization to operate more efficiently<br>▪ Organic growth | ▪ Ensure that talent strategy is continually aligned with business strategies<br>▪ Identify gaps | ▪ Line of business leaders are given accountability for talent management within their teams<br>▪ Managers have access to relevant talent data | ▪ Pre-hire assessments<br>▪ Time and attendance software<br>▪ HRIS / HRMS software<br>▪ Recruitment technology platform (e.g., applicant tracking or hiring management system) |

| Pressures | Actions | Capabilities | Enablers |
|---|---|---|---|
| | between workforce supply and business demand<br>▪ Focus efforts on improving employee engagement | ▪ Process in place to identify job roles that are critical to organizational success<br>▪ Business stakeholders are involved in HCM strategy setting and execution<br>▪ Managers have access to relevant workforce / labor data<br>▪ Defined process is in place to identify high potential talent | ▪ Employee self-service portal<br>▪ Post-hire assessments<br>▪ External online company career portal<br>▪ Compensation management software<br>▪ Benefits management software<br>▪ Employee performance management software (i.e. the automation of performance reviews and goal setting) |

Source: Aberdeen Group, December 2012

## Best-in-Class Strategies

The new age of Human Capital Management requires organizations to plan for the future and be prepared for unexpected changes that may develop both internally and externally. At the same time, HCM strategies must be adaptable enough for an ever-changing global economy. Finding a balance between preparedness and flexibility is no small task, especially when nearly half of organizations (47%) feel that HR is bogged down with administrative tasks. In Figure 3, Best-in-Class organizations overcome these barriers by aligning talent strategies with business strategies (50%), fostering a culture of innovation (33%), and integrating HCM and business data (26%).

**Figure 3: Best-in-Class Strategic Actions**



Source: Aberdeen Group, December 2012
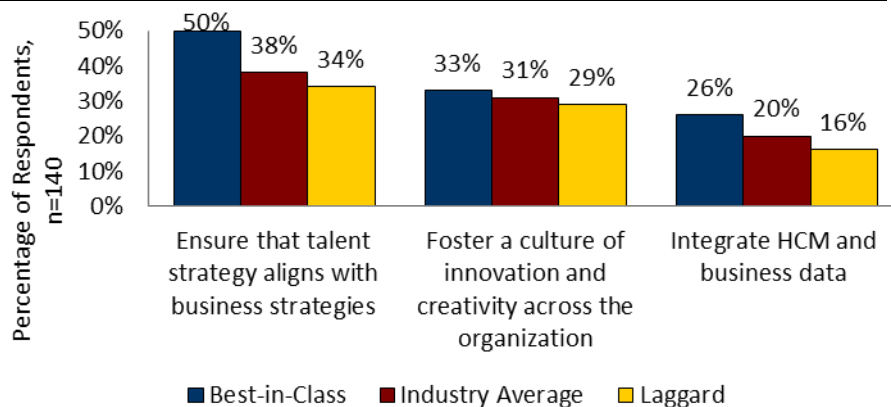
**Fast Fact**

√ 71% of organizations believe that the most critical skill of HR leaders is the ability to connect initiatives to the strategic initiatives of the business.

Clearly, the link between business and HR is defining the future of HCM as 71% of organizations believe that the most critical skill of HR leaders is the ability to connect initiatives to the strategic initiatives of the business. Organizations that execute on these strategic activities are also able to achieve business results such as customer retention, customer satisfaction, and revenue per full-time-employee. Best-in-Class organizations improved

Aberdeen *Group*
A Harte-Hanks Company

these metrics significantly more than Industry Average or Laggard organizations (see Figure 4). The following pages will highlight some of the critical components to consider when rolling out a human capital management strategy and driving business results.

**Figure 4: Year-Over-Year Improvement of Business Metrics**
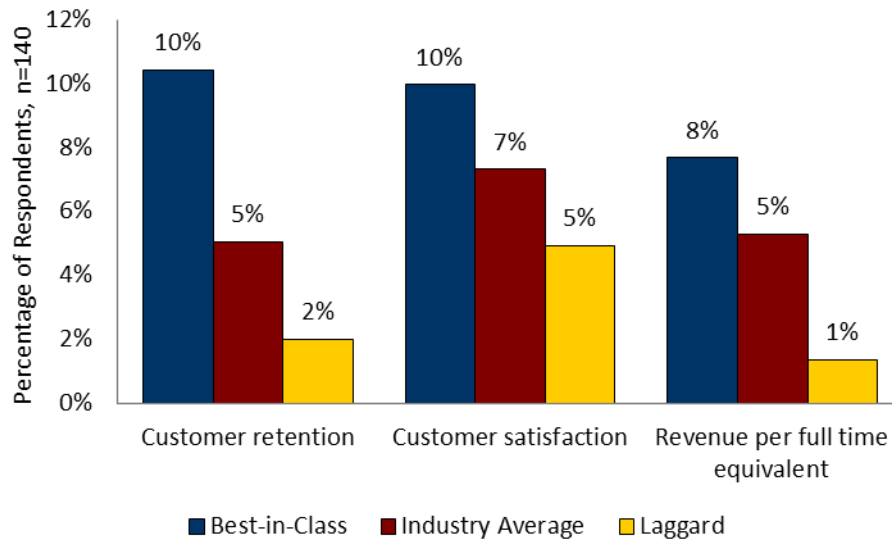


Source: Aberdeen Group, December 2012

## *Workforce Planning: The Future of HCM*

Workforce planning has become a priority for both HR and business leaders. Yet, for most organizations, workforce-planning programs are still in their infancy and viewed as an incredibly complex undertaking with little or no ownership. At the most basic level, workforce planning includes headcount analysis and skill gap analysis. Organizations want a view of "who" and "what" they have in place today and "who" and "what" they need for the future. At the most advanced level, organizations conduct scenario modeling and talent segmentation to build a long-term strategy and prepare for the unexpected. Currently, only 11% of organizations have reached a mature stage of their workforce planning strategy (see Figure 5). HCM functions that have developed a strong approach to workforce planning are better able to drive organizational growth and performance.

**Figure 5: Current Workforce Planning Strategies**
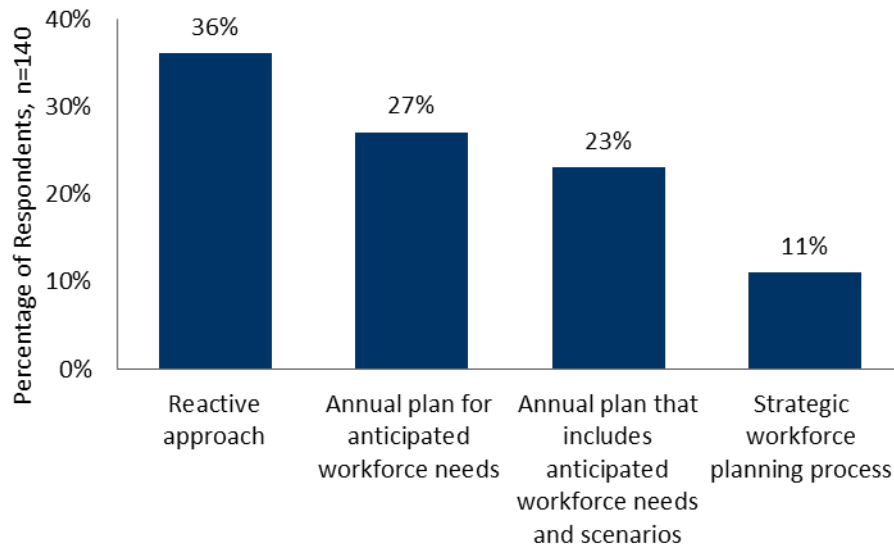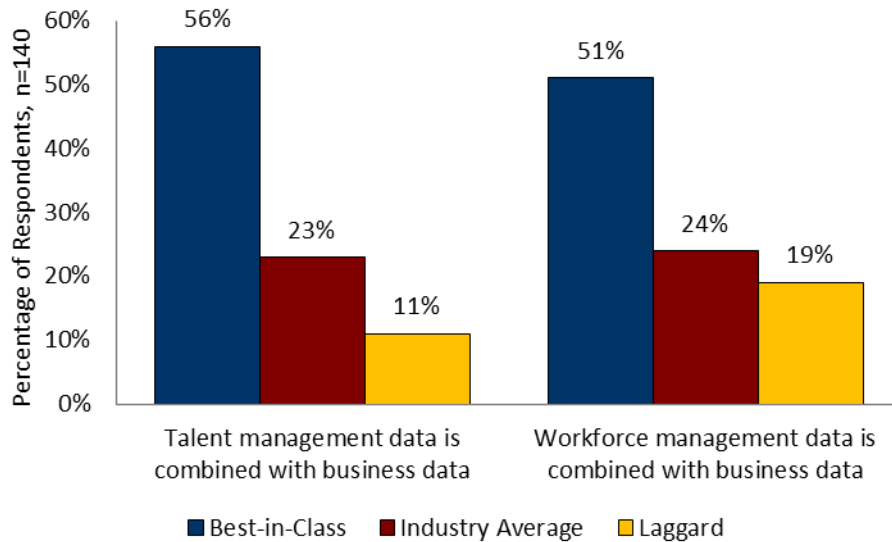


Source: Aberdeen Group, December 2012

## HR and Finance: An Unlikely Marriage

The integration and linkage of financial and HR data will provide organizations with the visibility into, and control over, their financial performance, as well as the talent available to execute on business strategy. Additionally, particularly in workforce management processes such as payroll, there is an overlap between the role of finance and HR. Yet, for many organizations, this integration between financial and HR data is not in place — creating inefficiencies and inaccuracies.

When financial leaders were asked to identify the most important driver of unified data and analytics in Aberdeen's upcoming Business Analytics study, the most commonly cited reason was the need to improve overall productivity (48% of respondents). Productivity is a measure that by its very nature requires a unified view of labor output, financial performance, and the movement of goods or services through the organization. The finance organization cannot hope to address productivity issues without moving towards a unified view of HR and financial data.

Unified financial and HR data is important because of its ability to power analytics and decision making. Currently, 56% of Best-in-Class organizations combine talent management data with business data compared to 23% of Industry Average and 11% of Laggard organizations. Additionally, 51% of Best-in-Class organizations combine workforce management data with business data compared to 24% of Industry Average organizations and 19% of Laggard organizations (Figure 6).

**Figure 6: Combining HCM and Financial Data**



Source: Aberdeen Group, December 2012

---

**Aberdeen Insights — Career Development: The Untapped Area of Human Capital Management**

Career development is one of the most overlooked and underserved areas of human capital management. Yet, in today's highly competitive market, organizations that continuously empower their employees with the tools they need to succeed are better able to drive business outcomes. Additionally, a well-executed career development strategy serves as the foundation for integrated talent management — linking various talent processes in a way that strengthens employee engagement, improves retention, and increases overall productivity. Despite these benefits, few organizations understand how to design and implement a powerful career development strategy. Most managers lack the competencies to develop employees, most employees lack the resources needed to guide their career path, and most technology providers lack the capabilities to deliver results.

Currently, organizations recognize the importance of empowering employees and are increasing their investment in career development. In 2011, only 19% of organizations invested in career development

Aberdeen *Group*
A Harte-Hanks Company

**Aberdeen Insights — Career Development: The Untapped Area of Human Capital Management**

tools. In 2012, 20% of organizations invested in career development tools and 20% plan to invest in these tools over the next 12 months (see Figure 7).

**Figure 7: Year-Over-Year Investment in Career Development**
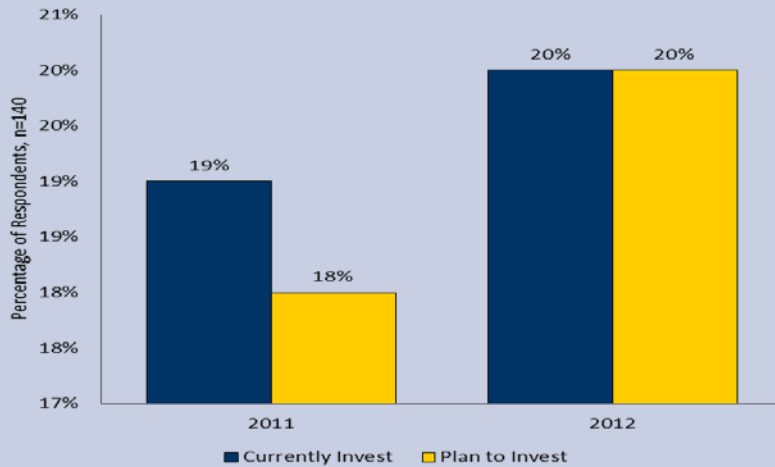


Source: Aberdeen Group, December 2012

In the next chapter, we will see what the top performers are doing and the technology they adopt to achieve these gains.

Aberdeen Group
A Harte-Hanks Company

# Chapter Two:
# Benchmarking Requirements for Success

The selection and implementation of human capital management programs and solutions plays a crucial role in the ability to turn these strategies into performance and growth.

## Competitive Assessment

Aberdeen analyzed the aggregated metrics of surveyed companies to determine whether their performance ranked as Best-in-Class, Industry Average, or Laggard. In addition to having common performance levels, each class also shared characteristics in five key categories: (1) **process** (the approaches they take to execute daily operations); (2) **organization** (corporate focus and collaboration among stakeholders); (3) **knowledge management** (contextualizing data and exposing it to key stakeholders);(4) **technology** (the selection of the appropriate tools and the effective deployment of those tools); and (5) **performance management** (the ability of the organization to measure its results to improve its business). These characteristics (identified in Table 3) serve as a guideline for best practices, and correlate directly with Best-in-Class performance across the key metrics.

**Table 3: The Competitive Framework**

| | Best-in-Class | Average | Laggards |
|---|---|---|---|
| **Process** | Process to identify job roles that are critical to organizational success | | |
| | 74% | 27% | 33% |
| **Organization** | Line of business leaders are given accountability for recruiting, development, performance management, and / or other aspects of talent management within their teams | | |
| | 71% | 47% | 44% |
| **Knowledge** | Managers have access to relevant talent data (employee profiles, development plans, assessment results, etc.) | | |
| | 63% | 42% | 38% |
| | Managers have access to relevant workforce / labor data (time worked, certifications, etc.) | | |
| | 52% | 51% | 56% |
| **Technology & Enablers** | HCM technology currently in use: | | |
| | Talent acquisition tools — 63% | Talent acquisition tools — 58% | Talent acquisition tools — 55% |
| | Workforce Planning — 26% | Workforce Planning — 17% | Workforce Planning — 16% |

| | Best-in-Class | Average | Laggards |
|---|---|---|---|
| **Performance** | Clearly defined metrics are in place for measuring HCM effectiveness | | |
| | 41% | 18% | 12% |
| | Employee feedback is leveraged to make HCM decisions | | |
| | 47% | 25% | 22% |

Source: Aberdeen Group, December2012

## Capabilities and Enablers

Based on the findings of the Competitive Framework and interviews with end users, Aberdeen's analysis of the Best-in-Class indicates that the following factors are critical to success:

- Standardize processes for both workforce management and talent management;
- Combine workforce and talent data with business data to drive organizational growth and performance;
- Invest in technology to lift the administrative burden of HR, create greater efficiencies, and provider a positive user experience.

### Process

In human capital management, organizations should be able to provide a clear picture of workforce and talent initiatives to any stakeholder at any time. In order to achieve this goal, HCM needs to be consistent throughout the entire organization. When asked how organizations reduce the tactical burden placed on HR, the top response was to standardize processes (see Figure 8) over automation and outsourcing. By standardizing processes, 45% of Best-in-Class organizations have consistency in their HCM strategy across the organization compared to 34% of Industry Average organizations and 26% of Laggard organizations.

**Figure 8: Lifting the Administrative Burden on HCM**
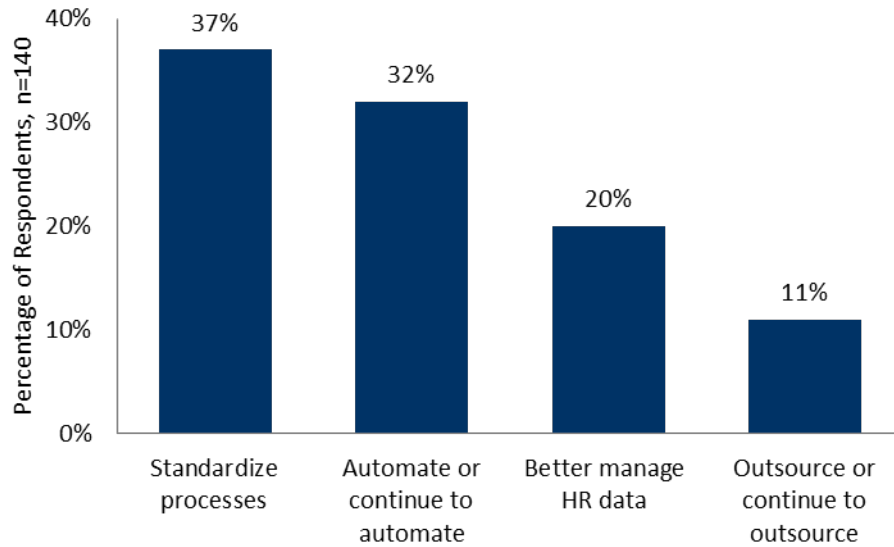


Source: Aberdeen Group, December 2012

As organizations create a standard process, they are more likely to have a holistic approach to HCM — aligning both workforce and talent initiatives. In the past, workforce initiatives remained separate from talent initiatives in terms of design, implementation, and ownership. Today, Best-in-Class organizations recognize the benefit of breaking down these silos to improve efficiency and drive business outcomes. For example, if recruiters have a clear understanding of how scheduling works and payroll systems are structured, they are better prepared to answer candidate questions and highlight organizational strengths. In 2012, 56% of Best-in-Class organizations had a complete HCM strategy compared to 48% of Best-in-Class organizations in 2011 (see Figure 9).

**Figure 9: Best-in-Class Organizations Take a Complete View**



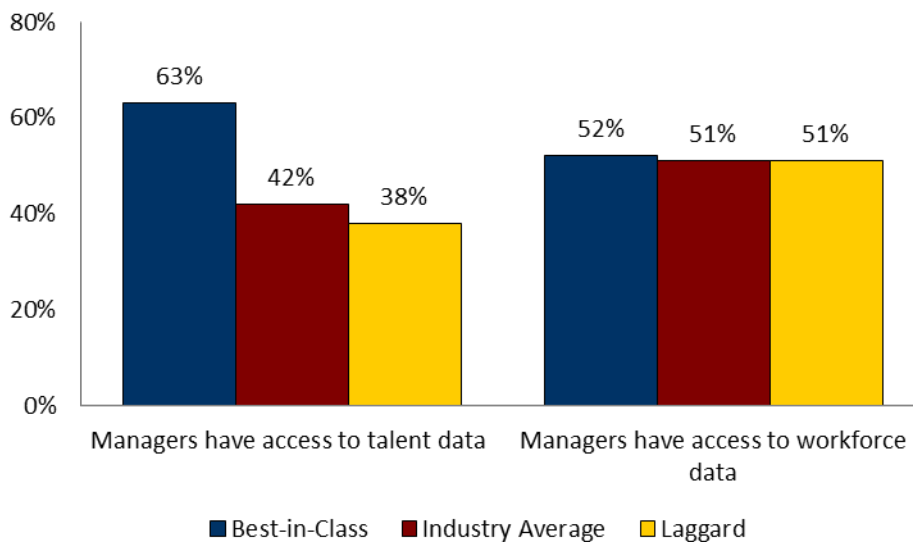Source: Aberdeen Group, December 2012

## *Organization*

Collaboration is arguably the most critical organizational capability. To make the most of HCM, talent and business leaders must work together at achieving shared objectives. Collaboration starts with strategy — the roadmap for talent and human capital priorities, initiatives, and goals. Currently, 73% of Best-in-Class organizations have key business stakeholders involved in HCM strategies compared to 51% of Industry Average organizations and 34% of Laggard organizations. This step is a critical foundation to get everyone aligned and on the same page before adopting the most common organizational capability cited by top performers, which is holding line of business leaders accountable for recruiting, development, performance management, and / or other aspects of talent management within their teams.

## *Knowledge Management*

Providing the right access to the right data can make or break any HCM strategy.  Currently, only 25% of organizations make relevant HCM data available to necessary stakeholders across the organization. As organizations look to align HCM with the overall business, sharing workforce and talent data is imperative. Additionally, organizations need to find a consistent and meaningful process to make sure this data is available to managers in a way that they can execute on it. If managers do not have the information they need on candidates, employees, and new hires, it becomes very difficult to execute on any talent management strategy. If managers do not have the information on workforce and labor data including the time worked and certifications, they open themselves up to risk, unmanaged costs, and

Aberdeen Group
A Harte-Hanks Company

inefficiencies. According to Aberdeen's research, Best-in-Class organizations are more likely to provide managers with access to both workforce and talent data.

**Figure 10: Managers Have Access to Data**



Source: Aberdeen Group, December2012

## Technology and Enablers

Given the shortage of key skills and pressures to meet organizational growth objectives, it is not surprising that talent acquisition remains the top priority for HCM technology investments in 2012, as noted in Figure 11. As the talent acquisition market continues to evolve, organizations look to replace outdated systems with more innovative solutions that can effectively source, recruit, and onboard top talent. These solutions range include candidate relationship management tools, video tools, and social recruiting platforms. Yet, the top two talent management technology investments organizations cited include tools that have proven to be the backbone of any recruitment function:  Applicant Tracking Systems (58%) and pre-hire assessments (57%). Organizations rely on Applicant Tracking Systems (ATS) to manage the entire recruitment process from requisition management to onboarding new hires and they rely on assessments to help identify critical skills and provide subjectivity to quality of hire.

**Figure 11: Top Priorities for HCM Technology**
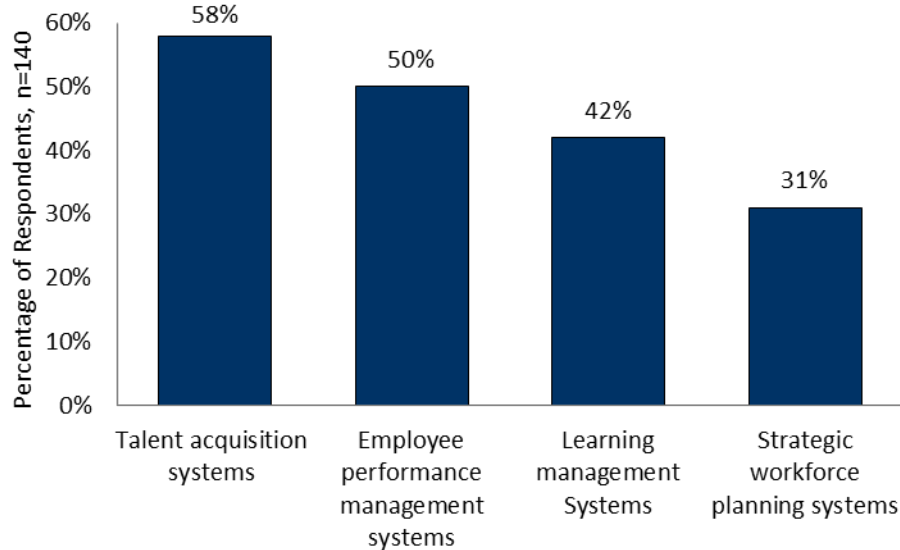


Source: Aberdeen Group, December 2012

In workforce management, the top priorities are in areas that are both traditional areas of workforce management (Human Resource Information Systems (HRIS)) and areas that have matured with mobile and tablet solutions (time and attendance). Employee self-service is also an area that is gaining momentum. Nearly all (94%) of Best-in-Class organizations in Aberdeen's 2012 Workforce Management study support at least some level of manager and employee self-service, allowing individuals to query for information on schedules, paychecks, benefits information, and other HR services without requiring the time or expense of a phone call or conversation with an HR professional. Manager self-service also allows decision-makers to run their own analytics queries and access relevant financial and workforce performance data. This greatly reduces the cost to deliver HR services, as well as frees up HR resources to focus on more strategic and value added activities.

**Figure 12: Workforce Management Technology in Place**
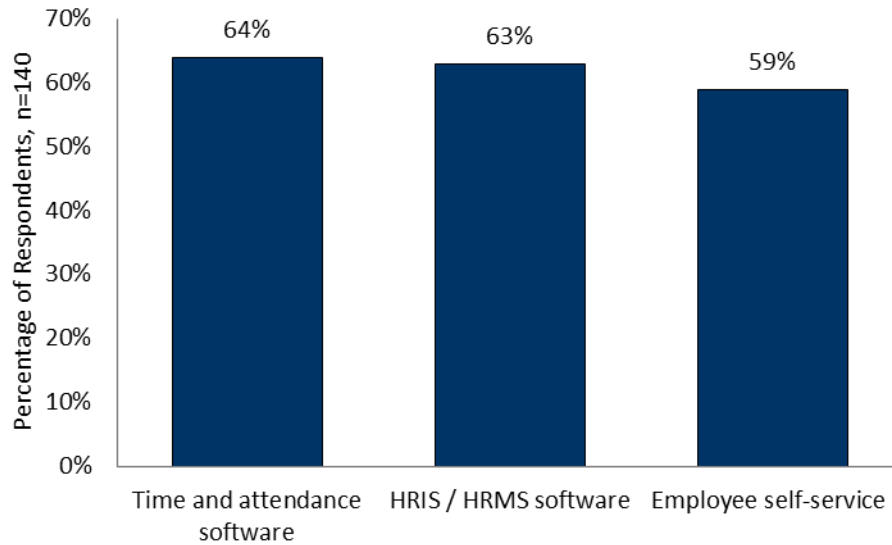


Source: Aberdeen Group, December 2012
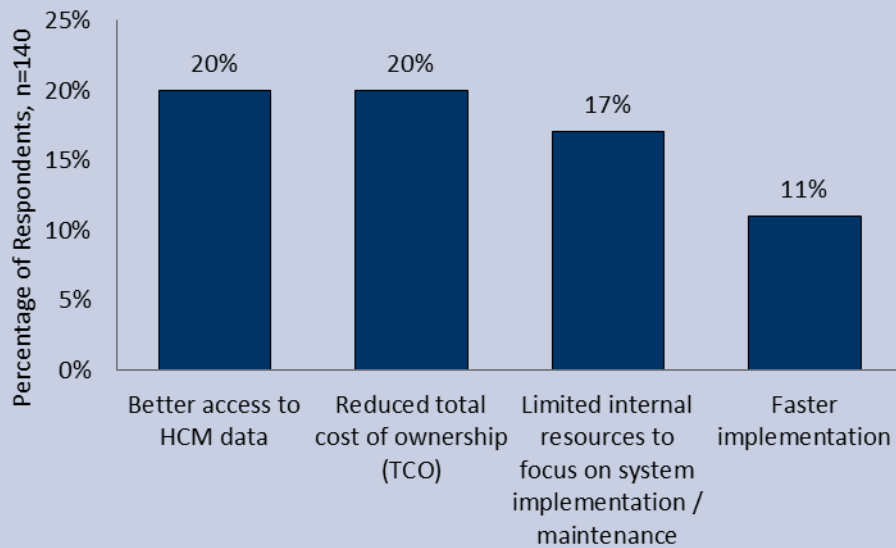
## Performance Management

Before organizations can evaluate the benefit of their HCM initiatives, they need to define key metrics. Surprisingly few organizations, including high-performing companies, have defined metrics in place. In fact, Aberdeen research reveals a slight decrease in the number of Best-in-Class with HCM metrics in place. Currently 41% Best-in-Class organizations have defined metrics in place compared to 45% in 2011 while 16% of All Others (Industry Average and Laggards) have metrics in place compared to 18% of All Others in 2011. When defining metrics, organizations need to partner with the business to ensure that metrics reflect organizational objectives rather than HR objectives. These metrics may include customer satisfaction, customer retention, employee engagement, and retention.

**Aberdeen Insights — Technology: Cloud Computing**

Cloud computing is no longer a buzzword. It is a form of technology that has permanently redefined existing markets and created new opportunities. Regardless of size of industry, organizations recognize these benefits as stronger data integrity, tighter integration, and quicker implementation time. According to Aberdeen's Quarterly Business Review, cloud computing will be the largest area of technology spend in 2012 for leading organizations (38%). As HR departments look to align more closely with the business, cloud is becoming a compelling differentiator and a key factor in all human capital management technology decisions. Despite its growing popularity, making the move to the cloud is not always an easy decision. The challenge for organizations embracing cloud will be in understanding the value of an open architecture and selecting a viable provider to deliver results.

For those organizations investing in cloud or planning to invest in cloud HCM solutions, key drivers include: better access to data, reduced total cost of ownership, simpler, and faster implementation (see Figure 13).

**Figure 13: Key Drivers for Investing in Cloud**



Source: Aberdeen Group, December 2012

Aberdeen*Group*
A Harte-Hanks Company

# Chapter Three:
# Required Actions

Whether a company is trying to move its performance in Human Capital Management from Laggard to Industry Average, or Industry Average to Best-in-Class, the following actions will help spur the necessary performance improvements:

## Laggard Steps to Success

- **Align HCM with Business Objectives:** In order to achieve business impact, HR and talent strategy must be in concert with business strategy. This starts by making sure business stakeholders are involved so that alignment occurs from the outset. Currently just 34% of Laggards involve business stakeholders in HCM strategy setting and execution, making them just under half as likely as Best-in-Class organizations (73%).

- **Rethink Existing Talent Management Strategies:** Although these are mature markets, many organizations must update their processes in order to respond to current workforce trends and shifts in workforce demographics. For example, what may have worked to recruit, develop and retain Baby Boomers, will not necessarily work for Generation Y.

- **Standardize Processes:** HCM needs to be consistent in workforce and talent processes throughout the entire organization. By standardizing processes, organizations have consistency in their HCM strategy across the organizations. Only 22% of Laggard organizations have consistency in HCM strategies compared to 52% of Best-in-Class.

## Industry Average Steps to Success

- **Invest in Strategic Workforce Planning:** Workforce planning has become a priority for both HR and business leaders. Yet, for most organizations, workforce planning programs are still in their infancy and viewed as an incredibly complex undertaking with little or no ownership. Currently, only 10% of organizations have reached a mature stage of their workforce planning strategy.
- **Unify Finance and Talent Data:** The integration and linkage of financial and HR data will provide organizations with the visibility into, and control over, their financial performance, as well as the talent available to execute on business strategy. Unified financial and HR data is important because of its ability to power analytics and decision making. Currently only 20% of the Industry Average combine talent management with business data, compared to 46% of Best-in-Class organizations.

**Fast Facts**

√ Currently just 34% of Laggards involve business stakeholders in HCM strategy setting and execution, making them just under half as likely as Best-in-Class organizations (73%).

- **Leverage World-Class Technology:** Technology can help organizations combine processes and data and create a positive experience for users. Organizations that invest in both workforce and talent management technology are not only lifting the administrative burden on HR but creating a more strategic approach to Human Capital Management.

## Best-in-Class Steps to Success

- **Consider Career Management:** Career development is one of the most overlooked and underserved areas of human capital management. Yet, well-executed career development strategy serves as the foundation for integrated talent management — linking various talent processes in a way that strengthens employee engagement, improves retention, and increases overall productivity. Despite these benefits, only 26% organizations invest in career development.

- **Define Metrics**: Before organizations can evaluate the benefit of their HCM initiatives, they need to define key metrics. Surprisingly few organizations, including high-performing companies, have defined metrics in place. Currently 43% Best-in-Class organizations have defined metrics in place compared to 45% in 2011 while 12% of All Others (Industry Average and Laggards) have metrics in place compared to 18% of All Others in 2011.

- **Invest in Cloud Solutions:** Cloud computing is a form of technology that has permanently redefined existing markets and created new opportunities. Regardless of size of industry, organizations recognize the value of stronger data, tighter integration, and quicker implementation time. As HR departments look to align more closely with the business, cloud is becoming a compelling differentiator and a key factor in all human capital management technology decisions.

# Appendix A:
# Research Methodology

Between November and December 2012, Aberdeen examined the use, the experiences, and the intentions of 140 enterprises using human capital management solutions in a diverse set of industries and geographies.

Aberdeen supplemented this online survey effort with telephone interviews with select survey respondents, gathering additional information on Human Capital Management strategies, experiences, and results.

Responding enterprises included the following:

- *Job title:* The research sample included respondents with the following job titles: CEO / President (14%); EVP / SVP / VP (17%); Director (21%); Manager (26%); Consultant (9%); Staff (5%); and other (8%).

- *Department / function:* The research sample included respondents from the following departments or functions: HR / talent management (56%); corporate management (9%); business development, sales and marketing (8%); quality management (5%); operations (5%); IT (5%) and other (12%).

- *Industry:* The research sample included respondents from a wide variety of industries. Some of the larger industries represented were IT consulting / services (8%); software (6%); government (5%); financial services (5%); and education (5%).

- *Geography:* The majority of respondents (66%) were from North America. Remaining respondents were from Europe (13%); the Asia-Pacific region (13%); Middle East / Africa (6%): and South America (2%).

- *Company size:* Twenty-seven percent (27%) of respondents were from large enterprises (annual revenues above US $1 billion); 31% were from midsize enterprises (annual revenues between $50 million and $1 billion); and 42% of respondents were from small businesses (annual revenues of $50 million or less).

- *Headcount:* Forty-five percent (45%) of respondents were from large enterprises (headcount greater than 1,000 employees); 28% were from midsize enterprises (headcount between 100 and 999 employees); and 27% of respondents were from small businesses (headcount between 1 and 99 employees).

## Study Focus

Responding human capital and line of business executives completed an online survey that included questions designed to determine the following:

√ The degree to which HR technology is deployed and the performance implications of the technology

√ The structure and effectiveness of existing HR and talent management implementations

√ Current and planned use of HCM solutions

√ The benefits, if any, that have been derived from HCM initiatives

The study aimed to identify emerging best practices for HCM technology usage, and to provide a framework by which readers could assess their own management capabilities.

**Table 4: The PACE Framework Key**

| Overview |
|---|
| Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows: |
| **Pressures —** external forces that impact an organization's market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive) |
| **Actions —** the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product / service strategy, target markets, financial strategy, go-to-market, and sales strategy) |
| **Capabilities —** the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products / services, ecosystem partners, financing) |
| **Enablers —** the key functionality of technology solutions required to support the organization's enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management) |

Source: Aberdeen Group, January 2013

**Table 5: The Competitive Framework Key**

| Overview | |
|---|---|
| The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performance: | In the following categories: |
| **Best-in-Class (20%) —** Practices that are the best currently being employed and are significantly superior to the Industry Average, and result in the top industry performance. | **Process —** What is the scope of process standardization? What is the efficiency and effectiveness of this process? |
| **Industry Average (50%) —** Practices that represent the average or norm, and result in average industry performance. | **Organization —** How is your company currently organized to manage and optimize this particular process? |
| **Laggards (30%) —** Practices that are significantly behind the average of the industry, and result in below average performance. | **Knowledge —** What visibility do you have into key data and intelligence required to manage this process? |
| | **Technology —** What level of automation have you used to support this process? How is this automation integrated and aligned? |
| | **Performance —** What do you measure? How frequently? What's your actual performance? |

Source: Aberdeen Group, January 2013

**Table 6: The Relationship Between PACE and the Competitive Framework**

| PACE and the Competitive Framework – How They Interact |
|---|
| Aberdeen research indicates that companies that identify the most influential pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that they make and how well they execute those decisions. |

Source: Aberdeen Group, January 2013

# Appendix B:
# Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report includes:

- *The Talent Acquisition Lifecycle: From Sourcing to Onboarding*; September 2011

- *The Engagement / Performance Equation*; July 2011

- *Assessments 2011: Selecting and Developing for the Future*; May 2011

- *Onboarding 2011: The Path to Productivity*; March 2011

- *The 2011 HR Executives Agenda: Automation, Innovation and Growth;* January 2011

Information on these and any other Aberdeen publications can be found at www.aberdeen.com.

Author(s): Mollie Lombardi, VP and Principal Analyst, Human Capital Management, (mollie.lombardi@aberdeen.com); Madeline Laurano, Research Director, Human Capital Management, (madeline.laurano@aberdeen.com)

![Aberdeen Group - A Harte-Hanks Company]

## Featured Underwriters

This research report was made possible, in part, with the financial support of our underwriters. These individuals and organizations share Aberdeen's vision of bringing fact based research to corporations worldwide at little or no cost. Underwriters have no editorial or research rights, and the facts and analysis of this report remain an exclusive production and product of Aberdeen Group. Solution providers recognized as underwriters were solicited after the fact and had no substantive influence on the direction of this report. Their sponsorship has made it possible for Aberdeen Group to make these findings available to readers at no charge.



Infor Enwisen HCM is the only unified HCM platform that ties together any software, content, device or process – including yours – to transform the way people work. Offered via a revolutionary service delivery model that allows you to select just the components you need, or an end-end-solution, all designed to maximize access, business insight and breakthrough performance.

**For additional information on Infor:**

Infor
641 Avenue of the Americas
New York, NY 10011
Telephone 1: 1.866.244.5479
Telephone 2: 1.646.336.1700
www.infor.com
info@infor.com

Skillsoft is a pioneer in the field of learning with a long history of innovation. Skillsoft provides cloud-based learning solutions for its customers worldwide, ranging from global enterprises, government, and education to mid-sized and small businesses. Skillsoft's customer support teams draw on a wealth of in-house experience and a comprehensive learning e-library to develop off-the-shelf and custom learning programs tailored to cost-effectively meet customer needs. Skillsoft's courses, books and videos have been developed by industry leading learning experts to ensure that they maximize business skills, performance, and talent development.

**For additional information on Skillsoft:**

Skillsoft
107 Northeastern Blvd.
Nashua, NH 03062
Telephone 1: 1.877.545.5763
Telephone 2: 1.603.324.3000
www.skillsoft.com
Information@Skillsoft.com