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Talent Mobility

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Executive Overview

Does your organization have a strong internal mobility program in place? Without successful talent management tools, your company could see a lag in employee retention as well as employee engagement. Successful talent mobility programs yield substantial enterprisewide benefits, including lower talent acquisition costs, stronger leadership teams, and better financial performance. Learn how internal mobility programs can help drive your greatest asset—your employees.

Introduction

Talent mobility—the movement of employees from one position to another within an organization—is an efficient and cost-effective method of talent deployment that can become a key component of any organization's talent management strategy.

Over the years, studies have revealed a significant relationship between internal mobility and corporate performance. Seminal research conducted over the course of a decade found that the top 10 percent of companies with "high-performance work systems" had four times the amount of sales per employee. Remarkably, these companies filled more than 60 percent of jobs from within. In contrast, the bottom 10 percent of these companies filled just 35 percent of jobs internally.[1] In addition, research has shown that many great leaders have emerged from within organizations' ranks.[2]

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[1] "The HR Scorecard," Becker, Huselid, Ulrich, Harvard Business School Press, 2001.

[2] "Good to Great," Jim Collins, Appendix 2A, Harper Business, 2001.

With a strong internal mobility program, companies can leverage their employee base to achieve corporate goals, shifting resources where they're most suited. Best of all, they can do so without the costs and delays associated with a conventional external recruiting process. Without such a program in place, top talent will be more likely to disengage or depart. After all, if they can't see a career path within the organization, or they realize that other employees are being promoted or recruited without the skills and competencies to do the job, your top talent will likely go elsewhere. And if leadership pipelines are clogged with employees lacking the appropriate mix of skills and experience to step into pivotal roles, business growth will suffer.

Successful talent mobility programs yield substantial enterprisewide benefits, including:

- Shorter time to productivity

- Greater employee engagement and retention

- Lower talent acquisition costs

- Streamlined information flow

- Limited competitive-intelligence leakage

- Stronger leadership teams

- Better financial performance

Regardless of its goals, internal talent redeployment requires access to *talent intelligence*—that is, information about the skills and aspirations of employee candidates matched with data on the skills and fit for open positions. A comprehensive internal mobility program supported by a holistic talent management technology platform can provide that visibility for employees, managers, recruiters, and talent managers.

The Importance of Internal Mobility Programs

Today, internal mobility programs are receiving more attention than ever before. The reasons for this are many, including the following:

- **Employees are increasingly viewed as corporate assets.** Driving the focus on internal mobility is an understanding that a skilled workforce is a cash multiplier. Leading organizations make the link between staff quality and shareholder value.

- **Organizations are scaling back growth plans and reducing external hiring.** Whether it's due to economic conditions, mergers, acquisitions, or reorganization, many organizations are scaling back. And to do so, they need to be able to identify and accommodate the top performers in their new, leaner organizations. In addition, as competition for top talent heightens, corporations will be under additional pressure to establish programs that combat outside offers to key players.

- **Organizations are looking for agility in assigning and reassigning talent.** Corporations must be nimble if they're to meet rapid product development cycles, accomplish project-based work, and respond to a dynamic business environment. This means, for example, that employee teams assembled to accomplish clear, short-term objectives need to be disbanded upon completion so that team members can be efficiently redeployed.

- **Existing labor shortages are forecast to spread.** These labor shortages present another reason to retain existing employees through programs that fluidly meet their career goals and desires.

- **A global economy requires a global workforce.** Labor migration trends also point to an increasingly mobile workforce—all of which means that organizations need to be able to smoothly redeploy key employees to gain valuable international experience.

- **Organizations are experiencing leadership gaps.** Another benefit of internal mobility is that it allows organizations to develop employees and increase leadership bench strength.

Talent mobility encompasses different initiatives, all of which lead to the same business objective: making the best match of existing employees with open positions to allow those employees to flourish. Internal mobility can include promotions and demotions, lateral moves, transfers, and relocations.

Talent mobility should be pervasive throughout a company rather than selective. Some corporations tie internal mobility to performance management or succession planning. At its most effective, talent mobility is a component of a total talent management strategy, which unifies talent acquisition, performance and compensation, succession planning, and employee development.

The Five Ps of Internal Mobility

To create or improve an internal mobility program, organizations can articulate their strategies around five key dimensions critical for success:

- **Purpose clarity.** Clearly articulate goals and tie them directly to business targets and financial impact.

- **Policy guidelines.** Establish consistent and simple guidelines for hiring managers and employees.

- **Process design.** Provide effective procedures and seamless processes to support the achievement of goals.

- **Platform capability.** Leverage a robust, ubiquitous technology platform to support the process and drive the goals efficiently.

- **Performance measures.** Measure, monitor, and act on results for continuous improvement.

Figure 1. The five key dimensions for a successful internal mobility program.

Purpose Clarity

Much of the overall structure, policy, and process of a talent management initiative flows from its purpose or goal.

Improve Employee Engagement

Providing growth opportunities for employees (to increase their satisfaction and engagement) remains a top priority for corporations.

Retention

A common goal of an internal mobility program is to improve the retention rates of top performers. The desire to improve retention rates links directly to the positive impact good employee retention has on productivity and the corporate bottom line, and conversely the high cost of turnover.

Lower Costs with Faster Fills

Replacement costs for each new hire must take into consideration everything from sourcing expenses to HR processing costs (for screening and assessing candidates), the time spent by hiring managers interviewing candidates, travel and relocation expenses, applicable signing bonuses, and orientation and training costs.

Build Leadership

Building leadership capability and increasing bench strength and organizational readiness are important outcomes and strategic benefits of filling positions internally through talent mobility programs. Protecting intellectual property, maintaining competitiveness, and innovating faster are additional goals.

Policy Guidelines

Companies need to translate the business *purpose* of talent management initiatives (such as talent mobility) into business *policies*. These policies will then determine how departments are organized to deliver the services, how and when the initiative will apply, and any connection between internal mobility and other HR initiatives. Having such a policy in place will go far toward alleviating the concerns of the greatest source of resistance to internal mobility: hiring managers worried about losing top people.

Most hiring managers participate in internal mobility programs because they recognize that it's beneficial to do so. Companies that can clearly articulate the value proposition to all stakeholders will be those that are the most successful in creating talent-sharing cultures.

Companies may track mobility by line manager to guard against talent hoarding. In some cases, manager goals are tied to development and promotion of their employees. Escalation, even up to C-level sponsors, is a common recourse in the face of resistant hiring managers.

Some talent mobility policies are quite detailed—for example, incorporating rules governing when a hiring manager may talk to an internal candidate, and at what point the candidate's current manager must be informed. These rules are in line with the high importance placed on policy consistency and communication as keys to successful internal mobility initiatives. Policy considerations include making decisions about the priority of internal sourcing and employee eligibility.

Internal Sourcing

The decision on whether to hire from within (using internal sourcing) should be based on an organization's needs and the greater talent pool. Some companies with very high internal redeployment rates may gain better advantage from external hires.

Corporate growth plans can also influence internal sourcing decisions. A fast-growing company may want to fill more jobs from within, but the disruption of back-filling positions and the lack of "bench strength" may compel them to turn to external sourcing.

Retention Recipe: Talent Mobility

• **Provide clear visibility into internal job opportunities:** Promote open roles online.

• **Approach internal candidates with relevant opportunities:** Match employees to open roles based on talent profile.

• **Extend succession planning to a broader set of roles:** Take advantage of automated search and easy-to-use succession planning systems.

• **Maximize fill rate from succession plans:** Integrate succession planning and recruiting systems.

Eligibility

Satisfactory performance reviews are among the common criteria used to determine whether existing employees are eligible for internal redeployments. The policy may be designed to identify top performers as candidates for internal mobility and not provide opportunities for average or underperforming candidates to excel in new environments.

A set minimum time in a position is also a common eligibility requirement as companies seek to balance employee opportunity with work-team stability and acceptable time to contribution.

Manager approval is a criterion in many companies. Other stipulations on eligibility conditions include collective agreement articles and seniority after competency requirements are met.

Some companies proactively identify "eligible" jobs based on the target skills and experiences they provide. These roles may be coveted, making the mobility programs that fuel them highly competitive (requiring application or sponsorship). Furthermore, companies may mandate mobility assignments or rotations for specific leadership roles. Nonetheless, conditions for eligibility set by an internal mobility policy are merely minimum requirements, and should not supersede considerations of merit or quality.

Process Design

Business policies concerning internal mobility are put into practice through processes that inform employees of internal opportunities, provide managers with visibility into the talent profiles of suitable candidates, and manage the internal talent acquisition process.

When posting open positions, organizations can either delay posting job opportunities on external media sources (to give employees time to react to internal postings) or inform internal and external talent pools simultaneously. Or they may not insert any consistent time period between internal and external postings.

According to the existing rate of internal fills, the process should be designed to post positions internally and externally simultaneously if the goal is to draw from the widest candidate pool, or delay posting positions externally to encourage internal mobility initiatives.

Many organizations use intranet sites to post opportunities and receive applications from employees. With intranet sites, a communications plan should promote the self-service process of accessing opportunities for employees. Hiring managers and recruiters should also have the self-service capability to proactively search for candidates internally, tapping the internal talent community to source high-quality candidates.

Platform Capability

How can technology be used to support the talent mobility process? Is it easier for your employees to find a job outside their own company (using corporate career Websites) than to identify an opportunity internally? Talent management technology can support the internal mobility process as a strategic component of talent strategy. This technology may power an internal career site and leverage the efficiency of self-service processes. It can consist of a database of employee talent profiles and include job posting functions, a skills library, and workforce planning modules.

Talent Profiles as the Foundation for Talent Mobility

Talent profiles—which describe employee skills, abilities, experience, and performance—provide the information required to match employees to internal opportunities. As such, they provide the data set that is drawn on in the process of internal mobility. Talent profiles maintained in an employee database may also be used for skills gap analysis and targeted learning and development. With access to a skills inventory database based on a robust technology platform, an organization can mine a transparent internal labor pool and profit from a clear understanding of the human capital it controls.

Having talent profiles in a talent management database allows organizations to:

- Allocate resources optimally

- Redeploy or lay off employees as needed

- Engage in strategic workforce planning

Companies can create libraries of organizational skills, competency models, and standardized job templates. They can also craft profile questions that are unique to internal audiences. Self-service talent management solutions empower employees to create and update personal talent profiles and apply for career opportunities. This technology enables organizations to power internal mobility programs with standard skills defined in a structured data format—effectively automating the process of matching talent to task. It also allows them to provide efficient self-service solutions.

Talent management technology can provide the platform for linking internal mobility with both performance management and succession planning. In addition to building extensive bench strength for the organization, visibility into succession planning and promotion opportunities creates another impetus for talent to stay. A talent management technology platform with a database of the internal talent pool can automate the talent searches and matches needed for succession plans. The most informative profiles of employee talent catalog information gathered from the onset of the talent lifecycle. They include information collected during the talent acquisition process, internal skills and performance review ratings, and learning and employee development activities. Combined with powerful talent analytics, visibility into the workforce can facilitate just-in-time workforce allocation.

With unified internal mobility and performance management automation, past employee performance may be researched as part of the selection process. However, many systems stop here—failing to consider the career aspirations and interests of internal candidates. This is a real missing link—especially with the onset of recruiting millennials, who will be seeking career experiences that mesh with their soft goals such as work/life balance and intrinsic importance. Employees expect to be

rewarded based on hard work and contributions, yet if all the data on their performance was neither collected nor available to make important selection decisions based upon objective criteria and standards, they may be overlooked.

One Talent Community, One Company

Extended visibility enables extended thinking in which no department is an island. In terms of succession and internal mobility, that visibility creates free talent trade across department borders. You offer people opportunity or risk losing top people to other companies. In return, people exhibit stronger engagement with transparent career paths and internal opportunities. What's the overall benefit? People work better in glass silos. You get a more holistic approach to talent because you have data, process, and visibility aligned in a unified manner driven by technology. Got unified data? Get a united company.

"Got Unified Data? Get a United Company," Taleo[3] Research Blog, November 3, 2009.

Performance Measures

The policies and procedures a company employs to fulfill its talent mobility goals produce data that can be captured to track performance and reveal how well internal mobility initiatives are actually performing. But what metrics should companies use to monitor and manage their internal mobility initiatives? And what data indicates program success?

No single metric captures all aspects of the performance of internal mobility programs. Tracking the percentage of internally filled positions is typical. Data and analytics that serve as indicators of a talent mobility program's performance also include:

- Total turnover

- Turnover costs

- Employee engagement

- Individual talent profile reports

- Top performers by division/department

- Talent readiness or bench strength

- Voluntary turnover among high potentials

- High potentials with a career or development plan

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[3] Oracle acquired Taleo in June 2012.

Data ratios are also informative, including:

- Internal versus external fills

- Number of internal moves previously versus number today

- Internal versus external position postings per region or business

- Percentage of employee referrals of internal versus external candidates

Analytics that can correlate with program practices or provide insight into program goals include:

- Tracking movement (lateral, functional, and geographic)

- Quality of hire (based on promotion rates)

- Legal exposure (based on Equal Opportunity Employment and labor contract measurements, and reductions in threats of legal action)

Most organizations acknowledge the importance of taking advantage of unified talent analytics and the intelligence surrounding talent mobility initiatives. However, many organizations lack access to reliable data. Consider these responses to a Taleo Research[4] survey:[5]

- 86 percent of U.K. and Australian respondents and 97 percent of French respondents considered data on employee engagement levels among the most important talent data elements. Also important to French respondents were leadership bench-strength indicators around internally filled positions (94 percent) and succession bench strength (93 percent)

- Only 55 percent of U.K. respondents had access to reliable data on employee engagement

- Just 57 percent of Australian respondents were able to identify their divisional or departmental top performers

- The majority of U.S. respondents had difficulty evaluating their retention strategy for top performers by giving them promotional paths

  - 36 percent of businesses had no access to reliable data on the top performing employees not on any succession plans

  - Only 23 percent had access to reliable data on whether their top performers had career paths— thus limiting their ability to use career development as a retention strategy

- 89 percent of U.K. respondents found important data relating to top performer retention, including top performer identification and talent profiles

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[4] Oracle acquired Taleo in June 2012.

[5] Talent Intelligence Surveys (Australia, France, U.S., U.K.), Taleo Research, 2010.

- Almost half (49 percent) of all respondents in the U.K. and the U.S. had no insight into the number of new hires that leave the company voluntarily within the first year

Good analytics are essential for developing a strong talent mobility strategy as is having a single, complete view of talent across the organization.

TABLE 1. PERFORMANCE MEASURES

PURPOSE	METRICS
Improving retention	- Turnover rate - Cost of turnover - Impact on profit margin
Increasing employee engagement	- Employee engagement survey - Retention rate past one year
Lowering staffing costs	- Cost per hire - Sourcing cost per hire
Filling positions faster	- Time to hire - Time to contribution
Building leadership pipelines	- Talent readiness or bench strength - Top performers by division/department

Tactics, Systems, and Strategies

Talent mobility initiatives can range from minimal spot occurrences (tactical) to more organized approaches (systematic) to well-calculated programs that represent components of organizational talent management (strategic) with fully integrated talent processes, systems, and data.

Talent Mobility Maturity Stages

The results delivered by talent mobility programs correlate to the maturity of the initiative, and its comprehensiveness and access across the workforce. Aspects of program practices match each of the three talent mobility maturity stages, which can guide talent mobility program improvement.[6]

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[6] According to the 2005 Watson Wyatt Human Capital Index study, internal promotion is best in moderation. The results show that having 12 percent internal hires is too low (return -2 percent) and having

TABLE 2. TALENT MOBILITY MATURITY STAGES

	TACTICAL	SYSTEMATIC	STRATEGIC
All internal career opportunities are accessible to all employees.	No	Only within specific functions, regions, or business units.	Yes
The talent acquisition team considers internal talent acquisition or deployment to be part of its mission.	No	Only when employees apply for vacancies.	Yes
A single talent profile is stored for each employee.	No	Yes, but includes posthire data only.	Yes, includes prehire data.
Succession planning is in place.	No	Just for executive levels.	For all critical roles.
Internal mobility is used as a development tool.	No	Yes, but not on a formal basis.	Yes, mobility assignments map to employee development plans.
An internal mobility policy is in place.	No	For international assignments only.	Yes, for all internal moves.
The percentage of positions filled with internal candidates is known.[7]	20% or unknown	20–40%	More than 40%.
Technology is used to facilitate internal mobility.	None or e-mail only.	Intranet	Yes, there is a dedicated talent management system.
Mobility data is tracked to measure the impact on organizational readiness, talent gaps, or bench strength.	No	Yes, but not consistently.	Yes.
Managers are held accountable for moving talent throughout the organization.	No	Yes, but on an informal or infrequent basis.	Yes, mobility data is tracked and used to assess manager performance.

80 percent is too high but better (return 32 percent). A midpoint at 50 percent reaps a reward of 56 percent return.

[7] According to the 2005 Watson Wyatt Human Capital Index study, internal promotion is best in moderation. The results show that having 12 percent internal hires is too low (return -2 percent) and having 80 percent is too high but better (return 32 percent). A midpoint at 50 percent reaps a reward of 56 percent return.

Results from Talent Mobility

A clearly communicated talent mobility initiative that's based on well-optimized technology and processes and that has received strong enterprisewide support bestows a number of distinct advantages on a company.

Cost Avoidance

Internal mobility initiatives help corporations avoid costs by increasing retention. Offering employees the opportunity for growth within the company cuts down on one of the leading causes of turnover.

Time to Contribution

Time to contribution is also faster for existing employees taking different positions, since familiarity with corporate policies, benefits, and culture enable them to become productive more quickly. Training costs may be lower as well because the organization can benefit from earlier training and employee development—perhaps avoiding basic or repetitive instruction.

Direct Cost Savings

Internal mobility initiatives save organizations money by lower sourcing costs (no third-party agency fees) and reducing HR department labor. Companies that post openings internally for a set period of time before turning to the media and job boards for external sourcing may avoid sourcing costs altogether.

Facilitated Internal Movement

CACI, a public sector company, has developed an employee mobility program to supplement its external recruiting efforts. By proactively seeking out internal candidates and filling jobs from within, it increases retention rates while simultaneously reducing hiring costs (since external hires are as much as 60 percent more costly than internal transfers). Using [Oracle Taleo Recruiting Cloud Service] makes it easier for managers to identify potential fills for project needs and aids employees by helping them proactively manage their careers. Over the course of just one year, CACI has used its internal mobility program to fill 701 positions from internal sources.

Source: Best Practices in Recruiting—ERE Excellence Awards 2010, April 7, 2010.

Labor Costs

Internal mobility programs save labor costs in the HR department because it's much less time-consuming to screen internal candidates than it is to screen external applicants. Internal mobility initiatives also reduce peripheral talent acquisition costs such as signing bonuses, relocation expenses, and on-boarding costs.

Intellectual Property

Related advantages of internal mobility include the protection of corporate intellectual property and improved employee engagement. Companies that support successful internal mobility programs demonstrate a commitment to their employees—showing workers that they're viewed as a valuable talent pool worth cultivating over the long-term. This not only boosts employee morale, it can also generate a real increase in employee productivity.

Employee Value

The set of skills that an employee acquires on the job through training and experience increases that employee's value for the corporation as well as in the marketplace. It is of course critical to retain only high-performing employees, not those who are not contributing.

Talent mobility programs must be inextricably tied to the clear objective of staffing business units with the best employees when needed. An effective employee mobility program increases the value of human capital throughout an organization. For a talent mobility program to succeed, organizations need to understand the program's financial impact, clearly articulate and communicate an internal mobility policy, motivate through a receptive corporate culture and strong buy-in from executive management, and execute on a solid foundation of well-optimized technology and processes.

Well-designed talent mobility programs powered by efficient, automated technology platforms will positively impact corporate goals. By employing quality talent, organizations can create environments that encourage creativity, increase productivity, and lead to increases in shareholder value.

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Oracle Corporation
World Headquarters
500 Oracle Parkway
Redwood Shores, CA 94065
U.S.A.

Worldwide Inquiries:
Phone: +1.650.506.7000
Fax: +1.650.506.7200

oracle.com

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