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U.K. Talent Mobility

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Introduction

The workplace has changed dramatically in the last ten years. A focus on globalization, mobility, flexibility, and collaboration now characterizes many working environments. The year 2011 was a turning point for many companies as they began to see signs of economic recovery and turn their focus to bolstering their internal talent pools to ready themselves for the challenges that the future brings.

The ability to rapidly and strategically move people from role to role and function to function as business needs change is referred to as *talent mobility*. To further understand the current attitudes and approaches to talent mobility in the U.K., a comprehensive study by Taleo Research¹ in 2011 surveyed 500 HR decision-makers in large British companies.

The research finds companies at a talent tipping point—aware of the strategic importance of talent mobility strategy but held back from fully embracing talent mobility because of data and systems shortcomings. The “Taleo Talent Mobility Survey” finds companies at different points along the journey to true talent mobility and shows that those at a higher level of talent mobility sophistication are reaping the rewards of improved business performance.

¹ Oracle acquired Taleo in June 2012.

Survey Overview

This white paper examines the outlook of talent mobility across the U.K. in 2011. This section provides brief highlights of the Taleo Talent Mobility Survey results and methodology. Subsequent sections analyze the research. Highlights of the research include the following:

- Only 58 percent of growth companies think they have the best people in the right places to drive growth.
- Those companies that reported having excellent talent mobility technology are also strong on a number of key business measures, including the quality of leadership pipeline (76 percent), employee engagement rates (76 percent), and ability to drive change/business growth (75 percent).
- When compared against a talent mobility model—with ten measures of talent mobility—just 17 percent of companies exhibit strategic talent mobility behaviors. 52 percent fall into the middle category termed “systematic,” and 31 percent are categorized as “tactical” in their approach.
- Companies in the “strategic” segment are more likely to have higher profitability than their peers, higher employee engagement rates, and a higher quality of leadership pipeline/successors, and they are better able to drive business growth than companies who perform less strongly on the talent mobility model.
- 30 percent of HR directors expect the size of their workforce to increase in the next year, while 50 percent forecast that it will remain the same. Voluntary churn remains an issue: only 21 percent predict that this will decrease in 2011.
- 71 percent agree that it is important for companies to be able to proactively and strategically move people from role to role.
- 61 percent of HR directors believe they are effective at the vertical movement of people, compared to 52 percent for horizontal movement of people between departments or business functions and just 29 percent for the geographical movement of people into different sites, regions, or countries.
- On average, 40 percent of employees in growth companies could be deployed effectively elsewhere in the company, taking into account their capabilities and career aspirations.
- 74 percent of companies experience some challenges in increasing talent mobility. The top three barriers are cited as a lack of visibility into talent gaps and opportunities (31 percent), a lack of systems/technology to support talent mobility initiatives (31 percent), and the quality and reliability of employee talent data (30 percent). The Taleo Talent Mobility Survey shows that talent mobility is firmly on the HR agenda as U.K. companies look to grow their internal talent pools and improve employee readiness for future business challenges. The data also shows that those companies implementing talent mobility strategies face a number of difficult challenges—most notably, system and data shortcomings—that if addressed can help them more effectively overcome talent shortages in the coming years.

The survey methodology comprised 500 telephone interviews with HR decision-makers in U.K. businesses with more than 250 employees. The research was conducted in Q1 2011.

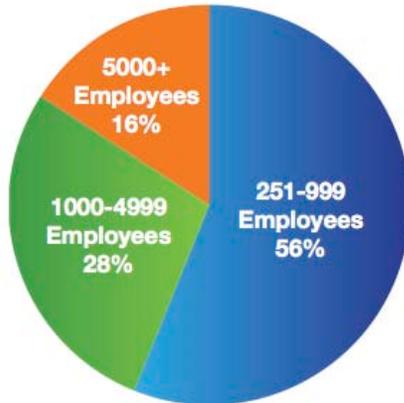


Figure 1. The representation of company size in the respondent pool breaks down to 56 percent, 251–999 employees; 28 percent, 1,000–4,999 employees; and 16 percent, 5,000 or more employees.

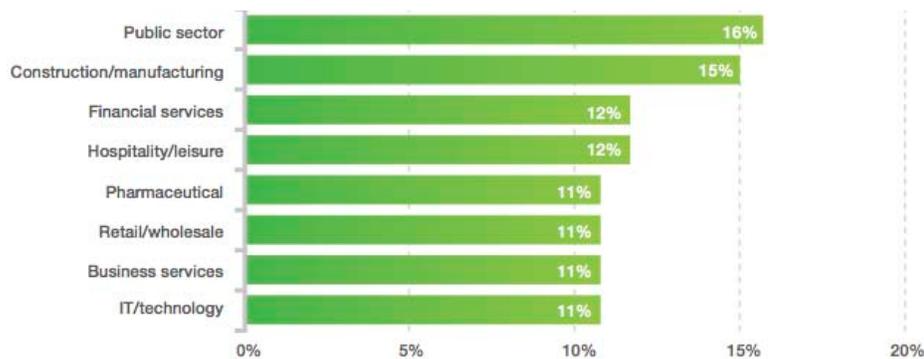


Figure 2. Survey respondents represent a broad array of industry sectors.

Talent Landscape

Competition for talent is taking a new direction. Rather than focusing simply on acquiring the best people, the agenda has shifted to making the most of the people already in place by balancing the experiences and skills that organizations need to drive the business forward with the capabilities and aspirations of individuals through a focus on talent mobility.

Although 30 percent of HR decision-makers are expecting the size of their workforce to grow in the coming year, a majority (50 percent) expect workforce size to remain constant. A similarly static picture emerges around levels of voluntary churn, with those predicting an increase (22 percent) offsetting those forecasting a decrease (21 percent).

The data suggests that while business prospects are beginning to improve for many companies, organizations must accommodate business growth within a static employee base. Against this backdrop, it becomes clear that the need to mobilize people internally in response to business and market needs is particularly relevant for companies today.

With only 21 percent forecasting a decrease in voluntary churn, retention is a perennial issue for companies. Increased churn is a particular issue for business services (32 percent), public sector (28 percent), and IT/technology companies (27 percent). The majority of HR decision-makers think that employee retention is something they can manage and control to some extent. In fact, just 26 percent think that this is outside their direct control. Yet when asked to identify the key reasons for retention difficulties, an entirely different story emerges.

Even though the majority of respondents believe that they can control and manage retention to some extent, they tend to attribute the direct causes of turnover to external factors. Retention problems are most frequently attributed to outside factors such as better salaries (48 percent) or external opportunities (45 percent). Identified internal shortcomings include not matching roles to employee capabilities and aspirations (31 percent) and a lack of information relating to these capabilities and aspirations (23 percent).

Companies that look solely at external reasons for churn are missing the opportunity to look inward and strengthen their internal talent management processes, thereby regaining some level of control over retention.

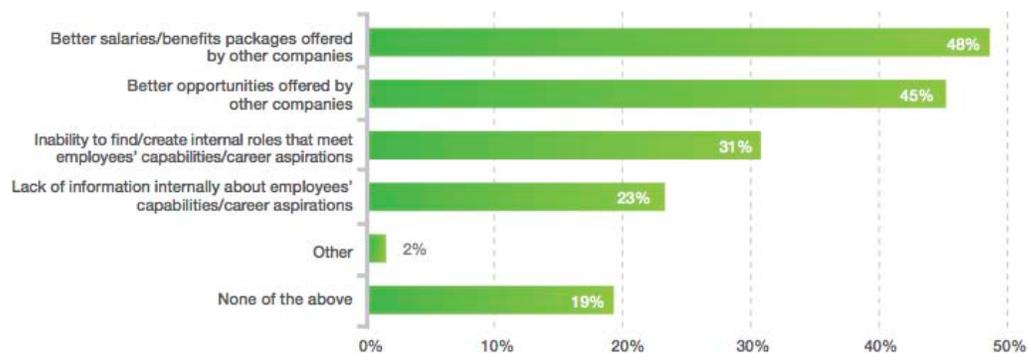


Figure 3. Respondents cite the reasons for retention difficulties.

Talent Mobility Momentum

Momentum for talent mobility appears to be building, with companies readily recognizing its relevance and importance in their workplaces. Almost three quarters (71 percent) of HR decision-makers agree that it is important for companies to be able to proactively and strategically move people from role to role. Those in the retail/wholesale (82 percent) or construction/manufacturing (81 percent) sectors especially emphasize this point.

Furthermore, 57 percent say that the current economic climate has led to an increased focus on talent mobility. Talent mobility is not just an issue for employers; half of HR decision-makers (51 percent) consider that it is now increasingly on employee agendas when they choose an employer. This is particularly evident in hospitality/leisure organizations (65 percent) but far less prevalent for pharmaceutical companies (33 percent).

Driving Growth Through Talent Mobility

- Only 58 percent of growth companies think they have the best people in the right places to drive growth.
- On average, 40 percent of employees in growth companies could be deployed elsewhere in the company, given their capabilities and career aspirations.

Despite a widespread acknowledgement of the value of talent mobility in driving business forward, in reality companies are a long way from the ideal state of having the best people in the right places to drive growth. Among the 30 percent of companies that predict that their workforces will grow in the next 12 months, only 58 percent actually think that they have people optimally positioned within their organizations to drive this growth.

There is clearly a missed opportunity here, as HR decision-makers in these growth companies estimate that 40 percent of their employees could be deployed elsewhere given their capabilities and aspirations.

The appetite and need for talent mobility is evident. Successfully connecting company talent needs with individual skills and aspirations is the underlying premise for a talent mobility strategy.

However, the survey results found that many companies have not made much progress on the journey to true talent mobility.

Talent Mobility Technology

Having the tools and systems in place to enable visibility of talent gaps and opportunities and to automate the talent management process is a critical component of any talent mobility strategy.

However, only 41 percent of respondents rate themselves above the sector average for technology to support such a strategy, lower than either “appropriate culture” (55 percent) or “necessary processes” (50 percent).

The benefits of adopting talent mobility technology are compelling. There is a significant correlation between those companies that consider themselves “excellent” with a more advanced talent mobility technology foothold and their higher ratings on key business measures.

Talent mobility technology excellence correlates to greater business impact on multiple metrics including quality of leadership pipeline (76 percent), employee engagement rates (76 percent), and ability to drive change/business growth (75 percent). Three-quarters (76 percent) of companies with excellent talent mobility technology report having a culture that supports sharing of talent across the company versus 55 percent of all companies.

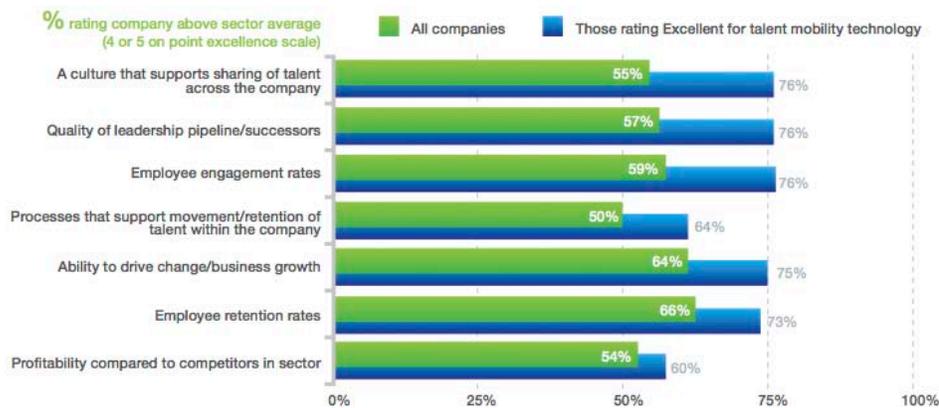


Figure 4. Talent mobility technology deployment correlates to higher scores on talent management objectives.

Despite such compelling business benefits, the companies surveyed vary in their levels of sophistication in terms of talent mobility technology. Only 10 percent of companies are using dedicated talent management systems.

- Use of dedicated systems is higher in the construction/manufacturing (14 percent) and IT/technology (14 percent) sectors, although this still represents just one in seven companies.
- The majority of companies are making do with company intranets to facilitate internal mobility, particularly within the public sector (76 percent).
- Most striking, however, is the fact that 30 percent of companies use no technology or rely on e-mail to facilitate internal mobility.

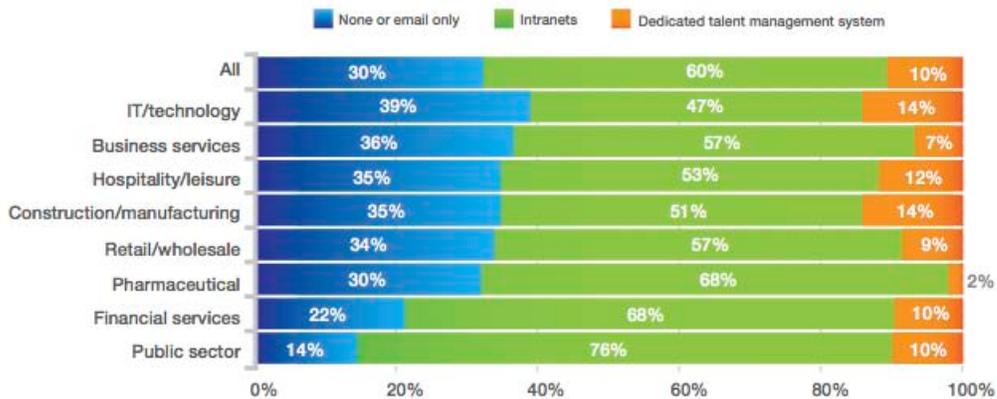


Figure 5. Respondents report on the technology they use to facilitate internal mobility.

Talent Mobility Model

A talent mobility model identifies best practices that are keys to an organizational talent mobility initiative. The model consists of 10 performance pillars, each of which consists of a three-point scale ranging from “tactical” through “systematic” to a “strategic” level of talent mobility maturity.

TABLE 1. TALENT MOBILITY MATURITY STAGES

	TACTICAL	SYSTEMATIC	STRATEGIC
1. All internal career opportunities accessible to all employees	No	Only within specific functions, regions, or business units	Yes
2. The talent acquisition team considers internal talent acquisition or deployment as part of its mission	No	Only when employees apply for vacancies	Yes
3. A single talent profile is stored for each employee	No	Yes, but includes posthire data only	Yes, includes prehire data
4. Succession planning is in place	Not at all	Just for executive levels	For all critical roles
5. Internal mobility is used as a development tool	No	Yes, but not on a formal basis	Yes, mobility assignments map to employees' development plans
6. An internal mobility policy is in place	No	For international assignments only	Yes, for all internal moves
7. The percentage of positions filled with internal candidates is known	20% or unknown	20–40%	40% or more
8. Technology is used to facilitate internal mobility	None or e-mail only	Intranet	Yes, there is a dedicated talent management system
9. Mobility data is tracked to measure the impact on organizational readiness, talent gaps, or bench strength	No	Yes, but not on a consistent basis	Yes
10. 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

Figure 6 shows the proportion of HR decision-makers rating their company at each point on the maturity scale across all 10 of these factors. It is evident that there is great variation in performance across these pillars. At one extreme, 80 percent of respondents have internal career aspirations accessible to all employees, while at the other end of the spectrum just 12 percent have a single talent profile for each employee that includes prehire data. Only 10 percent have a dedicated talent management system to facilitate internal mobility.



Figure 6. Respondents rate their performance on talent mobility model factors.

There is also wide variation in performance by industry sector on the performance pillars.

- In succession planning, for example, 74 percent of financial services companies operate at a “strategic” level, defined as doing succession planning for all critical roles, compared to just 47 percent of public sector companies.
- Exploring the proportion of positions filled with internal candidates again reveals sector discrepancies. At the top end, 39 percent of construction/manufacturing companies have more than 40 percent of vacancies filled with internal candidates, compared to just 19 percent of pharmaceutical companies.
- Internal mobility policies exist for all internal moves in 55 percent of financial services companies but just 27 percent of retail and wholesale companies.

Very few companies rate themselves as strategic on all ten factors (or tactical on all ten factors). For this reason, respondents were allocated to one of three segments based on their relative strategic scores. Companies of all sizes and sectors fall into each of these three segments, implying that segment membership is culturally driven rather than structurally determined.

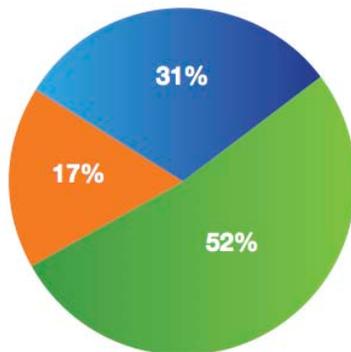


Figure 7. 31 percent of survey respondents scored as tactical on the talent mobility model, while 52 percent scored as systematic, and 17 percent scored as strategic.

Importantly, the survey results reveal that operating at a strategic level of talent mobility is associated with uplifts in business performance compared to sector averages, particularly in having a better-quality leadership pipeline and higher profitability.

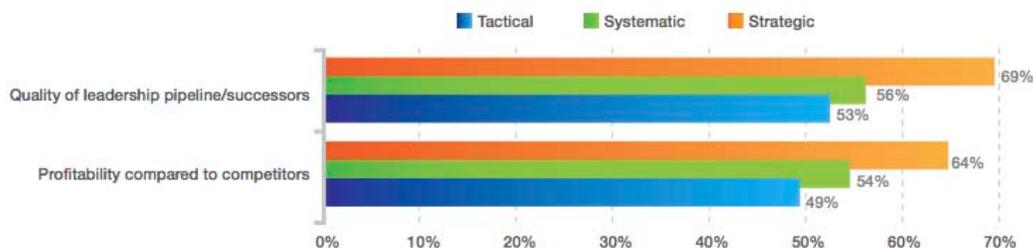


Figure 8. Operating at a strategic talent mobility level shows higher business performance, based on the percent rating their company above sector average.

Moving Forward with Talent Mobility

Talent mobility resonates particularly strongly as companies adapt to changing market conditions and look to bolster their internal talent pools. HR decision-makers consider that their companies are most effective at the most well-established and well-understood type of mobility: the vertical movement or promotion of people within departments and functions into more-senior roles. 61 percent consider themselves to be effective in this, increasing to 71 percent in financial services companies, where career ladders and reward structures are particularly well established.

The movement of people horizontally or laterally between departments, business functions, or units is something in which one-half (52 percent) of companies consider themselves to be effective, increasing to 68 percent in hospitality and leisure businesses.

Geographical mobility is the area where companies currently consider themselves weakest, with just 29 percent claiming to be effective. Again, this is highest in hospitality/leisure industries (45 percent), which by definition are often associated with travel, but is very low in pharmaceutical (22 percent), IT/technology (23 percent), and public sector (23 percent) companies.

Relative Effectiveness in Talent Mobility

- 61% effective at vertical movement/promotion of people within departments or functions into senior roles
- 52% effective at horizontal/lateral movement of people between departments, business functions, or units
- 29% effective at geographical movement of people into different sites, regions, or countries

Barriers to Improving Talent Mobility

While talent mobility is increasingly on the corporate agenda, there are very real barriers for companies in improving this critical aspect of their business. These shortcomings are preventing companies from having a truly mobile talent pool ready for the challenges of the next couple of years.

The top three barriers relate to technological and systematic shortcomings—specifically, a lack of visibility into talent gaps and opportunities (31 percent), a lack of systems/technology to support talent mobility initiatives (31 percent), and the quality and reliability of employee talent data (30 percent).

In addition, the survey found that one-half (51 percent) of organizations have no individual talent profiles at all, and of those who maintain talent profiles, more than one-third (37 percent) have talent profiles that include posthire data only. Individual talent profile reports that include structured information on previous job roles, skills, competencies, development plans, and goals are the core tool to identify and evaluate talent in support of mobility efforts. The lack of comprehensive talent profiles therefore can severely limit the business impact of talent mobility initiatives.

Effective and efficient internal talent redeployment requires access to talent intelligence: information about the skills and aspirations of the employee candidates matched with data on the skills and fit for the open position. The individual talent profile is the basis for the employee information and provides the data set to support internal mobility.

Talent profiles maintained in an employee database may also be used for skills gap analysis and targeted learning and development. With that skills inventory database based on a robust technology platform, organizations can mine a transparent internal labor pool and profit from a strategic understanding of internal human capital.

Conclusion

The “Taleo Talent Mobility Survey” provides a comprehensive view of talent mobility in 2011 across U.K. enterprises. As companies ready themselves for economic recovery and business growth, the ability to strategically and proactively move people within the business is resonating strongly with HR leaders.

Although the importance of talent mobility is widely recognized, the extent to which companies are effectively moving people within their businesses and balancing business needs and individual aspirations and skills varies widely. Vertical mobility, or promotion, is an established business practice synonymous with career ladders and personal development, while other types of mobility—including horizontal and geographical mobility—are far less well established.

Although the use of technology to support talent mobility is limited, it is clear that there are notable business benefits associated with a more sophisticated level of technology usage. Boosting the leadership pipeline and being better able to drive change and business growth are two such benefits. The talent mobility model explores the relative sophistication of companies across all aspects of talent mobility and finds just one in six organizations operating at a strategic level.

Competition for talent is not just about attracting talent but also about mobilizing and optimizing the talent pools that already reside within businesses. Talent profiles of employees—their skills, abilities, experience, and performance—can provide the foundational information for matching to internal opportunities.

The companies best positioned to meet future talent challenges will be those that have the processes, systems, and culture in place to adopt a truly holistic approach to talent mobility in the larger framework of effective organizational talent management.



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