An Oracle White Paper
January 2013

ROI of Social Media in the Enterprise:
A Benchmarking Survey
Introduction

In July 2011, SelectMinds (acquired by Oracle in November 2012) commissioned research firm Illumas-Global (which delivers strategic marketing intelligence across B2B and consumer markets) to conduct a survey of US executives at firms with 3,000 or more employees. The goal: to reveal these organizations’ corporate social media initiatives. Survey topics included social media use, management responsibilities, and results measurement.

The survey found that the vast majority of the 216 respondents (86 percent) are currently using social media in their organizations and that 72 percent of their companies are actively engaged in some form of social recruiting. Nearly as many respondents reported using social media for branding engagement and awareness (69 percent) or recruitment branding (68 percent).

However, when it comes to managing and measuring the results of these campaigns, few organizations agree on the best approach, and even fewer are confident that they’re evaluating the right criteria for success. Ultimately, the survey found that although corporations have moved well beyond the leap-of-faith stage with their social media programs—that is, such programs are up and running, and producing results—there’s little consensus on how best to manage such programs and which parts of the organization should drive the initiatives.
Current Social Media Trends

Corporations are using social networks for many purposes, but the most frequently cited among survey respondents was recruiting.

![Bar chart showing the usage of social media](chart1.png)

Figure 1. Although recruitment was the most commonly cited use of social media among corporations, other uses—such as branding engagement, recruitment branding, and marketing—are also on the rise.

Which social media platforms are currently most popular? Not surprisingly, Facebook, LinkedIn, and Twitter lead the pack. But Yammer is making surprising inroads.

![Bar chart showing social networking sites maintained](chart2.png)

Figure 2. Survey respondents showed Facebook and LinkedIn to be the most-popular social media platforms for corporate use.
Social Media and Recruitment

When survey respondents were asked whether their HR departments were using social networks for recruiting, and if so, how, some 81 percent of respondents reported that they were indeed using social networks to help recruit the best candidates—citing LinkedIn and Facebook as the most commonly used platforms. According to respondents, 79 percent of companies are mining LinkedIn for candidates; 65 percent have company pages on LinkedIn; and 63 percent have Facebook pages for jobs and careers. Just 39 percent of respondents currently maintain an online talent community.

<table>
<thead>
<tr>
<th>RECRUITMENT METHOD</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mine LinkedIn For Candidates</td>
<td>79</td>
</tr>
<tr>
<td>Have a Company page on LinkedIn</td>
<td>65</td>
</tr>
<tr>
<td>Have a Facebook Page for Jobs/Careers</td>
<td>63</td>
</tr>
<tr>
<td>Have a LinkedIn Recruiter License</td>
<td>59</td>
</tr>
<tr>
<td>Tweet Job Opportunities</td>
<td>49</td>
</tr>
<tr>
<td>Maintain a Talent Community</td>
<td>39</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
</tr>
<tr>
<td>Not Sure</td>
<td>5</td>
</tr>
</tbody>
</table>

Figure 3. While 79 percent of respondents reported mining LinkedIn for candidates, only 39 percent said they maintain a talent community.

Managing Social Media Initiatives

Who manages these social media efforts? In keeping with the nature of social media tools—which are designed to be easy to update and check throughout the day—respondents generally aren’t assigning designated teams to manage social media. Instead, they’re making social media a part of the daily responsibilities of a wider range of employees. Some 44 percent of respondents said that social media is part of a few employees’ responsibilities at the organizational level. Meanwhile, only 25 percent reported that social media is being handled by a dedicated team in the company, and 9 percent said it was being handled by a dedicated person.

Will more companies create social media teams? It doesn’t appear likely. 63 percent of respondents said that social media should be handled within a pre-existing department rather than by a specially created team. And among HR personnel, the divide was even more extreme, with just 32 percent of respondents saying social media should be the responsibility of a dedicated team.

One good sign is that 81 percent of respondents reported having formalized social media policies in place to guide technology use at their companies, while only 15 percent of respondents reported that nobody manages social media efforts at the departmental level. No respondents reported that this was the case at the company level.
Reporting on Effectiveness

With social media usage widespread within companies, it is clear that organizations need to manage that usage carefully. What’s less clear is how satisfied they are with the results they’re getting from their social media efforts.

To answer this question, the survey asked respondents how effective social media has been in delivering on 11 specific objectives. Social media received the highest marks for serving as a communications platform (60 percent considered it “effective”), improving brand awareness (57 percent), increasing marketing effectiveness (55 percent), and allowing brand monitoring (52 percent).

Only 19 percent of respondents rated social media “ineffective” for any of the 11 objectives—suggesting that there is no widespread disillusionment with social media. However, a closer look at the data indicates that companies have not yet tapped the full potential of social tools. Out of the 11 objectives, social media received seven “effective” ratings of 50 percent or less. And all but one of the objectives received a “neutral” rating from at least 30 percent of respondents.
Perhaps most significantly, only 44 percent of respondents rated social media as “effective” in finding candidates to hire—the lowest rating out of the 11 objectives. In an age when talent is the most sought-after commodity, this indicates that companies are still searching for a consistent payback on their social media initiatives. How will companies measure this payback?

Measuring ROI

Companies currently use a variety of metrics to measure the effectiveness of their social media initiatives. Of those respondents who measured ROI, most reported using easy-to-count metrics to do so. For example, 66 percent count hires from social networks; 65 percent count Website visitors; and 63 percent count Facebook fans. Very few measure in terms of reduced expenses or increased revenue (27 percent and 10 percent, respectively), two bread-and-butter ROI metrics.

Figure 6. Commonly used social media ROI metrics.
Worse, only 5 percent of respondents reported being “very confident” that they are accurately measuring the ROI of their social media activities. While 57 percent reported being “fairly confident,” another 29 percent said they were “not very confident.” More than half of the respondents indicated that they don’t measure the success of social media initiatives because they either lack the appropriate tools or their initiatives are still relatively new.

This uncertainty around ROI measurements may help explain an apparent paradox in corporate attitudes toward social media. On the one hand, most respondents expected their organizations to increase their use of social media—with more than half expecting social media to become a top business priority for their organizations, 69 percent believing their organizations plan to increase their social media budgets, and 85 percent of respondents’ organizations actively seeking to invest in social media technology. However, on the other hand, only 31 percent of respondents cited social media as being important to their companies, and only 49 percent said that their companies had formal social media processes or strategies.

Doubtful about the return they’ll achieve on their social media investments—not to mention their ability to even measure this return—companies continue to launch social media initiatives without a clear sense of purpose. They can enhance their results by building on a reliable approach that many companies have already embraced.

Corporate Social Networks

Amid all the talk of Facebook, LinkedIn, and Twitter, companies have quietly embraced a different type of social media tool: the corporate social network (CSN). Asked whether their organizations maintain private corporate networks for a variety of functions, 63 percent of respondents reported that their companies have such networks for current employees; 40 percent said their companies have them for recruiting candidates, and 33 percent reported that their companies have them for alumni. And given that the number of “not sure” answers ranged from 13 to 24 percent for each category, these numbers may well be even higher.
The idea of maintaining a private network for employees has clearly caught on. And although 35 percent of respondents said HR is responsible for maintaining the network, 29 percent said the responsibility doesn’t lie with any specific person or department. In these latter organizations, the corporate social network likely fits seamlessly into the daily activities of ordinary employees.

How are companies using these corporate social networks? Although respondents listed a wide range of functions, by far the leading usage was job listing and recruiting (reported by 62 percent of respondents).

### Social Recruiting and Community Management Tools

Social recruiting and community management solutions can help organizations source talent and new business through the online connections of their current and former employees. Designed to increase ROI by enhancing talent acquisition and other business development functions, Oracle’s social recruitment tools include the following:

- **Oracle Taleo Social Sourcing Cloud Service.** Integrated with social networks, this referral recruiting tool is designed to increase the number and consistency of referral candidates. Oracle Taleo Social Sourcing Cloud Service is powered by a referral marketing engine that sends open positions to relevant employees and then scans their social connections to make referral suggestions.
Offering game-like mechanics that make the process easy for referrers and applicants, Oracle Taleo Social Sourcing Cloud Service is fully tracked on the back end to provide HR with never-before-possible visibility into referral programs.

- **Oracle Taleo Community Connect Cloud Service.** This service delivers a custom-branded, secure community network that’s integrated with social networks and can be deployed to any community. Powering the corporate alumni networks of some of the world’s biggest brands, Oracle Taleo Community Connect Cloud Service allows organizations to create go-to talent communities to source from. The fully branded service provides rich registration and community management features suitable for branding, new business development, and recruiting. Combined with Oracle Taleo Social Sourcing Cloud Service, Oracle Taleo Community Connect Cloud Service provides a growing community for sourcing.

- **Community management services.** These services assist clients in areas such as content creation, reporting and tracking community success metrics while adhering to social media best practices.

**Conclusion**

Social media continues to gain popularity among corporations, which are using it to post jobs, communicate HR information, disseminate news, and foster collaboration. But companies’ ability to measure the ROI of their social media initiatives remains scant at best. They lack confidence in the accuracy of their measurements, and they are dissatisfied with their social media initiatives’ effectiveness in finding candidates to hire.

By focusing social media efforts on building social referral networks, companies can establish technology environments that generate steady streams of referrals and rehires. By doing so, they can tap into the most reliable source of key talent—employee networks—while significantly reducing time to hire and cost per hire.