



**Harvard
Business
Review**

A REPORT BY HARVARD BUSINESS REVIEW ANALYTIC SERVICES

The Age of Modern HR



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The Age of Modern HR

Building human resources management systems that deliver

ACROSS THE GLOBE, human resources leaders are confronting the challenges of shifting workforce demographics, mobility, and the need for complex new skill sets as they are searching for new methods to acquire, retain, and manage their most important resource—human capital.

And while there is a growing recognition about the importance of the use of modern technologies and more sophisticated analyses of data in human resources management, a new survey by Harvard Business Review Analytic Services shows that HR and non-HR executives alike see a large gap between the desired concept and actual use in today's enterprise.

Despite efforts to find new strategies, metrics, and tools to improve workforce management, many executives believe they have a long way to go before their companies can deliver the kind of performance needed to make a major impact on the bottom line.

The 498 business executives surveyed ranked their top five most important goals for HR management in 2014 as follows: talent acquisition (64 percent), employee engagement (59 percent), talent retention (58 percent), goal alignment (55 percent), and training (53 percent). **figure 1**

HR leaders (39 percent of respondents) gave their organizations slightly higher marks on workforce management objectives than non-HR executives; however, most agreed that HR management practices needed to be improved.

Focusing on the Challenges Ahead

Going deeper, the survey found a number of barriers that must be broken for an organization to lead the way in this new universe of Modern HR. The top obstacles to achieving better workforce management cited by respondents were ineffective leadership in HR, followed by the challenges created by unengaged employees and by the difficulties in aligning

HIGHLIGHTS

59%

of respondents say employee engagement is a priority for their organization

27%

of respondents say their organization employs engagement metrics

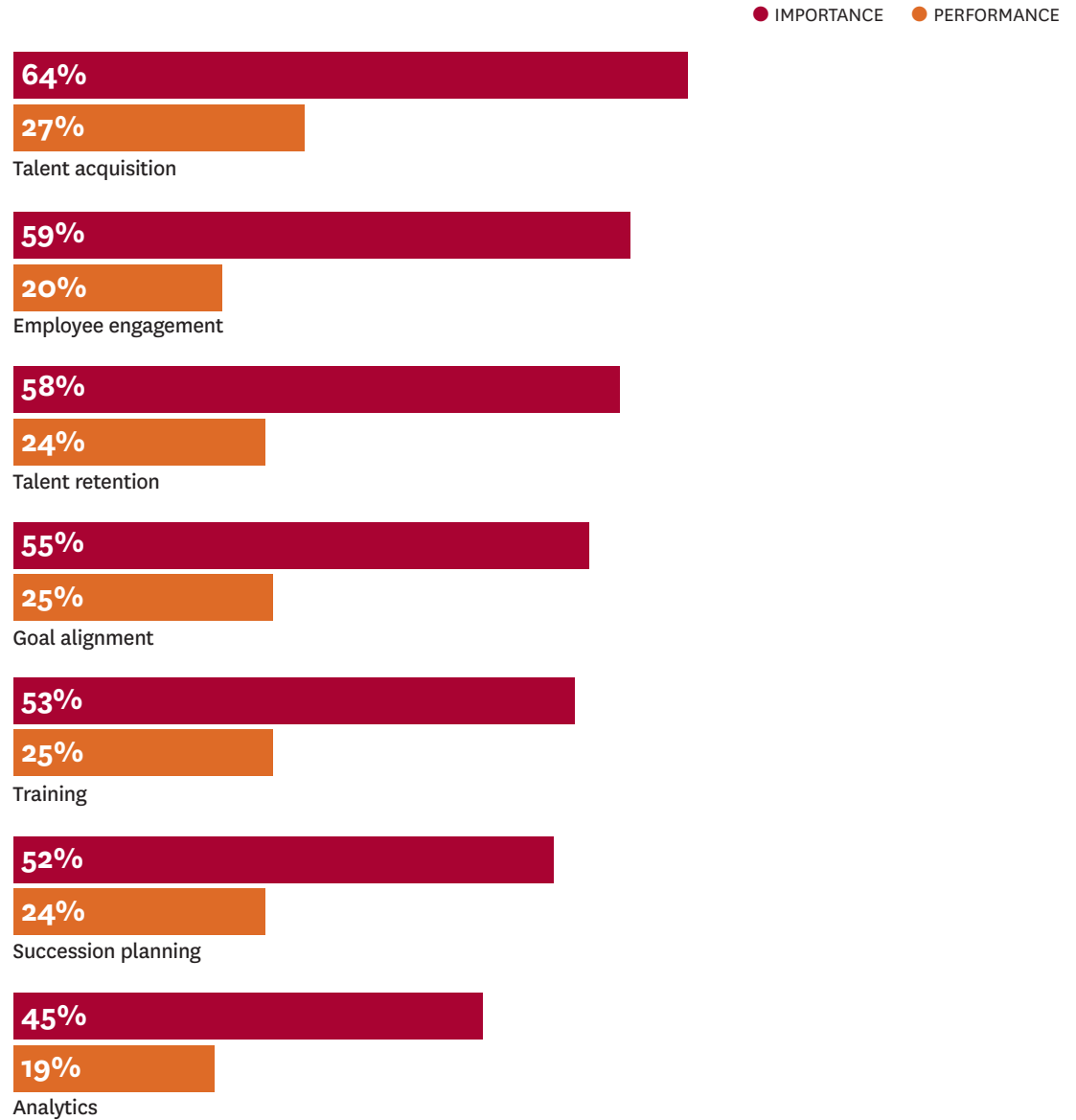
20%

of respondents say their organization performs well with employee engagement

Figure 1

The Gap Between Goals and Performance

Please rate the importance and performance for your organization on workforce management goals for 2014. [PERCENTAGE RATING IMPORTANCE OR PERFORMANCE 8, 9, or 10]



Fewer than half of HR organizations report more than a limited use of transformative technologies such as social, mobile, and analytics.

individual goals with business outcomes. But the survey also found that organizations are struggling with technical issues, such as lack of analytical capability in the HR function, performance management system is collecting the wrong information and perceived as burdensome, and lack of investment in a more effective workforce management system. [figure 2](#)

A leading expert who has followed the issue closely says there is much to be learned by increased communication between functional areas across the enterprise along with a need for much greater depth of talent in statistical analysis.

“HR has traditions about what they view as the variables they are interested in. There is a whole other side—the operational side. There can be a gap all the way down to what data we collect and how we put it together. There also is a lack of expertise in statistics. As you learn about statistics, you also gain power about how to use analytics,” says Jonathan Feinstein, John G. Searle Professor of Economics and Management at Yale School of Management.

Bridging that gap between goal and performance will require new efforts in three key areas:

- Increased depth in the workforce that focuses on collection and analysis of data.
- New efforts to reach out horizontally across the organization to identify and implement data-driven initiatives.
- And, importantly, a focus on clearly communicating both the reasons for and the results of data collection and initiatives in areas such as analytics, workforce engagement, and goal alignment.

Managing the Tools of Modern HR

When asked about the use of transformative technologies such as cloud, social, mobile, and analytics, survey respondents reported that they are not widely employed by most HR organizations. Fewer than half reported more than limited use, and fewer than 20 percent reported extensive usage.

The only tool receiving more than limited usage—by more than half of the enterprises surveyed—is online learning platforms.

Even in companies where metrics are being captured, their usage is focused in the more traditional areas such as workforce head counts (60 percent), compensation and incentives (47 percent), and productivity (42 percent). Only about one-third used analytics in areas such as measuring talents and skills or assessing training needs. [figure 3](#)

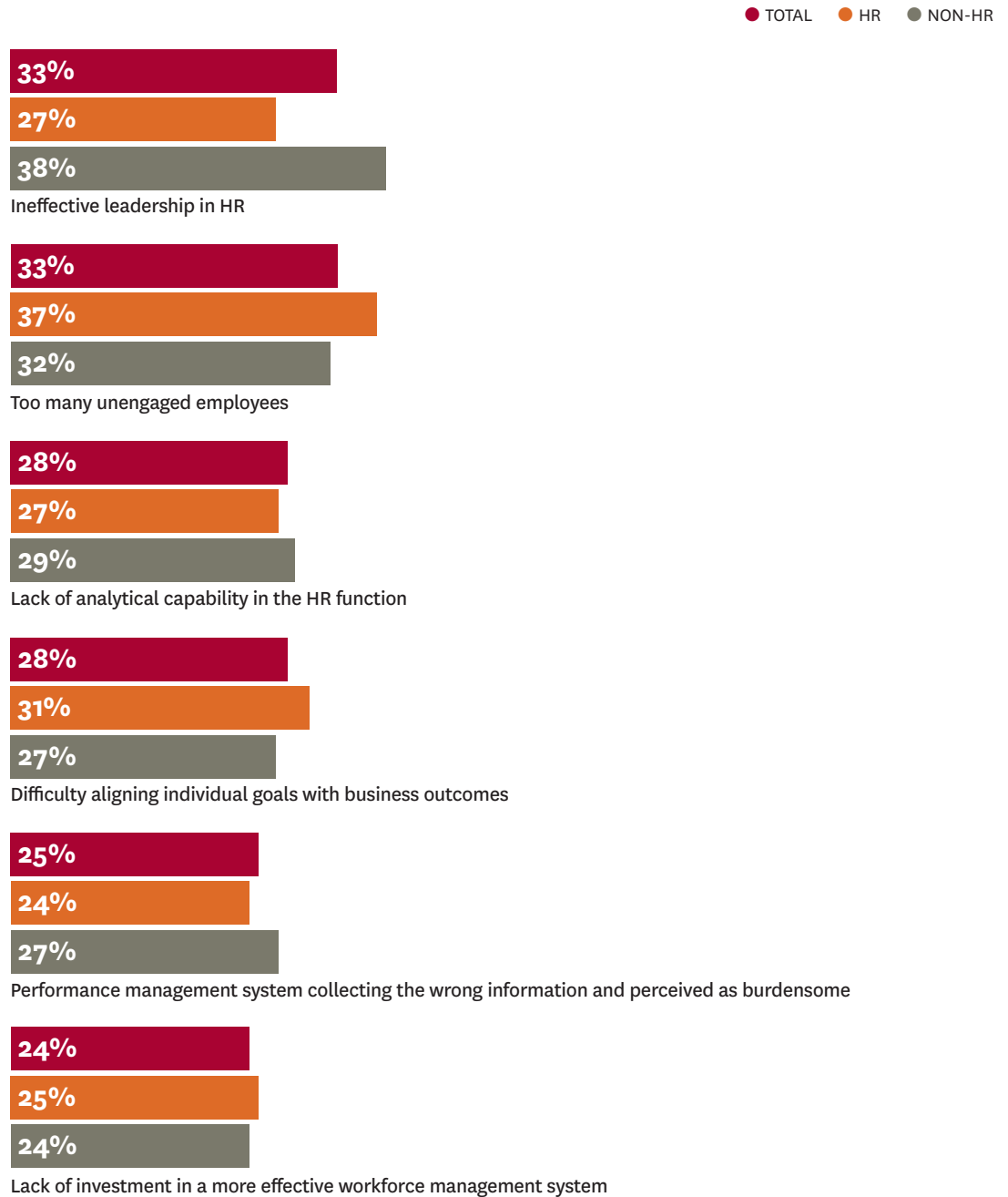
That data often is not being shared throughout the organization, the survey found. Nearly half of organizations surveyed allow managers access to data only for their direct reports, and access diminishes considerably as the net widens to the department, division, and organization levels.

An analysis of one area of interest—employee engagement—captures the extent of the challenge enterprises face as well as some possible paths toward change.

Figure 2

HR and Non-HR Execs Agree—Still Some Hurdles to Clear

Which of the following are the greatest obstacles to better workforce management in your organization?



Employee engagement is the number two priority among survey respondents.

Employee engagement is the number two priority among survey respondents, yet data is being collected and analyzed by only one-quarter (27 percent) of the organizations. Flight risk/attrition, the number three priority, fares even worse and is being measured by one in ten (11 percent) organizations.

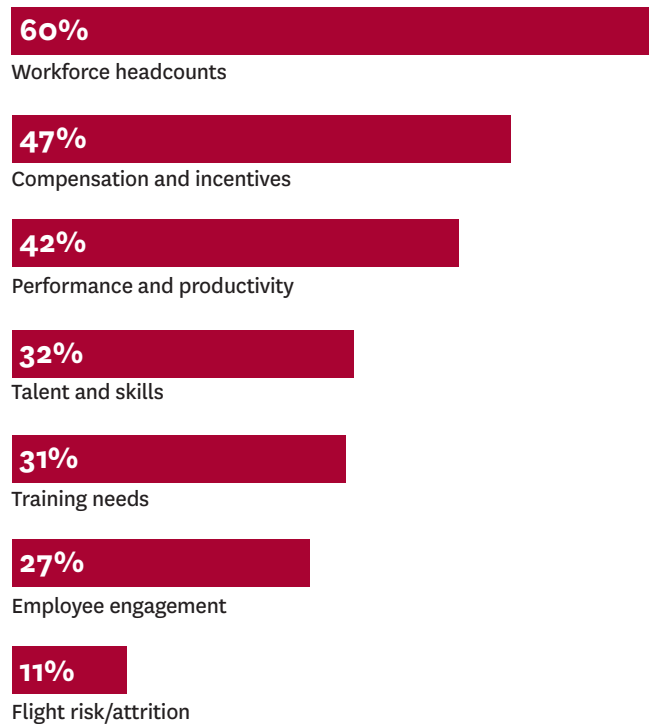
“There is a disconnect between how employee engagement ought to be viewed and business practice, between being truly satisfied with one’s work and the role it plays in one’s life and just job satisfaction. I could like my salary but not be really engaged. Many instruments measure engagement, but many of them may not be really measuring true engagement,” says Cris Wildermuth, assistant professor of education at Drake University and a specialist in human resources issues.


“Your work and your life can’t be separated from each other. I might have a run-in with my boss or just have a bad day on the job, but that would not make me any less engaged. There needs to be a dialogue, an effort, to disseminate the real meaning of the word engagement. It has become a fad, a buzzword. It is an

Figure 3

Most Organizations Lagging in Analytics Usage

In your organization, which of the following metrics are captured and assessed using HR analytics technology?





issue that permeates the entire organization and it raises a bigger question about who is responsible for human capital issues: Is it just HR, or is it everyone within the organization?”

Looking ahead, the survey suggests that HR units must focus on more and better training in the use of statistics as well as increased interaction between HR and non-HR parts of the enterprise.

“It could be as simple as resistance to and lack of training in data analysis in general,” says Professor Wildermuth. “Some people should be expanding that expertise, but not necessarily everybody. We don’t all have to be good at everything. HR also needs to expand its ability to communicate its data findings to senior executives and others.”

The Opportunity in Change

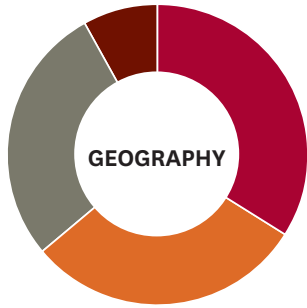
Changes may be coming for HR leaders, and the use of technology and data collection can have a major impact. For example, think about a young woman hired for a lower-level management position who has expressed a desire to work in different countries over her career and who happens to speak Portuguese. She is tracked through the years as she is exposed to different jobs, building her levels and areas of expertise. Data is collected, not just yearly but monthly, not only about her performance but also about her level of commitment to the job and the organization.

Then, years later, when the company decides to open an office in Brazil—something not envisioned at all when she was hired—it finds that it has on the payroll a person who wants to travel, has the skills for a mid-level management position, and speaks Portuguese. It can pull the right person from its own ranks without having to undergo the significant expense of an outside hire.

“Such stories will soon become common,” says Professor Feinstein, “They almost are there. It’s like a tidal wave about to break, and there will be a huge advantage to the organization that gets there first.”

METHODOLOGY AND PARTICIPANT PROFILE

Harvard Business Review Analytic Services conducted a survey of its readers in May 2014. The survey audience comprises 498 business executives from companies with more than 100 employees, from a wide range of geographies, titles, and industries.

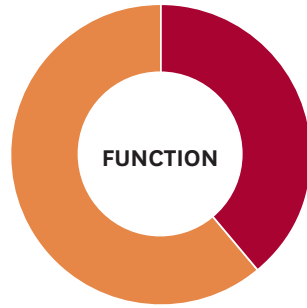


34%
ASIA-PACIFIC

30%
EMEA

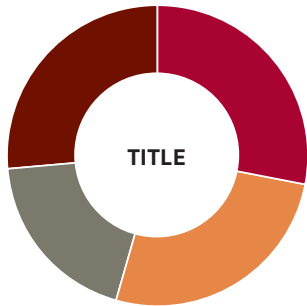
28%
NORTH AMERICA

8%
REST OF WORLD



39%
HR

61%
NON-HR



31%
MANAGER/
SUPERVISOR

29%
DIRECTOR/
SENIOR MANAGER/
DEPARTMENT HEAD

21%
EXECUTIVE MANAGEMENT

29%
OTHER



17%
GOVERNMENT/NFP

14%
MANUFACTURING

13%
TECH/TELECOMM

11%
CONSULTING/
BUSINESS SERVICES

10%
FINANCIAL SERVICES

9%
HEALTH/PHARMA

26%
OTHER

Sponsor's Perspective

Modern HR in the Cloud

The twenty-first-century economy is service-driven. Companies that win today are focused on two things: taking care of their employees and taking care of their customers.

But winning and retaining loyal and engaged individuals as employees are challenges. By 2020, five generations will work side by side in a workplace that is shaped by cloud computing and social media. In the corporate landscape, where business insight and social tools are essential, modern HR needs to refocus its strategies around the employee experience and business alignment. The modern HR leader has to help differentiate companies with the right talent and leverage the changes around employee engagement, analytics, and consumer technologies while being aligned with the business so that business goals are met.

The modern HR department must be:

- **Talent-centric.** Finding, hiring, and developing the best people in line with your business strategy. Leveraging new twenty-first-century business best practices that touch on work-life balance and wellness to increase the overall employee experience. The tools that support them turn sourcing, talent review, and succession planning on their heads.
- **Social and collaborative.** Building a collaborative culture that drives better communication between people, better productivity across teams, and increased knowledge sharing across departments.
- **Insightful.** Delivering business insights to every department, from answering complex workforce questions and forecasting performance and risks to empowering leaders to make smart decisions in real time to meet their goals.
- **Mobile and engaging.** Giving employees access to HR applications that are relevant, personalized, and accessible on the device of their choice so they can be more mobile, more productive, and more satisfied.

Oracle understands that modern leaders need modern technology solutions and offers a complete portfolio of cloud applications designed to help HR leaders capitalize on these trends.

Oracle HCM Cloud provides end-to-end talent management and human resources to enable HR leaders to find, develop, and retain key talent. Individual talent processes (talent acquisition, performance and goal management, career and succession planning, learning, and compensation) are integrated into a single platform. Oracle HCM Cloud delivers insight with enterprise-wide KPIs, embedded decision-making tools, and predictive analytics. It is socially enabled to support the modern work world of open communication, collaboration, and work-life balance. The user experience is simple and modern to increase HR process and new collaborative technology adoption. Oracle HCM Cloud helps HR leaders streamline global processes, comply locally, and quickly adapt to organizational and legislative changes.

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Oracle's global, web-based application platform is designed for organizations of every size, industry, and region. Oracle Human Capital Management has been the HCM solution of choice for over twenty years and has 18,000 customers in over 140 countries, 6,000 of whom are in the cloud.

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