



THE



ALWAYS "ON"



TALENT
ECONOMY



**"Game On" for HR in a Dramatically
Different World of Work**

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INTRODUCTION

ENVISION THE NEW WORLD OF WORK WHERE TRADITIONAL BOUNDARIES DISSOLVE

Mobile employees connect to work anywhere, anytime, blurring distinctions between personal and professional life. Talent acquisition, especially for top positions, is no longer limited by geography a hyper-competitive job market shifts the power from employers to candidates, and now the “Internet of things” enables electronic devices—wristwatches, eyeglasses, or jewellery—to collect rapid-cycle data on team performance.

Welcome to the “always-on” talent economy.

Two trends shape this new way of doing business: individualism and integration. In this always-on environment, employees act as individuals. They have more control and greater autonomy to choose where and how they work.

They operate in their work world just as they would in their world as consumers. That means they want to access and interact with technology and expect technology to work as easily as everything else in their lives. Given these radical changes in the business landscape, a “one size fits all” approach to talent management won’t work anymore.

Company culture and integrated employer brands assume even greater importance: They provide continuity—from hiring through every transition in the employee lifecycle—and deepen the employment experience no matter where people work. Multi-generational teams must build the relationships and skills they need to lead businesses into the future.

So, the “game is on” for HR. The challenge? Keeping up with the radical pace of transformation, and understanding the trends. If technology innovation, the borderless office, and workplace re-engineering aren’t subjects of discussion in your HR department, 2016 could be an exasperating year for your company.

We conducted a series of six surveys to determine HR’s progress, plans for the future, and readiness to tackle the novel changes ahead in the new world of work. Exciting trends in the works for 2016.

This report provides an in-depth analysis of those surveys and the issues that matter most to HR professionals. We forecast 10 major trends for the coming year, which reflect five themes that emerged from our research: engagement and retention, recruitment, leadership development, HR technology, and performance management.

Read on to see where talent management stands today and its prospects for the future. And of course, please share this report with your colleagues.



EXECUTIVE SUMMARY: KEY RESEARCH FINDINGS

HR Faces Five Challenges in 2016 and beyond.

1. Employee engagement and retention were recurring themes throughout our surveys and the #1 concern of professionals. They're anxious about attrition as job-hopping Millennials sample the market and Baby Boomers retire. Most survey respondents have tactical, one-off engagement activities in place, but these aren't integrated or strategic. It's also time for businesses to rethink the traditional employee engagement survey and explore next-generation tools that garner employees' direct feedback and participation. Applications, such as pulse surveys and social media apps, can gauge engagement and its connection to performance. Study after study has shown that companies with a critical mass of engaged employees have higher earnings per share, lower attrition rates, and a workforce that consistently outperforms the competition. That's HR's most compelling argument for fostering employee engagement.
2. No rest for recruiters in 2016. Recruiting is top of mind among HR leaders, with company culture and sourcing talent in the forefront. Professionals recognise the strong link between talent acquisition and company culture—and they feel accountable for creating a culture that attracts and retains employees.

Yet, businesses' leaders shape company culture, vision, and purpose; HR can't do it alone. HR professionals must lobby the executive team to assess cultural strengths and vulnerabilities of the workplace, and take corrective action if needed.

INDUSTRY INSIGHT

EMPLOYEE DISENGAGEMENT: NOT JUST A "ZOMBIE MYTH"

Less than one-third (31.5%) of U.S. workers were engaged in their jobs in 2014. A majority of employees, 51%, were "not engaged" and 17.5% were "actively disengaged" in 2014. In 2015, engagement increased slightly to an average of 32.1% of the U.S. workforce.

Gallup 2014, 2015 U.S. Employee Engagement Study



3. When it comes to talent acquisition, employees are HR's secret weapon. Our research has shown that employee referrals are the leading source of hires. Not only do they reduce recruiting costs, they experience less turnover than other workers.

Moreover, a healthy employer brand is a recruiter's best friend. When employees embrace the brand, they become ambassadors, spreading the word that "this company is a great place to work." Although the majority of companies in this study did not have formal employer branding programs, they are moving in that direction to help recruiters work smarter, not harder.

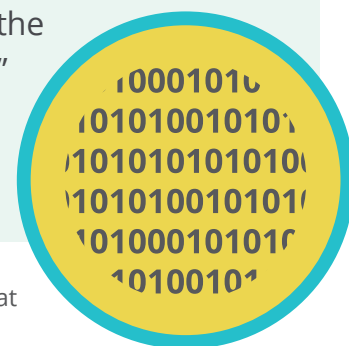
4. Leadership development and skills loom large today. The improving economy, “graying” workforce, wealth of online recruitment channels, and a large Millennial population have converged to create a significant set of challenges for businesses. HR leaders should deploy three tactics: Professional development should be at the top of corporate training departments’ agendas, especially for rapidly rising Millennial workers; New software technology can help companies identify emerging leaders and create succession plans; Tighter bonds between companies, universities, alumni and professional associations can create recruiting conduits in high-demand STEM fields—science, technology, engineering, and mathematics.

INDUSTRY INSIGHT

THE HR CHALLENGE: BUILDING A DATA-ORIENTED CULTURE

“Leadership should lead the way to set expectations that managers must arrive at decisions analytically...Essentially, a strong analytics culture is the lynchpin in moving from competitive parity to competitive advantage.”

An Advanced Analytics Culture Outweighs Other Factors, MIT Sloan School of Management, David Kiron, June 2014



5. Talent management technology—or its absence—impacts all areas of HR. Research revealed that many HR organisations plan to roll out new talent management applications, and integrate existing ones in the coming year. Our surveys also uncovered genuine weaknesses in companies’ HR technology. We were surprised to learn that the majority of professionals still use spreadsheets, for extracting and combining workforce data for decision-making. Very few businesses had fully integrated HR functions. This finding was remarkable, given the market availability of comprehensive, cohesive talent management suites from a wide range of vendors—with customised solutions for companies of all sizes. Professionals also rated their HR analytics capabilities in the early to intermediate stages. Notably most, recruiters can’t yet leverage the benefits of mobile applications to schedule interviews or communicate with candidates.
6. Forward-looking HR professionals want to outrace ahead of the competition. Integration, analytics, mobile, apps, and self-service should be frequent topics of conversation in HR departments. Still, conservative companies will take a “wait and see” attitude toward disruptive technologies, and high-tech adoption rarely occurs on all fronts at once.
7. Performance management is a flashpoint for HR. Year-over-year survey results revealed professionals’ escalating dissatisfaction with performance management practices. An even more disturbing finding showed that few organisations had plans for performance management improvements next year.

HR’s frustrations must be turned into positive actions. Talent management leaders can start to re-skill managers as coaches and mentors. The annual review process should be modified to include more frequent and constructive conversations between managers and employees. Finally, companies can evaluate real-time software applications that promote dialogue and fine-tune employees’ goals to reflect shifting business priorities. Only with drastic change will performance management drive employee engagement, productivity, and ultimately, revenue.

THE STATE OF TALENT ACQUISITION, ENGAGEMENT, RETENTION

FASTFACT

TIP: DIVERSIFY YOUR RECRUITMENT STRATEGY

Job seekers' incentives vary by generation:

- Generation X most favoured good benefits
- Baby Boomers wanted their achievements recognised and rewarded
- Millennials, now climbing the corporate ladder, want to work for a company that provides ample opportunities for professional development

“Winning organisations are not those who outspend, but rather outmanoeuvre their competitors. With equal access to global talent and technology, the cost and access barriers to finding and utilising the best talent in the world have been all but removed for big and small companies alike, leaving agility the difference-maker.”

“Wired Magazine,” Workplace 2020, Michael George

Fierce competition for top talent has altered the balance of the employer-employee relationship. Control has been transferred from HR professionals to savvy candidates, who evaluate company brands the way they shop for furnishings, electronics, or cars. Now boomerang workers—people who left the company—are viewed as cost-effective hires to be lured back to their previous jobs. Inarguably, this candidate-driven market calls for more agile, creative ways of sourcing, attracting, and engaging talent.

This year our surveys posed questions to both job seekers and HR professionals about their practices, preferences, and pet peeves in recruitment and job searching.



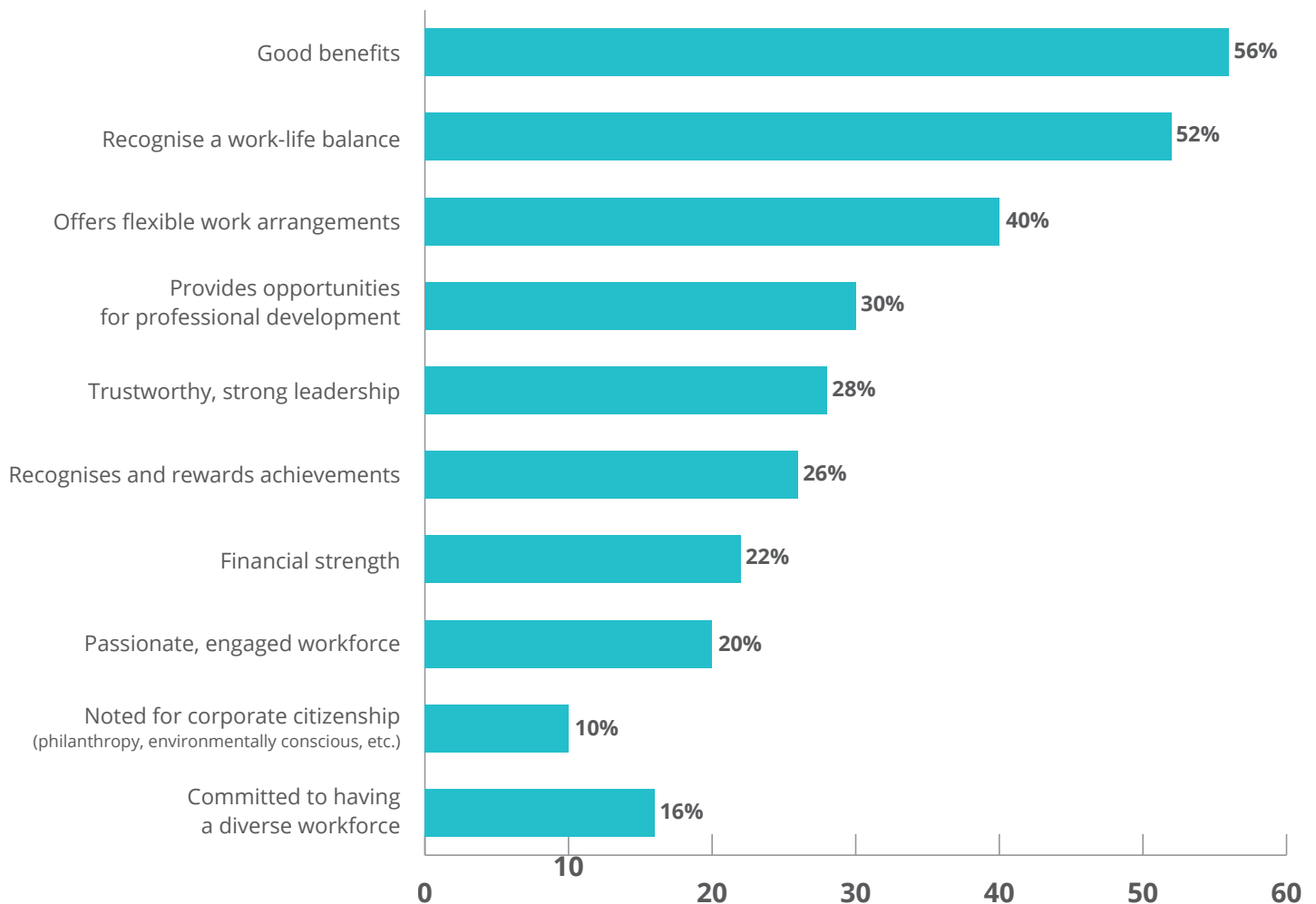
The Two Faces of Talent Acquisition: The Candidate and the Corporation

What Attracts Talent? Job Seekers Want Benefits, Flexibility, Work-Life Balance

Job seekers in our survey said they want “old school” company benefits, along with “new school” incentives such as work-life balance and flexible working arrangements, e.g. working at home, flexible hours, and alternative schedules. There’s an obvious relationship between these offerings: When companies offer fair compensation, flexible work policies, paid time off, sick leave, or child care assistance, employees can better care for their families, attend to health issues, reduce life stress, and concentrate on their work.

Industry studies have also shown that strong leadership and recognition of achievements are linked to positive organisational performance, but candidates ranked these qualities lower—in the 20 percent range, as shown in the graph. Perhaps during the job search and interview process, trustworthy leadership and on-the-job rewards are not foremost in candidates’ thoughts.

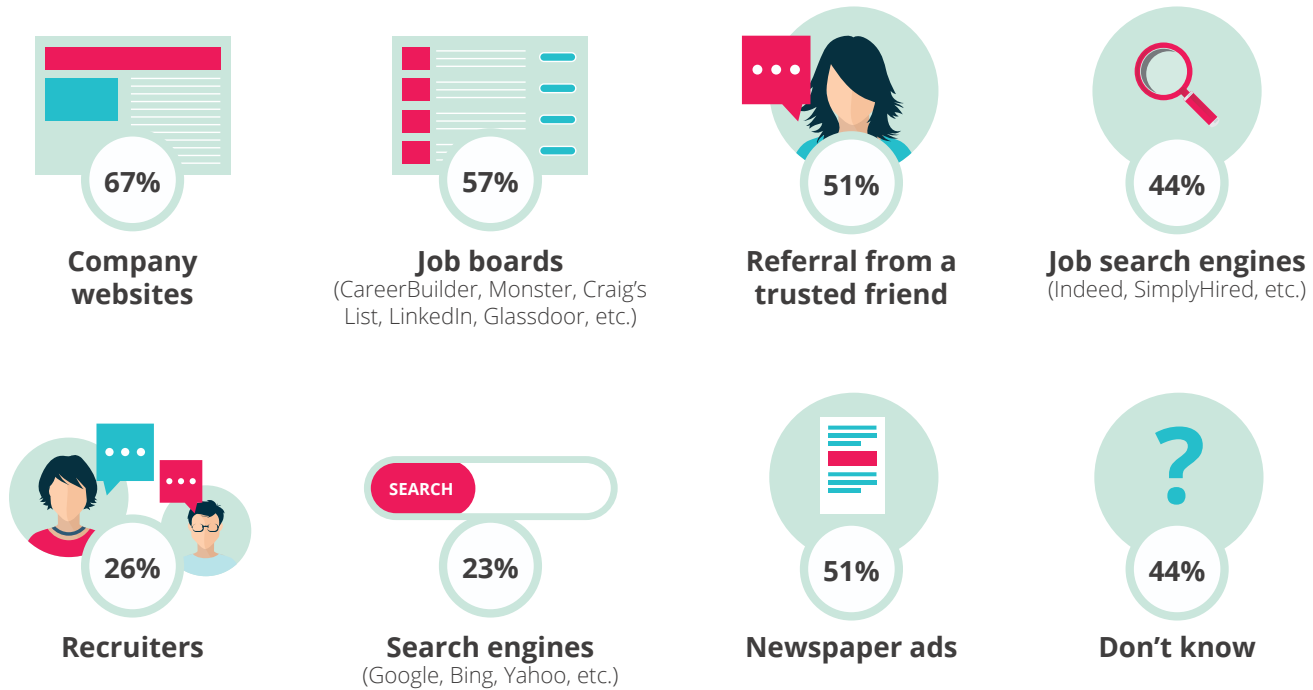
What organisational characteristics would motivate you to seek employment in a company?



Job Seekers Name their Top Sources

Candidates say that websites remain the #1 job hunting source. For starters, the company site serves as a storefront—a one-stop shop—where the critical task of job hunting begins. A well-designed, employer-branded career site delivers a cohesive brand image that reflects the company mission, vision, and values. The company brand, in combination with detailed job descriptions and an online application, engages job seekers and helps them decide to apply.

If job hunting, what top three sources would be most important?



INDUSTRY INSIGHT

DO REFERRED EMPLOYEES MAKE BETTER MATCHES?

Referred workers are more likely to be hired and they experience substantially less turnover than non-referred workers.

Source: Federal Reserve Bank of New York, "Do Informal Referrals Lead to Better Matches?" Brown, Setren, Topa. 2013



Job seekers' #2 choice was job boards, such as CareerBuilder, LinkedIn, Glassdoor, and Craigslist. Candidates recognise that a personal recommendation can put them on the inside track to employment. Studies also show that referred candidates are twice as likely to get interviews and 40% more likely to be hired than other candidates.

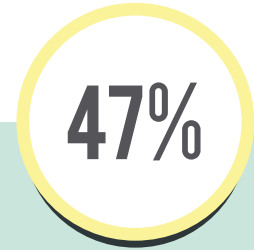
The Company Career Site: Candidates' Top Three Features



Detailed job descriptions



Ability to complete entire application process online



Search engine pinpointing jobs by geography, title, etc.

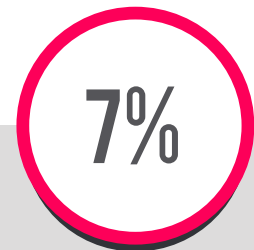
Social Sites Gain Traction



LinkedIn Heads the List



Facebook Ranks Second



Twitter Trails

No surprise: Generation X and Millennials are 22% more likely to use social sites for job hunting than Baby Boomers.

Discovery: Millennials are the biggest fans of LinkedIn (57%).

Job Seekers on the Edge: What Drives Them Crazy?

Candidates are vocal and post about what they like—and hate—about the hiring process. And they won't hesitate to go to social media outlets to let their networks know their feelings. Disgruntled job seekers aren't the exception either. In fact, social job sites such as Glassdoor publish tips on the best ways for employers to answer negative reviews from applicants.

Responding to a write-in survey question, job seekers' chief gripes focused on:

- Unresponsiveness and lack of acknowledgement of an application.
- Poor communication from the hiring company after the interview: Failure to keep the candidate informed about the process.
- Unprofessional behavior of the recruiter: Disinterested, aloof, impersonal, rude, or distracted such as playing with watches and cell phones without focusing on the interviewee.

In your job hunting experience, what was your main pet peeve about the way employers treated you as a candidate?

"They treated me like a number."

"Technology's no substitute for personal interaction. I received an automated rejection from the company after they had flown me across the country for a third interview."

"I was in limbo, not knowing how long they would wait to respond—or if they even got my application."

"The interviewer was unprepared, didn't look over my resume, didn't let HR know what was needed, and kept me waiting."

"They failed to notify me when my candidacy was no longer in consideration. We went from several emails and contacts a day to zero. Couldn't they have told me they'd decided to move on?"

"Miscommunication. The qualifications shown on the website didn't match what the recruiter told me."

HOW HR SEES RECRUITING AND RETENTION

This year professionals noted that recruiting, more than any other HR function, was their biggest headache. Our 2015 surveys explored recruiting from a variety of angles—the problems of skill shortages and sourcing analytics, issues related to culture and engagement, and the obstacles to attracting and keeping Millennial workers.

HR Worries: Company Culture, Sourcing

Our "What Keeps HR Up at Night" survey revealed a dual challenge in recruitment and retention: Nearly half of all professionals said "Creating an attractive organisational culture to engage employees," was their biggest worry (48%), closely followed by "Sourcing the right candidates for the company" (47%). All other possible responses fell into the 30% range or much lower. Analysis of the data revealed two very different problems for HR:

FAST FACT

WHAT RECRUITMENT SOURCES DELIVER THE MOST HIRES?

Job seekers' incentives vary by generation:

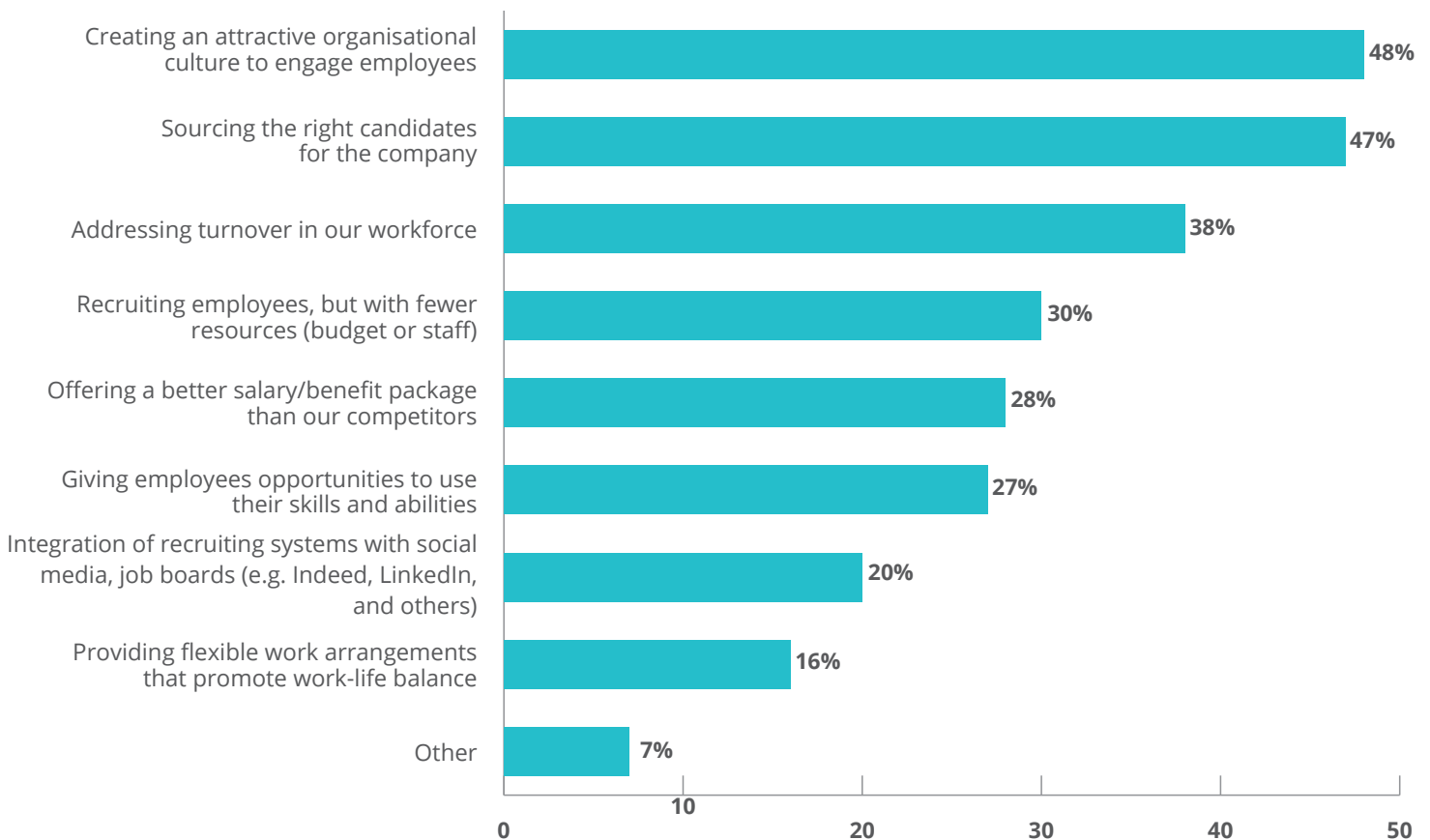
1. Employee referrals
2. Job search engines
3. Current employees

Referrals have the edge over all other recruiting channels.

1. **The Culture Conundrum:** HR professionals perceive themselves as caretakers of “culture,” helping to shape a workplace that will engage candidates and employees alike. Yet, culture building and engagement are the responsibility of an entire organisation—starting at the top in the executive suite. HR can help facilitate the vision, but alone cannot succeed in creating company culture.
2. **The Sourcing Puzzle:** Our technology surveys show that roughly half of companies are at the early stage of using HR data and analytics for decision-making. So, it's likely that difficulties in “sourcing the right candidates” can be traced, in part, to a lack of factual data empirically identifying the most productive sources. Without solid sourcing data, professionals will continue to take a “ready, fire, aim” approach to recruitment.

It's time for HR pros to bring together the right analytics tools, actionable sourcing data, and their strategic skills to help leaders create a positive culture—so that companies will not only find the right talent, they'll retain it too.

HR: What are the concerns about recruiting and retaining employees?



Recruiting Skilled Workers: The Perfect Storm

Recruiting skilled workers isn't a new problem for talent management. For years, companies have sent up distress signals about their lack of highly skilled candidates. But why have the past few years been such a perfect storm for recruiters? A recovering economy, aging workforces, a wealth of "channels" for job seekers, and a large job-hopping Millennial population are all contributing factors to the skills shortage.

Survey findings revealed professionals' top four concerns about recruiting a skilled workforce:

39% Our company has difficulty attracting skilled workers to our region, i.e. a mismatch between labor supply and demand.

30% Our company recruiting technology is not aligned with practices for recruiting skilled employees, e.g. web and video conferencing, contact via mobile phone, etc.

28% Our skilled workforce is aging and employees are retiring.

27% Our sourcing plan for skilled labor needs to be revised to include new sources of talent.

In the face of constraints, recruiters work hard every day to attract, interview, and hire skilled talent—but they need to move beyond tactics. Long-term HR strategy and actions are the best ways to combat the present and future skills shortage.

Ways to Win the Talent War

- 1 Explore remote work arrangements: telecommuting, flexible schedules. Hire across regions to enlarge the talent pool, if the job responsibilities permit.
- 2 Use skilled employees as referral sources. Ask your professionals to network with colleagues in alumni associations and technical organisations.
- 3 Upgrade sourcing technology and plans to reach skilled workers. Social networks, specialised industry sites, and state-of-the-art recruitment technologies broaden the candidate pool.
- 4 Invest in collaboration tools for remote workforces: video conferencing, social applications, company Intranet with news.
- 5 Identify and train skilled Millennial and Gen-X workers now. Succession and learning and development plans are a "must have," especially for companies with aging workforces.

INDUSTRY INSIGHT

WHO SHOULD BRIDGE THE SKILLS GAP?

"Employers are doing little to bridge a skills gap they decry as a threat to their competitiveness. In a survey of Harvard Business School alumni, roughly 25 percent indicated their employers had an active recruiting relationship with local educational institutions."

*The Atlantic, "Whose Responsibility Is it to Erase America's Shortage of Skilled Workers?"
Joseph B. Fuller, Professor, Harvard Business School*



Attracting and Retaining Millennials: HR Views the New Face of the Workplace

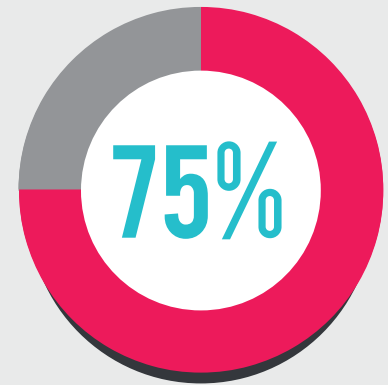
Generation Next, the Millennials—the largest generation in history—are banging on the doors for entry to today's businesses. Fifty-three million strong, Millennials now account for more than one-in-three U.S. workers, surpassing Generation Xers as the largest share of the American workforce. The phenomenon hardly is limited to the U.S. Studies show that by 2025, Millennials will occupy 75% of the global workforce. Channeling Millennials' energy, ambitions, and aspirations—while integrating them into an existing corporate culture—presents talent management with novel challenges.

Our new survey this year focused on how HR professionals are preparing the workplace for Millennials: Their practices for engagement, leadership development, flexible work, company perceptions—and misperceptions—all figured prominently in our research.

Managerial Millennials: Already Moving Up

Millennials are climbing the ladder everywhere, and fast. 62% of Millennial full-time employees worldwide are in jobs where they manage the work of others. This fact underscores the need for leadership development and learning programs so that Millennials have the professional skills they need. If companies expect to retain Millennial workers, they should make opportunities for professional growth their top priorities. But what does the corporate scorecard look like when it comes to developing Millennial talent?

FAST FACT



Millennials will occupy 75% of the workforce in 2025

*Source: "Millennial Survey Report,"
Deloitte 2014*

INDUSTRY INSIGHT

MILLENNIALS: AIMING FOR LEADERSHIP POSITIONS, GLOBAL ASSIGNMENTS

85% of Millennial managers worldwide have moved into management in the past five years, according to a study by Harris Poll for the accounting firm Ernst & Young.

Millennials have a strong appetite for working overseas, and 71% expect and want to do an overseas assignment during their career, according to Price Waterhouse Coopers' Millennials at Work—Reshaping the Workplace survey.



HR Says: Corporate Reality Not Aligned with Millennial Expectations

HR professionals in our survey are already hiring substantial numbers of Millennials. Almost half (46%) reported that 10% to 40% of their new hires are Millennials. This large influx exacerbates the difficulties companies will face in meeting Millennials' expectations of the workplace.

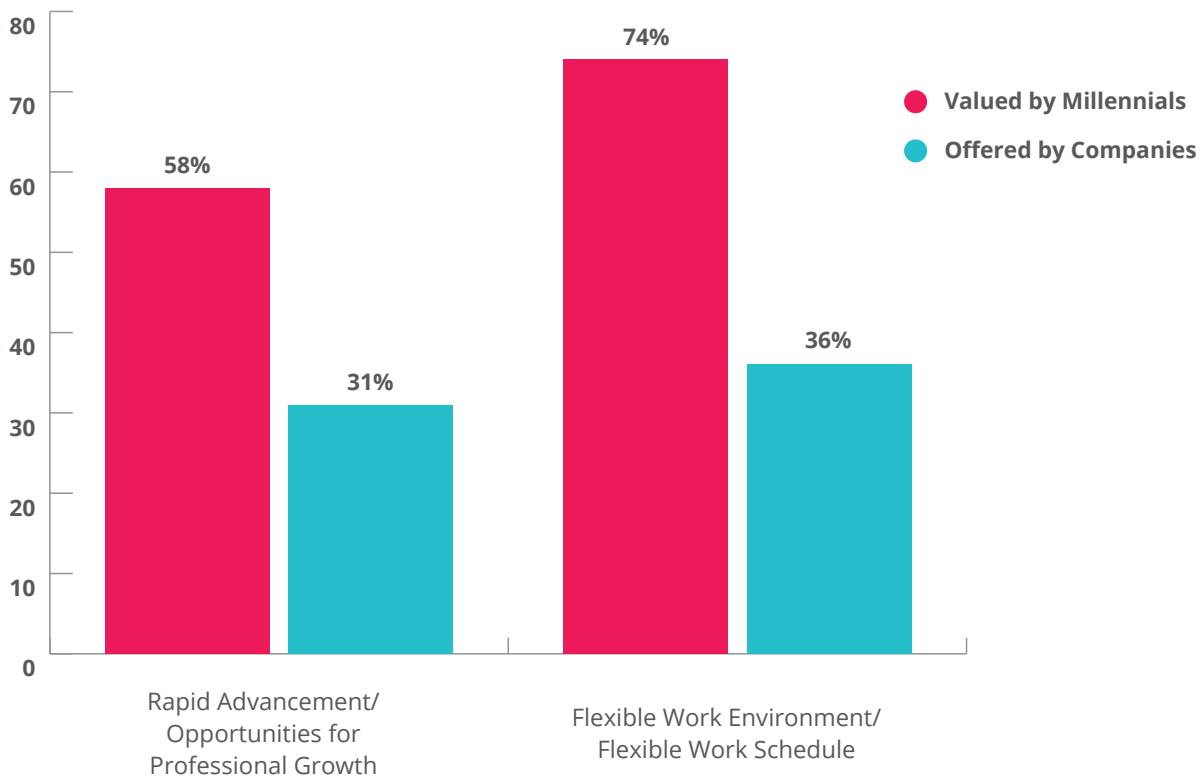
There is a significant gap between what HR professionals believe Millennials want from a work environment and what companies are currently offering, shown in the graph:

INDUSTRY INSIGHT

Only 28% of Millennials feel that their current organisation is making full use of their skills.

Deloitte, Millennial Survey 2015

The Reality Gap: What HR Says Millennials Want vs. What Companies Offer



Given these findings, it's not surprising that Millennials who are chomping at the bit can become disillusioned and disengaged.

CASE IN POINT

Take a Note from Google

More Millennials are drawn to work in the technology sector for its perceived flexibility and educational opportunities. Google consistently takes the top spot in employer rankings because it provides perks Millennials crave: tuition reimbursement, fully paid sabbaticals, time off for volunteering, and 12 weeks of maternity or paternity leave.

"Millennials Primer," Bank of America, Merrill Lynch survey, May 22, 2015

Are Companies Altering their Processes to Engage Millennials?

Some companies in the survey have adopted different practices to attract and retain Millennials, but breakthrough initiatives don't appear to be widespread. The top five practices are used by 30% to 40% of employers:

41% Emphasising recognition—posting promotions, accomplishments, kudos

41% Campus outreach

37% Flexible work schedules

36% Mentoring programs

36% Get-togethers and events

As previously noted, HR pros say that workplace flexibility is a primary driver of engagement for Millennials. This technically adept generation is always on mobile devices, so virtual work from any place at any time is an option. For starters, companies can win Millennials' loyalty by offering more flexibility in scheduling, working hours, time off, and remote work arrangements.

Why Do Millennials Get Such a Bad Rap? Is It Deserved?

The HR professionals we surveyed had a long list of concerns about Millennial workers, centered on four major perceptions of this generation:

- **Lack of loyalty:** Respondents said that Millennials were more inclined to job hop if they didn't get what they expected from a company.
- **Sense of entitlement:** Millennials expect rapid salary increases and promotions without gaining real experience first.
- **Careerist mentality:** They are single-minded and focused only on their advancement.
- **Difficulty adjusting:** They have trouble adapting to a business culture, and especially team-oriented situations.

In Their Own Words: HR Gripes about Millennials

Retention is an issue. Millennials are easily bored and can move into the next "career" in a heartbeat.

They're less loyal to a company or brand—and more loyal to what works best with their social life.

Once Millennials have experience they can become very marketable. This makes an employer uneasy about investing in them.

They tend to want to be the boss, rather than work as team members.

Their salary expectations for entry level positions are unrealistic.



Millennials want next, and they want it now!

MILLENNIALS ARE THE FIRST DIGITAL NATIVES: HR SHOULD MEET MILLENNIALS' HUNGER FOR TECHNOLOGY

Talent management can step up its game, exploring technologies that attract and engage Millennials. Less than 10% of companies had adopted real-time performance management though frequent feedback, which, has been proven to play a vital role in motivating Millennial workers. Roughly 5% have implemented gamification, though, a powerful tool to increase the engagement of Millennial workers already very comfortable with video competitions, digital contests, and fantasy sports.

Negative Perceptions Hurt Both Sides

Often nicknamed “The Trophy Generation,” Millennials have been accused of wanting prizes “just to show up.” But numerous studies have shown that Millennials are goal-oriented, more focused on people than profit, want a sense of purpose, eager to experiment, and willing to learn.

Millennials are the product of a changed workplace: Many have seen their parents lose long-time jobs in a recession; Millennials’ apparent lack of loyalty might simply be a reflection of the current business reality. Moreover, though some generational labels may hold true, others are unjust. Individual workers should be judged on their merits—and on the results they achieve for the corporation. Debunking generational stereotypes can go a long way in integrating Millennial workers into the corporate environment and making them more upbeat about their prospects in the business world.

Five Ways to Retain and Motivate Millennials

Millennials are here to stay. They are here to lead. They need a different approach to feel engaged. It’s time for HR to explore new ways of motivating and retaining them, including:

- 1 Assigning mentors who can manage aggressive expectations.
- 2 Connecting the training dots by setting goals and expectations of growth over time.
- 3 Embracing technology in all in forms, but especially mobile and social.
- 4 Creating a sense of belonging on multi-generational teams.
- 5 Assessing the competition to see how other companies’ initiatives and benefits stack up.



THE STATE OF EMPLOYMENT BRANDING

“It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you’ll do things differently.”

Warren Buffet, Chairman and CEO, Berkshire Hathaway

“A company’s culture and a company’s brand are really just two sides of the same coin.”

Tony Hsieh, Zappos, Inc.

Where Marketing and HR Converge

Employment branding is the marriage of marketing and HR—and a trend that’s transforming the HR landscape. Innovative companies are attracting top candidates and engaging employees across the entire employment lifecycle, by applying brand marketing strategies and tactics, such as:

- Assessment of brand reputation, via surveys, focus groups, and media audits
- Development of a brand vision, identity, and brand value proposition
- Targeted sourcing and lead generation
- Optimised messaging and communications
- Well-defined metrics for determining program effectiveness

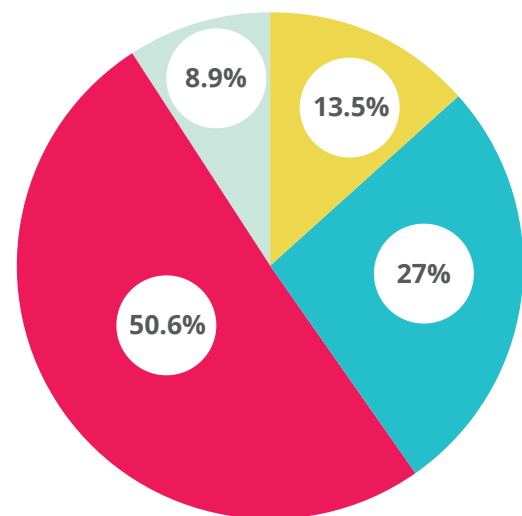
It’s also a given that the best brand marketing techniques move in step with organisational development. Truly powerful brands start on the inside—with the company culture and values. The external company brand image had better align with what happens in the office. Why? Current and former employees are ready to express their opinions of employers online. With the upsurge of social media, businesses can find themselves in the crosshairs. But most important, when employees “live the company brand” and exhibit it through their actions, their enthusiasm ripples outward to touch customers, prospects, and candidates alike. For all these reasons, the most effective branding programs now pivot on employee loyalty and ambassadorship.

This year we tapped the opinions of 391 professionals—executives, managers, supervisors, and staff-level employees—to see where they stand in the process of employment branding, with revealing results.

Formal Employment Branding Not Prevalent

Despite significant benefits, employment branding programs directed at employees and potential employees are not widespread. Our survey showed that nearly 3 out of 4 HR professionals don’t have such a program (73%). This is a substantial shortcoming in recruitment strategy, because HR has to work so much harder to capture the interest of top candidates and differentiate itself from the competition. Although only a quarter of companies have employment branding programs, we found that many are moving in the direction of branding. Of those without a formal program, 41% are either planning one now or currently considering it. About half (51%) aren’t considering it at this time, but may consider later.

If you do not Have a Formal Employment Brand Program, Are you Considering One?



- We are not considering at this time but may consider
- We are currently considering
- We are currently planning to implement one
- We will not consider it

External Branding: Putting the Best Face Forward

Some companies extend their employment brand beyond internal branding to target other groups— current and prospective customers or the media, for example. Companies such as Google, The Boston Consulting Group, and Edward Jones have leveraged their distinctive employment practices to garner great media attention. In well-branded companies like these, customers, partners, and candidates can positively answer the question: Why is this company a great place to work?

Survey respondents noted their five top goals for external branding:

1. Make it easier to fill job openings (69%)
2. Create a point of pride for existing employees (63%)
3. Display a unique value proposition that sets you apart from the competition (59%)
4. Help select applicants who are a good cultural fit for your organisation (53%)
5. Have a secondary effect of raising your company's profile among current and prospective customers (41%)

The survey showed that responsibility for employment branding is largely in control of talent management. Of participants who had branding programs, the majority (58%) said that HR departments are responsible for shaping the employment brand. Still, this ownership comes with a two-fold challenge: First, HR has to drive development of a credible brand proposition for employees, while soliciting input from all departments in a company. Second, HR must help mobilise brand ambassadors, including employees, partners, and customers to communicate the brand.

INDUSTRY INSIGHT

THE HR CHALLENGE: BUILDING A DATA-ORIENTED CULTURE

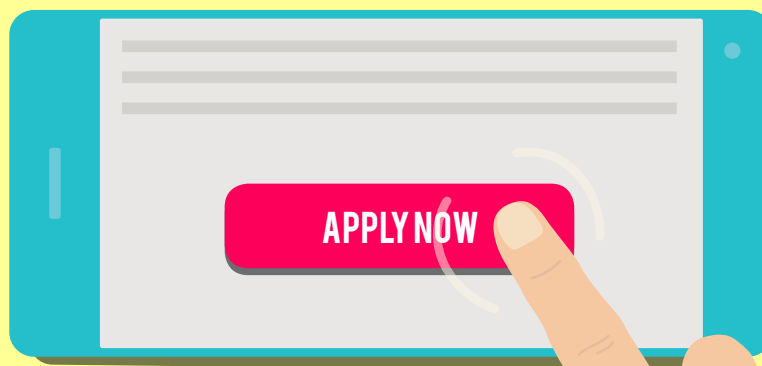
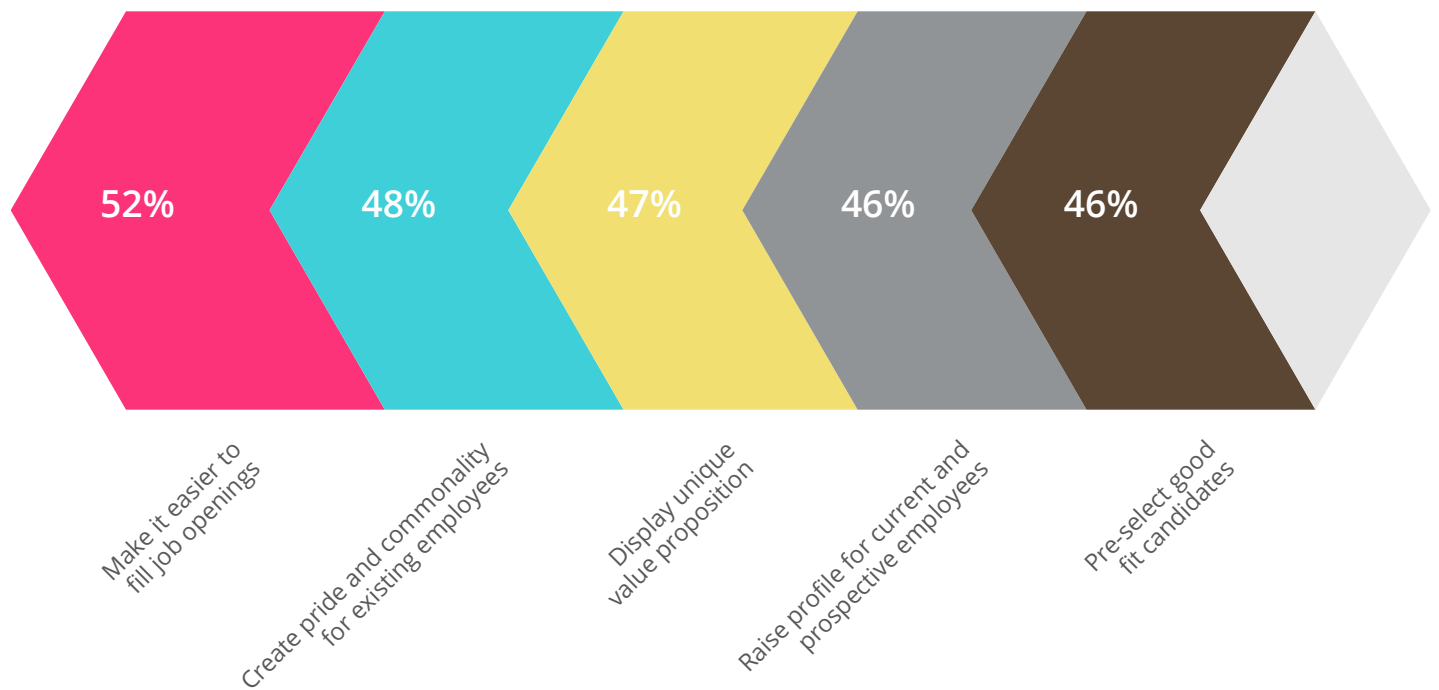
"If you haven't captured the hearts of your employees, they won't capture the hearts of your customers."

An Advanced Analytics Culture Outweighs Other Factors, MIT Sloan School of Management, David Kiron, June 2014

Brand Alignment: How Effective is External Branding?

Findings show that external branding has been moderately effective for companies that engage in it. The share of respondents who say their external branding has been “very” or “somewhat” successful was 46% or more. The aspect of external branding with the largest success rating was ‘making it easier to fill job openings’ (52%).

Success of External Branding



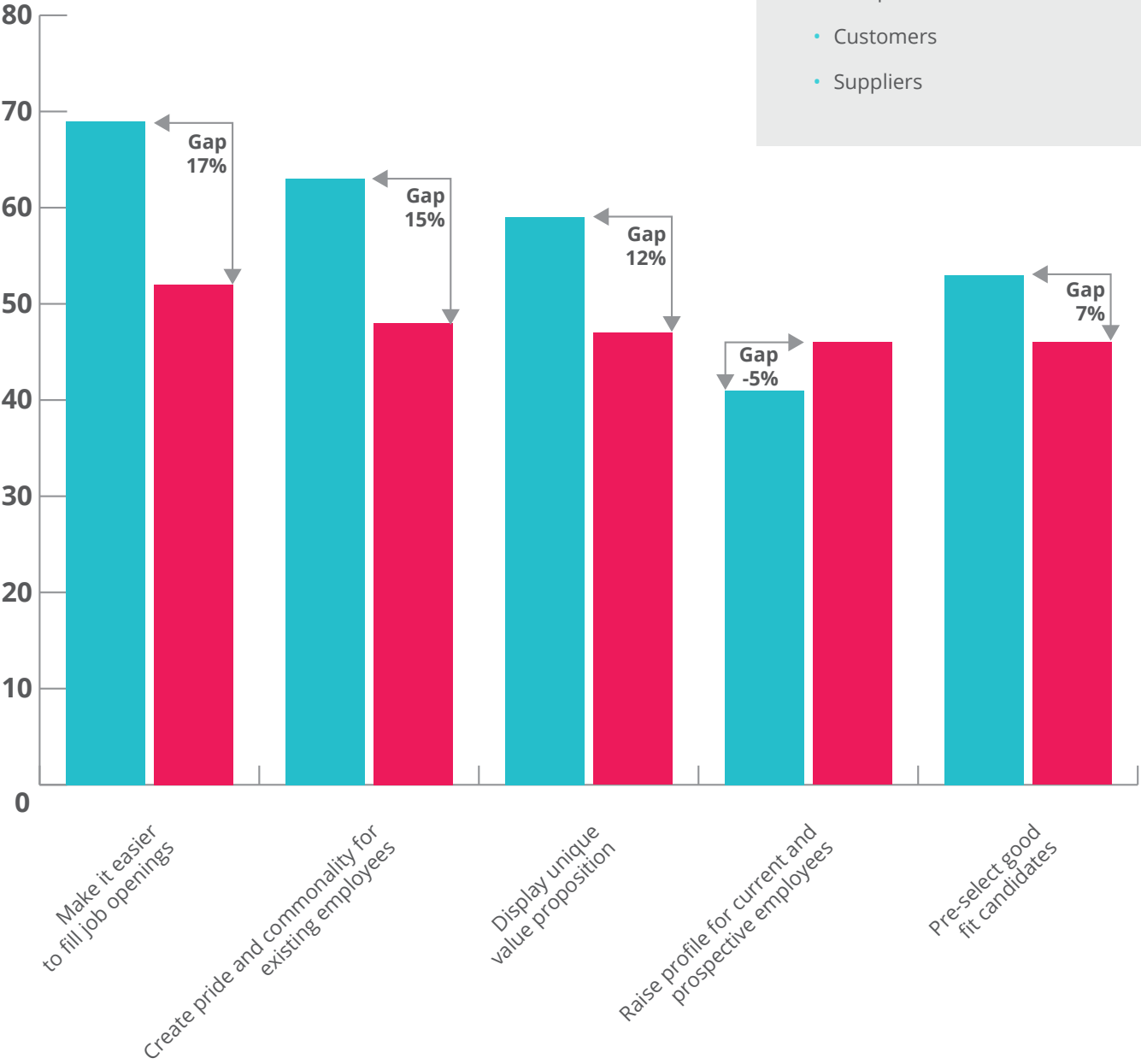
FAST FACT

SMART BUSINESSES LEVERAGE AMBASSADORS TO COMMUNICATE THEIR EMPLOYMENT BRANDS:

- Alumni associations
- Partners
- All employees
- Star performers
- Customers
- Suppliers

Then, we compared companies' goals for external branding vs. their actual successes to get a rough measurement of where external branding comes up short of the mark. Notably, the largest gap occurred between the goal that branding should "make it easier to fill job openings" and the actual achievement of that objective—a 17% shortfall, as shown in the graph. Though employer branding is making an impact on businesses, the numbers reveal that there's still room for improvement.

External Branding Gaps: Goal vs. Success



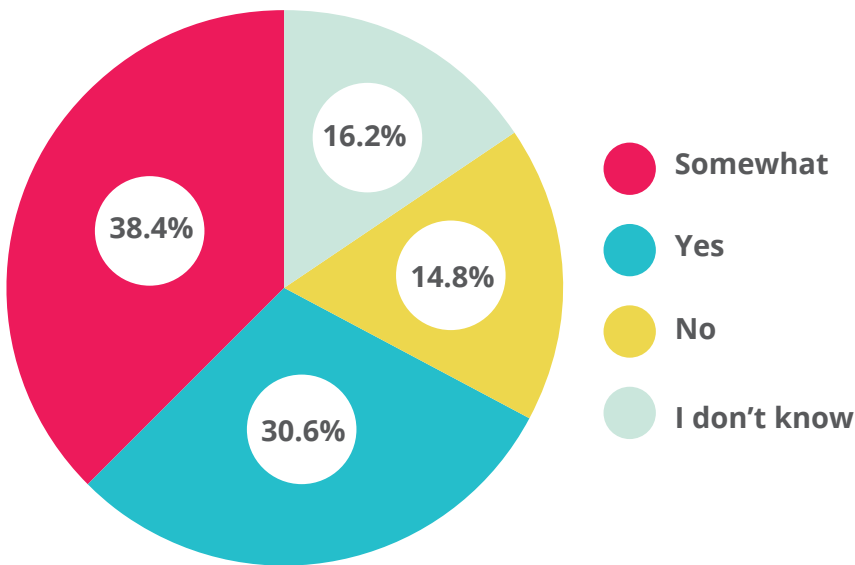
Brand Substance: Not Empty Words

Employer brands must be authentic and not hyperbole, otherwise employees will regard branding initiatives cynically. A brand must reflect the real, everyday experiences of workers within the company. When asked whether their work at the company lives up to its branding, the largest share of participants (38%) said somewhat. 31% said yes, their branding reflects their actual work, while 15% said that it did not, and 16% said they did not know.

These fairly tepid assessments show that companies must work harder to align their brand promises with workplace reality. HR plays a vital role in ensuring that recruitment promises of good benefits or flexible working conditions are fulfilled; otherwise companies run the risk of damaged reputations, employee disengagement and departures.

In conclusion, employers know their brands are healthy when employees and candidates can positively answer these questions: “Why do I love working here?” Or, “Why do I want to work here?”

Does the Actual Work at Your Organisation Live up to the Expectations Laid Out by your Branding?



FAST FACT

ONLINE LISTENING: MINDING THE EXTERNAL BRAND

It's simply good business to find out how the industry—and the talent pool—perceives your company. A majority (54%) of professionals monitor outside sources to see what's being said. The top ones for monitoring were online:

General Internet	61%
LinkedIn	47%
GlassDoor	44%
Google Alerts	27%

INDUSTRY INSIGHT

EMPLOYMENT BRANDING: THE APPLICANT "MAGNET"

A recent CareerBuilder study found that companies with a strong employment brand attract at least 3.5 times more applications per job posting than do other companies in the same industry.

THE STATE OF TALENT MANAGEMENT TECHNOLOGY

“The human capital application market continues impressive growth, even as it matures. In 2015, the total investment in human capital management applications was \$12.2 billion. By 2020, company spending on this technology is expected to reach \$15.4 billion.”

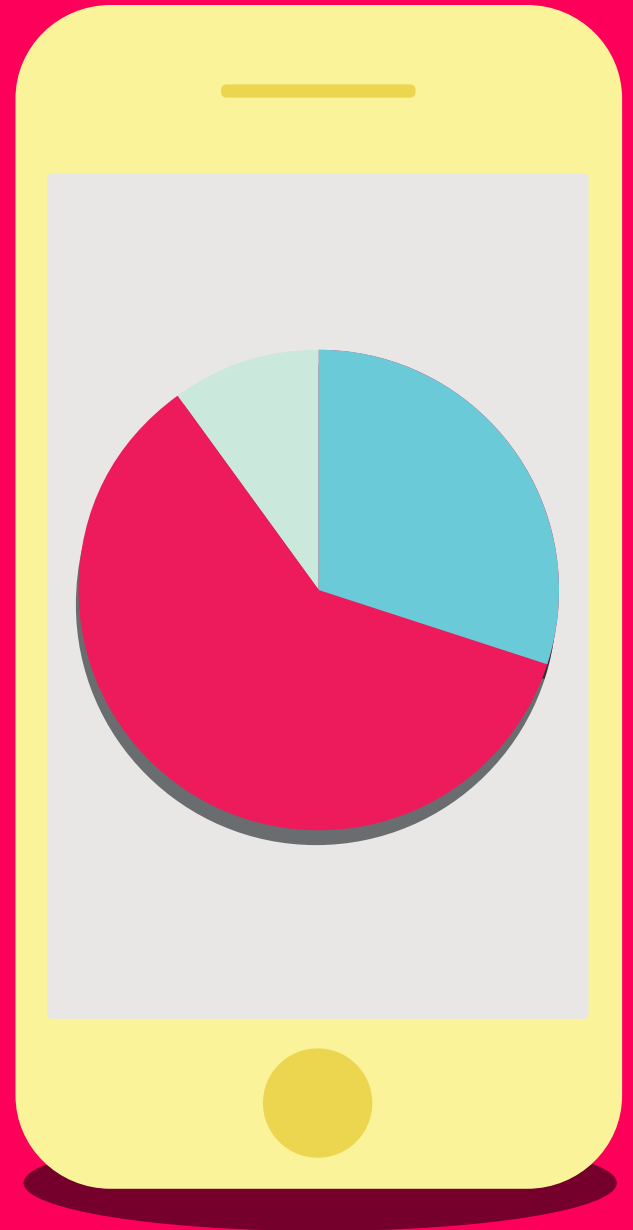
The Human Capital Management Software Market, Jeff Monk, Shea & Company, 2015

Integration. Self-service applications. Big Data. Data analytics. Cloud. These disruptive technologies are game changers for talent management, and investment in them is on the rise. Self-service applications—from recruitment and onboarding to learning—have shifted responsibility from HR departments to employees, managers, and candidates. Moreover, these same application users create mountains of data by the second, via the web, social media, mobile devices, and even personal gadgets like watches. Now, all this data is available for use as business intelligence—if HR professionals have the skills and tools to analyse it.

We wanted to learn what kind of real impact, if any, these emerging technologies have on HR. Are talent management professionals positioned to leverage them—or are they behind the curve? Looking for answers, we conducted an entire survey on talent management technology, focused on plans, the user experience, integration, and the use of HR data and analytics. Professionals’ responses revealed a sharp picture of where their companies stand today.

HR Plans: What’s Hot, What’s Not

“All applications, all the time” could just be theme from industry media and analysts this year. Innovations in applications used for employee pulse surveys, collaboration, timekeeping, and attendance records are predicted to streamline the work environment for HR and managers alike. Given all the industry buzz, we asked professionals what technologies their organisations plan to implement in the coming year.



New Apps, Integration Top HR Priorities

The survey showed good news regarding HR technology agendas. High on professionals' radar screens are plans to roll out new applications and integrate existing ones. In general, results show that HR will be getting the support and budget needed to tackle new initiatives:

- Nearly 50% of all professionals will add one or more new application
- 46% plan to better integrate their current applications
- 38% plan to add data analytics tools
- 38% plan to replace one or more existing application
- 24% plan a move to SaaS or Cloud platforms
- 17% plan Big Data projects
- 17% plan to decommission existing talent management applications

But the numbers here don't tell the entire story. Technology implementation is a multi-layered process, and innovation rarely occurs on all fronts at once. Typically projects progress in stages, from purchase of one or more software applications, to resolving workflow issues, managing change, adapting at each stage—with lessons learned along the way. Application integration is usually the next step.

Once a core HRMS is consolidated into a single suite, companies ride the next wave of optimisation, adding on innovative technologies such as advanced analytics and Big Data. Still, HR professionals should look ahead to bolster their organisations' skills in gathering, analysing, and interpreting data—either with internal resources or outside consultants.

A final note: New applications are in the forefront of company plans, and HR has a starring role to play in deploying them, particularly those apps for collaboration, social interaction, and engagement. These kinds of technologies call for good governance and rules for interactions. Talent management professionals must partner with their IT departments to develop clear user guidelines that prevent the application environment from turning into "The Wild West" for their companies.

FAST FACT

What's the impact of talent management technology on your business?

Companies are at early to intermediate stages of technological maturity, with long-term business benefits on the horizon.

- 30% "Slow but steady progress. Looking good."
- 27% "We don't have talent management technology, but we need it."
- 24% "It's too soon to tell."
- 9% "It's revolutionised our business."
- 5% "We have technology, but it's had no impact.. I'd like to press the reset button!"
- 5% "We don't have talent management technology—we don't want it."

Closing the Gap: Automation and Integration

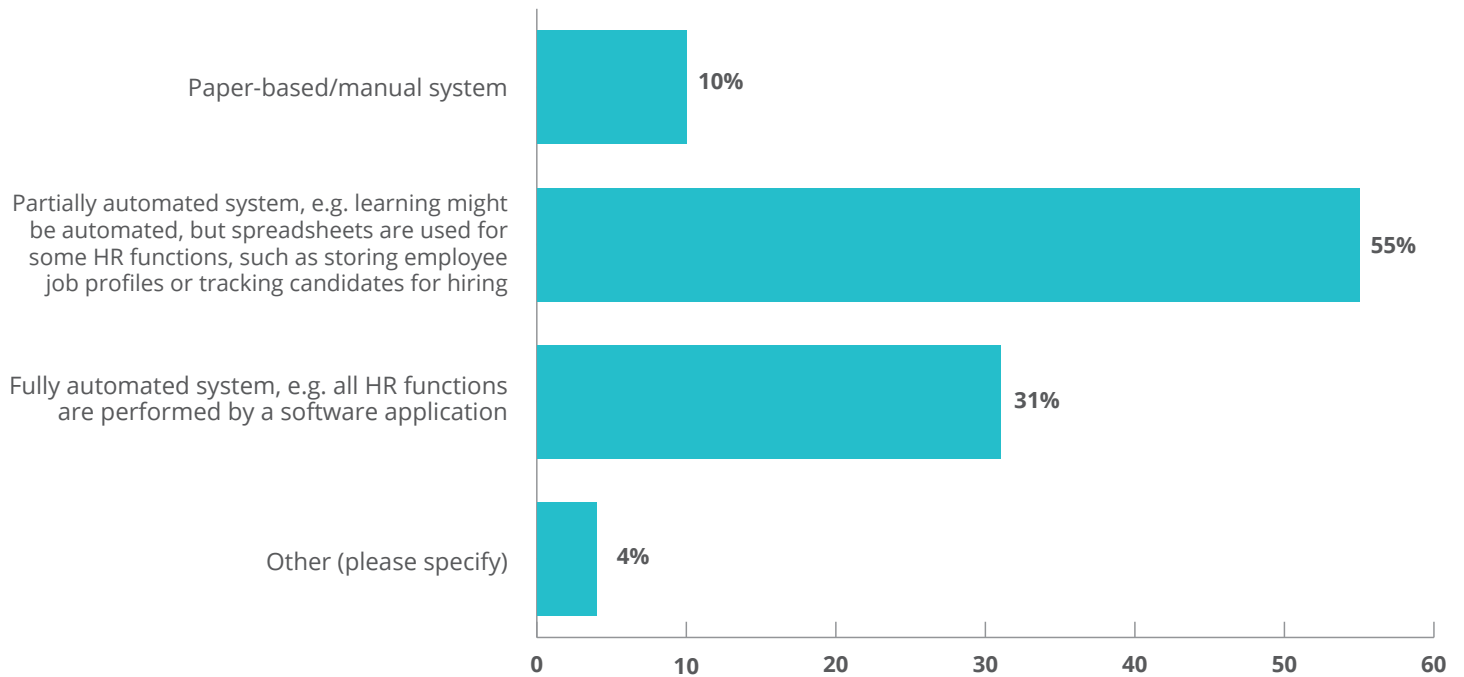
In a fast-moving workplace, human resource automation and integration provide employees with consistency and a seamless experience through all employment transitions—from hiring to transfers, promotions, and even offboarding. Thanks to integrated software, workers are no longer forced to navigate a maze of different systems—or even stacks of paper—to access company directories, training records, or timesheets. On the front end of the system, there’s one easy-to-use interface, and in the back office, data is consolidated all in one place, readily available when needed.

We’ve already seen a glimpse of professionals’ near-future plans for software integration and applications. But we wanted to establish a baseline: What kinds of technology environments are they working in every day?

Spreadsheets Prevail, Integration Trails

A close analysis revealed a gap between the ideal and the reality: Even though the majority of companies had automated their HR functions, full automation wasn’t prevalent. More than half of all companies were partially automated and used other tools such as spreadsheets for storing employee data or tracking candidates, but automation increased with company size. Extracting and assembling spreadsheet data can be an error-prone, time-intensive process—and especially risky for compliance-conscious companies. In contrast, automated systems deliver the greatest business value because they rapidly supply accurate workforce metrics for up-to-the-minute analysis and planning purposes.

Please choose the option that best describes the automation of your organisation’s human resource functions.



The Vision for HR Integration Doesn't Match the Reality

Then, we analysed how well integrated companies' HR functions were. Results revealed that although three out of five companies had integrated some HR functions, full integration of all functions was not widespread. Many professionals still operate with multiple systems that do not share data, and they're feeling the negative impact. Our findings suggest that organisations haven't yet leveraged the benefits of tightly integrated talent management suites, namely:

- A consistent branded user experience
- Rapid communications
- Increased productivity
- Greater transparency among departments, with a clear line of sight across the company

To sum it up, talent management leaders know that it's time to move integration projects to the front burner. They can supply the unifying vision for integration, overcome the "we've always done it this way" mentality, and move to consolidate systems across departmental borders.

Analytics: What HR Wants and Needs

The explosion of workforce data and the advent of sophisticated analytics tools have the power to transform talent management and propel HR professionals forward. Predictive analytics enable companies to determine future needs, such as helping managers forecast unplanned absences in factories, so that they can schedule off-shift workers when other employees are likely to take sick days. Sociometrics provide analyses of employees' activities and behavior, helping companies to determine which teams and individuals work most productively together.

Measurement—generating headcount reports, data on new hires, and compliance information—is part of the drill for all talent management teams. Most professionals are using analytics at some level, but what we really wanted to know was, are they able to leverage the opportunities that new data science presents?

FAST FACT

COMPANIES SUFFER WHEN HR SYSTEMS AREN'T INTEGRATED

The top three problems professionals said they face:

- 66% Lack of consistent workflow and process
- 46% Lack of critical data and analytics
- 43% Duplicating efforts

INDUSTRY INSIGHT

SURGE IN ANALYTICS, FORECASTING AN UPWARD TREND

"Gartner predicts that by 2020, more than 75 percent of organisations will deploy advanced analytics as part of a platform or analytics application to improve business decision-making. Companies are accelerating the shift in focus of their investments from measurement to analysis, forecasting and optimisation."

Gartner Says Modernisation and Digital Transformation Projects Are Behind Growth in Enterprise Application Software Market, Gartner Inc. August 27, 2015

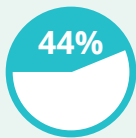
Analytics for Strategic Business Advantage—Beyond Compensation and Headcount Reports

The ability to analyse workforce data catapults HR professionals to the top of the business agenda and gives their companies a strategic business edge. However, not all HR departments are in that position yet.

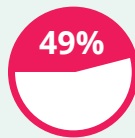
The survey showed that most professionals did not plan for data analytics in the coming year or didn't know of any plans, indicating that they're "on the fence" regarding the technology. Moreover, there's a roughly even split between those who characterised their companies as "early stage users" of data versus "intermediate users," shown in the illustration here. Perhaps improvements in analytics haven't come faster because HR organisations are still grappling with application integration and automation.

FAST FACT

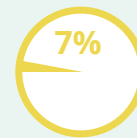
SIZE COUNTS WHEN IT COMES TO USING HR DATA OR DECISION-MAKING



Early stage users



Intermediate users



Power users

40% of smaller companies (less 350 employees) report themselves as Intermediate or Power users versus 67% of larger companies.¹²

Though the survey showed that a higher percentage of large businesses are "power users" of data, analytics tools are not only for giant corporations. Medium-sized and small companies can conserve precious budgets, employing analytics to make decisions about hiring, performance, or retention. For businesses of all sizes seeking to "test the water," easy data mining tools, analytics features, and dashboards can deliver metrics for strategic workforce planning.

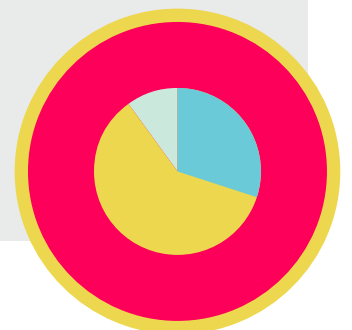
In the end, the research shows that many companies are missing an opportunity to analyse their data in holistic, strategic ways. Lacking data analytics capabilities, an HR team will be navigating in the dark, unable to get rapid analyses, measure the pulse of the workforce, or avert problems before they arise.

INDUSTRY INSIGHT

MANDATE FOR CHIEF HUMAN RESOURCE OFFICERS

"69% of executives say that CHROs should use data and analytics to help make workforce decisions, but 31% of CHROs actually do."

The Changing Role of the CHRO, Harvard Business School Analytics Report, May 2015



Revolutionising HR: Customer-Facing Features

Technology users have come to expect sophistication in their applications. They shop, bank, and make restaurant reservations online all within a content-rich, cloud-based world, where data is available 24/7. The boundaries between personal time and the workplace are dissolving, as employees use mobile devices to communicate in teams 'round the clock. What's more, this craze for slick applications and "always-on" gadgets spans all generations. Accordingly, HR technology is undergoing a seismic shift in its service model, from the back office to the front office, where employees and candidates are treated like consumers.

The User Experience: Well-designed Interface, Self-Service Head the List

Findings confirm the upward industry trend toward the consumerisation of talent management. A remarkable 93% of HR professionals ranked the user interface as the most important feature of HR technology for their companies. 86% chose self-service applications for employees or managers. Survey participants recognise that a well-designed interface and self-service capabilities are requirements if their companies are to attract, retain, and engage employees.

Professionals now understand the positive business impact of software usability—on the company brand, employee attitudes, performance, and productivity. When employees self-reliantly use applications such as online learning, time management, or performance tools, they gain autonomy—and lighten the administrative work of managers and HR too. In sum, companies that craft a solid strategy for system usability gain the competitive edge over those that don't.

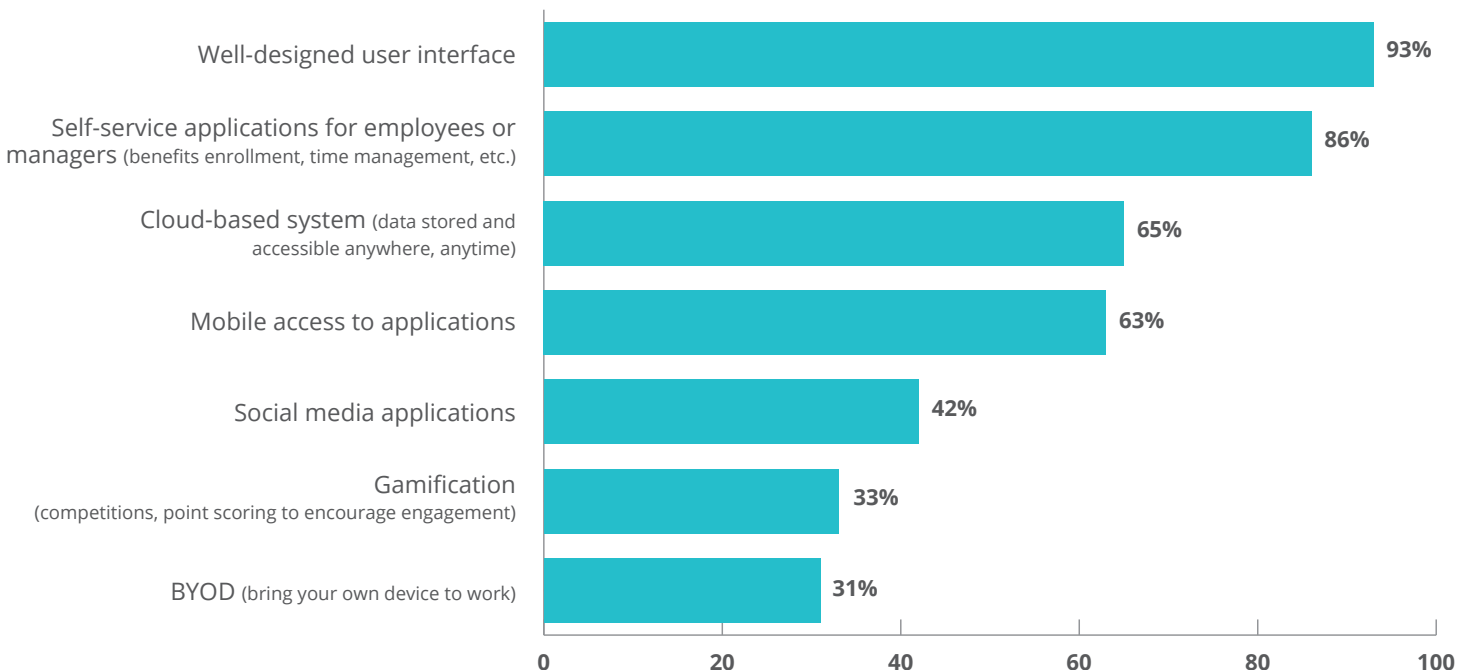
FAST FACT

SELF-SERVICE IS GOOD BUSINESS FOR HR TOO

Routine calls or emails to HR decreased in nearly two thirds of the organisations that had implemented employee or managerial self-service.

SilkRoad HRMS Survey, January 2015

Percent Rated Important By Feature of HR Technology



Talent Management: Upwardly Mobile—Or Not?

Mobile devices like smart phones and tablets are no longer an expensive novelty. They're everywhere, and they are altering the course of talent management. In the U.S. alone, 64% of adults now own a smartphone of some kind. Of those, 43% used their phones in the past year to look up a job. Globally, 1 billion smart phones are expected to sell in the coming year, which is 2X more than the number of PCs.¹⁴

Given the pervasiveness of mobile technology, exactly how mature are companies in using it for talent management? Where are they in the adoption cycle? We asked survey participants to identify the HR functions that are enabled for mobile use, and their answers were surprising.

FAST FACT: IS HR MOBILE SAVVY?

Mobile computing has transformed HR, with tools such as smart phones, tablets, and even wrist watches giving employees access to information round the clock.

63% of professionals rated mobile access to HR applications as important to their companies.

BUT....Companies have yet to fully embrace mobile:

Learning and development	33%
Recruiting/hiring	29%
Performance management	25%
Employee onboarding	20%

Mobile Recruiting: Candidates Benefit, but HR is Shortchanged

Mobile applications can take recruiting to the next level. A new world of talent opens up to HR professionals who source, attract, engage, and hire candidates via mobile devices. A branded mobile career site helps job seekers decide whether a company's right for them—before they even complete an application. Candidates, skittish about job hunting from office computers, typically look for positions after hours or from smart phones during the workday. This made us wonder what features they'd enabled for mobile recruiting.

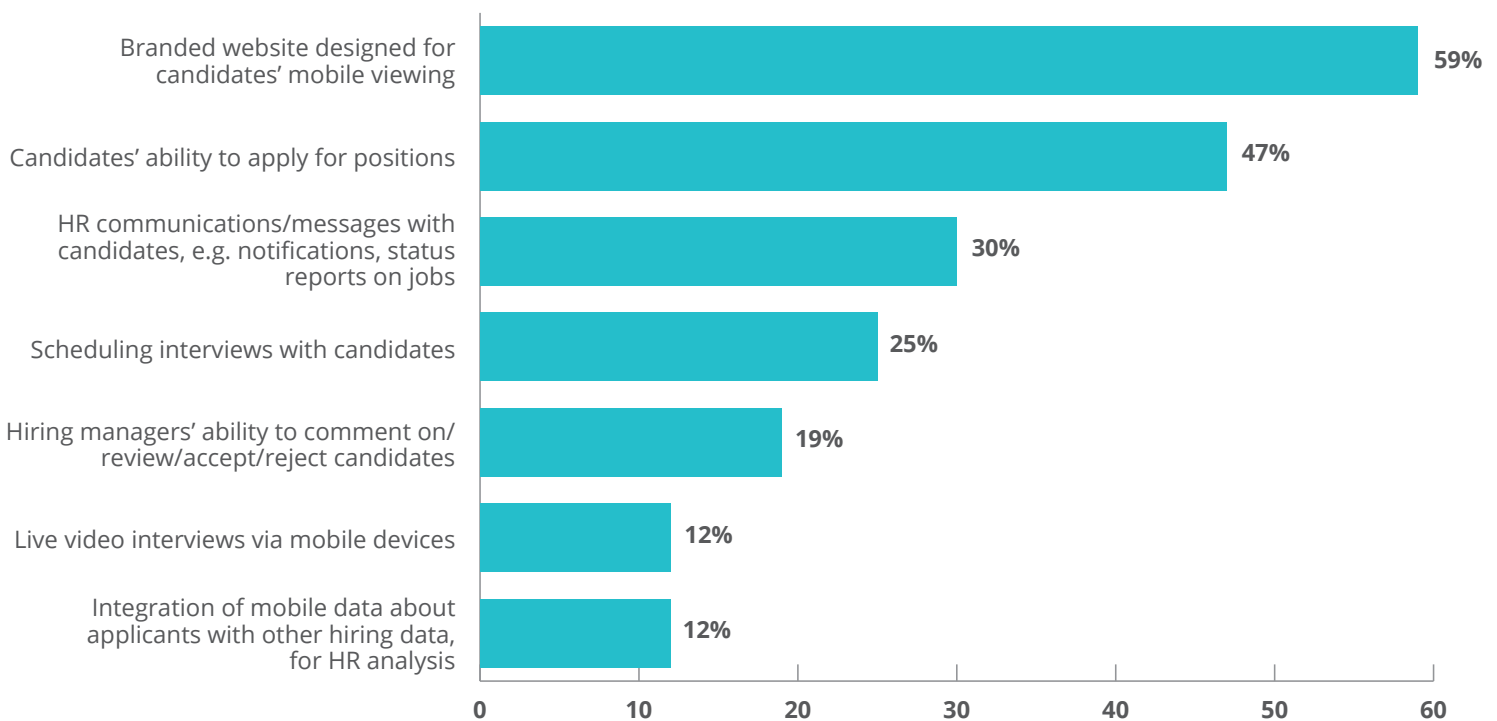
Remarkably, results showed that HR departments haven't fully implemented high-value mobile recruiting features. Shown in the graph, the majority of professionals (59%) leverage mobile career sites, and many offer candidates mobile applications (47%), but professionals themselves had limited mobile capabilities for communicating with job seekers, scheduling, interviewing, or even integrating mobile data with other HR data. For the most part, mobile HR interaction with candidates appears to be a one-way street—from candidate to HR.

Nevertheless, the industry now offers state-of-the-art recruiting applications that leverage the flexibility and speed of the mobile experience: Easy touchscreen interfaces, collaboration tools for teams to evaluate candidates and get referrals, sourcing analytics at the fingertips, and video-enabled interviews with candidates. In summary, these are innovations HR should explore to put more muscle behind mobile technology.

HR Professionals Sound Off

“Our talent management technology isn't keeping up with Millennials who use applications and gadgets that don't integrate with our systems.”

Which of your company's recruitment functions are enabled for mobile devices?



TECHNOLOGY TACKLES TALENT MANAGEMENT CHALLENGES



A Career Site Superpowers Recruiting

A leading-edge life sciences organisation recruits candidates in a highly competitive industry, as the world's top universities and private institutions on the East and West coasts vie for superstars. To help attract the best and brightest, this Midwest-based organisation created an engaging career portal that conveys the organisation's strong employment brand, highlights its values, and presents the amenities and community spirit of its home city. The portal's rich content sets the institution apart in a dynamic recruitment market and helps meet the demand for scientific talent and growth.



Learning Management Streamlines a Highly Complex Move

When one of the top ten children's hospitals in the country decided to move out of its 130-year-old building into a new facility, executives realised that training the staff would be a top priority to ensure a smooth, safe transition. Every employee had to learn floor plans, new equipment; medically complex patients had to be moved without incident. With a state-of-the-art learning management system, project leaders developed a flexible, modular learning plan for 3,900 employees, consolidating 60 learning paths to 6. After training, each employee completed a survey to assess comfort level, giving the institution a sharp picture of staff readiness. Using new learning technology, the training department achieved its highest participation ever with 95% employee completion. On moving day, 127 patients were safely transported with zero safety issues. Mission accomplished!

THE STATE OF PERFORMANCE MANAGEMENT

“Despite years of research and practice, dissatisfaction with performance management is at an all-time high.”

“Putting Performance Back in Performance Management.” SHRM-SIOP
Whitepaper, Hanson, Pulakos, 2015

It's no secret. Traditional performance management is a sore spot for HR. The rapidly changing business environment almost ensures that workforce goals set at the start of the year are outdated by the end. Moreover, organisations are being challenged to move beyond the tactical, event-driven, annual performance review, to adopt a more real-time approach—a continuously looped process, by which employees are motivated, evaluated, coached, and rewarded.

Given all this upheaval, will general discontent about performance management drive companies to change? This year we asked HR professionals to describe their performance management challenges, processes, and plans for the coming year. Our findings showed that when it comes to reinventing performance management, the jury is still out.

FAST FACT

BY THE NUMBERS: HR PROS DEEPLY DISSATISFIED WITH PERFORMANCE MANAGEMENT

- 15% Our organisation's performance standards are excellent from every standpoint (measurable, verifiable, understandable, equitable and achievable).
- 18% Our organisation can get up-to-the minute reports on employees' performance.
- 20% Our organisation is satisfied with its performance management technology solution.



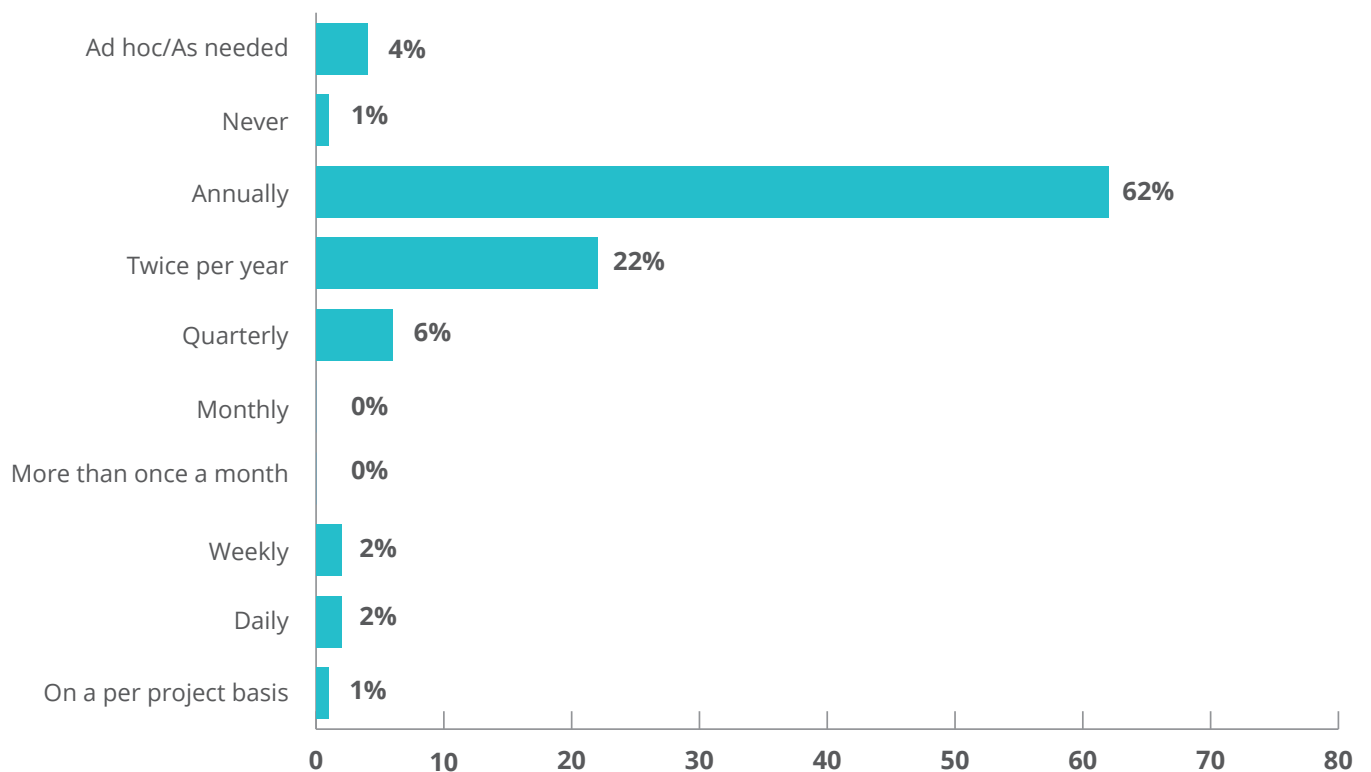
Performance Management: Traditional, Tactical, Annual—Not Real-time

Numerous studies have shown that the annual performance evaluation does not increase productivity or employee engagement. It's also common knowledge that employees and managers alike regard the yearly performance review as a tension-fraught, time-consuming exercise—often filled with unmet expectations.

Our performance management survey confirmed that the majority of companies are still stuck in the yearly evaluation rut. As shown in the graph, most companies review either annually or twice per year. None of the more frequent review schedules were more than 6% of total responses.

At the same time, our survey on the Millennial generation revealed that only 9% of companies have access to or are planning to implement performance systems that provide up-to-the-minute feedback. Yet study after study shows that frequent feedback is a primary driver of engagement for Millennials, who want ongoing coaching, not just one-time reviews.

Frequency of Performance Reviews



Findings reveal that most businesses haven't yet adopted the mindset or the technologies to transform their broken evaluation processes. Still, several large, farseeing companies are reshaping their appraisal practices right now.

FAST FACT

Is your company planning any performance management projects in the coming year?

Most companies are sticking to the status quo, rather than undertaking the risk of projects that will cause real process changes. HR professionals' plans for 2016 are neither ambitious, nor extensive:



44% No plans for performance management projects



15% Integrating performance management software with other HR systems



15% Changing from the annual review to a more agile, continuous evaluation process



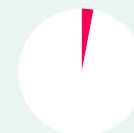
14% Implementing analytics for decision making, workforce or succession planning



8% Purchasing new performance management software



4% Moving from an anniversary date to a focal appraisal date



3% Incorporating social technology, e.g. goal sharing, feedback, recognition

GE, Accenture, Google, and Salesforce are pushing performance appraisals in an entirely new direction. By the end of 2016, GE plans to modify its formal annual review process and jettison its legacy performance management system in favor of a less formal system and more frequent feedback via a smartphone app. GE executives say this approach, which began as a pilot program, has been used to drive a “fivefold productivity increase in the past 12 months.” Accenture is also rethinking annual employee reviews and moving to a more fluid system of frequent conversations. Google has instituted monthly performance check-ins, and Salesforce uses twice-a-quarter ratings online to measure progress on projects.

Our data shows that most organisations are not yet ready to throw away their investment in their traditional appraisal practices; but they should be ready to enhance their once-a-year process with applications that give continuous feedback. Trailblazing vision, planning, staff, training, and teamwork are prerequisites for reengineering performance management. Companies taking that step are beginning to reap the rewards.

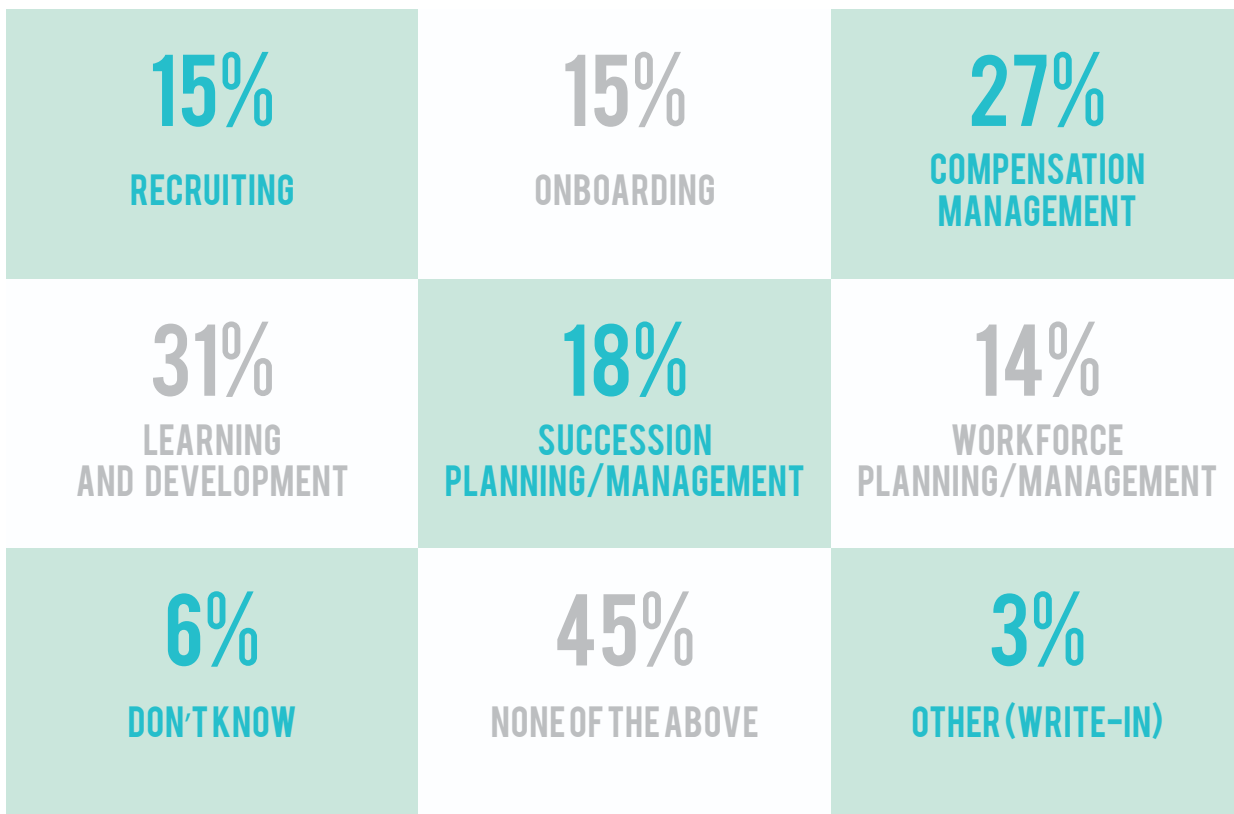
Performance Management: Integration Lags

Integrated performance management systems make businesses more competitive, agile in decision-making, and flexible in the face of market fluctuations. Workforce plans can be adjusted, problems resolved more quickly, and processes can be standardised because the evaluation system is used company wide. However, our survey revealed relatively low levels of performance management software integration with other HR functions, shown in the graph.

- Almost half of the respondents (45%) indicated that their HR systems were not integrated with performance management.
- Notably, learning and development systems were not commonly integrated with performance management (31%). We would have expected a tighter link between these functions, given that learning and development leads to performance improvement.
- Recruiting and onboarding were each integrated by about 15% of companies surveyed.



Integration of Performance Systems



These findings—and the evident lack of plans for integration in 2016—indicate that HR will fail to answer questions that deliver critical business insights: Who are the high-potential employees and leaders? What learning strategies lead to better workforce performance? Do our onboarding processes support better employee performance and retention? And, what weaknesses in our talent management processes could cause a full-blown crisis?

How Are Businesses Vulnerable? Inconsistent Standards, Tactics Trump Strategy

As discussed previously, companies aren't making big changes to performance management next year, nor are their systems integrated with other talent management functions. Overall, the survey revealed the need for businesses to step up performance management efforts: Their systems and standards aren't progressing in step with current technologies—or with business goals to drive employee productivity and revenue. Considerable improvement is needed.

Talent management professionals identified their major performance management challenges, as follows:

- **#1 “Performance standards across the organisation are inconsistent”**—chosen by almost three out of four respondents (72%).
- **#2 “The connection between employee performance and the compensation system is weak,” and “performance management is perceived as a yearly tactical event”**—equally selected by about 56% of respondents.

To put it bluntly, companies are taking potential business and legal risks by clinging to ineffective performance management practices. Inconsistent standards leave employers open to compliance violations, employee retaliation complaints, or age and racial discrimination lawsuits. In contrast, when performance practices are standardised, employees perform more efficiently because evaluations are viewed as equitable. Management has a clear line of sight across the organisation, and employees are better engaged with company goals.

Yet, a deeper historical analysis of the data uncovered other disturbing facts: Echoing the results of our 2011 and 2013 surveys, organisations continue to employ a traditional, annual, and tactical approach to performance management rather than a nimbler, more strategic model in which employees are more frequently coached and evaluated. In 2015, the majority (56%) reported that performance was perceived as a yearly tactical event: 46% noted this in 2013; and 41% in 2011.



SEPARATE FEEDBACK FROM COMPENSATION DISCUSSIONS

Research clearly shows that pay discussions need to take place after and separately from feedback about performance and discussions about training and development. When discussions of performance are combined with discussions of pay, individuals walk away with only a memory and understanding of the pay decision.

*Forbes, "Performance Management: Three Important Features You're Forgetting."
Edward Lawler, April 15, 2015*

Five Tips: Winning the Talent War for Skilled Labor

Progress just isn't happening fast enough in performance management. But is there positive news in all the gloomy results? The silver lining is that HR should lead the charge for improvements:

- 1 Tap into existing research: Numerous examples, templates, and statistics are available, showing that organisations that manage performance well can expect better financial results.
- 2 Develop a business case founded in ROI analysis: Show the executive suite the hours and dollars spent as managers and employees compile annual performance reviews.
- 3 Reskill managers to give frequent feedback, coach employees: Incorporate individualised training plans to leverage the tandem benefits of learning and performance.
- 4 Think deliberately: Determine the performance processes that work best for your industry and business model—before you make any system changes.
- 5 Integrate performance management with other HR functions: Combine, analyse, and convert data from separate systems into insights that drive business value.

WHAT'S NEXT FOR HR: SILKROAD'S TEN TRENDS TO WATCH IN 2016

Here's a look at ten top talent management trends that will drive conversations in 2016:

- 1. What's in Store for HR Tech?** New apps, more automation, greater integration head the general agenda of HR plans for the coming year. Not on the HR radar screen: Big Data, decommissioning existing talent management applications.
- 2. HR Gets Smarter about Workforce Analytics:** "Gut feel" decisions aren't going away anytime soon, but they must be tested against quantitative data. Executives are pushing to use analytics and data science to predict workforce needs and identify skills gaps. Now's the time for HR professionals to acquire an analytics competency and mindset. They can also help by encouraging a strong analytics culture—where managers use fact-based analysis for planning purposes.
- 3. More Mobile Apps, Mobile Recruiting and Mobile Engagement, Please.** Progress implementing mobile applications has been uneven. In 2016, talent management is on the hot seat, especially for mobile recruiting. Speed, flexibility, and candidate engagement are at risk because HR can't communicate "mobile to mobile" with job seekers. Professionals have to step up their game in mobile recruiting or lose top performers to the competition, especially in cut throat talent markets.
- 4. A Wave of Collaborative Hiring.** Teamwork is the watchword. This year companies start to transition from the top-down managerial decision about new hires, looping other employees into the recruitment process. New recruitment software apps pool employee referrals, and candidates interact with future teammates on mobile devices. Hiring teams can perform side-by-side online evaluations of applicants, responding quickly and scooping up top candidates before the competition does. Transparency and better candidate fit with the organisation are just two of the many benefits. Notably collaborative industries, such as engineering and high-tech, will lead the way.
- 5. The Candidate Experience: Front and Center.** More power has shifted to job seekers. The market is competitive, especially for passive candidates, so a positive recruitment experience separates the winning companies from the losers. Late, rude, or distracted interviewers damage a company's brand. This year talent management should look at the candidate experience holistically—from sourcing, mobile applications, and company websites, to consistent and branded treatment of candidates and creative ways to engage them throughout the process.
- 6. Embrace Employer Branding.** Employer branding wasn't a yet widespread practice among our survey respondents. In 2016, this trend could hit the tipping point—that moment when an idea crosses a threshold and catches on like wildfire. HR professionals are recognising the value of brand management techniques, especially for recruitment. Still, for employer branding to be credible, company culture, policies,

and the brand must be aligned—otherwise brand initiatives are viewed as empty talk. Leading companies such as GE, Google, and Apple also align their well-known corporate brands with their employment brands to gain more leverage.

7. **Performance Management Stalls, but Needs to Get in Gear.** Failure to improve performance management threatens the future growth and competitiveness of small and large companies. Employees need frequent feedback to align with company goals and connect to business outcomes of productivity and profitability. In for 2016: Agile performance management applications that promote manager-employee conversations; integrated software systems that give companies deeper insights into workforce performance. Out: Shotgun annual reviews, forced rankings, patchwork HR systems that don't share performance data.
8. **Year of the Millennials: Leadership Development and Succession Planning.** Many Millennials are already in leadership positions and others are banging on the gates for entry into management. The Millennial generation continually challenges HR professionals, who are still figuring out how to engage and retain them. The formula for maximising their potential? Flexible working arrangements, and plenty of opportunities for growth and development. This helps companies too, especially those with an aging or retiring workforce. Formal and informal training programs—tied to performance—are a “must have” for developing Millennials' leadership potential.
9. **Individualised Training and Development Skyrocket, Propelled by Skill Shortages and Ambitious Millennials.** In the “always-on” talent economy, employees are ready for learning experiences online—in any format, at any place, or any time. Video, audio, or text on mobile devices deliver instruction to road warriors and office-tethered individuals alike. Learning plans are customised, with specific objectives for the individual or group, while employees work at their own pace. Next-generation learning software enables corporate training departments and managers to monitor employees' mastery of skills they learned in training. Automated learning systems offer especially high value in industries, such as healthcare or financial services, that have stringent certification requirements and deadlines.
10. **Boomerang Employees and Offboarding in the Spotlight.** As the economy improves, the industry sees downsized employees applying to their former companies. Top performers might have left to seek that dream job, but found that the “grass isn't greener.” For these reasons, a positive, branded offboarding experience is vital for re-recruiting talent and for managing company reputation. Offboarding practices leave a lasting impression on employees and will come under scrutiny this year. Automation and analytics should head HR's list of offboarding priorities: Professionals say they want better data on who's leaving, how, and why.

RESPONDENT PROFILE AND METHODOLOGY

The insights in this report are grounded in research methodology and supported by results from our annual group of surveys.

Six survey topics:

- Candidates: The View from the Job Seekers' Side of the Desk
- Talent Management Technology
- Performance Management
- Employment Branding
- HR Professionals on The Millennial Generation: Recruitment, Engagement, Retention
- What Keeps HR Up at Night?

Survey dates:

February through October 2015

Number of participants: 1,533

- 1,100 HR professionals responded to HR related surveys.
- 433 Professionals/job seekers responded to the general employment marketplace survey.

Delivery system:

Surveys were collected online using web-based survey tools and targeted toward talent management professionals and job seekers.

Company sizes:

More than half of HR respondents came from companies with more than 500 employees. 85% have 100 or more.

Research base:

Respondents' diverse titles ranged from Chief Human Resource Officer, Vice President of Human Resources, HR Policy Lead, and Vice President of People & Culture, to Director of HR Operations, and Manager of Staffing and Recruiting for North America. A highly experienced group, 61% of respondents had more than 10 years of experience as talent management professionals.

We would like particularly to thank all the professionals who took the time to participate in our surveys. Your responses help contribute to greater knowledge and understanding of talent management.

¹“Why More Employees Are Going Back to Their Previous Jobs,” Rebecca Green, Bloomberg Business, September 1, 2015

²“Where the Jobs Are,” CNBC, Anna Robaton, October 15, 2015. <http://www.cnbc.com/2015/10/13/where-the-jobs-are-health-and-tech-are-in-high-demand.html>

³“In Hiring, a Friend in Need is a Prospect Indeed,” Nelson D. Schwartz, New York Times, January 2013.

⁴Note that the survey defined Millennials generally as those born after 1980. There’s argument about exactly when the Millennial generation begins and ends: Some researchers define Millennials as those born in 1982 and approximately 20 years after.

⁵“Worklife Challenges across Generations, Harris Poll on behalf of EY between November 20, 2014, and January 14, 2015.

⁶“Minding the Gaps,” The 2015 Deloitte Millennial Survey

⁷“100 Best Companies to Work For,” Fortune Magazine 2015

⁸These percentages are the sum of “Definitely” and “Probably” answers.

⁹The smallest companies (350 employees or less) were more likely to have paper-based systems than the largest companies (20% vs.0% . Full automation was seen in the largest proportion for the biggest companies (50,001+ employees, with a 50/50 split between full and partial automation. Mid-sized companies (251 – 5,000 employees) mainly relied on partially automated systems (71%) or full automation (24%). It’s likely that the biggest companies have the most immediate need—and greater financial and human resources—to fully automate their HR systems.

¹⁰The survey revealed different levels of HR integration by company size: Companies with more than 350 employees reported higher levels of some HR integration (75%) versus those with less than 350 employees (41%). Still, the survey primarily showed the integration of two or three HR functions, suggesting that companies use many disparate, unconnected applications.

¹¹“HR Technology for 2016: 10 Big Disruptions on the Horizon” Bersin by Deloitte, Deloitte Development LLC, 2015.

¹²Early stage user: spreadsheets mostly used to track and report. Intermediate user: data from automated HR systems used to analyse cost, performance, productivity, and other metrics. Power user: data from in-house automated HR systems used, in addition to other data sources to crunch large volumes of data and provide predictive modelling and other workforce analytics or modelling.

¹³U.S. Smartphone Use in 2015. Pew Research Center, April 2015

¹⁴Infographic, The Future of Mobile Phone Use, University of Alabama Birmingham School of Business, 2015, <http://businessdegrees.uab.edu/resources/infographic/the-future-of-mobile-application/>

¹⁵These numbers are the sum of “Agree” and “Strongly Agree” to a set of rating scale questions relative to respondents perceptions of Performance Management at their company.

¹⁶“Putting Performance Back in Performance Management” SHRM-SIOP Whitepaper Series, Rose A. Miller-Hanson, Elaine D. Pulakos, 2015

¹⁷“GE’s Real-Time Performance Development,” Harvard Business Review, Baldassarre and Finken, August 12, 2015, <https://hbr.org/2015/08/ges-real-time-performance-development>. Employees will still receive a year-end summary document, but they will have more robust data on which to base the review.

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