Proving the Value of HR Technologies: History, Current Directions

Welcoming Academics to Our Conversation

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School of Business, University at Albany-SUNY
16 Years of the HR Systems Surveys
CedarCrestone HR Systems Survey
Sixteen years of identifying key technologies, trends, and value

1997: Survey based on case stories of early self-service adopters

1998–1999: Extended deep coverage on HR self service usage and trends

2000: Added strategic applications analysis; focus on ROI, headcount impacts, cost per transaction

2001: Added portal and knowledge base coverage; expanded to global respondents

2002: Added vendor solutions coverage

2003: Expanded strategic self service application coverage; showed link to business outcomes

2004: Added deployment approach analysis; began industry usage and trends

2005: Introduced HCM Application blueprint; added measure/plan apps; first causal analysis

2006: Introduced major initiatives, expenditures by deployment, HRIT/staffing metrics

2007: Added BI application adoption and TM approach coverage; began covering integration and user experience

2008: Introduced social and workforce management applications; showed value of TM approach (best-of-breed vs. enterprise)

2009: Expanded deployment coverage to include SaaS; added best practice analysis; began covering SOA

2010: Introduced Unified and Integrated Blueprint, began 3-year outlooks, added workforce optimization app category

2011: Extended coverage of SaaS value and vendor change analysis (HRMS & ITM)

2012: Introduced Seven Key Practices of Top Performers

2013: Introduced value chain analysis and tracking of big data and gamification

First of Going Global Reports
In-depth coverage of organizations operating globally

Began Benchmark Services in support of organization HR systems strategy

First of Metrics and Analytics Reports
In-depth coverage of workforce analytics
CedarCrestone 2013–2014
HR Systems Survey Demographics

1,266 respondents
85% US, 6% EMEA, 5% Canada, 4% Australia/Asia and rest of world

20M employees represented

Average number of employees = 15,876

Size

Large
10,000+
26%

Medium
2,500–10,000
26%

Small
200–2,500
48%

No response .2%

Other Services
21.8%

Healthcare
15.3%

Financial Services
13.5%

Higher Ed./Public Admin.
13.3%

Consumer/Other Mfgt.
11.5%

Retail Wholesale
8.4%

Trans., Comm., Public Utilities
6.5%

Agriculture/Mining/Construction
3.6%

Retail
6.1%

High-tech Mfgt.
6.5%

Large
10,000+
26%

Medium
2,500–10,000
26%

Small
200–2,500
48%

No response .2%
16th Annual CedarCrestone Survey Key Trends

Software as a Service (aka “the Cloud”)

- Replacements hit tipping point.

Integration/Unification

- The new Holy Grail that few reach without a Unified solution.

Analytics

- Adoption continues to increase and results in value.

Mobile

- Social

User Satisfaction

- NPS

- Newer products, later releases get higher scores. Improvement still needed!
One large oil company with 9,000 US employees implemented a shared service approach a number of years ago, with a call center for employee services. The manager of HRIS reported that “technology-based self service is now difficult to justify given the benefits already derived from the Call Center.” She proposed the following tactics to move towards web self service:

- Implement self service in small increments, each of which provides some value to the employees so they request more applications. Initial applications considered valuable to the employee are annual benefit statements and biweekly electronic pay stubs. The annual cost savings estimated from these two applications are:

  - Eliminate annual benefit statements $30,000
  - Provide annual benefit profile $26,000
  - Eliminate enrollment form $18,000
  - Provide electronic pay stubs $34,000
  - Manpower associated with above processing $260,000
  - TOTAL $368,000

- Look for business drivers. The web is seen as an environment that promotes knowledge sharing among geoscientists. “If we can get them on the web with HR services, we can then move them towards collaboration using the web. We see the need to coordinate our marketing of HR services with business unit initiatives to enhance collaboration.”
Alongside the Survey
Over Ten Years of Measuring ROI and Conducting Post-Implementation Audits

- Our ROI Research is a three-pronged approach to determine the value proposition for technology solutions:
  - **Return on Investment**: traditional approach aimed at identifying hard dollar cost reductions in labor and materials
  - **Productivity Improvements**: benefits achievable by enhancing individual employee and manager productivity through the introduction of technology
  - **Strategic Opportunities**: new approach that identifies the value of customer and employee satisfaction and converts these soft benefits into realizable hard-dollar opportunities
Improved Employee Satisfaction Translates to Reduced Turnover and in Turn Translates to Reduced Acquisition Costs

For every 2% improvement of employee satisfaction, you can expect a 1% reduction in turnover.
Source: Org. Diagnostics

Current employee replacement costs are estimated at $40,000 per employee
Source: Workplace Resource Learning Center

Therefore, your employee replacement costs could be reduced by:

$1,400,000

For an organization with 25,000 employees

Improved Productivity: Direct Access to Service Increases Employee and Manager Productivity

By providing employees with direct access to transaction services, their time is freed from administrative tasks.

The saved time can be spent on their core tasks.

For the services you have selected, productivity savings are*:

Employees: $2,575,747
Supervisors: $402,834
Managers: $86,168

*Use discount factor to reduce
## ROI Work Success Stories – Post Implementation Audits

<table>
<thead>
<tr>
<th>CUNA Mutual Group</th>
<th>US Bank</th>
<th>The Hartford</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leading financial services provider to credit unions and their members worldwide</td>
<td>Diversified financial services; <em>“Building the best bank in America”</em></td>
<td>One of the largest investment and insurance companies focused on the <em>Customer Experience</em></td>
</tr>
<tr>
<td>4,900 employees</td>
<td>54,000 employees</td>
<td>26,000 employees</td>
</tr>
<tr>
<td>PeopleSoft and Authoria implementation, and employee and manager self service</td>
<td>Upgrade 7.0 to 8.0, Ben. Admin, employee and manager self service</td>
<td>PeopleSoft upgrade, portal, recruitment automation, employee and manager self service</td>
</tr>
</tbody>
</table>

### PROGRESS TO DATE

<table>
<thead>
<tr>
<th>CUNA Mutual Group</th>
<th>US Bank</th>
<th>The Hartford</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROGRESS TO DATE</td>
<td>PROGRESS TO DATE</td>
<td>PROGRESS TO DATE</td>
</tr>
<tr>
<td>HR/Base Benefits</td>
<td>HR/Base Benefits</td>
<td>eProfile</td>
</tr>
<tr>
<td>Authoria</td>
<td>eBenefits</td>
<td>eCompensation Manager</td>
</tr>
<tr>
<td>eBenefits</td>
<td>ePay</td>
<td>Desktop</td>
</tr>
<tr>
<td>eProfile</td>
<td>eProfile</td>
<td>SAVINGS: $556K</td>
</tr>
<tr>
<td><strong>SAVINGS: $58K</strong></td>
<td><strong>SAVINGS: $1.6M</strong></td>
<td><strong>SAVINGS: $556K</strong></td>
</tr>
</tbody>
</table>
## 2002: Value Achieved After Five Years

### Figure 18: Quantitative Results Achieved*

<table>
<thead>
<tr>
<th></th>
<th>North America</th>
<th>Europe</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average cost of transaction</strong></td>
<td>Average 52% reduction</td>
<td>Average 48% reduction</td>
<td>North America: Savings of $5.29 per average transaction by having EE complete transaction vs. HR</td>
</tr>
<tr>
<td><strong>Cycle Time</strong></td>
<td>Average 62% reduction</td>
<td>Average 40% reduction</td>
<td>Europe: 100% for leave management; North America: average manager transaction from 10 days to 1 day, change of status from 10 days to 3 days, requisition process from 104 days to 63, enrollment from 4 weeks to 1 week</td>
</tr>
<tr>
<td><strong>Headcount changes</strong></td>
<td>Average 40% reduction</td>
<td>Average &lt;10% reduction</td>
<td>North America: Data entry staff reduced by 50%; HRIS headcount reduced by 4 people over 3 years, reduction of benefits department by 8 people, service center headcount reduced by 10</td>
</tr>
<tr>
<td><strong>Return on investment</strong></td>
<td>Average 40% reduction</td>
<td>No data</td>
<td></td>
</tr>
<tr>
<td><strong>Payback Period</strong></td>
<td>Average 3 years</td>
<td>No data</td>
<td>Most are reporting their forecasts; one global organization we track reports an actual 18 month payback achieved</td>
</tr>
<tr>
<td><strong>Employee Satisfaction</strong></td>
<td>Up to 50% improvement</td>
<td>No data</td>
<td>North America: 100% improvement because employees can access while traveling and from home</td>
</tr>
<tr>
<td><strong>Inquiries to Service Center</strong></td>
<td>Average &gt;75% reduction</td>
<td>No data</td>
<td></td>
</tr>
</tbody>
</table>

*No data points reported from Australia/Asia Pacific respondents

### HR/Staff Ratio

<table>
<thead>
<tr>
<th>HR Specialist</th>
<th>Web Self Service</th>
<th>Call Center</th>
<th>Web and Call Center</th>
<th>Plus Authoria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/109</td>
<td>1/140</td>
<td>1/169</td>
<td>1/190</td>
<td>1/212</td>
</tr>
</tbody>
</table>
Where the “Hard” and “Soft” Savings Come From

- System/server consolidation
- Standardizing on common, global processes
- Process-oriented labor savings and materials/distribution savings
- Productivity savings, which if properly channeled and agreed upon, yield strategic savings
- Improved employee services make an organization an “employer of choice”
Major Shift in the Makeup of Companies

The Source of Value Has Shifted from Tangible to Intangible Assets

<table>
<thead>
<tr>
<th>Year</th>
<th>Intangible Assets</th>
<th>Tangible Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>38%</td>
<td>62%</td>
</tr>
<tr>
<td>1992</td>
<td>62%</td>
<td>38%</td>
</tr>
<tr>
<td>1998</td>
<td>85%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Value Analysis is Required to Move to Performance Excellence

- Must define link from individual performance to enterprise objectives
- Must have analytics

Technology solutions have different value propositions

- Impact on performer’s time
- Impact on staff retention
- Indirect value such as customer retention, product innovations, etc.

1. Brookings Institute
2. Baruch Lev analysis of S&P 500 companies
## Top Performer Methodology and Results

<table>
<thead>
<tr>
<th>Four metrics Identify Top Performers</th>
<th>Top Performers</th>
<th>All Others</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue per Employee.</strong> The average Revenue generated by each employee. This metric gives an indication of the productivity of enterprise employees. Revenue per employee for Top Performers was nearly twice that of all other respondents.</td>
<td>$681,503</td>
<td>$352,576</td>
</tr>
<tr>
<td><strong>Profit per Employee.</strong> The resulting Operating Profit attained by each employee. This figure provides a measure of profitability of enterprise employees. Profit per employee of Top Performers was 142% higher than other respondents.</td>
<td>$317,508</td>
<td>$131,157</td>
</tr>
<tr>
<td><strong>Operating Income Growth.</strong> Gross Income subtracting operating expenses before interest payments and taxation expressed as a growth rate over the prior year. It indicates how well organizations are investing in employees. Top Performers’ operating income grew fifty percentage points more than other respondents.</td>
<td>61%</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Return on Equity.</strong> This shows the profit generated from the total shareholder financial investment in the company. The ratio gives an indication of how viable it is for the company to raise further shareholder funds for continued expansion of the company. Top Performers’ ROE was more than double other respondents.</td>
<td>23%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Source: Seven Practices of Top Performers, CedarCrestone
Applications Linked to Financial Results

- More Applications **Linked** with higher operating income growth.

**FIGURE 7: Operating Income Growth with and without Key Applications – Worldwide**

**FIGURE 6: Operating Income Growth by Applications – Worldwide**

<table>
<thead>
<tr>
<th>Growth by Applications</th>
<th>Growth with applications</th>
<th>Growth without applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top quartile (20–26 applications)</td>
<td>18%</td>
<td>3%</td>
</tr>
<tr>
<td>3rd quartile (14–19 applications)</td>
<td>15%</td>
<td>5%</td>
</tr>
<tr>
<td>2nd quartile (8–13 applications)</td>
<td>3%</td>
<td>7%</td>
</tr>
<tr>
<td>Bottom quartile (2–7 applications)</td>
<td>-6%</td>
<td>3%</td>
</tr>
<tr>
<td>Overall (2–26 applications)</td>
<td>9%</td>
<td>7%</td>
</tr>
</tbody>
</table>

- But are the applications deployed because organizations have money to spend due to their income growth, or do applications cause this growth?
  - While other factors may be at play, a **cross-lag statistical analysis** showed that several applications are clearly among the factors contributing to higher financial performance metrics.
  - In subsequent years, we found that those with highest financial performance actually spend less.
### Technologies Consistently Impacting Business Outcomes

<table>
<thead>
<tr>
<th></th>
<th>Pre-2008</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Help desk for HR</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Manager self service</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Business intelligence</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Social (used strategically)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>All workforce management</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>
Value of HR Technologies (2008 to 2014)
Approaches to Identifying and Proving Value

- Process savings
- Headcount changes
- Metrics (requires benchmarking)
- Best practice outcomes
- Causal links and models

Source: IHRIM
Workforce Solutions Review, May, 2014
Background on Latest Value Analysis: Value Chain Analysis Approach

- Over the past year, how have the following changed:

<table>
<thead>
<tr>
<th>HR Outcomes</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee and manager productivity</td>
<td></td>
</tr>
<tr>
<td>Ability to attract top talent</td>
<td></td>
</tr>
<tr>
<td>Ability to develop a highly qualified workforce</td>
<td></td>
</tr>
<tr>
<td>Availability of workforce data for decision making</td>
<td></td>
</tr>
<tr>
<td>HR cost efficiency (also a desirable business outcome)</td>
<td></td>
</tr>
<tr>
<td>HR alignment with business strategy (also a business outcome)</td>
<td></td>
</tr>
<tr>
<td>Retention of top talent</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business Outcomes</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive advantage</td>
<td></td>
</tr>
<tr>
<td>Customer (constituent) satisfaction</td>
<td></td>
</tr>
<tr>
<td>Employee engagement (also an HR outcome)</td>
<td></td>
</tr>
<tr>
<td>Innovation</td>
<td></td>
</tr>
<tr>
<td>Market share</td>
<td></td>
</tr>
</tbody>
</table>
Research Agendas Converge

- Proving the value of HR technology adoption

16 years of CedarCrestone Research

Evidence from Academic Studies
An Academic Model Linking HCM to Firm Performance: Based on the Strategic HRM Literature

**Resource-based View**
- HRM capabilities
- Human resources
- VRIN

**Contingency Theory**
- Vertical fit
- Horizontal fit

**Business and Strategic Initiatives**

**Design HRM System**

**HR Outcomes** --
- Productivity
- Innovation
- Attitudes
- Alignment

**Strategic Results**

**Firm Performance**

**Source:** Marler, 2009, IJHRM, 20(3):515-527.
Marler and Fisher, 2013, HRMR, 23:18-36
Model Linking HR Technology to Strategic HRM, Strategic Business Results and Financial Value

HR Technology application adoption is indirectly related to improved strategic business results (Competitive Advantage and Market Share) through improved HRM outcomes (improved Cost Efficiency, Decision Making, Employee Engagement, Developed Workforce, Talent Retention) and linked to improved financial performance (ROE).
Three Proposed Specific HR Technology Value Chain Models

- **HRM Cost Efficiency**
  - Based on process efficiencies resulting in lower costs

- **Business Intelligence Human Capital Productivity**
  - Based on differentiating process of using information to create value

- **Social Engagement and Retention**
  - Based on differentiation process of investing in HCM resulting in improved market share
Empirical Methodology

- CedarCrestone 2013 Survey Data
- Financial ratios from Annual Financial Reports
- Correlation Analyses
- Structural Equation Path Modeling
  - Decomposes correlations into direct and indirect effects
    - Insight into important mediation/intervening factors
    - Helps rule out spurious correlations
  - Simultaneous estimation of multiple relationships
    - More statistically efficient
Value Chain Measures Used from CedarCrestone Survey

- Over the past year, how have the following changed:

<table>
<thead>
<tr>
<th>HR Outcomes</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>HR Capability</td>
<td>Ability to develop a highly qualified workforce</td>
</tr>
<tr>
<td>HR Capability</td>
<td>Availability of workforce data for decision making</td>
</tr>
<tr>
<td>HR Resource</td>
<td>Employee and manager productivity</td>
</tr>
<tr>
<td>HR Resource</td>
<td>Employee Engagement</td>
</tr>
<tr>
<td>HR Capability</td>
<td>HR cost efficiency</td>
</tr>
<tr>
<td>HR Resource</td>
<td>Retention of top talent</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategic Results</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Competitive advantage</td>
</tr>
<tr>
<td></td>
<td>Market share</td>
</tr>
</tbody>
</table>
SEM Path Model Assumptions – Caveats

● Significant causal variables are not left out
  – Residuals, which measure error plus the effect of unmeasured variables are assumed to be uncorrelated
  – Unobserved variables should not be prior joint causes of 2 or more observed variables

● No reverse causation

● Low multi-collinearity among variables

● Cross sectional data cannot support causation
  – Temporal precedence can’t be established
  – Can establish co-variation
  – Try to establish no plausible alternative explanations (missing common causal variable challenge)
HRM Cost Efficiency Value Chain

Total Apps in Use → Improved HR Cost Efficiency → Improved Competitive Advantage → Return on Equity (ROE)

Standardized Estimates; N=139
The total direct and indirect effects of total apps in use on ROE is .19 (p<.05). For a one standard deviation increase in total applications in use (6), ROE increases by .19 standard deviations (.15) or about .03 percentage points (13% v 16%).

Standardized Estimates; N=139
## Costs and Savings per Process Using Early Enterprise HRMS for the “Future State”

<table>
<thead>
<tr>
<th>Process</th>
<th>Manual Costs</th>
<th>Self Service Costs</th>
<th>% Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enroll in benefits</td>
<td>$109.48</td>
<td>$21.79</td>
<td>80%</td>
</tr>
<tr>
<td>Enroll in training</td>
<td>$17.77</td>
<td>$4.87</td>
<td>73%</td>
</tr>
<tr>
<td>Address change</td>
<td>$12.86</td>
<td>$3.39</td>
<td>77%</td>
</tr>
<tr>
<td>Apply for a job</td>
<td>$21.31</td>
<td>$11.85</td>
<td>33%</td>
</tr>
<tr>
<td>Manager – change salary</td>
<td>$44.67</td>
<td>$18.26</td>
<td>59%</td>
</tr>
<tr>
<td>Manager – set up and approve promotion</td>
<td>$48.64</td>
<td>$14.01</td>
<td>71%</td>
</tr>
<tr>
<td>Manager – create job requisition</td>
<td>$36.89</td>
<td>$11.11</td>
<td>70%</td>
</tr>
</tbody>
</table>

Source: Cedar, CedarCrestone, Sierra-Cedar ROI Studies from 2000 to 2007
Service Delivery Approach Value:
Organizations *with More Technologies* Serve More Employees

Employees Served by HR Administrative Headcount***

- **Without Technologies**
- **With Self Service***
- **With Self Service and Shared Services**

With Self Service: Employee and manager self service applications serve 40% or more of employees and 25% or more of manager populations.

With Self Service and Shared Services: Also serving 75% or more of the workforce through a Shared Service Center.

***The CedarCrestone survey now calculates the ratio using HR administrative headcount rather than HR administrative FTE as in past years.

SERVICE DELIVERY VALUE:
The Shared Services Model—including an HR Help Desk Application consistently delivers the highest level of efficiency.
Key Finding:
Service Delivery Improvements Delivered Cost Reductions and Ushered in More Automation; Focus on TM and BI is Linked to Highest Financial Performance

Started organizations on path of automation and adopting best practices

Financial Services Industry Metrics

Talent Management and Business Intelligence Technologies

Focus on talent management and business intelligence along with more HR staff (lower ratio) is linked to improved financial performance
Business Intelligence Human Capital Productivity Value Chain

Higher levels of BI Technology adoption are related to ROE indirectly through improved decision-making data, employee and manager productivity, and workforce development and competitive advantage.
There is significant indirect effect (0.03 p < 0.05) and a total effect (0.18 p < 0.05). BI apps are related to ROE indirectly through improved decision-making data, employee and manager productivity, improved workforce development and competitive advantage. One standard deviation higher BI apps (5 vs. 3) is associated with a 0.02 percentage points higher ROE (13% vs 15%), controlling for size and industry.
Key Finding (consistently seen since 2010): Top Level Talent Analytics* Organizations Outperform!

Two Key Growth Indicators

- Net Income Growth: 29% higher for higher level of talent analytics best practice, 5% for lower level.
- Sales Growth: 11% higher for higher level, 3% for lower level.

Key Productivity Indicator

- Sales per Employee: $546,534 for higher level, $345,206 for lower level, a 58% higher difference.

* Talent Analytics organizations identified by an analysis of level of best practices at all Large respondent organizations.

Robust BI Capability in Managers’ Hands Delivers Value!

<table>
<thead>
<tr>
<th>BI Delivery Approach</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>We can pull data for reports</td>
<td>92%</td>
</tr>
<tr>
<td>We can provide dashboards (metrics)</td>
<td>44%</td>
</tr>
<tr>
<td>We have the data to compare to external benchmarks</td>
<td>43%</td>
</tr>
<tr>
<td>Our data and analytics are only available (used by) IT, HRIT, analysts</td>
<td>26%</td>
</tr>
<tr>
<td>Our data and analytics are available &quot;real time&quot;</td>
<td>25%</td>
</tr>
<tr>
<td>Our data and analytics capabilities are available for direct access by managers</td>
<td>15%</td>
</tr>
<tr>
<td>We integrate data from financials, customer-facing data sources, and operational systems to provide correlations</td>
<td>15%</td>
</tr>
<tr>
<td>We have contextual embedded analytics (in HRMS or TM solution)</td>
<td>14%</td>
</tr>
<tr>
<td>We use consulting resources/specialists for higher-level analytics</td>
<td>8%</td>
</tr>
<tr>
<td>We are doing predictive modeling</td>
<td>6%</td>
</tr>
</tbody>
</table>

8% higher revenue per employee than those without direct access.
3% higher ROE
Adoption varies by application, region, employee size and industry

- Administrative solutions are mature and we’re in a new cycle of replacement.
- Amazingly, employee and manager self service overall and worldwide, is just at 64% adoption.
- Social and talent management categories show strongest sustained growth.
- Still a huge addressable market for most HR apps. Remember adoption stage when selling.
Social Networking Matters
Early Adopters had 100%+ Higher Sales Growth

One Year Sales Growth for Organizations with and without Social Networking

Without (n=120)  With (n=22)

6.9% 15.0%
Value of Social-enabled HR Processes Shows Clear Link to Higher Financial Performance

- Organizations with strategic social media usage, with a corporate social network, and with some social enablement have shown consistently higher sales growth and revenue per employee (since 2009).
- We see higher user experience scores and higher overall user adoption.

Organizations with Some Social Enabled HR Processes Outperform those with None

![Bar chart showing revenue per employee]
Adoption of Social
Encourages More User Adoption of HR Technologies

Adoption Impact of Social-enabled Processes

Higher user adoption essentially means higher user engagement and ideally leads to more value achieved from HR technologies investment.
Social application adoption has a direct effect on improved Employee Engagement and an indirect effect on ROE through Employee Engagement, Top Talent Retention, and improved Market Share.
SEM Path Results: Social Engagement and Retention

There is a significant indirect effect (.03 p<.05 one-sided) of number of Social Apps and a total effect .12(p<.10 one-sided). These data suggest that those companies that have one standard deviation above the average # of Social Apps (2 vs. 4) have ROEs .12 standard deviations (.17) or about 2 percentage points (13%vs 15%). This effect operates through improved employee engagement, retention of top talent, and higher improved market share and controls for firm size.
Lessons Learned from 16th Annual Survey

● Get the basics right and keep it simple.
  – Process standardization
  – Integrated solutions

● Continue to invest in more technologies (talent management, business intelligence/analytics, social and mobile)
  – Top Performers actually pay less!

● Make talent management a priority
  – Top Performers improve their ability to attract, develop, and retain the workforce

● Put technology into the hands of your employees and managers – especially business intelligence/analytics

● Change management is a key success factor
Future Academic Research

- Build the case for the relationship between HCM Technologies and Strategic Value
  - Refine value chains
    - What are the key intervening variables?
  - Improved empirical data
    - Matched/panel longitudinal data
    - Better measurement of variables
    - Single company case studies with longitudinal data

- Identify important “boundary” conditions
  - e.g. Industry, economic conditions, culture, business strategy as moderators
Where to Go for More Information

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