

TECHNOLOGY-ENABLED EMPLOYEE ENGAGEMENT: TOP FIVE FEATURES YOUR HCM SYSTEM SHOULD HAVE

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Report Highlights

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35% of Best-in-Class businesses plan to implement new employee engagement tools in the coming year, compared to only 27.1% of All Others.

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Companies that executed a formal, planned-out employee engagement program reported a 64% greater increase in the level of employee engagement than those without one.

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Best-in-Class are 42% more likely than All Others to reward teams for exceptional work and achievements using non-financial incentives.

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Best-in-Class are 142.6% more likely than All Others to say that they utilize employee feedback to inform HCM decision-making.

This report will highlight how employee engagement facilitates interdepartmental communication, boosts productivity, fosters innovation, and increases revenue, while providing an overview of the five features your HCM system needs in order to optimize employee engagement levels.

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35% of Best-in-Class businesses plan to implement new employee engagement tools in the coming year, compared to only 27.1% of All Others.*

In Aberdeen's Social in HR study, the following key performance indicators (KPIs) were used to distinguish the Best-in-Class (top 20% of aggregate performers) from the Industry Average (middle 50%), and Laggard (bottom 30%) organizations, with mean-performance among the Best-in-Class as follows:

- 81.5% of employees rated as “highly” engaged
- 13.2% increase in revenue per time equivalent (FTE*)
- 9.5% increase in customer retention†

*All Others = Industry Average plus Laggard performers

†changes in last 12 months

Employee Engagement —The Key to Better Performance and Better Business

Employee engagement is at a critical low in today's workplace. Gallup's 2014 poll, [The State of the American Workplace](#), found that 68.5% of employees are not engaged in their work.

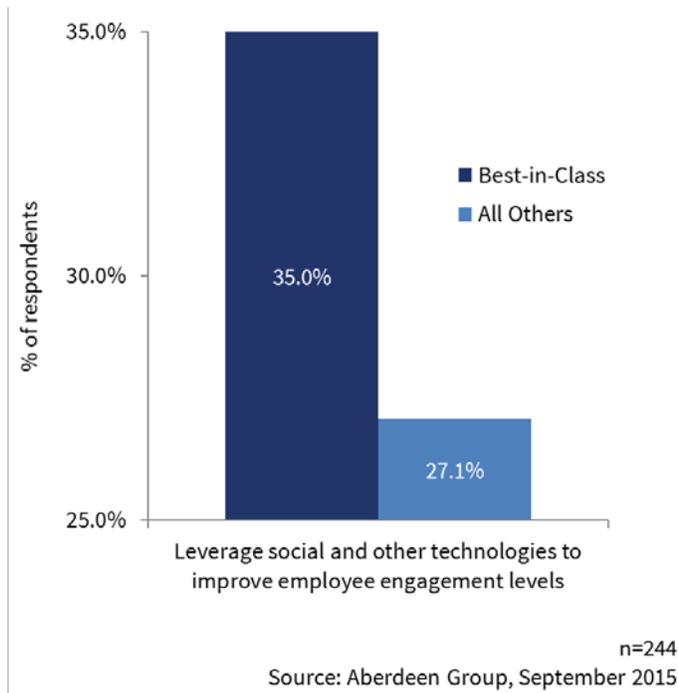
Aberdeen Group defines employee engagement as a “state of positive work-related attitude, characterized by high-levels of energy, emotional commitment (not to be confused with organizational commitment) and satisfaction derived from the work itself.”

Employees and their level of commitment can make or break an organization. Aberdeen's September 2015 report, [Employee Engagement: Paving the Way to Happy Customers](#), found that organizations with high employee engagement boast more productive employees who consistently exceed performance expectations, have lower turnover rates, and enjoy the profitable benefits of happier customers.

More and more companies are catching on that employee engagement is a core component of a successful business, and are developing strategies to improve levels of employee engagement in the workplace. According to our research, 29% of companies stated that they plan to leverage social or other technologies to improve employee engagement levels in their organizations. To break down the numbers further, 35% of Best-in-Class businesses will implement new employee engagement tools in the coming year, while only 27.1% of All Others planned on doing the same (see Figure 1).

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Figure 1: Use Social Technology to Improve Employee Engagement



→ [Read the full report, “Building The Business Case for Social in HR”](#)

→ [Related Research “Human Capital Trends – The Age of Transparency is Upon Us”](#)

For companies with the insight to develop employee engagement programs, the question has changed from, “Why employee engagement?” to “How do we create the most effective, cost-efficient employee engagement program possible?”

How Can You Use Technology to Engage Employees?

HR technology, or more specifically the functionality of your HR systems, has enormous potential for super-charging your organization’s engagement strategy(s). In fact, recent [Aberdeen research](#) found that companies with dedicated employee engagement programs have 233% greater customer loyalty levels and experienced a 26% greater annual increase in revenue on average, since happier customers mean customers who will spend more.

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In Aberdeen's 2015 report, *Human Capital Trends – The Age of Transparency is Upon Us*, 54.9% of organizations cited better communication and collaboration across the business, and 43.9% of companies listed employee engagement — specifically a strong employee connection to the company and its purpose — as a top priority in 2015.

While some companies implement employee engagement strategies on an ad-hoc basis, Aberdeen research suggests that those companies will not see the same benefits as organization's that use a programmatic approach. Companies that executed a formal, planned-out employee engagement program reported a 64% greater increase in the level of employee engagement than those who took a less well-organized approach.

To reap the benefits of employee engagement, your organization must first build a comprehensive HR technology strategy and consider a solution that includes — at a minimum — the following five features built in and embedded into the core of its product:

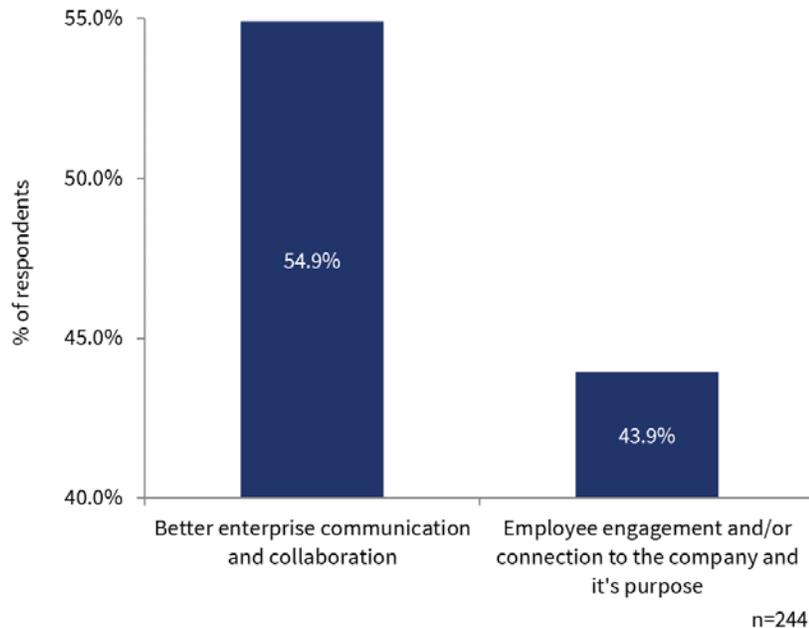
- Communication
- Social Connectivity
- Recognition
- Feedback Mechanisms
- Self-Service

Communication

Given the proliferation of research on the link between communication and engagement it was no surprise to Aberdeen that communication and engagement were at the top of many organization's minds in 2015. As we can see in Figure 2, 54.9% of organizations cited better communication and collaboration across the business, while 43.9% of companies listed employee engagement — specifically a strong employee connection to the company and its purpose — as a top priority in 2015.

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Figure 2: Communication and Employee Engagement Top HCM Priorities in 2015



Source: Aberdeen Group, September 2015

Much of this expectation for better enterprise-wide communication has been driven by the rise of the external use of social media by organizations' employees. Social media allows people to connect with each other by sharing personal information and knowledge. It's a people-powered communication tool that creates an authentic dialogue, motivated by the basic human desire to connect with others, by exchanging stories, opinions, expertise, and ideas.

The world is a fast-paced, bustling hive of activity now, and the workplace needs to catch up. To meet increased demands for organizational efficiency, HR systems need to facilitate communication through varied methods, and be able to deliver a variety of different types of content that both informs and entertains, optimizing rather than wasting employees' time.

Five Features:

- **Communication**
- **Social Connectivity**
- **Recognition**
- **Feedback Mechanisms**
- **Self-Service**

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“Companies that are effective at building social capital are 91% more likely to integrate their social technologies and tools — including employee recognition and reward platforms, internal instant messaging, onboarding, and performance feedback — with other HCM technologies.”

The Best-in-Class are already making strides in improving internal communication. According to Aberdeen’s latest [Human Capital Trends](#) survey, the Best-in-Class are 61% less likely than All Others to have employees leave because of a lack of transparency and communication around internal decisions and/or changes (12.8% vs. 33.0%).

Social Connectivity

The term ‘social technology’ has some employers wringing their hands as they think about how social media has stolen hours of work from them in the form of Facebook, Twitter, or Google+ chats. Savvy organizations, however, have learned not to be afraid of social media, and now leverage social technology to even *improve* productivity.

Aberdeen research found that Best-in-Class organizations are 39% more likely than All Others to describe their level of engagement with social technology as “very active” or “somewhat active” (4 or 5 on a scale from 1 to 5). These businesses use enterprise social collaboration (ESC) tools to connect employees with subject-matter experts, give them access to critical business information, provide performance feedback, and even aid employees in filling essential skills gaps.

Based on Aberdeen’s most recent [Social in HR](#) research, companies that are effective at building social capital are 91% more likely to integrate their social technologies and tools— including employee recognition and reward platforms, internal instant messaging, onboarding, and performance feedback— with other HCM technologies. A full 77% of employees at these companies were rated as “highly” engaged in their work and with their company.

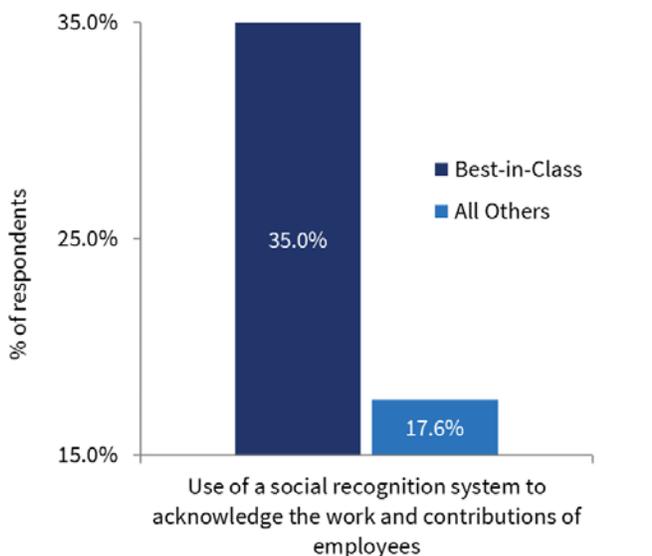
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Recognition

One way to increase employee engagement is by recognizing and rewarding your employees for excellent work, or a specific accomplishment, using non-financial incentives. In fact, the Best-in-Class are 42% more likely than All Others to reward teams for exceptional work and achievements using non-financial incentives, such as after-hour celebrations, outings, and in-office parties (75% vs. 52.8%).

However, while the many organizations reward team achievements with these types of rewards, individual accomplishments are often overlooked. This is where technology plays a major role. According to data collected in Aberdeen's 2015 [Human Capital Trends](#), Best-in-Class organizations are two times more likely than All Others (35% vs. 17.6%) to use social technology systems to acknowledge the work of individual employees (see Figure 3).

Figure 3: Recognize Individual Achievement via Social Technology



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Source: Aberdeen Group, September 2015

Best-in-Class organizations are 2X more likely than All Others to use social technology systems to acknowledge the work of individual employees.

The Best-in-Class are 61% less likely than All Others to have employees leave because of a lack of transparency and communication around internal decisions and/or changes.

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Tip:

The most effective way of soliciting and giving feedback is by tying it to your HCM systems. HCM systems should have a mechanism built in to capture feedback. This can include built-in polls, pulse surveys, or even live Twitter feeds. An integrated feedback system makes it easy to create surveys, collect responses, and run analytics about the collected data.

In these systems, employees can nominate their coworkers for recognition of a special contribution or achievement. Individual recognition helps to give employees a boost of confidence, keeps them engaged with their work, creates a gold standard for workplace achievement, and fosters a team attitude where everyone's accomplishments are recognized and celebrated.

Feedback Mechanisms

In an era where instant communication is not only possible but expected, people now appreciate the ability to give and receive quick feedback as both consumers and employees. Employees feel more connected to their organization when they are given opportunities to openly communicate ideas and provide feedback. Company leaders who want to engage employees should solicit feedback from them (and even from customers) in making decisions.

Enabling employees to provide input into decision-making is one of the top drivers of employee engagement. In fact, the Best-in-Class are 142.6% more likely than All Others to say that they utilize employee feedback to inform HCM decision-making (88.2% vs. 36.4%). This employee feedback can then be compiled and used to provide an orchestrated staff viewpoint on a range of policy areas in the business.

Actively encouraging and soliciting employee feedback signals to employees that their ideas, knowledge, and personal experiences are important to the company, and that the organization won't just be making top-down decisions without regard to how policies affect workers throughout the business.

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Self-service

The last essential feature of an effective employment engagement-optimized HCM system is enabling employee self-service. HR software with employee self-service capabilities increases employee autonomy and company transparency, improving trust and building strong relationships between employees and their organization.

Employee self-service technologies give employees and managers ready access to information anytime, anywhere and on any device, including mobile and via the cloud. Self-service capabilities help to streamline operations and make processes more efficient, doing away with long email threads asking for approvals, and hard to follow paper trails that slow down processes.

Key Takeaways

- ➔ **Engagement is more than a free pizza lunch.** It's about developing daily connections between your company and its employees, and among employees themselves. By fostering communication through social connectivity, encouraging recognition, and asking for feedback, your company can increase engagement and improve company culture. Your HCM strategy should be informed by these capabilities.
- ➔ **Social connectivity is an expectation.** Employees expect their organizations to offer them a means of connecting via online social tools like those they use daily in their personal lives. Organizations that do not meet this expectation may lag behind Best-in-Class organizations on key business objectives, such as productivity, innovation, and collaboration.

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→ **Technology is an effective engagement tool.**

Technology has shaped the modern workplace and the expectations of workers about how they interact with their companies. It has created a means for two-way communication between management and employees, as well as among employee populations. Organizations that successfully integrate technology into their employee engagement strategies will reap significant business benefits.

For more information on this or other research topics, please visit www.aberdeen.com.

Related Research

[Employee Engagement: Paving the Way to Happy Customers](#); September, 2015

[The New 70:20:10: The Changing Face of Learning](#); September, 2015

[Building The Business Case for Social in HR](#); August 2015

[How To Get Your Social On](#); August 2015

[Social in HR: Embedding Social into HR Systems and Processes](#); August 2015

[The Age of Social: Toward a System of Engagement](#); August 2015

[Human Capital Trends – The Age of Transparency is Upon Us](#); April 2015

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About Aberdeen Group

Since 1988, Aberdeen Group has published research that helps businesses worldwide improve their performance. Our analysts derive fact-based, vendor-agnostic insights from a proprietary analytical framework, which identifies Best-in-Class organizations from primary research conducted with industry practitioners. The resulting research content is used by hundreds of thousands of business professionals to drive smarter decision-making and improve business strategy. Aberdeen Group is headquartered in Boston, MA.

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