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HR TECHNOLOGY TRENDS 2016: How New Solutions Are Transforming Organizations

September 2016

SUMMARY



HR Daily Advisor Research



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About HRDA Research Reports

Every year, the *HR Daily Advisor* research team conducts detailed research into pressing contemporary human resources (HR) challenges to highlight best practices and common policies and procedures. We access our exclusive database of more than 250,000 active HR practitioners to find out how HR managers are handling challenges in the real world.

We maintain strict rules of confidentiality, and survey data are reported only in the aggregate.

HR Daily Advisor Research Reports are based on surveys we conduct to discover the “real-world” status of policies and practices in areas of interest to HR managers. The topics for 2016 are:

Recruiting

The focus has never been so strongly aimed at hiring quality, engaged employees with high potential as it is now. This report aims to see how companies currently approach accomplishing that goal.

Talent and performance management

Managing talent and how that talent performs is a high-stakes arena that takes up a lot of time and resources. How are your competitors tackling these issues?

Retention, engagement, and branding

How do potential employees view your company? How is your brand received? Once on board, do employees stay, and why or why not? This report seeks to find out.

Health and wellness

Keeping your employees healthy has never been more important. What steps does your company take to ensure that the workforce is healthy and focused?

Strategic HR/HR metrics

More and more, HR departments are involved in their organizations’ strategic planning, and that usually means maintaining metrics meaningful to management.

HR tech trends

HR technology continues to grow and grow. What technologies does your HR department employ?

FLSA

Compliance with the Fair Labor Standards Act (FLSA) has always been important, but this year’s sweeping changes mean every organization is struggling to comply. How are companies responding? What is working?

This Summary Report of the *HR Technology Trends 2016 Survey* is available at no cost in digital form to all interested parties thanks to sponsor SilkRoad. The summary report contains all the national data for the items in the Survey.

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Executive Summary

HR Technology Trends 2016

HR has never been easy, but new technological solutions seek to assist human resources professionals with all of their day-to-day tasks. The right technology not only increases efficiency and productivity, but can have a transformative effect on entire organizations. What software programs and other automated systems are being used today, and in what HR functions are they making the greatest impact? Let's see what our survey participants had to say!

Highlights of the 2016 HR Technology Trends Survey:

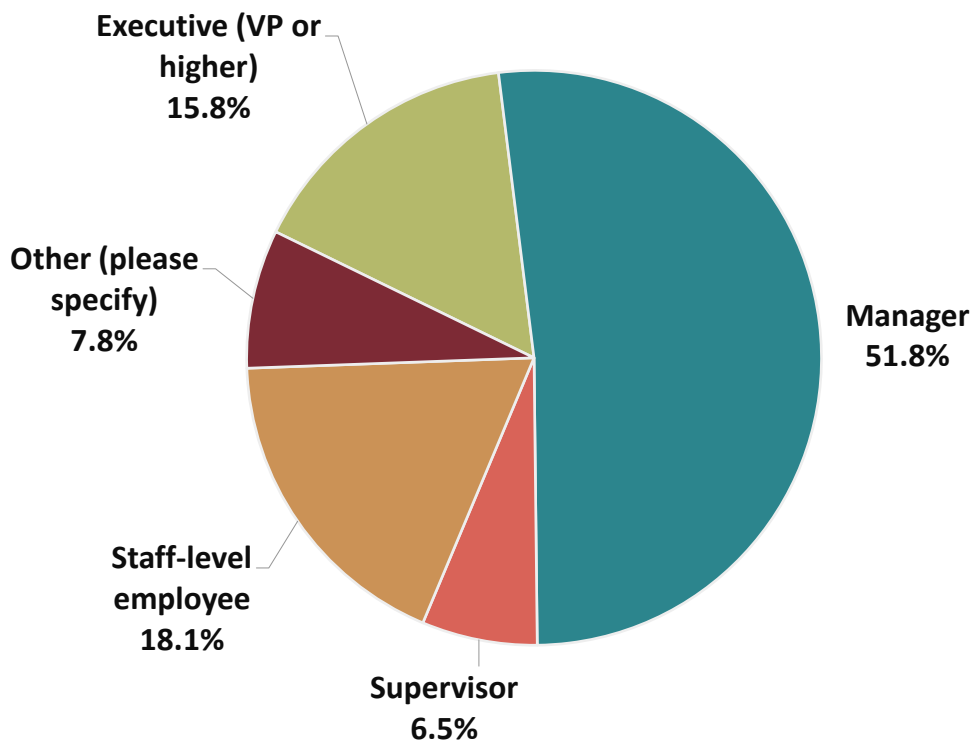
- Third-party companies or tech solutions are used by 74.4% of participants for conducting background checks, making it a more common method than conducting Internet or Google searches or reviewing candidates' social media presence.
- 9.4% of respondents are considering a "Zappos" approach to recruiting—that is, abandoning traditional recruiting methods in favor of recruiting via social media only.
- Paper continues to trump technology in the onboarding process—91.1% of those polled indicated the completion of paper forms is a part of their onboarding process.
- An overwhelming majority of 89.6% of participants said that they do not use technology for replacement or succession planning.
- When it comes to internal company communications, 38.6% of respondents use an instant messaging program at their organizations.
- Payroll systems are the most commonly used HR technology among our survey participants—91.4% of respondents have a computer or software payroll system in place.
- 13.4% of survey participants don't spend any time on researching or implementing new HR technologies.
- 23.2% of respondents strongly agree that HR technology increases HR productivity, and 19.3% strongly agree that HR tech significantly reduces the costs associated with HR activities.
- When asked how transformative HR technology has been to their organizations overall, 62.6% of participants said that tech has "somewhat" or "very much" changed their companies for the better.
- 18.7% of participants rely on HR technology and metrics in a majority of their business decisions.



Who Responded?

The 554 respondents to the *HR Technology Trends 2016 Survey* represent a wide variety of job roles, industries, and company sizes. When describing their job titles, the majority of participants, 51.8%, identified themselves as managers. 15.8% identified as executives with a title of vice president or higher, and 6.5% indicated that they were supervisors. 18.1% of those polled characterized themselves as staff-level employees, and 7.8% specified other positions including “director,” “consultant,” and “HR in-house counsel.”

What best describes your position at your company?



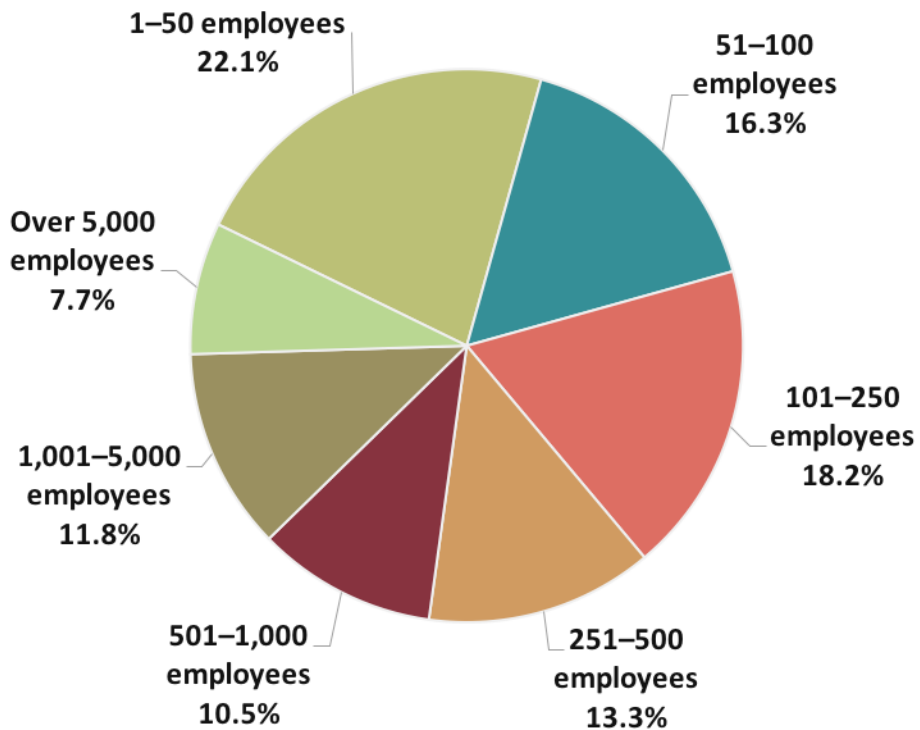
Executive Summary

Our survey respondents work in a wide variety of industries; 17.1%, the largest share of survey takers, work in health care and social assistance. Another 11.7% work in the manufacturing industry, 10% work in professional, scientific, and technical services, and 6.1% work in the educational services industry.

Please select the industry category that best describes the nature of your business.		
Answer Options	Response Percent	Response Count
Health Care and Social Assistance	17.1%	79
Manufacturing	11.7%	54
Other Services (except Public Administration)	11.7%	54
Professional, Scientific, Technical Services	10.0%	46
Finance and Insurance	6.7%	31
Educational Services	6.1%	28
Public Administration	6.1%	28
Construction	4.1%	19
Transportation and Warehousing	3.5%	16
Retail Trade	3.5%	16
Information (Media, Data, Telecommunication)	2.8%	13
Wholesale Trade	2.8%	13
Administrative and Support Services	2.6%	12
Real Estate and Rental and Leasing	2.4%	11
Utilities	2.0%	9
Accommodations, Food Service	1.7%	8
Arts, Entertainment, and Recreation	1.5%	7
Agriculture, Forestry, Fishing, and Hunting	1.3%	6
Management of Companies and Enterprises	1.3%	6
Mining, Quarrying, and Oil and Gas Extraction	0.7%	3
Waste Management/Remediation Services	0.4%	2
answered question		461
skipped question		93

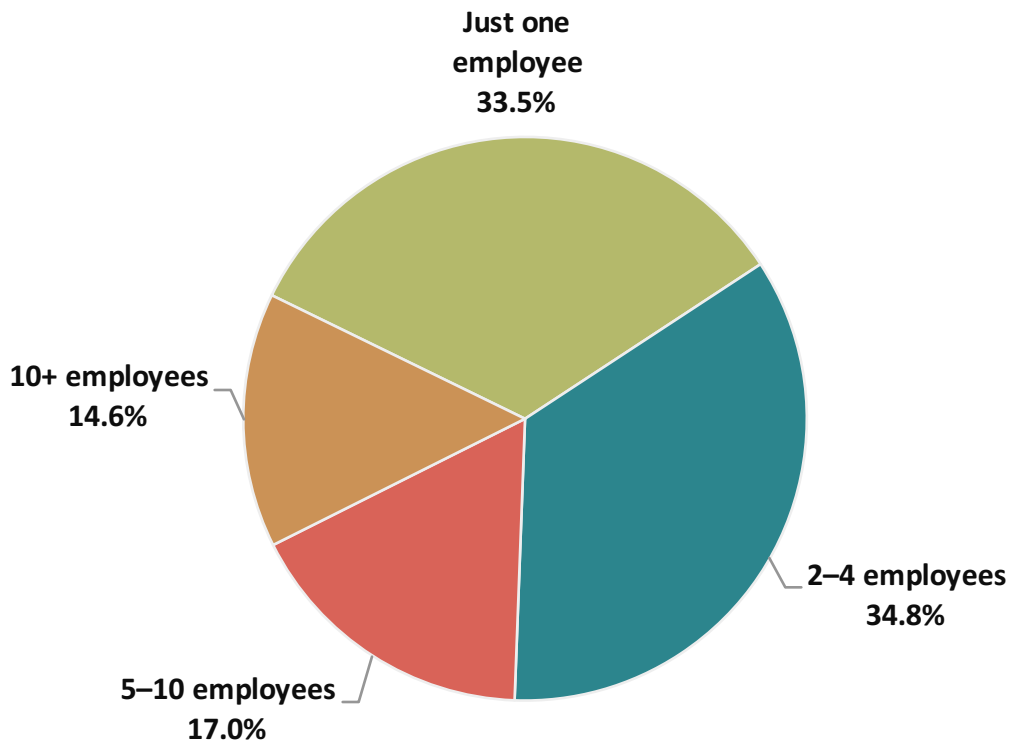
Over one-half of participants (56.6%) work at companies with 250 or fewer employees, and 22.1% of those polled work at a business with 1–50 employees. On the other end of the company size spectrum, nearly one-fifth (19.5%) of respondents are employed at large organizations with 1,001 or more workers. Midsized companies were also represented, with 13.3% of respondents working at an organization with 251–500 employees and 10.5% of participants employed at companies with 501–1,000 workers.

Please indicate your company's size.



When it came to the size of their HR departments, one-third of our survey participants, 33.5%, work in HR departments of one. A nearly equal share of respondents, 34.8%, have 2–4 employees in their HR departments, and 14.6% of those polled work at an organization with 10 or more HR employees.

How large is the HR department at your organization?



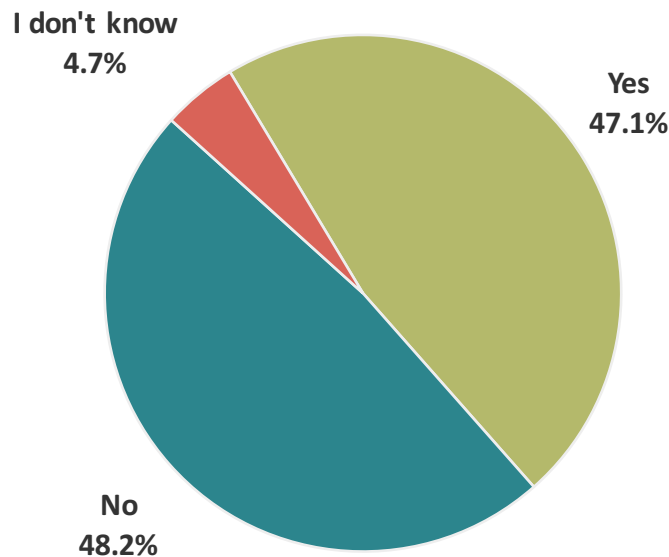
National Data

The following are the results of our *HR Technology Trends Survey*. Be mindful of the axes (the X axis for bar graphs and the Y axis for column graphs), as the chart does not necessarily top out at 100%. In tables, bolded percentages indicate the greatest share of participants. Data are expressed as percentages rounded off to the nearest one-tenth of a percent.

HR Function Technologies: Applicant Tracking Systems

Survey participants were evenly split on whether they utilize an applicant tracking system (ATS) in their recruiting efforts. 47.1% of respondents do use an ATS, while 48.2% do not.

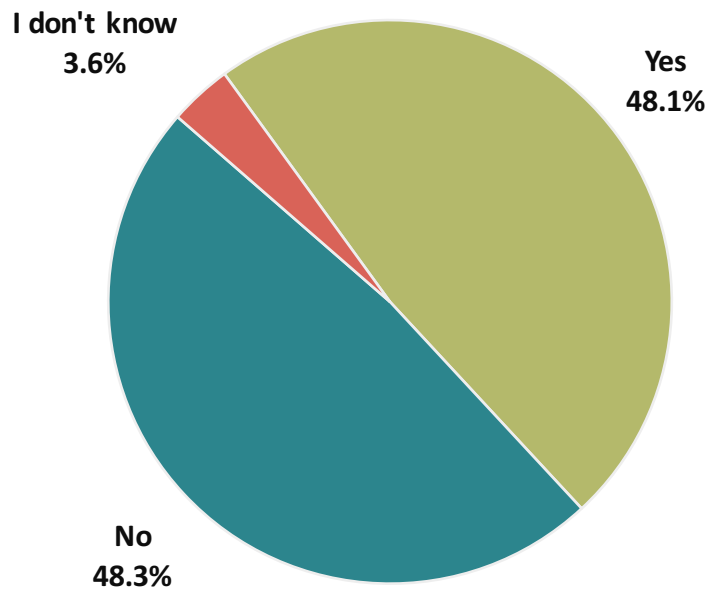
Do you use a computer/software applicant tracking system (ATS)?



Building Talent Pools

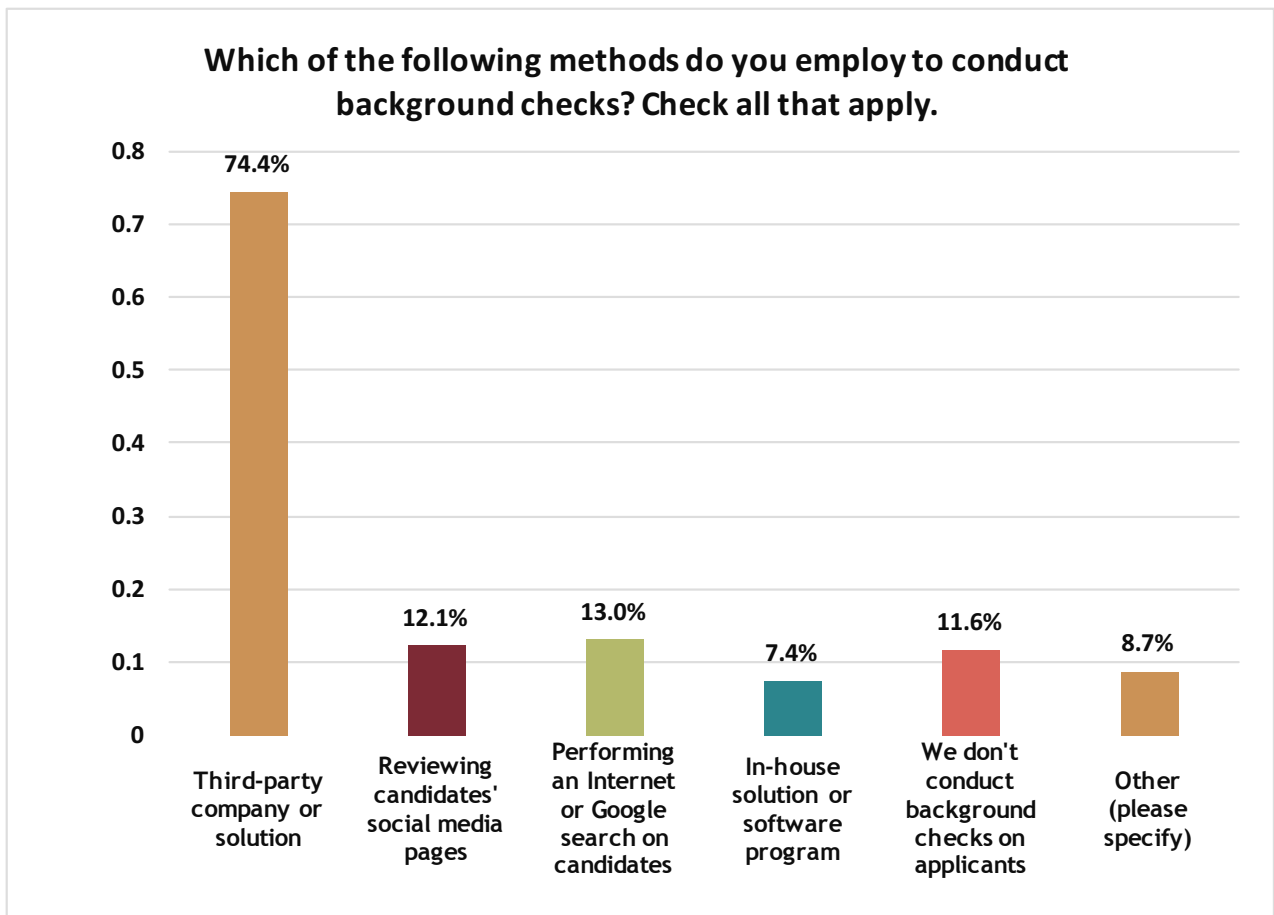
Respondents were also evenly split on the use of social media or software in creating talent pools. 48.3% of participants do not use technology in this way, but 48.1% currently use social media or software to create talent pools that can be tapped the moment job openings become available at their organization.

Do you use social media or software/technology to develop a “pool of talent” that you can tap when job openings become available?



Background Checks

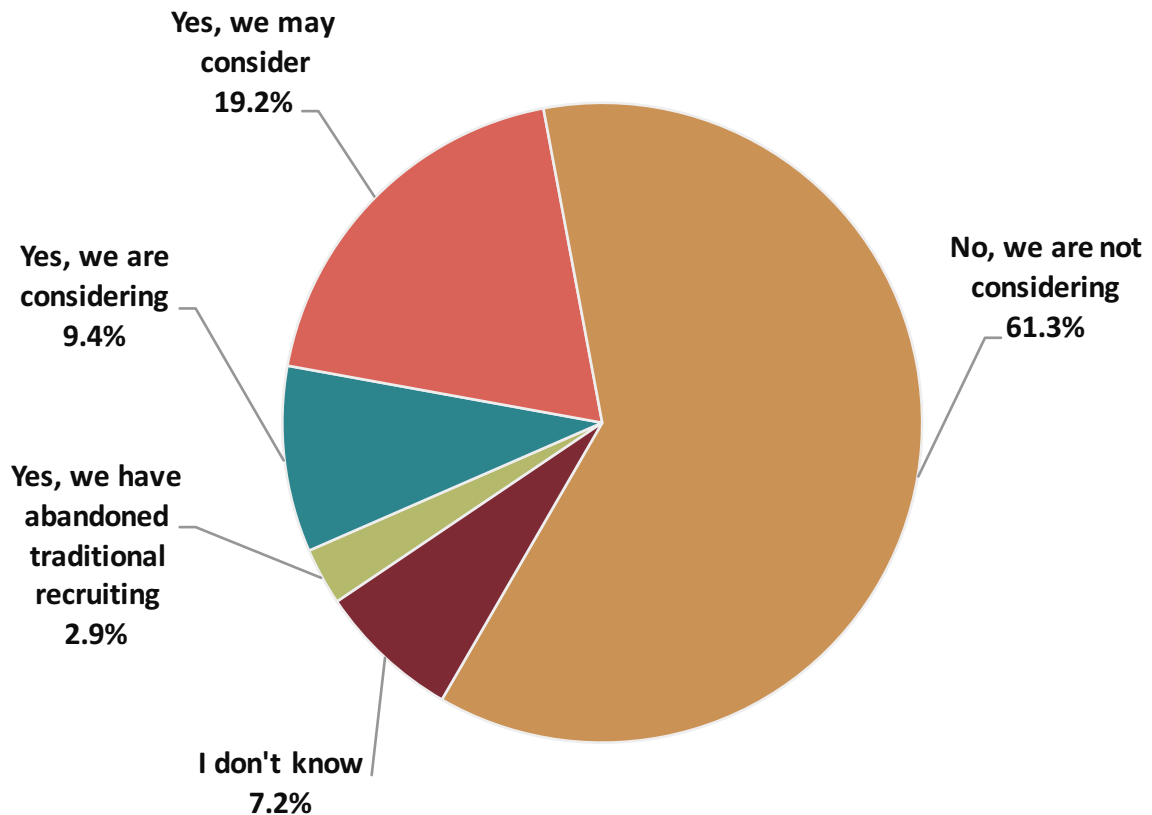
Third-party companies or solutions are the most common way that our survey takers conduct background checks during the hiring process—74.4% of those polled use this method. Other methods were less popular, with 13% of respondents performing Internet or Google searches on candidates and 12.1% reviewing candidates' social media pages in the course of background checks. 11.6% of participants said that they don't perform background checks on applicants at all.



The 'Zappos' Approach

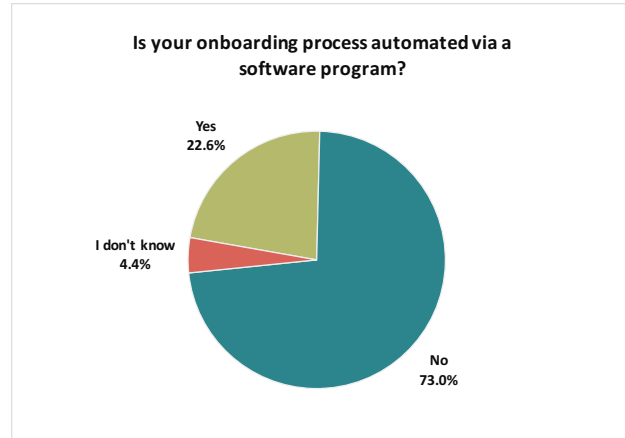
The majority of participants—61.3%—are not considering a “Zappos” approach to recruiting, i.e., abandoning traditional recruiting methods in favor of recruiting via social media. Only 2.9% of those polled have abandoned traditional recruiting for social media, but almost one in five (19.2%) indicated that they may consider such a strategy in the future.

Some prominent companies (e.g., Zappos) have abandoned traditional recruiting methods, and started relying on social media. Is your organization considering (or have you taken) such a move?



Onboarding Technology

Only 22.6% of survey participants automate their onboarding process with a software program. This may relate to the reliance on paper during onboarding—91.1% of those polled include the completion of paper forms as a part of their onboarding process. Other common onboarding components included orientation sessions (used by 72.1% of participants) and training specifically tailored to new hires (used by 70.9%). Only 17.4% of respondents use a mobile app or software for completion of forms, and 23.4% use an online portal or intranet geared toward new hires.

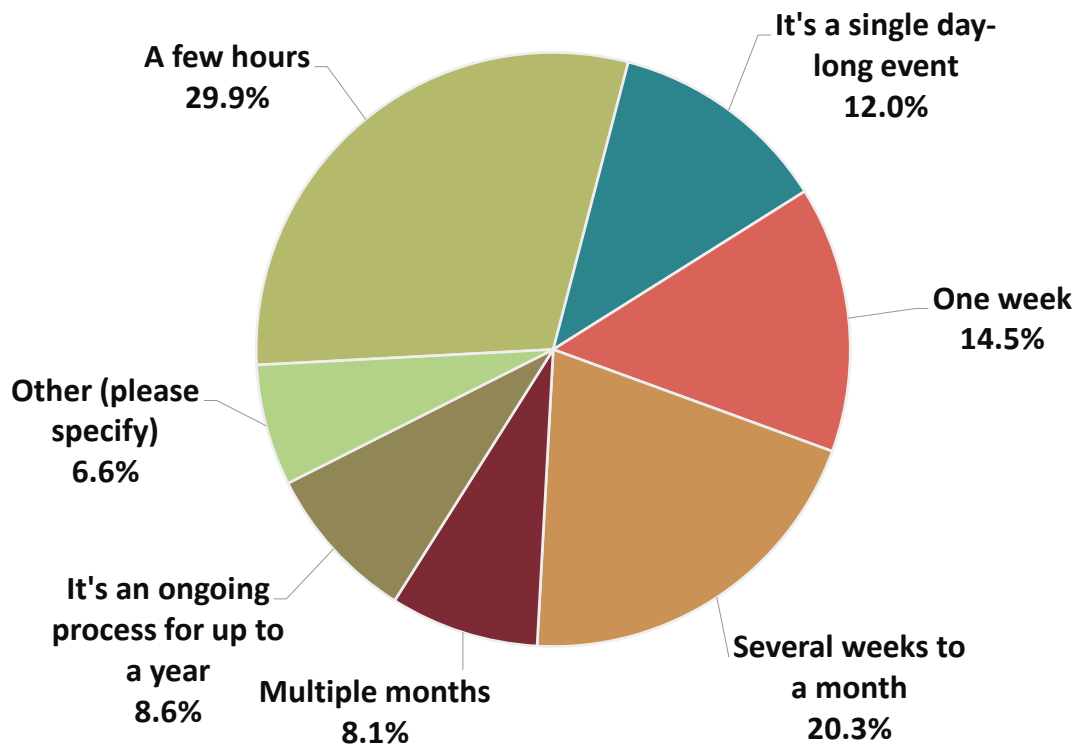


What does your onboarding process include? Check all that apply.		
Answer Options	Response Percent	Response Count
Completing paper forms (e.g., I-9s and other employment compliance)	91.1%	483
Mobile app or software for completion of forms	17.4%	92
Orientation sessions	72.1%	382
Training specific to new hires	70.9%	376
Assigning an experienced one-on-one mentor	29.4%	156
Periodic check-ins between new hire and manager/HR	45.1%	239
Online portal or intranet geared toward new hires	23.4%	124
Other (please specify)	2.6%	14
answered question		530
skipped question		24

Length of the Onboarding Process

While most participants don't employ technology solutions in onboarding, they are still making onboarding a relatively quick process. Almost one-third of respondents (29.9%) have an onboarding process that only lasts a few hours, and a further 12% of survey takers make their onboarding a single, day-long event. Only 8.1% have an onboarding process that lasts multiple months.

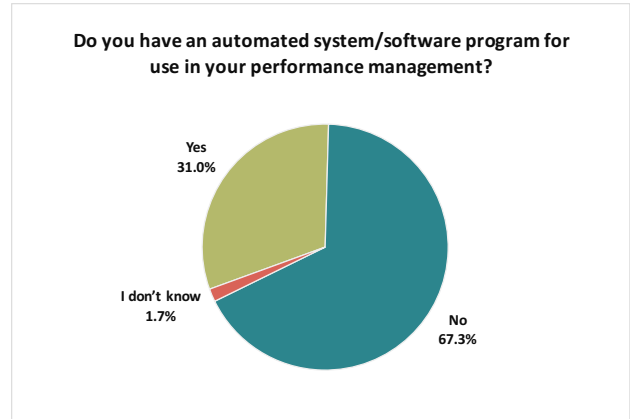
How long does your onboarding process last?



Performance Management

Technology has not made many inroads into our response pool's performance management processes. Two-thirds (67.3%) of participants do not use a system for performance management. Among those who do have a system, the top three most common features of their software programs are:

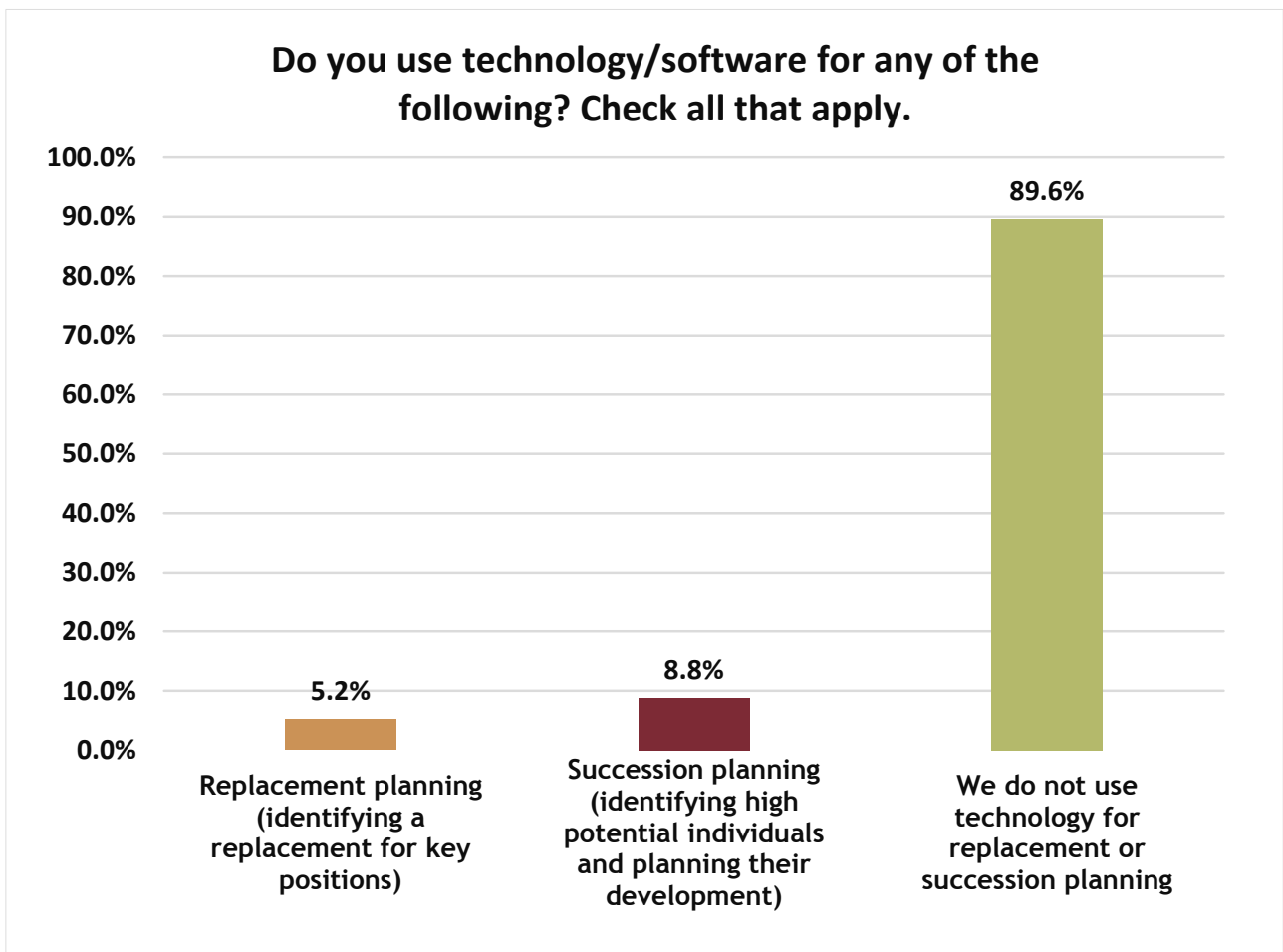
1. Performance review forms (86.7% of those with a system indicated this was a feature of their program)
2. Employee self-evaluations (a feature used by 63.1%)
3. Records and tracking of previous performance reviews (61.4% of participants have this feature in their performance management software program)



If you do, what are the features of your performance management system? Check all that apply.		
Answer Options	Response Percent	Response Count
Performance review forms	86.7%	209
Employee self-evaluations	63.1%	152
Metrics and reporting to management	39.4%	95
Records and tracking of previous performance reviews	61.4%	148
Communication or messaging between manager and employee	43.2%	104
Metrics or analysis connecting performance and compensation	22.4%	54
Other (please specify)	6.6%	16
answered question		241
skipped question		313

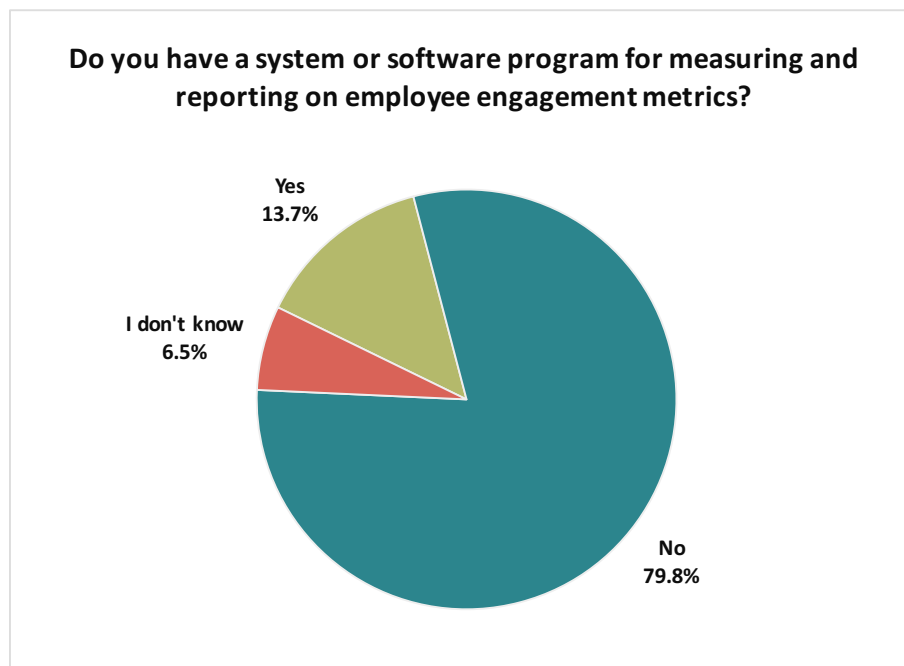
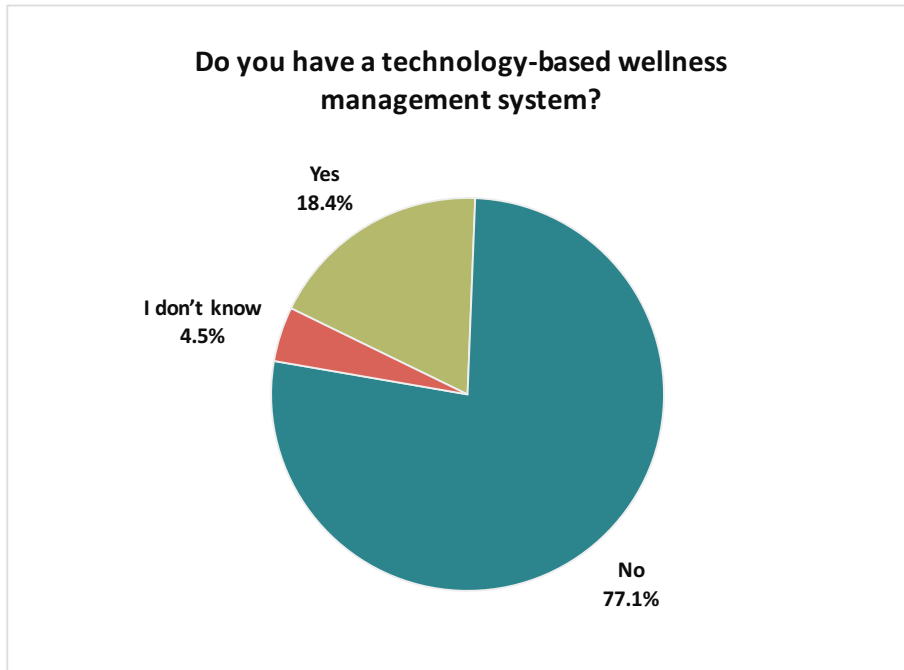
Replacement and Succession Planning

Our survey respondents are missing an opportunity to have technological assistance with their workforce planning. An overwhelming majority of 89.6% of participants said that they do not use technology for replacement or succession planning. Among those who do use technology for these purposes, they were more likely to use technology for succession planning than for replacement planning.



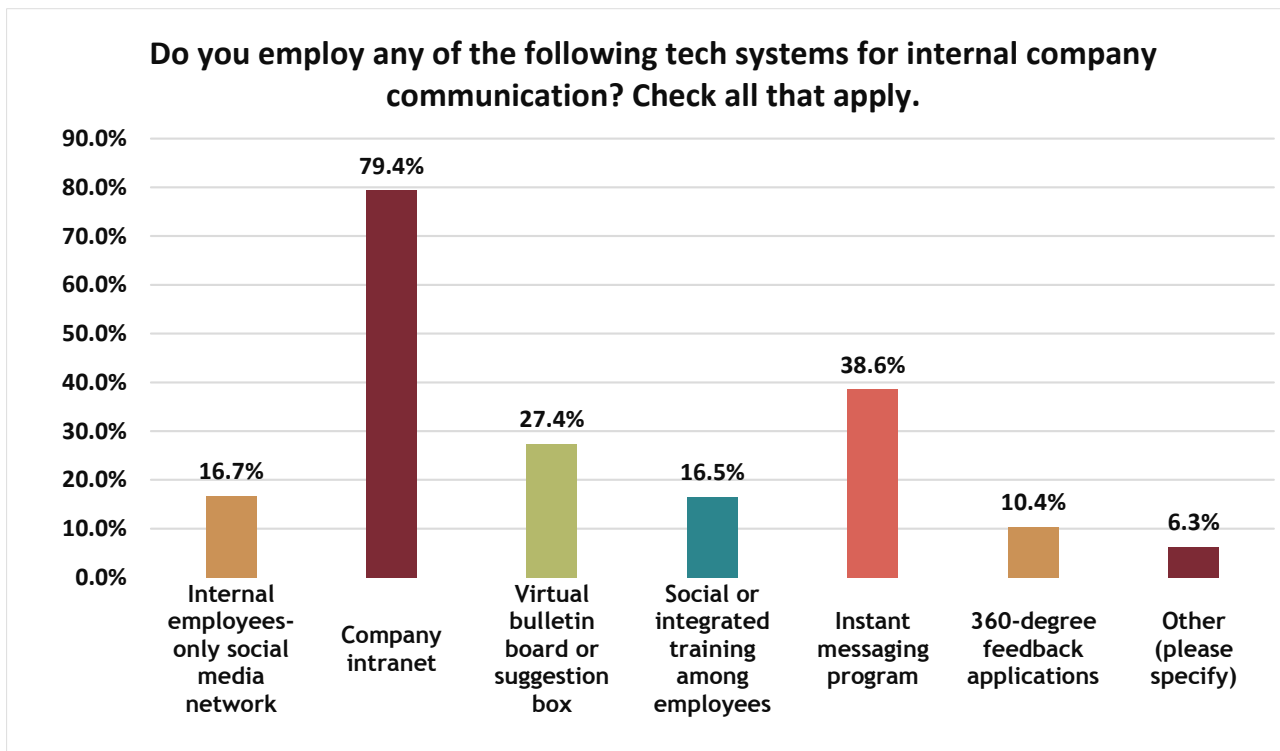
Technology for Wellness and Engagement

HR technology has yet to catch on in the areas of wellness management and employee engagement—it is unclear if this is because of a lack of technological solutions for these HR functions or if they are simply not widely used at this point. 77.1% of participants do not have a tech-based wellness system, and even more (79.8%) do not have a software program for measuring and reporting on employee engagement.



Internal Company Communication

Technology is a great tool for boosting internal company communication, and our survey respondents are taking advantage of it. 79.4% of those polled have a company intranet for communication program, and 38.6% use an instant messaging program at their organizations. 16.7% of respondents have an employees-only social media network at their companies.



Training Tech

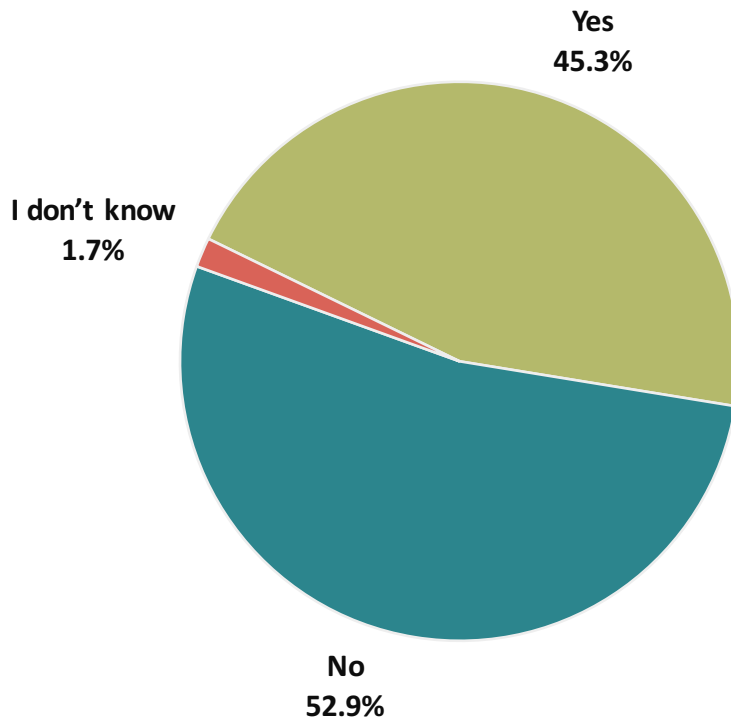
While a slight majority of 52.9% of respondents do not use technology or software to manage training and development, a great many do. Of the 45.3% of participants that do employ training technology, the top three features of their systems are:

1. Maintaining training records
2. Tracking training schedules and employee participation
3. Managing employee registration and administration

It's worth noting that one of the least common features of these training programs is analysis of skills gaps, which could be of great value to HR professionals.

Which of the following does your training and development software/LMS/CMS system do? Check all that apply.		
Answer Options	Response Percent	Response Count
Maintain training records	50.1%	199
Track training schedules and employee participation	42.8%	170
Manage employee registration and administration	37.5%	149
Maintain and deliver course content	36.3%	144
I don't use software or technology to track or manage training and development.	35.5%	141
Create reports for management	34.5%	137
Manage curriculum and certification	31.2%	124
Track employee skills and competencies	23.2%	92
Provide courseware for authoring training	11.1%	44
Create Individual Development Plan (IDP)	10.3%	41
Perform skill gap analyses	4.8%	19
Other (please indicate any other feature of your training technology):	2.3%	9
answered question		397
skipped question		157

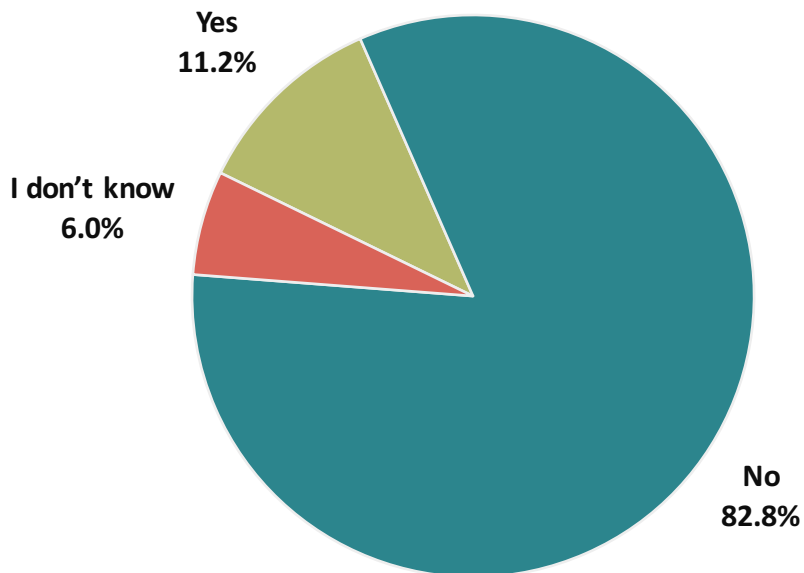
Do you use technology/software to track/manage training and development?



Mentoring or Coaching

While technology is an asset to many participants in their workforce training, it does not seem to be employed widely for more informal mentoring or coaching. Only 11.2% of respondents have a technology solution for mentoring, while 82.8% do not.

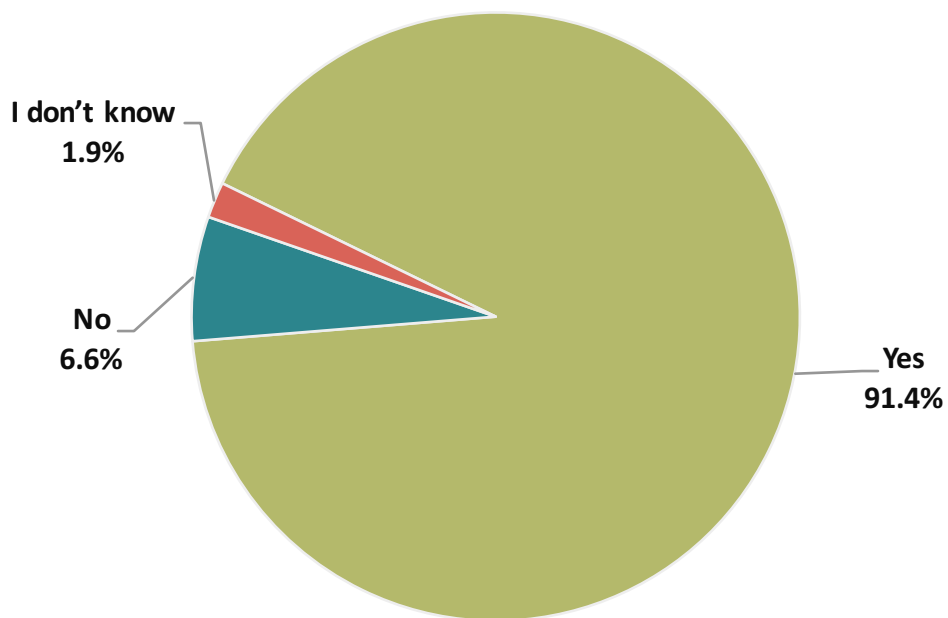
Do you use technology to manage/assist with more informal mentoring or coaching?



Technology in Back Office Systems: Payroll

By far, payroll systems are the most commonly used HR technology among our survey participants. A huge majority of 91.4% of respondents have a computer or software payroll system in place.

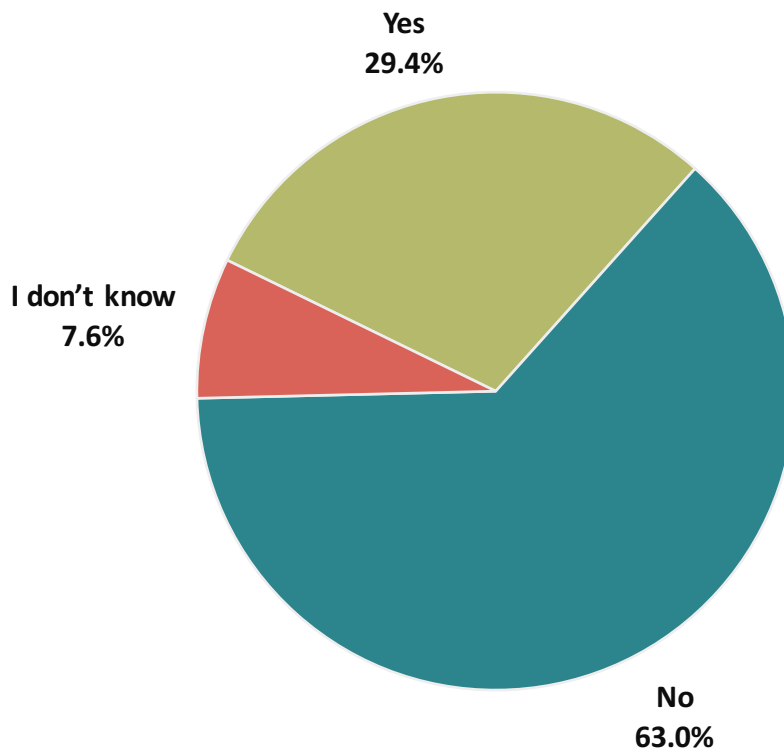
Do you use a computer/software payroll system?



Compensation Planning

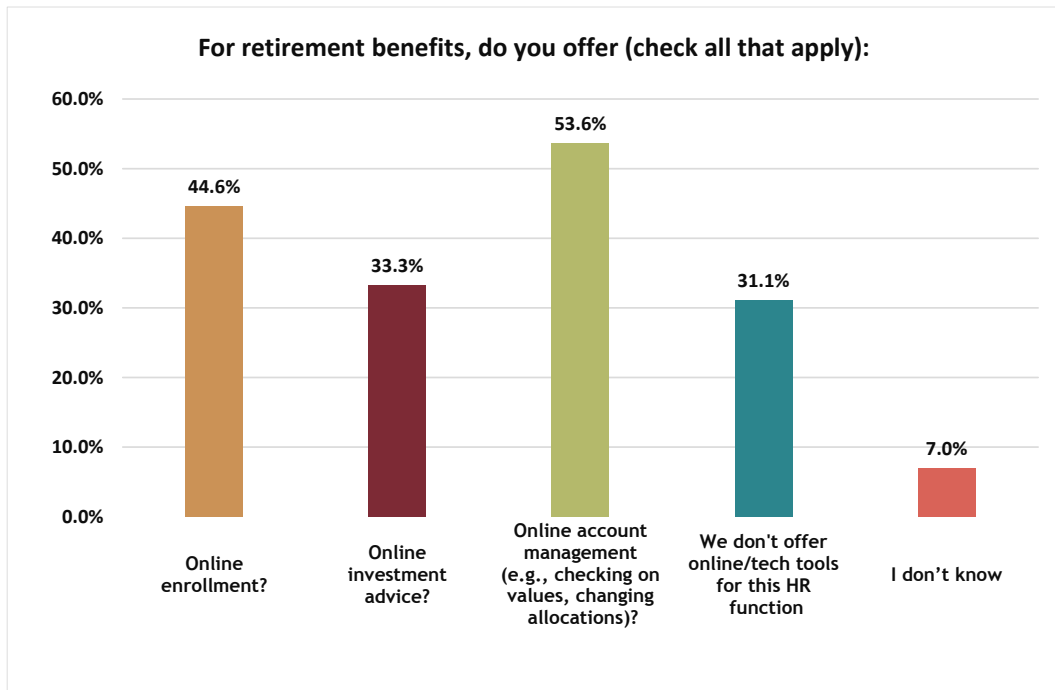
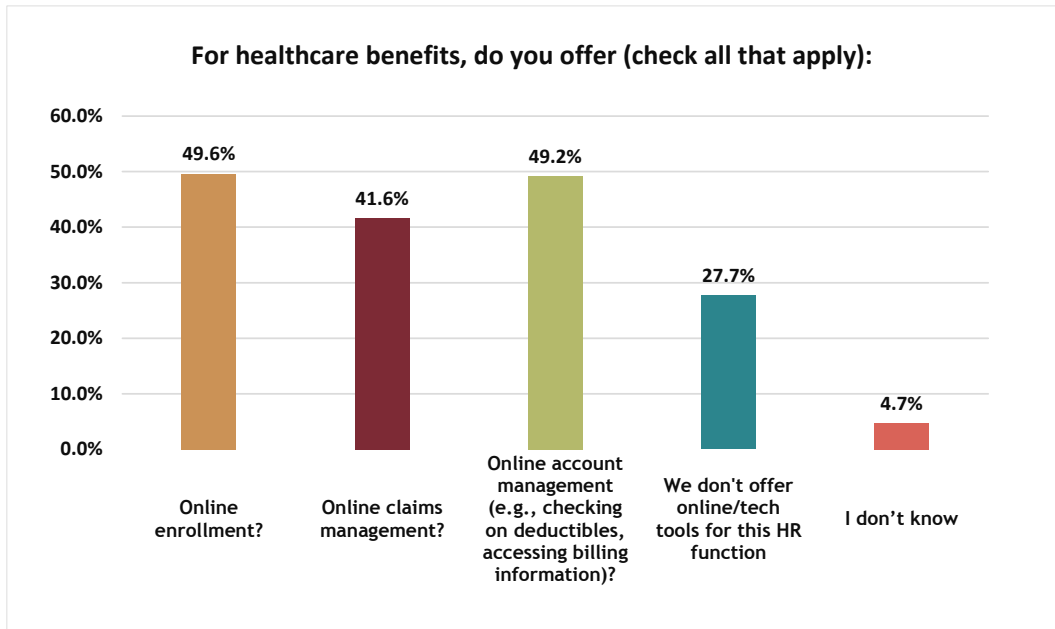
While payroll technology is widely used, the same cannot be said for overall compensation planning and/or management. While 29.4% of participants indicated they do have a compensation management system, a majority of 63% of participants said that they did not.

Do you use a computer/software system for compensation planning and/or management?



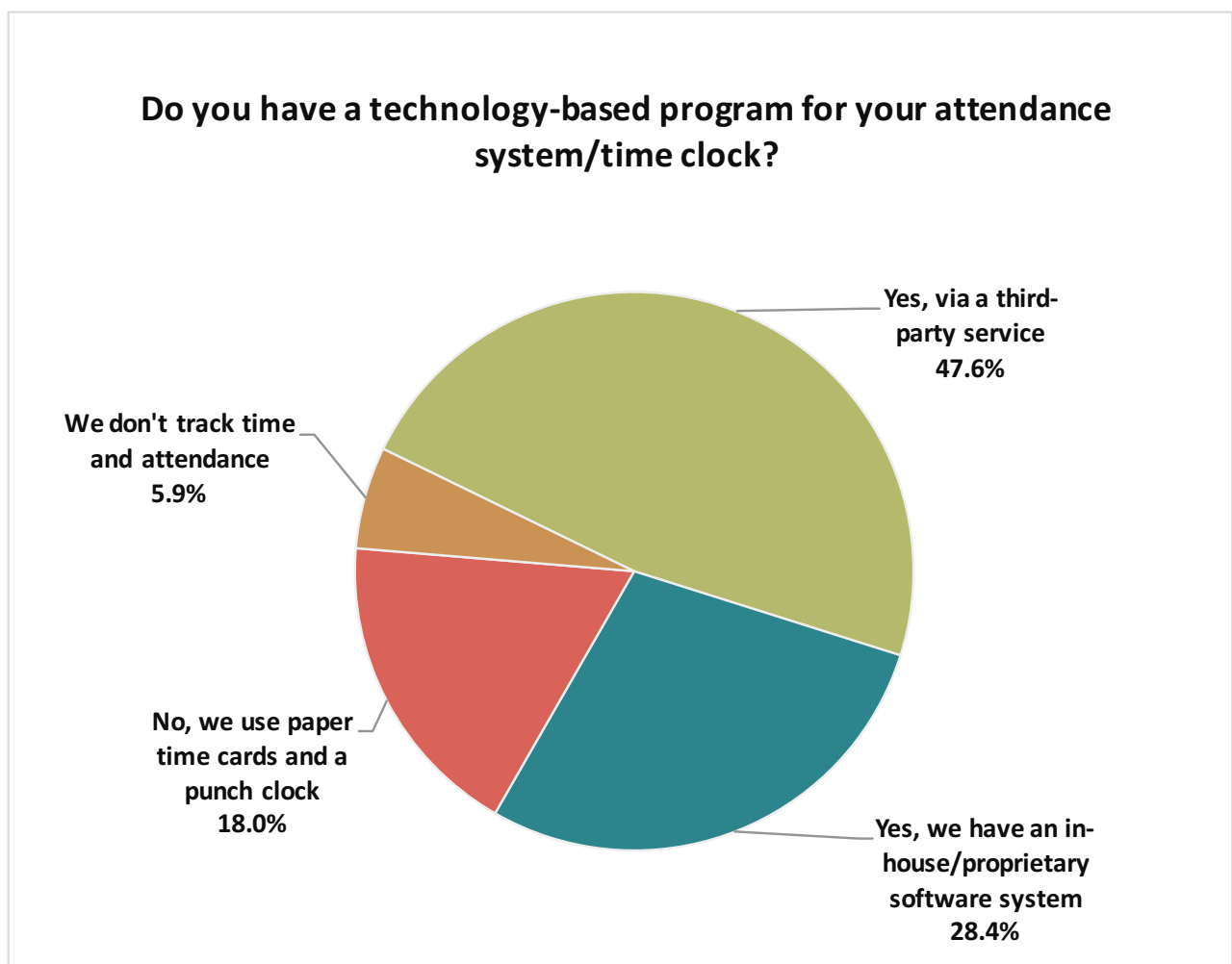
Healthcare and Retirement Benefits

Respondents do use a variety of technologies for health-care and retirement benefits (respectively, only 27.7% and 31.1% of respondents do not), the most common features being online enrollment and online account management for both types of benefits.



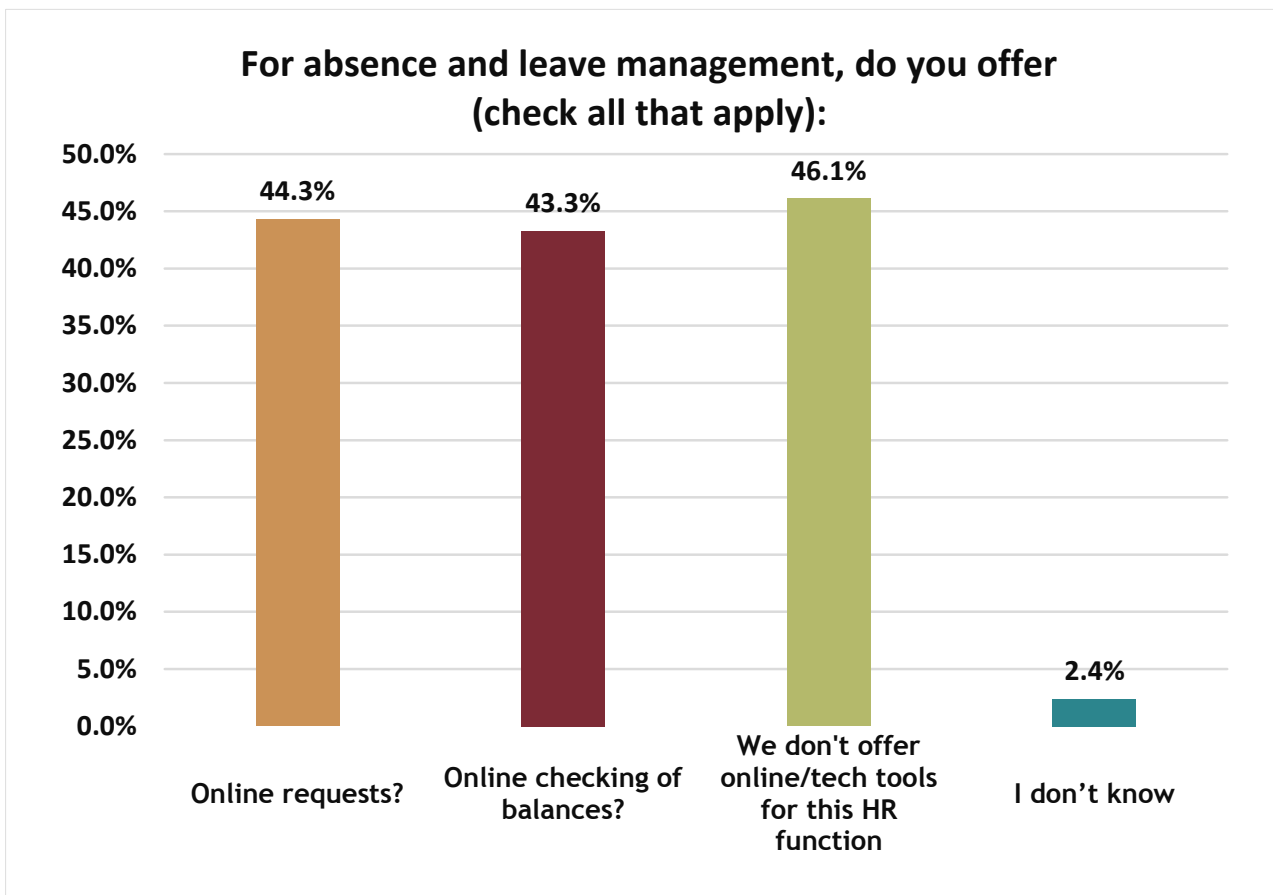
Attendance and Time Clock Technology

A large majority of participants have some sort of technology-based system for their time clock or to otherwise track attendance—47.6% of respondents have a system managed by a third-party service, and an additional 28.4% have their own in-house or proprietary software system for running their time clock. Only 18% of those polled continue to use paper time cards with a punch clock, and 5.9% of respondents don't track time and attendance at all.



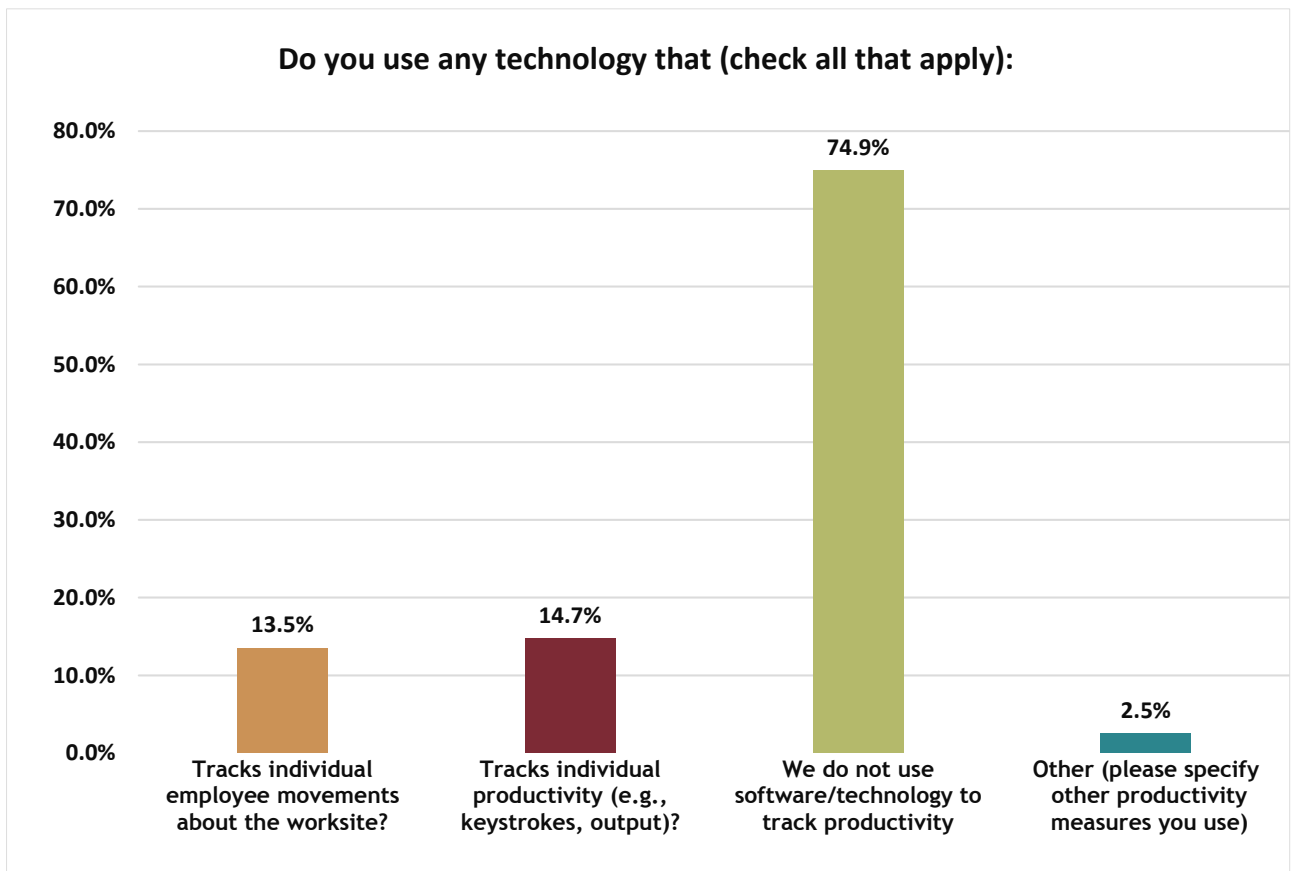
Leave Management

46.1% of participants do not offer online or other technological tools for leave management. From our results, however, it appears that most of those who do use a leave management tool have both online requests and online checking of balances as features of their software programs.



Tracking Employee Productivity

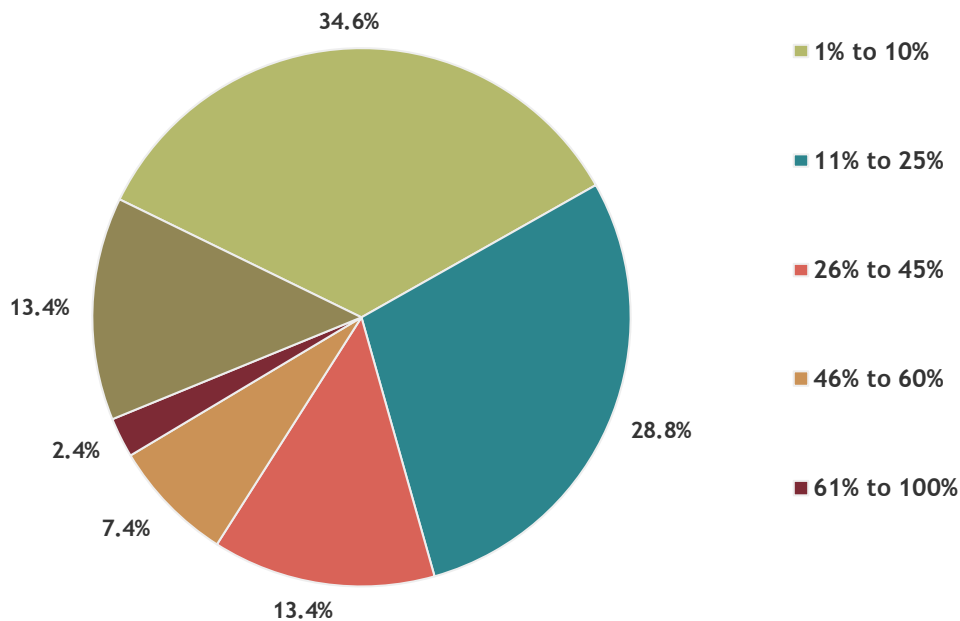
Most participants do not use any technology that tracks individual employee productivity—in fact, 74.9% of respondents said that they have no such software program. However, 14.7% of participants indicated that they do use technology that tracks productivity by measuring such things as keystrokes and individual work output, and 13.5% of those polled have technology that tracks employees' movements about the worksite.



HR Technology and the Organization: Time Spent on Tech

While 13.4% of survey participants don't spend any time on researching or implementing new HR technologies, the largest share of participants (34.6%) indicated that they spend 1%–10% of their time on such matters. Over one in four, 28.8%, are able to spend 11%–25% of their time on HR technology issues. Only 2.4% spend the vast majority of their time evaluating, implementing, and managing HR tech.

Approximately what percentage of your time would you estimate is spent on HR technology issues (including evaluating systems, installing and implementing, managing, and dealing with problems)?



Does HR Tech Increase Productivity and Reduce Costs?

Generally speaking, our participants tended to agree that HR technology reduces costs, increases productivity, and both simplifies and reduces the time spent on HR tasks and activities. Participants most strongly agreed that HR technology simplifies HR activities (74% either agreed or strongly agreed with this statement).

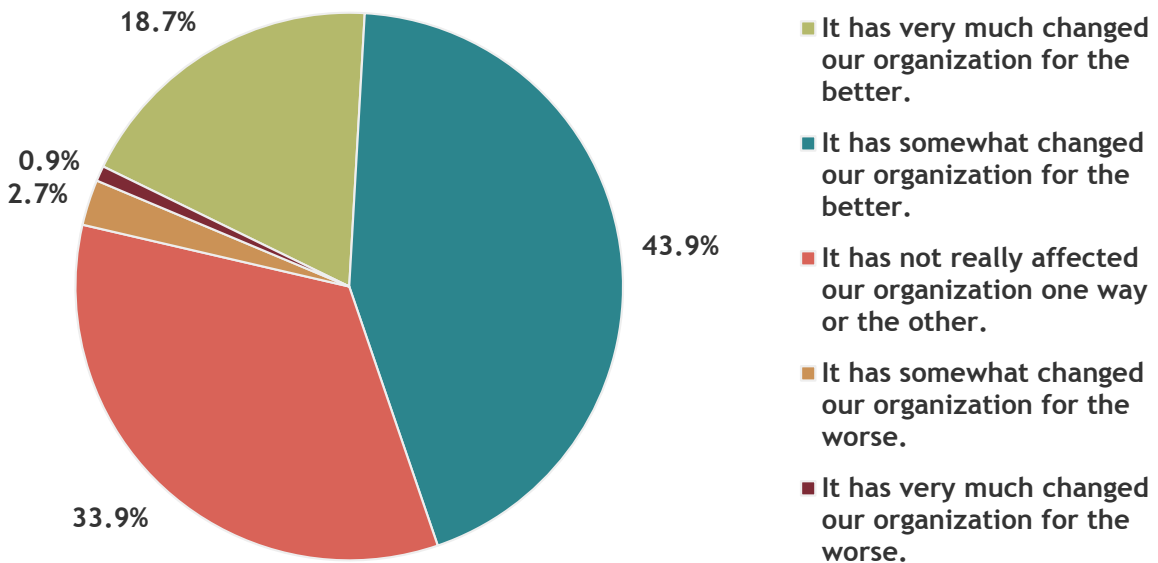
However, respondents were much less likely to agree that HR technology provides metrics that show how people are impacting company goals. The largest share of participants (36.1%) neither agreed nor disagreed with this statement, and 15.5% of respondents disagreed or strongly disagreed.

Please indicate the degree to which you agree with the following. In our HR department, technology:					
Answer Options	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
Significantly reduces costs of HR activities	19.3%	39.8%	33.4%	5.9%	1.6%
Increases HR productivity	23.2%	46.8%	23.6%	4.5%	1.9%
Simplifies HR activities	23.0%	51.0%	20.1%	4.5%	1.4%
Reduces time spent on routine tasks	23.0%	48.7%	22.6%	4.1%	1.6%
Provides metrics that show how people impact company goals (e.g., profits, productivity, and revenue)	15.9%	32.6%	36.1%	9.9%	5.6%

The Transformative Effect of HR Technology on the Organization

Very few respondents believe that HR technology has changed their organization for the worse—only 3.6% of those polled believed tech has negatively transformed their companies somewhat or very much so. The largest share of participants, 43.9%, believe that HR tech has “somewhat” changed their organizations for the better, and 18.7% believe technology has very much transformed their businesses in a positive way. A little over one in three do not believe that HR technology has really affected their organizations one way or the other.

How transformative has HR technology been to your organization overall?

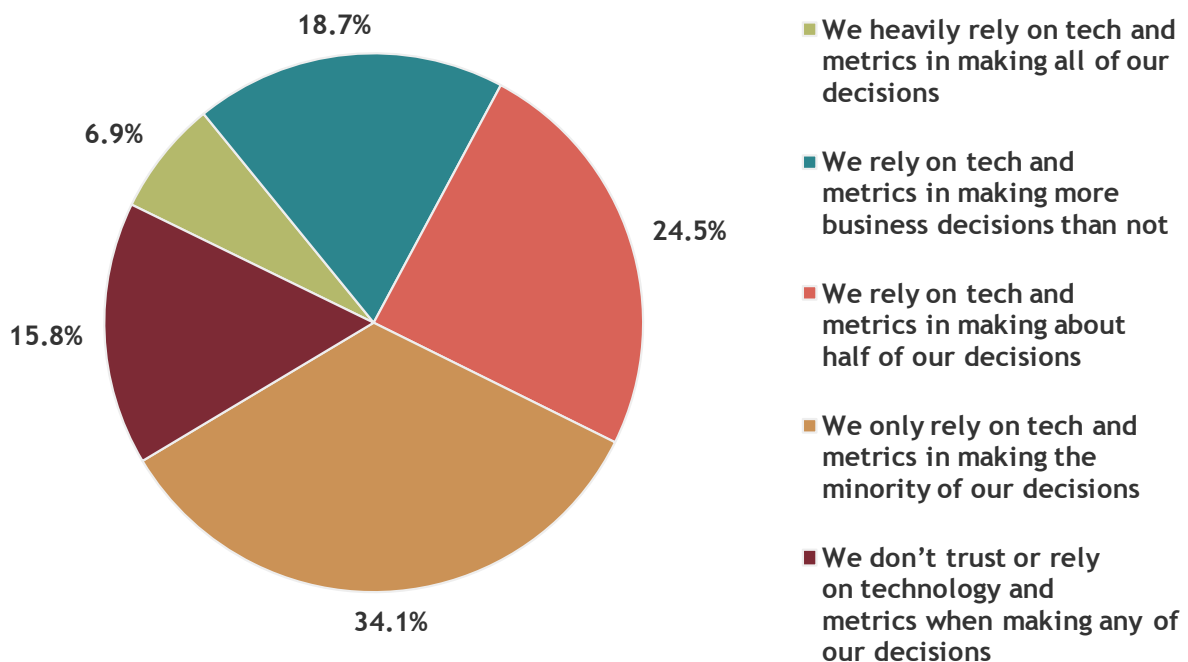


HR Technology and Business Decisions

About one-half of survey respondents rely on technology and metrics when making business decisions, but by varying degrees: 6.9% heavily rely on technology, 18.7% rely on tech in a majority of decisions, and 24.5% take tech and metrics into consideration when making about half of their business decisions.

Over one-third (34.1%) of participants rely on technology in making the minority of decisions—and 15.8% do not trust or rely on technology at all for their business decisions.

To what degree does management rely on HR technology and its associated metrics and reporting when making business decisions?



How Has HR Tech Changed Companies for the Better?

Payroll came out on top as the HR area where the most respondents felt technology has transformed their companies for the better—75.3% indicated as much. Other HR functions that participants felt were transformed for the better via technology were:

- Benefits management (54.6% felt technology improved management of this function)
- Recruiting (42.4%)
- Training (35.1%)

Only 5.2% of those polled felt that HR technology had not transformed their companies for the better in any areas.

In which areas of your organization has HR tech transformed your company for the BETTER? Check all that apply.		
Answer Options	Response Percent	Response Count
Payroll	75.3%	332
Benefits management	54.6%	241
Recruiting	42.4%	187
Training	35.1%	155
Onboarding	33.3%	147
Legal compliance	27.4%	121
Metrics and reporting functions	22.2%	98
Compensation planning/management	16.8%	74
Engagement	10.2%	45
HR technology has not transformed our company for the better in any area.	5.2%	23
Other (please specify)	3.4%	15
answered question		441
skipped question		113

HR Pros' Final Thoughts on Technology

Finally, we asked our survey participants to tell us about the most difficult challenge their organization is facing related to HR technology. Many of the 306 respondents who took the time to share their opinions expressed frustration with a lack of buy-in for new systems, the absence of a budget for technology, or the fact that HR technology hasn't been implemented at all in their workplaces.

In their own words, here are some of the challenges that our survey participants are experiencing with HR technology:

- "Getting those employees who are resistant to change to embrace the new technologies."
- "Purchasing the technology."
- "Cost and employee buy-in."
- "We are a paper-driven organization which requires significant changes to our system in order to incorporate any technology."
- "Justifying cost of HR technology for our small organization."
- "Upgrade bugs."
- "Working with 3rd party vendors."
- "Implementation and user training."
- "A large percentage of our employees are not computer literate, have limited experience with technology, and have no computer access at work or at home."
- "Getting the employees engaged to utilize such technology. They'd rather fill out forms."
- "So many disparate systems."
- "Keeping up with regulation changes and updates."
- "Finding affordable solutions for a small business under one provider, rather than having multiple providers that are low cost."
- "We are a public entity so funding it [is] always an issue."
- "Tailoring HR technology to specifics of our organization."
- "We don't use technology, really."

When asked if there were uses for HR technology not already mentioned that they found helpful, fewer participants chimed in with thoughts, but those who did shed some light on what HR professionals are looking at for the future. Here are some of their responses:

- "I think it would be good to track training and having the ability to track benefits."
- "You mentioned workforce planning briefly as an 'other' [response]. I think there is a lot of opportunity for improved workforce planning that relies not only on employee demographics but also on the schedule and business metrics—your volume of work."
- "We use both chat tools and a ticketing system to handle some department requests."
- "Reporting [and] analytics ... we're looking at 'big data' solutions for HR."
- "I find HRIS systems to be very helpful and a time saver. My current company does not have that."
- "I wish my company would implement and utilize more HR technology."

No doubt HR technology will continue to play a role in the coming years as businesses evolve and grow. Thank you again to all who participated in our *HR Technology Trends 2016 Survey!*

Survey Methodology

Our *HR Daily Advisor* surveys are designed by our in-house team of HR experts. Once survey questions are determined and tested, the survey is ported to the SurveyMonkey® platform. Our survey population base is the 250,000 or so customers of our parent company, BLR®. Customers are notified of the survey through e-mails. They then click a link that takes them to the survey.

Surveys typically stay open for 3 weeks, although data show that most responses are received within a few days of the announcement of the availability of the survey. Surveys may stay open longer than 3 weeks for further data collection.

Analysis is usually straightforward, reporting on responses and percentages of those responses. We strive to present data in clear, easy-to-understand charts and tables.

With open-ended questions, we mention the most frequently encountered entries, using our judgment as to which responses may be grouped together.



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