THE AGE OF SOCIAL: TOWARD A SYSTEM OF ENGAGEMENT

August, 2015

This knowledge brief discusses the importance of social capital as a valuable organizational asset and the role that technology plays in facilitating higher levels of social capital through systems of engagement. Additionally, we provide evidence of the impact of social on productivity as well as share recommendations for overcoming some of the common barriers to the use of social HR systems and other technologies.

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77%

of companies agree that building social capital is critical to the success of their organizations.

Social Capital – The Most Valuable Asset You Are Ignoring

Many consider an organization's human capital to be the biggest source of competitive advantage. Individuals can be replaced, or trained and mobilized in different ways, but in the end it is the combination of those individuals and the relationships that exist between them that is at the core of business. The value of the network of relationships (both actual and potential) that exists within every organization is commonly referred to as social capital. The value is driven by the resources, such as trust and reciprocity, which are inherent in social relations.

Seventy-seven percent (77%) of all organizations Aberdeen Group surveyed in their 2015 survey, *Social in HR: Embedding Social in HR and Organizational Processes*, indicated that social capital was critical to the success of their organization, yet a mere 37% of them indicated that they were actually **effective** at building social capital (n=244). Social capital fuels the engine of organizational success and Best-in-Class seem to get this as they are 1.5 times more effective at building social capital than All Others (50% vs. 33.9%).

Those who are effective at building social capital see the following (as compared to those who are ineffective):

➔ 76.6% of their employees are **highly engaged** (55.5%)

➔ Adopting social technologies at a rate of 2.5 times more

➔ 90.6% more likely to integrate a social recognition platform with other HCM technologies (29.4% vs. 2.8%)

➔ 84.1% more likely to have a **single, unified social HCM** technology platform in place (36.4% vs 5.6%)

➔ 84.8% more likely to say that social technologies are **embedded into the work processes** of employees (40.0% vs. 6.1%)

Technology plays a critical role in facilitating meaningful connections between an organization's employees and can empower companies to connect with employees in a whole new way. In fact, 36.4% of all organizations surveyed by Aberdeen indicated they are continuing to utilize or planning to adopt social technologies in 2015 specifically to help create stronger connections between and among their employees (social capital).

Toward a System of Engagement

The Employee Engagement Crisis

We have all seen the abysmal stats showing that more employees are disengaged at work than ever before. According to Gallup's 2014 survey on *The State of the American Workplace* more than two-thirds (68.5%) of employees are either not engaged or actively disengaged, the latter can have serious consequences to organizations in the form of deviant behaviors, lost productivity and increased absenteeism. In general, those who are disengaged are emotionally disconnected from their

Social Capital:

- Represents the value of the network of relationships that exist within any organization
- Value is driven by the resources inherent in social relations that facilitate collective action
- These resources include trust, norms, and networks of associations

workplaces and less likely to be productive and/or reach their full potential. A highly engaged workforce means the difference between a company that thrives and one that struggles or even fails (see sidebar to learn how Aberdeen defines engagement).

Poor Employee Experience is a Major Barrier in the Adoption of HCM Systems

HR technology is one of the fastest growing segments of the enterprise software space. According to Sierra-Cedar HR technology spending is on the uptake. However, vendors and organizations alike are still struggling with low adoption rates. In some cases it is because the technology purchased was not configured to the unique needs of the customer's organization. In others, the employer may not provide the necessary training and/or effectively handle the change management side of rolling out a new technology to their workforce. In either case, many employees are being exposed to unfamiliar, expensive and complicated technologies that are in many cases divorced from the way employees actually get work done. HR managers continually worry that if no one uses these systems, then the investment may be deemed a failure. It then comes as no surprise that in the coming year nearly a quarter (22%) of all organizations are specifically focused on delivering an improved employee user experience and creating higher system adoption within their companies' HCM technology landscape.

The Consumerization of Technology

Beyond ensuring that HR technology is easy to use, employers also need to recognize the ways in which the consumerization of technology is driving employee expectations in the workplace. To meet these expectations, organizations need to deploy HR technology that is social, mobile, and accessible via the cloud. Given that the next generation of employees use these technologies in their everyday lives and in most cases as their

dominant means of communication, organizations need to bridge the gap by supporting the use of these technologies inside of their organizations. Socially-enabled technologies enable new ways for employees to communicate, interact and work with partners, customers/potential customers and other individuals outside the organization, as well as facilitate collaboration and knowledge sharing within an organization.

Embeddedness as a Requirement and an Outcome of Social Technology

As technology becomes more and more integral to the functioning of organizations as a whole, the ability of employees to integrate new technology into their workflow becomes an ever-larger determinant of success. Best-in-Class are 3 times more likely than All Others to embed social into the work processes of their employees (31.3% vs.10.3%). One of ways to begin to do this is through the deployment of an HCM platform that has social embedded throughout the system. On average, Best-in-Class rate the extent to which their HCM applications are social and collaborative significantly higher than both Industry Average and Laggard performers (see Figure 1).

Figure 1: Extent that HCM Systems are Social and Collaborative
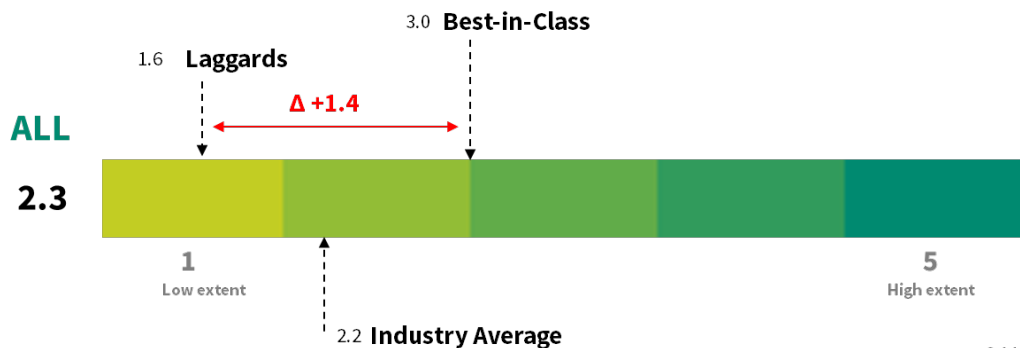
n=244
Source: Aberdeen Group, July 2015

So far we have explained the importance of "embeddedness" as it relates to the social thread that is woven throughout the fabric of an HCM system. However, embeddedness is not only a feature of socially-enabled HCM solutions it is also an outcome that can be achieved through its use. Social embeddedness refers to the extent to which employees are engaged in stable, repeated, social exchanges which result in perceptions of strong social support by each individual employee. Ultimately, embedding social in HR applications leads to an improvement in the overall experience and performance of the workers who use the applications.

Systems of Engagement: The Answer to Problems with Engagement and Low HCM Technology Adoption?

As outlined in *Social in HR: Embedding Social into HR Systems and Processes*, improving employee engagement and creating better enterprise communication and collaboration were the top challenges organizations are looking to social technology to solve for them in 2015 (see Figure 2).

Figure 2: Top Pressures Driving Internal Adoption of Social Technology

n=244
Source: Aberdeen Group, July 2015

➔ Read the full report, "Social in HR: Embedding Social into HR Systems and Processes"

➔ Related Research "Building the Business Case for Social in HR"
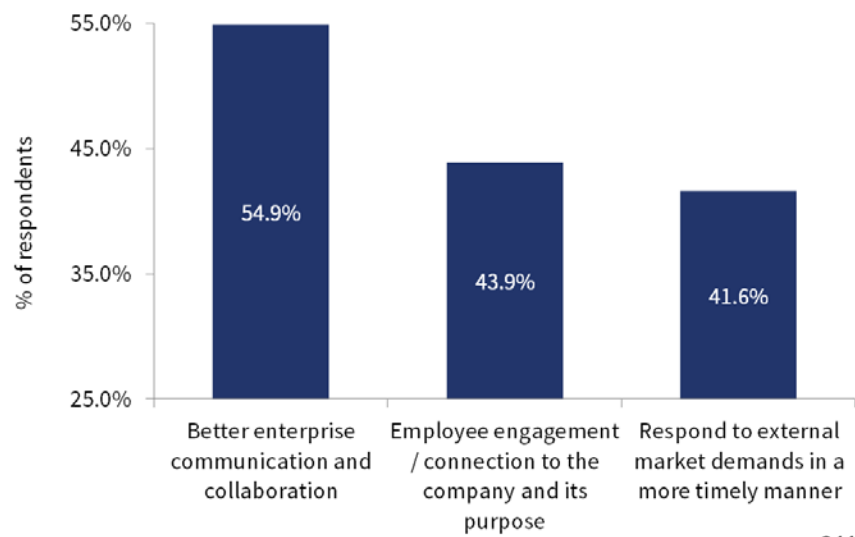
Successful organizations are addressing these challenges by adding systems of engagement to transform their existing HR and talent management processes. In his book, *Dealing With Darwin*, Geoffrey Moore suggests that most enterprise IT efforts over the last few decades have concerned "systems of record" which are "meant to serve as an authoritative source of an organization's data, but do little to enable employee interaction to create and use this data." In a "system of record" the focus is on capturing transactions and for them to be useful entries must be "correct" and "integrated" so data is consistent throughout. These systems have historically been designed for people who have no choice but to use them.

Contrast that with a "system of engagement" which Aberdeen defines as, "a people-centric system that is designed to naturally fit into an employee's workflow and social context" and one can quickly start to see their importance. "Systems of engagement" help enable enterprises to communicate and collaborate better and to use the data stored within them to make better, more effective business decisions.

In a "system of engagement" (SOE), activity is focused on interactions rather than transactions, with technology and/or individual modules being interconnected rather than being delivered as stand-alone components. Additionally, SOEs provide a more personalized experience by making recommendations for people we should connect to or suggesting courses that closely align to our interests or areas of development. Lastly, SOEs are easy to use, fully accessible via any device and designed to be used by everyone in an organization (see Table 1).

System of Engagement (SOE):

A people-centric system that is designed to naturally fit into an employees' workflow and social context.

Table 1: HCM System of Engagement

System Element	SOR	SOE
Activity focus	Transactions	Interactions
Delivery	Stand-alone	Interconnected
Orientation	Standardization	Personalization
Accessibility	On-site, behind a firewall	View the web; any time, any device
Searchability	Hard	Easy and intuitive
Security focus	Protect the security of assets	Protect user privacy
Target audience	Back-office HR/HRIS/IT Admin	All employees
Userbase	Closed and fixed	Open and transient

Source: Aberdeen Group, July 2015
Adapted from the work of Geoffrey Moore

What Tangible Value Can a System of Engagement Bring To Your Organization?

Operational Efficiency (Productivity)

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 1-5). In addition, Best-in-Class organizations are operating at an average operational efficiency level of 81% while All Other organizations are operating at a meager 62%. These findings illustrate that

there is a powerful link between those organizations that are actively engaged in the use of social technologies and productivity (see Figure 3).

Figure 3: The Best-in-Class Are More Productive and More Engaged with Social

81%, 3.4   **Best-in-Class**

66%, 3.0   **Industry Average**

32%, 2.8   **Laggard**
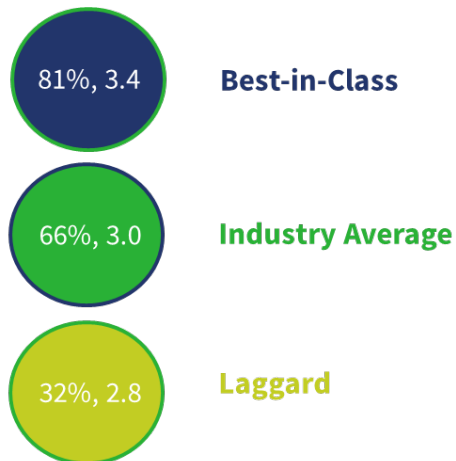
Note: The first number represents average level of operational efficiency, the second number is average level of engagement with social

n=244
Source: Aberdeen Group, July 2015

These higher levels of productivity are directly related to the affordances that social provides to both individuals, teams and the organization. These include:

➔ Faster time to acquire knowledge directly associated with the ability to locate experts and contribute to a knowledge base

➔ More effective collaboration as individuals have the ability to work both synchronously and asynchronously on projects

➔ Efficient delivery of communications ensuring that all are receiving the same message in a timely manner

Operational efficiency is a measure of productivity and is defined as the percentage of an organization's maximum potential productivity that is actually achieved.
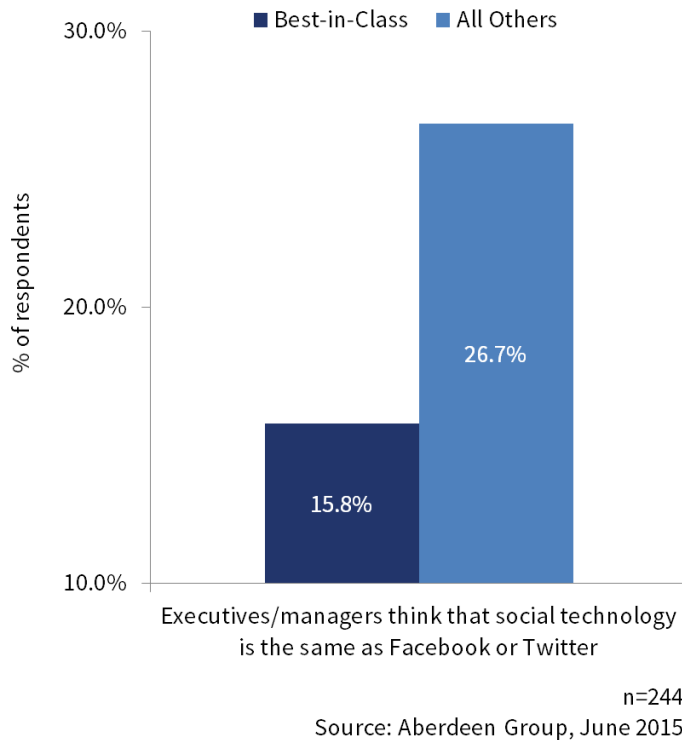
"The term 'social media' continues to divide those who associate it with a frivolous use of time, using platforms such as Facebook or Twitter, and those who recognize the potential value of having a far more connected and engaged organization."

Overcoming Barriers to More Social and Engaging HR Systems

According to research found in *Building the Business Case for Social in HR,* 46% of all companies struggle with the adoption of socially-enabled technologies due to a lack of understanding on how it can impact the bottom line. In addition to a lack of clarity on how the use of social technology impacts business, a fear or concern that employees might say something inappropriate or negative, rank high on the list of obstacles most organization's face when considering the adoption of socially-enabled technologies.

Making matters worse is a universal concern that the use of social technology by employees leads to wasted time at work potentially resulting in losses to productivity. This perception may be closely tied to the fact that many leaders still confuse the use of internal social tools as the same as letting employees access and post to their personal Facebook and Twitter accounts. Aberdeen research confirms that lower performing organizations (which, coincidentally, also have significantly lower adoption levels of social tools) are 40.8% more likely than Best-in-Class organizations to say that their executives or managers think that social technology is the same as Facebook or Twitter (26.7% vs. 15.8%)(see Figure 4).

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Figure 4: Perception of Social by Executives and Managers

n=244
Source: Aberdeen Group, June 2015

The term 'social media' continues to divide those who associate it with a frivolous use of time, using platforms such as Facebook or Twitter, and those who recognize the potential value of having a far more connected and engaged organization.

Recommendations

One of the keys to changing leader perception of social is a requirement for organizations to begin to move-away from a technology-centric view of systems (system of records), which are agnostic of the social context, toward a people-centric view (system of engagement) that is designed to naturally fit into the employees' workflow and social context. The following recommendations are focused specifically on helping your organization overcome some of the many barriers to the adoption of social presented in this report.

#1 – Create Clear Guidelines and Policies

One of the ways to combat concerns related to confidentiality and to prevent misuse is to establish appropriate policies and guidelines that are directive but not too restrictive — those that do find less abuse of these systems (and experience greater adoption). Additionally, best-practice use of social discourages anonymous content in favor of being able to attribute content to the contributor. When employees know their content is not anonymous they are more likely to behave in a positive manner. Additionally, attribution helps drive stronger connections between employees.

#2 – Embed Social into HR and Organizational Processes

Organizations that embed social into the work processes of their employees experience operational efficiency 11.4% higher than those that do not (76.4% compared to 65.0%). Additionally, HR in Best-in-Class organizations are significantly more likely to use social technologies to support HR processes such as onboarding (induction), rewards and recognition, performance, and team building.

Using social for onboarding is actually a great way to establish "social" as part of the culture which can then help to reinforce other programs throughout the employee lifecycle — such as development and learning.

#3 – Gain Support One Leader at a Time

Gaining the support you need to adopt social requires the support of an internal champion or executive sponsor. It is highly recommended that this person be someone outside of HR. While successful adoption and roll-out of social needs to be a collaboration between HR, Marketing/Communications, IT and business leaders, having someone from the business-side of the organization to champion your initiative is key.

Once you have identified your champion, the next step will be to socialize (no-pun intended) your project with individual stakeholders. At this stage, it is essential that you craft a semi-unique message to each individual which communicates not only the benefits of social to the organization but also how it might benefit them personally. For example, improving the leader's personal brand inside the organization, or reducing the amount of time their direct reports spend in classroom training.

For more insights on these recommendations and to learn more about embedding social into your organization's strategy, consider reading, How to Get Your Social On.

1 in 10 employers feel a lack of clarity on how social impacts the bottom line, combined with the lack of an internal champion or executive sponsor are the most significant barriers to their organization's adoption of an SOE.