10 Eye-Opening HR Statistics That Will Strengthen Your Talent Strategy

A PEOPLEFLUENT WHITE PAPER
By understanding and acting on these 10 important research statistics, you can strengthen your Human Resources strategy, practices and overall value to your business.

Research statistics. They’re everywhere and they keep on coming at us, taunting us to be better.

As HR professionals, we’re bombarded by so much business data day after day that it’s inevitable we’ll overlook some truly useful information. Or worse—we’ll put it in our “I need to address this issue” file, where it eventually becomes buried under many other related files on our desks.

But fear not! We’ve gathered up 10 of the timeliest HR statistics for you to consider from a variety of renowned sources.

At the very least, these statistics will provide you with a valuable window into the ongoing evolution of HR as a business function and how our leaders, peers and colleagues perceive our strategic value (which we know should be much higher than it is).

We’ve grouped these statistics (in some cases, we present a block of statistics) into five categories:
**HR’s Performance**

**Statistic #1** - According to The Hackett Group’s report, “Cracks in the Foundation: Closing the Critical Skills Gap Undermining Business Capabilities,” execs at about 150 large companies said they were either dissatisfied or very dissatisfied with HR performance in terms of support for business services nearly 70% of the time, on average. Companies were most unhappy with HR support for collaboration and knowledge sharing (79% dissatisfied/very dissatisfied) and retention (70% dissatisfied/very dissatisfied).

*Source:* HRMorning.com, “Execs rate HR performance - and the news isn’t good,” 8/17/12

**What does this mean to HR?**

These findings indicate that HR most likely still spends too much time handling the labor-intensive transactional performance, compensation and benefits management tasks without the support to evolve strategically. That is HR’s legacy responsibility, but at the same time our function the past decade has been pushed to do more with less while growing its strategic value and expanding its role as a business partner. The Hackett Group’s report makes it clear that our transformation must get more aggressive now, especially in the areas of employee collaboration, knowledge sharing and retention of top talent. You know, those perennial nice-to-haves. According to the report, a resounding majority of the C-suite is calling us out on these aspects of our work alone. It’s time to step out and up (and ask for forgiveness later).

We know that the HR function has struggled to prove its ongoing business value and showcase its return on investment as compellingly as other functions have (think marketing, sales and finance). This should no longer be acceptable to us, given our workforce knowledge and ability to skill up and retain. Plus, the reporting and analytics tools we now have access to enable us to tell a powerful narrative that punches poor decisions and impulsive reactions right in the gut.

It’s easier than ever for HR professionals to show their organizations the value, results and competitive advantages delivered by highly skilled talent acquisition and management. Perception problems, if they exist, can be overcome with accurate data and the strategy and tactics to make an impact.
Reorganizing and Restructuring of HR

**Statistic #2** - “Of the organizations in our study, 61% said that their HR department went through a reorganization or redesign during the past two years.”


**What does this mean to HR?**

While this statistic could mean different things to different organizations, the good news here—especially in contrast to the previous statistic—is that HR is indeed committed to ongoing evolution and improvement. And not just for the sake of HR, but for the sake of the competitive employee lifecycle and the entire business. At well over half of the 300 organizations examined in the report, HR departments have recently updated and upgraded their internal structures. Reorganizing and/or redesigning the function can be a powerful way to streamline processes, improve workflows, update/upgrade technology solutions, and rethink roles and decision chains.

So what are the motivating factors behind a functional reorganization or redesign—and what kind of structure are the revamped departments moving toward? The next two statistics help to tell the story.
HR’s Performance

**Statistic #3** - “Nearly three-quarters (of the organizations considering changes to their HR structure)... expect to realize further operational efficiencies. More than half (53%) aim to achieve quality improvements, and another 37% seek cost savings. About one-third (34%) are reorganizing as part of a change in business strategy, and 29% are doing so as part of a globalization initiative.”

*Source: Towers Watson’s 2013 HR Service Delivery and Technology Survey*

**Statistic #4** - “Regardless of (the) reason, almost half (49%) of companies that are changing HR are moving toward a shared services environment with centers of excellence and business partners.”

*Source: Towers Watson’s 2013 HR Service Delivery and Technology Survey*

---

What does this mean to HR?

HR is changing for some extremely compelling reasons: to improve operational efficiency, to enhance quality, to stay in sync with the overall business strategy and globalization all are important factors cited.

Interestingly, the Towers Watson survey noted that a substantial number of companies are moving HR toward a shared services environment, which can deliver tremendous benefits to an organization. However, shifting to a shared services environment presents unique challenges as well.

A few of these challenges include maintaining an adequate level of functional expertise in the new environment; implementing technologies, tools and processes that are flexible and can be integrated seamlessly; overcoming cultural inertia for adopting the new approach; and proactively addressing and managing expectations at all levels regarding shared services.
Looking ahead, we need to do a far better job of promoting the fact that HR plays this highly strategic and humanizing role in the overall success of our organizations.

Even before moving to a shared services model, HR already touches every single facet of the business it services. It develops talent strategy and tactics for every single department and division, as well as working individually in some capacity with every single applicant, employee, alum, contractor, and vendor. HR executives and everyone involved in “people management” are the go-to folk in organizations big and small. We humanize the brand, and we help workforce communities thrive and businesses grow.

Looking ahead, we need to do a far better job of promoting the fact that HR plays this highly strategic and humanizing role in the overall success of our organizations. And we need to think and act like an independent business entity with strong oversight. All of this will help to ensure that our reorganizations—and our other transformational actions—are understood, supported and improved over time. The rest is a cake walk.

Well, maybe not exactly a cake walk... but by taking the thoughtful, proactive steps outlined above we’ll earn the opportunity to develop the individuals and skill sets necessary for a successful shared services organization. And when that happens, the rest of the business will reap the benefits. It’s time to retake ownership and apply quality talent management across the enterprise.
Company Culture

Statistic #5 - According to Gallup’s 2013 State of the American Workplace report, only 41% of employees feel they know what their company stands for and what makes its brand different from its competitors’ brands.

What does this mean to HR?

At its simplest level, it means that senior leadership isn’t doing its job. In other words, this isn’t merely an HR employer-branding problem. Unfortunately it’s an ongoing business problem for many organizations. With nearly half of the American workforce not knowing what their company stands for or what differentiates their companies’ brands, we’re facing a widespread cultural disconnect and a leadership failure.

If there is no heart to aspire to, no emotional connectivity to the work and the workplace, then how can we expect employees to feel good about the companies they work for—especially if they don’t understand something as basic as what their companies “stand for?” How can we expect them to be motivated to give their best and to commit to our business goals without this basic understanding?

You might consider surveying your own employees on these topics—what your company stands for, what differentiates your brand, what the elements of your brand identity are, etc. Your findings might be just what you need to convince senior management to make improving employee communications a priority. Bottom line, if your employees can’t intelligently serve as your brand’s best ambassadors, you’re making a strategic mistake that your competitors could exploit (and probably already are).

This is why you should consider partnering with your marketing team, if you haven’t already done so. Marketing has most likely gone through these exercises—more than once. Even if you’re somewhat savvy when it comes to marketing, make sure you reach across department lines and leverage what your marketing team has most likely already toiled to create, get approved by executive management, and then delivered into the wild, all to solidify culture and company brand. From value propositions to company branding to visual design, your marketing team has lots of resources to leverage in your workforce marketing efforts while keeping your employees educated and engaged. In fact, it helps tremendously if you keep your recruiting and retention efforts consistent in tone and approach with what your customers and prospects see and hear. (Remember, your employees are customers and prospects, too.)

If there is no heart to aspire to, no emotional connectivity to the work and the workplace, then how can we expect employees to feel good about the companies they work for?
Employee Engagement

**Statistic #7** - Gallup’s 2013 State of the American Workplace report, 20% of American workers are “actively disengaged” from their jobs. Another 50% are “not engaged” in their work (i.e., present but uninspired). That’s 70% of our workforce who are not living up to their potential and who are giving their employers less than their full talents.

**Statistic #8** - The Gallup 2013 report also states that the 30% of engaged American employees “come up with most of the innovative ideas, create most of a company’s new customers, and have the most entrepreneurial energy.”
Employee Engagement

**Statistic #9** - “Doing performance coaching right means 42% higher productivity.”

*Source: Bersin by Deloitte*

**Statistic #10** - “Active disengagement costs the U.S. $450 billion to $550 billion per year.”

*Source: Gallup’s 2013 State of the American Workplace report*

---

**What does this mean to HR?**

They mean that we can’t afford to turn a blind eye toward disengaged employees. Disengagement is far too costly! Workers who are engaged and emotionally connected provide up to four times more discretionary effort in their work than disengaged employees.

It’s worth noting that PwC Saratoga’s 2013/2014 US Human Capital Effectiveness Report shows that “most organizations embrace the idea of employee engagement, with 86% measuring it in some way. However, remarkably fewer organizations take steps to create accountability for taking action as a result of their engagement surveys. The majority (59.8%) say they don’t require managers to develop a plan for employee engagement.” This shows that businesses do recognize the importance of employee engagement but they simply aren’t nurturing actual engagement.

Disengagement is usually the culmination and convergence of many of the factors we’ve noted above: the company culture, the work environment, management and leadership styles, HR practices and policies, reorganizations, etc. Disengagement arises when employees don’t feel immersed in the company culture, when they don’t feel valued, when they don’t feel supported by collaboration and knowledge sharing resources, when they don’t feel fairly compensated. Measuring engagement is like “taking the temperature” of your organization, and it’s the crucial first step toward addressing disengagement if and where it exists. Improving engagement, on the other hand, is like a multifaceted surgical procedure. It requires a plan of attack that is well thought out in advance, that is based on your “diagnostics,” and that is followed by pinpoint repairs to specific problems.
The Challenges Ahead

Obviously, research statistics are open to a variety of interpretations. But no matter how you slice and dice the numbers, they’re quite telling. They speak to the challenges we face regarding our own evolution as a business function and a champion of collaboration. They speak to the ongoing need to prove our value to the organization and to our leadership. And they speak to the human capital issues we need to address even more forcefully in the months and years ahead—especially as we strive to build a workforce that will carry our companies far into the future.

We know that our senior leaders, our peers and our workforces will judge us on how well we address these challenges, issues and needs. And we know they won’t give us rave reviews unless we earn them. It’s always been that way for HR. But the fact is it’s always been that way for all business functions. Clearly, we need to get better at telling our “story” and showcasing our strategic value—just as other functions have.

Judging by the research statistics presented here, the time to get better at all of this is now.
About Peoplefluent

Peoplefluent is the leading provider of talent management solutions designed to support the entire workforce. We provide the mobile enablement, social collaboration, information visualization and the domain expertise required to empower strategic decision-making and true employee engagement. Our talent management software enables organizations to unlock each individual’s potential by removing the boundaries that limit the performance and productivity of your workforce.

With the most comprehensive talent suite in the industry including solutions for talent management, workforce compliance and diversity, contingent workforce management, analytics and workforce planning, Peoplefluent offers a solution to optimize every step of the talent lifecycle. Our solutions have helped over 5,100 organizations in 214 countries and territories successfully achieve their talent aspirations. Today, 80% of the Fortune 100 relies on Peoplefluent solutions as part of their talent management delivery strategy.

For more information, visit peoplefluent.com.