

BUILDING THE BUSINESS CASE FOR SOCIAL IN HR

August, 2015

→ **Michael Moon**, Research Director,
Human Capital Management



Report Highlights

p3

54.9% of organizations are currently using social technology to achieve better enterprise communication and improve collaboration.

p7

Best-in-Class organizations are 104.2% more likely to use socially-enabled technologies to help employees locate experts.

p10

Aberdeen finds evidence linking the use of social technologies to increased productivity.

p12

The most common barrier to the adoption of social cited by 46.2% of organizations was a lack of clarity on how social impacts the bottom line.

From increasing employee engagement, to facilitating social learning and fostering creativity and innovation in organizations, the Best-in-Class are using social technologies to tackle some of the most complex business problems.

2

HR must not only embrace the use of socially-enabled technologies but also develop a disciplined approach to embedding social in HR and organizational processes.

Definitions

Social media – Internet-based applications that represent a collective of online communication channels dedicated to user- and community-based input, interaction, and collaboration.

Social technology – Social media tools for business purposes; these tools may include external social networks (e.g. Facebook, LinkedIn, etc.), microblogging (e.g. Twitter), internal social networking sites, socially-based intranets, blogs, internal wikis, and/or other enterprise collaborative social software.

In the world we now live in, technology has changed the way people communicate, the way they are informed, and how they do business. Traditional social networks have expanded from a few dozen acquaintances to hundreds of friends, friends of friends, connections, and followers. Organizations are now seeking ways to harness social technology to spark innovation and motivate employees, but many have yet to fully embrace it. However, it is clear from Aberdeen research that a “build it and they will come” approach won’t yield the results HR seeks (and the C-level demands). HR must not only embrace the use of socially-enabled technologies but develop a disciplined approach to embedding social into HR and organizational processes if they desire to reap the full benefits of the new social enterprise.

This report represents the major findings in primary research conducted by Aberdeen Group on the use of social in organizations and is based on responses collected from 244 organizations between April and May 2015. The purpose of the study, *Social in HR: Embedding Social into HR and Organizational Processes*, was to take an in-depth look at the internal use of social technologies within organizations in an attempt to understand the maturity of its use, identify barriers to its adoption, and demonstrate the impact social can have on organizational outcomes such as engagement, retention, and customer satisfaction.

Introduction

Social technology adoption within organizations is occurring at a rapid pace. In a 2010 survey by global consulting firm [McKinsey](#), 65% of companies reported the use of some type of Web 2.0 technology in their organizations. Similarly, in 2013 [Gartner](#) predicted that half of all large organizations would be using

3

internal social networks by 2015, and that 30% of them would be considered as essential as email is today. In Aberdeen's study, we found that on average organizations have experienced a 17.7% increase in their rate of adoption of social technology in just the past year, while Best-in-Class organizations increased by 23.6%. Additionally, 36.2% of all organizations employ some sort of enterprise-wide social media/networking platform in the workplace.

Why Social?

A 2012 [McKinsey](#) report showed that a majority of the estimated \$1.3 trillion in untapped value from social technologies lies in "improved communications and collaboration within and across enterprises." Aberdeen research shows that many organizations have begun to try and capitalize on this value as obtaining better enterprise communication and collaboration was the top pressure driving most organization's reason for adopting socially-enabled technology and tools.

Of the 244 organizations Aberdeen studied, more than half (54.9%) agreed that achieving better enterprise communication and improving collaboration in their organization was the top driver behind their organization's decision to either adopt the use of social technologies or begin the journey to implement some sort of socially-enabled platform in 2015. Not far behind in importance was a desire to increase engagement and to create a way for employee's to feel more connected to the company and its purpose (see Figure 1). Social media tools can be effective in creating a sense of community (or "belongingness") by connecting people who might not otherwise be connected, allowing internal networks of affiliation and reciprocity to flourish, all leading to greater levels of employee engagement.

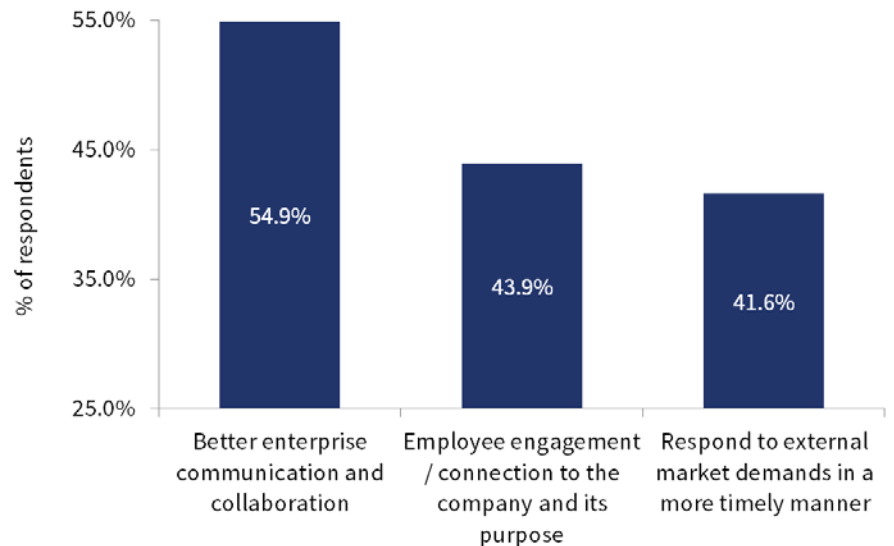
In Aberdeen's Social in HR study, the following key performance indicators (KPIs) were used to distinguish the Best-in-Class (top 20% of aggregate performers) from the Industry Average (middle 50%), and Laggard (bottom 30%) organizations, with mean-performance among the Best-in-Class as follows:

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

*changes in last 12 months

4

Figure 1: Top Pressures Driving Organization’s Internal Adoption of Social Technology



n=244

Source: Aberdeen Group, July 2015

While 28.9% of all organizations said they were looking to leverage social and other technologies to improve employee engagement levels, Best-in-Class were 29% more likely than All Others to say this was part of their HCM strategy in 2015.

Aberdeen aligns its conception of engagement very closely with that put forward by [Schaufeli and Bakker](#), and defines engagement as a “state of positive work-related attitude, characterized by high-levels of energy, emotional commitment (not organizational commitment) and satisfaction derived from the work itself (absorption).” Given the proliferation of [research](#) on the link between communication and engagement, it was no surprise to Aberdeen that communication and engagement were among the top reasons organizations have either already adopted the use of social technologies or are thinking about doing so in the coming year.

One of the many key positive outcomes of social media and social networking in organizations is that it encourages communication — whether seeking positive interactions with current or future customers, helping employees to work collaboratively in different departments, or even different

5

business units. Aberdeen found that “Communications” was the number one use of socially-enabled technology by HR with 50.8% of all employers indicating that they use social tools to facilitate communication both externally and internally.

Social media has revolutionized the way that employees communicate with each other by making the communication process more interactive and engaging. Internal social networks allow for two-way, or in some cases, multi-way conversations between people. The internal networks, which are formed through the connections an employee makes within these systems, provide opportunities for stimulating and engaging conversations from all levels of the organization. In addition, these technologies can help to promote leadership transparency through regular contributions by leaders to a personal blog or by conducting regular Q&A sessions online.

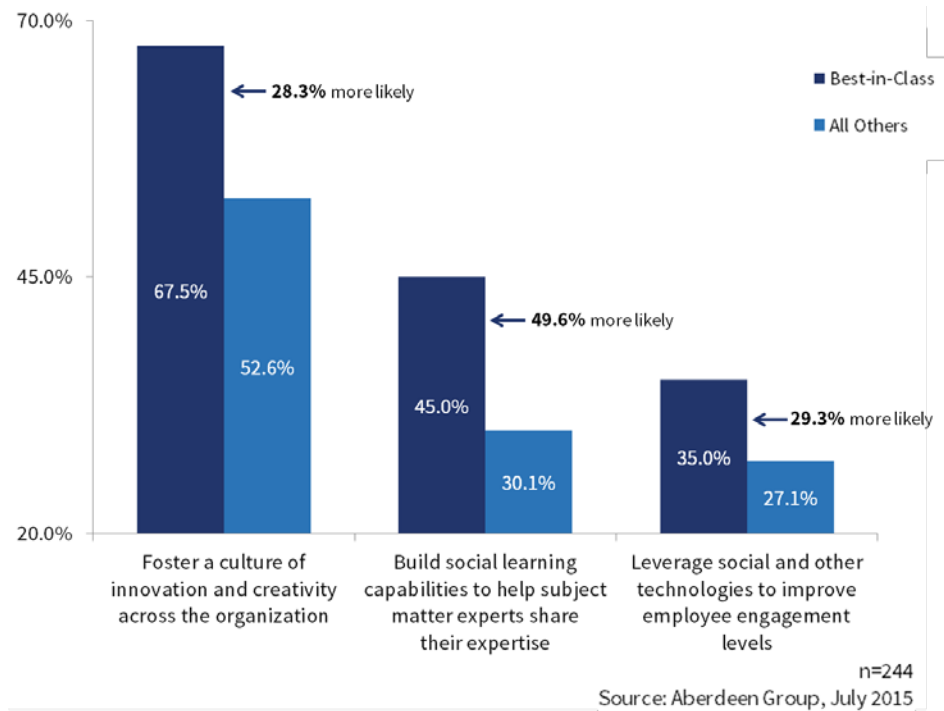
Best-in-Class Use Social to Affect a Diverse Range of Processes

While 51% of companies indicate they are using social technology to facilitate both internal and external communications as well as to source candidates, Best-in-Class organizations are facilitating even more by actually focusing on utilizing social tools throughout the employee lifecycle (see Figure 2). While more than half (56.1%) of all respondents indicated that their organization was focused on fostering a culture of innovation and creativity across the organization, 67.5% of Best-in-Class organizations have made this their top priority in 2015. Additionally, 35% of Best-in-Class organizations stated that they are actually leveraging social and other technologies to improve employee engagement, and were 49.6% more likely than All Others to be focused on building social learning capabilities in 2015 (45.0% vs. 35.1%).

Best-in-Class are 99% more likely to use technologically-enabled social recognition systems to acknowledge the work and contributions of employees AND 17% more likely to say that social media is used as one of the primary methods to source candidates (than All Others).

6

Figure 2: Best-in-Class Use of Social: Beyond Communication and Collaboration



Creativity and Innovation

Creativity and innovation go hand in hand. Creativity is a necessary requirement for innovation to flourish, and neither creativity nor innovation happens simply because you tell your employees to “be creative” or to “innovate”. Asking people to innovate is often not enough, because “innovation” does not just show up as a lightning bolt of new ideas. Finnish-owned Nokia Corporation implemented an internal social media network to engage employees and inspire creativity. On their platform employees were able to post ideas and comment about projects they were working on, as a result employees throughout the organization were able to more effectively work together, seek and give advice, as well as get a better sense of what others were working on. An environment such as this can inspire creativity.

7

Online, collaborative tools allow you to get feedback faster, as well as enabling you to experiment, which is a key component of innovation.

Another key driver of innovation is diversity. Social media tools can be used to connect employees from different parts of the organization that would not otherwise be connected, increasing the diversity of their personal networks. Interaction with a diverse group of individuals that are sufficiently different from each other in the way they think, in their identity and experiences provides a fertile environment, a petri-dish, for innovation to grow and flourish. Recent [research](#) into a possible link between employee innovation and the use of Twitter suggests that employees with a diverse Twitter network tend to generate better ideas.

Social Learning

Best-in-Class organizations are 49.6% more likely than All Others to be focused on building social learning capabilities to help subject matter experts share their expertise (45.0% vs. 30.1%). HR at Best-in-Class organizations are also 104.2% more likely than All Others to use socially-enabled technology to help employees to locate experts (18.8% vs. 9.2%). Tools that make content creation easier and more flexible like wikis or social tagging that allow for individuals to share ideas more broadly and efficiently continue to show strong adoption within Best-in-Class organizations. As highlighted in the report, [Trending Now: Social Learning](#), Aberdeen also found a very strong link between companies that use social learning and revenue growth. In fact, these organizations saw improvements in revenue growth twice the rate of those not using social learning techniques in their organizations.

“New research suggests that employees with a diverse Twitter network – one that exposes them to people and ideas they don’t already know – tend to generate better ideas.”

8

Unlike, traditional knowledge management repositories, internal social media sites contain user-generated content that is dynamic. As a result of its social nature and the embeddedness of each individual within the site, benefits are reaped by both the individual as well as the organization. For example, access to information and knowledge resources within an internal social networking application allow individuals to transform the knowledge they acquire by combining it with their own knowledge and experiences (recombination) to create new knowledge.

Recommendation

Tools that connect people to experts, or try to leverage expertise to create and deliver meaningful content are only as good as the “experts” within them. To address this, establish clear criteria to define expertise in various areas, and put in place a process by which to apply those criteria. Some technology solutions even have built in tools that help track where expertise is in the system through the use of tagging and other analytics tools that monitor activity within the system. Organizations that can make full use of the collective expertise and knowledge of their employees are likely to be more innovative, efficient, and effective in the marketplace.

Voice of the Employee

As social media has matured, so has the ability of people to voice their opinions as customers and consumers. In turn, this has also raised people’s expectations of how they should be heard inside organizations. Another way that Best-in-Class are using social media in the workplace is to help facilitate employee voice. In fact, Best-in-Class are 30% more likely than All Others to indicate that HR uses social technology as a means to assess and manage

9

their employee voice efforts (35.3% vs. 25.5%). Unlike employee engagement which at its core is about positive workplace attitudes, employee voice is about giving employees a say in how they experience their work. So employee voice in a way is a driver or precursor to employee engagement.

However, employee voice is about more than providing the opportunity to have a say; it is also about encouraging participation, using the insights gleaned from their participation, as well as providing genuine transparency around business processes and decisions. Organizations can optimize business results when their employees are fully engaged, their creativity is given full rein, and their interests are aligned with business outcomes. Employers would do well to foster an environment in which all workers feel they can exercise their voice. Socially-enabled technologies provide the medium for organizations to manage employee voice on a grand scale.

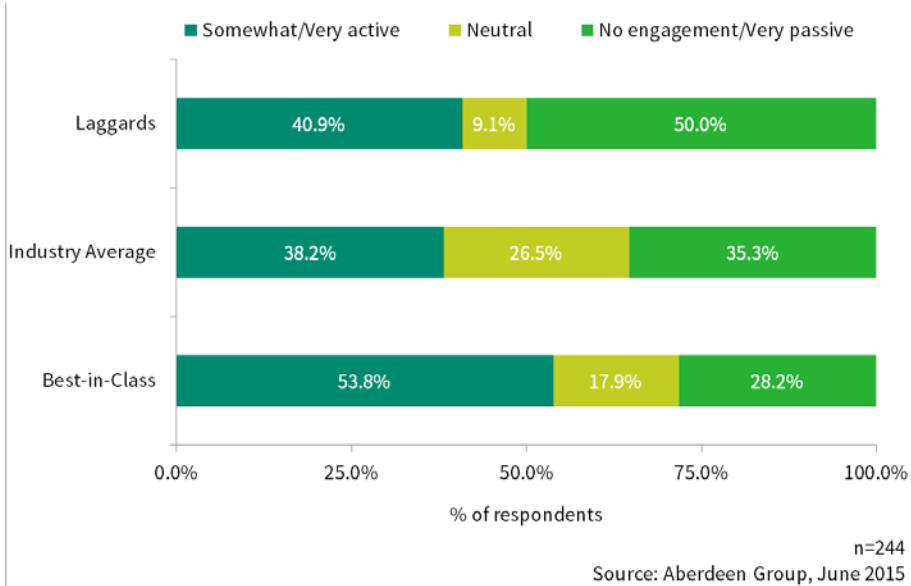
Technology is the Enabler, But Process and People are the Catalyst

Even though we are seeing adoption levels rise, let's be clear that simply deploying these technologies does not make you Best-in-Class or magically solve all your collaboration and knowledge management woes. What really differentiates Best-in-Class organizations is how actively engaged they are with these technologies and how and in what ways they are using them to solve real business and people problems. The Best-in-Class are 39% more likely than All Others to describe their level of engagement with social technology as "very active" or "somewhat active" (see Figure 3). This level of activity indicates that Best-in-Class have reached a higher level of maturity in terms of their adoption and use of social technologies in the workplace.

Social media allows people to connect with each other to create and share information, and is a form of people-powered communication which facilitates an authentic dialogue motivated by a basic human desire to share information.

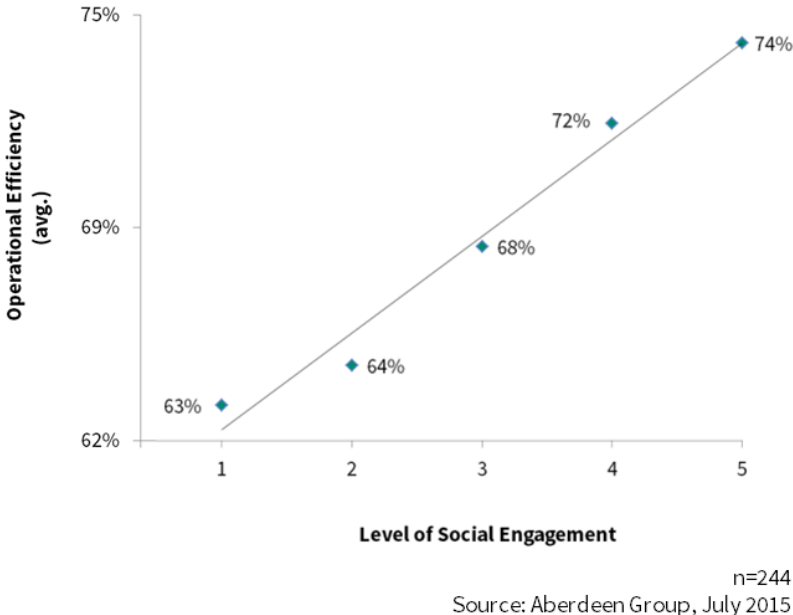
10

Figure 3: Level of Engagement with Social Technologies



Additionally, Aberdeen found a very strong statistical relationship between operational efficiency and maturity level of social technology adoption in organizations (see Figure 4).

Figure 4: The Use of Social Technology Linked to Productivity



11

Operational efficiency is a measure of productivity and is defined as the percentage of an organization’s maximum potential productivity that is actually achieved. 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. Figure 5 highlights some of the many other benefits of social media:

Cognizant, a technology, consulting, and business process outsourcing company, analyzed social media contributions on its internal social network and found that employees who contribute in the form of blogs were more engaged and satisfied than others, and performed on average about 10 percent better.

Figure 5: Benefits of the Internal Use of Social Media

<p><u>People</u></p> <ul style="list-style-type: none"> · Build relationships (social capital) · Build a sense of community and connectedness · Enables sharing · Encourages and facilitates the creation/growth of communities of practice · Empowerment - gives employees a voice and a means to make meaningful contributions 	<p><u>Effectiveness</u></p> <ul style="list-style-type: none"> · Identify expertise · Sharing of best practices · Facilitate collaboration · Better allocation of resources · Find experts · Capture organizational knowledge
<p><u>Efficiency</u></p> <ul style="list-style-type: none"> · Better communication · Reduce number of emails · Reduce power distance between employees and leaders · Enable action through the streamlining of processes · Breakdown internal barriers/silos; organizational or geographical boundaries 	<p><u>Strategy</u></p> <ul style="list-style-type: none"> · Increase productivity · Breeding ground for innovation · Increase retention (employees and customers) · Increase Engagement · Creates a stronger employer brand both internally and externally

Source: Aberdeen Group, July 2015

If social can impact organizations in so many important ways, why then do we not see higher levels of adoption across the board? This next section explores the barriers that many organizations face and provides guidance on how to overcome them.

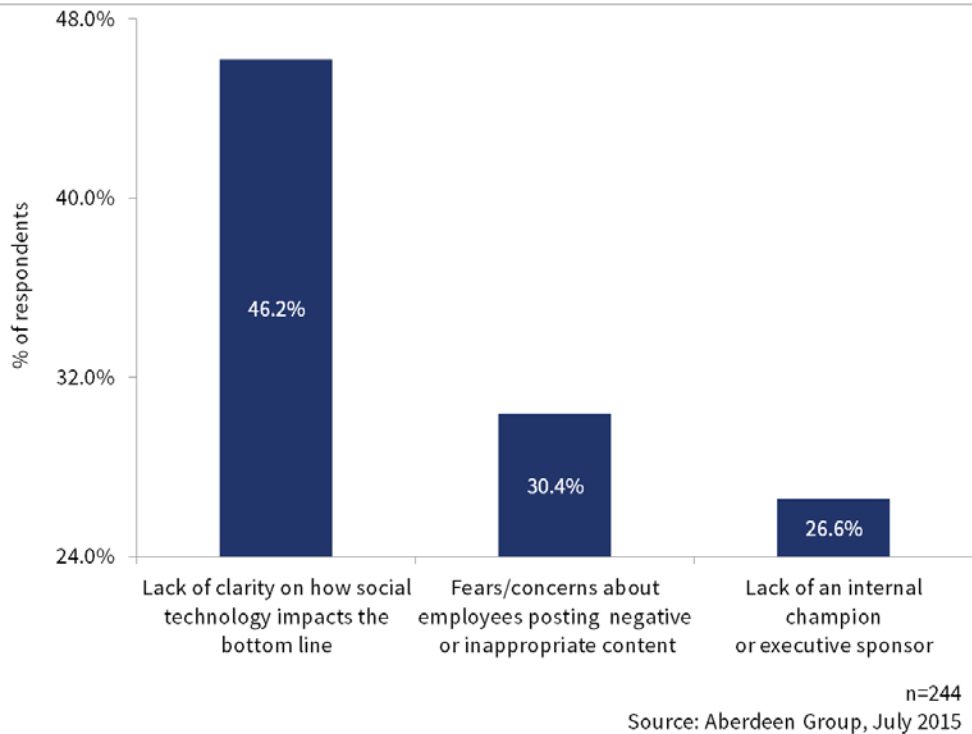
12

Best-in-Class are 40.8% less likely than All Others to say that their executives or managers think that social technology is the same as Facebook or Twitter.

What is Keeping Social from Ruling the World?

Aberdeen asked organizations about the barriers or concerns that stand in the way of their organization’s adoption of the internal use of social technologies. The most common barrier cited by 46.2% of organizations was an inability to communicate or demonstrate the tangible impact that socially-enabled technologies can have on key business outcomes such as revenue, customer satisfaction, or employee engagement (see Figure 5). In addition to a lack of clarity on how social impacts the business, a fear or concern that employees might say something inappropriate or negative and a lack of an internal champion or sponsor ranked high on the list as obstacles to the internal adoption of social technologies.

Figure 5: Barriers to the Internal Adoption of Social Media



13

Recommendations

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).

Trust your Employees to do the Right Thing

A successful social media initiative will depend on a culture of openness where employees can express their opinions in a productive manner. As a result, organizations that allow unmonitored access without limits or restrictions on when, where, or how social media is used are more likely to reap the benefits of their use. A great example of an organization that is doing this is IBM. Their [employee-created social media guidelines](#) basically state that IBMers are individually responsible for what they create and request that employees refrain from releasing proprietary information. In many cases it is that simple.

Final Thoughts

One of the interesting paradoxes of social media is that its biggest impact is human rather than technological. As people adopt and leverage social media, the lines between their personal, consumer, and professional lives begin to become blurred and are changed in significant ways. The human capital that drives organizations can be transformed significantly as organizations continue to incorporate new digital technologies into their operations. As such, the connective power of social media simply must not be overlooked.

Best-in-Class are 52.6% less likely than All Others to block the internal use of social media AND 22.6% more likely to allow unmonitored access.

14

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

Related Research

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

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

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

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

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

[*HCM Trends 2014: Developing a Critical Eye
for Talent*](#); January 2014

Author: Ms. Michael M. Moon, Research Director, Human Capital (michael.moon@aberdeen.com)

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.

This document is the result of primary research performed by Aberdeen Group and represents the best analysis available at the time of publication. Unless otherwise noted, the entire contents of this publication are copyrighted by Aberdeen Group and may not be reproduced, distributed, archived, or transmitted in any form or by any means without prior written consent by Aberdeen Group.