

Employee Lifecycle Management

Leveraging technology to
support the employee
journey

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Executive Summary

Human resources (HR) professionals often view HR various functions from a larger employee-lifecycle-management lens.

This entails looking at the management of employees from the time they are first recruited to the time they leave the organization.

Lifecycle management includes processes such as:

- Hiring
- Onboarding
- Training
- Performance management
- Event tracking
- Retirement

These processes are often supported by technologies like Human Resources Information Systems (HRIS)—which can handle many elements of the lifecycle—or by standalone solutions that handle one specific element.

To help HR professionals better understand employee lifecycle management, HR.com produced this study in partnership with APS Payroll, a technology company offering award-winning human capital management solutions for mid-sized organizations.

The goal of the research was to:

- Identify the factors that differentiate between successful and less successful employee lifecycle management
- Understand the barriers that impede good lifecycle management
- Learn whether organizations are relying on standalone or integrated solutions

- Highlight actions that can help improve lifecycle management

Throughout the report we differentiate between organizations that have high satisfaction with a process (i.e., they rate themselves as highly or very highly satisfied with that process) and those that have lower satisfaction with the process (i.e., they rate their satisfaction as moderate, low or very low).

Below is a quick overview of some of the key findings.

- Three elements are considered most important for lifecycle management. Participants considered hiring, performance management and continuing education to be the most important elements. All three were rated as important by **over 80% of the respondents.**
- **Most organizations (82%) face one or more barriers to managing the employee lifecycle.** The most commonly cited barriers were lack of budget/funds and lack of focus.
- **Leadership** is what differentiates organizations with low employee satisfaction from those with high satisfaction. Those with low employee satisfaction rates were three times more likely to mention this as a barrier compared to those with high employee satisfaction.
- The retirement and hiring processes were the highest rated elements of the employee lifecycle, but even there the results were not impressive. Even though they rated higher than other lifecycle elements, **only about a third of organizations were highly satisfied with retirement or hiring.**

Key findings continued from page 3

- For every element of the lifecycle, those with a structured process were more satisfied than those without one. Structured processes were particularly important for retirement, where **83% of those who were highly satisfied with retirement programs had a structured process.**
- Technology was linked to higher satisfaction with continuing education and training processes. **A majority of organizations (52%) that were highly satisfied with their continuing education and training process had a Learning Management System (LMS).** Only 29% of organizations that were less satisfied with the process had an LMS.
- Technology was also linked to satisfaction with performance management, event tracking, and retirement management. **The most striking result was in retirement management, where 44% of organizations that were highly satisfied with the process had technology,** while only 12% of the less satisfied respondents had technology.
- Organizations that made high or very high usage of human capital management (HCM) technology were much more likely to have satisfied employees. Among companies with high employee satisfaction, **34% made high or very high use of their HCM technology,** compared to only 13% of those with lower employee satisfaction.

employee
satisfaction

How High Is Employee Satisfaction?

Fifty percent of organizations had average employee satisfaction, while about 10% had low or very low employee satisfaction. For these organizations, a focus on better employee lifecycle management could potentially lead to better results.

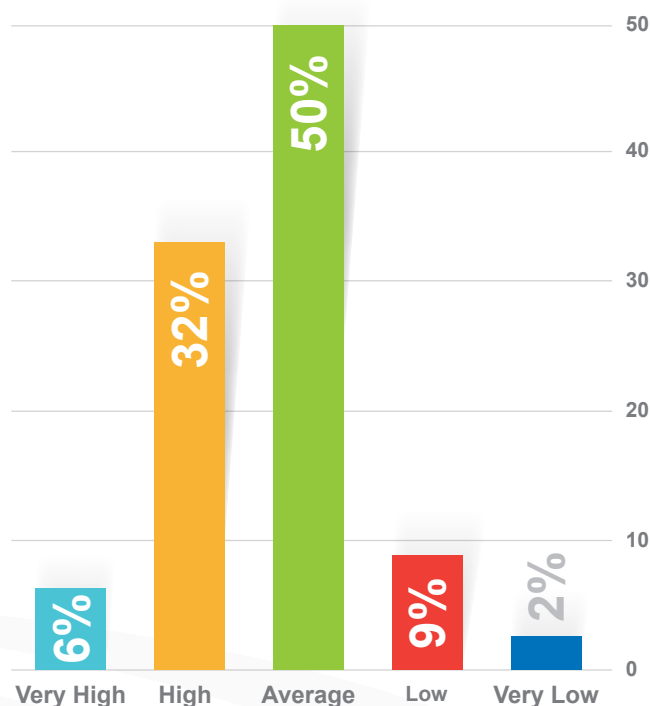


About a tenth of respondents rated employee satisfaction low or very low



Survey Question

How would you rate overall employee satisfaction in your organization?



Nearly two-fifths of organizations rated employee satisfaction as high or very high.

What Are the Key Components of Employee Lifecycle Management?

The employee lifecycle starts with hiring and ends with retirement. Which parts of the cycle are most important? Respondents were consistent in ranking three elements as important: hiring, performance management, and continuing education and training.

Event tracking—which includes events such as pay changes, leave, disciplinary actions or any other type of employee record change—may be important to HR, but only half of respondents rated it as important to the organization.

Retirement, a phase that is very important to employees, is considered important to the organization by less than a third of respondents.

what matters most to the organization?

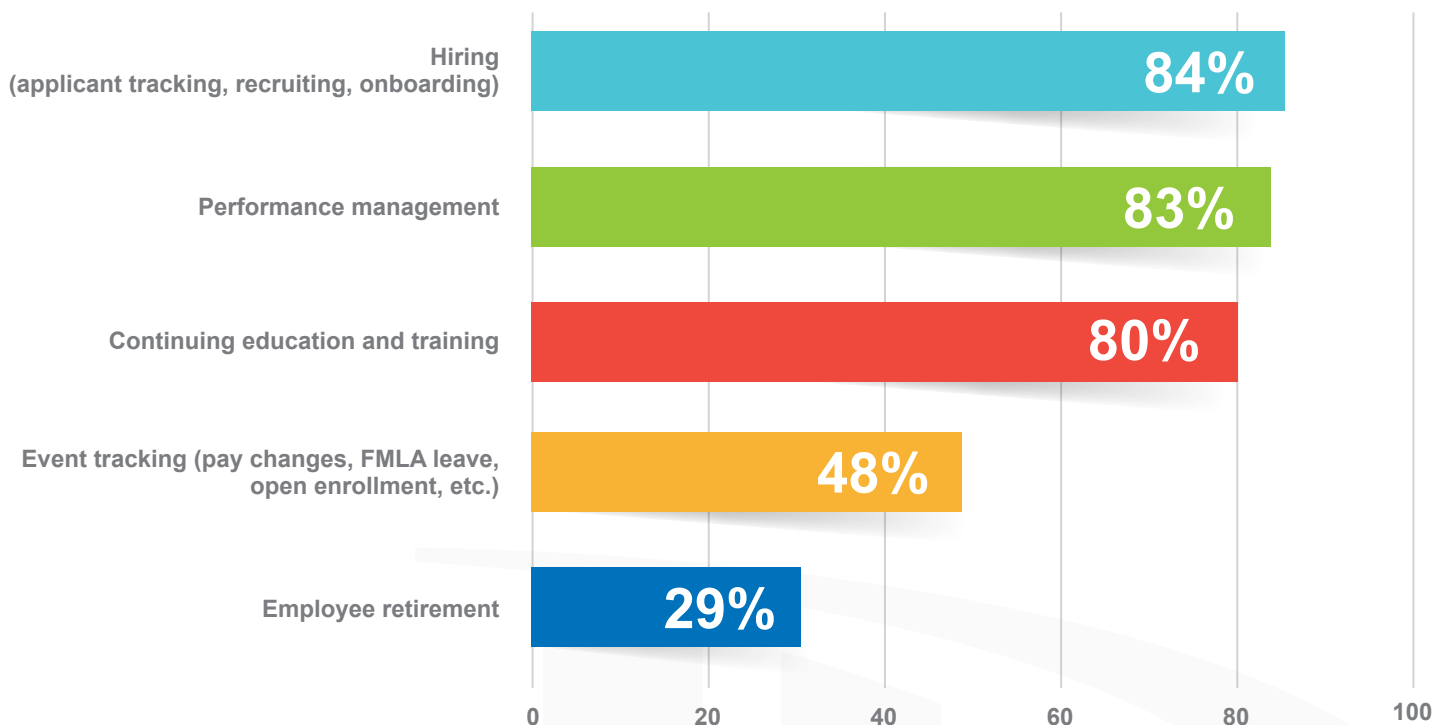


Hiring and performance management are ranked as being most important



Survey Question

Which employee lifecycle management tasks do you view as important to your organization's goals and strategies?



Three components of the employee lifecycle stand out as important.

It is interesting to look more closely at the two parts of the employee lifecycle that were viewed as less important: event tracking and employee retirement. The data shows both elements are linked to employee satisfaction. For example, over a third of organizations with high satisfaction consider employee retirement important, whereas only a quarter with lower satisfaction do. This suggests that all elements of the employee lifecycle matter and attending to the whole lifecycle might increase employee satisfaction. We will look more closely at those two factors later in this paper.



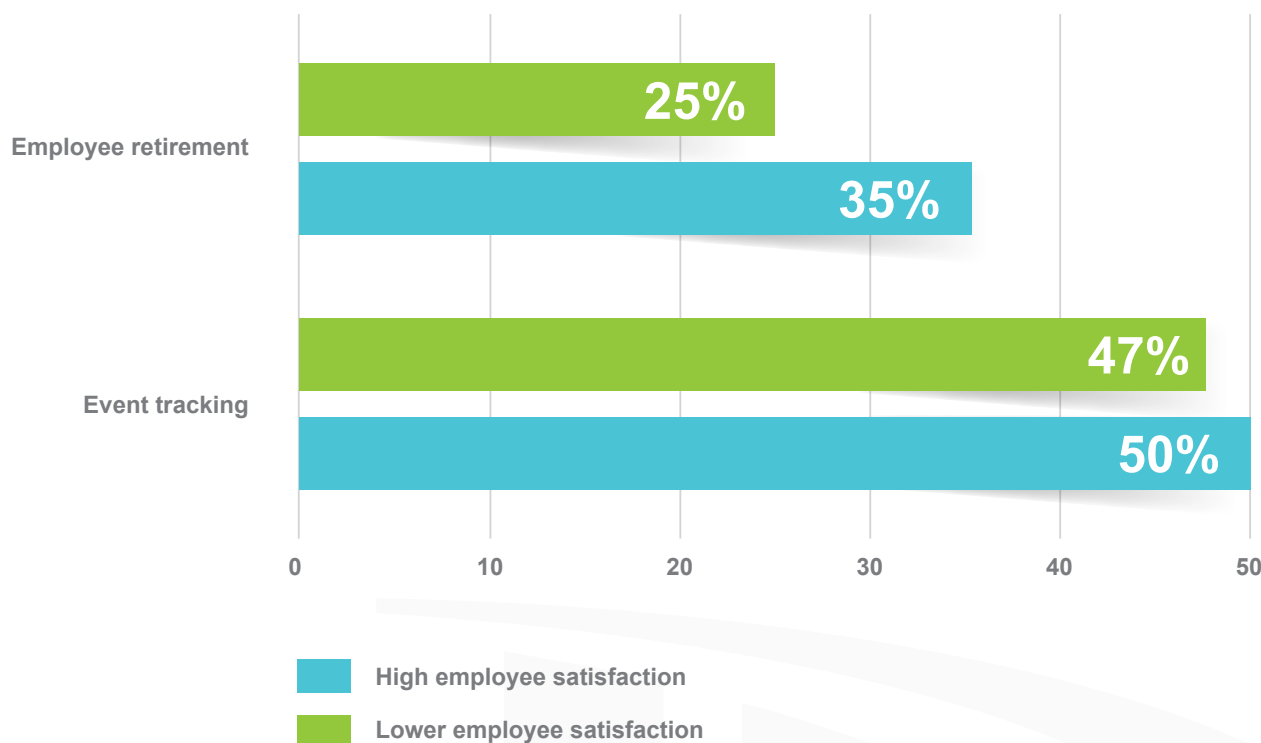
Organizations which see retirement as an important lifecycle task are more likely to have higher satisfaction

retirement
and event tracking
matter



Survey Question

Which employee lifecycle management tasks do you view as important to your organization's goals and strategies?



Event tracking and employee retirement are considered important to overall employee satisfaction.

What Are the Barriers to Employee Lifecycle Management?

Lifecycle management only works well if all the requisite foundations are in place. If you have the budget, the technology, the skills, and the time, then lifecycle management will probably run well. A shortfall in any one of these can create problems.

Only 8% of organizations were not facing any barriers to effective employee lifecycle management. Lack of budget/funds was the top-rated barrier because this handcuffs HR. In particular, it prevents them from getting an up-to-date technology infrastructure that will make the processes more efficient for HR and more pleasant for other stakeholders (i.e., candidate,

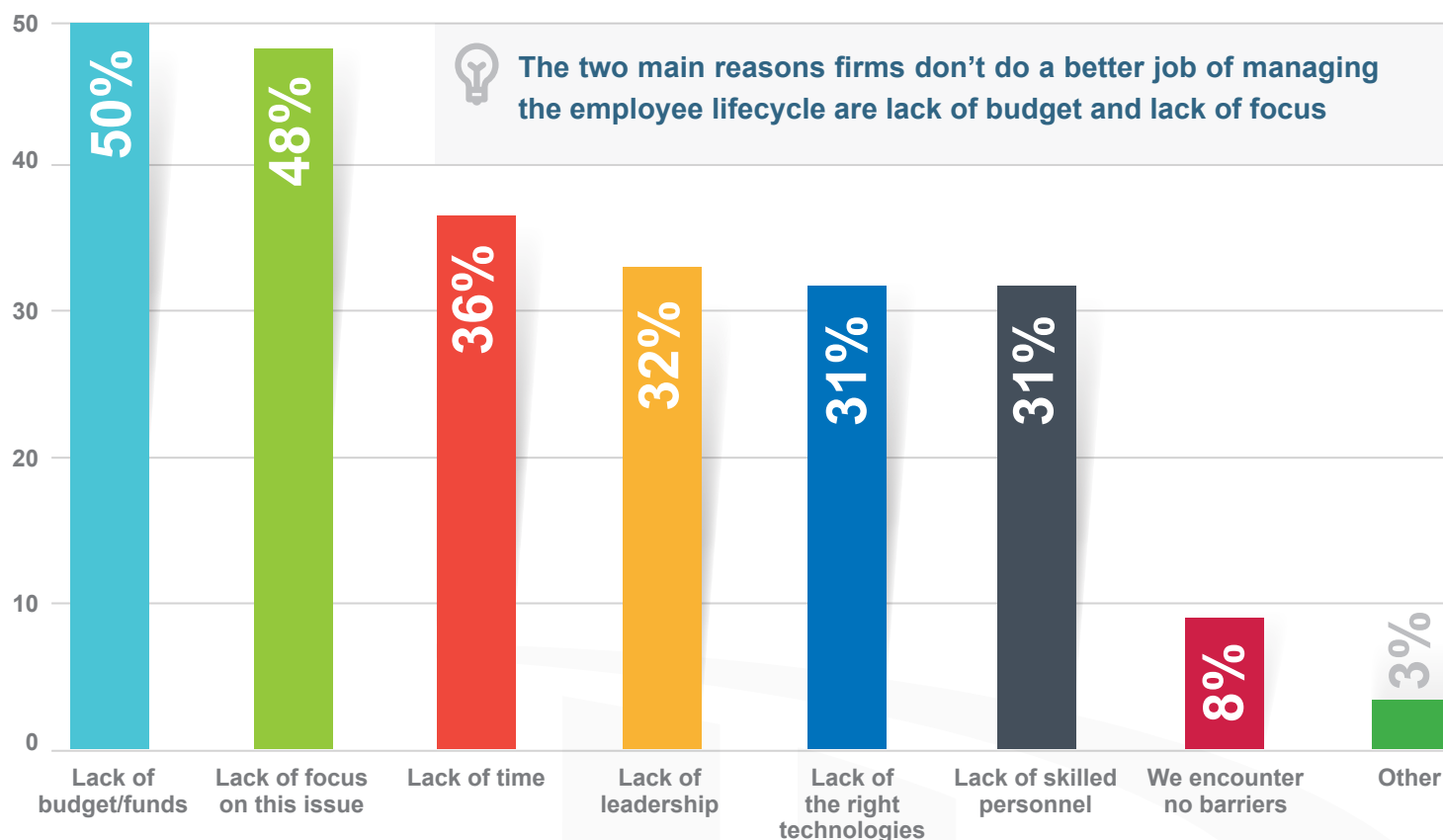
employees, and management). For example, one can certainly run the hiring process on a shoestring budget, but without funds it is difficult to invest the time in creating a great candidate experience.

The second most commonly cited barrier was a lack of focus on the employee lifecycle issue. This speaks to the common view that employee lifecycle management is merely an administrative issue, rather than a lever for driving employee engagement. Lifecycle management is one of those functions that no one notices when it works well, so it's incumbent on HR to continue to advocate for it.



Survey Question

What barriers are preventing your organization from better managing employee lifecycle processes?



92% of organizations encounter one or more barriers to employee lifecycle management.

What Are the Barriers to Employee Lifecycle Management?

Lack of leadership isn't the most common barrier to effective lifecycle management, but it may be the most important one. When we compare organizations with high or very high employee satisfaction to those with lower satisfaction, what leaps out is the difference between those that lack leadership and those that do not. Only 15% of firms with high or very high employee satisfaction suffer from a lack of leadership. Almost three times as many (43%) of those with average, low or very low satisfaction suffer from a lack of leadership.



Respondents from organizations with higher employee satisfaction tend to be less likely to view these issues as barriers

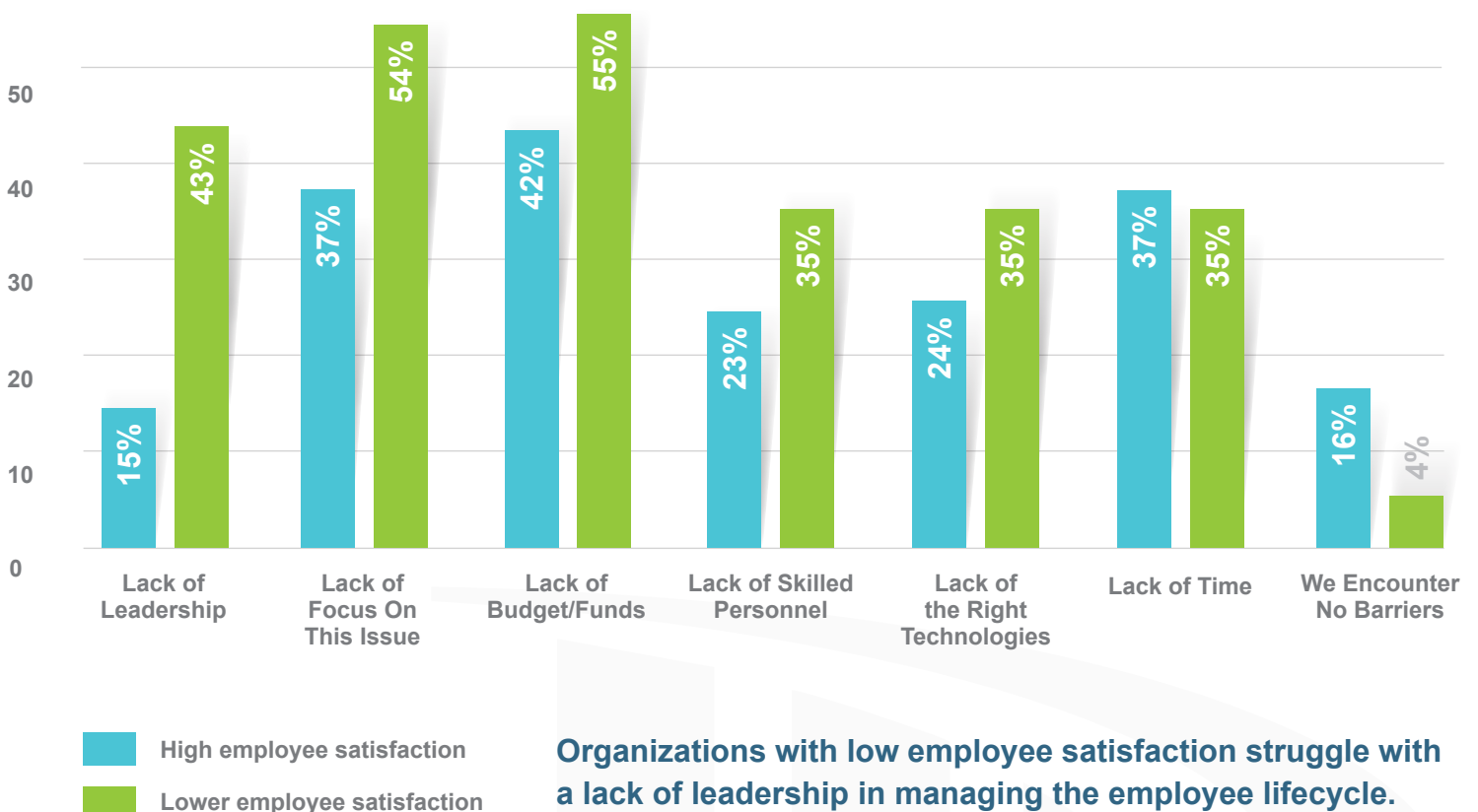
only 15%

of firms with high or very high employee satisfaction suffer from a lack of leadership.



Survey Question

What barriers are preventing your organization from better managing employee lifecycle processes?



What Are the Barriers to Employee Lifecycle Management?

Satisfaction with the retirement and hiring processes was generally better than satisfaction with other processes. However, even for these two processes only about a third of respondents said their organizations were highly or very highly satisfied. It's clear the barriers discussed earlier are having a significant impact.

It would be worthwhile to have a discussion with leaders about how to improve employee lifecycle management. Ask what level of satisfaction they want to achieve, and then move into a discussion of the barriers identified in this white paper and how to overcome them.

Based on other business literature, it is not surprising that the least satisfactory element is performance management. This continues to be an area in which many organizations struggle.

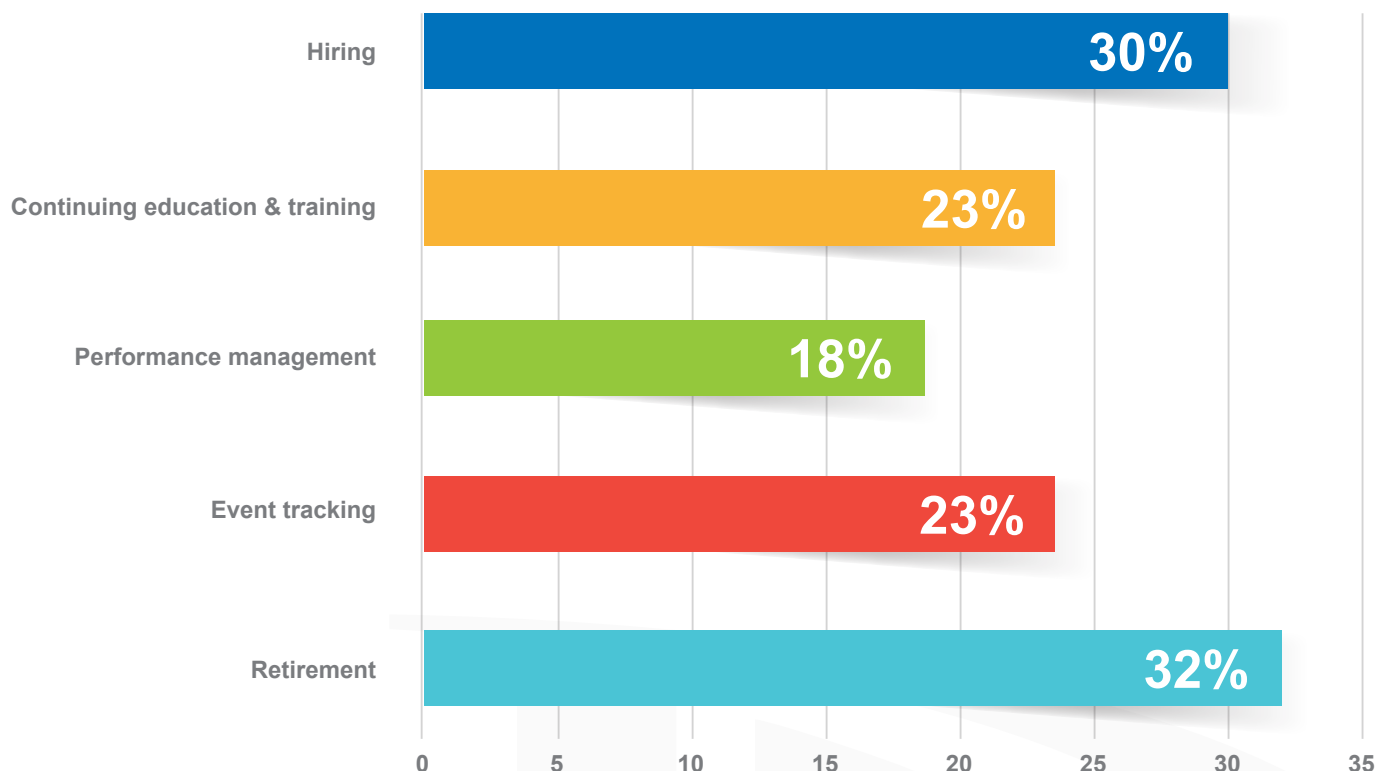


Retirement and hiring were the areas where organizations were most likely to be highly satisfied.



Survey Question

To what degree are you satisfied with [each element of the employment lifecycle]? (percent that responded high or very high)



Organizations are more satisfied with retirement and hiring processes than with other elements of the employee lifecycle.

What Is the Primary Technology Associated with Employee Lifecycle Management?

The graph below shows which technologies organizations are using for lifecycle management and how technology usage corresponds to perceived employee satisfaction rates.

The different types of systems, going from least to most comprehensive, are defined below:

- **ATS:** Applicant tracking systems that focus on recruiting.
- **HRIS:** These tend to have basic functionality such as benefits admin, compensation and reporting.
- **HCM:** These tend to have all the HRIS functionality plus functions such as succession, analytics, and performance management.

- **HRMS:** These tend to include functionality found in HRIS, HCM, and some additional functionality in areas such as time and labor management.

The notable conclusion from this is that organizations with the least comprehensive systems (ATS or no system) were more likely to have low employee satisfaction than high satisfaction, whereas those with more comprehensive systems (HRMS, HCM, HRIS) were generally more likely to have high satisfaction than low satisfaction.

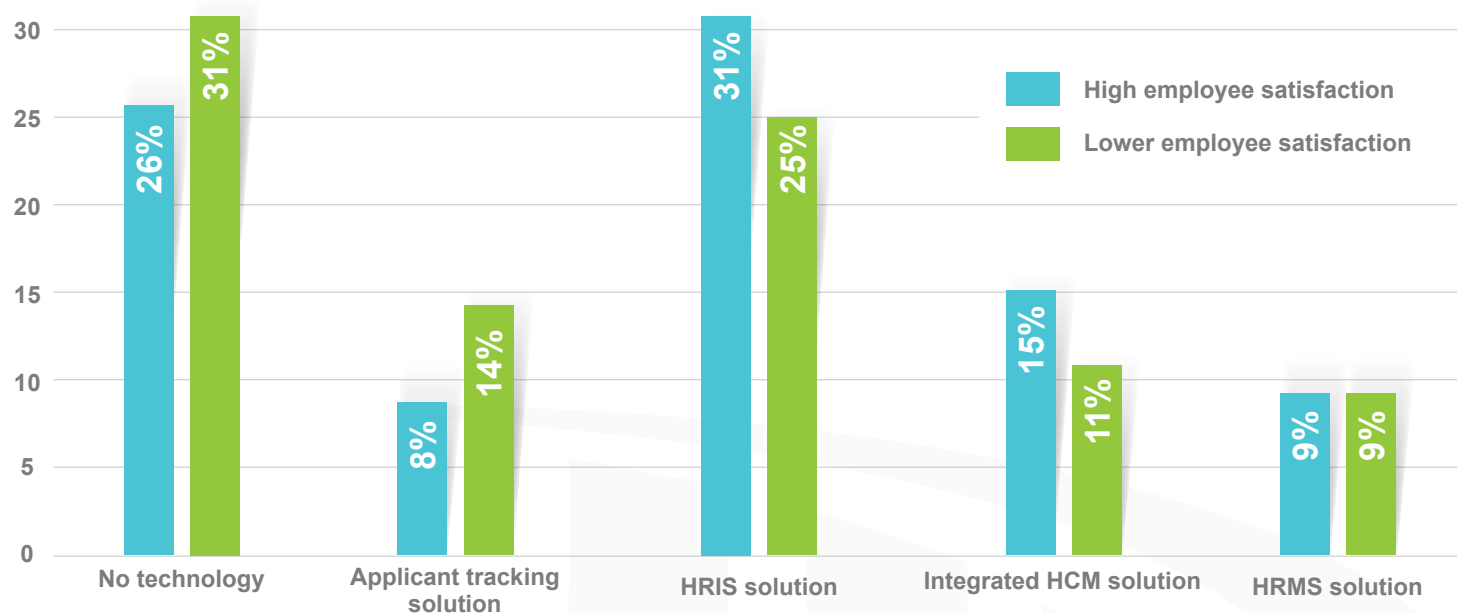


Organizations relying solely on an ATS for lifecycle management were more likely to have low employee satisfaction



Survey Question

What kind of technology system does your organization use for employee lifecycle management?



Poorer technologies are linked to lower employee satisfaction.

What Is the Primary Technology Associated with Employee Lifecycle Management?

Organizations are always looking for tactics to improve employee satisfaction. Data from this study suggests that making good use of human capital management technology is linked with high satisfaction. Organizations with higher employee satisfaction were almost three times as likely to make high or very high use of their human capital technology than organizations with lower satisfaction.



Survey Question

To what degree is your HR department taking full advantage of your current human capital related system (e.g., HCM system)? [% with high or very high usage]



Organizations with high employee satisfaction are three times as likely to make high or very high use of their HCM

human capital
management equals
satisfaction

High employee satisfaction

34%

Lower employee satisfaction

13%

0 10 20 30

High usage of human capital management technology is associated with higher employee satisfaction.

What Elements of the Recruitment Process Make a Difference?

Almost all the firms that are highly satisfied with the hiring process have a structured one (94%). It's worth noting, however, that 72% of firms with lower satisfaction around hiring also have a structured process. This implies that having a structured process in itself is not enough to make organizations highly satisfied with hiring. Some other factors must come into play.

The other factor considered in this study—whether or not they had an ATS—was not significantly linked with satisfaction with the process.

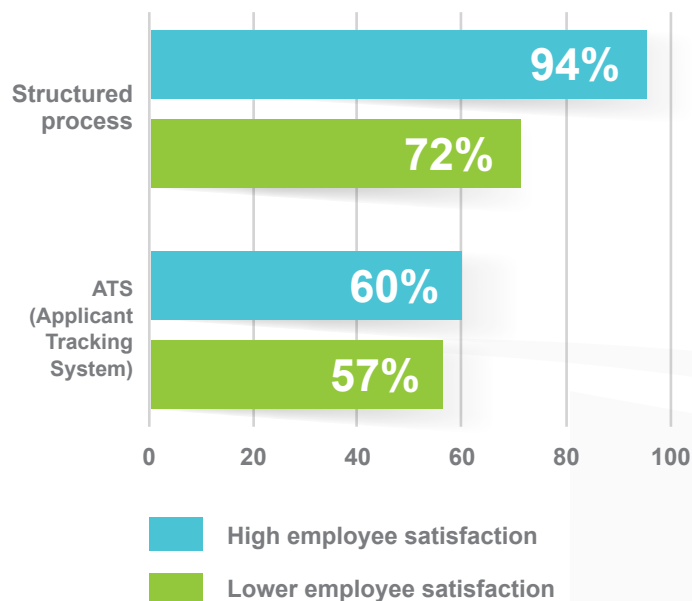


Almost every firm that is highly satisfied with hiring has a structured process (94%)



Survey Question

Does your organization currently have [this hiring factor] in place? (comparison of those highly satisfied with hiring to others)



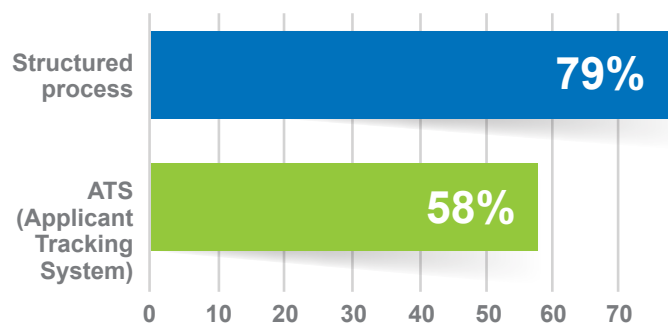
Among our respondents, almost 80% used a structured hiring process. A structured process improves the quality of decision making by ensuring no steps are overlooked. It also improves fairness, since all candidates face the same process.

More than half of respondents had an ATS (58%). Technology can be important in hiring due to the large volume of transactions. Without technology, a recruiter's time gets eaten up in administration rather than finding the best candidates. Technology also helps ensure there is a structured process which, as stated above, tends to lead to a better quality of hire.



Survey Question

Does your organization currently have [this hiring factor] in place?



Most firms have a structured hiring process (79%) and an ATS (58%)



A large majority of organizations have a structured hiring process

What Elements of the Continuing Education and Training Process Make a Difference?

Whereas most organizations have structured hiring processes, structured continuous education and training processes are much less common (46%). Likewise, only about a third of participants say their organizations have a Learning Management System (LMS).

These findings show that investment in a disciplined continuing education and training process is still not the norm. It is understandable that continuing education and training would have less structure and technology than recruitment because it is inherently more varied. Nonetheless, given the importance of employee learning, it often makes sense to bring discipline to the process.

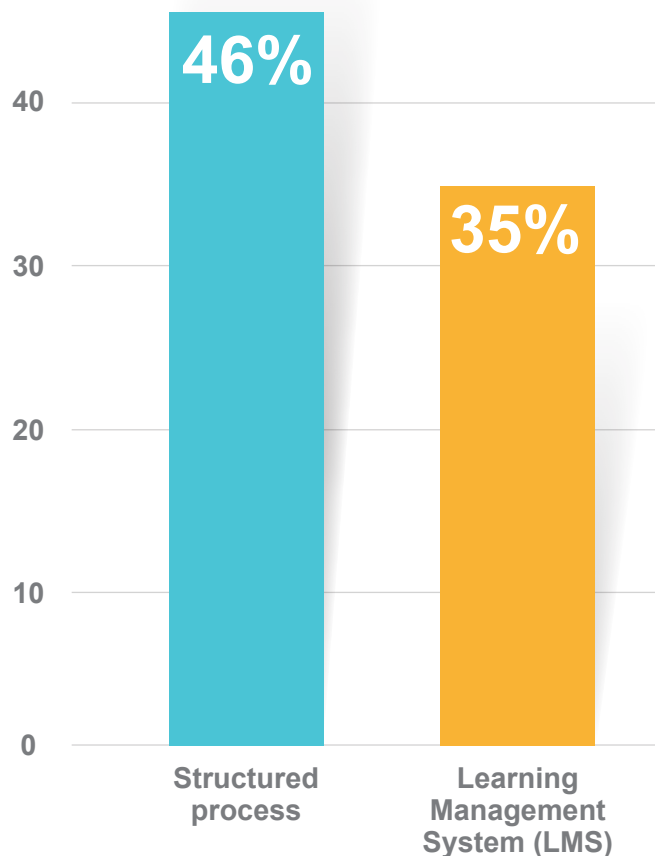


Survey Question

Does your organization currently have [this continuing education and training factor] in place?



Only about one-third of respondents have an LMS



Slightly fewer than half of the respondents had a structured approach to continuing education and training.

invest in a
disciplined
continuing education and training process

What Elements of the Continuing Education and Training Process Make a Difference?

When it comes to satisfaction with the continuing education and training process, there is a large difference in satisfaction between those who have a structured process and those who don't. Of the respondents who were highly satisfied with the continuing education and training process in their organizations, 86% had a structured process. Only 33% of the less satisfied companies had a structured process.

There was also a noticeable difference in satisfaction between those who had an LMS and those who did not. Of the respondents who were highly satisfied with the continuing education and training process,

49% said their organization had an LMS; only 33% of the less satisfied companies had an LMS.

Correlation is not causation, of course, but these findings suggest that creating a structured process and administering it with an LMS may help raise satisfaction rates with the entire process.

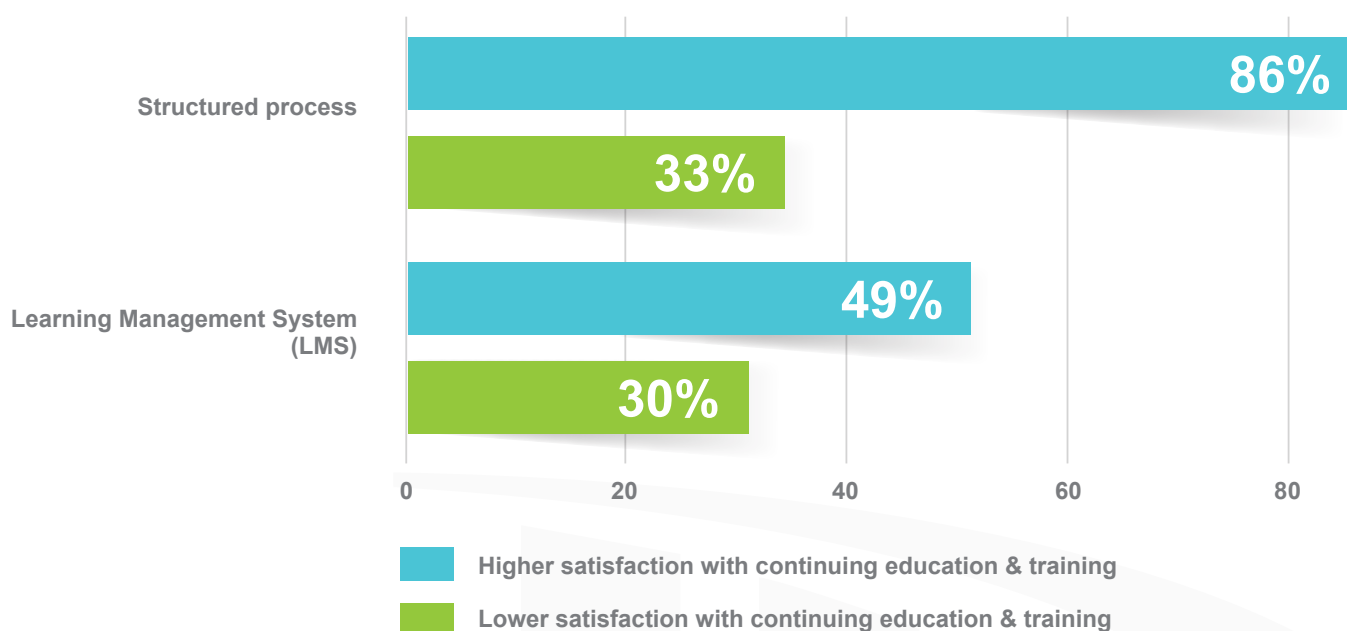


Two factors were strongly associated with satisfaction with continuing education and training: having a structured process and having an LMS



Survey Question

Does your organization currently have [this continuing education and training factor] in place? (comparison of those highly satisfied with continuing education and training to others)



HR is more satisfied with continuing education and training when they have a structured process in place.

What Elements of the Performance Management Process Make a Difference?

Performance management is a core pillar of the employee lifecycle, so it is appropriate to take a structured approach—which is what two-thirds of our respondents said their organizations did. However, only one-third use a performance management technology.

The performance management process can be famously labor intensive, so technology might be able to raise efficiency and effectiveness. In a manual process, a lot of the effort is likely to involve simply getting the process done, with less time left over to worry if it's being done well.



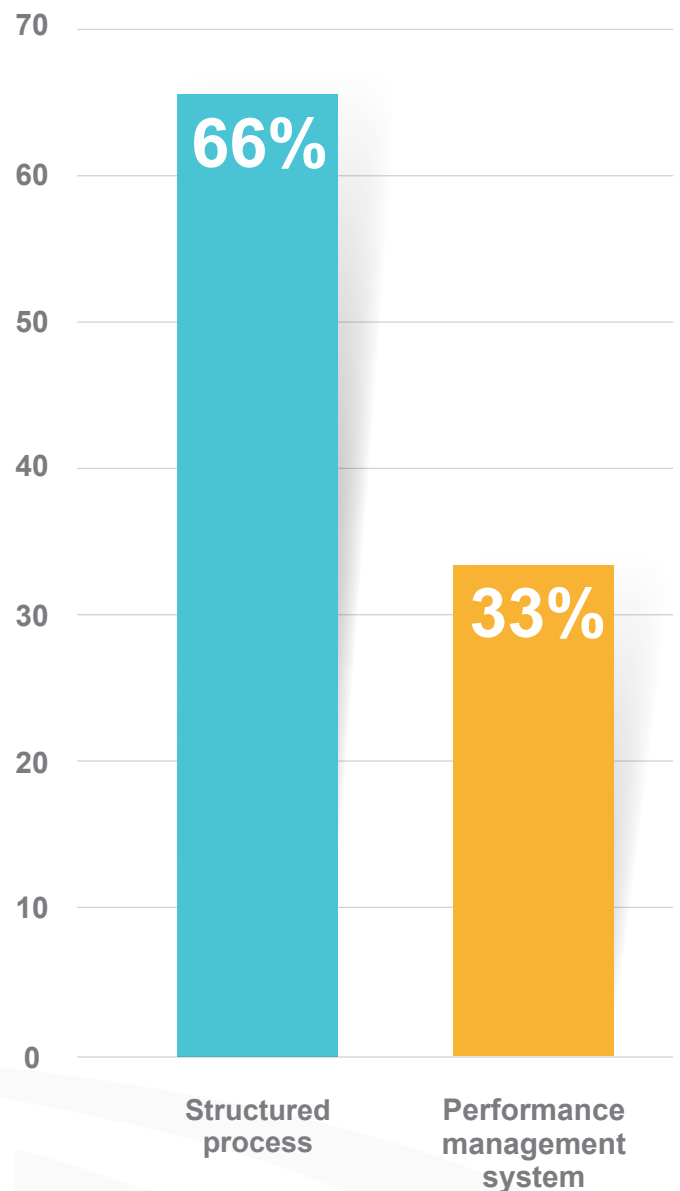
Survey Question

Does your organization currently have [this performance management factor] in place?

technology
increases
effectiveness



Only one-third of respondents have performance management technology



Two-thirds of respondents had a structured approach to performance management.

What Elements of the Performance Management Process Make a Difference?

Almost all of the organizations that are satisfied with the performance management process have a structured process (90%). However, it is also true that most of the organizations that are not highly satisfied (61%) also have a structured process. This suggests that without a structured process, organizations are less likely to be satisfied, but a structured process on its own is not enough.

Another factor associated with higher satisfaction is having performance management technology: highly satisfied organizations were much more likely to have technology than those that don't.



Two factors were strongly associated with satisfaction with performance management: having a structured process and having performance management technology



Survey Question

Does your organization currently have [this performance management factor] in place? (comparison of those highly satisfied with performance management to others)



HR is more satisfied with performance management when they have a structured process, but it's not the whole answer.

What Elements of Event Tracking Make a Difference?

Event tracking covers important HR events for each employee. These include events such as leave, pay rate changes, position changes, certifications, performance reviews, training courses, disciplinary actions, and so on. Such events tend to create administrative data that HR needs. The data can be used to initiate workflows and it can be a source of data for analytics.

Event tracking isn't glamorous, but that doesn't mean it's not important. Many, though not a majority, of organizations have structured processes to ensure they get it right. Fewer (about one-third) also have technology to help with event tracking.



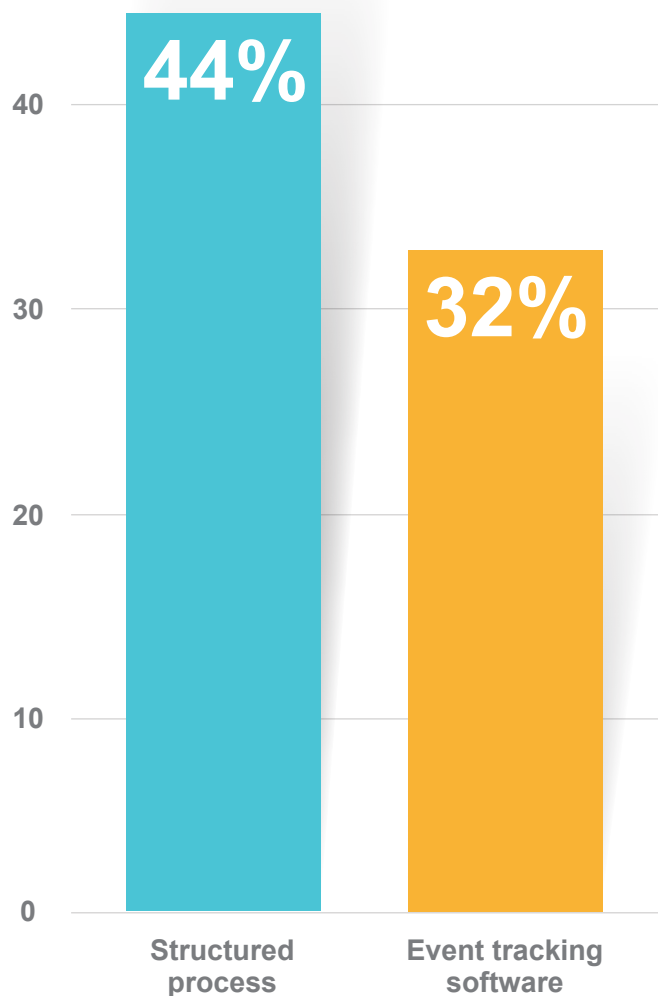
Survey Question

Does your organization currently have [this event tracking factor] in place?

make a
difference with
event tracking



One-third of respondents have event tracking technology



Just under half of respondents had a structured approach to event tracking.

What Elements of Event Tracking Make a Difference?

There is a consistent theme in the findings across the different elements of lifecycle management: that is, a structured process is important but not necessarily enough to lead to high satisfaction with a process. We see this again in event tracking, where 76% of highly satisfied firms have a structured process, while only 35% of less satisfied firms also have a structured process. This implies that a structured process is an important component but that other elements must also be in place.

One other element that leaps out as important is technology. Firms that are highly satisfied with event tracking are far more likely to have event tracking technology than their less satisfied peers.

refine your
structured
process

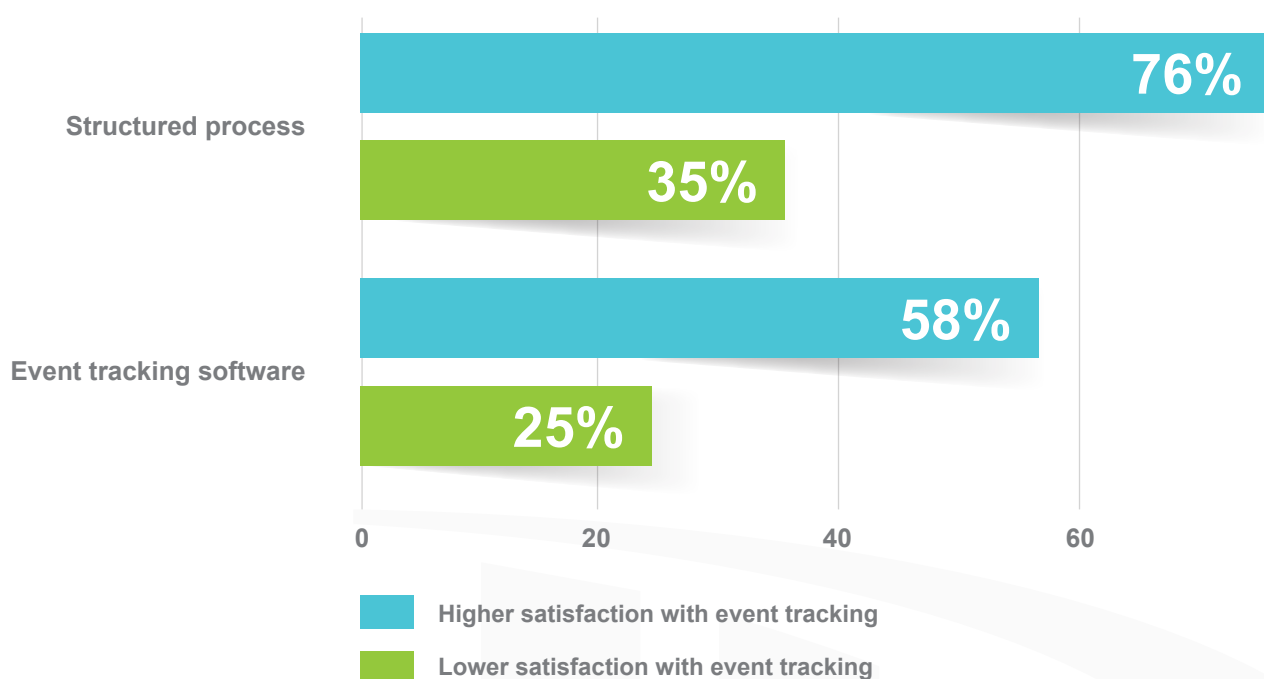


Two factors were strongly associated with satisfaction with event tracking: having a structured process and having event-tracking technology



Survey Question

Does your organization currently have [this event tracking factor] in place? (comparison of those highly satisfied with event tracking to others)



HR is more satisfied with event tracking when they have a structured process in place.

What Elements of the Retirement Process Make a Difference?

Assuming an employee stays with an organization, the last step in their lifecycle is retirement. Organizations should ensure this step goes well since it sends a message to all the remaining employees about how the organization values contributions over the course of a career. This last phase of the lifecycle includes the essential administrative paperwork but can also include steps such as a recognition ceremony for retiring employees.

Nearly half of all firms take a structured approach to retirement processes. If the number of retirements is low, then a structured process may not be necessary. However, even these companies should forecast the number of upcoming retirements. If a wave of them is coming, then the time to get a structured process in place is now.

Technology does not play a big role in retirement processes. Just under a quarter use technology to support this final part of the employment lifecycle.

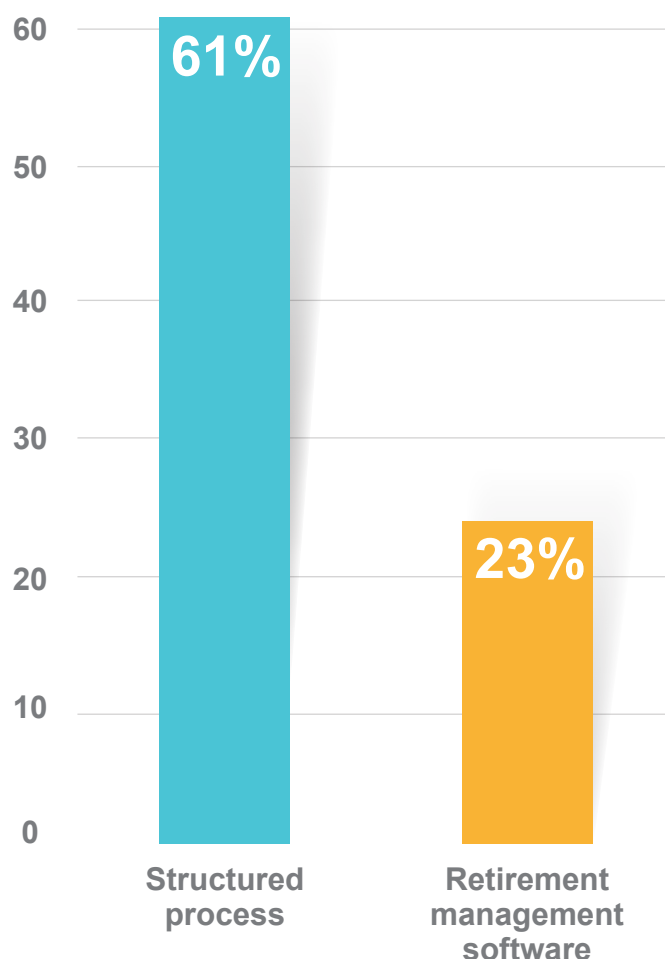


Survey Question

Does your organization currently have [this retirement process factor] in place?



Fewer than a quarter of respondents have technology to support retirement processes



Only a quarter of firms have technology for managing retirement processes.

technology complements retirement

What Elements of the Retirement Process Make a Difference?

The data showed half of the organizations failed to put a structured retirement process in place. Lack of a structured process is associated with lower satisfaction. Over 80% of firms that are highly satisfied with their retirement process have a structured one, compared to only 35% of those with lower satisfaction.

We see an even more dramatic difference when we look at technology. Nearly half of highly satisfied organizations had technology (44%), whereas very few (12%) of the less satisfied organizations did. This suggests that some organizations could potentially boost their satisfaction with retirement processes by developing a more structured process that is backed by technology.



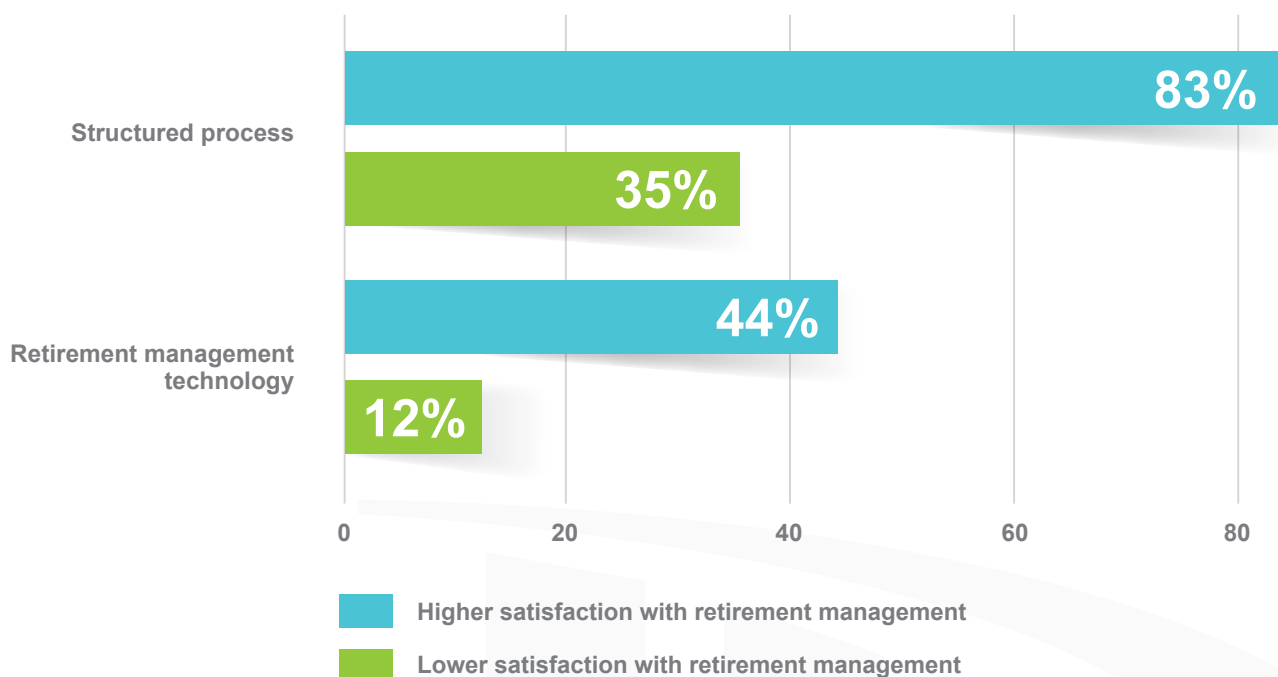
Having a retirement management technology was associated with higher satisfaction with the entire process

retirement
should be
structured



Survey Question

Does your organization currently have [this retirement process factor] in place? (comparison of those highly satisfied with event tracking to others)



HR is more satisfied with retirement management when they have a structured process in place.

Are Standalone Systems Better?

Despite the obvious appeal of having a single integrated system, standalone solutions are reasonably common. For recruiting (ATS) and retirement management, more than half of respondents had standalone solutions. For the other elements of the employee lifecycle, 33% to 41% had a standalone solution.



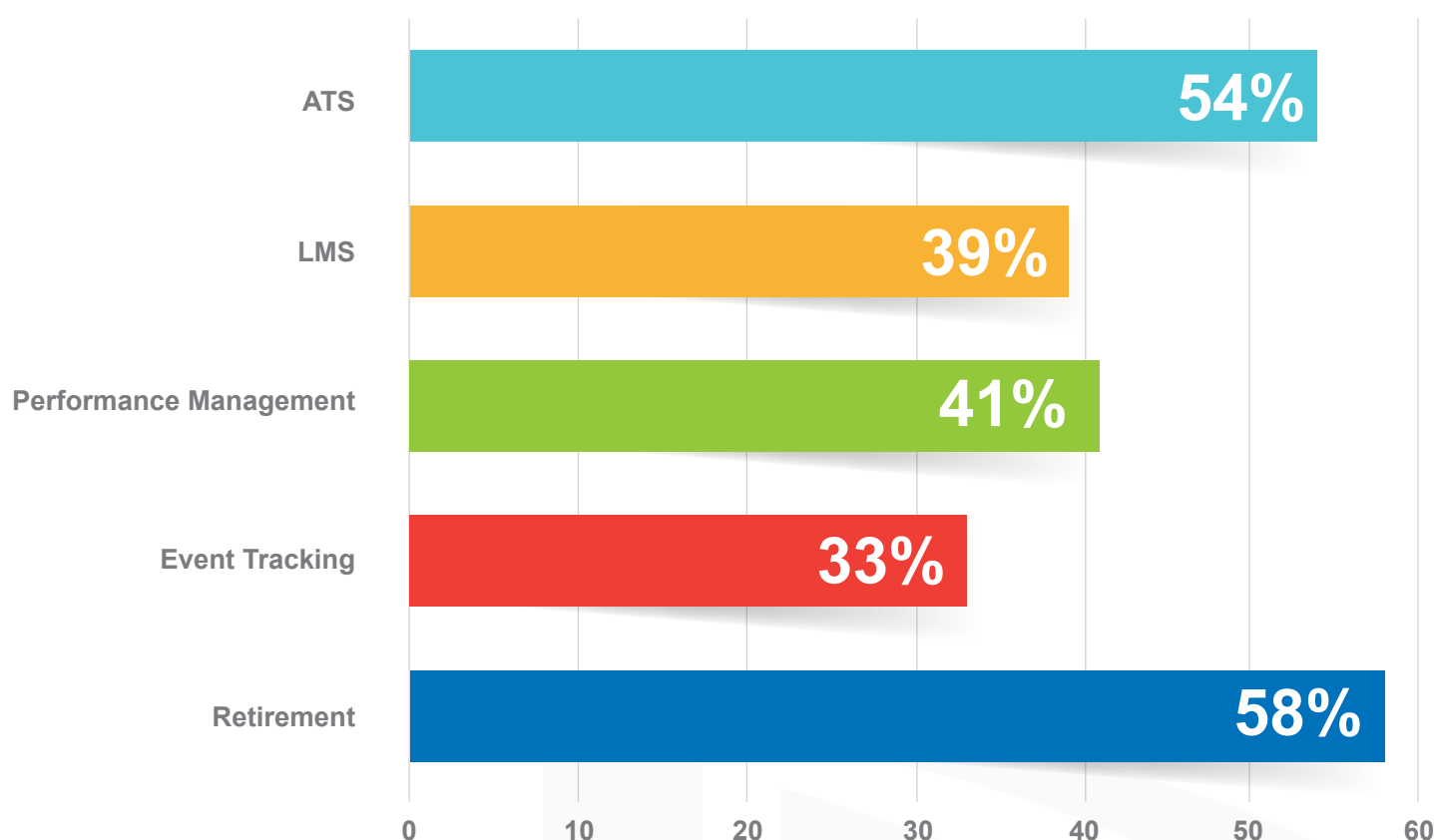
Standalone systems are fairly common

over 50%
of recruiting and retirement management
respondents had
standalone solutions



Survey Question

Does your organization currently have [a standalone system] in place?



For recruiting (ATS) and retirement management, a majority of firms use standalone technology.

Are Standalone Systems Better?

There is a long-standing debate on the merits of integrated systems versus standalone ones. Integrated systems have the advantage of standardized user interfaces and shared data; standalone solutions often have more features. This study shows that for most elements of the employee lifecycle, there are no large differences in satisfaction between integrated and standalone solutions. The one exception is retirement management, where standalone systems were associated with higher satisfaction rates.



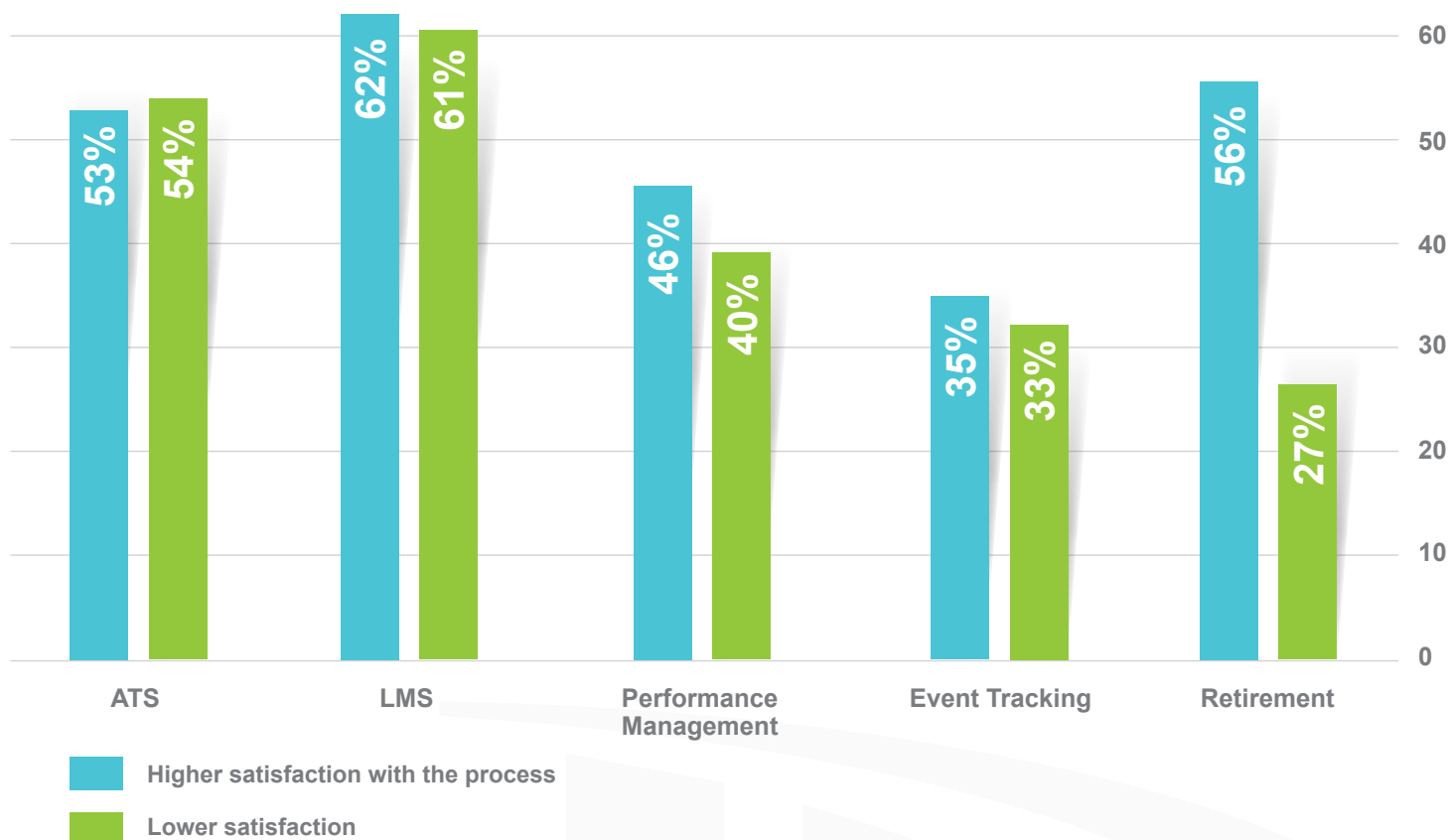
Organizations with a standalone retirement process were much more likely to be satisfied with that process

what is the
best solution
for you?



Survey Question

Does your organization currently have [a standalone system] in place? (Comparison of level of satisfaction with process)



With the exception of retirement systems, there is not a large difference in terms of satisfaction between standalone and integrated systems.

Top Takeaways

What key lessons can we learn from this research? Below are several takeaways:

1. Invest time in getting leadership to appreciate the value of a well-managed employee lifecycle.

When looking at the employee lifecycle, the issue that is the greatest differentiator between high employee satisfaction and lower levels of employee satisfaction is leadership support. It can be difficult to get leaders immediately on board with supporting investment in a well-managed employee lifecycle, so take your time in gradually illustrating examples where it can positively impact a part of the business they care about.

2. Strive for greater balance among core elements of the employee lifecycle.

It's true that hiring is crucial, especially at a time when the economy is growing and unemployment rates are low. But performance management and continuing education and training are also key to overall company success. Don't let the demands of one part of the lifecycle lead to the neglect of the others.

3. Begin paying more attention to retirement processes.

Too few organizations see retirement processes as important. With the coming wave of baby boomer retirements in sight, it's time to revisit those processes.

4. Create structured processes for the key components of the employee lifecycle.

One of the most striking and consistent findings in this study was organizations with structured processes were more likely to be highly or very highly satisfied with the process. Get that structure in place.

Top Takeaways

Takeaways continued:

5. Rethink event tracking.

One of the points of event tracking is glean key data. In a world of better analytics, you can gain insights into the workforce by looking at trends in employee events. This may prove to be especially useful for understanding how the Millennial workforce is different from the older workforce. In other words, proper event tracking can lead to better strategic workforce management.

6. Use technology to better manage each element of the employee lifecycle.

In most cases, the study showed that organizations that had technology to manage a process were more likely to be highly or very highly satisfied with the process. It appears that having the right tools at hand does make a difference.

7. Don't rely solely on structure or technology to fix a process.

There are no silver bullets for managing the employee lifecycle. The study shows there are some companies that have both technology and structured processes but are still dissatisfied with their overall process. Therefore, be disciplined in determining needs and be careful in implementing change so the organization gets a process that delivers results.

8. If you are not deriving benefits from your human capital management technology, find out why and fix it.

Organizations that make good use of their HCM technology tend to have more satisfied employees. Uncover any barriers that prevent more extensive use of the human capital management technology and create a road map for overcoming those barriers. Be aware that some problems won't be fixable in the short term; that's why you need to map out a longer term plan and get leadership to buy into the new technology.



APS, is a technology company offering award winning workforce management solutions for mid-sized organizations. APS brings innovation and scalability to modern human capital management. We believe that our clients, their employees, and our partners deserve the best, easy-to-use human capital management platform delivered with personalized service and support. We build our unified technology from the ground up, focusing on usability, efficiency, and adoption. APS understands the challenges organizations of all sizes face, which is why we craft a full spectrum of cloud solutions that address all aspects of employee management.

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About This Survey

The survey, called “The State of Employee Lifecycle Management,” was fielded in December 2017 and January 2018. There were responses from 500 participants, with 396 responding to every question. Respondents were HR professionals or worked in related areas.

The participants represent a broad cross-section of employers by number of employees, ranging from small businesses with under 50 employees to enterprises with 20,000 or more employees. Just over 40% of respondents represented organizations with 500 or more employees.

APS, the company that partnered with HR.com on this research, provides award-winning human capital management solutions to mid-sized companies.