
Over the past several years, many corporations and institutions of higher education have turned to human resources management/talent management practices and solutions to help them weather the uncertain economic climate. In the following report, some human resource management and talent management trends and best practices will be briefly overviewed. Attention will be paid both to general trends and best practices as well as more specific human resource management/talent management solutions as practiced in the higher education sector. Finally, several trends in human resource management systems will be described.

The global 2008 financial crisis has, of course, made a lasting impact on the structure and culture of academic and corporate institutions. Even after two years, the world’s economies, including those of Canada and the United States, are struggling to weather the effects of the economic downturn.

Though both countries have technically emerged from the depths of recession, the crisis has persisted in the lives of many ordinary people. For example, according to the metric of gross domestic product, Canada has emerged from the recession relatively quickly. As presented in Figure 1 below, real growth domestic product percent change has been positive since the third quarter of 2009.

![Figure 1: Real Gross Domestic Product, Canada](http://www.statcan.gc.ca/daily-quotidien/100831/t100831a1-eng.htm)

<table>
<thead>
<tr>
<th></th>
<th>Change (%)</th>
<th>Annualized Change (%)</th>
<th>Year-Over-Year Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Quarter 2009</td>
<td>-1.8</td>
<td>-7.0</td>
<td>-2.5</td>
</tr>
<tr>
<td>Second Quarter 2009</td>
<td>-0.7</td>
<td>-2.8</td>
<td>-2.8</td>
</tr>
<tr>
<td>Third Quarter 2009</td>
<td>0.2</td>
<td>0.9</td>
<td>-3.1</td>
</tr>
<tr>
<td>Fourth Quarter 2009</td>
<td>1.2</td>
<td>4.9</td>
<td>-1.1</td>
</tr>
<tr>
<td>First Quarter 2010</td>
<td>1.4</td>
<td>5.8</td>
<td>2.2</td>
</tr>
<tr>
<td>Second Quarter 2010</td>
<td>0.5</td>
<td>2.0</td>
<td>3.4</td>
</tr>
</tbody>
</table>

Source: Statistics Canada.

Likewise, the United States economy has experienced growth for the last several quarters (see Figure 2).

![Figure 2: Real Gross Domestic Product (Percent Change From Preceding Period), United States](http://www.bea.gov/newsreleases/national/gdp/2010/pdf/gdp3q10_adv.pdf, p.5)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>I</td>
<td>II</td>
</tr>
<tr>
<td>Gross Domestic Product</td>
<td>-4.9</td>
<td>-0.7</td>
</tr>
</tbody>
</table>

* Third quarter 2010 GDP an advance estimate.
Source: U.S. Department of Commerce Bureau of Economic Analysis.

However, unemployment in both countries has remained stubbornly high. In Canada, the unemployment rate was measured at 7.9 percent in October 2010,

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reflecting a rise in full-time but a drop in part-time employment. In the United States, unemployment has remained even higher and was set at 9.6 percent in October 2010. This is despite the fact that “Nonfarm payroll employment increased by 151,000 in October.”

Obviously, the high unemployment rate has implications for staffing issues, and economic conditions have impacted human resources and talent management practices. As economic conditions improve, the hiring plans of companies worldwide will adjust, and it is important that HR strategies be in place to meet this shift.

In this report, Hanover Research provides an overview of best practices in human resources and talent management, with special attention given to quantitative and qualitative data pertaining to higher education. We also provide an overview of Human Resource Management Systems.

Key findings of this study are as follows:

- Despite the still-sluggish economy, organizations can take steps to improve their human capital. For example, a 2008 McKinsey Quarterly article notes that economic downturns are a prime time for organizations to upgrade their talent, thanks in part to the glut of qualified job seekers in the market.

- Companies should take note of the fact that, according to research, employees often find non-financial incentives to be effective motivators. These may include praise from immediate managers and opportunities to lead projects.

- The experiences of many institutions of higher education in the past several years has highlighted the need for more effective human resources and talent management practices in the face of budget pressures and looming retirements.

- As recently as 2008, a large majority if institutions of higher education did not employ a dedicated talent management executive.

- Many institutions of higher education in the United States appear to be managing their recruiting process manually using paper applications or with basic online tools such as spreadsheets. Over 30 percent of U.S. institutions surveyed in 2009 reported that they were not using recruitment metrics.

In a recent study of university staff in one administrative unit at a major U.S. university, Harding and Worline noted that practices such as quality feedback, frequent communication, and effective delegation of responsibilities had an effect on the morale and productivity of these university staff members.

One “tool” used by many corporations and other organizations to manage human resource issues is a human resource management system, or HRMS. These systems have evolved considerably over the years and are now being combined with talent management applications and other HR-related processes.

Despite the evolution of the HRMS, these systems appear to often be under-utilized by institutions of higher education. However, Jim McGlothlin, the vice president of Higher Education Applications Strategic Programs at Oracle, forecasts that the pressures facing many institutions will force them to begin making better use of the full capabilities of advanced HRMS systems in the near future.
**Best Practices in Human Resource Management and Other Trends**

Obviously, times of economic stress can increase the chances that a given company will lose one or multiple valuable contributors: reductions in staff headcounts could inadvertently claim “top performers,” and layoffs, salary/benefit reductions, or other cost cutting measures can damage employee morale as well as the reputation of the institution among job seekers. However, human resources and management literature outlines several steps and strategies that companies and institutions may adopt to positively impact a workforce both during and after a recession. For example, in a December 2008 article for *McKinsey Quarterly*, authors Matthew Guthridge, John McPherson, and William Wolf note that companies can use the economic downturn to actually **upgrade their organizational talent**. The authors note: “Companies can maintain their attractiveness to internal and external talent by using cost-cutting efforts as an opportunity to redesign jobs so that they become more engaging for the people undertaking them.” As an employee’s sense of job satisfaction is influenced by his or her level of responsibility, autonomy, and “span of control,” reductions in staffing force can allow companies to improve the working environment for remaining employees, thereby yielding greater and higher quality production.

Companies and institutions should ensure that **training and development** programs are protected from budget cuts so that employees who are taking on redesigned positions, which offer them increased control and responsibility, are adequately prepared for their new duties. Organizations should also focus on identifying strong employees before engaging in widespread layoffs. In general, layoff decisions should emerge from strategic analysis. For example, institutions should “assess which types of talent drive business value today and which will drive it three years from now, as well as which talent segments are currently available and which will be in the future.” Institutions should also be aware of the types of talent that cannot be easily replaced—some talents are in short supply and some skills simply take longer than others to develop.

Furthermore, institutions must be mindful of the internal and external changes in reputation that may follow cost cuts. Many companies conduct large scale downsizing in a manner which “decreases efficiency, morale, and motivation on the part of remaining employees.” These downsizing efforts can also increase voluntary turnover and make potential employees wary accept what is perceived as an insecure

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6 Ibid.
7 Ibid.
8 Ibid.
9 Ibid.
10 Ibid.
position.11 This issue is particularly relevant during a recession, when cost-cuts are more prevalent but institutions also have a greater ability to bring high-quality candidates on board. As Guthridge, McPherson, and Wolf point out: “Studies have shown that although overall levels of recruitment may level off or even fall, the quality of workers hired rises in recessions.”12 For example, large layoffs in the 2008 recession made available a surplus of highly educated and qualified employees, from which employers can select.

Managing a company’s internal and external reputation can require creativity. For example, the negative reactions generated by 2001 layoffs at Cisco were counteracted by the severance packages and other forms of assistance the company offered to its exiting employees. In addition to generous severances, Cisco endeavored to help laid-off employees with their job searches and even offered a program that “paid one-third of salary, plus benefits and stock options, to ex-employees who agreed to work for a local charity or community organization.”13 Thanks to these efforts, Cisco employee satisfaction stayed high and the company remained ranked as one of the “Best Companies to Work For” list in Fortune magazine.14

Companies should also be mindful of hiring and compensation trends in the larger economy. Many companies in the U.S. and world economy have undergone painful budget cuts and/or layoffs during the recession. For example, in a March 2010 survey by the Society for Human Resource Management, 65 percent of respondents indicated that they “allowed attrition” in the previous six months, 52 percent indicated that they “froze employee wage increases,” and 43 percent implemented layoffs (see Figure 3).

Figure 3: “Please Indicate Whether Each of the Following Have Occurred in Your Organization within the Past Six Months as a Result of the Financial Challenges to the U.S. and Global Economy (Selected Results)15

<table>
<thead>
<tr>
<th>Occurrences</th>
<th>March 2010 (n = 414)</th>
<th>October 2009 (n = 371)</th>
<th>March 2009 (n = 462)</th>
<th>October 2008 (n = 633)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Made Budget Cuts Across the Entire Organization</td>
<td>67%</td>
<td>73%</td>
<td>71%</td>
<td>-</td>
</tr>
<tr>
<td>Allowed Attrition</td>
<td>65%</td>
<td>63%</td>
<td>63%</td>
<td>72%</td>
</tr>
<tr>
<td>Froze Employee Wage Increases</td>
<td>52%</td>
<td>54%</td>
<td>49%</td>
<td>3%</td>
</tr>
<tr>
<td>Cut Employee Bonuses</td>
<td>46%</td>
<td>48%</td>
<td>44%</td>
<td>-</td>
</tr>
<tr>
<td>Implemented Layoffs</td>
<td>43%</td>
<td>52%</td>
<td>47%</td>
<td>48%</td>
</tr>
</tbody>
</table>

11 Ibid.
12 Ibid.
13 Ibid.
14 Ibid.
As can be seen, many corporations in the U.S. report allowing attrition and/or implementing layoffs in the last year. It should also be noted that, as of March 2010, over four in ten human resource professionals surveyed reported that their employer had retrained employees for new positions within the organization.

Institutions of higher education, especially, are struggling to find the money for salary increases. According to Linda Lulli, associate vice president of human resources at Bryant University and member of SHRM’s Total Rewards/Compensation and Benefits Special Expertise Panel, many institutions “cannot afford sizable salary hikes this year due to persistent weakened economic conditions,” and some are “struggling” to find funds for raises of 1 or 1.5 percent.

Given these conditions, universities may do well to consider other, nonfinancial methods for retaining key employees. As an August 2010 McKinsey Quarterly article notes, many companies approach the issue of employee retention by “throwing financial incentives at senior executives, star performers, or other ‘rainmakers.’” However, this money is often simply unnecessary. As the authors note, many recipients of financial incentives would have stayed anyway, while others may harbor nonmaterial concerns with work that are not effectively mitigated by an increase in remuneration. Instead of this approach, Cosack, Guthridge, and Lawson support a

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<th>October 2008 (n = 633)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retrained Employees for New Positions Within the Organization</td>
<td>43%</td>
<td>42%</td>
<td>34%</td>
<td>10%</td>
</tr>
<tr>
<td>Implemented Hiring Freezes (No New Hires)</td>
<td>39%</td>
<td>42%</td>
<td>52%</td>
<td>48%</td>
</tr>
<tr>
<td>Halted Plans for Business Growth/Expansion</td>
<td>32%</td>
<td>37%</td>
<td>42%</td>
<td>-</td>
</tr>
<tr>
<td>Hired More Contract/Temporary/Contingent Employees Than Usual</td>
<td>19%</td>
<td>16%</td>
<td>8%</td>
<td>12%</td>
</tr>
<tr>
<td>Restructured Executive Compensation and/or Executive Severance Packages (In Addition to what may be Specified in Federal Bailout Legislation)</td>
<td>13%</td>
<td>15%</td>
<td>18%</td>
<td>-</td>
</tr>
<tr>
<td>Implemented Salary Reductions (Without Reduction in Hours)</td>
<td>11%</td>
<td>15%</td>
<td>15%</td>
<td>5%</td>
</tr>
<tr>
<td>Offered Early Retirement to Employees</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Note: Survey was fielded in March/April 2010 and consisted of 419 randomly selected human resource professionals from the Society for Human Resource Management’s membership. The response rate to the survey was 16 percent.


16 Ibid.
19 Ibid.
response that “starts with identifying all key players, but targeting only those who are most critical and most at risk of leaving. These people are then offered a mix of financial and nonfinancial incentives tailored to their aspirations and concerns.”  

Instead of merely targeting retention efforts at high-potential employees and senior executives, Cosack, Guthridge, and Lawson suggest that corporations must also look for more “average performers” who feature skills and/or social contacts that are crucial for short or long term success. For example, the authors note that “In one merger we recently observed, certain sales support personnel who filled orders and took inventory turned out to be just as important as the star salespeople.” After developing a list of key employees—which the authors note often totals between 30 and 45 percent of the workforce—human resources personnel can identify individuals who are to be offered targeted retention efforts. Recipients may amount to between 5 and 10 percent of employees. When identifying “key” personnel, the company should consider two facets of each employee: 1) the impact the employee’s departure would have on business operations, and 2) the probability that the given employee will leave.

Once this process has been accomplished, Cosack, Guthridge, and Lawson note that companies should be careful to consider the mindsets of different employees. One-size-fits-all retention efforts are often unsuccessful in retaining diverse groups of employees. As an example, the authors point to a recent employee retention effort at a European industrial company in the midst of launching a new centralized trading unit that required a large group of employees relocate to another country. When executives at this company started to focus on the needs of individuals in an effort to improve retention, they found that among the key “at-risk” employees were two groups with two different mindsets. The first of these groups consisted of employees who were worried about relocating because of potential impact on their families, while the second group were more career-driven and wondered if staying and finding another job would be a better move.

In conversations with individual employees in the first (family-oriented) group, executives discussed how the company could encourage these employees to stay. As Cosack, Guthridge, and Lawson put it:

> On the menu of incentives: an increase in base pay, assistance in finding schools and kindergartens for their children, career counseling for their spouses, language training, and alternative work arrangements so employees could work at home or commute instead of relocating.”

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20 Ibid.
21 Ibid.
22 Ibid.
A different tact was taken with the second, more career-focused group. In conversations with these individuals, managers offered cash bonuses but also focused on the organizational chart of the new unit. It was important for individuals “who had held senior roles in their local organization” to know what their new responsibilities would be, and for more novice staff to know who their new bosses would be. Executives invited “a dialogue with each individual about his or her future career and leadership opportunities in the context of the unit’s new strategy.”

This more targeted approach ended up costing the European industrial company just 25 percent of the budget it had previously spent on a broader, cash-based retention effort, but the results were nonetheless positive. A year after its launch, approximately eight in ten staff who had received targeted attention had begun to work at the company’s new location; this percentage was significantly higher than the group that did not receive such targeted retention efforts.

Such a case study highlights the fact that retention is about more than money.

Other McKinsey Quarterly research has corroborated the fact that nonfinancial incentives can effectively motivate employees. For example, in a November 2009 article, authors Martin Dewhurst, Matthew Guthridge, and Elizabeth Mohr point to a June 2009 McKinsey & Company survey of 1,047 executives, managers, and other employees from around the world. The survey reveals that respondents feel that three noncash motivators are even more effective than the three highest-rated financial incentives. Respondents indicated that praise from immediate managers, attention from leaders, and opportunities to lead task forces or other projects are even more effective than performance-based bonuses, increased pay, and stock/stock options. Results to this survey are illustrated in the Figure 4, below.

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23 Ibid.
24 Ibid.
25 Ibid.
27 Ibid.
Findings from another recent survey conducted by the consulting firm Deloitte also underscore the importance of non-financial motivators. In a September 2009 survey of 368 employees from companies with over $500 million in revenues in the three major economic regions of the world: “the Americas; Asia Pacific; and Europe, the Middle East, and Africa,” Deloitte asked respondents what top three retention initiatives would convince them to stay with their current employers. Financial factors led the way by a significant 15-point margin, with additional compensation at 43%, additional bonuses or financial incentives at 41%, followed by strong leadership and job advancement expectations at 28%.

While based on these findings it might be assumed that financial incentives are the drivers of employee retention, other survey results provide contradictory evidence. Indeed, when survey respondents were asked “what factors would cause them to leave their current employers,” two non-financial factors were ranked among the top three. Employees noted that “lack of job security” (36%) was the prime factor that

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28 Ibid.
would cause them to leave their current position and seek opportunities elsewhere. This factor was followed by “lack of career progress” (27%) and “lack of compensation increases” (27%). Other factors commonly indicated by employees were non-financial, such as “leadership strength/trust (22%) and “support/recognition from supervisors/managers” (20%).

Figure 5: Factors That Would Cause Surveyed Employees to Stay or Go

Source: Deloitte.

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31 Ibid.
32 Ibid.
Human Resource Management and Talent Management in Higher Education

Colleges and universities across the U.S. are anticipating a surge in the retirement of senior administrators, and while some are prepared to replace retiring administrators with young, qualified leaders groomed for these positions, others are ill-equipped for the shift in leadership. Higher education stands to lose as much as 60 percent of its executive leadership in the next ten years due to retirement. A Chronicle of Higher Education article entitled “Boomers’ Retirement May Create Talent Squeeze” notes:

How the anticipated national recruitment squeeze will affect higher education is difficult to predict, but many colleges expect to lose large chunks of their senior faculty and staff over the next decade. Wary human-resources directors around the country are preparing to intensify recruiting efforts while they beef up their programs to develop talented administrators internally.34

Additionally, higher education’s human resource departments are faced with increased regulatory and budgetary pressures, increased demand for quality services,35 and a younger recruitment pool that demands more incentives and is hyper-vigilant about discrimination and unfairness.36 As Clint Davidson, the chief human resources officer at Duke University, states:

Talent management challenges in higher education are formidable. As major employers, higher education is facing an aging population, increased demand for high productivity, demanding skills sets, gaps in the talent portfolio, and increasing costs... Talent management is going to require our investment and relentless action.37

The State of Talent Management in Higher Education

According to executive-search firm Witt/Kieffer, many universities do not have cultures that embrace talent management and typically “do not require leaders to develop their own successors.”38 Ironically, while institutions of higher education

38 Ibid.
perform a great deal of research concerning the development of skills required for success in the working world, they are less successful at implementing research-based processes into their own human resource management systems. At least as of 2008, many companies—and a large majority of institutions of higher education—did not have a “dedicated talent management executive role.” A survey conducted by Bersin & Associates in February 2008, which received responses from the United States, Canada, Latin America, Asia-Pacific, and other regions, found that only three percent of surveyed institutions of higher education featured a dedicated talent management executive role.

Figure 6: Organizations with a Dedicated Talent Management Executive by Industry

Overall, in 2008, 21 percent of U.S. companies featured a dedicated talent management executive. Today, 30 percent of U.S. companies feature a dedicated talent management executive, according to a 2010 talent management study conducted by Bersin & Associates (survey respondents included education institutions). Moreover, as of 2010, “nearly half of U.S. companies say they have well-defined talent strategies and are in various stages of implementing these

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43 Ibid.
strategies. Two years ago this figure was just 37%. These longitudinal data suggest that talent management practices have grown more popular through the current economic downturn.

A recent survey, conducted at the end of 2009, looked specifically at talent management practices and issues within the U.S. higher education sector. In a nationwide survey of over 400 institutions of higher education, PeopleAdmin—a provider of web-based talent management solutions—found that nearly four in ten institutions (39 percent) were either “managing their recruitment process manually or with basic online tools such as spreadsheets.” Almost five in ten respondents (48 percent) indicated that they used an applicant tracking system, which had been purchased externally.

Figure 7: Higher Education Responses to Question “How are you Currently Managing Your Recruiting Process?”

![Pie chart showing distribution of management practices.](image)

We use an applicant tracking system purchased externally
- Other
- We use paper applications and track the process manually
- We use a combination of paper and online tools such as spreadsheets to track the process
- We use an automated system developed internally

Source: PeopleAdmin.

Satisfaction with the current process varied sharply depending on the practices being used. Survey respondents who indicated that they used a “paper-based process” were on average the least satisfied. Survey respondents who indicated they used a “partially-automated process” were more satisfied on average than those who used a

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45 Ibid.
47 Ibid.
paper-based process, but were less satisfied than respondents who used a system developed internally. Finally, respondents who indicated that they purchased a system externally expressed, on average, the highest levels of satisfaction. As PeopleAdmin noted, “Those that use an applicant tracking system purchased externally are 4.5 times more likely to be satisfied with their process than those who have yet to automate.”

A majority of institutions surveyed indicated that they advertised more than 50 percent of their job openings externally.

![Figure 8: Percent of Jobs Advertised Externally](source)

In addition, the top sources of recruitment advertising among surveyed participants were local newspapers, Higheredjobs.com, and Insidehighered.com.

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48 Ibid.
50 Ibid.
When asked about their recruitment advertising budget, fully four in ten (40 percent) of surveyed institutions reported that their recruitment advertising budget was between zero and $25,000. Another 17 percent of respondents indicated this budget was between $25,001 and $50,000. Only 20 percent of respondents indicated that they had a recruitment advertising budget of more than $50,000, and 23 percent of recruitment advertising budgets were unknown.52

Interestingly, respondents indicated they made only very limited use of social media tools for recruiting. Over three quarters (78 percent) reported that web 2.0/social media tools were not leveraged in staffing/recruiting, with a further 14 percent indicating that these tools were leveraged “occasionally.”53

The survey also revealed some interesting statistics concerning the use of recruitment metrics in higher education. Slightly over three in ten respondents (31 percent) indicated that they were not using recruiting metrics; another 39 percent of respondents indicated they “create basic reports manually or in spreadsheets.”54 Almost two in ten respondents (19 percent) said that they “deliver reports through an applicant tracking tool,” while another 7 percent noted they “integrate data from a variety of sources and deliver metrics in a scorecard or dashboard” Four percent of respondents fell into the category “other”.55

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51 Ibid.
52 Ibid.
53 Ibid.
54 Ibid, p.9.
55 Ibid.
Among respondents who actively measured recruiting metrics, the top areas of measurement included **EEO and time-to-fill**.

**Figure 10: Recruiting Metrics Measured in Higher Education**

![Bar chart showing percentages of metrics measured in higher education](chart.png)

Source: PeopleAdmin.

Finally, institutions of higher education reported that some talent management processes were much more difficult than others. As can be seen in the figure below, respondents identified “effective succession planning” as the most difficult talent management process, followed by employee performance evaluations. On the other end of the spectrum, surveyed human resource employees noted that they had less trouble with the management of the tenure application process and with sourcing candidates to fill positions.\(^{56}\)

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\(^{56}\) Ibid.
Defining best practices in talent management at institutions of higher education can be a difficult task as the concept of “talent management” can be taken to cover a wide variety of human resource activities. Furthermore, many talent/human resource management “best practices” are in no way limited either to for-profit corporations or the University sector. However, a review of relevant literature does reveal several human resource/talent management steps, ideas, and practices that have been put into use in the higher education sector.

A recent article in Business Officer Magazine, a publication of the National Association of College and University Business Officers, highlights some of these practices. The article’s author Rick Staisloff, the vice president for finance and administration at the College of Notre Dame of Maryland in Baltimore, puts forth several ideas to reallocate personnel and resources within an institution. Staisloff notes:

**Best Practices in Talent Management in Higher Education**

1. Tenure Application Process Management
2. Sourcing Candidates to Fill Open Positions
3. Providing Online Competency Testing
4. Managing Employee Performance Evaluations
5. Delivering Performance Review Feedback to Employees
6. Ensuring New Hires are Onboarded Effectively
7. Utilizing Web 2.0 Technologies (i.e. Twitter and Facebook)
8. Faculty Contract Management
9. Providing Online Skills Testing
10. Providing Online Competency Testing
11. Managing Employee Compensation
12. More Effective Workforce Planning
13. Delving Into Performance Review Feedback to Employees
14. Utilizing Web 2.0 Technologies (i.e. Twitter and Facebook)
15. Faculty Contract Management
16. Providing Online Skills Testing
17. Providing Online Competency Testing
18. Managing Employee Compensation
19. More Effective Workforce Planning
20. Delivering Performance Review Feedback to Employees

Source: PeopleAdmin.
Within an academic department, salary and benefits can represent 90 percent or more of costs... These people costs also represent one of the fastest-growing components of any institution’s budget... If institutions are going to increase efficiencies, reallocate to areas of strength, and create new economic engines, they must address the allocation of human resources.57

Reallocation of staff or funding has also been identified by others as a human resources challenge encountered by many postsecondary institutions. For example, in an October 2010 article published in Campus Technology, Andy Brantley—president and CEO of the College and University Professional Association for Human Resources—notes the rising need for institutions to reallocate or trim down certain functions and/or expenses. In the words of Mr. Brantley:

There are many human capital management challenges on campus... Many schools have had to focus on what programs and services are absolutely essential and how they use their faculty and services. They’re eliminating many functions and outsourcing many functions. These are decisions that they were not making even a few years ago.58

To achieve such reallocation, Staisloff makes note of three institutional approaches: “recapturing vacancies, providing avenues for retirement, and partnering with academic leadership.”59

The first of Staisloff’s approaches involves adopting a policy which stipulates that all vacancies belong to the institution as a whole and not to a specific academic department. This policy can create an annual pool of vacancies and budgeted dollars, which can be used to support institutional strategic initiatives. Under this policy, the institution’s chief academic officer manages the pool of faculty positions, while the chief financial officer is in charge of staff positions. Decisions involving the reallocation or elimination of positions are made in concert with senior staff oversight. Staisloff notes that the experience of the College of Notre Dame of Maryland with such a policy has been positive. As he puts it:

Once this policy was implemented, unproductive personnel lines were recaptured immediately by the CAO and reallocated to growing programs. On an annual basis, an average of 5 percent of total faculty lines are recaptured and reallocated in this way.60

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60 Ibid.
Another policy which can be used by an institution to reallocate costs is a “gracious” retirement plan. Despite the lack of flexibility the tenure system suggests, institutions can reduce and reallocate positions by offering phased or early retirement options. For example, at the College of Notre Dame of Maryland, a phased retirement program allows faculty to enter into a legal agreement with the institution in which they waive their tenure rights and agree to retire during a specific period. As part of this program, faculty move from full-time to part-time status to retirement over a period of time, which Staisloff notes should take no more than three years. Participating faculty “remain benefit eligible” and are afforded ways to stay connected to their institution, such as “shared office space, library and parking privileges, and access to campus facilities and events.” Since such an agreement is contractual in nature, the institution can confidently plan for the replacement or reallocation of these positions.

Other strategies, including early retirement programs, have also been leveraged at a number of postsecondary institutions. Early retirement often provides the incentive of additional salary and/or other benefits to participants. However, Staisloff notes that “early retirement plans have met with mixed results in higher education and Notre Dame’s experience is no exception. While staff response to early retirement offerings has been strong, faculty have shown limited interest in this option.”

Finally, Staisloff notes the importance of achieving data-driven institutional buy-in from all levels on an institution. The College of Notre Dame of Maryland “has expanded access to information on academic programs so deans and department chairs are more informed about demand and yield, cost and workload measures, and net revenue.” By expanding access to data, the institutions seeks to “avoid arguing about the facts” and to instead help support expanded performance expectations, which now include metrics such as “targets for student yield, efficiency, and net revenue.”

The importance of data-driven “buy-in” and action is highlighted by the experience of another institution: Ohio State University. At Ohio State, concerns over faculty retirements highlighted the fact that basic information was not available to colleges and academic departments. Data were not located in an accessible system but were managed by multiple offices. In response to these issues, Ohio State University has developed a “Faculty Analytics Dashboard,” which is “an easy-to-use tool that

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61 Ibid.
62 Ibid.
63 Ibid.
64 Ibid.
provides faculty information in both graphic and tabular form.” This dashboard contains data on the following metrics over the past 10 years:

- Age distribution.
- Retirement eligibility.
- Turnover percentage.
- Voluntary turnover by type.
- Number of years in rank distribution.
- Tenure status.

Work on this project began six years ago when the Ohio State University’s Provost directed a workgroup to examine the data available on faculty and staff and to make short- and long-term recommendations. This group advised that “a faculty data warehouse with reporting function” be built so that information could be made available to colleges and departments. On the basis of this recommendation, a team was created with the responsibility of building such a warehouse. The scope of the proposed dashboard was then determined, and it was agreed that data be contained in the University’s PeopleSoft HR system.

Given the array of available data and the diversity of human resources questions the dashboard was designed to address, it was quickly concluded that static reporting would not be sufficient. It was determined that pivot table reporting would provide consumers sufficient flexibility to answer a number of different business questions with the faculty analytics data.

The “Faculty Analytics Dashboard” is controlled centrally and individuals must receive approval to gain access. The dashboard was initially made available to HR central and departmental staff, but academic leaders such as chairs and deans have also been granted direct access. To educate potential users about the dashboard, “awareness sessions” were held. Training is also provided upon request to any college/department, and a “training session is available to faculty leaders as a part of OSU’s academic leadership development series.”

Currently, the “Faculty Analytics Dashboard” offers the following reports:

- **Faculty demographic counts and lists**, contains data on faculty gender, ethnicity, time in rank, and headcount/FTE.
- **Faculty transactions**, identifies faculty transactions over time—hires, terminations, transfers, promotions, and so forth.

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66 Ibid.
67 Points From: Ibid.
68 Ibid.
69 Ibid.
70 Ibid.
- **Annual base and FTE equivalent base salary**, compares annual base salaries across years at a specific point in time each year.
- **Current/previous annual rate for reporting with percent change**, compares change in annual rate for reporting salaries over time.
- **Faculty compensation—cumulative actuals**, analyzes total actual compensation (including quarter off-duty, supplemental compensation, and so on) from all funding sources.\(^71\)

This tool is used for a number of purposes throughout the Ohio State University. For example, the dashboard can be used by departments to generate a list of faculty salaries within a discipline and faculty rank, thus allowing department personnel to determine the effect of extending a counteroffer on “internal equity” and “the departmental budget.”\(^72\) Since the dashboard provides viewers the ability to look at a decade of data in graphic format, university leadership uses it to analyze the success of recruiting, retention, and selection campaigns. To cite a third example: “The chair of the department of veterinary clinical sciences used the Faculty Analytics Dashboard to assess faculty composition, leadership, and succession planning over the next several years based upon time in rank and pending retirements.”\(^73\)

According to Laura Gast and Ken Orr, both employees of Ohio State University, “The Faculty Analytics project team is often cited as a best-practice example of how a cooperative project should work.”\(^74\) In 2009, the Faculty Analytics Dashboard team was recognized by CUPA-HR (College and University Professional Association for Human Resources) and awarded the SunGard Higher Education Innovation Award.\(^75\)

Beyond higher education-specific solutions, there are many general best practices that apply to universities and corporations alike. One example of an effective application of general principles in a higher education context is described in a recent study conducted by Hillary Harding and Monica Worline, who observed an administrative unit at a major U.S. university.\(^76\) In this study, which lasted a full academic year, Harding and Worline interviewed half the employees in the unit “across both managerial and line positions.”\(^77\) Interestingly, Harding and Worline found that, despite the dire macroeconomic situation facing the institution, concerns that commonly surfaced were not related to salary or other compensation. By contrast, Harding and Worline found that providing **quality feedback** was key issue to employee motivation and morale. As the authors point out, “employees often don’t receive formalized feedback outside of the annual review process, even though most

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\(^{71}\) Points From: Ibid.
\(^{72}\) Ibid.
\(^{73}\) Ibid.
\(^{74}\) Ibid.
\(^{75}\) Ibid.
\(^{77}\) Ibid.
crave more information about their performance and how they can grow in their work.”78 In the words of one of the employees in the study, “I receive general comments like ‘good job’, but nothing constructive that I can take away.”79 Given the importance of feedback to employee motivation, Harding and Worline note that leaders would benefit from taking time to learn about their employee’s intrinsic motivations and use this information to suggest ways in which they might improve their skills and abilities.80

The authors also suggest that steps be taken to alleviate employee stress, which can sap employee morale and performance. One source of stress identified in the study was the low-level stressor of work styles. In their study, Harding and Worline noted one employee who was stressed by receiving emails from her superior during off-work hours as she perceived she needed to respond to these emails quickly. After discussing their differing work styles with her manager, this employee realized that she did not need to respond during off-work hours and lowered her level of stress.81

Harding and Worline also noted two issues that commonly affected work productivity and collaboration: communication frequency and delegation. In their study, the authors found that employees wanted to understand the “big picture” and were actually misinterpreting an absence of information. In the administrative unit studied, the leader would often cancel meetings which he was unable to attend. In the absence of these meetings, staff began to wonder if information was being “hidden” from them. Once the unit decided to meet every two weeks regardless of who could attend, employees responded positively.82

The proper delegation of tasks was also of importance. In the administrative unit studied by Harding and Worline, a number of employees spoke about their desire to take on new assignments and make autonomous decisions. As Harding and Worline note, “As employees take on more assignments, they see their roles taking on more importance, which increases their productivity over the long term.” As such, the authors recommend that managers properly delegate tasks to “pay dividends down the line.”83

On the basis of their study, Harding and Worline recommend several activities and methods to improve employee morale and productivity. Several of these methods revolve around the idea of “feedback” – i.e. completing annual reviews on time, scheduling one-on-one meetings with employees to provide timely feedback and discuss opportunities for growth, and holding informal gatherings to offer employees

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78 Ibid.
79 Ibid.
80 Ibid.
81 Ibid.
82 Ibid.
83 Ibid.
a chance foster open group communication. Still other suggestions revolve around the idea of “fun,” such as getting employees outside to release stress and rewarding employees with small tokens of appreciation like gift certificates or tickets to events. In fact, Harding and Worline note: “In our study, small expressions of gratitude were the means mentioned most often for improving workplace morale.”84 Finally, the authors highlight the importance of “inclusion” in affecting employee morale. Managers, they point out, must signal they are serious about including employees and truly listen to employees to help cultivate quality relationships between themselves and their staff.85

Clearly, the study of one administrative group at one university should not be overgeneralized. However, it is telling that many of these human resource recommendations and issues are those that can and do apply to any employees, not just those involved in higher education. Postsecondary institutions seeking to improve their talent management should avail themselves of best practices both in the higher education sector and in general human resources literature to improve their human resource and talent management practices.

84 Ibid.
85 Ibid.
Human Resource Management Systems

Companies have invested in human resource management systems for approximately 40 years, but these systems have changed considerably in terms of capabilities over time. At its core, the human resource management system (HRMS) facilitates “personnel recordkeeping requirements that help organizations answer core questions, such as the following:”

- How many employees do we have?
- Where do they work?
- What and how do we pay them?

However, the modern HRMS is being called upon to do much more. A 2008 brief by Forrester Research describes the interface of HRMS and talent management:

Human resource management system (HRMS) applications consist of a broad set of business process and analytical capabilities spanning the employee life cycle, from hiring and onboarding, personnel and benefits administration, compensation, payroll, compliance, performance management, succession planning, and career development.

Over the past several years, the HRMS market has grown at a steady pace. Forrester Research’s 2008 brief values the human resources/human capital management (HR/HCM) market at $5.8 billion, and notes that the market for HRMS applications makes up more than half of this—or 58 percent at $3.7 billion. This same brief notes that the overall growth rate for this HRMS segment was seven percent, while the overall growth rate for the HR/HCM segment was a slightly more robust nine percent as “it includes faster-growing best-of-breed segments, especially those pertaining to performance and compensation.” Furthermore, though “on-premise, licensed software” was the “predominant deployment model for HRMS applications,” SaaS (service-as-a-software) revenue was at the time growing at a 14 percent rate, which was “twice as fast as the HRMS segment as a whole.”

More information on recent HRMS trends is available through recent surveys conducted by CedarCrestone. Each year for the past 13 years, CedarCrestone has

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87 Ibid.
88 Ibid.
90 Ibid, p.5.
91 Ibid.
92 Ibid.
conducted an annual survey of HR systems. The two most recent of these surveys (the CedarCrestone 2010-2011 and 2009-2010 HR Systems Surveys) featured 1,289 and 1,008 responses, respectively. Both surveys feature respondents from around the world and from a number of different industries, including financial services, consumer and other manufacturing, public administration, and higher education.

According to data from the 2009-2010 CedarCrestone HR Systems Survey, fully 94 percent of respondents indicated that they used some sort of HR management system, while 96 percent used a payroll administrative application, and 85 percent used a benefits administration application. It should be noted that the CedarCrestone surveys ask separate questions about different kinds of applications (i.e. HRMS applications, talent management applications, etc.), though some of these different roles can be combined in one application.

**Figure 12: Administrative Application Usage, Percent of Respondents (2009-2010 CedarCrestone Survey)**

![Administrative Application Usage (%)](source: CedarCrestone)

The modes of deployment for human resource management systems are also changing. According to CedarCrestone’s 2009-2010 survey, “Today, licensed on-premise is the most frequently used deployment option [of the HRMS] at about

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94 Ibid.


60%, with **Software-as-a-Service (SaaS)** at just 4%.”98 However, the survey notes the following:

SaaS will almost double in the next year as a deployment choice for the core system of record solution. Hosting of a licensed HRMS solution, currently at 17%, will also increase by almost 15%. Outsourcing will grow as well, but at less than 10%.99

Such findings dovetail with results of the most recent CedarCrestone 2010-2011 survey. According to respondents of this survey, deployment of administrative application (such as HRMS and payroll applications) will increase in some modes and decrease in others.

**Figure 13: Administrative Application Deployment, Percent of Respondents (2010-2011 CedarCrestone Survey)**100

As can be seen, deployments in licensed on-premise software may show the strongest decrease over the next year, while administrative application software appears to be destined to be increasingly deployed over a SaaS model.101 Findings are similar for talent management applications, as illustrated in Figure 13 below.

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99 Ibid.
101 Ibid.
Other studies have found similar trends in the rise of SaaS solutions. Recall that a 2008 Forrester Research report found that although on-premise licensed HR management systems were the primary deployment model at the time, SaaS (service-as-a-software) revenue was growing at a 14 percent rate—double that of the total HRMS segment (see above, p.24). A more recent 2010 Forrester Research report noted that SaaS deployments appear to be taking over as the preferred talent management deployment model. The authors note: “Our discussions with several vendors indicate that a software-as-a-service model outsells licensed, on-premises TM implementations by approximately nine to one.” According to Forrester Research, companies select SaaS as a talent management deployment model thanks to lower infrastructure and IT staff maintenance requirements, the capacity for rapid implementation, and lower upfront costs coupled with “a predictable monthly fee.” Furthermore, Forrester Research notes that SaaS human resource management systems implementations are being driven by similar advantages, such as more rapid implementation times and “automatic software upgrades and updates.”

105 Ibid.
A number of vendors currently populate the HRMS landscape. The top names are Oracle,\(^{107}\) Sage Software Inc.,\(^{108}\) SAP,\(^{109}\) and Taleo.\(^{110}\) According to CedarCrestone, the adoption breakdown of different HRMS platforms is as follows.\(^{111}\)

**Figure 15: Administrative and Workforce Management Application Vendor Adoption, HR Management System, 2010-2011 Survey (n = 500)^{112}\)**

![Figure 15: Administrative and Workforce Management Application Vendor Adoption](chart)

Source: CedarCrestone.

As can be seen, PeopleSoft appears to have been adopted by the largest percentage of respondents, while ADP, Oracle (EBS), and SAP administrative/workforce management applications have all been adopted by a much smaller percentage of respondents.

With regards to talent management application usage, worldwide respondents to the 2010-2011 CedarCrestone survey indicated that usage of different applications has been adopted at greatly different rates. For example, 74 percent of respondents indicated that they currently use “talent acquisition services,” and 59 percent of respondents indicated that they currently use “performance management”


\(^{111}\) Again, it should be remembered that CedarCrestone asks separate questions about the adoption of different “applications” which can at times be handled by one application. For example, CedarCrestone asks a similar question about the adoption of “Talent Management” applications.

applications.\textsuperscript{113} However, only 27 percent of all respondents reported that they currently make use of “competency management” applications, and only 24 percent said they currently make use of “succession planning/management” applications.\textsuperscript{114}

**Figure 16: Talent Management Application Usage, 2010-2011 CedarCrestone Survey (Percent of Respondents)\textsuperscript{115}**

Several other trends in the HRMS market are worth noting. Forrester Research contends that, over the past several years, HRMS’ “depth of functionality” has improved in several areas: talent management, “global and localized capabilities,” “reporting and analytics,” and “organizational structures.”\textsuperscript{116} HRMS systems have progressed in their performance and competency management solutions. Vendors have also been working to increase the capacity of these

\begin{itemize}
  \item \textsuperscript{114} Ibid.
  \item \textsuperscript{115} Ibid.
  \item \textsuperscript{116} Hamerman, Paul D. Op. Cit., p.3.
\end{itemize}
technologies to support of local languages and local compliance requirements in the context of a multinational workforce.

Strides have also been made in the functionality of many HR management systems. For example, many HRMS providers have been working to improve user-friendly reporting by offering “embedded analytical information” and/or “performance oriented dashboards.” Furthermore, some newer HRMS products have begun to move away from the typical reliance on third party plug-ins for graphical organizing and now offer this organizing within their core solutions.

At the same time, talent management vendors have been working to provide “greater breadth of functionality by investing in R&D and developing their capabilities in-house, entering into strategic mergers with other point solution vendors, or acquiring other vendors to broaden their portfolios.” Information technology overload is pressuring many HRMS consumers to reduce the number of vendors used. As such, many vendors have begun to explore merging an LMS (learning management system) with their traditional HRMS. One vendor, Halogen Software, has developed an LMS for its HRMS application, but other talent management vendors are partnering with a LMS provider or providing integration with more robust LMS systems.

According to Forrester Research, as of April 2010 only two talent management vendors offered complete strategic talent management solutions that encompassed the “four pillars” of talent management: “recruitment,” “learning,” “performance management,” and “compensation.” These two vendors are Oracle and SilkRoad technology.

Finally, it should be noted that, despite all the advances made in HRMS/talent management systems, many institutions of higher education appear not to be leveraging these offerings at present. For example, in the most recent CedarCrestone survey, participating institutions reported lower levels of adoption of almost all applications than did participants from the overall respondent population (see figure 16).
Figure 17: Application Adoption Level By Industry, 2010-2011 CedarCrestone Survey

<table>
<thead>
<tr>
<th></th>
<th>Worldwide Average</th>
<th>Financial Services</th>
<th>Healthcare</th>
<th>Higher Education</th>
<th>Consumer/Other Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative</td>
<td>90%</td>
<td>93%</td>
<td>92%</td>
<td>82%</td>
<td>89%</td>
</tr>
<tr>
<td>Service Delivery</td>
<td>47%</td>
<td>55%</td>
<td>47%</td>
<td>51%</td>
<td>35%</td>
</tr>
<tr>
<td>Workforce Management</td>
<td>45%</td>
<td>44%</td>
<td>56%</td>
<td>31%</td>
<td>38%</td>
</tr>
<tr>
<td>Talent Management</td>
<td>43%</td>
<td>46%</td>
<td>43%</td>
<td>35%</td>
<td>37%</td>
</tr>
<tr>
<td>Social Media Tools</td>
<td>15%</td>
<td>13%</td>
<td>12%</td>
<td>17%</td>
<td>15%</td>
</tr>
<tr>
<td>Business Intelligence</td>
<td>37%</td>
<td>37%</td>
<td>38%</td>
<td>33%</td>
<td>35%</td>
</tr>
<tr>
<td>Workforce Optimization</td>
<td>17%</td>
<td>16%</td>
<td>22%</td>
<td>9%</td>
<td>14%</td>
</tr>
</tbody>
</table>

Source: CedarCrestone.

As can be seen, higher education respondents lagged behind the worldwide average in several key areas, including administrative applications (such as HRMS and payroll applications) and talent management applications. Other researchers and authors have noted this trend as well. For example, in his October 2010 article on human capital management in institutions of higher education, analyst Rama Ramaswami notes: “Most higher ed institutions run Oracle, SAP, or Microsoft systems for human capital management (HCM), but may be less familiar with corporate systems that offer different and often more powerful features.”123 Jim McGlothlin, the vice president of Higher Education Applications Strategic Programs at Oracle, has also observed that institutions of higher education often do not leverage the full suite of HRMS capabilities. Instead, he sees “widespread use of payroll, benefits, and general HR functions, but only modest awareness of an HCM system’s vast range of features, including the ability to calculate ROI.”124 Despite this, McGlothlin is optimistic that this underutilization will eventually change as institutions of higher education seek efficient ways to cope with a variety of stresses, including shrinking budgets and an aging workforce.125

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124 Ibid.
125 Ibid.
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