Introduction
In January and February 2017 IDC conducted 1,469 interviews across 14 countries with HR professionals and business managers from organisations with more than 500 employees. The study “Future Business: Unleashing Your Talent” explores the trends and developments with respect to the role of the HR department across Europe and builds on a similar study IDC undertook in 2016. This year the study uncovers the role of HR in the context of digital transformation and change, performance management, leadership and flexible working. The full White Paper is available for download at csod.eu/idc-survey-2017. We believe this White Paper series represents one of the largest targeted HR and employee-related surveys conducted across Europe.

In this country excerpt, we share our key findings from the 2017 study, as well as specific results for the UK compared with the rest of Europe. We also address the implications of these findings for UK organisations.
Across all industries, companies are applying technological innovations to augment, redesign, reimagine or introduce entire new business models. At IDC, we often refer to this as digital transformation (DX) and believe it will be one of the most impactful developments of our time. When looking at companies that are going through their digital journey, we see successful businesses driving change across five dimensions: leadership & vision, ecosystem experiences, operating model, information management, and the workforce. HR will play an instrumental role in all of these, especially the latter.

In response, HR professionals will be presented with a new set of challenges and opportunities that need to be addressed as the company embarks on its transformation journey. Based on the European survey, IDC has uncovered five key trends that need to be considered:

1. **HR is a key factor in digital transformation**
   84% of European organisations interviewed are digitally transforming or planning to digitally transform their business. On average, 80% of line-of-business managers believe HR plays an important role in this transformation process. The role of HR was significantly more relevant to C-level executives than line managers.

2. **Culture change is the #1 barrier to digital transformation**
   Culture change should be a key priority for HR. HR can play a vital role in culture change initiatives via training, measurement, and incentive systems. However, culture change must be anchored with top management to make this happen.
3. **Across Europe, retention of key talent is a major barrier to digital transformation**

Organisations struggle to retain the talented individuals needed to drive digital transformation. HR can improve retention via improved onboarding, employee engagement measurement, incentive transparency, and performance orientation. HR needs the right tools in place to achieve this. The UK matches the European results in the sense that inability of talent retention (28%) and legacy IT systems (34%) join cultural resistance to change (43%) as the top 3 barriers to DX. This is closely followed by lack of vision from leadership (26%) and Inability to retrain and develop talent (26%).

4. **Current HR tools for more complex tasks such as workforce planning are inadequate**

Across Europe, 48% of respondents are dissatisfied with their planning tools. As skills requirements and job profiles change significantly because of digital transformation, workforce planning is a critical area of HR improvement and an action item for HCM investment among European companies.

5. **European organisations are making IT investments to support flexible working**

European companies are actively facilitating flexible working via IT initiatives such as better remote access to corporate systems, support for touch-based devices (phones/tablets), and collaborative employee tools. This study confirms the clear link between flexible working and employee happiness found in last year’s study.
Figure 1: Clear Majority of European Organisations are Already Undergoing DX; UK joins the ranks of France, Germany, Italy and Spain with numerous organisations already underway in their DX projects.

Note: n = 1,469
Source: IDC HR-LOB Survey, sponsored by Cornerstone OnDemand, March 2017
UK: Digital Transformation is key, as is a flexible workforce

In the UK, 87% of organisations recognise digital transformation as a business priority, but only 65% have truly embarked on the journey, with an additional 12% about to start. This is slightly more positive than the European average, where overall 84% of respondents see DX as a business priority, and 61% are embarking on DX projects.

As shown in Figure 1, the UK show similarities to other European countries such as France, Spain, Germany and Italy when it comes to DX projects completed or underway. Similarly, almost half (49%) of UK respondents consider themselves on a par with peers, when it comes to their ability to leverage digital technologies to drive change. This is in line with the overall European average of 49%.

In addition, 23% of UK respondents believe they either exceed their peers, or are best in class when it comes to leveraging digital technologies. This is somewhat lower than the European average of 27% and infers that some UK organisations may not feel they are maximising their potential and opportunities in the field of DX. This observation is further assessed in the analysis of workforce happiness.

Here we observe that 79% of UK employees are proud of their work, compared to 85% of European respondents on average. Similarly, 76% are willing to recommend their employer to others, compared to 81% of European respondents.

For many organisations, improvements or changes in the workplace has been a critical first step in the digital transformation journey. This has had positive impact on work-life balance and thus enjoyment at work. In the case of the UK, changes to the working environment have already taken place, with many employees enjoying the benefits of flexible working and access to technologies that enable this. 79% of UK organisations permit working from home (5% higher than the European average); and 84% have deployed tools to access business information from remote locations (in-line with the European average). With happiness at work often linked
to changes in situation, many UK employees may not feel that things are improving.

Indeed, while flexibility and mobility have been beneficial to UK workforces, stagnation of wages and uncertainty surrounding Brexit negotiations and inward investment in the UK, may also contribute to a period of limited improvements in workplace enjoyment.

This analysis is also supported in terms of workplace transformation. In the UK, job mobility is close to the European average, with 83% of respondents indicating that it is acceptable for employees to change roles and move departments (versus 86% across Europe). A further 44% of UK employees are taking part in the decision-making process (versus 48% in Europe). Again, these are behind the European average.

UK companies are also behind in "collaborative characteristics", with managers not actively encouraging employees to work together (70% versus 74% across Europe) and employees not as free to apply for positions in other departments (75% versus 80% in Europe). When it comes to empowering organisational cultures by trusting employees to make executive decisions themselves, the UK reports this in 57% of cases, versus 58% across Europe. Again, this adds to the explanation of employee happiness discussed above.

In response, the shift to digital business models requires fundamental changes to core organisational processes and the way employees work. European companies are keenly aware of these challenges and highlighted the most important barriers to DX as cultural resistance to change, and legacy IT. These two barriers we also highlighted by UK respondents, with the inability to retain talent third.
For the UK, retaining talent and managing HR process seems to have a negative impact on line of business managers, with 1 in 4 (24%) dissatisfied with the average time it takes to hire someone in the UK. The actual figure placed on this was 6.9 weeks for UK managers, compared to the 7.3-week European average. This result, coupled with the 43% of respondents that thought HR processes are a source of frustration for managers, suggests that there is a lot of ground organisation need to cover to make recruitment and overall HR procedures more streamlined and less of a concern for UK managers.

While the study shows that 81% of UK line of business managers believe HR plays an important role in digital transformation (in line with the European average of 82%), there is much work to be done. HR managers need to look for quick wins in securing change and employee happiness; critical to overcoming barriers such as cultural change and talent retention. Equally, ensuring that the right tools are available to both HR and to employees will be fundamental to longer-term success.
Planning for the Future requires alignment and coordination

Addressing the process of change and transformation forces HR professionals and business managers to plan for a diverse and evolving workforce.

This requires a good understanding from managers on how HR operates. Conversely HR professionals must ensure managers have the appropriate tools and procedures to recruit, reward and retain valuable employees. In that respect the results in the UK point to some challenges that will need to be addressed within UK organisations. On the one hand, only 56% of respondents said that business managers in the UK understood how HR operates, while the proportion of those HR managers that understood how the business operates is considerably higher at 72%.

When questioned on the understanding and alignment of HR and LoB, the UK scored lower positive answers than all other European countries, with higher responses in “somewhat disagree” categories. While this may be representative of a small number of respondents, it does indicate that there is either unrest or misalignment taking place. This must be on the radar of all UK companies, if they are to successfully transform businesses and people.

Such a disconnect may also point to the underlying cause for the relative lower UK job happiness and higher frustration of managers with HR processes. Interestingly, and despite the good understanding shown by HR towards business operations, only 55% of respondents said that HR departments in the UK ensure that have appropriate tools at their disposal; 4% lower than the European average.
Figure 2: Q. Please Indicate How Well You Feel You Can Plan for Long-Term (Two Years or More) Employee Requirements

Note: n = 1,469

Source: IDC HR-LOB Survey, sponsored by Cornerstone OnDemand, March 2017
UK organisations are showing a relatively higher satisfaction (58%) with the tools available for workforce planning and management. This compares to 53% of European organisations and ahead of Germany, Denmark and Sweden, for example. Analysed in the context of Figure 2 (how well respondents can plan for longer-term employee requirements), the UK is place below the European average of 39%. This highlights the complexity of planning for the long-term goals and suggests that satisfaction with tools and their impact on the business, appear to be very different things for UK organisations.

An further explanation for the results in Figure 2, could be the high rate of attrition some UK organisations are experiencing, especially in the financial services sector. Here, frequent moves pose an additional task to managers and HR professionals in terms of planning. This could also be affected by the relative infrequent meetings between LoB managers and HR professionals regarding recruitment.

Compared to the European average of 5.5 meetings per year, UK managers declared that they hold 3.9 meetings per year for recruitment purposes. An equally important disconnect appears in the frequency of how often LoB managers meet with HR professionals for aligning business objectives. Here, an average of 5.8 meetings are taking place in the UK, compared to 6.7 meeting on average in the wider European sample.
IDC Advice for Management and HR in the UK
There are a series of important messages that UK managers and HR professionals must take away from the results of this survey. On the one hand, we see that UK organisations offer greater flexibility than some European counterparts, allowing working from home, as well as access to work data remotely. On the other hand, employees appear less happy, and more worryingly, HR appears more disconnected from the business. In response, UK organisations should consider the following actions:

**Form a coalition around the need for change**
UK organisations need closer interaction between HR and leadership, in order to communicate their digital agenda clearly to the rest of the organisation. Proactive HR will be critical in delivering digital transformation, making sure corporate communication is supervised, development plans are set in place, and the retention of key digital talent remains central to the agenda.

**Assess talent and skills in the context of achieving change**
Successful digital transformation requires the transformation of people and culture. Across UK companies, assessing existing skills and developing existing talent will be vital for success. HR needs to determine which skills are superfluous and which skills need to be retained. Where do skill gaps require new talent and training? By investing in HCM tools with embedded analytics, UK organisations can assess and make fact-based decisions on the workforce.

**Improved communication between HR and LoB**
Ensuring that the organisation supports HR in delivering modernised tools for the workplace, as well as creating an environment in which HR understands and meets regularly with managers, will be one of the first steps to fostering better collaboration. UK organisations will benefit from aligned business objectives and through working closely to plan better for the long-term. This will also reduce management frustration with HR processes.
**Build change into the wider business**

For the UK, it will be critical for HR professionals to anchor transformation via clear incentive and organisational structures that support the changes happening in a company. By focusing on transparent performance management and the use of data from HR tools, HR professionals can measure and improve the transformation journey.

For more information on how to address your organisations’ short- and long-term HR requirements in the dawn of digital transformation, we highly recommend you review both the ‘IDC Playbook to Unleash Your Talent’ and the ‘IDC Talent Portfolio Assessment Tool’ presented in the Future Business White Paper.
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Based in Santa Monica, California, the company’s solutions are used by nearly 3,000 clients worldwide, spanning more than 31 million users across 191 countries and 43 languages.

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Spotlight on United Kingdom