# Innovation Insight for Continuous Employee Listening and Talent Management

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Initiatives: HCM Technology Transformation

> Organizations need to take a more agile and resilient approach to managing talent. HCM application leaders must implement increasingly continuous listening and talent processes to meet emerging real-time needs of the business.

## Overview

### Key Findings

■ Organizations are forced to adapt more quickly to respond to the accelerating pace of business change. Traditional isolated and periodic processes and events, such as goal setting, performance feedback, evaluations and recognition need to be updated and evolve to support this shift.

■ Employees expect more frequent, contextualized and personalized experiences at work. This is driving organizations to constantly look for ways to enhance employee experience in hopes of improving overall productivity.

■ The voice of employee (VoE), performance, engagement, recognition and learning applications markets are all in transition. Human capital management (HCM) and traditional talent suite vendors are modifying or augmenting existing offerings and processes. Specialist vendors (including digital workplace providers) have also broadened their offerings to begin to provide more agile next-gen talent solutions.

### Recommendations

As an application leader responsible for HCM technology transformation, you should:

■ Evaluate existing talent practices and applications by concentrating on synergies between previously isolated and discrete activities. Provide touchpoints and process flows that provide data and inputs that are most important to the business, while offering a cohesive employee experience.

- Implement a continuous and more personalized approach to employee listening, performance and development by providing the proper cadence, tools and activities that align to the organizational culture.

- Drive greater adoption by embedding solutions into the daily activities and productivity tools of both employees and managers.

- Develop a multiscenario plan with various provider (application) options to combat market disruptions such as mergers and acquisitions (M&As). Use frameworks and tools such as Gartner's pace-layering methodology to develop a foundational longer-term plan.

## Strategic Planning Assumptions

By 2023, over 40% of organizations will abandon one-size-fits-all performance management approaches in favor of tailoring processes to support the distinct objectives of various business functions.

By 2024, 40% of organizations will deploy continuous learning technologies to better support organizational shifts toward real-time performance, feedback and coaching.
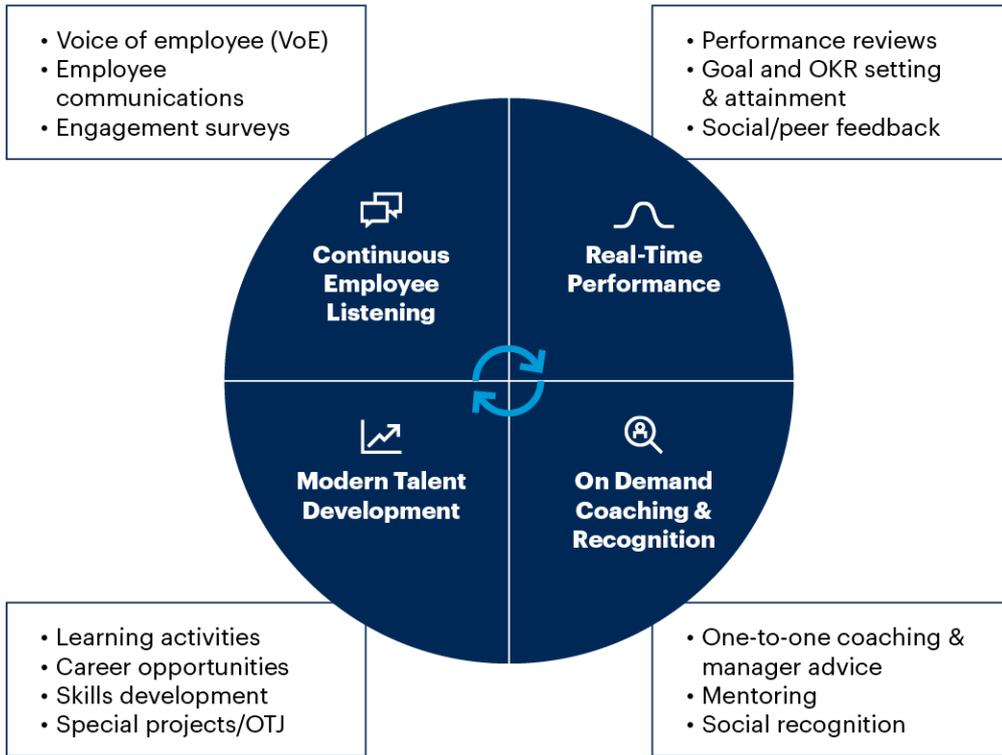
## Introduction

To meet the needs of a composable business and to deliver on the future of work strategies, HR application leaders need to modernize their talent processes and application portfolio. Integrated continuous employee listening and continuous talent technologies will be required. This shift in strategy will allow organizations to continuously and effectively *"sense and respond"* to ever-changing (data) inputs.

In short, organizations need to approach this transition more holistically, and consider the full listening and talent management process cycle to be successful. COVID-19 has presented a number of new challenges for HR, as shifts in the business (and its remote workforce) need to be addressed and responded to more rapidly and effectively. Figure 1 below is a graphical representation of the ongoing continuous listening and talent management (TM) framework and process flow that organizations should strive to achieve to support the growing demands of the business.

**Figure 1: Continuous Listening and Talent Management**

**Continuous Listening and Talent Management**



- Voice of employee (VoE)
- Employee communications
- Engagement surveys

- Performance reviews
- Goal and OKR setting & attainment
- Social/peer feedback

**Continuous Employee Listening**

**Real-Time Performance**

**Modern Talent Development**

**On Demand Coaching & Recognition**

- Learning activities
- Career opportunities
- Skills development
- Special projects/OTJ

- One-to-one coaching & manager advice
- Mentoring
- Social recognition

Source: Gartner
Note: objectives and key result (OKR)
Note: on-the-job (OTJ)
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Gartner

# Description

To date, organizations have made a number of attempts to adopt more continuous TM processes and technologies. The approaches have been a bit siloed and disjointed, as companies have tended to take a focused approach on one talent process or specific tool or a small segment of the workforce. This shift toward continuous TM has been an incremental journey for most companies, with a number of starts and stops. To date, organizations often only experimented with selective pieces of talent segments. While it's important to start somewhere, doing so without considering the dependencies and follow-on consequences can limit success and even be counterproductive.

In 2020, Gartner started to see organizations implement more robust strategies; aligning more continuous employee listening, real-time performance, coaching, learning and development processes. This broader approach is required to support the more personalized, informal and fluid interactions increasingly demanded by employees. This shift to continuous listening and TM is garnering more attention due to lingering COVID-19 challenges, especially as organizations continue to struggle to effectively support a remote and/or hybrid workforce.

Organizations are constantly evaluating new talent processes and solutions in an attempt to improve employee performance, engagement and drive increased productivity. We have also witnessed growing demand for more agile and modern talent management technologies. We anticipate this demand to accelerate, even as pandemic restrictions subside.

Earlier adopters of VoE solutions have begun to incorporate a new wave of VoE data and employee listening insights, captured during COVID-19, into their talent processes. The link of VoE and "continuous" talent processes is still in its infancy, but it presents a longer-term opportunity for organizations to both increase agility and to proactively drive more meaningful business results. In doing so, VoE becomes a key component of an organizational sense-and-respond feedback loop that connects with most HR processes and HCM technologies and beyond (see Figure 2).

**VoE Sense and Respond**
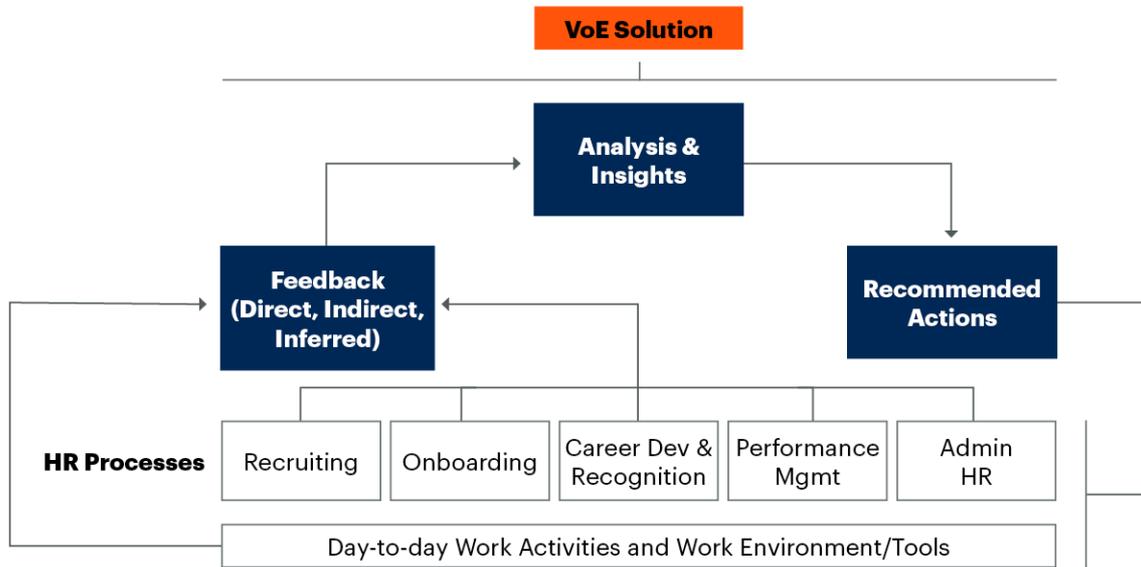


Source: Gartner
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## Benefits and Uses

Most organizations and HR teams have become hindered by traditional process and technology limitations. The infrequent approach and periodic nature of employee interactions and exchanges has restricted organizations' ability to keep pace and adapt. A strong contributing factor is often the relative state of their HCM and TM applications. This portfolio is often perceived as being cumbersome to use, bloated, difficult to change, prone to functionality gaps and anchored to past talent strategies.

From a strategic standpoint, continuous employee listening and TM will enable organizations to be more agile. They will provide companies with the ability to respond more proactively to employee (and potentially customer) inputs, and improve business results. The anticipated near-term and long-term benefits include:

■ **Talent agility** — Stronger foundation to address rapidly changing business priorities or delivery models, and redeploy existing employees in order to improve organizational sustainability.

- **Talent optimization** — Encourage and track employee sentiment, performance, development and collaboration in new ways, accounting for more frequent and focused activities, including projects, and skills development.

- **Improved engagement** — Better alignment and personalization supported by tighter integration across modern talent processes, leads to improved employee experience that, in turn, drives better engagement throughout an employee's life cycle.

- **Improved organizational visibility, transparency and awareness** — Access to more robust data and the ability to support their talent through new and more agile methods. Also provides better visibility for managers, employees and leadership.

During the early phase of the continuous movement, companies tended to focus on one component of the above framework. For example real-time performance has been a hot topic in Gartner inquiries for several years. A number of early adopters also took extreme approaches, such as eliminating annual reviews and ratings entirely, but unfortunately only achieved mixed results. As a result, a number of employees experienced a more-collegial and entrepreneurial culture. Unfortunately, the change often led these same employees to question their ability to grow with their organization; in the absence of clearly articulated performance standards or advancement criteria. Questions also arose about the relationship between contributions and compensation. In the end, a number of the notable early movers returned to some form of performance measurement or ratings system, that is now augmented and integrated with more continuous real-time performance, coaching and development activities.

VoE is another area that has received a growing amount of investment and attention in the last few years. Historically, these solutions relied on annual engagement surveys, feedback tools and other data sources to monitor employee sentiment and infer employee preferences, opinions and well-being. The underlying goal of VoE solutions is to deliver in-depth insights with actionable guidance to stakeholders to help improve employee engagement, experience, productivity and performance (see Market Guide for Voice of the Employee Solutions).

**Real-Time Performance, On-Demand Coaching and Continuous Learning**

In the next phase of the journey, organizations started to connect a few talent processes. For instance, the early movers for real-time performance, started to invest and embed continuous learning to support the broader development initiative (see Real-Time Performance Management Needs Continuous Learning). Continuous learning in the workplace is often defined as the ability to constantly develop and improve an employee's skills, competencies, knowledge and behaviors. The thinking was that as employees received a growing amount of feedback, they also required more coaching advice and learning resources to allow them to develop and improve. Learning investments were made in: collaboration tools, more microlearning assets (including user-generated), gamification capabilities and the initial use of artificial intelligence (AI) to provide a more continuous learning environment.

**Real-Time Performance, On-Demand Coaching and Recognition**

In addition, as feedback cycles are shortened to quarters (if not weeks), processes that were once disconnected are now overlapping. For example, employee rewards and recognition programs have historically operated independently of formal performance management. However, employee rewards and recognition may now be triggered by goal attainment or awarded during coaching sessions or through peer-to-peer feedback (see How to Select a Recognition and Rewards Solution to Boost Employee Motivation and Engagement).

**Internal Talent Marketplaces Emerge**

Going one layer deeper and leveraging AI, we have seen the emergence of internal talent marketplaces (ITM) in the past two years. ITM's look to fundamentally transform how employees are connected to work assignments, how they can utilize work assignments for development purposes and who gets to post work opportunities. Properly deployed, it can also transform how internal and external talent is utilized to deliver on an enterprise's strategy (see Innovation Insight for Internal Talent Marketplaces). HR leaders need to recognize and fully understand that they will need more continuous inputs from their employees, to derive more effective outputs from their ITM's.

As organizational strategies around these emerging talent processes and technologies continue to mature, we are now beginning to enter the next phase of this transformation — where continuous employee listening and continuous TM are aligned. We are starting to see broader approaches where early adopter customers are beginning to blend VoE with HR processes, such as real-time performance, coaching, rewards and recognition, continuous learning and leadership actions. The goal of these mashups is to provide organizations with the ability to better understand the pulse of the business through improved sense and respond capabilities.

**HR, Digital Workplace and Employee Experience Boundaries Blur**

Organizations have long sought to boost the employee experience because it leads to improved employee retention, better candidate pools and increased worker effort. Employee experience has gained new prominence during the COVID-19 pandemic, as remote workers have experienced a growing sense of isolation and have expressed a desire for a greater sense of belonging within their teams and the broader enterprise. With this demand, we are beginning to witness organizations use continuous listening and gather feedback from new work hubs and other digital workplace tools such as Microsoft Teams. In addition, we are seeing providers start to integrate VoE, real-time performance, continuous learning etc., into their offerings (see Quick Answer: What Is Microsoft Viva?).

## Risks

Combining continuous employee listening and talent management is an evolution, not a revolution. There are limited downsides to investment in new tools. However, HR leaders may encounter challenges in the following areas:

- **Cultural resistance —** Organizations with more conservative operations teams and traditional HR strategies may lack willingness to adopt new ways of working. Managers play a critical role in the execution of continuous TM, so there could be traditional biases that limit manager adoption and hinder the initiative's overall success.

- **Organization challenges —** Companies with limited collaboration across HR, (especially businesses that are siloed in respective areas or operate in a more decentralized fashion) may find it difficult to apply these continuous processes in a consistent manner.

- **Existing HR solutions and tools** — Many enterprises already have deployed a wide variety of HR tools and do not wish to add further complexity. Consideration should be given to the existing toolsets to see how they can be reconfigured to support a more continuous approach.

- **Evolving vendor landscape** — Many of the current vendors are promising next-generation listening and talent offerings, but some have simply rebranded traditional niche tools. This is likely an area for M&A, so plan for potential vendor scenarios to emerge over the next 3-18 months.

## Adoption Rate

Increasingly, organizations should consider implementing more continuous (and focused) listening and talent tools in hopes of improving employee performance, development and overall productivity. Organizations are realizing that they can no longer rely on simple semiannual or annual "set it and forget it" approaches to their talent strategies and the business. Employee needs, macroeconomic issues and the recent pandemic have forced businesses to become more agile. It has also driven organizations to reconsider how to evaluate, train, retrain and potentially redeploy talent across the organization to meet the constantly evolving needs of the business. Continuous employee listening and modern talent management is still in its infancy, with less than 10% of enterprises ready to fully adopt such solutions on an enterprisewide scale.

## Recommendations

Application leaders supporting HCM technology transformation should:

- Improve listening, performance, coaching, recognition and learning practices and applications by first identifying synergies between previously isolated processes and activities.

- Work with progressive talent management leaders who are searching for better "sense and respond" capabilities throughout the business.

- Reinvent performance management holistically by assessing downstream processes and tools.

- Assess the future needs of the business and desired employee skills (and upskilling) needed. Gartner recommends experimenting with a variety of emerging alternatives and tools.

## Evidence

Gartner Inquiry: The number of inquiry calls to Gartner to discuss "continuous employee listening and talent management" increased dramatically in 2020 (and early 2021), compared with the previous years.

## Acronym Key and Glossary Terms

| HCM | human capital management |
|-----|--------------------------|
| TM  | talent management        |
| VoE | voice of the employee    |

## Document Revision History

Get Ready for the Convergence of Employee Performance and Engagement - 28 January 2019

As Employee Performance and Engagement Converge, a Comprehensive IT and HR Strategy Is Needed - 9 March 2017

## Recommended by the Author

Some documents may not be available as part of your current Gartner subscription.

Hype Cycle for Human Capital Management Technology, 2020

Market Guide for Voice of the Employee Solutions

Real-Time Performance Management Needs Continuous Learning

Innovation Insight for Internal Talent Marketplaces

Get Ready for the Convergence of Employee Performance and Engagement

How to Select a Recognition and Rewards Solution to Boost Employee Motivation and Engagement