

Sympa

# HR in the Nordics 2018





# **Report: HR in the Nordics 2018**

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# Introduction and key findings

What is the status of HR and how is HR technology utilised in the Nordic countries in 2018? How efficient are human resources processes and how should they be developed? How advanced is the use of HR technology? To answer these questions, we conducted a study that takes a holistic look at HR in the Nordics. The study investigates the maturity of HR processes and the current state of HR technology in Finland, Sweden and Denmark.

The research covers eight different areas: HRM, HR systems, competence management, performance management, employee engagement, recruiting, HR analytics and strategy. We asked the respondents to grade the maturity of their HR processes and practices on a scale of 1–4, where 1 meant entry level and 4 signified advanced level.

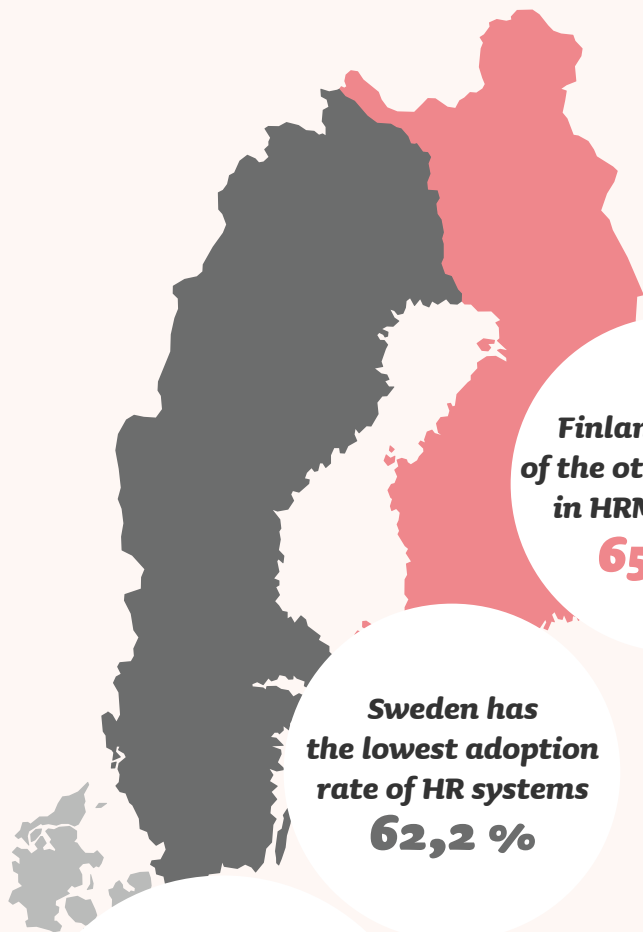
217 respondents took part in the survey, which was carried out during 2017. Of the respondents 75% were from Finnish companies while 56% were working in companies with fewer than 500 employees. The respondents represented various industries – the most common sector was manufacturing with 13.4% of those surveyed.

## **Key findings:**

- Competence management is one the biggest pain points for businesses and organisations in the Nordics, even when it's strategic value is widely recognised
- Mobile HR usage is still low (around 33% of respondents are currently using HR on mobile devices), but 80% of the respondents see clear benefits in mobile HR
- HR processes and tools for team leaders are lacking, especially processes and tools for managing change (i.e. in the case of assigning a new manager)
- To most respondent organisations 'HR analytics' means basic HR reporting ; more advanced analytics in HR – especially the predictive ones – are not yet widely in use

The main goal of the research was to study the Nordic region as a whole, but along the way we also uncovered interesting differences between the countries. For example, Finland appears to be ahead in HRM processes, whereas Danish organisations are ahead in talent engagement, and Swedish organisations exhibited a surprisingly low adoption rate of HR systems.

***We hope that the report proves useful in developing your ways of working and your organisation's human resources. We would be happy to respond to any further questions you might have!***



**68,8 %**  
of Danish businesses feel that employee engagement is strategic within their organisation

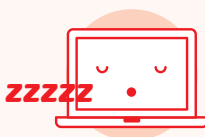
**95 %**  
of respondents feel that there's room for improvement in supervision.



**Predictive analytics has not yet established itself in the daily routines of Nordic organizations.**



**"Our employee engagement processes are working well"**



**Biggest gaps in HRM processes according to respondents:**

- Approval processes **43,8 %**
- Automated notifications **57,2 %**



**Which HR areas are strategic in your organisation**

- Competence management **63 %**
- Performance management **55 %**

# 1. Human resources management – HRM

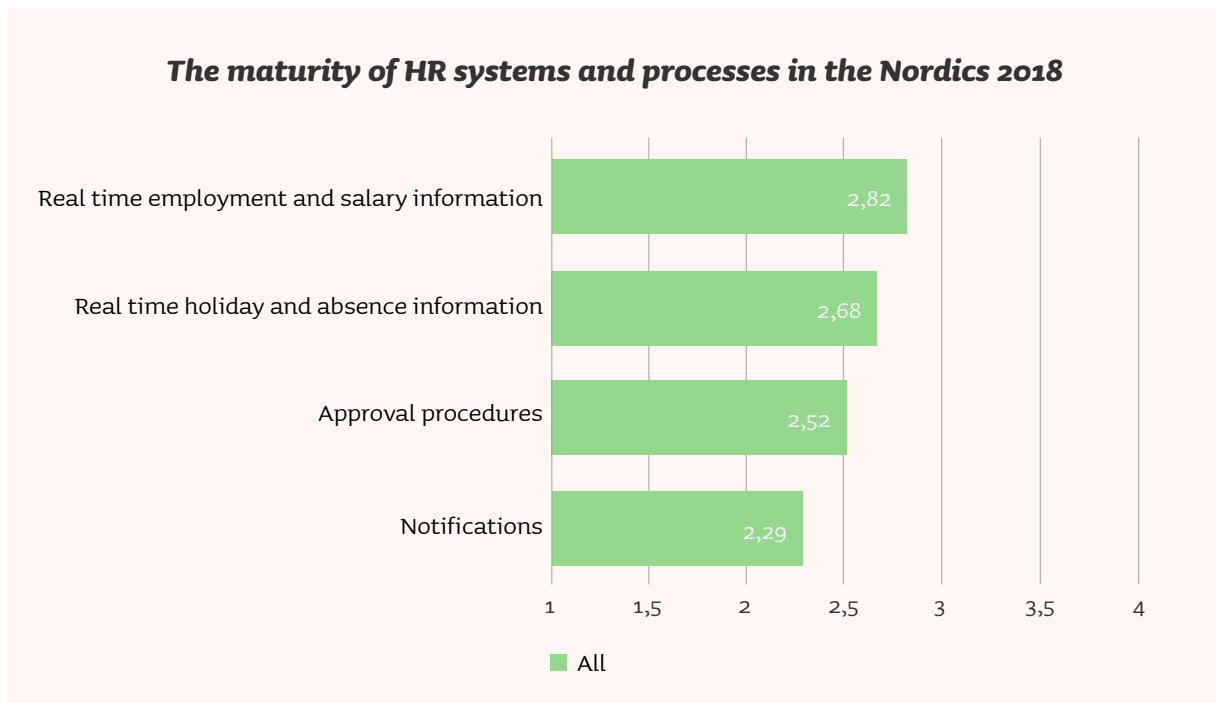
**According to the respondents, the biggest gaps in HRM currently lie in approvals and notifications related to various HRM processes.**

The respondents were asked to rate the maturity of their HRM processes from the point of view of real-time availability of information and management workload.\*

The legal and payroll-related processes were in good shape for all the organisations interviewed, ranking highest in the whole study, with an average score of 2.82.

Finland stands out in the results regarding HRM processes with an excellent score of 2.74, compared with 2.56 in Denmark and 2.35 in Sweden. The high number can partly be explained by the fact that the adoption rate of HR systems is higher in Finland than the rest of Nordics and with HR systems, HRM processes are typically the first feature that's taken into use through HR solution implementation.

According to respondents, the biggest gaps in HRM are in the various approval processes tied to different HR processes (43.8% of respondents were unsatisfied) and in notifications of employee activities that HR and team leaders need to receive to support their own work (57.2% of respondents were unsatisfied).



\* An example of real-time information availability is that data in the HR system is always available, up-to-date and accessible only to those who need it. Manager's workload on the other hand can be reduced with the correct suite of tools, such as real-time mobile notifications .

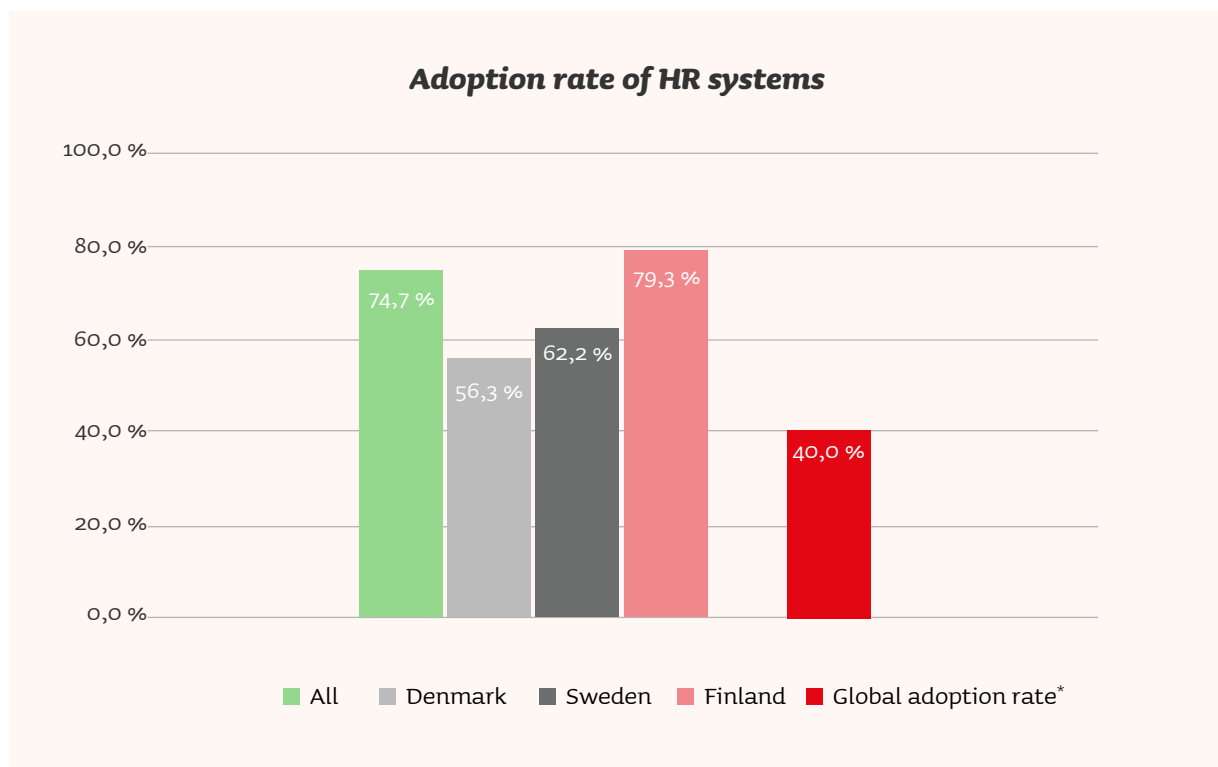
Modern HR systems facilitate these HRM processes by guiding the daily work of team leaders and giving HR the opportunity to delegate some manual tasks to team leaders and employees.

In addition, when HR solutions are used as master data systems (i.e. integrated with other IT solutions), significant cost savings and a decreased risk of mistyping can be achieved in manual data input. The next chapter discusses Mobile HR solutions and how they can support HRM processes by allowing employees to keep basic information such as holidays and absences always up-to-date.

## 2. HR systems and mobile use

**Mobile systems are seen as an easy tool to simplify basic HR processes. Respondents felt that the use of mobile systems increases the accessibility and quality of data.**

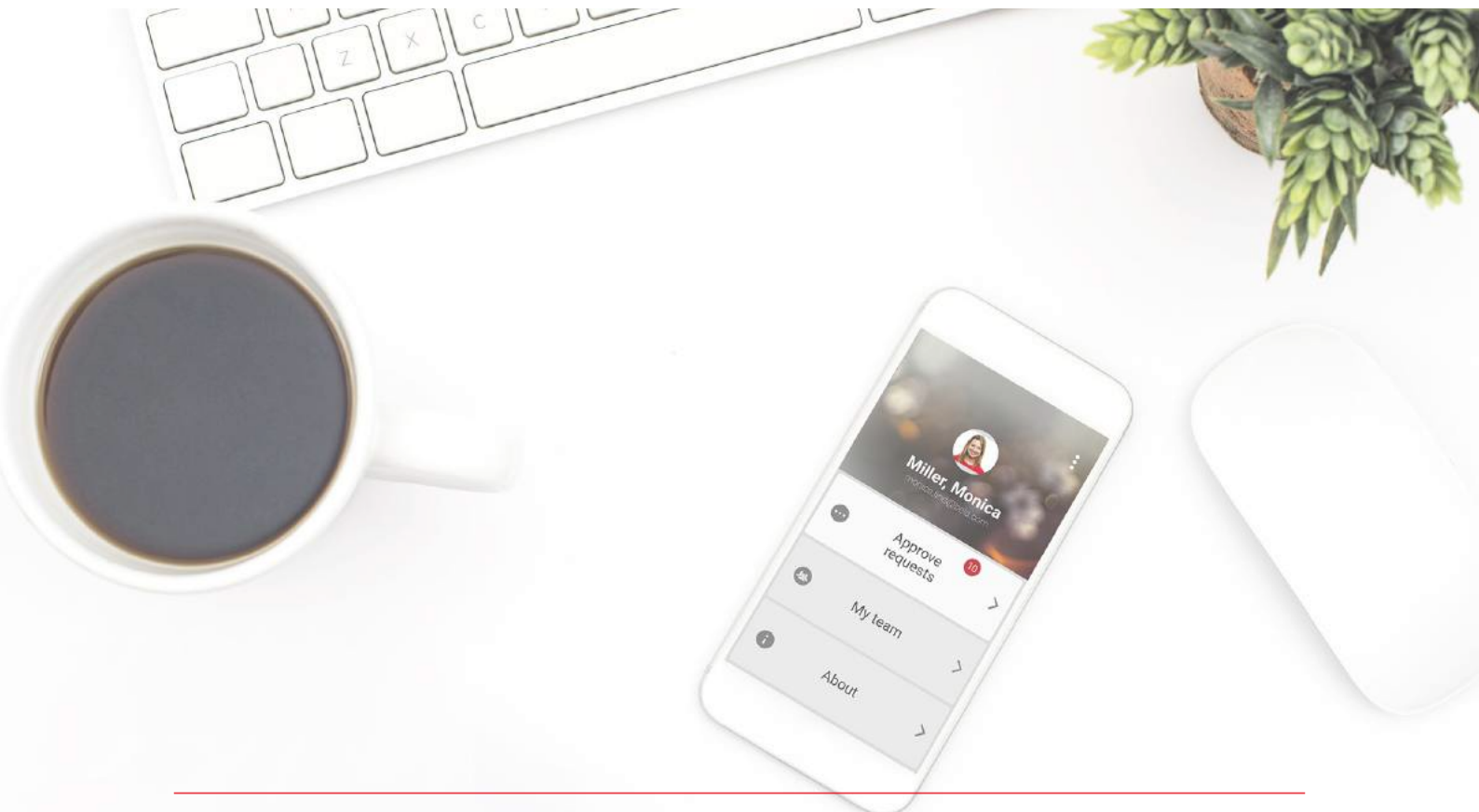
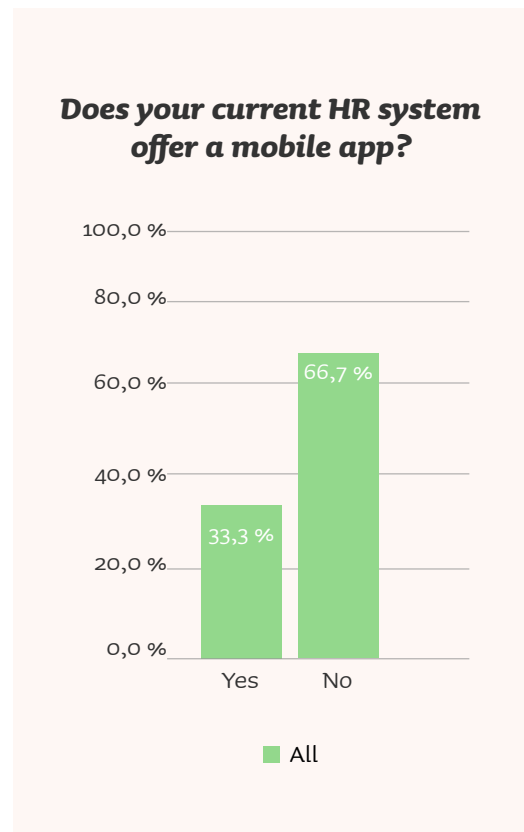
In our survey, we asked how many companies have HR systems in use and if the systems come with a mobile user interface or application. Respondents were also asked if being able to access their HR system on mobile devices would be valuable in terms of usability or the quality of HR data.



\*Bersin: HR Technology Disruptions 2018

Out of the respondent organisations, 74.7% are using HR solutions. In Finland, the adoption rate is by far the highest (79.3%), whereas in Sweden only 62.2% and in Denmark only 56.2% have adopted an HR system. These are interesting times in the world of HR solutions, as 2/3 of respondents indicated that they are looking to increase the amount of HR data management automation within the next two years.

The process of acquiring an HR solution in Finland, Sweden and Denmark proved to be uniform. Respondents say that the acquisition process involves mainly HR and IT in all three countries. The biggest difference was that Finns involved management in the acquisition process more than Swedes and Danes, with 58% of the Finnish organisations including management in the process, as opposed to 44% in Denmark and 41% in Sweden.

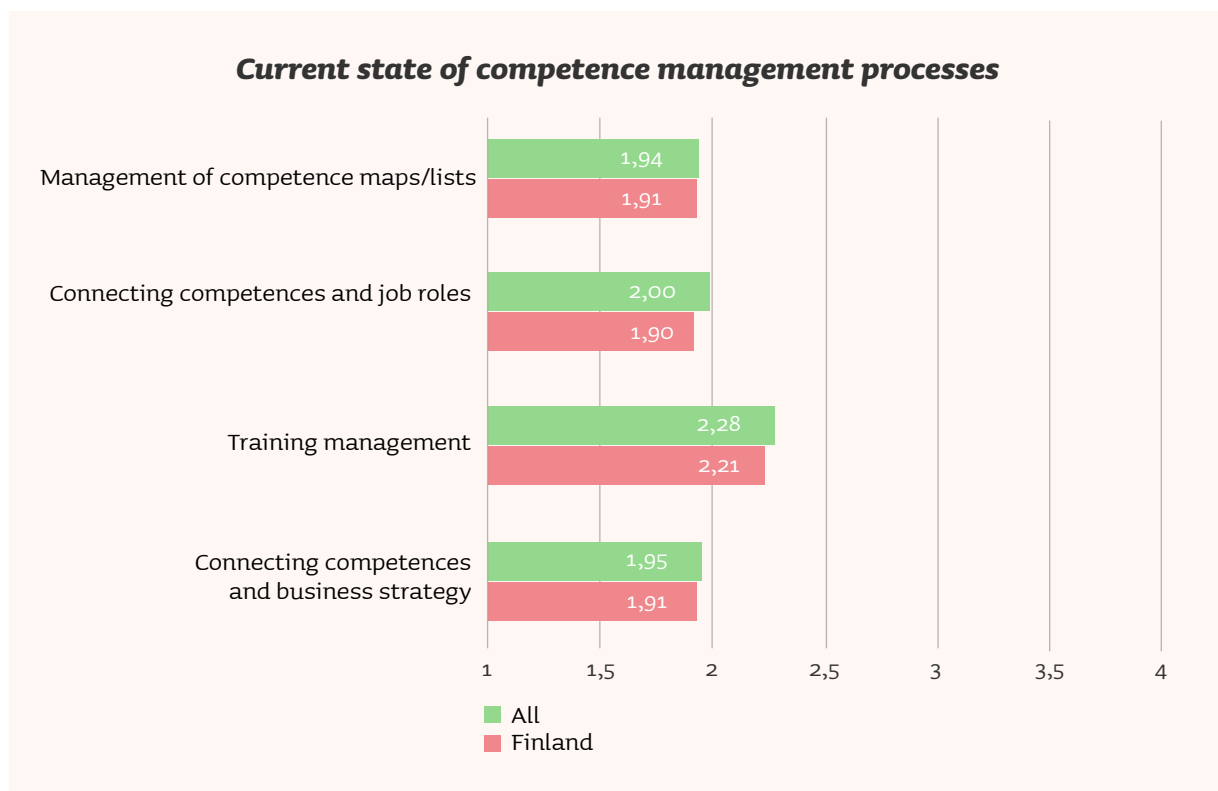


### 3. Competence management

**Most of the respondents felt that competence management was strategic in their organisation and one in four recognised it as the most important development for the coming year. However, existing processes in organisations do not connect competences with business strategy and management processes are not mature enough to fully support business goals.**

The quality of competence management processes was examined from different perspectives:

- 1) Management of competence maps/lists**
- 2) How competences are connected with different roles**
- 3) Management of training and development**
- 4) How competences are connected with business strategy**



As the table above indicates, competence management features more in HR in Sweden and Denmark than in Finland. Danish companies, in particular, appear to focus on competence development more than their Nordic neighbours (a mean score of 2.54 vs 2.04).

While 63% of respondents felt that competence management was of strategic importance to their business, and 25% said it would be the most important development area for the company in the coming year, existing processes in organisations don't connect competence

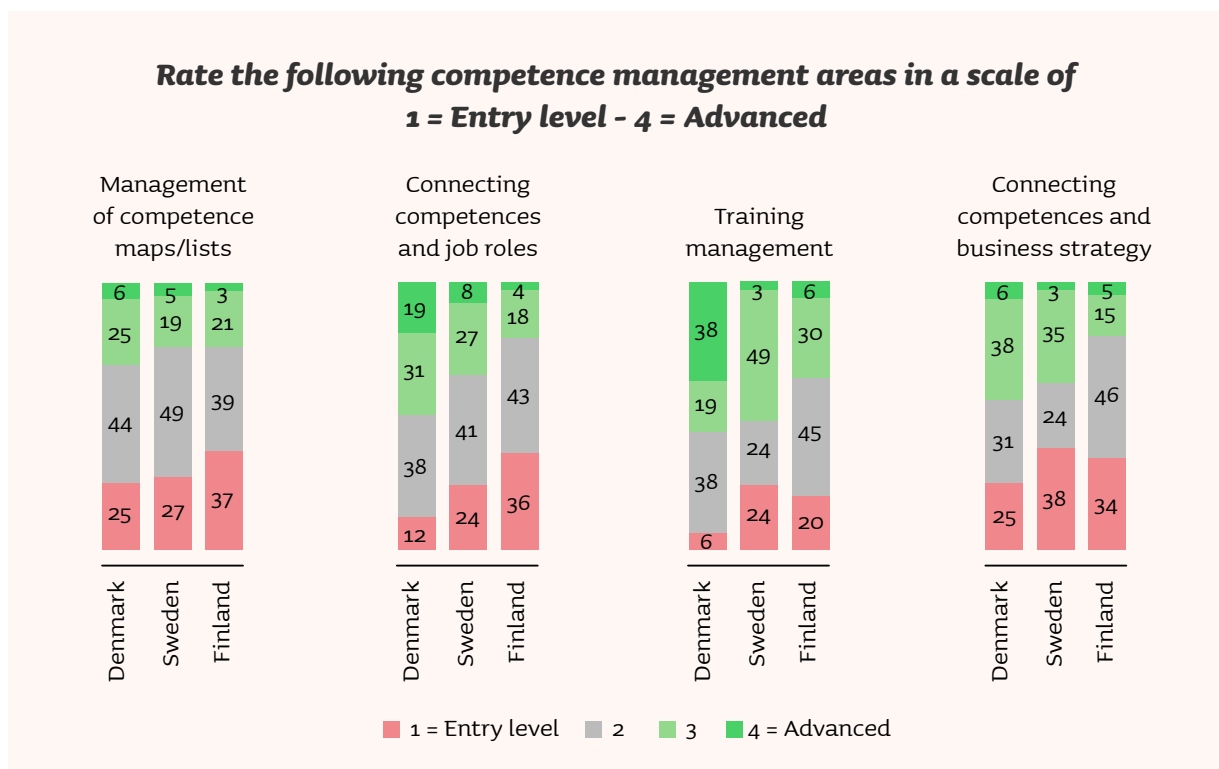




management with business strategy (mean score of 1.95). This contradiction indicates that competence management processes are not nearly mature enough to fully support business needs in any of the countries surveyed.

Approximately 65% of the organisations surveyed have, to some extent, defined competence maps, but these are not yet used in business development support. A potential challenge is the time-consuming process of data collection: rigid, rarely updated data does not meet the challenges of the current, constantly changing business environment.

This study thus shows that HR system vendors have an excellent opportunity to provide tools for improved competence management and development. The right solutions enable modern HR organisations to define the competences needed now and in the future, and to focus on processes strengthening those competences. How can business strategy be harnessed to guide competence management processes?



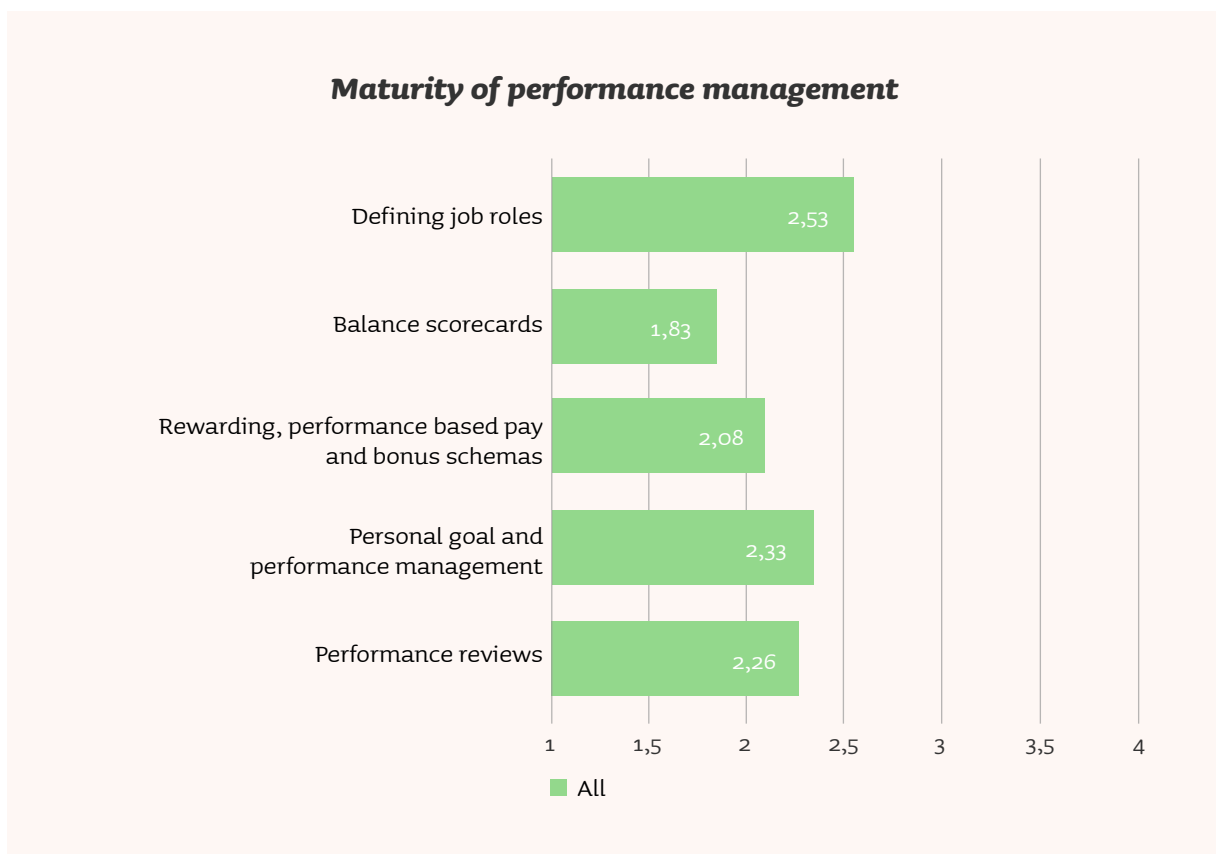
## 4. Performance management

**Job roles related to performance management are well defined in the Nordics but the study shows a shortage of individual compensation models. Respondents are generally unsatisfied with processes concerning performance reviews.**

The study sought to evaluate the maturity of processes for assessing individual and overall business performance as well as how these processes are reflected in reward and bonus programmes.

The state of performance management seems to be similar in all the countries studied. Job roles are seen to be well-defined. (mean 2.53). Different bonus programmes (2.08) and balance score cards (1.83), however, are not commonly in use among the companies that responded to the survey. Goal setting for individual employees is handled moderately well (2.33).

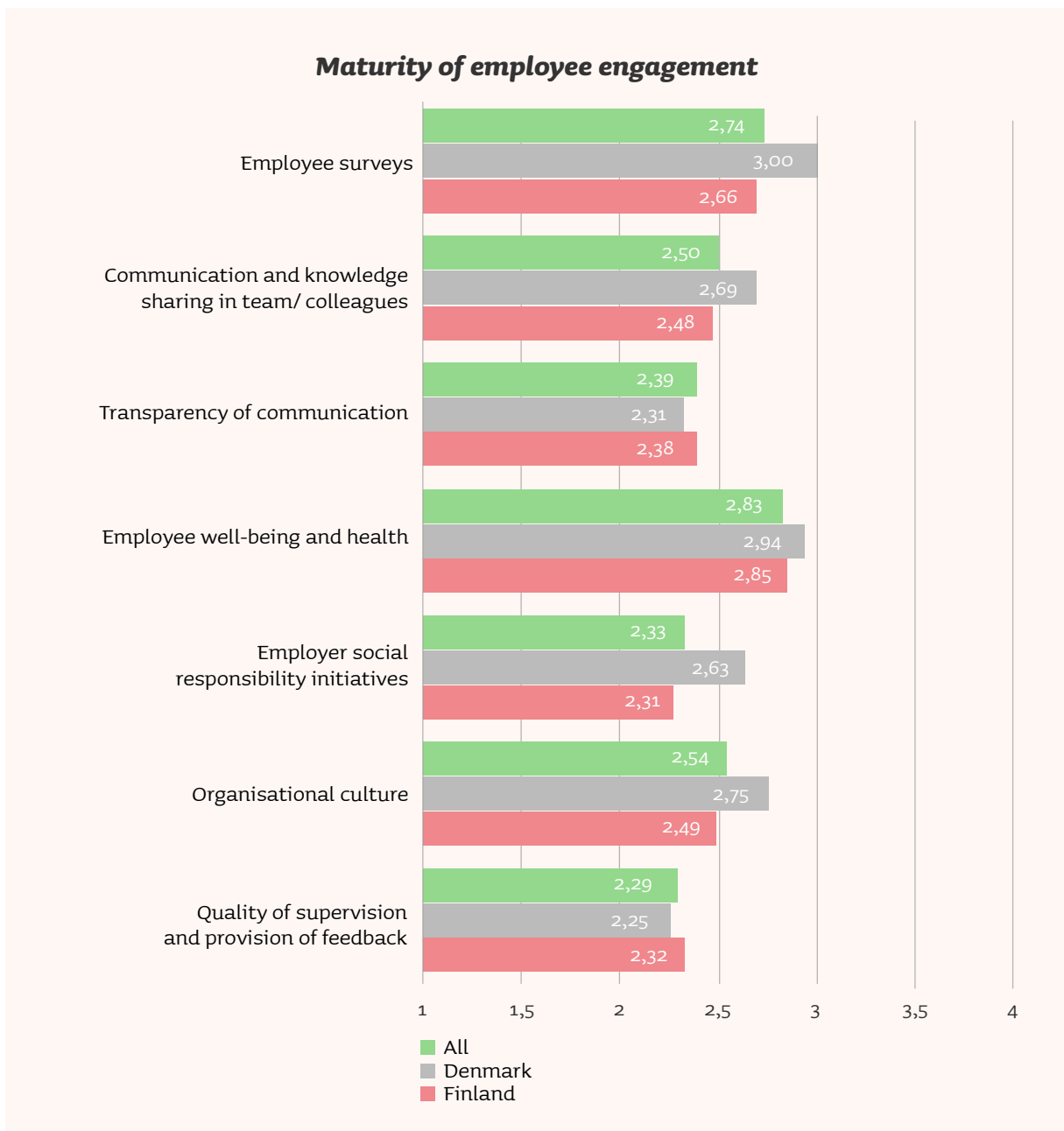
Somewhat surprisingly, the respondents felt that processes related to performance reviews were not particularly well managed (2.26). The role of traditional annual development discussions, and their results, have been a matter of both public debate and private concern within the business community for a while now, nor does it appear that more modern development discussion processes have been widely implemented either.



## 5. Employee and talent engagement

**Denmark shone as the Nordic leader in employee and talent engagement, whereas Finland was the weakest of the three countries in the study. Almost every respondent is unsatisfied with the quality of supervision and provision of feedback within their organisation. There's room for development in organisational culture and employer social responsibility initiatives as well.**

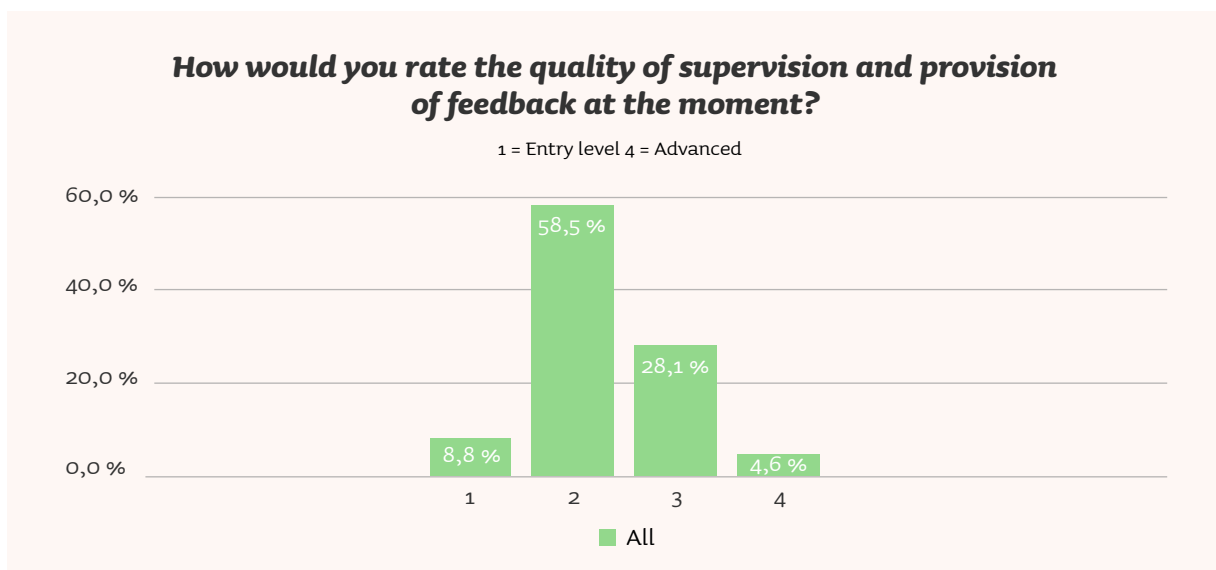
The level of employee and talent engagement was measured by examining employee surveys, communications, employee well-being, employer social responsibility initiatives and organisational culture. Also the quality of supervision, provision of feedback and the handling of managerial changes were questioned by the survey.



Respondents felt that employee and talent engagement processes were generally in better shape than performance management processes – the mean score was 2.5 v 2.13.

As the table above indicates, Denmark stood out as the leader in employee engagement. The state of employee surveys (mean 3.0) and organisational culture (mean 2.75) were far better than in Finland (2.66 and 2.49) and slightly better than in Sweden (3.0 and 2.68). Comparing Finland's results with Denmark, it seems that Finnish companies have plenty of room to improve in the field of employee and talent engagement, as the Finnish results generally stood out as the weakest in the Nordics.

Of the employee engagement processes studied, employee surveys (mean 2.74) and employee wellbeing (mean 2.83) were in the best shape. Despite employee surveys often being onerous for the employer to carry out, they are apparently actively used in Nordic organisations. Transparency in communications is seen to be at a decent level in all the countries (2.5) whereas the organisations' social responsibility initiatives (2.33) are only at a moderate level. The importance of organisational culture is clearly recognised, but a mean score of 2.54 indicates that organisations still have room for improvement in this field.



A full 95% of businesses surveyed stated there's an abundance of issues to tackle in the quality of supervision and feedback processes. The prominence of this topic in our survey is in line with the amount of related public discussion. Today, the quality of supervision and provision of feedback (coaching) are recognised as critical elements in employee wellbeing.

Management challenges in leading change have been a hot topic in HR lately (see, for example: HR Magazine 04/2017\*). The survey also revealed that new team leaders are lacking tools to get a rapid overview of their team's performance and competencies (mean 2.05). In these transitional situations, modern HR solutions are widely perceived as helpful, as they also support the work of team leaders and enable the collection of tacit knowledge.

\* Esimerkki: HR Magazine, 04/2017



## 6. Recruiting

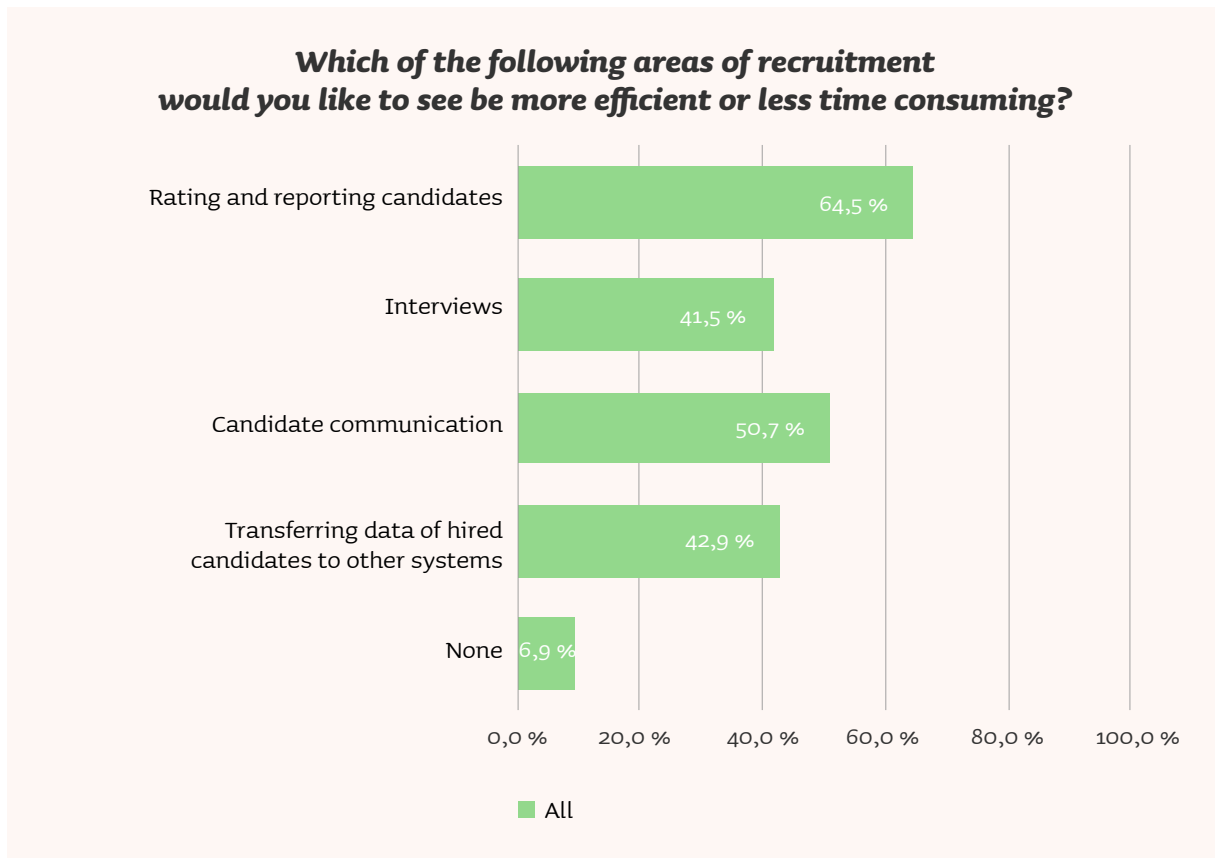
***Despite the fact that recruiting systems are very common in the Nordics, respondents felt that, as things stand, there's plenty of room for optimisation. Overall, respondents are unhappy with the state of recruitment. Inefficient recruiting processes consume a lot of resources, often to the detriment of end results.***

Interview-related questions focused both on recruiting systems and recruiting processes. We wanted to ascertain what proportion of organisations are currently using a recruiting system and whether those recruiting processes are, in the judgement of respondents, ineffective.

Recruiting systems are very common in the Nordics; 71.4% of organisations surveyed were using one. The level of use was highest in Denmark (87.5%) and lowest in Sweden (62.2% of respondents) with Finland falling in between with 72%.

Despite the use of recruiting systems, respondents identified plenty of room for improvement in recruiting processes as only 6% of respondents gave their processes the highest possible score. Inefficient recruiting processes consume a lot of resources and often undermine an organisation's reputation as an employer because of delays in the application process. Such problems can affect the quality of future applicants.

The key area in need of development according to respondents was the rating and reporting of candidates, which as many as 64.5% of respondents wanted to improve. The second most important area for development was communication with candidates, which was highlighted by 50.7% of the respondents. Modern, comprehensive HR systems could be a solution for making the processes more efficient, as they speed up reporting and make automated messaging possible.



## 7. HR analytics

**At the moment, HR analytics in the Nordics seem to amount only to basic-level HR reporting. Practical applications of predictive analytics are, as yet, non-existent, even when today's systems could potentially offer advanced data to support decision-making.**

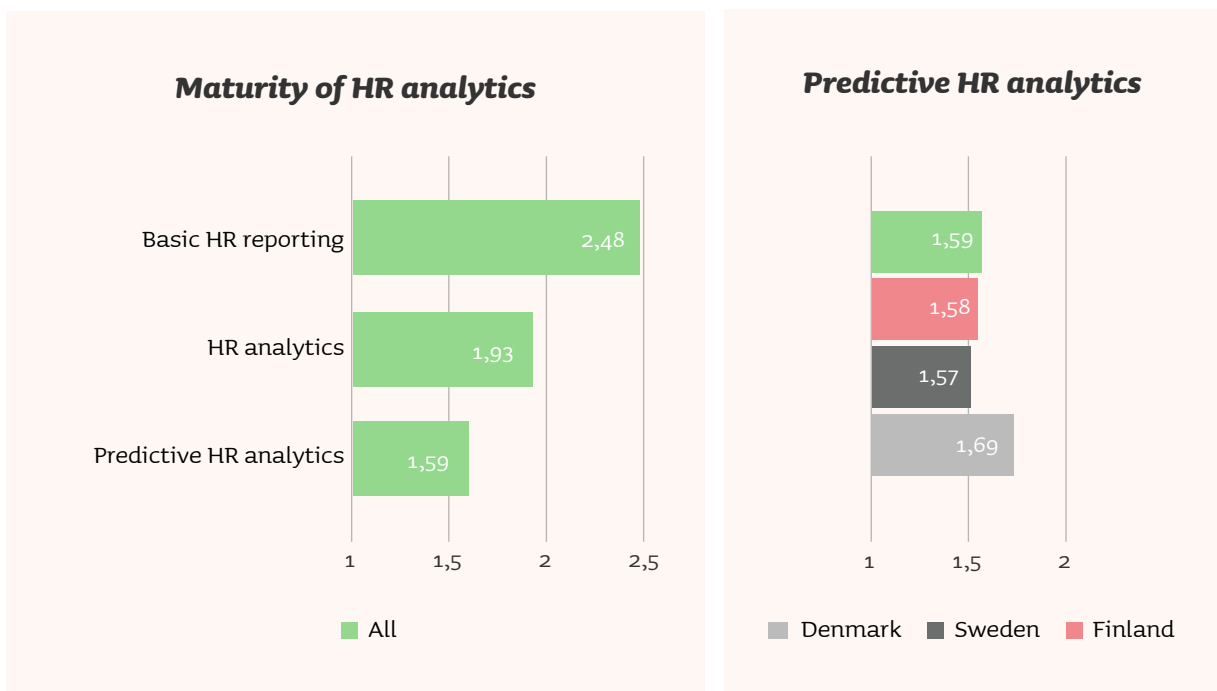
In the study, we asked companies about the status of their HR reporting, analytics and predictive HR analytics.

Although the respondents gave high marks to the efficiency of their basic HR reports (mean score 2.48), HR analytics and predictive analytics are, pretty much, only talked about, while practical applications are few and far between with scores of 1.93 and 1.59, respectively.



Despite their topicality, predictive analytics are still in their infancy. HR systems have plenty of potential to provide high quality analytical data to support business-critical decision-making. All of the Nordics countries surveyed are at much the same level of development; the average responses were 1.58 (Finland), 1.57 (Sweden) and 1.69 (Denmark).

At their best, predictive analytics enables the discovery of cause and effect relationships and helps to ground business decisions in facts. It thus helps HR better support the needs of the business. Predictive analytics can, for example, be used to identify and prevent the causes of staff leaving the company and thus reduce employee turnover (source: Deloitte).



\*Deloitte Human Capital Trends 2017

## 8. Strategy and the future

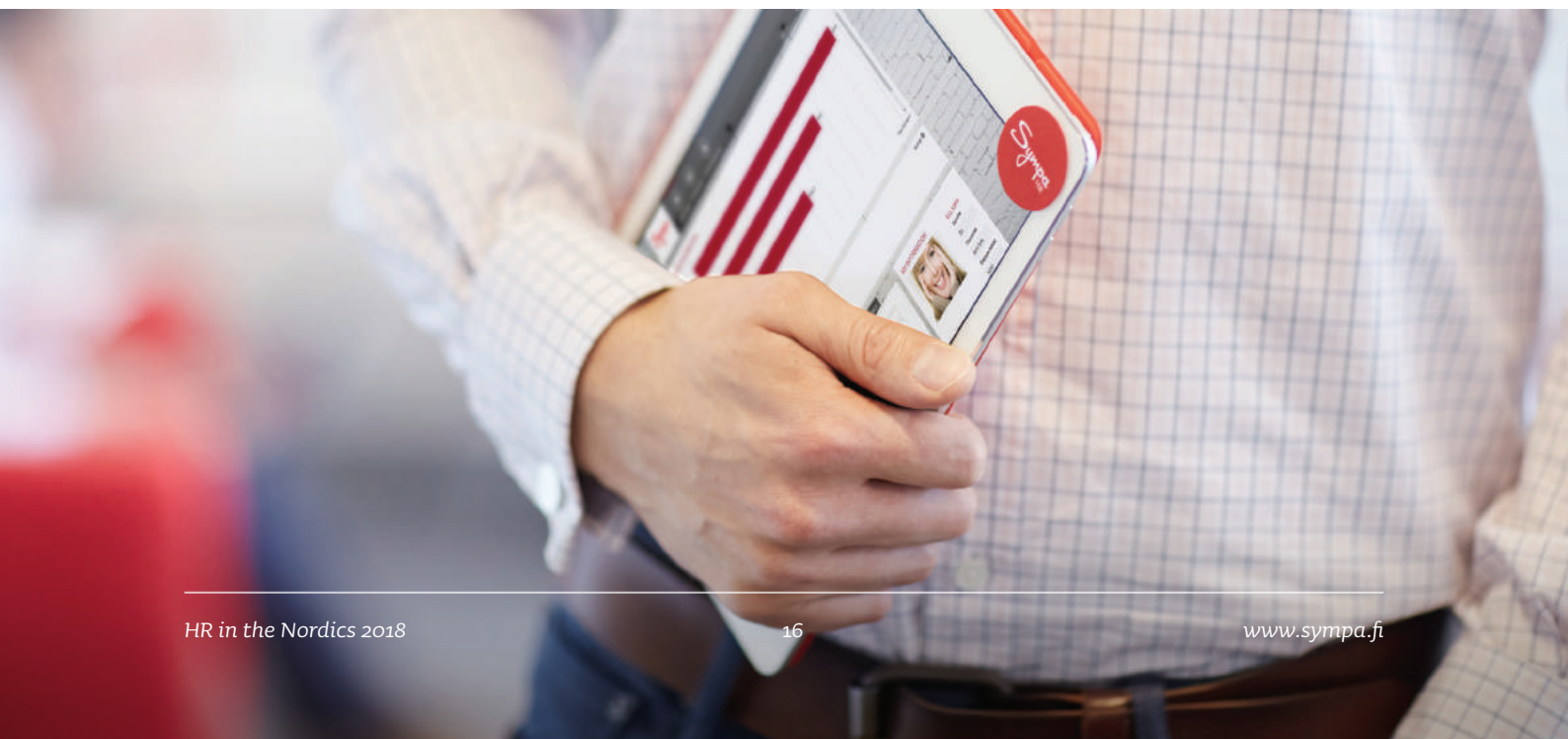
**Nordic businesses will invest more in HR systems in 2018, possibly as a result of EU's GDPR regulations. From a business point of view, competence and performance management are seen as the most critical HR processes. In other Nordic countries, employee and talent engagement are valued more highly than in Finland.**

With regard to the theme of 'strategy and the future', we wanted to find out which HR processes are regarded as business critical and how organisations are planning to invest in them.

The most obvious discovery was that companies are going to invest in HR systems. 70% of respondents not yet using an HR system are about to acquire one. Companies operating without an HR system can face significant challenges in meeting the demands of EU's General Data Protection Regulation in 2018.

Competence (63% of respondents) and performance (55%) management processes were regarded as critically and strategically important for the success of the business. In Denmark, employee engagement (69% v 48% in Finland and Sweden) and recruiting (63% v 49%) also stood out. There appears to be a small difference of perspective: Finnish and Swedish companies are engaging their employees by investing in competence and performance development, whereas Danish companies focus more on employee satisfaction and successful recruiting.

There was no clear consensus between the respondents regarding the most important HR development area. However, competence management was the most popular answer in all countries (Denmark 31.3%, Finland 25.6%, Sweden 21.6%).





## Conclusion and development areas

The current low usage levels of HR technology in different HR processes is a shared challenge in the Nordics. The possibilities of HR technology are understood only on an abstract level, even though they are expected to improve HR processes.

**1) According to the study, the most obvious development area was quality of supervision.** Since employees are an organisation's most important asset, tools and processes that support better supervision are very much in demand.

**2) The second most important development area is the modernisation of HR analytics.** For HR, business-critical analytics still means basic reports that are looking in the rear-view mirror. In the majority of organisations, real-time analytics, and especially predictive analytics, are in their infancy. In order to change the status quo, HR and reporting system vendors need to prove the potential of analytics in data-driven decision-making. At the moment, analytics seems to be too far removed from the everyday work of HR and are only used by a few HR pioneers.

**3) The third development area is recruitment. Respondents felt that recruitment is a time-consuming process.** In their opinion, enhanced reporting and classification of candidates would provide immediate, concrete business benefits.

The study also revealed that the shifting of HR processes towards mobile is at its infancy, but respondents are positive that investing in mobile interfaces will improve team-leadership in the very near future. The research confirmed that the strength of HR in the Nordics is in employee well-being and transparency of communication. Another interesting discovery was Denmark's exceptionally good results for employee and talent engagement.



# **Sympa HR**

## **– A comprehensive HR system**

**Do you have questions about the report?**

**Would you like to hear more about the future of HR? Do get in touch with us:**



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