



EXECUTIVE SURVEY

Human capital management in federal government



Achieving your mission starts with modernizing your IT.

Unlike legacy systems, Workday Government Cloud helps federal agencies stay ready for what's next. Discover how automation frees up valuable HR, IT, and finance resources so teams can operate more strategically; hire, train, and retain top talent; and adapt quickly to change. Learn more at workday.com.

Workday. For a changing world.™



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The struggle to evolve human capital management



It's never just technology or just recruiting or just training or just budget or just strategy. It's all those things and more as agencies work to improve human capital management, particularly through the use of new and integrated systems.

The data speaks for itself in this Federal News Network Executive Survey on HCM evolution that we conducted in partnership with Workday. Responses from 100-plus federal human resources leaders show that agencies are focused on developing strategies and using technology to better deliver HCM services and improve employee experiences in measurable ways.

Even so, most agencies still are in the defining stage of establishing comprehensive HCM programs, with only 29% of survey respondents saying they have formal plans with “well-known goals, objectives and targets.” The majority, 51%, have only somewhat defined plans or plans still in the process of being defined. And another 20% said their agencies have no defined strategies.

It's also clear from the data revealed in the pages ahead — and particularly from respondents' anecdotal comments — that the challenges are many and the going is not particularly speedy for most agencies in improving HCM.

The survey captured responses from far and wide across the government, reflecting a broad swath of HCM efforts. We hope you find this data useful as your own agency addresses some of the common HCM challenges seen across government.

Vanessa Roberts
Editor, Custom Content
Federal News Network



We have put an emphasis on recruiting, which is important. But until we can keep the employees we recruit, we will always have a 'problem' with recruiting.



I have sat on many hiring boards, and while we get qualified people, the HR process is so slow and broken that they usually get hired at another [federal organization] before we can extend an offer.



We have a patchwork of systems, some homegrown and some from our cabinet department, none of which were designed to be interoperable.



All major HCM functions are performed by contractors from another federal agency, which results in loss of process control, delays and confusion for existing employees and new employees being hired.

THE RESULTS

No surprise: Recruitment leads list of Top 3 hiring challenges

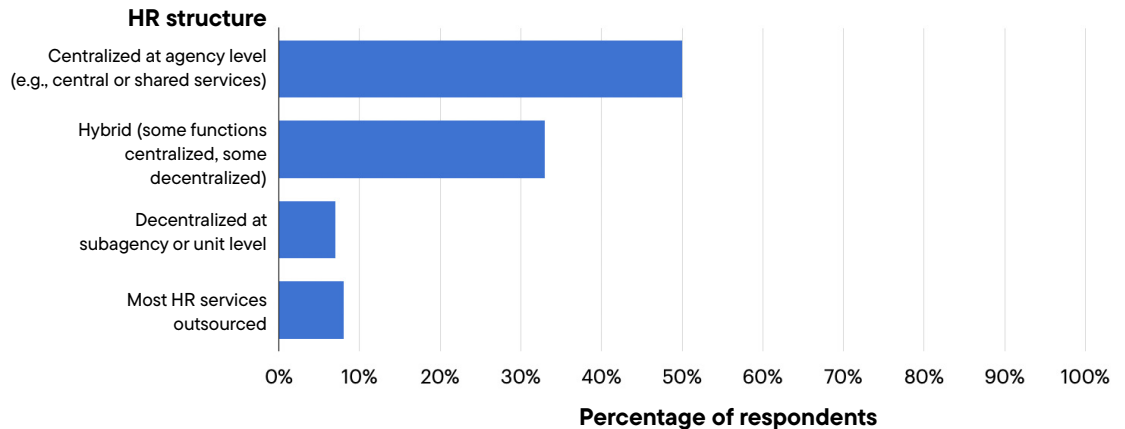
“What are your organization’s biggest challenges related to human capital management (HCM)? (Select your top three)”*

No. 1: Staff recruitment (55% selected)
No. 2: Staff turnover (50% selected)
No. 3: Employee morale or burnout (43% selected)

* “Diversity, equity and inclusion” was the least selected option, with only 3% of respondents picking it. This suggests either that DEI efforts are well underway or that the federal HR function faces more basic challenges.

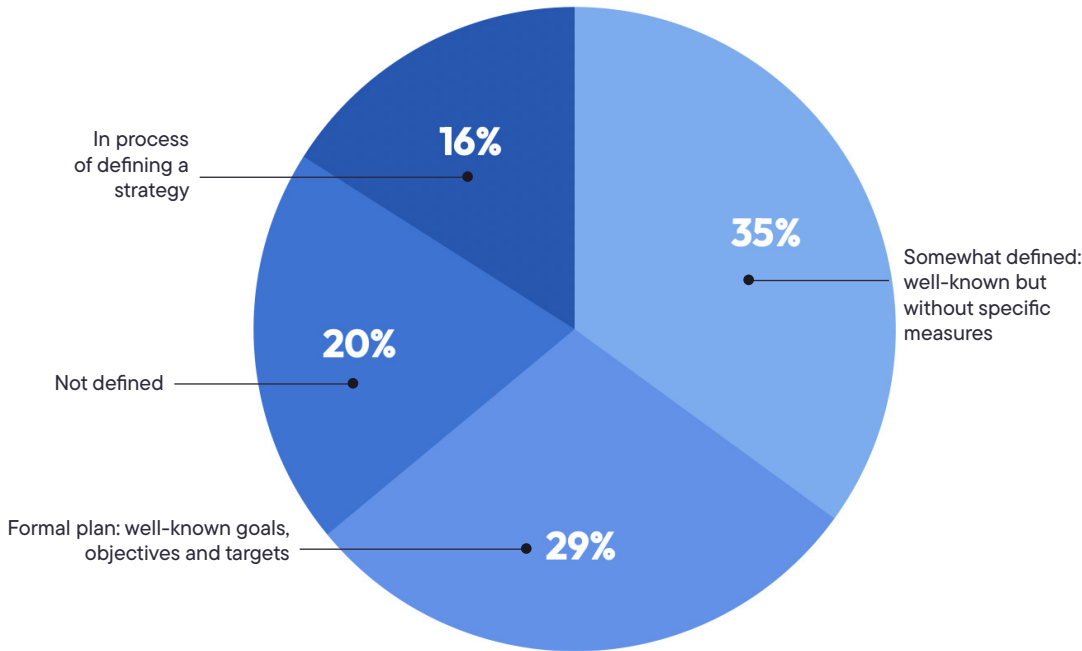
Most agencies rely on centralized HR structure

“Which of the following best describes your organization’s HR service delivery and organizational structure?”



For most, fully defined HCM strategies remain elusive

“To what extent is your organization’s HCM strategy defined and documented?”



Most functions are centralized at the regional level, with some areas centralized at the national level.



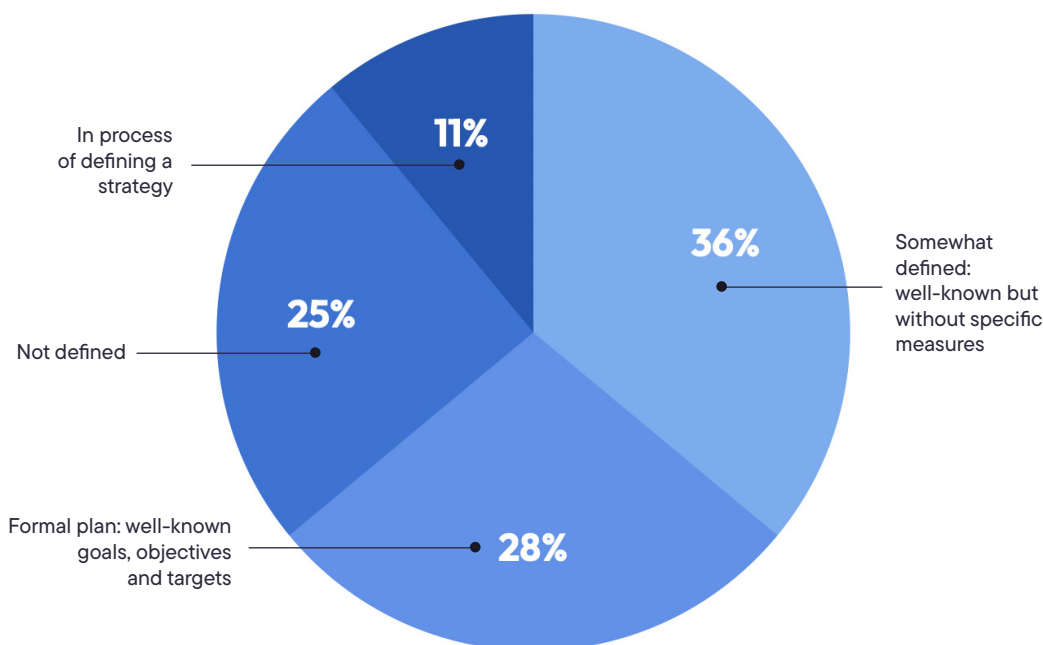
Complete lack of accountability through centralization.



The goals are mostly in place, but the methodologies are lacking and/or not established.

Most have standards for HR service delivery

“To what extent are HR service delivery standards defined?”



Our component has a clear HCM strategy, and our HR leadership team uses the strategy to continually align activities and update priorities.



The plan is only known at the high levels of the organization, with people left only with hopes and wishes at the field level.

It's difficult to know when changes are consistently being made to how we operate and what the scope of responsibilities are.

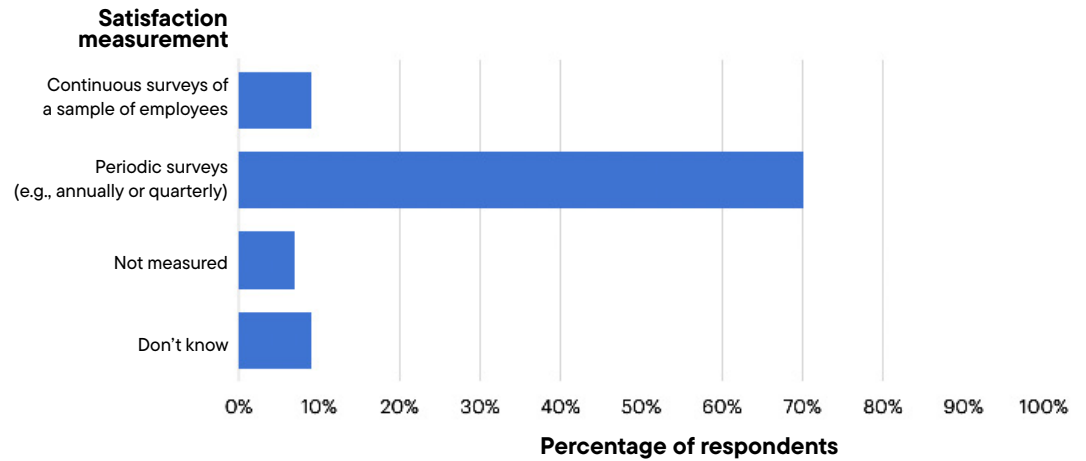
Always feel like it's a 'you don't need to look behind the curtain' mentality.

Somewhat, but expectations are not achievable in some cases causing poor customer service.

Defined, but not much accountability to ensure they are delivered.

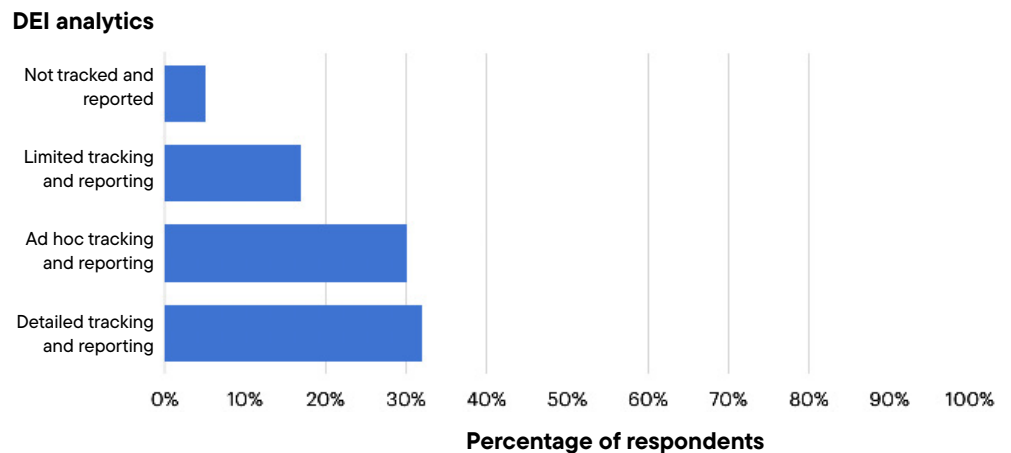
Employee satisfaction gauged only periodically for most part

"To what extent is employee satisfaction and engagement measured?"



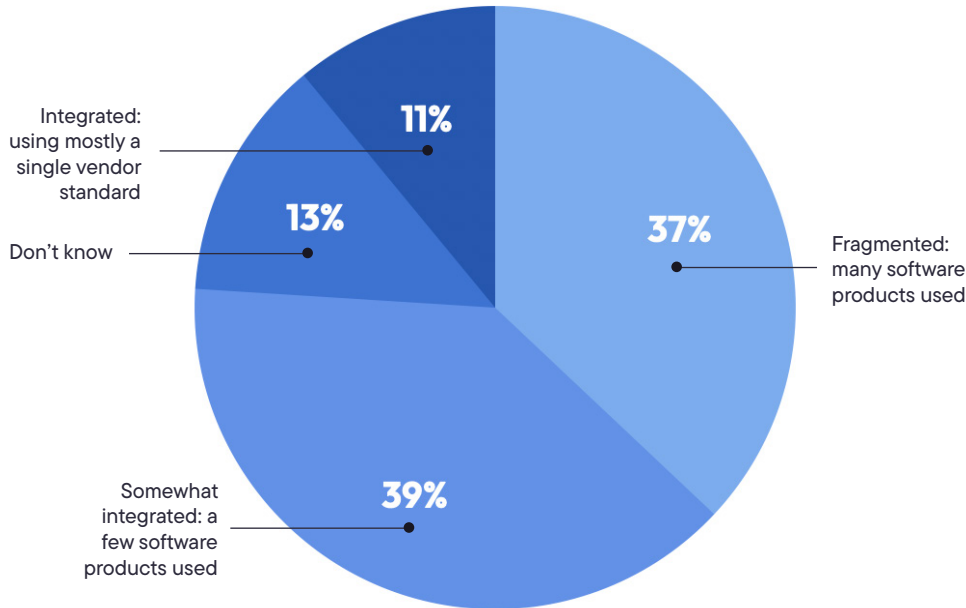
Tracking and analysis of DEI data varies

"To what extent is diversity, equity and inclusion tracked and reported?"



Few agencies use integrated HR systems

“How would you describe your current systems environment?”



We're in the process of shifting to a more integrated solution. It will be great to have one system, with improved data flows, tracking, reporting, et cetera.



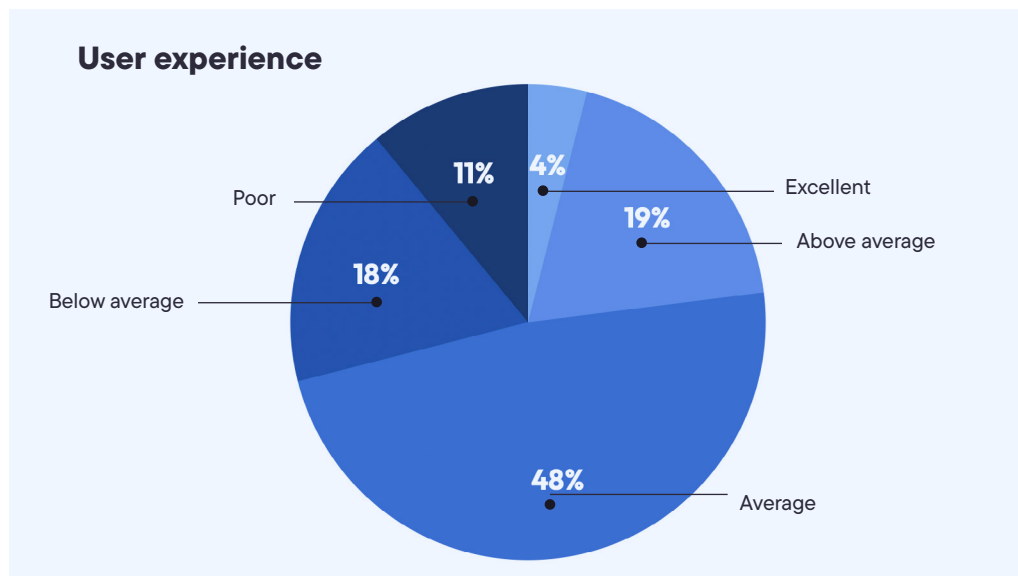
There are several systems, and some of the integrated systems do not operate optimally with each other.



Currently, dashboards are often created separately because different systems are capturing different pieces of the process.

Most view their HCM technology as just average across the board

“Thinking about your core HCM technology collectively, which of the following best describes the system environment as it relates to each of the following?”





We're in the midst of the shift to a new core technology. I'm rating the old tech, but we'll have much of the new implemented in fiscal 2024.

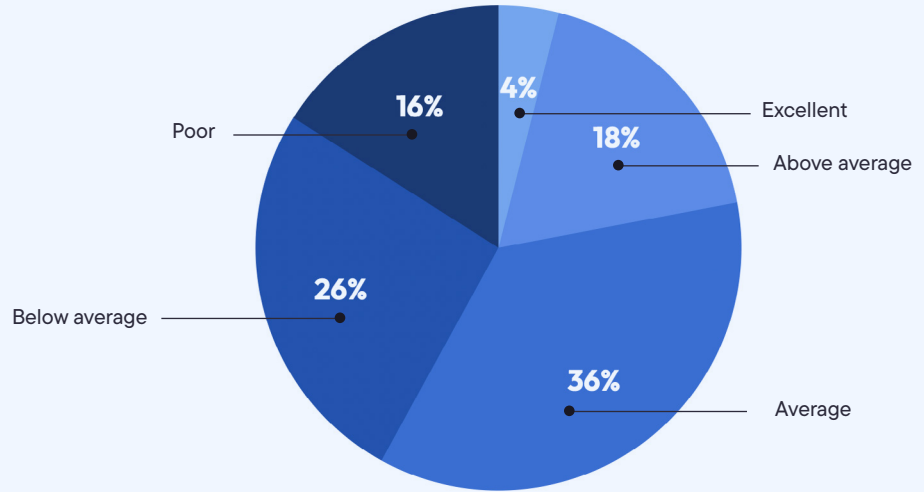


Some of our technology is really old, but we haven't had the budget to be able to replace it with new software.

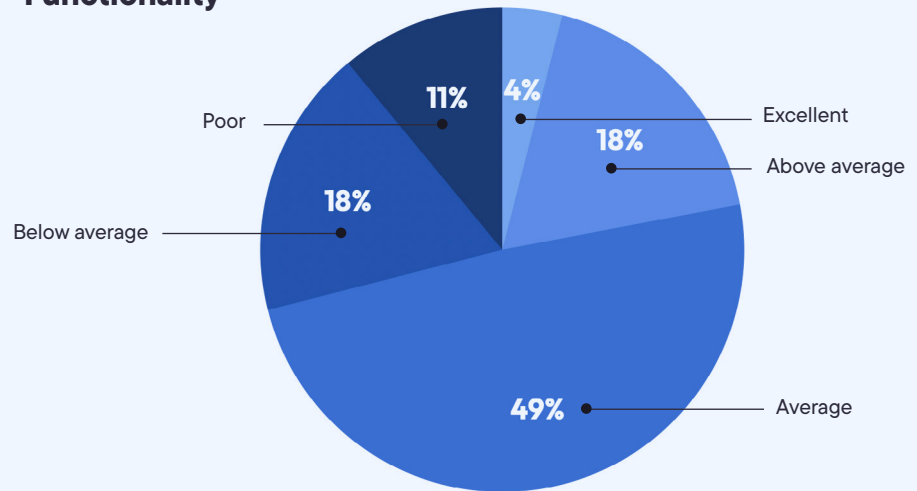


We are in the process of transitioning to new core technology, which is a significant, resource-intensive effort.

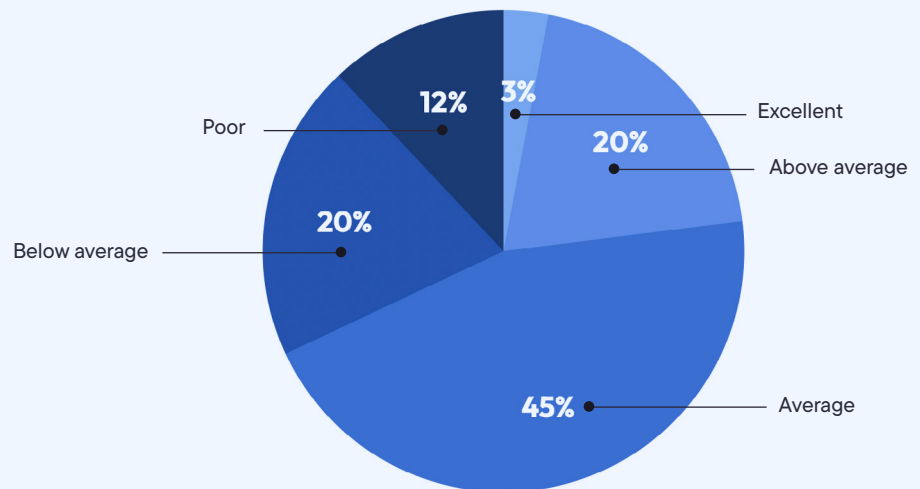
Flexibility to change



Functionality



Scalability and capacity management



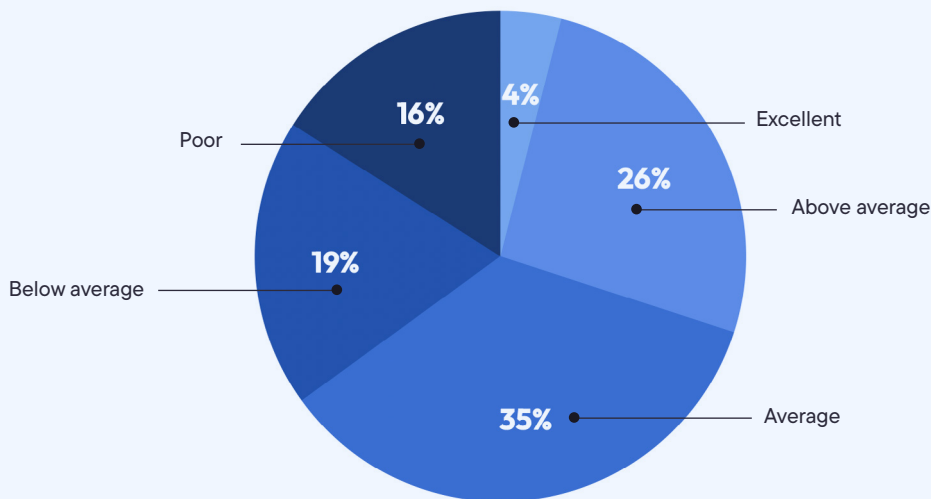


It could and does need to be improved. We have a team of contractors building dashboards. However, they are not widely accessible, and it takes a lot of work to maintain them..

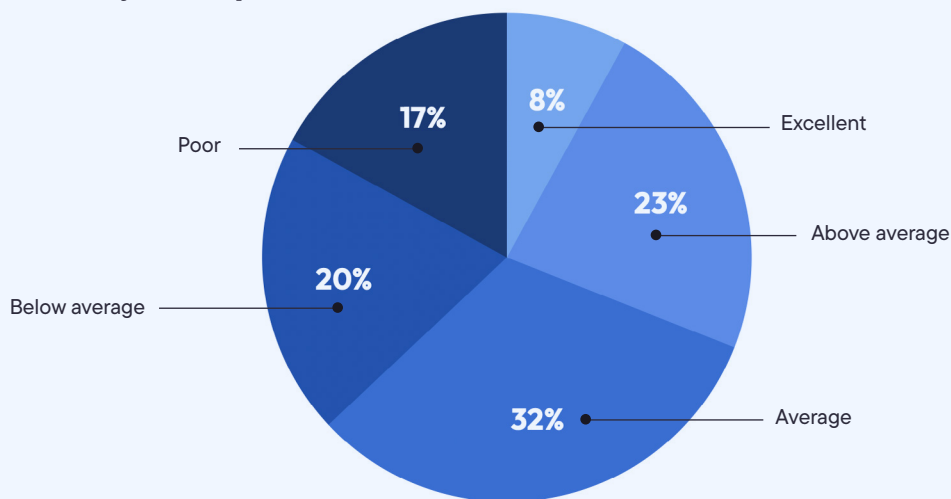
Agencies consider HR data analytics and reporting decent

“Thinking about HR data analytics and reporting, how would you rate the following in your organization?”

Ease of data access



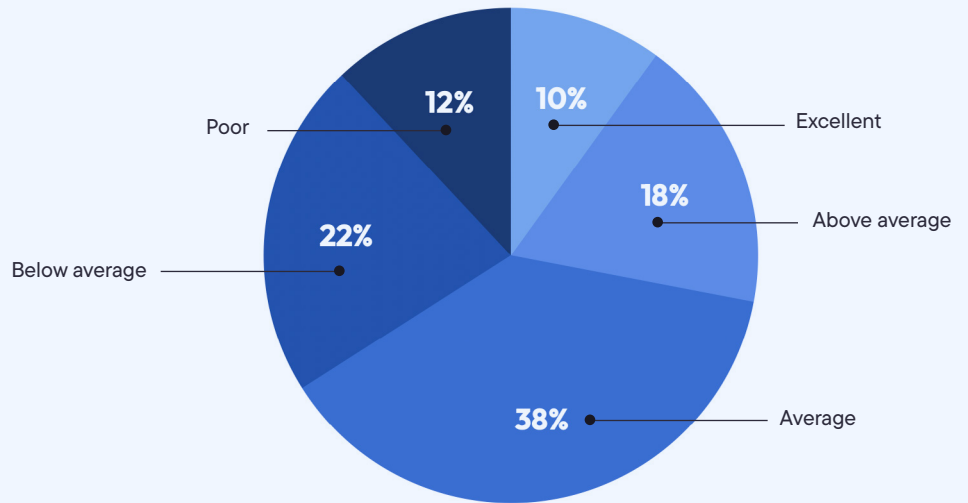
Analytics capabilities



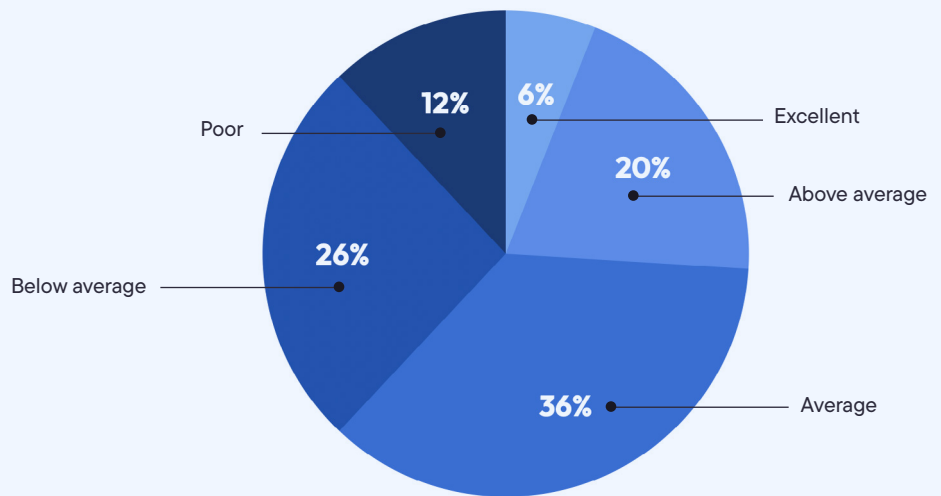


Our HR data analytics are outstanding! We have a wide array of dashboards, brief internal and external stakeholders frequently, and continue to develop new insights.

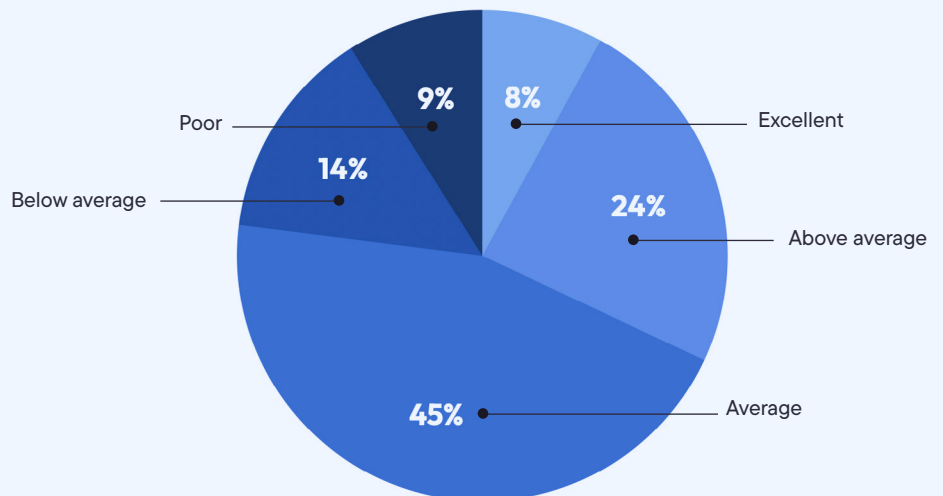
Dashboard development



Customizable reporting



Standard reporting



INDUSTRY PERSPECTIVE

Could your next human capital management modernization be your last?

BY VANESSA ROBERTS

Does the headline of this article seem over the top? It really shouldn't, suggests Rowan Miranda.

With the adoption of cloud and software as a service for human capital management, in theory it is possible, said Miranda, senior managing partner for government strategy at [Workday](#).

"Agencies should think about this next modernization as potentially their last because we now have the technology that can let them continually evolve their capabilities without the repeated need to overhaul infrastructure," he said. "Agencies will no longer be stuck with a rigid, hard coded system. Plus, to retain customers, cloud software companies like Workday are incented to constantly advance functionality and keep pace with technology given that they contract on a subscription model."

This approach to evolving human capital management (HCM) makes sense against the backdrop of current federal initiatives to standardize human resources operations governmentwide. The Office of Personal Management continues to nudge the government toward a [shared services model for HCM](#). Agencies meanwhile are working to modernize their environments to eventually take advantage of shared

service centers supporting those common HR functions.

Miranda offered both the benefits possible from these efforts and a path forward for agencies.

HCM in the cloud: Beyond cost savings

While the Office of Management and Budget has tagged the potential agency level savings from moving to a cloud-based shared services model as between 5% and



From the standpoint of employees, job candidates, the HR staff and managers, the elegance of the technology matters. The opportunity to work with modern technology is in itself a recruiting and retention tool.

— Rowan Miranda, Senior Managing Partner for Government Strategy, Workday

30%, the reason to modernize goes beyond cost savings alone, Miranda said.

“These are productivity tools that employees need to do their jobs,” he said. “There are significant cost savings with the cloud when you have economies of scale on infrastructure. But you also gain economies of skill because you don’t need 50 or 150 people in every agency maintaining the support system if the shared service center can deliver that support.”

Miranda was quick to note that organizations don’t always get that from technology investments. In the midst of both a tight labor market and a federal retirement wave, the move to shared services and cloud will ease recruitment challenges and let the government economize on labor costs and on labor effort.

Here are a handful of the other advantages he said that current legacy systems make a challenge for agencies:

- Gaining access to data
- Making configuration changes easily
- Integrating fragmented HCM capabilities
- Improving employee and user experience

“From the standpoint of employees, job candidates, the HR staff and managers, the elegance of the technology matters,” Miranda said. “The opportunity to work with modern technology is in itself a recruiting and retention tool.”

An HCM kick-starter guide

Despite OMB and OPM having focused on HCM transformation strategies for the past few years, Miranda characterized the federal government as in the earliest stages of modernization when it comes to its HR systems.

He noted that many agencies continue to rely on legacy systems first implemented 20 to 30 years ago to support HR operations, even as they have added newer tools to support hiring, learning, payroll, recruiting and other needs.

Miranda used a sports analogy: “In the federal government, HCM modernization is in the first five minutes of the football game. You’re not going to find a half a dozen cabinet agencies that have comprehensively modernized human capital management.”

When agencies and shared service centers modernize their platforms, they need to meet today’s requirements, but they also need to partner with a company that is well-positioned to adapt to the future.

— Workday’s Rowan Miranda

To move forward, he offered three suggestions:

- Look to state government projects: Interestingly, state governments are out ahead of the federal government when it comes to moving end-to-end HR systems to the cloud. “We’ve got at least 10 states that federal agencies can learn from that are at various stages of implementation or have gone live,” Miranda said, including Iowa, Maryland, Oklahoma, Oregon, Vermont and Washington. “I’m not saying that most of these states are as complex as the largest federal agency, but in human capital management, there’s still a lot that can be learned from the states.” [*\(Discover more about how Workday has partnered with state and local organizations.\)*](#)
- Embrace change management: Although each of those states had complex environments and unique needs, they successfully moved or are moving to SaaS tools for their HR processes, he said, because “they made a commitment to do business differently.”

Being flexible and identifying core common needs allows for both adopting SaaS and moving to shared services. It’s a critical challenge that federal leaders have to address, Miranda said. “They’ve got to be willing to embrace different processes, ones that are best practice-based.”
- Plan for technology on the horizon: “When agencies and shared service centers modernize their

platforms, they need to meet today’s requirements, but they also need to partner with a company that is well-positioned to adapt to the future,” he said.

One clear need will be integrating artificial intelligence and machine learning. “Every organization, government and commercial, is going to have to look at utilizing AI and ML to run their business better,” Miranda said. Agencies therefore must know that their industry partners have AI capabilities and an agile approach to implementing other new technologies. At Workday, “more than 3,000 customers already allow us to use their data for AI and machine learning types of inferences,” he noted.

HCM evolution on the horizon

Despite the challenges, Miranda remains optimistic about the future of HCM in the federal government.

In part, that’s because agencies have aggressively moved to hybrid multicloud environments. The COVID-19 pandemic catapulted adoption forward. The continued need to support a remote workforce set the stage for HCM modernization, he said.

His prediction: “Eighteen to 24 months from now, a number of federal agencies will likely be live with modern human capital management solutions, and they won’t want to turn back to what they had.”

**20% to 30%
on average**

The cost savings seen from Workday customers that have adopted end-to-end HCM in the cloud

Source: Workday

THE METHODOLOGY

Survey details and demographics

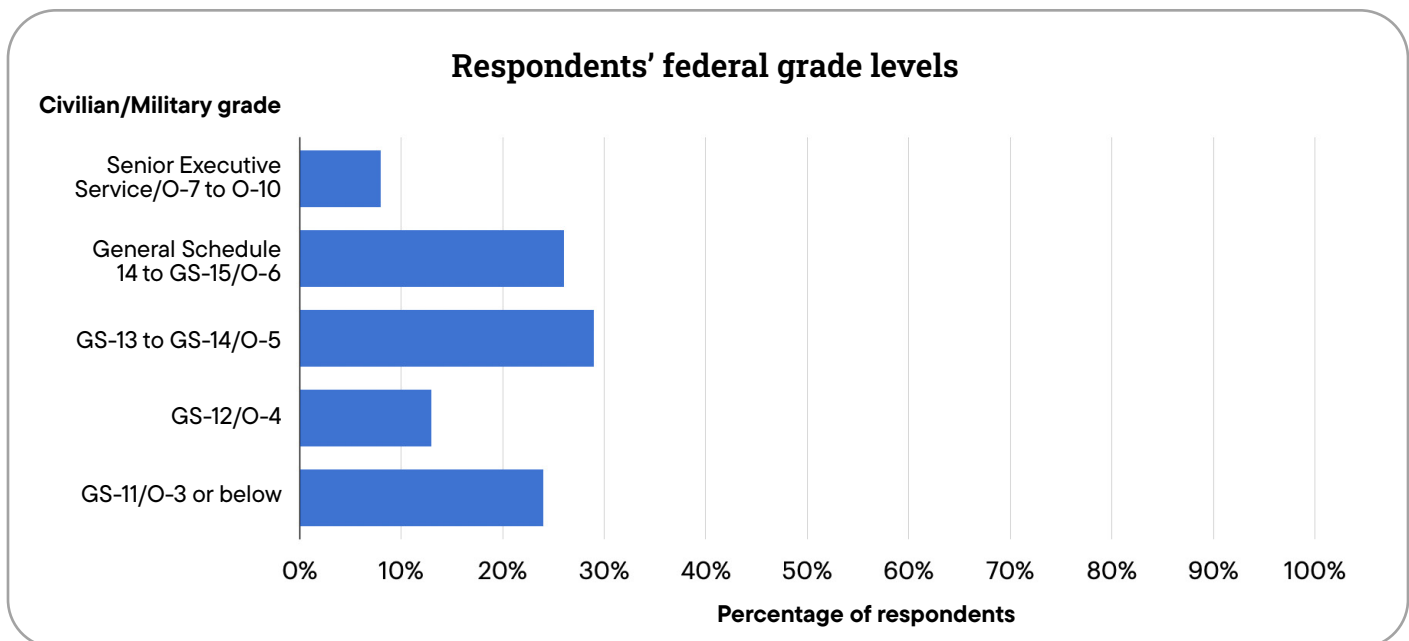
Federal News Network produced this survey about human capital management (HCM) technology evolution in partnership with [Workday](#).

For this survey, we sought to engage senior leaders across the government to better understand:

- How agencies are progressing in developing and implementing HCM strategies
- The underlying challenges agencies face in improving human capital management

We received responses from 114 federal employees who work across a wide range of HR titles. The survey was open for a six-month window, from May through September 2023.

The self-reporting showed that managers and leaders who work in HCM in the government have numerous varied titles. In fact, 81% selected “Other” to a question about title and specified a host of job titles beyond what we included in our list. The majority of our survey respondents, roughly 70%, reported working in civilian



agencies. Another 15% or so reported working in defense agencies. Then, the remainder were spread across intelligence, judicial or independent government organizations.

We received responses from federal employees in every cabinet-level agency as well as the Air Force, Army and Navy.

