

HRD Forum

HR Analytics — Turbo Charged or Stuck in Neutral?

Paul Turner and Wojciech Zytowski

Turbo charged — A People Management Revolution

The use of HR Analytics is radically changing the way that many companies go about People Management and Development. This is because the provision of analytical capacity gives HR the opportunity to move beyond the past and the present (producing metrics like headcount, retention rate, time to hire, turnover, absence rate, etc.) to a position where predictive analytics will provide valuable workforce intelligence about what may happen at some time in the future.

In multinationals such as Morgan Stanley, Starwoods, Shell, Google and Nestle the use of HR Analytics appears well established; whilst the US Space Agency, NASA is seeking to create a culture of data-driven decision-making in their HR processes. At Maersk Group, the analysis of people related information incorporates descriptive statistics, linkage based information, and analytics to predict the outcomes of a particular set of measures or actions. (Hartmann, 2015). Examples include identifying by how much employee engagement could be increased and the effect this would have on the business; the likely impact of training on future performance and how people related actions could affect operational performance and customer satisfaction.

For some, HR Analytics is empowering the function; for others it's a reinvention of HR for the 21st Century — moving from subjective decision making to that which is data driven and evidence based. For Pfizer, AOL, and Facebook, HR analytics highlight the factors that correlate with high-performer retention and “SAB Miller uses analytics to drive high quality standards across a variety of programmes worldwide”. (Bennett and Collins, 2015). In these examples the application of analytics provides “information and insights about the nature of individuals in organizations and the value that they add” (CIPD, 2016) and give credence to the argument that

companies that build capabilities in people analytics outperform their peers in quality of hire, retention, and leadership capabilities, and are generally higher ranked in their employment brand (Deloitte 2015).

The case in favour of HR Analytics is a strong one and their use by some of the largest organizations in the world is persuasive. But evidence suggests that the take up and application of HR Analytics tools and techniques is not yet universal.

Stuck in Neutral?

Deloitte's *Global Capital Trends Survey* in 2015 for example concluded that HR analytics remained the second biggest challenge in those organizations surveyed (after building better leadership). They noted that whilst most companies believed that using people analytics was important, only eight percent thought their organizations were strong in this area. Weaknesses included HR and talent operational reporting and scorecards; conducting multi-year workforce planning; correlating HR data to business performance and using HR data to predict workforce performance and improvement (Deloitte, 2015).

Furthermore, studies of the application of HR Analytics in Singapore, Hong Kong and Malaysia found that whilst there was recognition of the power of analytics for driving productivity and performance; and at 'both the strategic and operational level,' it was mostly multinationals that had embraced their use.

The competitive and highly entrepreneurial Asian market of medium-sized organizations has been slower to take up and invest in analytics processes (CIPD, 2015a).

A conclusion that was mirrored by a study in the Middle East where it was noted that whilst multinationals had started to use HR analytics,

the relative adolescence of organizations in the Middle East means that HR analytics practice has yet to become business as usual for the big players in the region.

Whilst it could be expected that multinationals

have applied their HR analytics processes across their global footprint, the reality is that its application is more piecemeal, and in regions such as the Middle East HR analytics practice is less rooted (CIPD, 2015b).

Many would agree that HR analytics had significant potential in transforming businesses but HR professionals appeared to be finding it difficult to implement activity at both strategic and operational levels. Factors that influence this position are lack of investment, inadequate leadership understanding and the maturity of the HR function which

are holding back development at the strategic level, while at the operational level technology and the analytics skills gap are holding back development of the function (CIPD, 2015a).

The CIPD's HR Outlook for 2015/2016 concluded that there was a mismatch between the views of HR and non-HR business leaders in the value of HR analytics (CIPD, 2016).

Learning from Experience?

So, do the experiences of those organizations whom have applied analytics successfully give any pointers to others?

- In the first place, the success of HR Analytics would seem to be improved by the closeness of their links to Business and People Strategy. Rasmussen and Ulrich (2015) recommend that a focus of analytics should be on business goals; "HR analytics should not start with data or a preconceived approach to business problems, but with a business challenge".

The term alignment has been overused, but there is a strong case for it in the application of HR Analytics.

- To complement this, HR Analytics should ‘shine a light’ on business issues (CIPD, 2015a) and illustrate how through strategic HR practice organizations can improve their overall productivity and performance.
- Neither of these will be achieved unless a third criteria is satisfied and that is engaging with business leaders in a strategic way — using HR Analytics — to develop better methods and approaches to achieve transformational change through people management and development (Angrave et al., 2016).
- Finally, since people with HR analytics skills are in short supply, there should be a focus on developing them within the People Management function. If HR wants to be serious about people analytics, it needs to build (or buy) its data science skills.

It seems unlikely that HR Analytics is another HR fad soon to be confined to the dustbin of history. Too much has already been delivered by way of business outcomes and the value of analytics, when applied to business challenges, can be immense. However, it is equally unlikely that the benefits of HR Analytics will come automatically. In this respect a strong business focus, a skill set that includes analytics and HR and HRD professionals engaged with business leaders on the value of analytics would appear to be the basic requirements.

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The Authors

Paul Turner is Professor of Management Practice at Leeds Business School.

Wojciech Zytowski is Head of Talent Programmes at a leading international retailer and Ph.D. candidate at ISCTE Instituto Universitário de Lisboa.