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CORPORATE RESEARCH FORUM

STRATEGIC WORKFORCE ANALYTICS

"The wider HR function plays a critical role in terms of the impact of workforce analytics on business outcomes. We can produce the best insights in the world, but unless business partners use these insights to drive change in the business, ultimately we will not be able to deliver the potential value that analytics offers."

Olly Britnell, Global Head of Workforce Analytics, Experian

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EXECUTIVE SUMMARY

"ON THE ONE HAND, WE HAVE AT OUR FINGERTIPS ACCESS TO THE MOST POWERFUL COMPUTERS, THE LARGEST DATABASES ON ORGANISATIONAL PROCESSES, AND EVER-EXPANDING INFORMATION ON CONSUMER BEHAVIOUR AND THE WAY COMMERCE IS CONDUCTED WORLDWIDE. ON THE OTHER HAND, ORGANISATIONS STRUGGLE AS MUCH AS EVER TO ACHIEVE STRATEGIC OBJECTIVES AND IMPROVE ORGANISATIONAL EFFECTIVENESS."

Levenson, 2015

1. Workforce analytics is generating a buzz in the business world today, but does the reality live up to the hype? This report explores how organisations are using workforce analytics and how the emerging tools and techniques in this field can be successfully deployed to address the most pressing workforce-related business issues and improve organisational performance.

2. Workforce analytics is the process of discovering, interpreting and communicating meaningful patterns in workforce-related data to inform decision making and improve performance. It is not only about data analysis but also about change management – generating meaningful insights to drive behaviour change and increase organisational effectiveness.

3. Before embarking on workforce analytics it's important to understand how people-related factors such as employee engagement or turnover actually drive tangible business outcomes such as reducing costs, increasing productivity or improving quality or innovation. Analytics projects often start in the wrong place – they focus on the insights that can be gleaned from the data that's available. A more business-oriented approach starts by identifying the elements that determine an organisation's unique position in its market – its competitive advantage. The next step is to build up a wider picture of the organisation as a system, looking at how organisational factors, such as team dynamics or job design, and people factors, such as the performance of individual employees, contribute to creating and sustaining competitive advantage. Workforce analytics should focus on identifying opportunities for improvement in those elements of the organisation model that have the greatest impact on successful strategy execution.

4. To avoid falling into the trap of wasting resource by analysing issues that have little impact on organisational outcomes, each step in the analytics process has to be tackled in the correct order. Having a clear methodology can help ensure that analytics interventions are focused on the most pressing business questions, that key stakeholders are identified and engaged, and that the conditions are created for successfully implementing recommendations. We share an eight-step methodology in Chapter 2.

5. Many claims are being made for the potential of workforce analytics to help achieve business goals, but for most organisations this is still an emerging field. Many organisations are struggling with poor quality data and a lack of analytical capability within HR. There is often too much focus on HR for its own sake, and insufficient emphasis on business outcomes. Organisations frequently start by building a statistical model to predict turnover, but while this may be strategically relevant for some businesses, many start here because it is more straightforward than other types of analysis and the data are readily available. Other common applications of workforce analytics we've seen include data-driven strategic workforce planning, examining the connection between employee engagement and business performance, and reviewing the effectiveness of compensation and reward practices. Chapter 3 contains some examples from our research.

6. Our research has identified some key conditions for success in deploying workforce analytics.

   a. Start with the business strategy to identify where analytics interventions are likely to add the greatest value to business outcomes.

   b. Focus on generating actionable insights, not just crunching data.

"THERE'S A SHIFT IN MINDSET NEEDED IN HR. THE FUTURE OF HR WILL BE ABOUT USING DATA AND TECHNOLOGY TO IMPROVE THE PERFORMANCE OF THE WORKFORCE. OUR ORGANISATIONS ARE EMBRACING DATA IN EVERY ASPECT OF WHAT THEY DO. AS A FUNCTION, WE CAN'T AFFORD TO BE LEFT BEHIND."

Dave Millner, Executive Consulting Partner, IBM Workforce Science

This means having an agreed set of business issues to analyse, and clear hypotheses to test.

c. Use existing scientific research to guide the questions to explore in the analysis – relying on previous research can help shortcut the process of developing hypotheses.

d. Be clear at the outset what actions the organisation would be prepared to take as a result of what the data analysis reveals. There's no point undertaking workforce analytics unless there is appetite in the business to do something with it.

e. Engage key stakeholders to increase the chances that analysis is followed through with actions that lead to desired changes in behaviour, systems and processes. Critical stakeholders for workforce analytics include the HR Director, who plays a vital role in creating the context for a commercially-oriented, data-driven HR function, HR business partners, who can act as advocates for analytics in the business, and business leaders, who are ultimately accountable for implementing recommendations.

f. The most successful workforce analytics interventions typically combine business, people and organisational data. Workforce analytics teams rarely have all the data or expertise they need, so they have to collaborate with other business analytics teams across the organisation.

g. It's easy to get so caught up in sorting and cleaning existing data that you lose sight of the bigger picture. The right data strategy may also include generating new data, combining internal and external data sources, or analysing both qualitative and quantitative data.

h. It's necessary to build appropriate governance and prioritisation processes to ensure that decisions about where to focus workforce analytics effort have a clear line of sight to the business strategy.

7. Historically, HR has not enjoyed a strong reputation for analytical and data-driven practice. It needs to invest in building both skills and a more data-driven culture and mindset. This is a key challenge for the future of HR.

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