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Effective Use of Employee Data to Identify Workforce Potential and Drive  
Business

Rupesh Kumar Khare  
HR Analytics Professional  
Bangalore, India  
E-mail: [rupesh\\_khare@hotmail.com](mailto:rupesh_khare@hotmail.com)

Manoj Kumar  
HR Analytics Professional  
Bangalore, India  
E-mail: [manoj.mkumar@yahoo.com](mailto:manoj.mkumar@yahoo.com)

Ankit Gupta  
HR Analytics Professional  
Bangalore, India  
E-mail: [ank.gupta@outlook.com](mailto:ank.gupta@outlook.com)

## **ABSTRACT**

The intent of this paper is to analyze HR data processing not only to produce HR metrics but also to manage “Human Capital” - a top global challenge of CEOs in 2013<sup>1</sup>. The focus areas of this paper are top five HR priorities globally i.e. engaging the workforce, developing leaders, performance management, workforce planning/talent analytics and training & development, in both emerging and established markets<sup>2</sup>.

Popular quote from Management Consultant Peter Ducker – “If you can’t measure it, you can’t manage it”, applies to HR as well. Though workforce data is produced internally, it poses lot many barriers to the organization to use this data for their analytical capabilities and to take insight based workforce related decisions.

The methodology described in this paper for HR data processing for analytical insights to manage workforce effectively, follows 4 stage approach, as “WHAT – The long term business objective” (human-capital facts, analytical HR, Human-capital Investment Analysis, workforce forecasts, the talent value model and the talent value supply chain<sup>5</sup>), “HOW –The enabler” (evaluation of different HR systems available),“EDUCATION – Cultural shift” for long term sustainability of insight based decision making and “INVESTMENT – Continued focus” in setting up Workforce Analytics for advanced data processing for HR.

Big organizations have advantage of maintaining huge employee database but regrettably not enough attention has been given to capitalize this powerful source of information. However, lately many of these organizations have started taking baby steps to structurally process and analyze employee data for their business transformation. Given the unlimited potential, these initiatives are merely the scratches on the surface.

Keywords: HR Analytics, Workforce Planning, Talent Analytics, Human Capital,

## INTRODUCTION

### Human Capital - An Asset of an Organization

Due to the crucial linkage between talent management and business success, business leaders have started expecting their HR functions to play an increasingly strategic role in achieving business objectives. And soon it would be interesting to see that Human Resource data will find a place in annual reports of the organizations. However, far from this reality, most of the organizations are still struggling to get their basic Human Capital reporting right. They may not even know the total active workforce at a particular point of time, at a particular place. And many still rely on first-generation spreadsheets to manage HR data. This is evident in 2011 Spring CAHRS partner meeting report<sup>8</sup> on usage of data based decision making (Figure1), there is an immediate need of a best in class Analytical tool but needed an Organization wide “Employee Data Program” which targets to provide:

1. Reliable and complete Human Capital data for deriving fact based insights
2. Cultural shift in the way HR has been using employee data to answer business queries
3. Drive sustainable change by developing analytics as a continuous improvement strategy and enabling HR data & systems.

*Figure1: Key Findings from spring 2011 CAHRS Partners Meeting<sup>8</sup>*



All respondents indicated that they used HR data for basic reporting purposes.



About 80% of respondents indicated that their organization reports key HR data in a dashboard or scorecard.



73% had in-house expertise in quantitative analysis techniques.



67% felt they had the support of senior leaders for HR analytics projects and initiatives.



Only 27% felt they had a strong team of analytical talent who could execute HR analytics projects.



Only 33% agreed with the statement “Front line HR generalists understand the value of HR analytics.”



Just 13% felt they had the necessary technology/systems to facilitate HR analytics.



Only 1 in 5 respondents strongly agreed that they trusted the reliability And accuracy of their organizational data.

It also shows that HR seems to have rear-view mirror mindset limiting to see an opportunity to overtake. “We have not institutionalized an HR analytics function, so that says something. Our sources of expertise are scattered and there is no specific strategy that is championed by our leadership. We are evolving.” - *Summarized the common emotion by one of the participant in 2011 Spring CAHRS Partner Meet*<sup>8</sup>.

## SECTION 2

### Role of Understanding Data for Strategic Direction

On one hand, there are many examples such as identifying and managing leaders to drive performance, manage risk, peel the onion on front-line supervisor traits linked to performance, dissect differences to uncover key success factors<sup>8</sup> that demonstrate the value of HR data analytics for understanding hard-to quantify concepts, such as relationships between HR drivers and key outcomes, as well as how employee skills, capabilities and motivation impact business outcomes<sup>8</sup>, on the other hand, though workforce data is produced internally, it poses lot many barriers to the organization to use this data for their analytical capabilities and to take insight based workforce related decision because:

1. **HR data quality** is no unique than any other data in terms of accuracy, completeness, update, relevance and reliability.
2. Limited or no availability of **relevant & timely data** in executable format for managers to action.
3. **Lack** of data governance and consistent and standard definitions to manage information for recruitment, learning, talent and performance management
4. HR professionals are focused to measure the workforce metrics in silos than looking at Human Capital **holistically** leading to undermine the impact of workforce potential on company’s bottom line.

5. HR operating conventionally, good amount of quality data is managed out of HR systems in the **form of spreadsheets**.
6. The **missing reconciliation** between Finance and HR data – creating Inefficiencies and inaccuracies.
7. Increased pressure of meeting regulatory & compliance obligations, especially for Financial Organization, requires speedy, accurate, consolidated and **latest information on web including mobile devices**.

Additionally, managing data from multiple global locations lack of drive for to share data across functions, lack of sophistication—fear of numbers, poor data analysis and tailoring and communicating findings to different levels of the organization hinder a data-driven HR strategy<sup>8</sup>.

### SECTION 3

#### 360<sup>0</sup> Approach for Strategic HR Data Processing

In order to effectively uncover latent insight from the Human Capital Data and then leveraging this information for business, it is critical for the organizations to focus on entire lifecycle of HR Data processing and analysis (Table1). The methodology described in this paper for HR data processing for analytical insights to manage workforce effectively, follows 4 stage approach, as “WHAT” – The long term business objective, “HOW” – The enabler, “EDUCATION” – Cultural shift for long term sustainability of insight based decision making and “INVESTMENT” – Continued focus in setting up Workforce Analytics for advanced HR data processing.

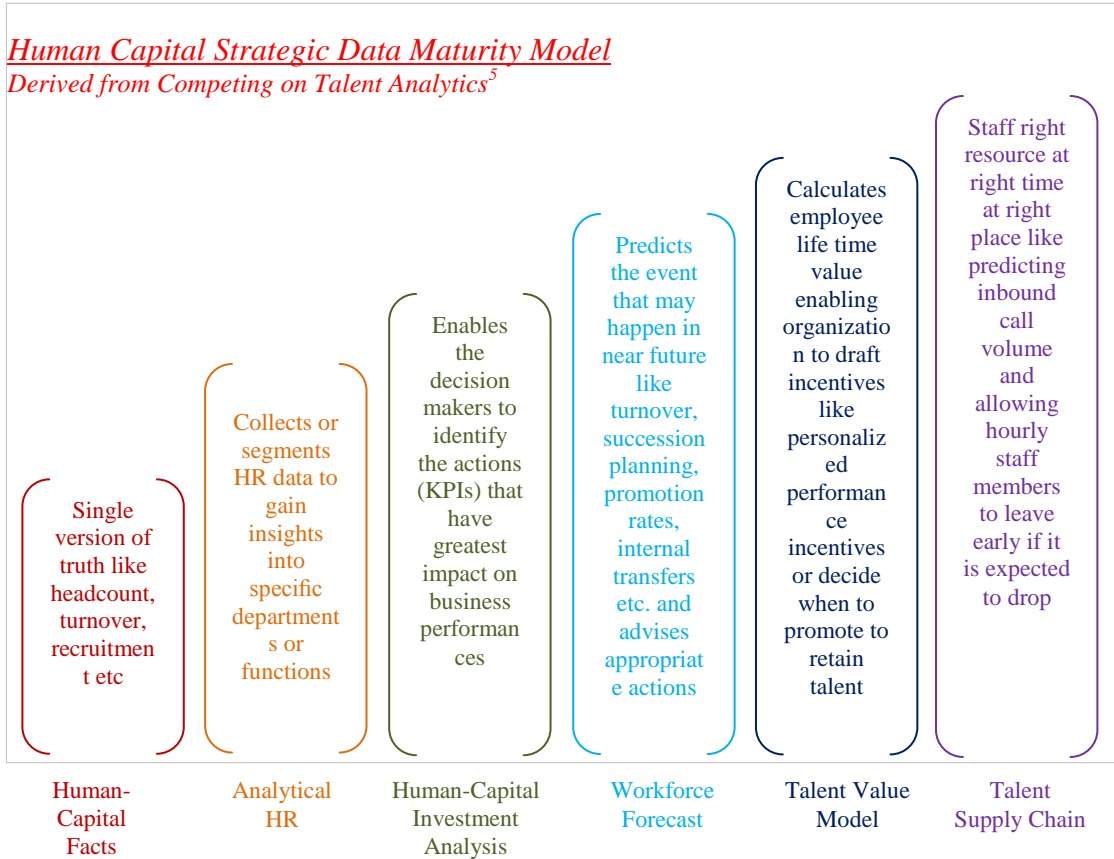
Though all stages are equally important but they are influenced significantly differently by different organizational behaviours. For most organizations, technology (How) has received the lion’s share of attention, with the “what”, education and continued focus aspects getting short shrift. This paper highlights the need of 360<sup>0</sup> approach for HR data processing to meet long term strategic needs and examine closely each in turn.

*Table1: Summarized view of stages of HR Analytical data processing and key influencing organizational behaviors*

Stages ⇄ Behavior ↻	“What” The long term business objective	“How” The enabler	“Education” Cultural shift	“Investment” Continued focus
Strategic Vision	■■■■■■■■■■	■■■■■■■■■■	□□□□□□□□	■■■■■■■■■■
Availability of “Employee Data Program”	■■■■■□□□□	■■■■■■■■■■	■■■■■□□□□	■■■■■□□□□
C-Suite Endorsement	■■■■■□□□	■■■■■■■■■■	■■■■■□□□	■■■■■■■■■■
Agility	□□□□□□□□	■■■■■■■■■■	■■■■■■■■■■	■■■■■□□□□
Technology	■■■■■□□□□	■■■■■■■■■■	□□□□□□□□	■■■■■■■■■■

“WHAT” – The long-term business objective (human-capital facts, analytical HR, Human-capital Investment Analysis, workforce forecasts, the talent value model and the talent value supply chain<sup>5</sup>) sets the foundation of business driven HR data processing strategy implementation & prioritization as detailed in Table2.

Table2:



Human capital strategic data maturity model helps organizations decide not only the short term goal of achieving insight driven HR data processing but also a strategic journey that it needs to travel as the data quality and appetite to answer business questions by HR increases.

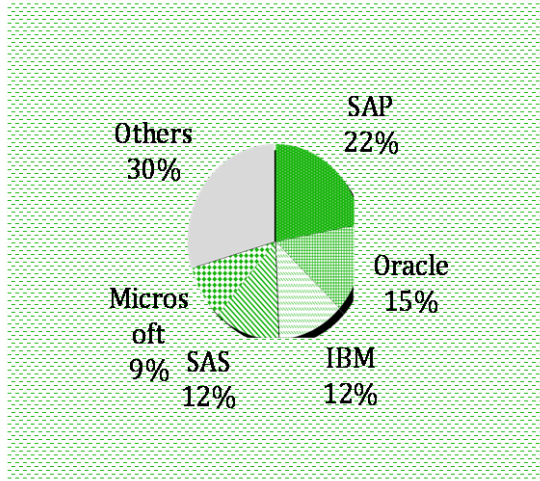
The second stage “HOW”, answers the questions raised in the first stage and suggest the methodology to evaluate different HR systems available in the market. It factors in the current state of data processing in an organization, cost-benefit analysis, emerging trends like social media integration, Mobile BI, and other typical BI characteristics like ease of integration with existing systems, data security, dashboards and scorecards etc.

The type of tools that should be deployed across the organization will also depend on the type of analysis that needs to be completed, the skill sets of the analysts, and data availability and quality. However, it’s just that the decisions tend to be more straightforward and widely discussed. But looking at the growth prospects of BI industry, major software vendors have made BI their focal point to develop or acquire,

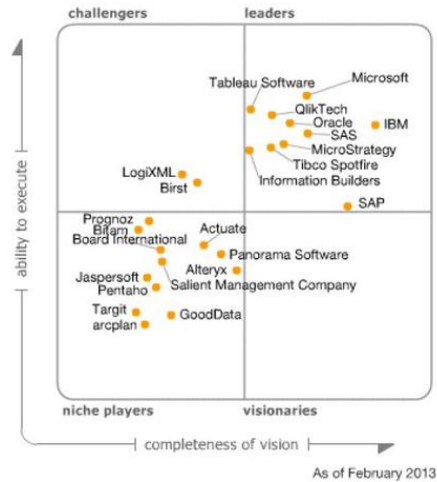
and sell or service. Hence it is important to diagnose the offered capabilities to meet long-term strategic vision of the HR organization.

The top four vendors – SAP, Oracle, IBM, and SAS – make up for most of the BI market.

Figure2:



2012 Market Share (Gartner Inc.)



All of these top vendors have modules developed specifically for Human Resources as detailed in Table3.

Table3:

Vendor	HR Module
SAP	SuccessFactors Workforce Analytics
Oracle	Oracle Human Capital Management
IBM	Cognos Workforce Performance Talent Analytics
SAS	SAS Human Capital Intelligence

Source: Vendors’ websites

Gartner defines the business intelligence (BI) and analytics platform market as a software platform that delivers 15 capabilities<sup>13</sup> across three categories: integration, information delivery and analysis. Other than these capabilities, there are vendor/platform specific capabilities that should also be considered while evaluating such platforms. A list of all such capabilities has been provided in the table4 below

along with the identified strengths and weaknesses of BI platforms as surveyed by Gartner.

Table 4:

Feature	SAP	Oracle	IBM	SAS
Performance	👎	👎	👎	
BI Infrastructure	😊	😊	😊	👎
Metadata Management	😊	😊	😊	😊
Development Tools				
Collaboration				
Reporting	😊	😊	😊	👎
Dashboards		😊		👎
Ad hoc Query	😊	😊	😊	😊
Office Integration				
Search-based BI	😊		😊	
Mobile BI	😊	👎		
OLAP			😊	👎
Interactive Visualization		👎		😊
Predictive Modeling	😊		😊	😊
Scorecards		😊		
Prescriptive Modeling				
Production Support	👎	👎	👎	👎
Ease of Use/Training	👎	👎	👎	👎
Availability of Skilled Resources	😊	😊	😊	😊



BI Infrastructure and Metadata Management, like security, administration, integration, search, organizational hierarchies, query engine etc., are strengths for all the top vendors. However, Performance, Ease of Use and Post Deployment Support are common concerns among users owing to different reasons. Also, although, Ease of Use is a concern among business users, yet there is no dearth of skilled resources in the market for any of the top BI platforms.

The third stage "EDUCATION" looks beyond training users on data or systems and focuses on the importance of setting a strategy to drive cultural shift on how the processed HR data from the system should be looked upon. As many managers and front-line HR generalists aren't yet comfortable talking about HR in terms of testing and evidence, or lack the skills to know which data to use for the right analyses—i.e., those that will help them identify process improvements, and strategic and financial outcomes. Top executives may also shy away from making big decisions using incomplete data.

Accenture research shows that one attribute shared by high-performing companies is the speed with which managers make decisions, typically in close proximity to their customers and take action at local level<sup>7</sup>. To enable HR take insight based right decision at right time requires educating HR the business strategy, goals & objectives and later connecting the "WHAT", to the strategy and goals. Further, educating on how HR data can be used to drive business impact using the applications detailed in "How" section.

Many managers, while reluctant to say so, rely primarily on intuition and experience rather than fact-based analysis. While experience and intuition are valuable assets, they remain limited until combined with relevant data<sup>7</sup>. Hence, developing the knowledge of self-service tool to analyze numbers and pattern will hone their skills detecting patterns of relationships and communicating messages to line managers at different levels. It will also encourage HR staff to see data/metric/dashboard as tools for proactive planning—versus merely reviewing them before going into a meeting.

Finally, organizations and HR professionals could be better at sharing best practices and developing a common language and standards enabling HR analytics' maturation as a discipline.

"INVESTMENT", as fourth stage, brings up the matured state of HR data processing and usage for continuous evolution of the capability in the organization.

Over the past few years, many companies have been investing in reporting and business intelligence technology solutions to improve decision-making. Accenture research indicates that eight out of ten of those companies are not achieving desired goals, largely because they have not developed an analytical capability to manage the vast quantity of information available<sup>7</sup>.

By analytics, we mean an integrated framework that employs quantitative methods to derive actionable insights from data, then uses those insights to shape business decisions and, ultimately, to improve outcomes. A high performing HR functions shall be making it a Disciplined and repeatable analytical processes to make it part of organization DNA for long term benefits.

## **SECTION 4**

### **Conclusion**

The end game should be an enterprise analytics capability, where the piece parts combine to solve problems. No doubt this may require more effort at first, more sponsorship from the leadership, and wider buy-in from. But enterprise-scale results—in revenue growth, profitability, return on capital customer loyalty or other measures of value—make the effort worthwhile.

Companies can begin by improving their basic reporting capabilities; then work on improving such functions as recruiting, training and retention; and finally move into broader areas, such as workforce planning and organizational change. Ultimately, the goal is to develop more advanced analytics capabilities that enable companies to optimize performance and even predict which workforce changes and investments are likely to produce the best results.

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