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ROUNDTABLE

CULTURE IS NEVER BENCHMARKED, CHALLENGED NOR SUBJECTED TO RIGOROUS INTERROGATION, BUT WHEN IT'S WRONG IT IMPACTS HARD



HILARY STABLES, HR DIRECTOR - CELESIO

{ CHEMISTRY }

"EMBRACE TRADITIONALISTS, DISRUPTERS, ALL GENDERS, ALL ETHNICITIES. IT'S NOT A WORKFORCE, IT'S HUMANITY"

ALSO FEATURED IN THIS ISSUE

RECRUITMENT How to spot "under-fished" talent pools, study behaviour, and poach sought-after skills from under rival firms' noses

EMPLOYMENT LAW WITH BREXIT IN MIND A creeping divergence of UK and EU employment law is the last thing hard-pushed businesses need

IMPROVING UK PRODUCTIVITY Productivity in the UK lags 21 percent behind other G7 competitors. Now we're on our own, what next?

THE FUTURE OF HR Today's practitioners are on a hamster wheel, like those before them. It's only the whirl of motion that makes it seem different



BEHIND THE NUMBERS

Key to future impact, HR must master data analytics - the domain of marketing, and finance - is now deluging human resources. Untapped workplace insights are going to waste and, only if HR can apply the right analytics in the right way, can the bigger picture reveal.





ARTICLE BY
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Take a too narrow view, and the data obscures important labour requirements, and if the focus is on the wrong information, the company will not see the potential of data analytics at all. HR teams need sufficient diagnostic and cross-functional expertise to capitalise on these opportunities, as HR's role gets more complex. Today's fragmented workforce includes the demanding millennial generation, now the largest labour force in the market; older workers with valuable expertise and well-established viewpoints; and workers who aren't even employees, such as those involved in the expanding on-demand or "gig economy" workforce, all affect and are affected by an economy in constant flux. Big data offers insight that companies need, but HR should carefully balance micro versus macro thinking - it's too easy for HR leaders to become enthralled by exciting new workplace microdata and miss the bigger picture. Very granular intel, such as that generated by email and conversation data, supply a continuous feed of fascinating information. But large-scale, macro data sets can greatly enhance the effectiveness and relevance of workplace analytics.

A case in point, one government agency, realised macroeconomic and socioeconomic trends had recruitment implications microdata alone couldn't show. The agency had long relied on reams of internal, historical recruitment data, everything from selection instrument technology to demographic targeting. This data had worked well for years, but it was starting to create wide swings in recruitment rates that HR could not explain beyond anecdotal evidence. The agency was facing significant recruitment shortfalls and budget pressure and needed to build planning, marketing, and operational strategies - as well as employee engagement and development - on better information. By shifting to a big-data approach focused on incorporating external, macro-market intel - including unemployment and market population demographic data - and online job-posting information, the agency was able to target its marketing and advertising budgets as well as quantify the effects of broader economic and job market trends on recruitment. This predictive recruitment analysis encouraged the agency to engineer more accurate predictive models and uncovered vital budgetary insights that were previously invisible - among which, that a 0.1 percent increase in unemployment in key markets generated the same number of additional recruitment leads as spending $125,000 on online ads. Ultimately, this big data and predictive analytics-based approach allowed the agency to surpass its annual recruitment goals by 25 percent.

That macro outlook offered the agency insight into the wider socioeconomic environment - a very wide view. But HR can and should use it the other way around by funnelling all that macro data down to a precise level, right to specific segments of employees: the segment without the skills companies need. It's a big segment. A 2014 Deloitte study of executives in companies with 10,000 or more employees showed that nearly half (48 percent) of respondents rated their HR department as "not ready" to reskill itself to meet the demands of global business. According to The Economist, "on-the-job" training is shrinking. In America and Britain, it has fallen by roughly half in the past two decades." Yet the importance of workplace development is growing: According to the World Economic Forum's "*Future of Jobs*" report, more than one-third of the "desired core skill sets" for most jobs by 2020 will be skills that are currently not considered crucial to the job. Training people to acquire those skills will be of paramount importance in the coming years.

Trained, talented employees are the foundation of productivity, but development can do more than produce revenue - it can attract and retain the producers of revenue. According to Gallup's report, "How Millennials Want to Work and Live," 59 percent of millennials say opportunities to learn and grow are "extremely important" to them when applying for a job. What's more, 87 percent of millennials rate "professional or career growth and development opportunities" as important to them in a job. And Gallup research shows that 93 percent of millennials left their employer the last time they changed job roles. While their motivations for leaving may vary, it's a fair assumption that among them was a perception of poor growth and development opportunities. But this need not be the case. With the right knowledge tools and analytics, HR can design lifelong learning and development activities. Those activities need to expand technical and behavioural knowledge based on workers' needs, which obviously vary. Companies that skimp on development programs risk incapacitating older workers and repelling younger ones - the largest proportion of the workforce and the cohort from which companies will soon draw leaders.

Demographics seem like a complication in the workplace, but they're just one of many. In today's labour environment, HR must calibrate its operations toward age-related expectations and requirements and various employment categories. That's because today's work environment is becoming project-based, mixing full-time, salaried employees and "gig economy" freelancers. That makes HR's analytics more complex, but it also lets HR blend teams to meet the exacting requirements of particular projects. The workforce of the future will combine full-time staff, contractors, consultants, freelancers, part-time employees and other contingent workers. HR can optimise project performance by using data analytics to build those ad hoc teams based on individual skills, talents and strengths. One global professional services company is on the forefront of this "just in time" human-resource delivery. This highly matrixed, project-based company leveraged advanced analytics with social-network analysis. Using project management and email data, it mapped both individual employee social networks and project team networks to view the communication patterns of individuals and teams.

The company then added individual and team talent and performance data to determine the ideal team structures. Each team had at least one "information broker" - a highly connected, centralised individual in the overall company network; one individual with high "Executing" strengths, as identified by the CliftonStrengths assessment; and at least one new team member who had not worked previously with the other members. This data-driven approach garnered all-time highs in the company's employee engagement, client retention and customer engagement. Another Gallup client, a large financial services company, embarked on an even more ambitious project: experimental analytics. The company hoped that integrating experimental design, including A/B testing, into HR activities could quickly and effectively increase alignment between management and front-line employees. Not wanting to disrupt current operations, but needing to identify the best way to achieve key business outcomes, the company started a nine-week test. With close oversight from change-management experts, the company altered the day-to-day operations - from accountability metrics and incentives to performance review and coaching tactics - of a set of test teams. An intense, analytics-driven evaluation measured the results compared with a set of control teams to determine which changes had the desired effects. With that information, HR built an organisation-wide rollout of the most effective methods. The entire experiment from design to analysis took just three months and resulted in a 21 percent increase in customer experience metrics, a ten percent increase in cost savings, a 200 percent boost in product sales among test teams, and a combined cost savings and revenue growth of around $20 million after full rollout.

Results like these are why HR finds the sea of data so rewarding - but just looking at data isn't enough. Only scientifically validated diagnostic and cross-functional analysis can tell HR which of the infinite external and internal factors matter to specific strategies. Too much information can be just as paralysing as too little. But unfortunately, having even a small quantity of information is still aspirational for most HR teams - the vast majority don't have any big data information, nor the ability to credibly analyse it if they had access. Deloitte's 2016 *Global Human Capital Trends* report showed that only eight percent of HR departments currently have the capability to develop predictive models. Clearly, data analytics is profitable - perhaps essential - to HR, and the ability to conduct it is increasingly important. Requesting the training and consulting necessary for accurate modelling isn't asking too much. And the will of leadership is already there: In a Gallup survey of corporate leaders, nearly half said that data science and analytics skills will be required of everyone in operations, finance and accounting, and marketing and sales roles within the next three years. 86 percent said these skills will be required of "some" or "all" HR managers. Right now, advanced HR teams are making use of the data - too few, but some. Eventually, most companies will catch up, and big data analytics will become a productivity tool as common as computers. For now, though, the few that view the right data at the right time in the right way have an extraordinary advantage.

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