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Bringing Value to Business: How can organizations benefit from HR analytics?

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Generally, why do "analytics" matter to a business??

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Today, nearly all functions use analytics to improve both strategic & operational decision-making…

Customer / CX ★★☆

Customer behavior analyzed & predicted, to improve customer satisfaction, loyalty and retention, spot opportunities for nudging.

Uses: customer relationship management, direct marketing, site selection, in-store product placement, product development.

Supply Chain

Full value chain data analyzed & predicted, to improve operational efficiency & effectiveness → revenues, margins, working capital, supply chain control points.

Uses: forecast product demand, savings opportunities, optimize distribution, new strategies.

Sales analytics

Various data is analyzed & modelled, to forecast future sales and to find relationships and opportunities that may be used by the organization.

Uses: understand, model and predict sales trends & sales results.

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…and so can (and should) HR !

Diverse stakeholder perspectives may include…		People Analytics value?	Who benefits?
Workforce as an asset	• Intellectual property • Innovation	Insights supporting **performance & growth** *(top line)*	Shareholders
Workforce as an opportunity	• Productivity • Performance		BoD / Executives
Workforce as a risk	• Right skills in place • Engagement/stress		all Leaders
Workforce as a cost	Payroll can be half of Total Costs		HR
HR effectiveness	• Support workforce • Unburden leaders	Insights supporting **efficient operations** *(bottom line)*	Employees

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The Service-Profit Chain: workforce drives customer value

Operating strategy and service delivery system

Internal service quality

- workplace design
- job design
- employee selection and development
- employee rewards and recognition
- tools for serving customers

This is EX !

Employee satisfaction

Employee retention

Employee productivity

External service value

service concept:
- results for customers

Customer satisfaction

service designed and delivered to meet targeted customers' needs

Customer loyalty

- retention
- repeat business
- referral

Revenue growth

Profitability

https://hbr.org/2008/07/putting-the-service-profit-chain-to-work

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EX drives Engagement, and Engagement matters!

Employee Experience → **Employee engagement**

- **INCREASED** — **Productivity**
  motivated beyond personal factors

- **LOWERED** — **Employee turnover**
  less likely to leave job

- **INCREASED** — **Customer satisfaction/loyalty**
  drive positive CX, brand & reputation

- **LOWERED** — **Safety incidents**
  if disengaged, are less focused

- **INCREASED** — **Profitability**
  (indirect) thru c-sat, turnover, safety
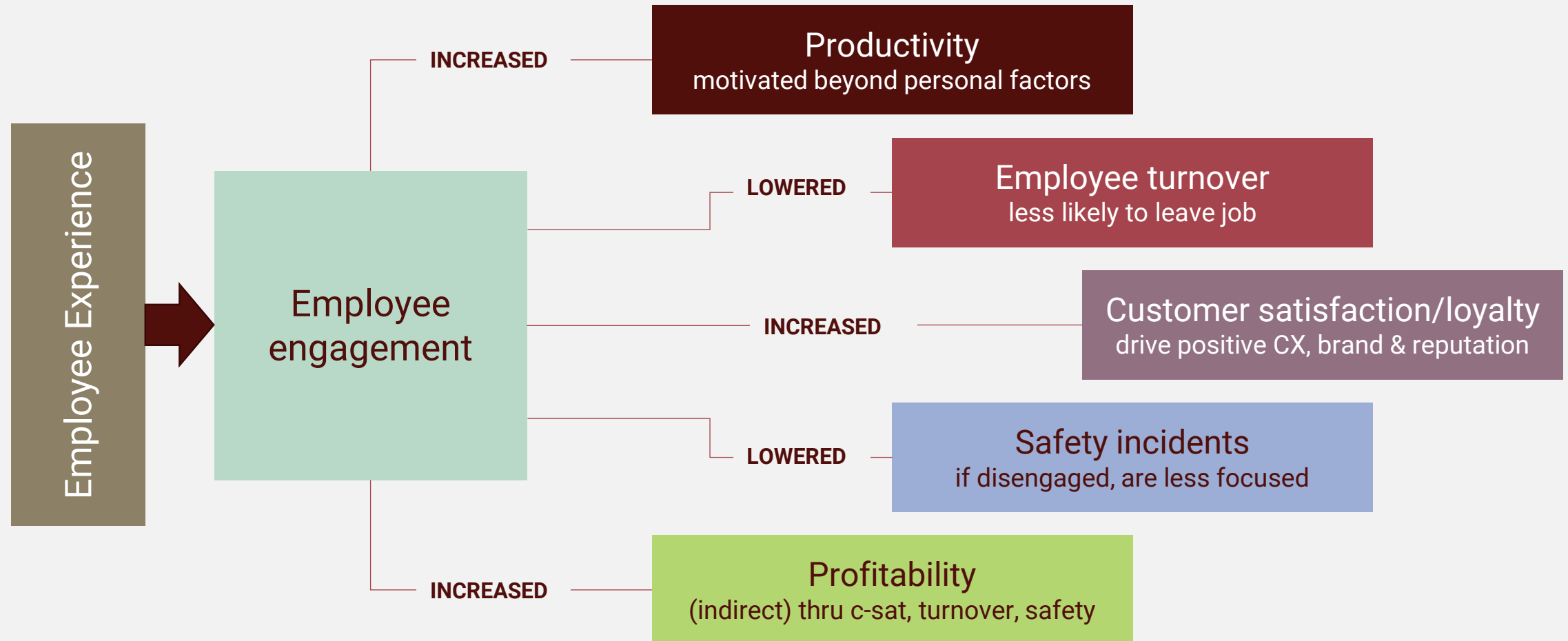
Copenhagen Business School's Human Capital Analytics Group (2017)
Summary of Harter, K. J., Scmidt, L. F., & Hayes L. T. (2002): 'Business-Unit-Level Relationship Between Employee Satisfaction, Employee Engagement, and Business Outcomes: A Meta-Analysis. Journal of Applied Psychology, 87(2):268-279

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How HR teams typically use workforce data

INFORMATION ➔ **INSIGHTS (increasingly actionable)** ➔ **SOLUTIONS**

| Source data | Reporting | Dashboarding | Linking | Predicting | Prescribing |

BUSINESS INTELLIGENCE

ANALYTICS

ALGORITHMS
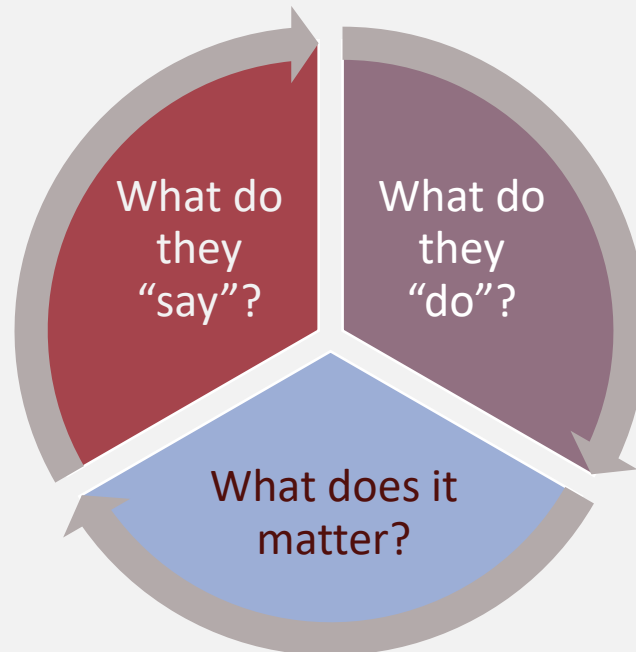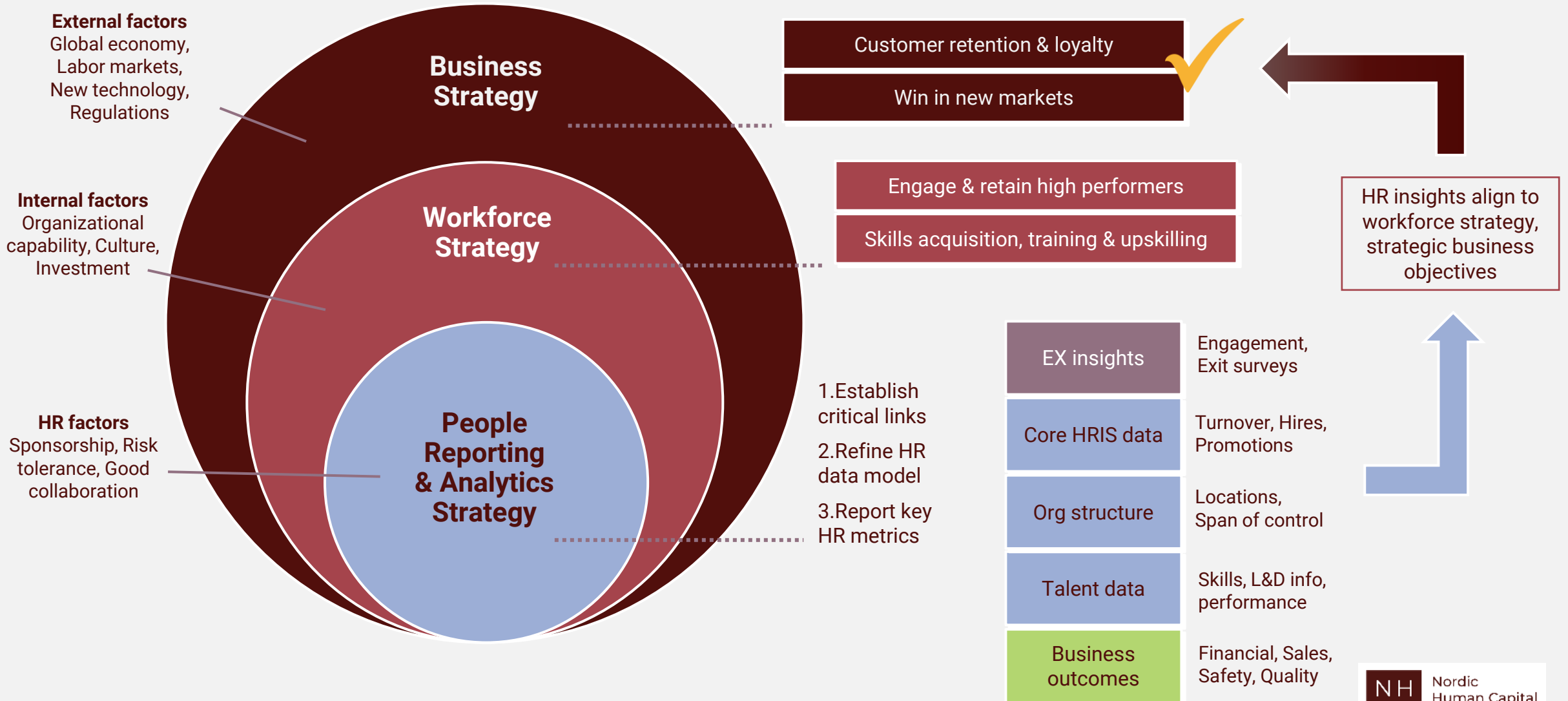
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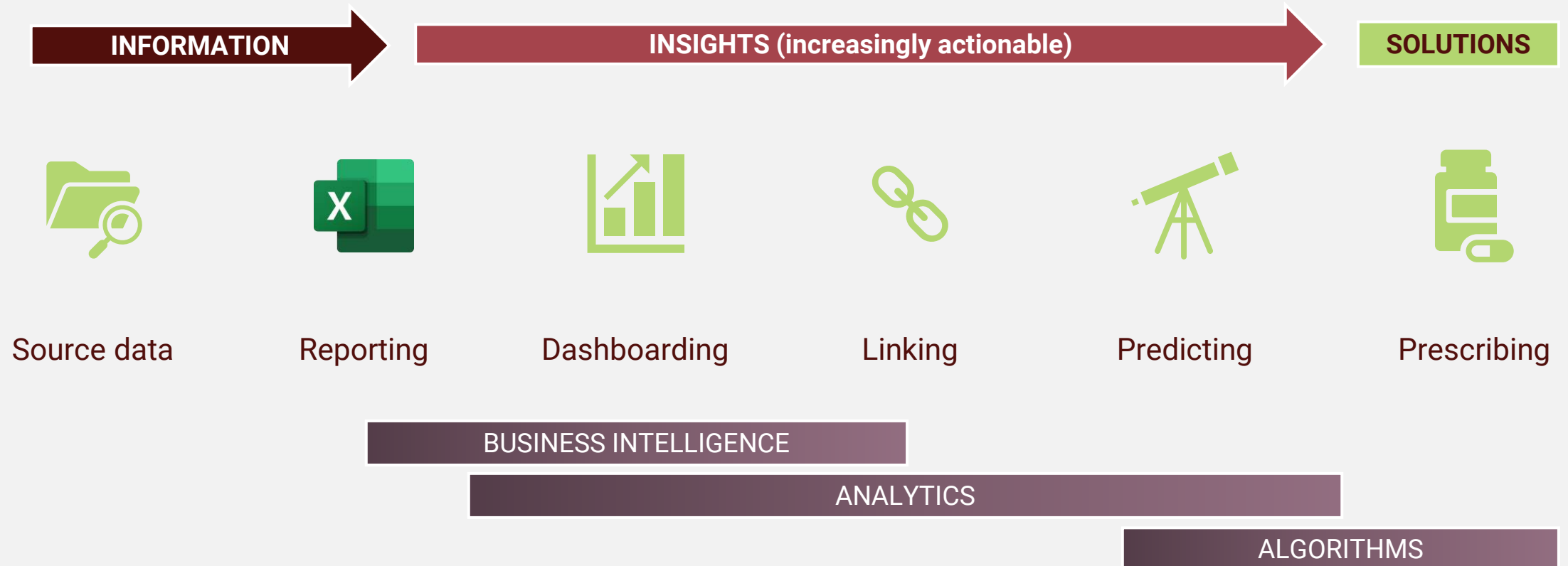
Overcoming HR data limitations

An optimal HR data model will integrate these data types, to support robust analysis:

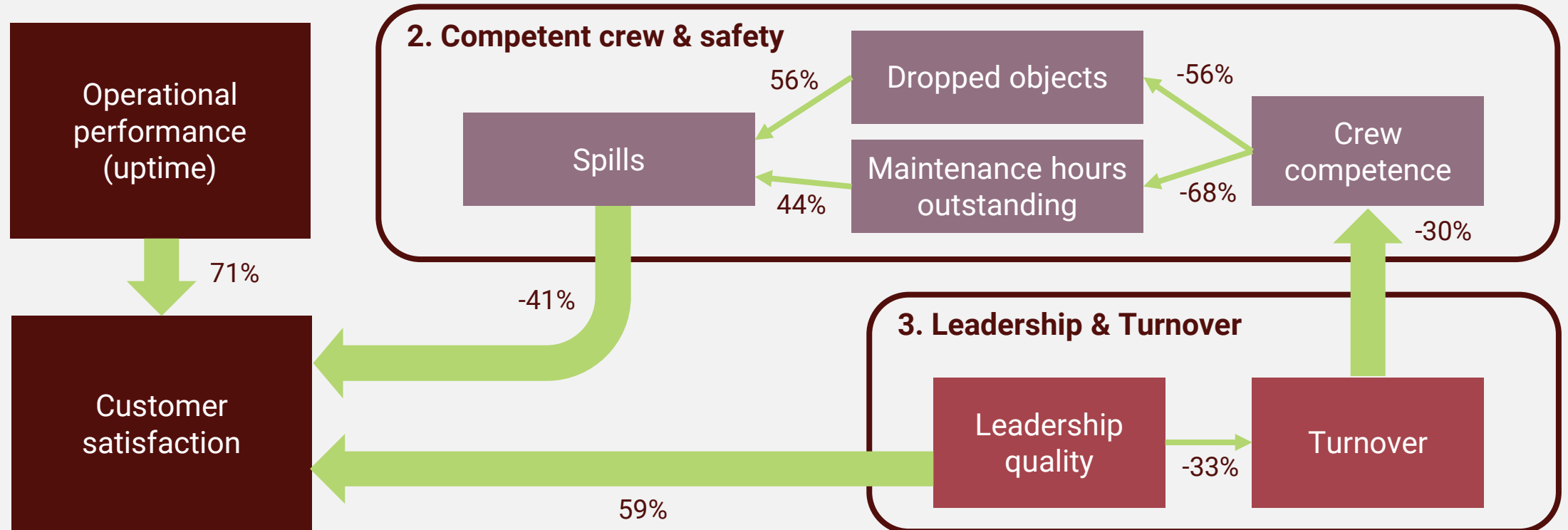|	
EX insights	Engagement, Exit, Lifecycle surveys
Core HRIS data	Turnover, Hires, Promotions
Org structure	Locations, Hierarchy, Span of control
Talent data	Skills, Learning & Dev., Performance, Talent ID
Business data	Financial, Sales, Safety, Quality

What do they "say"?

What do they "do"?

What does it matter?

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Business strategy alignment

External factors
Global economy, Labor markets, New technology, Regulations

Internal factors
Organizational capability, Culture, Investment

HR factors
Sponsorship, Risk tolerance, Good collaboration

Business Strategy

Workforce Strategy

People Reporting & Analytics Strategy

1. Establish critical links
2. Refine HR data model
3. Report key HR metrics

Customer retention & loyalty

Win in new markets

Engage & retain high performers

Skills acquisition, training & upskilling

HR insights align to workforce strategy, strategic business objectives

EX insights	Engagement, Exit surveys
Core HRIS data	Turnover, Hires, Promotions
Org structure	Locations, Span of control
Talent data	Skills, L&D info, performance
Business outcomes	Financial, Sales, Safety, Quality

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Putting it into practice: Maersk Drilling (1 of 2)

1. Uptime & Customer Satisfaction

2. Competent crew & safety

Operational performance (uptime)

Spills

Dropped objects

Maintenance hours outstanding

Crew competence

56%

-56%

44%

-68%

-30%

71%

-41%

Customer satisfaction

3. Leadership & Turnover

Leadership quality

Turnover

-33%

59%

Thomas Rasmussen, Dave Ulrich, Learning from practice: how HR analytics avoids being a management fad, Organizational Dynamics, Volume 44, Issue 3, 2015, Pages 236-242

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Putting it into practice: Maersk Drilling (2 of 2)

Leadership	Turnover	Learning (Training)

Metrics:
- Leader quality – avg. score, survey comment themes
- Avg. performance of leaders
- % Talent grown from within

Why?
- understand employee perceptions of leaders
- ensure leader quality
- appoint capable leaders

Metrics:
- High performer retention %
- Resignation rate
- Exit interview – top 3 themes
- Dismissal rate

Why?
- retain high performers
- understand exit drivers
- minimize voluntary turnover
- improve quality of hire

Metrics:
- Learning investment per FTE
- Learning hours per FTE (technical vs. non-technical staff vs. leaders)

Why?
- a capable technical workforce
- high-quality leadership

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Getting it right

- Align HR analytics to business and people strategy

- Select relevant measures which, combined, tell a story and link to strategy

- Don't worry if data is not perfect – get started! And define a roadmap to close gaps.

- Link (available) HR data with business data to prove outcomes and value

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