

Analyse This! HR, Talent Management and Big Data

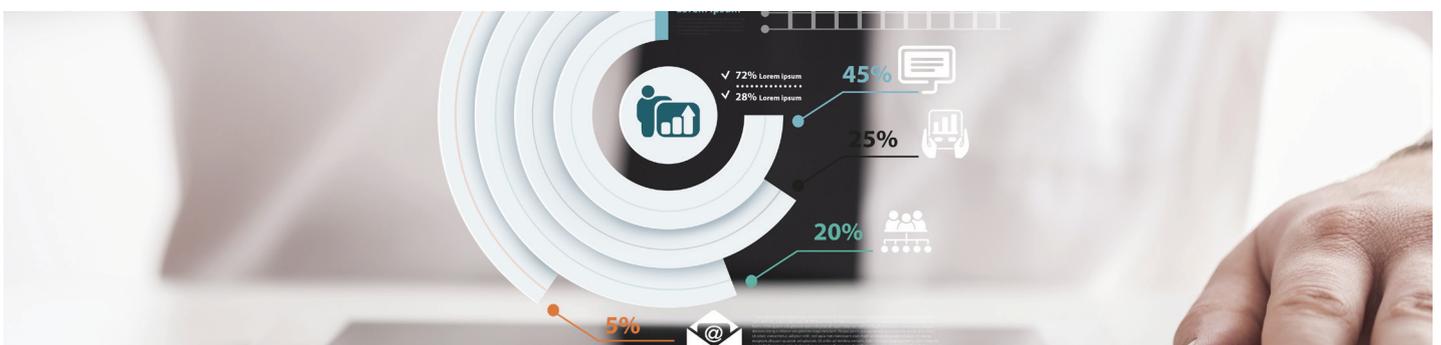
To effectively manage your most important assets – your people – talent management processes should not operate independently of one another. The idea of unifying talent management systems to improve business outcomes is not new. By 2020, Gartner predicts nearly 60% of HR leaders will use a unified talent management strategy for employees, contractors and freelancers.¹ The ability to consolidate and analyse real-time data to provide a holistic view of your talent – current skills, pathways to close the gaps and readiness to meet your future workforce needs – is driving the uptake of HR analytics. Yet, only 39% of organisations are currently using such analytics capabilities.²

Now that's a very slow adoption rate by technology standards: why?

Unified talent management and big data

Organisations with higher-than-average adoption of HR applications have a 13% higher return on investment.³ The benefits are clearly measurable. This results from improved data sharing that creates better visibility and decision-making ability. Companies that adopt HR technologies see improved strategic business results such as a superior competitive advantage and an increased market share over those that do not. Cloud-based solutions help overcome some of the barriers to unifying talent management, but many organisations are yet to maximise the benefits. That said, 31% of organisations plan to change their integrated talent management system and 59% of these plan to adopt a cloud-based software-as-a-service (SaaS) solution.⁴

There is big talk about big data. In HR, big data relates to the vast and disparate sources of internal and external information about employees – from basic profile data, to preferences, connections and interests. This data can fuel analytics engines that enable increasingly accurate forecasts to be made about performance, as well as potential and future aspirations. Such analytics could transform HR into a strategic powerhouse. Yet, although 75% of companies believe analytics is important, only 8% believe their organisation is strong in this area.⁵



Talent management technology solutions already exist that make data gathering and analysis faster, cheaper and easier than ever before. New cloud-based and mobile technologies offer even greater accessibility, integration and flexibility. The ability to integrate data across the talent management cycle means that a more comprehensive and holistic view of talent is possible. High performers, skills gaps, development needs, critical roles, succession plans, sourcing effectiveness and engagement levels, can all be measured, analysed and quantified. Improved human resource management outcomes such as cost efficiency, employee engagement, talent retention, workforce development and decision making, lead to improved competitive advantage and increased market share.

Go one step further. By integrating talent management data with actual business data, organisations will go beyond just measuring output, to predicting, influencing and ultimately driving organisational productivity.



Right here, right now

But for now, the reality is that most HR functions lag in fully optimising unified talent management from an analytics standpoint. And there are a number of reasons why:

1. Analytical skills:

Many HR professionals lack the robust analytical skills necessary to make use of these new technologies. Nearly one quarter of CEOs state this as the biggest obstacle to using talent data in strategic decision making.⁶ HR fails to attract individuals with the requisite capabilities in IT, science and maths, that hold the quantitative skills necessary to make full use of analytical tools.

2. Integrated technology solutions:

Without integrated talent management systems there is an ongoing struggle with the quality and consistency of data. Information about individuals is entered multiple times into separate payroll, HRIS, recruitment, employee services, and performance management systems. Inconsistencies in data and an inability to access data from disparate systems limit the ability to unlock strategic value for the business.

3. Established metrics:

Causality in talent management is usually ambiguous. A lack of agreement on what data should be collected, what exactly should be measured and how it links to and impacts business outcomes, undermine effectiveness. Compare this to Finance where ratios, key metrics, P&Ls and balance sheets are quantifiable measures, with strict practicing guidelines and established outcomes. The textbooks and university subjects on the metrics and analysis of talent management data are yet to be written.

4. Strategic partnership:

HR is often viewed as an enabler, that supports business strategy, rather than as a partner that helps to formulate organisational strategy. Although most CEOs say they want an analytical and strategic HR function, over one-third say their organisations have done nothing to help HR achieve this.⁶ Without the full buy-in and support of senior management, the ability for HR practitioners to drive the benefits of talent analytics through the business is limited.

Executive Management is focused on financial and operational outcomes and senior stakeholders use data to understand the impact of corporate strategies on productivity. In contrast, only 46% of CEOs say their organisation uses HR analytics to provide insight into how effectively skills are being deployed,⁷ only 36% of managers have access to HR analytics,² and only 31% believe their CHRO uses data and analytics to inform workforce decisions.⁶



The Future of Unified Talent Management & Big Data

- Integrated talent management systems provide clean, timely, actionable data
- HR metrics are established & widely accepted – the impact of talent management initiatives are clear & directly measurable
- HR professionals have the analytical skills & business acumen to develop & execute a workforce strategy that drives and delivers strategic business outcomes
- HR is a strategic partner, influencing and supported by senior stakeholders

What does the future look like?

In the not-too-distant future, data and metrics will drive business productivity. The right person with the right skills, will be identified and placed in the right place, at the right time. On-the-job performance measurement and assessment will be fed back into the system so productivity data can be assessed in real-time. Organisations will have access to more data than ever before, but the information would be useless unless it is analysed intelligently and the results used to improve talent strategies. HR professionals will need the analytical skills and business acumen to develop and execute a workforce strategy that drives and delivers strategic business outcomes.

Who will lead the charge?

CEOs need to value what HR can do, and empower HR leaders to evolve the function to match business needs. HR needs to reach outside its traditional candidate pool to acquire the quantitative and analytical skills required. This may compel HR to face some hard truths on the path to enlightenment:

- Why don't graduates with quantitative backgrounds apply for positions in HR?
- Does HR understand its own skills gaps?
- Does it market itself well enough?
- Is the misalignment due to a lack of awareness or lack of priority?
- Is HR holding itself back due to apprehension about bringing in individuals with skills outside their own experience and capabilities?
- What needs to be done to acquire or develop analytical, business-savvy, operationally minded HR practitioners?



How can HR close the gap?

For HR to be empowered to tell the story gathered through analytics, and to gain a place alongside other strategic organisational functions, the following needs to be addressed:

1. Take ownership of learning the skills

HR needs to take ownership of its own learning. The first step is to identify the skills gaps. The second is to identify the path needed to close the gaps - from how to ask the correct questions to address the business problems, through to the ability to use analytics to drive business outcomes. Short courses and online courses which specialise in data analysis are readily available. Rotations through Finance, Marketing Analytics, Operations or other teams experienced in analytics will also equip HR with the necessary skills.

2. Build cross-functional teams

Go beyond HR data to people analytics. Ask “how does this link to, influence, and drive business outcomes?” Leverage the diversity of skills in different areas of the business. Engage multi-disciplinary, cross-functional teams to help drive people analytics across the business.

3. Become part of business-as-usual reporting

Are managers ringing in and demanding HR statistics because they need them to make business decisions? To drive strategic business decisions, HR metrics need to become part and parcel of business-as-usual reporting. Understand what your organisation requires and when they need it. Then establish a rhythm for proactively supplying the data and analysis. Having definable data which can be accurately measured and used to track return on investment will build HR’s credibility.

If HR fails to address the skills gap within its own ranks, there is a risk that the strategic and analytical components of workforce management will be outsourced and devolved to other departments within the organisation. Within the HR community a furious debate was sparked by business guru Ram Charan with his claim that CHROs have failed to be the business partners CEOs require – and so the CHRO role should be abolished, with HR split into two functions run by Finance and Operations.⁸ Maintaining the current status quo will see organisations lose competitive advantage as peers capitalise on a data-driven workforce strategy. One thing is for certain – the workforce of the future will be fundamentally different from today. Data, analytics, and workforce planning will drive business decisions. HR will need to reinvent itself and evolve to meet the demands of the workplace of the future, and to deliver strategic operational outcomes.

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