

# HOW TO DRIVE BETTER RESULTS WITH PEOPLE ANALYTICS



Explore how people analytics can aid organisations in improving your business performance.

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# DEFINE PEOPLE ANALYTICS

People analytics is an integral part of Human Resources (HR) that aims to provide data-driven insights about a company's employees. The key is to make sure that the data translates into meaningful insights. Therefore, it will be meaningless figures without an appropriate **framework, model, and expertise**. Equally important is for HR to take action based on those insights and make data-driven decisions and changes in a company's culture. People analytics is an intentional attempt to make companies more **evidence-based, talent-focused, and meritocratic**.

One of the common **misconceptions** is that HR reports generated from HR management systems are considered people analytics. Those systems are transactional as they enable HR to carry out particular tasks and display data of records that demonstrate the workforce's behaviour. People analytics, however, helps connect data from various documents, summarise information, and process them into different metrics and measures to help companies drive change. In other words, people analytics is the science that translates these data into **actionable insights** which enhance business results with the help of artificial intelligence (AI). Hence, people analytics focuses on the **company**, not the HR.

Data should be regarded as information that aids companies in taking specific actions, such as supporting their decision-making, promoting ideas and solutions, collaborating, focusing on what matters and determining the strengths and room for improvement. Therefore, we need to collect and monitor the appropriate amount of data, involve the right individuals, and choose suitable data collection and analysis tools.

In this paper, we will explore how people analytics can aid organisations to improve their business performance and the pitfalls we should avoid when implementing people analytics.



# HOW CAN PEOPLE ANALYTICS HELP COMPANIES

According to a report by Harvard Business Review, more than 80% of organisations believe that they require **talent-related insights** to make business decisions. Let's further explore in what ways people analytics can help organisations.

Excellent companies need to find their **superstar employees** as they are the companies' assets. When companies grow, their superstar employees help them **achieve the next milestone**. Take Google, for example.

In 2017, Google ranked on top of Fortune's list of Top 100 Best Companies to Work For. One of the reasons for Google's success is its people management **decisions guided by data and analytics**. This explains why Google has executed various initiatives that are data-driven. One of the initiatives was Project Oxygen.

Initially, Google intended to flatten the hierarchical organisational structure by questioning whether managers make a difference in the team. So, they collected more than 10,000 observations about managers' performance reviews, analysed them through employee surveys, and compared them with productivity metrics.

As a result, Google realised that managers greatly influence team productivity and **employee engagement**. They also discovered the top 10 traits that make a highly-effective manager and one of them

# BUILD COMPETITIVE ADVANTAGE THROUGH

# INVESTMENT IN EMPLOYEES

Identifying future **successors** is not easy and nurturing them takes time and effort. Therefore, companies want to be confident when putting people into the “superstar” bucket. In this case, people analytics can be one of the solutions to this challenge. This is because people analytics helps keep track of **employee behaviours** (such as through daily interactions, pulse surveys, and other performance tracking measures). Over time, companies will have an invaluable pool of data to make decisions and **support** managers in their talent identification decisions. People analytics helps companies **save time** without depending on the leader’s gut feelings to decide whom they should shortlist as potential talents.

# UNLOCK SUCCESSFUL CORPORATE TRANSFORMATION

Achieving organisational change is not easy as it involves widespread employee participation and commitment. Only a few companies managed to transform successfully as they have a good grasp of understanding the **dynamics of organisational change**. Companies need to possess the right tools that enable leaders to overcome potential roadblocks. Cisco is an example. Cisco firmly believes that employee engagement strategies alone are insufficient to help their employees to succeed. So, they ran an initiative called **Human Network Analysis (HNA)** in which they mapped the interactions between individuals and teams to identify communication inside or outside their roles and functions in the company. HNA also enabled Cisco to identify the most sought-after employees for advice, who are most collaborative and whom they regard as their mentors.

Cisco understands their **employees' communication patterns** better and can track hidden influencers and position their employees to benefit from the stakeholders they interact with the most. This is known as **Organisational Network Analysis (ONA)**, a scientific methodology that helps companies visualise and analyse the flow of information and communication and how decisions are derived.

Once companies understand these networks, they can better execute change management strategies. This is key to a successful rollout of new strategic initiatives. In other words, people analytics can help companies **drive cultural transformation**.



# UNDERSTANDING THE REASONS FOR EMPLOYEE DEPARTURE

Typically when employees leave the company, there is an exit interview to understand the reasons for the exit. Unfortunately, it is widely known that not many employees may share their **true feelings** or **motives** for departure, especially in certain cultures. So good people analytics are needed to ensure that we are looking at the right data points and can take action to reverse any root causes that cause attrition. Ideally, the analytics would be able to proactively identify these causes to **stop attrition** before the fact and not after.

Even after employees leave the organisation, how an organisation chooses to backfill the roles can be aided by people analytics. It can be a positive opportunity for others in the organisation. Take IBM as an example. In 2018, 27% of IBM employees received a new job or promotion assisted by Blue Match technology, automatically assessing employees' skills and matching them with internal vacancies related to their professional experience. Furthermore, IBM's AI-driven tool acts as a career navigator that helps prepare employees for career growth by recommending relevant upskilling programmes. This freed up HR to focus on higher-value work.

Companies must invest in understanding attrition and **get to the truth of why employees leave**. Otherwise, they will be left fighting fires constantly with recruitment and losing a lot of productivity with the disruption it causes to replace someone.

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# ENHANCE EMPLOYEE DEVELOPMENT

Like Jim Collins, an American researcher, author, speaker and consultant, once said, “To build a successful organisation and team, you must get the right people on the bus.” His research demonstrated that putting the right people in the right place is the key to long-term success for organisations. Therefore, it is not enough for leaders to delegate tasks to members but build an effective team with specific competencies and skills to carry out a project. Through people analytics, leaders can better identify suitable candidates for the right roles in a **shorter time** while employees deliver their best performance. At the same time, you can help employees **identify** their areas of **development** and provide options to take the next steps.

Take IBM, for example. Traditionally, IBM's approximately 350,000 employees need to undergo annual performance reviews by completing long surveys before discussing further with their managers.

Today, IBM's My Career Advisor (MYCA), a digital personal career advisor, helps employees identify the specific areas they need to upskill or reskill themselves. This is done by interviewing the users, understanding their needs and offering personalised advice to the frequently-asked questions related to career. This example shows that AI helps **eliminate human cognitive biases** in decision-making, and mass datasets can be analysed much later. Decision-making around development and career becomes **fact-driven**.

**“TO BUILD A SUCCESSFUL ORGANISATION AND TEAM, YOU MUST GET THE RIGHT PEOPLE ON THE BUS.”**

When employees feel that they can shine in the workplace, their behaviours and beliefs begin to change, **transforming** the practices and processes. If they are given insights into their development and opportunities to do so, this leads to a more engaged workforce, ultimately leading to a **productive** workforce.

# PITFALLS THAT SHOULD BE AVOIDED IN PEOPLE ANALYTICS

Now that we understand what People Analytics is about and how it can help organisations let's look at the risks. Implementing a People Analytics strategy is not without its pitfalls and challenges, and it shouldn't be taken lightly.

In the next section, we will identify several examples of pitfalls that companies should be aware of upon integrating people analytics into their business process:



## ANALYTICS CAN BE BIASED

Companies must understand that AI's role is to **support** humans in decision-making, not replace them in this regard. Machines and data analytics can **identify possible options**, but it is still dependent on **us to make the final decisions**. Being overly reliant on AI may create **adverse impacts** on us. Take Amazon as an example. They have been building computer programs since 2014 to review job applications to mechanise the search for top talent. After a year, they realised that the system was not assessing their candidates in a gender-neutral way for technical positions, such as software developers. This is because their computer models were trained to vet the applicants by observing **patterns** in resumes submitted to the company for the past decade, and the majority of them were male employees in the tech industry. In other words, Amazon's system had taught itself that male candidates were preferable. So, it penalised resumes that included the word "women's", as in "women's chess club captain".



Amazon's studies demonstrated two significant flaws with the machine learning algorithms: gender bias and the **model's judgement**. The algorithms maximise the overall accuracy of the larger groups and are also based on **historical data**. Therefore, the generated result becomes majority-based without taking other factors into account. This example shows that we should not entirely depend on AI systems to make decisions, even though people analytics can help **reduce the bias** in the decision-making process, provided that we use the system appropriately.



# PRIVACY MATTERS

Apart from being wary of the **local laws** and regulations, companies should only collect **justifiable** employee data and ensure their employees are aware of what is being collected. As privacy matters, it is crucial to **limit access** only to relevant people whose job is to view the data. Take H&M as an example. H&M's service centre in Germany kept their employees' private information, including information about their medical symptoms, family issues, and religious beliefs. These details were even accessible to other managers. They were even used to profile the employees, which formed the basis of their performance reviews and decisions about their employment. Such practices are considered intruding on employees' private lives and led H&M to receive a hefty fine of Euro 35 million.

Employees need to be **aware** of the type of information being collected, the reasons, and how it will be used. Also, they must know what information is considered **necessary** and **appropriate** for HR to collect, and HR must seek consent beforehand. Also, their data should be strictly made available to **authorised** individuals only.

# NOT ALL DATA MATTERS

Although data helps to provide insights to companies, we should only collect employee data that **matters** to the company by first understanding the **key objectives** in collecting that data and how it is **relevant** to achieving the company's goals. Take the WaterSaver Faucet company as an example. They introduced swipe cards to monitor their employees' toilet breaks – limiting them to spend six minutes in the loo per workday, half an hour per week, and rewarding them with gift cards for those who didn't use the toilet during work time.

The question here is: Does optimising every minute of an employee's time, including controlling their toilet breaks, help increase their work productivity? While companies aim to increase their employee productivity through performance tracking, it becomes stressful for employees as they are being closely monitored, reducing job satisfaction and increasing turnover. People analytics should be used to elevate employees instead of penalising them. This example shows that companies should measure results without using data to micromanage or control their employees. Otherwise, it will create a toxic **work culture** which will decrease **employee motivation** and increase **employee turnover**.

However, if you can get buy-in and the investment to implement people analytics in your organisation, it is a most potent tool for the business. Of all levers, people analytics allows you to directly impact **employee engagement** and performance and understand what's working and what's not. Without it, we are driving the organisation partially blind.

Full-fledged people analytics may require significant investment and buy-in, but you can get started in small areas of their **people strategy**. Start with one area, such as employee engagement, recruitment, or performance management, and slowly incorporate more gradually over time. You may even be able to use your existing systems to get the data that you need. Either way, don't wait to get started, as this is a big part of the future of work.

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