



Newsflash No. 087

Big Data in HR – New way of working or just a new hype?

During the last 17 years, through our extensive research and our work with more than 350 international companies, we have identified the Strategic Agenda and the Must-Win-Battles in people management. Out of more than 300 metrics, 4000 activities and business cases the significant results are extracted and condensed to the decisive topics and metrics that have an impact on the results of a company.

Summary

Most companies struggle to identify the needed success-relevant metrics to keep control of all people management processes – getting this right is a powerful platform to get HR in the driving seat, creating real value by highlighting issues tied to financial results, moving managers into the right direction and deciding on organisational change based on measurable input. Big Data will eventually support that by moving a sophisticated dashboard to the next level.

Companies seem to view systems and BIG data as a problem solver, but there are two major problems:

First, Big Data will maybe give you a better basis for decisions and actions – but the manager still has to act upon it. An example in Performance Management: Big Data might help you in identifying poor and low performers (but honestly: most managers know these already). The crucial thing is acting upon it: Getting rid of poor performers (which lots of organisations struggle with) and improving low performers (also something most organisations are not really good at).

Secondly, the IT systems are still a big hurdle. Nowadays many companies still struggle to get basic data into the

systems (or fail to get the basic data into the systems correctly). Without that database it is useless to speculate how Big Data will be able to help us – especially as it takes much more than that before we can do workforce analytics based on Big Data. Well, should we ignore Big Data? From our perspective the answer is “No”.

We should use the hype to start asking these questions:

- What are the business critical people management processes in our organisation?
- Do we only analyse the past or also engage in predictive analytics?
- What are the Must-Win-Battles within each of the processes?
- What results do I have to achieve there? What is the target range we should hit?
- Which metrics would create the right transparency?
- What are the business cases – how much money do we lose by not reaching the target area?
- How can we get the right raw data—combining core HR data with business data from finance, marketing, risk management, to achieve reliable results?

For all of these questions the best performing companies have already an answer and our research provides the right input for fast and sustainable solutions.

Good learning points:

“...Let us start to walk (focus on the questions (metrics) in HR that have a direct impact on company results) before participating in a 100m Olympic Run (using Big Data)... “

“...If you start your Big Data approach in HR by collecting all the data you can find you may never come to an end. Rather you have to start with the questions you would like to answer...”



Examples on how Big Data can be used?

1) Sourcing:

Process data from the recruiting process can show the best channels and even the best day to post a job for a certain position in a certain geographical area

Data gained from Social Media behaviour of candidates can be analysed to determine if they are suitable for a certain job (how outgoing they are, if they are opinion leaders or followers).

Online discussion forums can provide data on potential candidates (who answers questions intelligently related to topics that are relevant for the company).

2) Learning & development:

Linking data on participation in (formal and informal) L&D activities with performance data can help predict which L&D activities work for which employee group and role.

3) Performance:

I.e. data based on wearables: e.g. on the retail shop floor employees wear a tracker that shows their movements and interactions which can be linked to the turnover they create with customers.

Sensors embedded in office furniture monitor employee behaviour and can help optimize officedesign for best performance.

4) Proactive retention management:

By using various employee data (satisfaction surveys, communication data, performance data, compensation data on amount of pay and timeline of pay increases...) to predict employees that are in risk of leaving

Finally one thing which is definitely a big discussion topic for the future is the handling of data privacy rights. So far HR data is not broken down into individual levels in most cases – work councils and unions need to be included in an open discussion regarding which big data to use and how these can be broken down and used on individual levels.

Based on vast experience from our benchmarking platform, we are unique in supporting companies in 4 major areas:

- Choosing the right indicators (defining the right success criteria for each indicator including defending reasons) – focusing on high value generating indicators
- Defining the correct raw data to be collected (crucial to measure the right things in the same way across the whole organisation – and also to enable benchmarking with the outside world)
- Providing for each metric the F-Top practice from our benchmarking platform (allowing the client to set the right target ranges in order not to be too ambitious or unambitious, but always aligned to specific business needs)
- Linking each metric to top and bottom line results (expressing deviations from the target range in concrete monetary terms – how much money do I lose when I am 10% too low compared to a set target)