

HOW IS DATA RELATED TO YOUR COMPANY'S BOTTOM LINE?

PEOPLE ANALYTICS CAN DRIVE IMPRESSIVE BUSINESS RESULTS

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"It is suicidal for any HR director to stand in front of the board and say, 'I'm going to increase staff cost.'

"So, we looked at the data. One key performance indicator (KPI) which is a favourite one for HR; number of days of training, which, if it is the only indicator in the balanced scorecard, becomes a behavioural and business risk. See, if this measure is on its own with no other KPIs that are supportive, it is very dangerous.

"It was seven days per year per staff and that was it, and it was tied to a balanced scorecard that was tied very, very tightly with bonus."

THE above is an insight by Nora Abd Manaf, group chief human capital officer of Maybank, in a September 2015 CIPD research report.

People analytics in HR is the use of data to derive relevant information and insights to be used for workforce planning, talent management and operational improvement.

Aresandiran Jaganatha Naidu, the Malaysian Institute of Human Resource Management (MIHRM) president said that while Malaysia is beginning to see an upward trend in the implementation of people analytics, it is still limited to multinational and large organisations.

Other organisations such as small and medium enterprises (SMEs) and public corporations, either don't see an urgent need of its application, lack an awareness of its relevance to business strategy, or are sceptical about investing into HR professionals' upskilling or reskilling.

WHY IS IT IMPORTANT TO BUSINESSES?

The role of HR today has become one of leadership and strategy, which means they now work closely with top management and board members. So, in order to secure buy-ins for

particular projects, HR professionals would not only need to know people analytics, but also understand how to connect the dots between relevant data and business results, and present it in a compelling manner.

Aresandiran said, "About 60% of operations cost is related to people management, and it has been shown by international organisations like Google and many large companies in Malaysia, that analytics performed in the area of people management in relation to business, will certainly help management to make more informed and pragmatic business decisions."

People are the most important asset of any organisation. So, it has become more crucial than ever to understand how investing in people gives businesses a high return. Aresandiran gave an example: "We need to know what is the revenue per employee, profit per employee, and salary increase vs revenue increase."

HOW DOES IT DRIVE BUSINESS RESULTS?

1 Creates strategic workforce plans

Due to the pace at which Facebook is growing, workforce planning has become the main priority for HR. Ross Sparkman, global head of workforce planning at Facebook had said that his team would gather data on people, productivity and performance to determine "which roles would cause the business to stop making money if they stopped showing up."

This information would then be used in the company's recruitment and retention strategies, to specify current demand for critical positions and to forecast future changes. They do this monthly or quarterly as change happens so often.

2 Creates a great culture

When Google wanted to determine the level of necessity for managers, they conducted Project Oxygen. The People Operations (HR) team looked at performance ratings and upward feedback of managers and compared these against employee productivity. From the data, they dis-



covered a positive correlation between good managers and employee productivity.

Following this, the team conducted more in-depth research (analysing survey comments, conducting interviews, etc.) to identify characteristics of a great manager. From there, they devised a guidebook on the top eight management behaviours as a basis for selection and training of managers. This was how Google worked towards improving their work culture.

3 Allows you to examine workforce issues

Richemont Group, a luxury goods company, studied their turnover patterns by gathering quantitative and qualitative data across the different countries, categories and brands they work with. This included observations or discussions, or both, with front-line employees to gather intelligence.

"From there, we built a correlation to justify the data, so we know where we should spend more of our efforts to make jobs easier and enhance productivity," said Lawrence Hung, who was formerly attached with the company, in the 2015 CIPD report.

4 Permits you to gain buy-ins from leaders

When leaders challenge your

assumptions, data can back you up.

Hung said, "I use data-driven insights to state the past, present and predict the future, and why I need that much resources, name, head counts, dollar signs or equipment."

"We also look for areas of improvement because we have so many brands in the group. So, how can we know that a particular activity or initiative is more effective in one brand but not for the other brand?" he added.

5 Makes a connection between performance and targets set

Experian, an information services group that helps individuals and business make smart financial decisions, employs a HR balanced scorecard approach.

Business leaders would receive quarterly performance reports that indicate how employees are meeting objectives outlined in the scorecard, which would then encourage conversations between employees and leaders.

"From a HR perspective, the scorecard helps us as a HR function to think about how we are adding value to the business priorities – for example, how are we going to contribute towards improved pipeline ratios?" a source from Experian said in the same CIPD report.

WHAT CAN WE DO?

The CIPD report on the evolution of HR analytics in Singapore, Hong Kong and Malaysia, revealed HR is held back in the people analytics space due to a lack of investment into people and technology, and constraints in leadership understanding, standardisation of HR measures, HR maturity and skills gap. Here's how we can address them:

- **Bring in new analytics talent** (from various functions and disciplines) and establish mentoring and cross-functional relationships.

- **Work with professionals in different departments** internally and also externally with industry peers to establish standard measures and to define high-value metrics. As this is a relatively new space, it is crucial to benchmark metrics and good practices.

- **Use evidence-based HR projects** to attain buy-in from senior leaders for HR investments. These projects should be of high value to the overall business and should be communicated in a compelling manner.

- **Upskill or reskill HR professionals at all levels**, and ensure a strong working relationship with business units.

Source: Sept 2015 CIPD report

CONCLUSION

The examples above demonstrate clear evidence of how much success people analytics is able to bring to an organisation.

While it may be tough at the start, especially with regards to addressing skills gap, Aresandiran said this can be resolved through collaboration and knowledge transfer among HR professionals.

"This is crucial to ensure the right and successful approaches are designed and applied, especially within the Malaysian context," he added.

WITH the dawn of *Industry 4.0* and the continually evolving business landscape, Aresandiran asserted that HR leaders and top management must evolve their people management operations in order to enhance productivity and remain competitive.

It is thus imperative to recognise the contributions of HR in Malaysia, especially when practices and systems or processes implemented have led to successful business outcomes.

This is where the **MIHRM Malaysia HR Awards 2017** comes in. Established since 1999, the awards give winners the opportunity to be recognised not only in one country, but in 95 countries! This awards also serve as a platform for other organisations to learn from and emu-

WHAT MAKES YOU UNIQUE?

late successful practices of winning organisations.

A great news for this year's awards is that there is now an **International category**:

- Best Employer (Asia) – employer of choice/ top winners in three or more Asian countries
- Best Employer (Global) - employer of choice/ top winners in three or more countries, in the five continents of World Federation of People Management Association (WFPMA)
- HR Leader (Asia) – significant contribution in the national organisation and Asia Pacific Federation

of Human Resource Management (APFHRM).

- HR Leader (Global) – significant contribution in the national organisation, APFHRM and WFPMA.

In fact, the *employer of choice* category is now divided into the private sector and public or social sector. So, hurry on and register before the **closing date on June 30, 2017**.

The awards presentation will take place on Nov 9, 2017. To find out more details about entry and selection criteria, visit www.hrwards.com.my or call 019-2247085.

