

5 WAYS HRMS HELPS YOU GET MORE OUT OF HR DATA

Your guide to harnessing and realizing the potential of your HRMS software and HR data

GUIDE HIGHLIGHTS



Identifying key performance indicators



Manager and employee dashboards



Predictive analytics, real-time data, Big Data & more



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IDENTIFYING KEY HR KPIs

In the HR data blizzard, knowing what to measure is half the battle. You can have the best and most sophisticated Big Data cruncher in the world, but if you don't know which target HR KPIs to point it at, it's just an expensive white elephant.

KPIs are traditional corporate performance measures – keeping everything measurable and easily monitored at the C-level while being clear and straightforward enough to be understood throughout the organization. The sheer volume and variety of the available information these days means that HR KPIs are (and should be) up for grabs – the opportunity to explore and measure ourselves against more pertinent metrics can't be passed up.

CAUTIONARY ADVICE

However, some commentators are urging caution. Big Data is macro in scale whereas your organization – unless you're a globe-spanning multinational with a workforce larger than a small country – is on a smaller scale. Big Data gives you the world's talent data, but you're dealing with the talent requirements of a medium-sized service provider or manufacturing outfit. Put simply, there's a small but significant backlash that suggests that useful as Big Data can be, those seeking to exploit it must 'keep their feet on the ground' and sometimes narrow the focus a little by searching the Big Data ocean for the precise items of information that are of most use to their specific circumstances.

So, before you dive in and start swimming, there's a value in setting the right HR KPIs, establishing the right measures, and identifying which are going to be the best spots in which to 'go fishing'. While undoubtedly, the 'traditional' HR metrics of relating to turnover, employee satisfaction, and skills are still valid, deeper insights are now possible. For example, under the heading of turnover, your HRMS and associated apps may allow you to examine churn in relation to role, position, location or team, and compare it to that of your competitors and industry sector as a whole.

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FRUITFUL HUNTING GROUNDS

The following three areas may be fruitful hunting grounds when looking for more relevant KPIs in the Big Data era:

Sources of new hires: where do you get most of your recruits from? The chances are that you're targeting a number of sources, including graduates, competitor organizations, the ranks of the unemployed, and so on. The right KPI could lead you to judge the usefulness of each category and adjust your recruitment strategies.

Productivity: this is a classic HR KPI, often expressed as a single surface percentage that hides a complicated formula based on volume and throughput. By factoring in issues such as workload and shift management, cross-team working and collaboration, a more useful picture can emerge.

Impact on the customer: this is often a no-go area for HR but your people policies and internal culture will determine how your organization appears to customers and clients and subsequently affect their interactions with you. How your HR impacts on your customer-facing operations is a key question in the information age.



ANALYZING REAL-TIME HR DATA

It's been said before that when it comes to using data, HR is traditionally backward-looking. That's not meant to be an insult, just an acknowledgment that the 'HR data story' so far is one of measuring what has happened and reporting it as a result. With the introduction and spread of more strategically-focused metrics and predictive analytics, the focus is turning toward the future. Anything it would seem except the present. And yet, particularly for managers 'on the shop floor' some insight into what's happening right now is possibly the most immediately utilitarian leveraging of people data.

This gives HR an opportunity to fill the gap between the past and the future; to fill it with useful information and in the process become practically indispensable to the day to day management of business performance. Put like that, it's the kind of opportunity HR has been waiting for.

A NEW SORT OF PERFORMANCE MANAGEMENT

Unfortunately, the kind of 'performance management' usually associated with the HR department is a once a year appraisal data collection exercise focused on what employees have been doing for the last 12 months.

However, real-time HR data does feature in many HR software and HRMS systems and its usage is beginning to gain some traction. In some ways, the focus is still on workforce (and workflow) planning functions and helping address daily skills needs by being able to cross-reference them with learning and development records and data. Linking to scheduling and time attendance inputs to identify where the gaps are in today's workforce and who might be able to fill them are also increasingly common features

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Yet on a wider scale, and from the employee perspective, up to date talent, succession planning and aspiration information can be combined and as real-time development opportunities arise, and the right people can receive the right instant notifications.

As yet, the real-time gap is easily overlooked but it represents an opportunity for a very practical link

with day-to-day business that HR and HRMS developers are just beginning to explore. In many ways, the use of data to provide real-time insights that can be instantly used for better managerial and supervisory decision-making doesn't carry a lot of cachet. Big HR Data and predictive analytics sound much more exciting and that's why they get all the press. But to those employees actively making sales and providing services, the right information, in the moment, could make possibly the biggest difference.



DATA VISIBILITY FOR EMPLOYEES & MANAGERS

Big Data holds the promise of new opportunities for HR. Functionality such as predictive analytics and real-time reporting offer ways of using that data in ways that will make HR a more integrated part of the business - both at a strategic and a day-to-day level. But of course, there is still the remaining challenge of enabling the workforce to use the newly-available HR data outputs.

With any HRMS system, employees and managers of all levels access HR data via some kind of dashboard or portal; and this is where the quality of the user experience is essential, becoming a defining factor in the success of the system.

ACCESSING HR DATA: CUSTOMIZABLE DASHBOARDS

Users have real-time access to HR data and reports through their customizable HRMS dashboard. This should be which should be customizable not only in terms of what functions can be accessed but also in terms of layout and appearance, giving the user some sense of control. For an employee, access may be limited to their own personal data; this access is fundamental to the whole system because placing responsibility for keeping this basic personal data up-to-date is effectively outsourcing a key data integrity measure to the person most capable of fulfilling it.

Depending on their seniority, managers may access their team or department's current KPIs, employee productivity, benefits and other expenses, absentee rates (and costs), payroll status, and the state of the latest recruitment campaign. Naturally, the quality of the data that your people are accessing is of fundamental importance, but bear in mind that the dashboard experience itself can have a significant influence on how they perceive that data quality - to use an analogy, the way an automobile looks and feels to drive is just as important to customer confidence as what is happening mechanically.

HR DATA GOVERNANCE

Part of that confidence will come from having the right HR data governance roles in place and using those defined roles in the design of the dashboard. People need to be clear on data ownership and where the responsibility for managing the data lies.

Data is everywhere in the modern world and the world of HR is no exception. The main difficulty is that although the unprecedented volume and variety of relevant data has created fresh opportunities – predictive analytics, more relevant KPIs, better real-time decision-making, and hands-on instant access – HR is still fairly tentative about it all; not so much seizing the day as giving it a reluctant poke. To reiterate insights from recent research, the strategy needs to be one of developing greater awareness of Big Data’s potential, letting go of introverted ‘silo’ thinking, and developing the skill sets to really take advantage of what is on offer.



IMPLEMENTING PREDICTIVE ANALYTICS

The bigger the dataset, the more sophisticated and accurate the insights. Given the old adage that past behavior (and current behavior) is the best predictor of future behavior, it's no surprise that predictive analytics have been a hot topic in HR circles for a while.

Building on the classic KPI, which is a backward-looking measure, HR analytics seek to inform strategies with data-driven insights into the future, increasingly more often using an HRMS capable of handling HR predictive analytics.

DIFFERENT LEVELS OF ANALYTICS

Commentators have suggested that there are four levels of analytic reporting. The first is the basic operational type of report of the 'number of this,' 'number of that' variety, providing easily measured pockets of data, isolated and therefore difficult to draw too many conclusions from.

The next is similarly operational but is a little more advanced, taking advantage of broader information sources to benchmark and analyze performance in wider context.

Third is the more strategic level, taking current information and subjecting it to deeper segmentation, statistical analysis and developing 'people models' as a result that can inform decision-making.

Finally, comes the fourth predictive level of analytics which allows for scenario planning, risk analysis and genuinely contributes to forward-thinking strategies.

Unfortunately, some of those same commentators note that the first two levels make up the vast majority of the analytical reporting in current use - that as soon as wider and external data sources come into the mix, HR people tend to shy away, feeling ill-equipped to understand and use more complex HR predictive analytics data. It's not that HR folks don't want to use predictive analytics, more that they just don't know how.

"Part of the solution is to break down the structural and systemic silos that people have traditionally worked within"

A NEW SET OF SKILLS FOR HR WORKERS TO MASTER

The [UK's CIPD](#) has recently looked at this issue of HR's seeming inability to engage with predictive analytics (and Big Data in general) and found that HR staff are still on the whole more comfortable with a more traditional skill set. The classic HR person is comfortable with interpreting ambiguity and understanding organizational context, able to talk knowledgeably about changes in corporate culture and how people interact. However, measurement, statistical analysis, and evidence-based decision-making are still somehow seen as more the province of departments such as finance, logistics and marketing. What is indicated is that HR personnel tend towards a more future-focused use of data - they are more comfortable using data about what has happened in the past, to forecast future trends.

Part of the solution is to break down the structural and systemic silos that people have traditionally worked within. A greater need for cross-disciplinary collaboration is called for and again, it is technology that offers the solution: HRMS technology offering social collaboration software that breaks down communication barriers and creates the ground for a broader and less specialized understanding of what influences are acting on the workforce.

The other half of the solution is to develop (and recruit) a more analytical skillset within the HR function - to value and encourage the ability to process HR analytics data in a complex and qualitative manner that will facilitate a genuine introduction of HR predictive analytics across the organization.



TACKLING BIG DATA

If the whole point of an HRMS application is to streamline HR processes and create business efficiencies, then the basic means of achieving that is by the centralization of HR data. In one way or another, all business cases for the introduction of that first HRMS pivot on the idea of getting rid of all those spreadsheets, photocopied forms and scattered pockets of information.

By and large, it's a case of mission accomplished; even the least sophisticated HR system will enable you to gather up all those scraps of employee data and keep them neat, tidy and accessible via a single portal. But that's just the first step. Once you have your HR database centralized in your HRMS, a whole world of info-crunching possibilities opens up and with phrases like HR Big Data and HR analytics being bandied around in the annual top trends lists for the last couple of years, it's time more organizations started leveraging their HR information assets.

MINING AND COMBINING

Big Data is a natural byproduct of the so-called 'data-fication' of the modern world. So many of our working and daily life transactions are conducted via electronic means that the majority of our lives are now a matter of record – and those records are just waiting for the right HRMS solution to mine and combine them with the wealth of workforce HR, payroll and learning and development data held by most employers.

“Although the term Big Data is commonly defined by the three Vs – volume, velocity and variety – a fourth can be added: value.”

Although the term Big Data is commonly defined by the three Vs – volume, velocity and variety – a fourth can be added: value. And HR Big Data usage is potentially invaluable to HR practitioners and senior executives. For a function which is so often responsible (or at least, heavily involved) in employee engagement, culture change and ensuring that the workforce fit for today becomes the workforce fit for tomorrow, being able to understand people in more depth and detail can only improve data-driven HR decisions and strategies.

NEW INSIGHTS

As our HRMS combines existing HR information with other data sources such as external salaries, customer information, industry performance data, and social media (regarding both current and potential customers and employees), new insights and analytics become possible in the arenas of workforce diversity, succession planning, talent management strategies, retention analysis, and so on. It becomes easier, for example, to examine the patterns of high-performers within the workforce and find points that can be duplicated and incorporated into corporate standards and training.

However, the early adopters of HR Big Data's possibilities are the recruiters. In much the same way as they were the first to utilize social media they are beginning to leverage the information out there as part of the hiring process, using job board data to tag and target specific talent communities, analyze public online interactions for indicators of applicable skills, and using social data to determine cultural fit.

The HRMS database combined with an exponential growth in connectivity affords a great number of opportunities and the existence (and potential value) of HR Big Data is its foundation.

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