

HR & Payroll Foundations Series

Inside information: How to unlock the power of your **HR data**



Evidence-based HR

In recent years, the potential for organisations to use data from their HR and payroll systems to help shape both HR and wider business strategy has started to become apparent. Vital information from sources such as absence rates, salaries, holiday schedules, location data, national minimum wage payments and statutory sick pay can be used to help identify any issues or room for improvement, as well as acting as a starting point for wider reforms. The pandemic has only served to accelerate this trend, with topics such as wellbeing and absence being much harder to manage remotely without adequate data.

“It’s all about evidence-based HR,” says Jan Laurijssen, HR evangelist at SD Worx. “If we can find ways to drive the business forward by making people want to work for us, because we know what they need and where they want to go with their jobs, it’s just going to make us more aware and proactive. It’s an extra set of evidence to help us to build better jobs and more sustainable businesses.” So, how should HR and payroll teams approach the data they’ve got and what are the roadblocks that could hold them back?

Ben Myhill is head of sales at Silver Cloud HR, which helps advise organisations on such matters. He identifies three main areas in which HR data can be used. “The first is how they can get greater efficiencies,” he says. This could incorporate elements such as whether the business is paying people too much or too little compared to market rates, and identifying any potential issues with turnover.



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Jan Laurijssen, HR evangelist,
SD Worx

A second area is around developing and retaining staff, looking at information from training and employee benefits packages. “If people aren’t performing, is it that businesses aren’t supporting them?” he asks. “Are they not giving them the right learning? Are they having the right appraisals or manager one-to-ones? Do they have a development plan?”

“And then they’re looking at the benefits, so are they giving the right benefits? Do they need to throw cash at employees or do they need more financial wellbeing or pay-on-demand initiatives? Do they need to give them flexible working, and what does that look like?” A final area is compliance, he adds, with organisations wanting clarity should they be audited, either internally or externally, around issues such as gender pay.



Predictive data in practice

The next stage beyond understanding a company's current position, says Laurijssen, is to start using such information to conduct predictive analysis. "For instance, this could help to develop a future staffing strategy," he says. "So what talent do they have onboard, and what are they missing? What talent will they need in the next couple of years, and are they going to develop that themselves, or hire it in?"

This, though, is a journey, he says. "It's a case of getting the figures right, doing analysis to make better decisions, finding correlational and causal relationships, and then using predictive analytics, artificial intelligence and machine learning to predict what's going to happen. From this you can then develop strategies to overcome the challenges that you're facing in the near future."



Understanding data maturity Work in progress

SD Worx recently surveyed more than 4,000 HRDs across 14 countries from SMEs up to enterprise level (3000+ employees) for a fully informed view of the state of analytics and to see just how prevalent the use of HR data is among organisations. Around three-quarters currently see themselves as mature experts in the field, although some 44% admit they are not convinced their organisation has sufficient expertise. This implies there may be a discrepancy between the perception and reality, and perhaps also some uncertainty over what “data maturity” actually means.

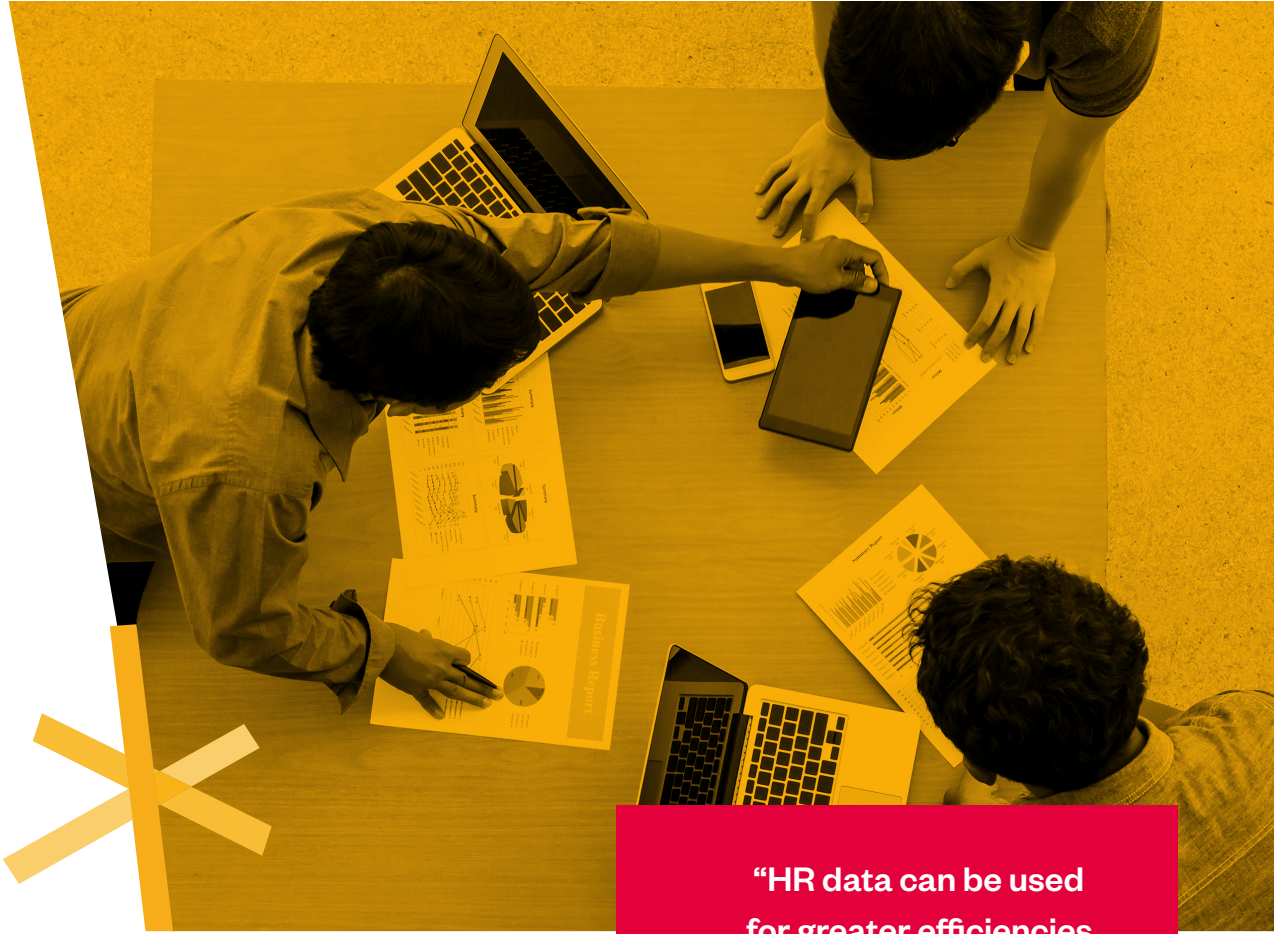
Most organisations (91%) make use of various HR data sources, with the most common being absence data and working time data (both 44%), general personnel data (40%), training (39%) and performance and evaluation data (37%). The most frequently conducted reports are in the areas of reports on absenteeism, time used, staff planning and productivity. But the study also revealed the limitations of current initiatives, with most analytics used in a descriptive, diagnostic or predictive way.

Myhill gives the example of a business that is currently starting to make use of HR data. “We’ve taken their existing data, and put it into dashboards,” he says. “We haven’t touched the systems so there are no process efficiencies, but the data highlighted just how siloed they are operationally. They’ve got turnover and absences that vary all over different regions, which they didn’t know was such a problem or cost. They also had different people in different locations on the



same job and with the same qualification who were getting paid different amounts. From a compliance and best practice point of view, it provides some quick answers.” This organisation has a long way to go, though, before it is ready for the next level, he adds.

Unsurprisingly, most organisations that are currently using this tend to be larger businesses, but smaller firms too can use this to their advantage, says Lorenzo Andolfi, senior HR researcher at SD Worx, who undertook the recent study. “You can do a lot with a couple of data sources, and it doesn’t need to be expensive,” he says. “Within a couple of days you can get some good insights. You need to have the foundations in order, and be serious about getting the right data architecture, but some companies are combining this with their own gut feeling or with their experience of the context of the company, and trying to make sense of the data. It’s always better to have something than just rely on your gut feeling.”



Potential roadblocks

There are several factors that can deter organisations from taking advantage of the full potential of HR data. Some 27% believe there is no need to get involved, although Andolfi points out that this is most common among smaller firms. One in five (20%) point to a lack of time or manpower, while 17% say a lack of systems is holding them back. Other common challenges include insufficient knowledge to interpret data or make analyses (11%) and being unable to bring together data sources (9%); something that is seen as a bigger issue by larger companies.

Laurijssen says these are all common issues. “It usually comes down to data, tools or software, and competence,” he says. “There’s often a lack

of knowledge about data in the HR department, so we usually need to find someone in the organisation, or externally, to pull in the HR data. We also have to get data into one system so that we can exploit that for reporting and analytics purposes. We propose to our clients that we move to cloud data warehousing, where we can pull different sources together.

“HR data can be used for greater efficiencies, developing and retaining staff, giving the right benefits, and business compliance.”

Ben Myhill, head of sales,
Silver Cloud HR

Data can't evaluate itself

“Last but not least, businesses need someone to analyse the data. It's a massive investment to do that yourself so it's more likely that medium-sized organisations will be looking at external partners to help them do that.” SD Worx's research confirms this, with outsourcing to external parties the preferred option for mid-market companies with 250-3,000 employees.

It's important, too, to understand the motivations behind any project. “We often tell clients that they need to have people in the organisation who know what they want and why they want it,” says Myhill. “They have to understand what they're looking

to achieve, and whether it's just for them or for other people in the organisation as well, so learning and development, training and maybe workforce managers or operators.”

Other elements to think about include whether analysis or action-oriented suggestions (or both) are important, whether to focus on people as a whole rather than just HR, and whether reports need to be customised for a particular business or whether standard reports will be sufficient.

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Telling more informed stories

HR and payroll teams will often drive such initiatives, and there's potential here to enhance both their own standing in the organisation and that of the whole function, as well as making their own lives easier when it comes to generating reports. "Software providers are giving power to payroll staff," says Nick Day, managing director of JGA Recruitment Group.

"One small identification of a data anomaly – perhaps you're offering people a benefit that isn't being used to its full potential – can help to keep your employees engaged at work. Those small shifts can have a huge impact on staff retention and ultimately on bottom-line performance." Payroll data can be particularly useful in the current climate, he adds, where there's a potential problem of incoming staff being paid more than existing people as a result of the war for talent. It's important that HR and payroll professionals are able to make the case for such projects too, points out Andolfi. "You need to build some decent stories around why you are doing this and what the added

value is, to convince your internal stakeholders to buy into it," he says. "It's not just a job for HR but for the entire organisation because HR and people analytics are about the business. You need to demonstrate how you can make the whole organisation better."

As more businesses start to see the benefits of making better use of the data they have at their disposal, it's not surprising that SD Worx's research suggests more are planning projects in the short term, with investment in both consultancy and technology to help with this.

"There is a real appetite for reporting," concludes Myhill. "Whenever we're talking to clients, reporting is always number one or two in their top five needs, both in analysing information and allowing them to work out what the issues might be but also in using predictive analytics. But businesses need to get the basics right first. They have usually got to solve some critical issues with reporting before they can look at predictive analytics. They have to start off with baby steps."

To find out more about SD Worx could help your business get to grips with HR data and predictive analytics, go to sdworx.co.uk.

Your data discovery journey: Begin by building the foundations...

Starting to make more from HR data requires a bit of groundwork. Here's how to get started:

1. Craft a story beyond the figures

Create a clear and simple narrative around why data analytics is relevant, what the business is trying to achieve and who will benefit.

2. Determine the scope

Start by asking which aspects of your workforce influence the business. Then pick one well defined topic to explore first, such as absenteeism or working time.

3. Build bridges

Get other departments and business units, such as management, IT, finance, operations and legal, onboard. Make sure you speak with decision-makers from every relevant department to help create a broad support base for more advanced HR and people data projects in the future.

4. Map out your data sources

Identify the sources from which you'll be pulling your data. These could be Excel and Google sheets, CRM and HR systems, time-tracking and planning tools, talent management software or training systems. You may also need to consider external data sources.

5. Create a common understanding of data

Establish common ground around language and terminology, such as full-time employees or employee turnover. That way you can ensure the data is meaningful to everyone in the organisation, and you won't have differences in interpretation.



Already started? Then it's time to discover your data personas...

To help organisations understand where they are on their journey, SD Worx has unveiled four data 'personas', each with a different degree of maturity:

Persona 1: The pragmatic problem-solver – Your operational HR reports effectively describe what's happening at your organisation in terms of workforce, planning, capacity, productivity and so on. You can generate an overview of the plain facts and figures about the core domain(s) of your choice through recruiting reports, attendance and absence reports, payroll reports, turnover reports etc.

Persona 2: The evidence-seeking detective – Your HR and people data is properly structured and stored, and your operational reports are well managed and automated. You ensure data consolidation and aggregation seamlessly, enabling you to report across teams, departments, business units or even countries of operations.

Persona 3: The insights wizard – You've already got a great deal of expertise in HR analytics. By combining data sources, you're addressing important strategic domains in a meaningful way. You're capable of inspiring your leadership and workforce with data-driven insights. You're successfully gathering and analysing valuable data, albeit in a less automated way.

Persona 4: The master strategist – You're highly competent in terms of HR data and analytics, and can tackle key strategic issues in a data-driven way using technology and advanced analysis techniques. You provide impactful insights to your leadership team through advanced reports around topics such as the talent shortage, causes of work pressure and disengagement.



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Lorenzo Andolfi, senior HR researcher, SD Worx

Contributors



Jan Laurijssen
HR evangelist, SD Worx

Jan is a seasoned HR consultant and senior researcher at SDWorx and the University of Antwerp. He consults numerous clients on “future of work”, occasionally teaches and is a well-known speaker on the topic.

Jan also co-ordinates the research on “Next Generation Work” conducted by Prof Dr. Ans De Vos in the partnership with Antwerp management School. He’s particularly interested in the costs and benefits of contingent work and is looking for answers to the question: “why do companies compose their workforce as they do?”



Ben Myhill
Head of sales, Silver Cloud HR

As an experienced and empathetic individual, Silver Cloud HR’s Head of Sales Ben, is perfectly placed to help steer businesses in the right direction when it comes to determining the best way to advance digitisation journeys.

Ben has over 18 years in the HRIS sector including HR, payroll, talent acquisition, e-learning and performance management space. His skills and insights into people-centric technology enable organisations across all major sectors to better serve their employee community and improve profitability.



Lorenzo Andolfi
Senior HR researcher, SD Worx

Lorenzo has worked in the HR industry for most of his career. At SD Worx he started as a Reward consultant, after which he became part of the SD Worx Knowledge Center in Belgium, a department responsible for HR trendspotting and research, and the follow-up of legislation.

Right now, he is part of the Research and Intelligence team of SD Worx, where he works as a senior HR researcher, involved in international market research to support Sales and Marketing and Product / Portfolio development.

Essential information

SD Worx's research intelligence department exists to help produce vital insight into the HR and payroll market, for the benefit of its internal experts and clients.

"We focus on thought leadership, such as leadership blogs and inspirational insights, which might interest our customers," explains Lorenzo Andolfi, senior HR researcher at SD Worx. "Each month we also publish a book around a certain HR topic."

As well as this, in-depth research helps to illustrate trends and new opportunities in the market, he says, which is used both by SD Worx's own teams and customers. "The insights that come out of the research can help us understand customer needs and the challenges that companies are facing," says Andolfi. "It means they can build new solutions and innovations."

To find out more, go to sdworx.com/resources.