



PEOPLE
ANALYTICS,
IS IT WORTH
THE RISK?

Technology and data science are advancing at an exponential pace. So too, we are told, is the value we can derive from their use. This has been especially apparent during the pandemic; businesses very quickly had to develop new, digital models to survive. All the challenges of being 'locked down', whether personal or professional, led to a flood of yet more new technology onto the market. With technology comes the ability to collect data and with this data comes a deeper, richer insight into human behavior. This data is being utilized in a variety of ways, from targeting advertising to improving people's health. It is, therefore, not surprising that businesses are starting to utilize data to drive strategic decisions about their people. Whilst the field of People Analytics is not a new one, the last ten years has seen more organizations start to build specific capability in this area. Technology and the data it helps to collect can give business leaders and HR precise and real time people insight, that in the past hasn't been possible. However, this opportunity is matched with significant developments in data privacy laws and a societal shift in caution around the proper use of personal data.

Before businesses make the decision to utilize data to support strategic people decisions, they need to ask themselves:

- Just because we have data, does that mean we should use it?
- What are the benefits and risks of doing so?
- How do I choose the right technology to use to get maximum value from data whilst minimizing the risk?



BENEFITS OF USING DATA

The adoption of HR technologies gives businesses the ability to capture data about their employees that in turn provides insight that can answer some key strategic questions. For example- which leaders in my business deliver the most in terms of performance and why? Who is leaving the business and how do I get them to stop? Many businesses capture this data and never capitalize on the opportunity that it brings. HR and business leaders who utilize people data to identify, set and deliver priorities for the business are quickly able to demonstrate numerous business benefits. Here are a few:

➤ Personalized experiences

Organizations are starting to consider how they can make their employees more successful through the support of technology and data. Think of an F1 driver and the amount of data they digest during a pitstop, or the amount of data doctors have available to them to help diagnose and treat patients faster. If organizations

can start to utilize even a fraction of the data they hold on the people they employ, they can start to create an employee experience that is unique to the individual. This minimizes the potential for any bias and could deliver an unparalleled developmental experience. We can start to see how this is possible drawing on a parallel technology developed for Customer Service. Nice is an example of an organization building technologies that use the insight they have on customers to personalize the service they deliver. This isn't just about understanding the question and providing a response as is the case with many chat bots, this company seeks to match the customer to their ideal agent to reduce the risk of a bad customer experience. Applying this same logic to an employee experience, we could use data on employees to understand organizational culture match, who the right Line Manager is for them, which team would suit them the best. Using this data on an ongoing basis could drive unique cultural and career conditions which constantly evolve in line with business and employee needs, ultimately leading to higher engagement and retention.

➤ HR can demonstrate their value in business terms

HR initiatives, especially relating to people development, have often been difficult to quantify and measure. This has traditionally made it difficult for HR leaders to demonstrate to the C-Suite their direct impact on delivering the business strategy. The use of HR technologies changes the landscape for HR and enables them to use data to prove the value of their work whilst also identifying further opportunities for impact. For example, leaders are a key resource in delivering a business strategy, how can HR and the business understand the attributes of leaders that drive performance? Using data on the behaviors and capabilities of their leaders, correlated with business outcome metrics such as Key Performance Indicators (KPI's) and Job Performance ratings, HR can provide insight back to the business on the likely attributes required in their leadership to accelerate performance. This can then be used to guide hiring and development decisions resulting in leaders who are more likely to successfully achieve the organization's business strategy.

➤ Delivering performance and change more quickly

Change now seems to be a constant for most businesses as does the pressure to grow performance. Data on employees can help businesses select and develop people who demonstrate the behaviors, capabilities and skills that are most likely to lead to the outcomes they are seeking to achieve. For example, resilience, self-awareness, and an adaptive mindset are all likely qualities that will enable leaders to navigate change more adeptly. However, in a particular business context it might be that self-awareness specifically predicts a leader's ability to deliver change that drives a 10% growth in sales revenue. Wouldn't a business want to know this and replicate these results elsewhere so that they can achieve their business goals more quickly and predictably?

NOT ALL DATA IS GOOD DATA

With legislation around data privacy becoming more and more of a focus like the introduction of GDPR in Europe, and increased sensitivity from individuals about how their data is captured and used, should businesses take the risk? The penalties for incorrect data usage can be significant, EU GDPR states a maximum fine of 20 million Euros or 4% of annual global turnover, whichever is greater for infringements. The risks aren't only financial, they can be personal too. We need to be very careful when using data to aid decisions that can have a direct impact on people's lives. There are too many examples where data has been used to build decision making algorithms resulting in negative consequences. For example, in 2018, Amazon had to stop using an AI based recruitment program after it discovered its algorithm was biased against women. Industry expertise must be brought into the development team, code should not be created out of context of how it will be applied in the real world. Recruitment, for example, has used psychometric tools for many decades, many of which drive decision making algorithms deployed via technology. However, there is a considerable amount of specialist expertise required to develop a psychometric test and any resulting hiring algorithms. Psychometricians need to understand sample bias, statistics that indicate whether a test measures what it is supposed to measure and so on. Software developers or data scientists may understand how to conduct the analyses and code the resulting algorithm, but they do not always understand the ethical considerations when applying these algorithms to situations where the decision it facilitates can have a severe impact on someone's life. Any algorithms should be built in partnership with professionals, such as psychometricians or occupational psychologists, who understand the industry standards for the use of data to support people hiring and development decisions.

SO WHICH TECHNOLOGY DO I CHOOSE?

Getting the Technology partner right will set a business up to mitigate the risks utilizing people data can pose. It is important to consider the following as part of any decision making process:

Be clear on the impact you are trying to deliver.

There are many technologies out there promising to deliver value to HR and the employees whom they support. Many promise to resolve multiple issues, offering a one stop shop for all HR needs. Whilst some of these are incredibly effective, it can often be difficult to see through the marketing spin to the truth. The allure of having data all in one place can compromise the extent to which the business needs are truly met. HR shouldn't be afraid to select multiple best in class

technologies that fully solve their needs rather than adopting one platform that only partially delivers the impact they are seeking.

Treat technology adoption as a change process.

You have chosen the right technology to meet your specific needs, but the value will only come when it starts to get used by your employees. This isn't easy, especially if your business is at the more cautious end of adopting change. Ensure you have developed a change program and you have appointed someone experienced in change to run it. This will also drive the additional benefit of ensuring employees have been adequately consulted throughout, providing comfort but also providing more insight into accepted uses for data in your business.

CHOOSE YOUR TECHNOLOGY WISELY AND USE THE DATA SENSITIVELY

For HR and business leaders to realize the benefits technology and data bring, they must start with a clear understanding of the organizational need and the impact they are seeking. This will facilitate a better decision-making process when evaluating the array of HR technologies out there. Once the technology is selected, it must be embedded via a well thought through and managed change program to ensure it is used. The usage will drive data, and this data holds multiple benefits for the user, HR and the business but we must be cautious in how we interpret and deploy the insights it holds.

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