HR

For people-focused business leaders

All of the *lights*

Where next on HR's digital journey?

HR
For people-focused business leaders

Editor's note

As consumers, we are bombarded with new products, services and experiences sold to us at every turn. Billboards tell us how to reach our ideal weight, Tube adverts tell us to take a left or right out of the station to find the nearest bar, social media tells us what to read…

The business – and HR – world is no different. You're told to buy this software to keep employees happy, use this system to keep data secure, choose this tool to minimise bias in hiring… which makes navigating the space something of an assault on the senses – a heady mix of shiny, flashing lights all trying to grab your attention at the same time.

And so we felt there was no better way to showcase this in this year's technology supplement than with a futuristic Blade Runner-esque cityscape theme, where promises of what new HR tech could do for your organisation draw you in like the lure of neon billboards in the commotion of Piccadilly Circus or Times Square. Travel through the lights, and prescriptive analytics, cyber security and people analytics all leap out at you.

We have never been faced with so much choice. And yet as our feature on prescriptive analytics shows (p8), we have perhaps also never been faced with so little choice. Just as Netflix tells you what series or film you might enjoy, HR tech can now tell you when to have a catch-up with a team member or that it's time to give a pay rise to someone who is a flight risk. While it may sound unnerving, this next step on the journey after descriptive and predictive analytics could have great potential.

However, as our feature on people analytics teams explores, some may be a step behind (p14). As Alec Levenson says, many focus too narrowly on HR rather than business challenges, and as a result are being led "down dead ends and rabbit holes and *Alice in Wonderland* kind of adventures". By getting the building blocks of a people analytics team in place HR can get back on track.

Of course behind the bright lights of every city there is a dark side. And this HR futurescape is no different. Cyber attacks threaten the most seemingly secure organisations, and HR could be the weak link in the chain (p22).

Throwing money at the wrong solution is another danger. Which makes running pilots before you roll out HR technology critical (p28). Seeking advice beyond HR can also help. Our piece on p18 hears from other functions – heads of marketing, procurement and finance transformation – about their digital journeys and lessons for HR.

So new tech is springing up at an ever-faster rate. But it's not as simple as just throwing out last year's solution for the next. It takes time to launch the right tech, engage your workforce with it, and build the right team to support and use it. It's a journey – one we hope this supplement will provide some clarity on, to help you navigate all those blinding lights.

Rachel Sharp
Deputy editor
HR magazine

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Engaging the *workforce* with *HR tech*

How can you ensure your brand new tech will be used by employees – and benefit them and the organisation – rather than ignored or even resented? By SUZY BASHFORD

'No pain, no gain' is a fitting affirmation for HR directors to chant under their breath as they prepare to introduce new HR technology. Because, while no-one can deny the huge opportunity that the seismic advances in tech presents, the challenges that accompany efforts to engage the workforce with new systems are often complex, difficult, expensive and, quite frankly, painful. Just ask any HRD who has introduced the latest whizzy, expensive platform with all the bells and whistles on, only to see it ignored by employees and left gathering dust in a lonely corner of the cloud.

The problem with HR tech is, it seems, largely nothing to do with the tech itself. In fact HRDs are spoilt for choice with new systems that have the potential to make both the function's and employees' lives easier. The problem is that employees are poorly engaged with HR tech. To put it bluntly, you implement a new system and often no-one in the organisation wants to know.

But overcoming the so-called pain points of engaging employees is, unquestionably, worth it.

"As a function we are constantly trying to justify our case to be more strategic," says Sharon Looney, chief HR officer at CoreHR. "But we will never have any value-add as long as we're being the transactors of data. HR tech can help us be the business partner that coaches and mentors about what the data means."

So what are the main obstacles to engaging the workforce with HR tech?

And how can HR overcome them in order to improve uptake?

Resistance to change

Human beings are creatures of habit. There will always be some resistance to change, no matter how beneficial your chosen HR tech may be. As chief people officer at Metrobank Danny Harmer says, be mindful that some employees are very comfortable working in the old way, even if it is much less efficient. In her experience, resistance tends to come from the "seasoned leaders" who typically say things like "I know you've got this super new system, but I'll just sit with you and go through these CVs". They have had reminders and gentle nudges about using the new tech but claim they haven't had time to log on, explains Harmer. What they are probably thinking, she says, is "if I go into this system, I won't be able to use it and I'll look like an idiot and get stuck".

"Treat them gently," she advises. "A bit like teaching someone to swim, you don't push them in and walk off, do you? You get in with them, you leave them with a rubber ring and you do it together until they're competent on their own. Believe me, ultimately this will be time well spent."

Looney suggests ensuring you have "visible support" around the office, such as "change champions" wearing easily identifiable T-shirts. "Don't pick the happy-clappy employees. Pick the people that will have an issue and have shown resistance. Bring them into the fold and invite them to be part of the project," she
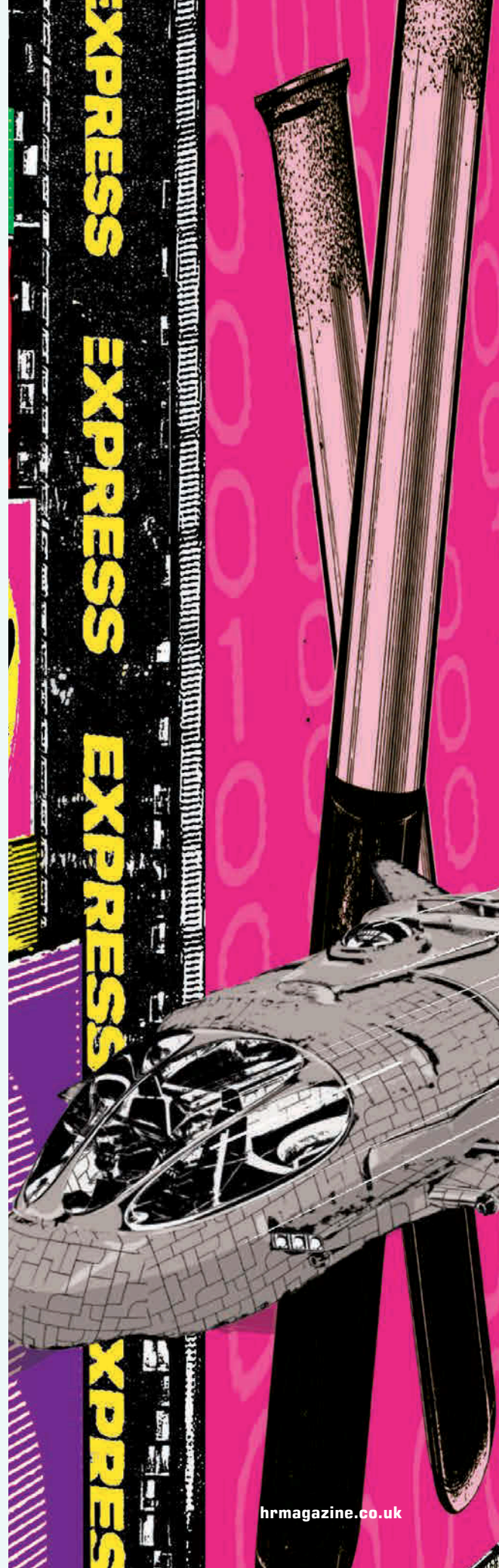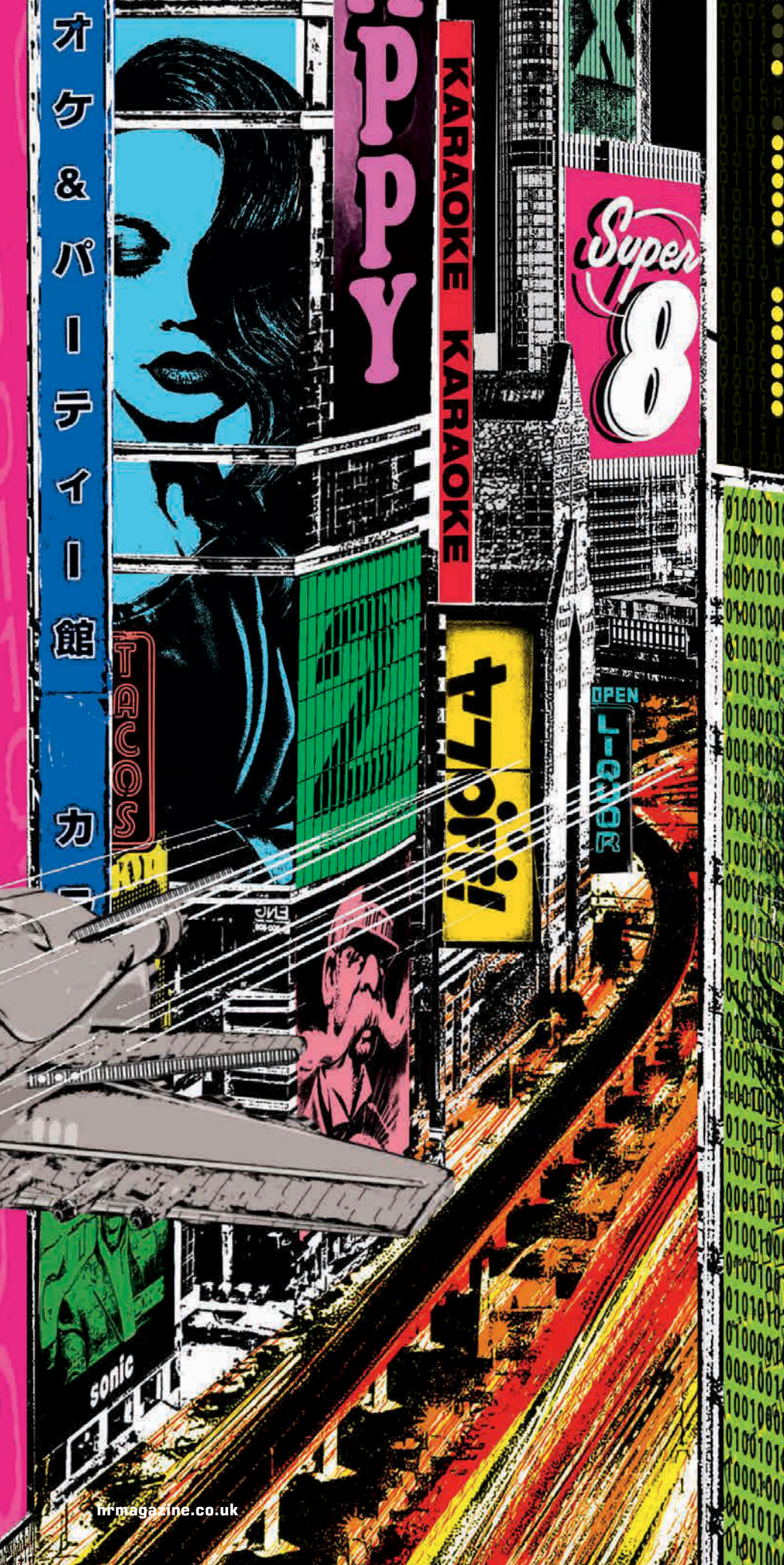
says, adding that "time tickers" can also be installed in offices to count down until the switchover. Be completely upfront about the fact that change will be hard for some and identify "the bits that some employees might not like, or will have difficulty with", Looney advises. "Don't mask the pain points, tell them what you're going to do to support them."

The 'WIIFM' question

With any new piece of tech, HRDs can expect to repeatedly come up against 'WIIFM': the 'What's in it for me?' question. And if you can't answer it, then you've got a problem, says Michael Moran, chief executive of 10Eighty. A big, expensive, IT-shaped one. Moran believes the reason HR often fails to engage the workforce with its tech is because the function is looking at the problem from a management perspective, rather than an employee perspective.

"Most HR systems are top down. Now think about LinkedIn. Why are, probably, 98% of your employees on it and using it frequently? Because they think it will get them their next job. Employees will use a system if it clearly enhances their career prospects, enhances their job satisfaction and/or makes their life easier," he explains.

Kirsty Lynagh, chief people officer at Nucleus Financial, agrees: "We, as a society, have no issue engaging personally with tech. So if the issue is HR-tech-specific, then perhaps it's because it's not required? Or if employees need [to be] trained in a system, then you've not made it simple enough. Facebook doesn't require a training session, yet one billion people around the world are successfully using it. We could learn a lot from that."

An 'HR thing'

Another major obstacle to engagement is that the tech is often seen as an 'HR thing', says Harmer. "If you open the conversation by saying 'I've got a really great HR initiative', then you can actually see people's eyes glaze over," she says.

Robert Hicks, group HR director at Reward Gateway, has an ingenious way of overcoming this problem: he doesn't pick the system. "I didn't have a vote," he explains. "Our system is not a Rob Hicks system. It's not an HR system, really. It's ▸

> **"**
> **HRDs can expect to repeatedly come up against the 'What's in it for me?' question**
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a system that delivers business change or creates business value."

Hicks looks at systems that have the necessary features and functions, then asks people across the business to choose which they'd prefer. "Then you've got senior stakeholder buy-in. They are then champions in their areas," he says.

In Looney's experience, it's often the case that HR understands the business problem that the tech will solve, but is not able to articulate it to the business clearly enough.

"They are not able to connect the relevancy of the pain point that HR has with why this is relevant to the rest of the business. That's why, in many cases, HR has been the transactional function working like hamsters on wheels to get the data out to the business," she says.

HR must talk in a way the business understands, says Looney, such as by saying: "With this new tech, you won't have to send me an email every Monday. You can go into it and get your own report." However, this does then lead to a sub-challenge of ensuring leaders are especially engaged with, and capable of managing, this data.

When selling an HR project, Looney often talks about the rise of "self-service managers" and "direct access", which promotes the idea of empowerment, rather than of adding to workload.

The HR tech provider should be able to help HR articulate the ROI to the business as well, she adds.

Harmer explains her acid test for immediately getting to the nub of where the organisation may come up against engagement challenges. She says that a key question she always asks suppliers before taking on their products is: what do people most complain about with your system?

"If they don't know the answer, they shouldn't be selling the system," says Harmer. And, if that's the case, you definitely shouldn't be buying it in the first place. **HR**

Case study: Engaging staff with a new HRIS and payroll system at Charles Stanley

The HR team at Charles Stanley may well hold the record for the fastest implementation of an HRIS and payroll system, at just three months. So they must have got something right in engaging their employees with the rollout of Oracle Fusion, just over a year ago.

Kate Griffiths-Lambeth, group director of human resources at the financial services company, explains that communication at all stages was the cornerstone for this success; something that began before the new system was even brought on board.

Prior to the launch, HR ran small focus groups with representatives from across the business, who would then act as ambassadors of the tool.

To ensure that employees understood the benefits, rather than just seeing 'yet another' HR system, language was key. This meant spelling out to employees how being able to access their payslips via an app would make their lives easier, and showing them the relevant, real-world benefits. They would, for example, be able to provide evidence when applying for a mortgage without needing HR to give them hard copies of payslips.

It was also critical that the HR team was honest about the fact that the new system was, in some ways, worse than the old system. For instance, the absence booking module is clunky compared to the small proprietary system previously used.

"It was best to be honest and upfront about the issue, rather than trying to ignore it or pretend that the new system was as good. We then worked hard behind the scenes to make the module better and, hence, were seen to have been proactive and responsive to the constructive but critical feedback that we received post-launch," says Griffiths-Lambeth.

The HR team acknowledges that they underestimated the level of pushback from employees against the new system and that, in hindsight, ambassadors should have been engaged more and sooner to help spread the word. But by using a raft of tools, the team was still able to achieve the critical buy-in needed for such a short implementation window.

Tools such as roadshows, team meetings, videos, how-to guides, infographics, screenshots and demos were used to ensure employees were not left in the dark figuring out how to use the new system.

"If you want to make it more fun, you can hide messages within the system and have a competition for the person who finds them (similar to a treasure hunt) as a way of getting people to explore. You can also train local ambassadors to provide support and encouragement to colleagues and award them in a way that appeals," explains Griffiths-Lambeth.

She adds that having dashboards on call to make evidence-based decisions has been a "valuable sweetener" to compensate for the time required to learn how to use the new system.

But, while it is important to be sympathetic to employees' resistance to change, the HR team decided a 'stick' as well as a 'carrot' incentive was necessary.

"We made it compulsory for people to use the system to record appraisals and training needs. It was announced to everyone across the company that people with eligibility for consideration for a discretionary bonus would forfeit their right to a bonus, as would their manager, if an appraisal meeting did not occur and if it was not recorded on the system," says Griffiths-Lambeth.

The result? 100% completion of appraisals for the past two years.

HOW TO BE AN EMPLOYER OF CHOICE

L'Oréal Shares its Insights on How to Build an Authentic Employer Brand and Best Practices

L'Oréal attracts, engages and manages more than 950,000 candidates a year around the world. To create a meaningful candidate experience and foster a positive employer brand image, L'Oréal has set up a senior marketing team that is dedicated to talent acquisition initiatives.

"Our strategy is rooted in three key pillars: authenticity, consistency and creativity. Authenticity is about being true to your company's history, values and culture. You won't be [credible] if you are searching the last wave of trending topics," says Ana Duque, Digital Content and Engagement Manager. L'Oréal is big on encouraging its employees to be vocal about working at the company and teaching them how to be 'responsible social media creators' but not telling them what to say. "You can't [shield yourself from negative feedback, employees are just going to talk about it] anyways," adds Digital Project Manager Cédric Paillé. "You should try to encourage them to do it in the right way."

Consistency is about having a strong and consolidated message across channels. "It's about ensuring that what candidates see on your website, on your social media, once inside your company, is actually the same," says Duque. The end-to-end employee experience (EX) needs to fit together to be believable and to ultimately strengthen your employer brand.

platform solution helps L'Oréal build personal connections with individual candidates, while meeting its legal obligations, including GDPR. "The best part about Avature is the flexibility of the tool...We are using information like where [candidates] are from and what they're interested in to drive personalized communication rather than a generic email. We're working on bringing this to the global level. We want to make sure our employer brand is attached to this strategy and on a massive scale to push our employer brand using CRM," says Paillé.

The hard reality is that the vast majority of L'Oréal's applicants - over 98% - are unsuccessful. A negative candidate experience puts both its employer and consumer brands at risk. "If we only focused on hires, we would be creating a bad experience for nearly everyone. So we have different initiatives to reject candidates," explains Paillé. For example, it partnered up with its brand, Kiehl's, in Australia to send rejected candidates who had reached the interview level vouchers to say 'thanks for your time'. "Just because a candidate is not the right candidate today doesn't

nuances and their level of engagement with L'Oréal. "L'Oréal is a very organic company so we're building a big project with Avature today to bring micro-optimizations to recruiters...to automate processes, like scheduling interviews, to give recruiters more time for value-added tasks," adds Paillé. "It gives recruiters more time to spend face-to-face with candidates, to give personalized feedback, so we really believe in the tool. It is helping us reach candidates that we wouldn't have seen before, to find them better and faster. It helps us be transparent and show we're not as process-driven as some other companies in the tech or accounting worlds."

L'Oréal is working with Google Analytics, third party metrics and Avature to leverage data and seize employer branding opportunities in real-time. Paillé says: "It's very impressive to see how our community has grown, to see our recruiters caring about data and wanting to know how they can get further with it. The needle is moving fast. I think it's going to drive a lot of the project we have with Avature and we're excited about that."

"Even if it's super creative, you cannot build your employer brand based on lies," argues Duque. Creativity means identifying your strengths and communicating them in an engaging way to your target audience. "It is what you need to stand out, but it shouldn't come from the idea of being different."

The beauty giant is also leveraging technology - including AI, automation and analytics - to achieve its goals at scale. A major resource is its Avature CRM and ATS. The single-

mean he won't be for a position tomorrow".

L'Oréal can create targeted recruitment marketing campaigns using Avature workflows and segmentation capabilities, to push hyper-relevant content that resonates with specific audiences, such as job specs or photos and videos from VivaTech - an event where L'Oréal presented its latest digital and technological innovations - based on their resume or where they are in the CRM process, as well as information such as where they were sourced, local market

As L'Oréal transforms into a beauty tech company, it is taking candidate relationship management to new heights. "These are interesting times for L'Oréal," says Duque. "We are becoming a beauty tech company and want to attract a whole new set of profiles and skills. [Faced with these positive challenges and opportunities], we want candidates to go one step further in every interaction that they have with the company." L'Oréal is redefining engagement.

'The *art* of the *possible*'

Is prescriptive analytics the holy grail for HR data, or is it simply something the function has always done? JENNY ROPER explores

It's a familiar scenario. You're about to switch the telly off and turn your attention to something more constructive or edifying (reading a book, doing the dishes, conversing with your child…). But what's this? A 'for you' recommendation on Netflix. It's not your usual thing, but it does have a strong female lead and brooding Scandi setting. Before you know it, you've settled back in on the sofa.

Such is the lure of streaming platforms' fiendishly clever algorithms, which now learn your viewing preferences from highly nuanced factors, such as where and when you watch, what you watched last year compared to this year, and whether you enjoy 'Visually striking nostalgic dramas' or 'Understated romantic road trip movies' (genuine Netflix categories).

It comes as little surprise to hear, then, that we now spend twice as much time binge-watching Netflix as we do bonding with our families (71 versus 34-37 minutes, according to Streaming Observer analysis). But most will be unaware of the technical term at the heart of these highly addictive recommendations: 'prescriptive analytics'.

And yet it's a concept that powers a surprising amount of modern life. Shopping on Amazon, for example. Or navigating traffic, where your phone can combine datasets including roadworks and other travellers' whereabouts to recommend the best route.

It's something also already used extensively in some areas of business. And it is now making its way slowly but surely into HR.

The holy grail

But what exactly does prescriptive analytics mean? The received wisdom goes that prescriptive analytics is the next stage on the journey after descriptive and predictive.

"In the chain of value, descriptive is just getting access to the data in a manner you can deal with," explains Ankur Modi, CEO of StatusToday. "The next layer is around diagnostics, which is understanding key trends and why something might be happening. The third is predictive analytics, which looks at 'now that I know that trend, can I predict what's going to happen?'

"The final stage, and arguably the holy grail, is prescriptive analytics. In simple terms it's the action plan based on the data."

When it comes to HR, Modi concedes that while many in the profession will have heard the term more of late, few have gotten to grips with it. "In general, HR analytics awareness is low. And prescriptive analytics is hard for technical people, let alone for HR people," he says.

"This is in its infancy in terms of the ways it's being used by HR at the moment," agrees Olly Britnell, global head of workforce analytics and HR strategy at Experian. "But it could get very sophisticated very quickly."

> **"Prescriptive analytics is hard for technical people, let alone HR"**

In terms of potential applications, both Britnell and Modi cite the same key area optimised by its predecessor, predictive analytics: retention. Extending analytics capability from predictive to prescriptive here means HR professionals can draw significant competitive advantage not just from foretelling which employees may soon resign and when, but also how to prevent this.

"One of the predictive models we've developed in HR at Experian which will lend itself well to the prescriptive end of things is around attrition," says Britnell. "We have a predictive model that flags who's high risk and the factors driving this – such as that they've had two supervisor changes in the last month.

"We're using machine learning to track interventions such as changing the team structure or offering more training, and then tracking which ones are having an impact. The idea is that in a year's time we'll be able to give our HR business partners (HRBPs) insight into who's high risk but also, based on what we've seen in the business, what to do about it."

Another area Experian is applying this to is D&I. "Like most organisations, a challenge we face is around gender diversity, and we've done lots of analysis around 'where do we have the challenge?', then modelling around the levers at our disposal," says Britnell.

"To me, that is a prescriptive piece of work because effectively you're outlining what the future entails, providing the data around what's needed to achieve a target, and giving the business the tools to execute around the right strategy."

Paul Cutler, group HR director at Travelex, adds workforce planning to the mix. For a highly seasonal business like his, it's critical that HR can prescribe the volume of staff needed in stores and airport stands according not just to historic customer demand and passenger flow data, but by also predicting the impact of new, emerging events.

"So it's what impact does Brexit have on summer travel numbers in the UK and how does that lead to staffing recommendations?" he says. "Because if you were operating in a purely descriptive analytics world, you would be basing that on last year."

Something and nothing

The objection forming for some, however, might be that this sounds very much like what HR has always done – or, perhaps, should always have been doing. After all, as an HR professional, if you're not handling and analysing data in a way that leads to action, what – to put it bluntly – are you doing?

Britnell confirms this is a fair challenge. The danger is making prescriptive analytics sound overly new-fangled and complicated, he says. "I'm not a massive fan of the term because it is just what we should be doing as a function," he says, adding that, as such, while it might be the holy grail of analytics, this doesn't mean it should be

CREATE A SATELLITE DELAY IN BRIGHTON...

the last stage on an HR team's analytics journey. "Models on HR analytics can be a bit misleading. Because they suggest you have to do one thing first, then another, then another – they're either a pyramid or a curve. But actually some of the prescriptive stuff is a bit simpler than predictive. So it's being tactical about what outcome you want and what methods you need, as opposed to thinking you need predictive and prescriptive across the whole lifecycle and a dashboard and all the rest of it," says Britnell.

He adds how unhelpfully varied definitions of prescriptive analytics can be. "There isn't a recognised global view of what it is, whereas predictive is a bit cleaner and clearer; you're predicting an outcome."

Cutler agrees that deciding on a course of action is "surely what analytics is all about". But he feels there is not necessarily any harm in the term if it helps HR professionals recalibrate their approach to data. "I think the risk is people have just got swamped in data and have become completely overwhelmed with where to focus. Sometimes the result has been analysis paralysis," he says.

"So for me prescriptive analytics is where analytics can finally begin to be useful. Because what differentiates it is it's applied nature. So it's not just analysis of trends and using that to predict. It's actually going: let's cut straight to the outcome."

"I guess it's how broad is your definition?" muses Craig Stanton, manager, Workday practice at PwC UK. "If your definition of prescription is 'it's completely brand new insight', maybe it doesn't qualify. But, if prescriptive is 'I need help making a decision, what do

I do?', [then maybe it does]." He adds: "For me, humans are pretty bad at making decisions even in the face of data that points to an outcome. So prescriptive analytics says: 'Look, here is all the data that's telling a story, and here's what the system is telling you to do.'"

This is particularly helpful for smaller businesses, adds Modi. He agrees that prescriptive analytics should be demystified so that people realise they have effectively been doing the 'low-tech' version with their brains for years.

"When you go to an expert and tell them about a problem, they ask a few questions and come up with a recommendation. That act is a data-driven analytic. That's why prescriptive analytics can be so powerful for small businesses. Large firms have the resources to hire experts and effectively do this manually."

He adds: "The beauty of these recommendations is that, unlike in a traditional case where a consultant could come up with generic recommendations, these are specific to the data."

True analytics?

But it's on this latter point that the experts begin to seriously part ways – with many sceptical of technology's ability at this stage to recommend action truly based on specific datasets. What the tech is actually doing in most cases, some assert, is offering generic best-practice advice.

It is crucial to be clear on whether it is the system itself telling you what to do or the professional extrapolating the best course of action based on the data, stresses Keith McNulty, global director of people ▶

HR's analytics journey at IBM
by Stephen Kelly, VP and CHRO at IBM Global Business Services

"I do believe that use of analytics will increase exponentially over the next few years. To me this is the 'sweet spot' that will help businesses make more informed decisions.

At IBM we've dramatically transformed our own HR function with our AI platform, Watson. AI, or 'augmented intelligence' as we prefer to call it, is about providing deeper insight by looking at multiple data sources and factors that allow managers/leaders to make more informed decisions around critical actions, processes and workflows, to solve pervasive talent issues.

In our case we have leveraged AI to help better understand our skills, prevent employee turnover, match employees and external candidates with career opportunities, support managers with better salary investment guidance, and create a platform for employees to learn.

This transformation has driven more than $300 million in benefits to IBM and, just as importantly, created significantly better candidate, employee and manager experiences. Today, eight out of 10 IBM employees have skills of the future compared to just four out of 10 five years ago.

We need a new breed of HR professional – one that is data-driven, business savvy, comfortable with ambiguity, and capable of thinking and communicating strategically and using insight to inform decision-making. In this way, data will elevate HR to a different level in many leaders' minds."

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analytics and measurement at McKinsey & Company. The danger, he explains, is that some tech vendors use the label 'prescriptive analytics' to suggest their software does something it in fact does not.

"If you give it a formal term and someone's offering it as a part of a product then you have to assume they have something in there where the software tells you what to do," he says.

"But often they've just put a few simple rules in which say 'if the result comes in like this, tell the user to do this'. There's no actual number crunching involved. It raises the question of whether the word 'analytics' should be attached."

Sally Winston, head of EX solution strategy EMEA at Qualtrics, agrees that people shouldn't be under any illusions about the software's current capabilities. Qualtrics works by identifying problem areas within an organisation and then "connecting back with ideas for action", she explains. "At the moment we're not in a place where robots create the advice."

In light of these limitations, prescriptive analytics should currently always augment rather than replace human judgement. "We most certainly need human intervention to oversee the predictions and prescriptions produced by advanced analytics techniques," agrees Padmashri Suresh, principal data scientist at O. C. Tanner.

"Human subject matter experts who understand both the problem area and the advanced analytics techniques are required to ensure the data that these algorithms are using, and the algorithms used, do not result in any inadvertent bias."

Ian Cook, VP of people solutions at Visier, explains that whereas prescriptive analytics has worked unproblematically for years in recommending when to buy, hold and sell stocks, for example (so that "the expertise of an investment analyst is being reproduced by the analytics"), recommendations that relate to people are a whole different ball game.

"The circumstances when it comes to people, where there's one clear answer, I've yet to find," says Cook. "There's a group advocating that there should always be a human in the loop with any kind of AI, so you cannot absolve yourself of accountability."

As such, application of truly prescriptive analytics is perhaps best confined at present to very straightforward, operational areas of HR, he says. Which will typically consist of the employee themselves being "nudged" to do something.

"So with things like benefits claims or questions about your experience in the organisation, there are opportunities to say 'you haven't signed up for that yet' or 'you should probably do that next'," explains Cook.

Netflix for L&D
Which brings us to what many feel could actually be the most compelling application of prescriptive analytics in HR: Netflix-style recommendations within L&D.

"Prescription in learning is where we've already seen some really cool applications," says Cook. He explains that algorithms can create a tailored dashboard of L&D recommendations based on what an individual is working on, their career aspirations, and what training people like them have done.

The same principles could be applied to making connections across the workforce, says Modi. "You can empower employees to ▶

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say 'these are the people in my network who are maybe the super-influencers or have similar interests to me, I need to catch up with them'.

"Or it's telling people how they should optimise their productivity, showing them the difference between their average day and the average day of someone who's hyper-productive," he adds, explaining that such capabilities could be incredibly powerful in future in democratising and decentralising HR. "There's no reason things like performance have to be so top down," says Modi.

The danger though, warns Cook, is that such recommendations will only ever be as good as the data behind them. "You could have a system that says 'you've not talked to Jane in two weeks, you should catch up'. That's a great example of where it could be helpful, or extremely annoying – because I sit next to Jane so I interact with her in person all the time."

Quality issues aside, the quantity of data needed also poses a challenge. "The issue is that no organisation will have sufficient data to refine those recommendations to a point where a human would say 'that is adding value'. Even thousands of people won't be enough. Even with hundreds of millions of people – as Netflix has – you get some wonky recommendations," says McNulty.

Which perhaps spells out the case for prescriptive analytics to be fuelled not just by data collected by one employer, but numerous external datasets. "There are so many datasets becoming more available that you can now draw on," says Ed Houghton, head of research and thought leadership at the CIPD.

"For example, in workforce planning: you're a London-based business but you know from your data that many of your employees are based in Brighton, and that the train line will be disrupted. So you can use macro-economic datasets to plan around whether you plant someone in a certain location or put people up in hotels."

"The art of the possible is huge," agrees Britnell. "For example, we've seen vendors recently that look at publicly available data on Facebook and LinkedIn so you know as a recruiter the best time to pick up the phone."

But the issue for McNulty is that "once the data has moved into centralised, aggregated portals, it becomes much lower quality".

"For example, I get endorsements on LinkedIn from people who have never met me and never worked with me," he says, adding that legislation such as the General Data Protection Regulation (GDPR)

Data definitions: Analytics glossary

Descriptive analytics – The use of historical data to describe things today. Many organisations already do this for things like absence rates, skills level, and pay and remuneration – even if they refer to data generated by HR systems simply as 'reporting'.

Predictive analytics – The use of statistical techniques to understand current or historical facts to then use them to make future predictions. Some regular business flows can be very predictable, such as absence and the time it takes to hire people. Others are less predictable, such as when someone will leave an organisation. It's in getting to grips with these that HR can deliver significant strategic advantage, many feel.

Prescriptive analytics – Examining the outcomes of computerised modelling exercises for predictions using different variables – including data from outside the HR function – to recommend the best course of action.

HAVE A CATCH UP WITH SAM.

> ❝ If HR is doing analytics full stop, that's positive. I don't think the categories matter too much ❞

has put a serious dampener on the amount of personal data freely shared.

The other barrier is HR skillsets, says Mark Judd, VP of HCM product strategy, EMEA at Workday and former head of HR operations for shared services at Rolls-Royce. "We know that even among those HR people familiar with this world, still only 1% actively use data engineering," he says. "Most often they're pulling it into an Excel spreadsheet then presenting it to their exec team."

Which brings us back to how important it is for HR to get stuck into decision-making based on data – whether spurred on by a shiny new term or not.

"If HR is doing analytics full stop, that's a positive move in the right direction," says Cutler. "I don't think the categories matter too much.
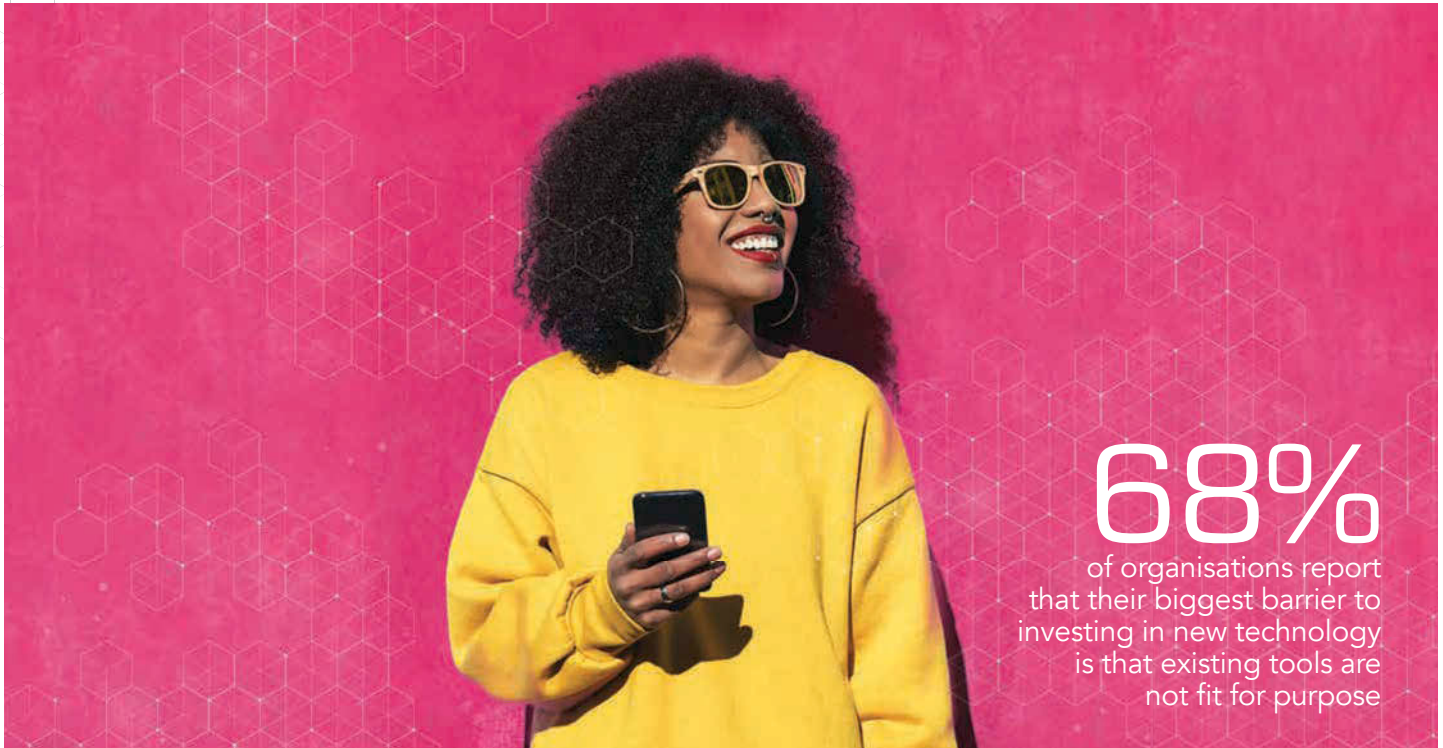
"What matters is: are HR people numerate? Are they fluent in the language of the business? Are they able to leverage tech to interpret multiple and diverse datasets, combine that with understanding of the business and their people, and then make strong, well-backed-up recommendations?

"If you're doing that, you can call it whatever you like." **HR**

Data and HR:
Watch out for the data disconnect

It's almost a given now that data is an essential resource for HR. But do HR professionals currently have the right technology in place to really deliver on its enormous potential?

68%
of organisations report that their biggest barrier to investing in new technology is that existing tools are not fit for purpose

MATTHEW JACKSON
Vice President –
Proposition and Client Solutions
Thomsons Online Benefits

It's a fact that cannot be denied: technology has transformed HR. Firstly, HR automation has allowed HR professionals to free themselves from basic administrative tasks and concentrate on more strategic value-add activities that actually make a difference to their people. Secondly, and connected to the point above, technology enables organizations to collect ever-growing amounts of data on a wide range of areas. The analysis of this employee data will in turn have a huge impact on how HR and the benefits and reward function operates.

Though some functions have already been radically changed by technology, others are still undergoing the process. Our new research, **Innovation generation - the big HR tech disconnect 2019/20** - a global survey of over 380 HR and reward professionals working in multinational organisations - reveals that when it comes to data analysis, job prospects are promising. Asked about their intentions, 17 per cent say they are looking to hire additional data talent, 32 per cent will upskill their existing

teams, and a further 17 per cent will be doing a mixture of both.

So data careers look set to flourish; however, data will only ever be as useful as the technology that underpins it, turning it into practical and usable insights. It is in this area that we find the significant 'disconnect' between the data promise and its actual delivery. A significant **68 per cent of organisations report that their biggest barrier to investing in new technology is that existing tools are not fit for purpose.** Furthermore, and arguably as a result, many are struggling to get buy-in for new tech investments from the C-suite. According to The Workforce Institute,* 55 per cent of employees say that it's easier to search for a film on Netflix than it is to check their employee benefits online.

Yet the demand for quality data insights is growing exponentially. Our research found that 56 per cent of employers collect employee benefits data on take-up and scheme engagement now, yet in three years 97 per cent say they'll be doing it. Today just 21 per cent say they are using building sensors to measure footfall and desk-time around their workspaces. By 2022, 50 per cent say they'll be measuring this. Taking into account that 33 per cent of organisations classify themselves as

technologically innovative – and 27 per cent see themselves as early adopters of new technology, **there is a huge disconnect between how they see themselves and the reality.** The danger is clear: unless employers recognise the disconnect and make significant changes there will remain a gulf between technology adoption and the ability of HR teams to use this technology and data it generates to deliver meaningful, business-transforming metrics.

Employee wellbeing, engagement with benefits, even long-term retirement planning – all of these activities and many more will be dependent on the gathering and analysis of larger and larger amounts of data. Analytics talent is already being put in place, but the danger is that the technology could lag behind this investment. So while the future for HR teams is bright and the benefits of data analysis and measurement are powerful, **it's critical that investment decisions taken around technology are the correct ones.** If not, the disconnect will mean data simply won't deliver on its promise, and both employers and employees won't reap the huge benefits out there waiting to be grasped. ●

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Building blocks

Getting the make-up of a people analytics team right is key to it solving business issues. RACHEL SHARP reports

'**D**ata is the new oil.' It's one of those phrases few recall when and where they first heard it, but which many now reel off confident they'll be greeted with knowing nods of agreement.

In fact the quote can be traced back to data scientist (and brains behind the Tesco Clubcard) Clive Humby, who coined it back in 2006 to explain the inexorable value of data today.

Humby explained that – like oil – "if unrefined, [data] cannot really be used". That is, for data to have any value it must be broken down into simpler forms and analysed.

In the HR world this data refinement process is no less important. It is commonly known as 'people analytics' and has led, over the years, to the birth of the people analytics team.

But while it has been around for some time, progress in people analytics has been slow. Deloitte's 2019 *Human Capital Trends* report found that, despite an intense interest in better data management (with 71% of organisations citing people analytics as a high priority in the 2017 report), just 26% of organisations are effectively using technology and analytics.

"If we got in a time machine and went back 10 years, I was saying the same things about people analytics then. That's because there's still an unrealised potential for it," says Alec Levenson, senior research scientist at the Center for Effective Organization at the Marshall School of Business, University of Southern California.

"What typically happens is people focus on the data in front of them as opposed to figuring out the right questions to ask. They say 'there must

be something we can learn from looking at this data' and, yes, there is always some kind of insight," he says. "But if you're only looking at the data and not embedding it in the larger business context and asking bigger questions about what problems you're trying to solve, then it can lead you down dead ends and rabbit holes and *Alice in Wonderland* kind of adventures."

Teams have focused too heavily on reporting rather than tapping into the possibilities of predictive or prescriptive analytics (see our piece on prescriptive analytics on p8), adds Oliver Kasper, director of people analytics and digital HR at Swarovski.

"People analytics can go in two directions," he explains. "One direction is looking back, so reporting what happened in the past. Then there's activities that look into the future – that's predictive and prescriptive analytics. I'd say only 1-2% of the biggest companies are doing the second one.

"And that's like talking about the difference between a steam train and an electric car. Reporting is the steam train and predictive and prescriptive analytics is the electric car."

So with data's importance only mounting, how can HR build a people analytics team that will truly deliver business results?

Remit
First, HR should take a step back and determine what it actually wants out of people analytics, says Aaron Alburey, CEO of HR transformation consultancy LACE Partners.

"It's about understanding what's the purpose of the function and why you're setting it up in the first place,"
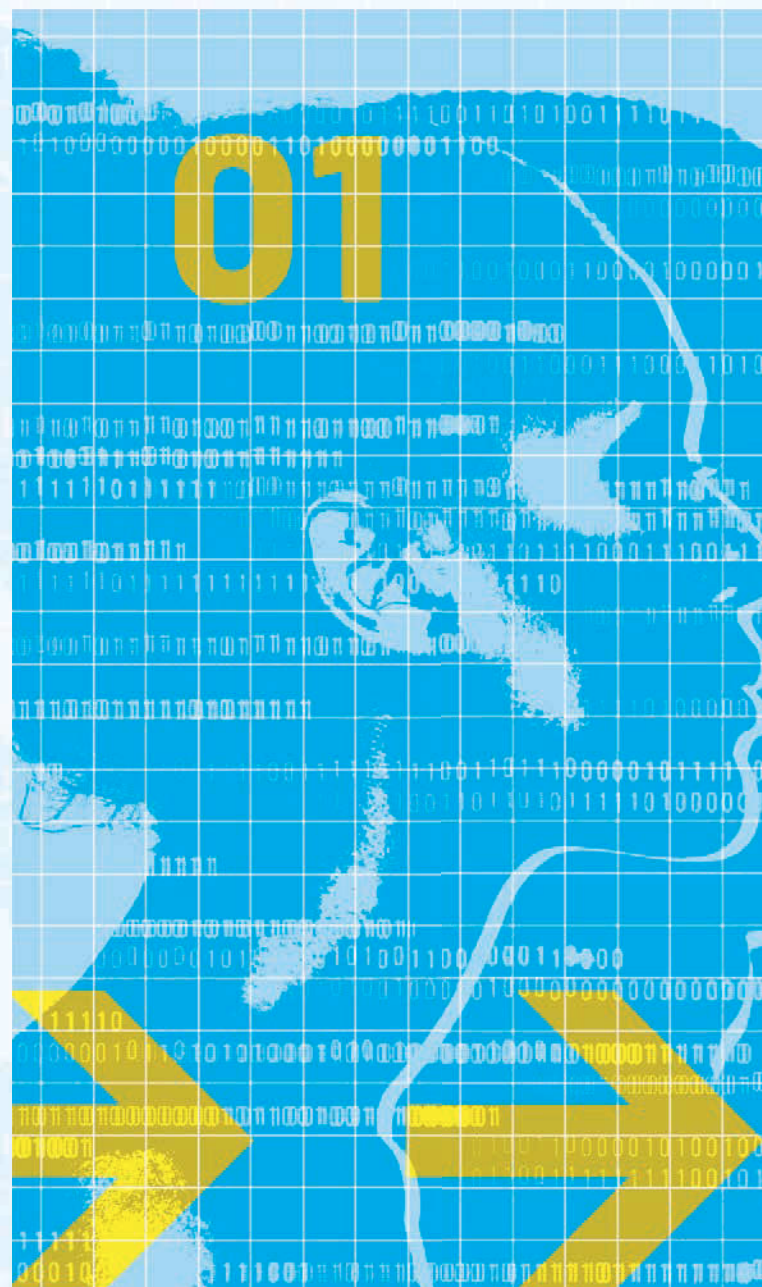
he says. "Until you understand what you want to cover and how, you can't understand what you need."

As far as Alexis Fink, VP of people analytics and workforce strategy at Facebook, is concerned, the purpose of the function should be three-fold. "I try to think of this along three axes. First, along the x axis, there's the employee lifecycle. There's great opportunities to connect dots from the candidate pool through selection, onboarding, employee attitudes and exit research. The y axis is the level of analysis – individual, team, organisation, enterprise, and even

beyond the boundaries of the organisation to industries, labour markets and communities," she says.

"Finally, the z axis is about the way you're using the data. Are you executing processes, doing reporting, analysing in search of patterns, or creating algorithms that can effectively recommend courses of action?"

There are "two very different ways" of looking at the role of a people analytics team, feels Levenson. "One is that it is just a data processing function. If you set up an HR analytics team that way you'll not

have to worry about business impact or being a true business partner – you'll literally just be a data-processing chimp," he says.

"But if the goal is to get insights that actually help the rest of the business to run better, you can't just be a data processor. It needs to be about insights, and not just HR insights but business insights."

The latter – focusing on business data and issues rather than just HR data and issues – is the direction teams should be headed in, agrees David Fineman, specialist leader in people analytics and workforce

> "High-impact people analytics happens where there are partnerships across the organisation"

planning in the workforce transformation practice at Deloitte. "High-impact people analytics happens where there are partnerships across the organisation," he says. "Analytics should focus on business challenges so, yes, the people analytics team should look from an HR lens, but they should be focused on achieving broader organisation objectives."

At Swarovski this means the people analytics team plays a part in the wider strategic goals of the two company divisions: retail and ▸

production. In retail, this involves using people analytics to improve conversion rates, while in production it's about informing product quality and production efficiencies.

"These are key business challenges that we're supporting behind the scenes," says Kasper. "We're not there to solve pure HR topics."

Reporting line

With teams expected to take a broader business perspective, where they should sit within the organisation is also up for debate. According to Fineman, the most common approach is for people analytics to be run by a dedicated team within HR, reporting to the HR leader: "Typically it's separate and distinct from a reporting group and not necessarily part of HR operations, but reports directly into the CHRO."

Just because it's there to solve business challenges doesn't mean the business should take ownership of the team, agrees Levenson: "HR analytics should be a centre of excellence, and it could report into HR or into a larger analytics group."

Although noting it is a far less common approach, Alburey says he has seen some create a team combining business operations and HR, which is co-owned by HR and the business. While "neither model is better than the other", he feels a co-ownership approach can help the team get closer to the business.

"The risk with creating the team within HR is that they end up producing lots of reports just for HR – they take a more HR-centric view on what they want to see, so things like talent data and salary insights, and they aren't necessarily clear what business outcomes they'll deliver because they're a bit further back from the business," he says. "If the business and HR are combined, it's easier to find the business problems that need solving and to direct efforts towards business outcomes."

Structure

The reporting line is just one part of the picture though, with the make-up of the team also important. "Most

people analytics teams are very small – just a few people – therefore their structures are pretty fluid and there tends to be a lot of variety," says Fink.

In larger teams, however, there should be more structure, says Fineman, who breaks the function down into four distinct sub-teams: reporting; data science, insights and analysis; data governance; and platform management.

Which calls for a diverse range of job roles. Alburey cites need for a data manager, report writer and business analytics lead. Yet one role he is quick to dismiss is the data scientist. "There's very few people analytics teams that need a true data scientist – you can get that expertise from other parts of the business," he says. "If you're a true data scientist you need volumes of data to work on, and there isn't enough people data – so you need a data manager, yes, but a data scientist? I don't think so."

It's a sentiment shared by Levenson, who agrees that "a pure data scientist is one of the last people I'd hire into a people analytics group".

"There's an image out there that if you just hire a data scientist they can solve all your problems, but they won't," he says. "Would you put a data scientist in a client-facing role talking to people in the business or the CHRO? That's the litmus test question to ask. And strategic people will say 'absolutely not, because they won't know the right things to say'."

Skillsets

For Levenson, it's less about technical, analytical roles and skills, and more about qualitative, soft skills such as occupational psychology.

"A data scientist typically has no understanding of organisational science and how the business runs and actually you need good occupational psychology," he says. "Then you need business consulting skills in the team – people who know how to roll their sleeves up and problem solve.

"It's that old adage about the need to focus on causation not correlation. You won't know the right questions to ask to crunch the right numbers

unless there's organisation science and business consulting."

In Fink's eyes, it's this all-important consulting expertise that's in short supply in most teams today. "Often people analytics teams really function as service providers, and many of the requests they get are just fishing expeditions. They might be providing great services, but they are answering questions that aren't particularly powerful, and don't lead to action. Influencing and consulting expertise can help a lot with overcoming that barrier to overall team effectiveness," she says.

Kasper outlines six "building blocks" a team needs: human skills ("like financial literacy"); communication skills; consulting skills; data science knowledge; HR knowledge in privacy, ethics and process; and, lastly, work psychology and behavioural science knowledge.

"The ideal person will have all six skills, but many will just have some," he says. "That's fine, but you do need all six skills within the team."

Sourcing talent

But can this diverse skillset be found among existing HR professionals? Not necessarily, says Fineman. "It's important people in the team learn the domain knowledge, but often people in the data governance roles will come from more of an IT and IT strategy background," he says.

Where an HR background can be helpful is for the insights and analytics roles within the team, Fineman feels. Given the job involves acting as an interface between the analytics team and the business, good HRBPs should thrive here. "That's where it's interesting as the insights and analytics group of the team could be very much a step along on the HRBP career path," he says.

"They work to both bring in information about the business challenge to solve and on the other side explain the outcome of the analytics."

"These colleagues are the eyes and ears for a workforce analytics team; they can use their business knowledge to identify business challenges and

> **A pure data scientist is one of the last people I'd hire into a people analytics group**

Setting up a people analytics function at GSK

Tim Haynes, VP and head of global people data and analytics at GSK

"First, a confession. I am not a data scientist, mathematician, statistician, or anything similarly 'techy'. I am in fact an organisational change and development specialist who believes in the value of evidence-based decision-making when working on complex organisational challenges. So when the opportunity came up to lead the new global people analytics team at GSK, I jumped at the chance.

My job is not a technical one but is essentially change management – helping GSK's global HR function become more data savvy and using workforce data and insight to aid better business decision-making.

My global people data and analytics team sits within the talent, learning and organisational development centre of excellence (CoE) in HR. Being in a CoE (instead of in operations or being decentralised in the business) has allowed us to grow our capabilities in a focused way and to develop people data and analytics products, services and standards globally for the HR function.

I don't believe being in a CoE is necessarily the only option for a people analytics team, however; and once we have established a strong enough global capability in people analytics, I would expect that to be deployed more directly to support the business units.

As it is today, the global people data and analytics team is organised into four groups:

1 **Organisation and people analytics –** data analysts and business consultants who focus on solving complex organisational questions with clear business outcomes, such as what workforce factors are driving higher sales performance.

2 **Reporting and insights –** focused on providing high-quality insights from our core HR systems and using relevant business intelligence software to visualise workforce data, making it easy to understand and act on.

3 **Surveys and measures –** focused on the design, delivery and analysis of GSK's core culture and leadership measurement processes, such as the global employee survey.

4 **Master people data management –** this is a new extension to the team which we're just in the process of standing up to ensure we have appropriate governance and standards to deliver high-quality workforce data and insights.

Having a team that takes a global perspective brings value to HR and the business. It has enabled us to develop some common global data and insights products and services for HR, such as a Global Workforce Dashboard containing core headcount, talent, diversity and other vital datasets used by senior HR leaders around the world.

It's allowed us to deploy expert resources on challenging issues such as the people dimension of manufacturing quality outcomes in our supply chain. And it's given us the ability to measure things that are difficult to measure, like company culture and the quality of people management practices.

But it's not all plain sailing. Because of the complex, unpredictable nature of people and organisational data, demonstrating and delivering hard, tangible business benefits from people analytics takes time. Additionally, the ethics of how we use employee data is of paramount importance.

But this slows things down. In an era where there's much talk of 'Agile' ways of working and the appetite to consume more and more data is growing exponentially by the day, it's a constant challenge for us.

It's one which requires careful stakeholder management to set clear expectations about what can realistically be achieved in what timescales."

projects," agrees Andy Papworth, director of people insight at Lloyds Banking Group.

Fink notes the teams she has worked in have housed a host of backgrounds and expertise even beyond HR and IT. "There's generally a core of graduate-level industrial, organisational psychologists, but also folks with backgrounds in other social sciences like cognitive, social, educational and developmental psychology, anthropology, economics or government; those with MBAs and consulting backgrounds, and folks coming out of hard sciences like physics, chemistry, mathematics, engineering, even geology," she says.

"I've seen really effective people come from being paralegals, or teaching... or HR generalist roles."

Fink cautions against building a people analytics team to hard and fast rules. "Just like parenting, there's no one right way to approach people analytics work. The structure and charter of my team reflect the size, complexity, priorities, challenges and culture of the organisation I am serving at the time," she says.

"Part of what's fun and exciting about people analytics work is that it's not one size fits all." **HR**

Lessons learned

With HR apparently lagging behind on the digitalisation journey, ROB GRAY asks leaders of other functions to share their experiences and advice

> **You must have a very clear vision of what the goal is and how to get there**

When it comes to digital transformation, it seems most organisations still have a long way to go. According to the third edition of Deloitte's *Digital Disruption Index*, published in January 2019, an alarming 28% of senior leaders classify their organisations as still being in the early stages of development.

And when it comes to the digitalisation journeys of individual functions, progress in HR is perhaps even more sluggish than most. An October 2018 *Harvard Business Review* article, headlined 'HR Leaders Need Stronger Data Skills', argued that while HR leaders are working hard to develop and recruit people who advance digital transformation across their organisations, most have struggled ▶

Luboš Libiak, head of procurement, MallGroup

"I am primarily responsible for procurement of our goods not for resale, with a team of eight and €120 million annual spend. We're also helping out in our direct goods for resale area, with a purchasing volume of around €400 million.

As a company that has grown through mergers and acquisitions, this created an environment where legacy systems were not fully in sync and there were different processes for doing similar things across different parts of the business. People would spend days working on repetitive manual tasks that weren't bringing much value.

First, we wanted to simplify the process and make it more efficient. This meant not simply doing a copy and paste of our current, inefficient process into a digital tool – something businesses need to think about a lot if there's an expectation to improve.

Secondly we needed to gain transparency and wanted to act based on data, not just on gut feeling. Thirdly we wanted synergies throughout the process, not only in procurement but in finance and the rest of the organisation.

What worked well – but at the same time was one of our biggest challenges – was getting buy-in from our internal stakeholders. We didn't want them just to sit at the table, but rather to have a supporting, consulting capacity that we could utilise to ensure we encompassed most of the use cases and didn't forget anything important. When it comes to digital transformation, it's key that cross-functional teams are set up and involved from the very beginning. Moreover, you also benefit from another view or approach to tackling the issue.

Having a very robust solution is of course the desired end state. However, in terms of time to implement a digital transformation, you might want to split this up into a couple of waves. Then not only can the supplier meet the requested deadlines, but your team can also provide the necessary support.

You must have a very clear vision of what the goal is and how to get there but be able to change course when circumstances change. This happens a lot during digital transformations.

Also, think about how the technology will evolve. Many companies are replacing big suites with platforms that are easier to connect with each other, and often provide enough capability to help you move from where you are towards your end-state process."

Suky Baines, head of finance transformation, Transport for Wales

"Transport for Wales, a not-for-profit company wholly owned by the Welsh Government, is responsible for the development of a high-quality, safe, integrated, affordable and accessible transport network. This includes a £5 billion investment in the Wales and Borders rail service over the next 15 years.

We wanted to streamline our processes and be able to access data wherever the location, to improve efficiencies. To do this we started with a discovery phase consisting of workshops with the key users affected by transformation changes within the organisation.

In conjunction with our consultants, we were able to scope out the requirements with our targeted planned 'go live' dates. We then ran a procurement exercise using the scoping document to source suppliers for the work, enabling us to determine the required budget.

We used Agile methodology in the project, involving key users so we could make the decisions as a group. The main challenge that can arise in such a project is that users will always have different requirements. Some may even be resistant to change, though fortunately we did not experience that. It's crucial to meet everyone's needs in one solution.

Using Agile project methodology helps you arrive at decisions quicker. Key to this is managing the project with a plan of assigned tasks to ensure you meet your timelines. There will always be some areas throughout the implementation that will make you question how you will use the system differently.

We measured success with ROI and key metrics around efficiency, and of course by happy end-users and the benefits they have seen from using the system.

One of the most enduring challenges is ensuring that planning goes beyond the first three to five months. It's vital to have a strategic vision to help evolve your initial phase. But I'd caution against trying to do too much too soon – phase your programme of implementation. Have a detailed plan, don't overlook your data and do ensure compliance with the GDPR legislation.

Also remember that digital transformation affects every area of the business and requires teams to co-ordinate and collaborate. To successfully lead digital transformation leaders must be intentional in building a digital culture, including changing legacy technology and structures that hinder transformation.

Encourage collaboration across departments with strong communication. When all departments are aligned, a strong company culture forms, allowing for a successful and confident transition."

> **People have a tendency to over-report it and connect things that don't necessarily connect**

to advance their own digital competencies. Concerns that HR is beset by a digital skills gap are given further credence by the *Global Leadership Forecast* survey, which found that HR leaders lag far behind other professionals in their ability to operate in a highly digital environment and to use data to guide business decisions.

This can't be put down to lack of opportunities, given the HR software market is on course to exceed $10 billion by 2022, according to a Grand View Research report.

The resources, it seems, are there for the taking. But HR is trailing behind other functions in successfully exploiting the opportunities that digital technology brings.

So it stands to reason that HR should be taking inspiration from other functions that are further along on the journey. Here, three function heads share their experiences of digital transformation in their business areas and offer some lessons for HRDs to apply to their own. **HR**

William Douglas, chief marketing officer EMEA, JLL

"I'm a member of JLL's EMEA board and have global responsibility for brand. We have 217 people in marketing across 21 countries in the EMEA region, including a pan-EMEA marketing leadership team. We deliver business line marketing, digital marketing, marketing communications and creative services to our EMEA business, which employs around 12,500 people.

Digital transformation, in my opinion, is too broad a term and can feel a bit overwhelming or generic. We started our digitalisation journey in marketing by focusing on our mundane analogue problems, such as how to reach our target audience more effectively and gain insights into their needs, and looking for digital solutions that are attractive not only because they are fast, but because the tracking is far superior to analogue approaches.

We worked with a number of external partners on this, including technology providers, digital media consultants and data and analytics consultants. This space is not short on consultants trying to help, and some prove more valuable than others. I would recommend looking for partners offering specific solutions and who are prepared to grind out a dedicated solution for you. Avoid wide-ranging digital consulting projects.

Speaking generally, digital marketing has had a rollercoaster journey in terms of measuring and selling its own success. At the beginning, because measurement in such a specific way was so new and exciting, there were teams set up to spend time putting together huge dashboards on digital metrics that nobody understood, and which didn't easily correlate to a commercial outcome. In addition, there was a cycle of overselling where the rest of the business leaders – often outside of the marketing function – started to question the validity of the measurements.

I, and many other marketing leaders, took a stand a few years ago to simplify and scale back how and what we measure to focus on the most commercially relevant metrics.

I think this is normal and to be expected when data that you've never had before comes flooding in; people have a tendency to over-report it and connect things that don't necessarily connect. But it does settle.

My advice would be to control the technology directly. Though IT is an important partner, you can't be fighting for budget priority. You need to have direct budget responsibility for the supporting tech.

You've also got to be prepared for people to not like what they hear. Getting your hands on more data and uncovering new insights is all well and good, but some people are happy not to know. Be aware that change in one part of the business usually doesn't happen in isolation. Eventually it touches everyone and not everyone is prepared for this at first."

CUROPET

Using technology to drive Cultural Change and address Pay Equity

Ruth Thomas Industry Principal and Co-Founder, Curo Compensation

As with other areas of business, progressive leaders are looking to harness the converging technologies of the Fourth Industrial Revolution to help drive cultural change and eradicate bias. These leaders recognize that a strong record on equality and inclusion leads to increased employee engagement, improved customer affinity, more innovative decision making and ultimately, enhanced business performance. One key area of cultural change that is at the top of HR's agenda is Pay Equity, which has become a compelling business issue due to emerging legislation and increased exposure to potential litigation as well as the acknowledgement that it can impact the ability to attract and retain high quality talent. Increasingly, organisations are looking to perform an internal pay audit to understand whether pay gaps exist. This involves examining your employee data for evidence of pay gaps between employees of different protected categories.

> **"** ... a simple comparison of pay gaps on an aggregate basis doesn't take into account there may be valid reasons why average pay for men differs from women as a group, such as location, job role or seniority. **"**

The **simplest** way to measure pay gaps is to look at the average pay differences. To measure the gender pay gap you compare the average pay for men as a group, compared to the average pay for women. This is the definition behind the most commonly cited statistics we see on gender pay gaps today. But a simple comparison of pay gaps on an aggregate basis doesn't take into account there may be valid reasons why average pay for men differs from women as a group, such as location, job role or seniority. For this reason, we call this the "unadjusted" or "raw" pay gap.

Another way to look at pay gaps is to compare similarly situated employees and consider what factors can influence pay. These compensable factors may include differences in education, tenure, type of job role, location, and performance. They will differ from company to company and relate to your compensation philosophies, principles and legacy.

The aim is to make a fair comparison between similar workers and to see what pay gap remains after taking into account these legitimate factors. This is what we call the "adjusted" gender pay gap.

By looking at both your company's "unadjusted" and "adjusted" pay gaps, you'll gain a robust view of what's driving pay differences. This will help you address any issues in your talent pipeline and support recommendations on ways to lower barriers in recruitment, hiring, pay and promotion before they surface as broader organisational concerns.

Curo Compensation Limited (Curo), an industry leader in total compensation management technology, has launched a new solution, Curo Pay Equity Tracker (CuroPET). Designed to support the needs of HR and total reward professionals, the self-service and fully configurable solution provides detailed organisational insights based on global pay equity analytics, highlighting areas of risk at a country, market and job level.

Our goal is to provide HR practitioners with a user intuitive SaaS solution to perform their own internal pay audit, without the need to rely on expensive outside consultants and with limited support from technical data science staff. The ultimate aim is to use technology to democratize the process so all companies can easily study pay equity and pay gaps, and progress towards a better, more equitable and more inclusive workplace for all.

To find out more visit **https://www.curocomp.com/software/curo-pet/** or contact us at **info@curocomp.com**

Don't be the _weakest_ link

HR is particularly vulnerable to cyber attacks because of its access to sensitive personal and organisational data – but it can protect itself, explains RACHEL SHARP

When Juliette Rizkallah saw an email land in her inbox from her CEO asking her to send him all of the company financials, she hesitated. It was completely out of character for the CEO to make such a request.

And yet the email came from what looked – even to Rizkallah's expert eye as chief marketing officer at cyber security firm SailPoint – like his genuine corporate email account.

But the email hadn't come from the CEO at all. It had come from a hacker.

It's a story that now plays out in organisations around the world on a daily basis. Rizkallah's story ended well; she contacted the CEO directly to verify if it had come from him.

But not all firms are so fortunate. Target, eBay, JP Morgan, Google, Yahoo!… the list of those that have fallen foul of a cyber attack in recent times goes on.

Firms have of course responded, with HR rolling out cyber security training for employees. But is HR practising what it preaches and keeping the plethora of sensitive employee data it holds safe? Or is it the weak link putting organisations at risk of attack?

"It's not necessarily that HR is the weak link but HR will always be quite heavily targeted because it handles so much personal data," says Edward Whittingham, managing director of The Defence Works.

"Cyber crooks will target HR records as that type of information can be used and sold on the dark web to do other types of crime," adds Rebecca Herold, CEO and founder of the Privacy Professor Consultancy. "There are situations where HR records have been stolen so [attackers] can see information about, say, the CEO and then use different types of phishing attacks to target that individual – it's called spearphishing.

"And increasingly there are also cases where that data is not only used for cyber attacks but cyber crooks sell the data – such as the CEO's home address – on the dark Web to traditional crooks that might use it for something malicious [in the physical world] such as breaking into their house."

The challenge, says global HR systems leader at EY Anthony Shields, is that HR typically hasn't previously had the cyber security expertise to manage these risks.

"Traditionally we've over-relied on the IT function to provide that coverage, but that's changing," he says.

Within Shields' HR systems team, the focus over the past 24 months has been to build its own cyber security capability. "About 10% of my team is now working at any given time with the IT function to ensure HR systems are secure from a data perspective," he explains. "It's not about creating an IT and cyber security function within operations, but building up that cyber security capability in the function that can work in partnership with IT."

So just what should the function be doing to keep its own house in order? Here, experts share their practical advice on making HR cyber-secure…

Ask HR tech suppliers the right questions

Shields asks his team to consider the following questions when selecting HR tech: "Have you moved beyond the standard procurement questions and guidelines when bringing new vendors in? Has the vendor moved from a passive defence into a more active defence to be able to defend against not just common attacks, but advanced attacks and some of the emerging attacks that we don't know about yet?"
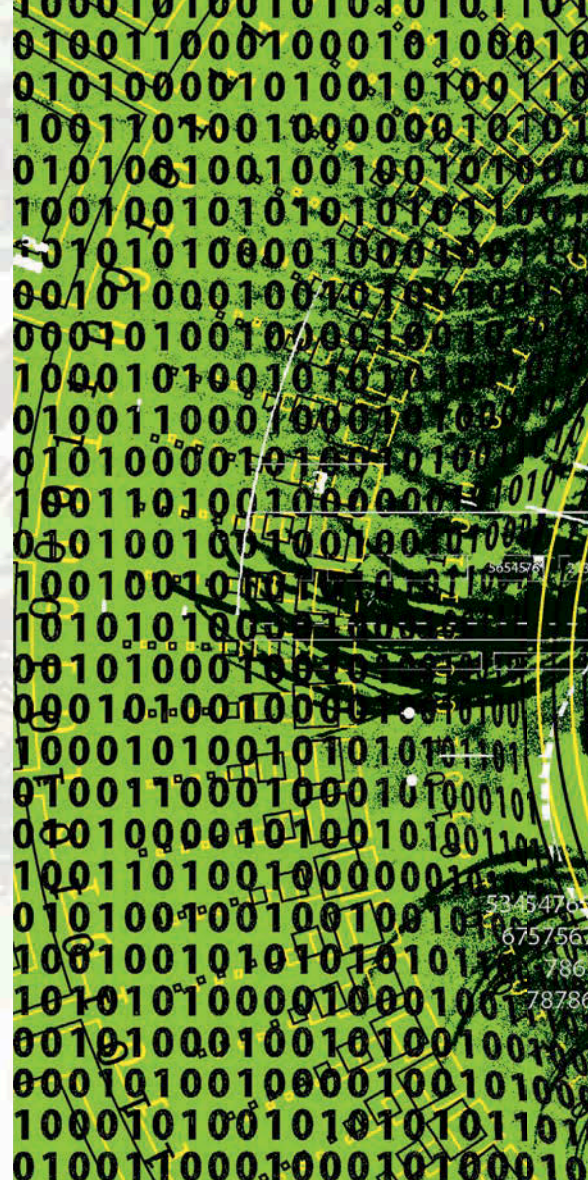
"Don't be afraid to ask questions," agrees Whittingham. "If you're dealing with a potential new provider, don't be afraid to challenge them – it's important not to assume they know what to do from a cyber security perspective, as it's not always the case."

One useful question is whether the supplier has ISO 27001 certification for its information security management system, and whether the firm carries out cyber security awareness training with its own staff. "With around 97% of incidents caused by human behaviour, you want to know that your supply chain is doing something to educate their workforces too," Whittingham adds.

Shields advises HR teams to also seek independent reviews of any tech they use. "But the big question I ask my teams to ask themselves is: 'How are you partnering with IT and procurement to be able to review and assess vendors when they come through your doors?'," he adds.

45%

PROTECTED

Conduct active testing on HR systems

With both new and existing HR systems, a clear testing and compliance strategy should be put in place to actively monitor them, particularly those that sit in the cloud, advises Shields.

"It starts with penetration testing to identify the vulnerable points in the HR infrastructure," agrees Prasun Shah, partner in the people and organisation practice at PwC. He explains that this involves controlled hacking attempts by specialists.

Rizkallah points out that the most vulnerable systems are typically the peripheral ones because they are often overlooked.

"Sometimes the main HR system is very secure and has been tested, but then when you start putting other tech over it – like compensation software, for example – it may not be. Those little systems that are peripheral to the main system could be the entry door to

❝ When someone leaves the organisation, all access to systems needs to be revoked ❞

the main system, no matter how secure the main system is," she says.

Link HR processes and IT governance

Other tests include an internal software audit on HR systems to see who has accessed sensitive or personal data over the past year, says Herold. With recent research from SailPoint finding that 47% of employees who leave a job still have access to their former organisation's data, HR must also carry out audits of this, Herold adds.

"When someone leaves the organisation, all access to systems needs to be revoked," Rizkallah says, pointing to the risks posed by disgruntled ex-employees and by hackers who

exploit the easy target that is an orphan (inactive) account.

This can be remedied through better linking HR processes and IT governance, she explains: "[IT governance] needs to be integrated with HR systems so that when a person's employment is terminated by HR it starts a workflow to IT that will kick out their access – not tomorrow, not in two weeks, but immediately."

The same should apply where staff are switching jobs within the same organisation. "Have basic security practices in terms of data masking and role-based access to data," says Shah. "When you are moving role in the organisation, you shouldn't have access to the previous role's data." ▸

Protocols and policies

The frequency with which HR is asked to share information with other functions puts its data in a particularly vulnerable position. "You might have the best HR tech platform around in terms of penetration testing to a gold standard, but internally what flies around is spreadsheets," says Shah.

"Finance will ask HR to send them cost structures but they will handle cost structures differently to how HR does. So in order to reconcile the two systems, the data will get downloaded onto a spreadsheet and emailed."

This "culture of spreadsheets and emails" leaves HR data vulnerable, adds Shah: "HR should put in the right protocols so there is a model where data is transmitted from the HR system into a relevant system or other part of the organisation using the right encryption protocols."

Cyber security software

Investing in dedicated cyber security software is also important, says Shields, who recommends "active defence products" that act on the firewall and spot common, advanced and emerging attacks. "There are definitely systems that should be deployed," says Herold, suggesting

> ❝ As new technology comes out, there's already someone figuring out how to break it ❞

a combination of data leak prevention (DLP) software (which will alert the organisation if employee data is being exfiltrated from the organisation) and intrusion detection systems (which will alert the organisation if someone tries to inappropriately access or modify HR records).

"DLP helps keep personnel records from leaving the company whereas intrusion detection helps keep unauthorised entities from accessing personnel records, so they form two purposes – keeping people from getting to the information to begin with and preventing the people who do have access to it from taking it outside the organisation," she explains.

Social engineering events

"If you get a knock on the door and open it to someone wearing what looks like a police uniform, you'd normally take that person on face value, let them in and think they were someone who you can have a secure

conversation with – people behave to social norms," explains Shah. "What we increasingly see is cyber hackers trying to create events like this."

These events – known as social engineering – could involve hackers finding out when an organisation is going through its performance review cycles and sending phishing emails asking managers to submit security information to confirm their teams' bonuses. "You might think your organisation has done this deliberately to make the information secure, but this has been engineered to get you to hand over information," says Shah.

He advises HR to send social engineering emails to its teams and wider workforce to test if they fall for them, and then provide more training for anyone who does.

The crucial thing, with the threats only getting more sophisticated, is for HR to keep up. "It's changing literally by the hour," says Shah. "As new technology comes out, there's already someone figuring out how to break it." **HR**

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Automation's arrival

Our webinar explored how far HR has managed to automate its processes, and how the function can take this to the next level. RACHEL SHARP reports

When an *HR* magazine and Sage People webinar last year unearthed that just 2% of viewers felt their HR function was very sophisticated in terms of automating processes and introducing new technologies, alarm bells started ringing. Worse still, almost half (46%) reported that their function wasn't sophisticated at all.

And yet separate research from McKinsey estimates that 60% of all occupations have 30% of activities that could be automated, highlighting a significant opportunity for HR to unburden itself of some of its more tedious administrative tasks.

It was against this backdrop that a panel on our recent webinar with Sage People set out to debate the topic of 'HR automation: Getting the transformation right' and explore how far along HR is on the automation journey.

Why automate?

Speakers on the panel explained why it is crucial that HR focuses on automating some of its processes.

"If we look at our colleagues' experiences outside of work… they're taking advantage of technology and from an HR point of view we need to take advantage of that too," said Sage's people business partner Emma Ayton. "So I feel we have an obligation to move with that and at pace."

Beyond the experience technology offers, the panel agreed that the main benefit of automating HR processes is that it can free up time to focus on more strategic value-add activities.

"It's the age-old argument around creating efficiencies, streamlining processes…," said Kessar Kalim, London School of Hygiene & Tropical Medicine's director of HR. Pointing to concerning figures that 70% to 80%

of HRBPs' time is spent on admin rather than true business partnering, he added that he would rather his HRBPs were "out there with the business and supporting managers in making intelligent decisions".

"Technology has got so sophisticated nowadays, it's better at doing repetitive tasks than humans," added interim HRD Melanie Steel.

Sector differences

The panel pointed to discrepancies in HR's progress on automation across different sectors.

In the tech sector companies are now realising the benefits, said Ayton: "I think it's making a huge difference. With technology we're finally drinking our own champagne in how we're getting things done."

Meanwhile, the journey is perhaps taking longer in the public sector, pointed out Kalim, adding that the move to automation there requires a "mindset shift".

Given this mixed picture it's perhaps unsurprising that an audience poll during the webinar found that more than one in five (21%) organisations have not yet automated any of their HR processes.

> **You've got to make sure people are taking us seriously**

The obstacles

There are several obstacles holding HR back from adding a greater degree of automation to its processes, another audience poll agreed, including lack of investment for systems (32%), lack of technical understanding among the HR team (23%), not knowing where to start (15%), and ethical and security concerns around automating the processing of personal data (13%).

Kalim encouraged HR to use financial information to secure buy-in from the business for greater investment in automation.

"Making that financial case is important to convince the CEO, CFO or CMO," he said. "But to supplement that, the cultural journey is important as well."

When it comes to tackling ethical concerns, Steel said HR has always had the complex role of "look[ing] at things from a wider lens".

"In HR it's always difficult as we need to balance the digital and the business focus and also be the custodians of the ethical perspective," she said.

But HR has "done this before", Steel highlighted. She gave the examples of people carrying sensitive people information on trains or reading confidential documents in public places.

So HR must continue to see its role as instilling principles and educating people on this, she said.
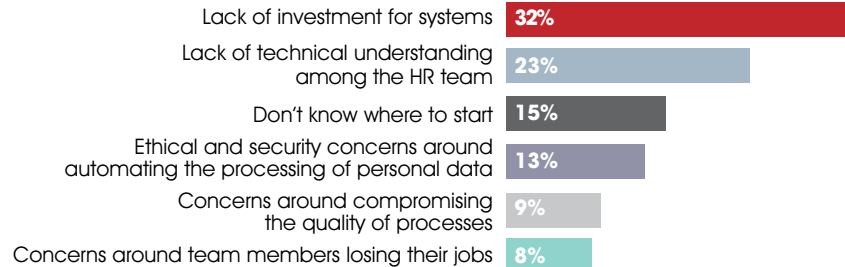
Turning things around

Introducing people analytics specialists into the HR function is one way to get started, suggested Ayton, adding that being able to present

Watch the video now

A recording of the webinar is available at **bit.ly/ HRautomationwebinar** for those who missed the live event

Which areas of HR have you introduced some level of automation to currently?

Area	%
Recruitment	16%
Payroll	14%
Engagement surveys	12%
Absence management	11%
Onboarding	10%
L&D	8%
Analytics	8%
Benefits	8%
Performance management	5%
Communications	5%
Other	2%
Succession and career planning	1%

How automated are HR processes at your organisation?

	%
Very	6%
Somewhat	25%
Not very	48%
Not at all	21%

What are the obstacles to adding a greater degree of automation to your HR function's processes currently?

	%
Lack of investment for systems	32%
Lack of technical understanding among the HR team	23%
Don't know where to start	15%
Ethical and security concerns around automating the processing of personal data	13%
Concerns around compromising the quality of processes	9%
Concerns around team members losing their jobs	8%

dashboards and data in conversations with business leaders will give HR "more credibility".

"You've got to make sure people are taking us seriously," she said. "So we need to make sure we have the right capabilities in our managers and colleagues."

However, Steel said that predictive analytics might be beyond the reach of some, adding that she would instead encourage a focus on scenario planning for several different eventualities.

"Being able to do those scenarios will be helpful in a future that's becoming less and less predictable," she said.

Some areas of HR are further along with automation than others, the panel agreed. Recruitment was found to be the most common area where automation has been applied, according to an audience poll, with 16% of viewers reporting that they'd introduced some level of automation here. This was closely followed by payroll (14%), engagement surveys (12%) and absence management (10%). But adding a level of automation to succession and career planning is apparently not yet on HR's radar, with just 1% reporting introducing automation to this area.

Keeping the 'H' in HR

"There's still the 'H' – the human [in HR]," said Steel. "We have the digital, automation and data – that's great. And we have the science and the behavioural part… But then [we need] the human; otherwise it's not HR, as that's what [makes us] different."

This human side of HR will be particularly needed to help improve the skills of the future workforce, to prepare them for less admin and more decision-making roles.

Kalim said "mentoring" will play a key role here to help "develop the full human". "We'll also need entrepreneurial skills," added Steel. "To be a great entrepreneur you need to be able to do a whole myriad of skills, not just technical".

"Bring colleagues on the automation journey and help them be part of the solution," encouraged Ayton.

Yet for those that still don't have the right skills, the panel conceded that HR will have to make some difficult decisions about their futures. **HR**

'Human' skills will need developing to reap the benefits of automation

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When a *plan comes* together

Piloting a technology system is highly advisable and will increase the probability of it being a success on full rollout, finds JENNY ROPER

Launching a new ATS system. Across 96 markets. All at the same time. Needless to say it's a daunting prospect. But this is what greeted Barbara Lee, SVP of global talent acquisition at Nielson, when she joined the firm as a talent consultant back in 1999.

"There are times when you can't get around it, you just need to launch as a big bang," she says. But it's an experience – etched into her mind 20 years on – that only reinforced her sense of the importance of running a pilot when implementing a new HR system. "[Not running a pilot] can seem like a good idea, but it just never is," she says.

So what do HR professionals need to consider when undergoing this vital process?

Do:
Define roles within the HR team
First you need to decide who in your HR team is doing what, says Elisabeth Simpson, head of strategic change management at MHR. "You need to allocate a test manager to co-ordinate your pilot teams and ensure the feedback is provided in a timely and consistent manner," she says.

"Consider how issues will be handled internally and escalations made to your software provider. Thinking through the roles and processes before you start will prevent friction later on."

> " The success measure might simply be that it's better than the last system "

Agree expected outcomes
"It's all about agreeing outcomes upfront," says Sarah Mason, chief people officer at Foxtons. She says these vary across projects, but the ultimate desired outcome is often to positively impact business performance. "Sometimes it might be we're moving from an old legacy system, where we have no choice. In which case the success measure might simply be that people are using it and it's better than the last system."

Decide how you will measure success
"Don't be afraid of anecdotal evidence – data alone won't always give a full picture," advises Donna McGrath, a digital learning professional at Deutsche Bank. "When testing out tablets for a learning project [at previous employer Royal Mail] we had a range of measures from simple data on the amount of log-ins, and recording learning and satisfaction with the tool, to gathering anecdotal evidence on ease of use."

Consider how long the pilot should be
The length of a pilot can vary hugely, explains McGrath: "I've worked with pilots lasting a couple of months to in excess of nine months depending on the complexity, usage and sensitivity around using the tech."

Bespoke projects could take even longer, adds Mason.

Define your test audience carefully

Experts give a somewhat mixed picture of what a test audience should look like. Kath Austin, chief people and marketing officer at Pizza Hut, warns that while the temptation can be to trial new software with "a cohort of your best performers", this might not be representative.

"For this reason we often achieve better results when the project is rolled out across our whole organisation," she says. "It is beneficial to involve both supporters and detractors, software gurus and those less tech savvy," agrees Simpson. Yet, according to McGrath, a small test audience can sometimes be best to accurately measure impact.

Keep in close contact with your vendor

Lee advises that HR stays in contact with the vendor all the way through the process. It's a sentiment shared by McGrath: "I've had some brilliant successes from a vendor changing my perspective with case studies and pushing me to do things differently."

Don't:

Forget to manage end-users' expectations

"You need to say to people it's normal for it to be a bit rocky," says Mason. The best strategy to allay any discomfort is communicating the value of what you're hoping to eventually roll out, she says – something most organisations neglect: "My big tip would be having a social strategy alongside a tech [one]."

"Make sure you have a communications plan ready early," advises Paul Burrin, VP of Sage People. "One of the main success criteria for any HR software pilot is adoption."

Create division when selecting test employees

It's not unusual for employees not chosen for testing to feel hard done

> ❝ It is beneficial to involve both supporters and detractors ❞

by. "Where I've seen a staged roll-out work really effectively is in a big global company," says Mason. "Whereas if everyone's in the same location, it can feel quite divisive some receiving it and others not. People can say 'I didn't hit my sales target because I didn't have that.'"

Believe everything your tech provider tells you

To get to the bottom of what's being promised, Lee recommends getting those who will actually be involved with the tech day-to-day involved in the tendering process. "Even if what the vendor has told you about the benefits is accurate, if it's not going to be used, it's not really helpful," she says. "So I've tried to get the recruiters and sourcers involved in speaking to the vendors upfront."

Be afraid to extend the pilot

"We recently ran a pilot that was going to run for six weeks, but we extended that because of holidays," reports Lee.

"Don't rush a pilot," advises Burrin. "Make sure the team has the time to make it successful."

Aim for perfection in the pilot phase

For Stephen Kelly, VP and CHRO at IBM Global Business Services, HR should follow Agile, design thinking methodology when trialling new tech. "We need HR to become more comfortable with minimum viable products," he says. "There's no point spending six months because the business is going faster and we need to get ahead of it."

Be afraid to scrap the tech

"If after 30 days [of working in an Agile way] there's no progress, it's either the wrong project or the wrong people," Kelly continues.

Mason agrees: "For a pilot to be a pilot there has to be a possibility you wouldn't go for the tech." **HR**

The *HRBPs'* pivotal role in *HR technology*

Be an advocate for technology or get left behind, says Agilisys' head of HR business partnering CLAIRE SPURDELL

HR technology is moving at an ever-rapid pace. Most HR teams have already evolved from personnel departments, with Excel spreadsheets containing masses of employee information and antiquated paper files, into functions that use a core HR and payroll system as a minimum. But the possibilities that HR tech offers are becoming so much more than this. We now have technology that can support every aspect of the employee lifecycle and truly transform our practice.

However, our use of technology can be boiled down to one of three simple reasons:

1 To gather data to make better, informed people decisions;

2 To automate processes through AI and robotics; or

3 To enhance customer interaction with, and experience of, HR.

HRBPs have long been told to become more commercial, more data driven and more recently, more focused on employee brand. Too often the temptation has been to make the role so generalist and all-encompassing that it is untenable. However, when looking at HR technology adoption, HRBPs play a pivotal role in each of these three areas.

If we take the first area of gathering data to make people decisions, this lies at the heart of what constitutes a relevant and impactful HRBP service. And the possibilities are endless in this space. For example, using predictive analytics is a gamechanger in supporting leaders to make better, more informed decisions instead of relying on generic, broad-sweeping initiatives to target engagement and retention. Access to this data is only possible through technology: using technology solutions for resourcing, engagement, performance and learning, alongside traditional HR technology to capture length of service, age and gender can all lead to advanced developments in predicting flight risk and trajectory within an organisation. Without this, predicting flight risks is nigh on impossible unless you have a perceptive manager, or an obviously disgruntled employee – neither of which is ideal.

Make the most of this opportunity and such technology could transform how HRBPs operate over the next ten years. While we shouldn't expect HRBPs to be data experts, understanding the integrity of data and advocating for technology to support this agenda will be crucial here.

Secondly while automation might appear to be most beneficial to the back-office processes within HR, it has the potential to enhance the quality of the HRBP service by allowing HRBPs to take a more strategic focus. I'm sure I'm not the only one who has laboriously pored over Excel spreadsheets at remuneration time, trying to make figures add up to a number. If we continue with remuneration as an example, the value-add role of the HRBP isn't to make sure the maths is correct.

We should be looking at how performance should influence reward, and spotting any unconscious bias through analysis of gender or ethnicity pay gaps.

We should be using predictive analytics to tackle underlying flight risk issues through analysis against pay benchmarking, internally and externally. This just isn't possible with an Excel spreadsheet – even for a business partner with better and more sophisticated formulas than me. HRBPs should be advocating for technology that will allow them to add the strategic value the role demands instead of being the administrative driving force behind a process.

This leads directly onto the third area and the role of the HRBP as gatekeeper to accessing services that enhance customer interaction with, and experience of, HR. The need for remuneration technology doesn't add as much impact in an organisation where pay is dictated by pay scales and spine points. The technology we introduce needs to meet the business demand to justify the expense, either through better people outcomes, or reduced costs, which is why HRBPs are perfectly placed to advocate for this. In this capacity, they need to be able to articulate business demand to help the experts translate that into technology and process. Which means HRBPs must understand what technology will have the biggest impact on the rest of the business' perception of HR, and on employee experience.

With the HRBP role then critical to the three types of HR technology adoption, how can they advocate for technology solutions without having a core understanding of the technology and its impact on their service?

The simple answer is, they can't. We shouldn't expect HRBPs to be technology specialists, but they must understand how their service, as well as their business areas, can embrace and develop technology. And given their critical position they must understand this perhaps more than most in HR.

Much like HR needed to evolve from 'personnel' the HRBP now needs to evolve into a digitally-enabled professional to remain relevant. After all, wouldn't it be a sign of success if we were able to use data to really drive management decisions that saw tangible benefits in retention, turnover and impactful people decisions? If not, I better start learning some better Excel formulas… **HR**

> **"** While we shouldn't expect HRBPs to be data experts… advocating for tech will be crucial **"**

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