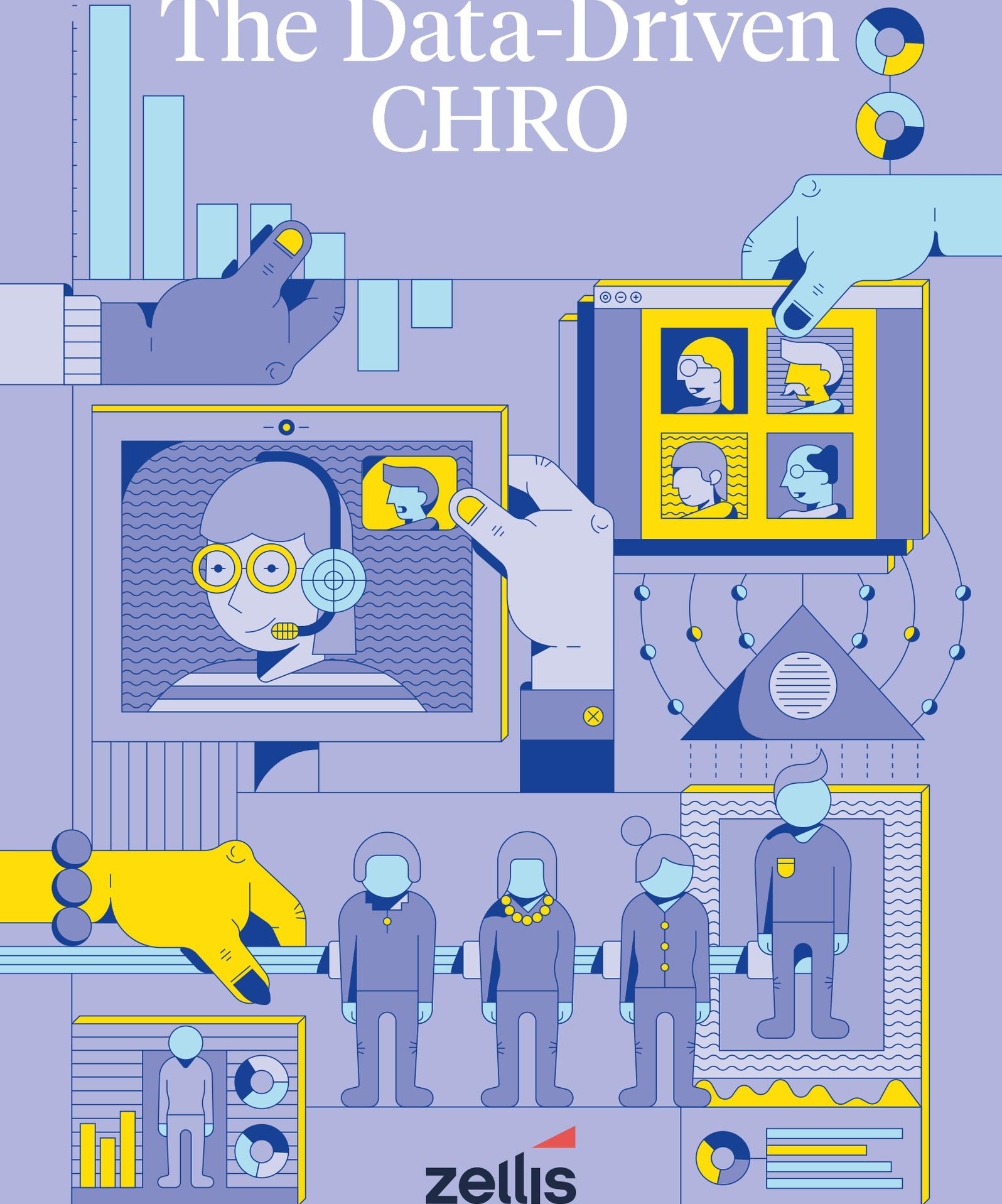
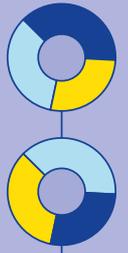


RACONTEUR

# The Data-Driven CHRO



  
**zellis**

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RACONTEUR

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# Data drives a revolution in HR

People data and analytics are vital if organisations want to stay competitive in today's fast-changing digital economy

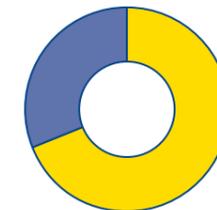
LUCIE MITCHELL

Chief human resources officers increasingly realise that HR data and analytics play a vital role in the success of a company. HR data can add value to organisations by providing insight that supports decision making, drives business strategy and enhances employee wellbeing.

"Understanding data that can help support areas such as recruitment, retention, workforce planning and training is crucial for organisations," says David Green, a globally respected influencer on people analytics, data-driven HR and the future of work. "Also, employees expect a similar, personalised experience at work as they get as consumers, and people data is the foundation of that."

Adoption of HR analytics is rising. A 2017 Bersin by Deloitte report found that 69 per cent of organisations are now building a people analytics system. Meanwhile, research by LinkedIn in 2018 revealed there has been a 61 per cent year-on-year increase in the number of people in Europe, the Middle East and Africa with HR analytics listed as a skill on their LinkedIn profiles.

However, to ensure it leverages data effectively, the HR function must begin with the business problem and ensure it relies not just on HR data but on business data too, says Mr Green.



69%

of organisations are building a people analytics system  
 Bersin by Deloitte 2017

“Understanding data that can help support areas such as recruitment, retention and workforce planning is crucial

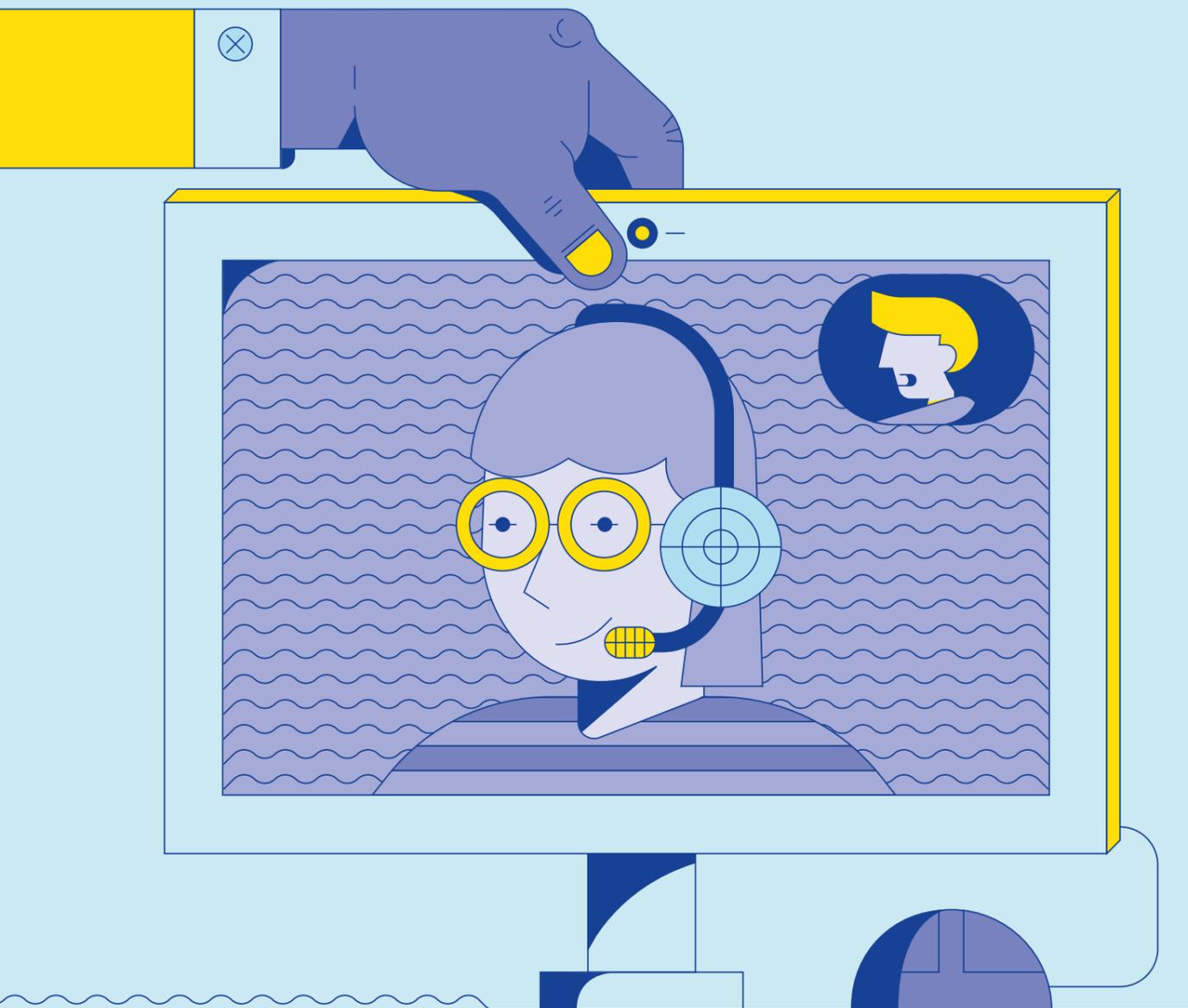
“Start with the right business problems – and that means actually understanding the business and what it is trying to do – rather than starting with the data,” he advises. “If you work on the right business problems, and identify the right stakeholders within the business, you can get access to other business data and blend that with HR data to gain further insights.”

Done properly, HR data can have a huge impact on the business and its ability to meet strategic goals. However, to ensure its sustainability and to drive long-term success, a data-driven culture must be created within HR. Central to this is improving the data literacy of HR teams, which isn't always easy. According to Bersin by Deloitte research in 2017, HR professionals in almost 60 per cent of organisations don't have basic data literacy skills.

“Typically speaking, the skills required for analytics aren't always found within an HR function,” says Mr Green. “In the more successful organisations, people who are data scientists, statisticians, or people who have worked in other analytics functions in the business, are coming into HR and applying those skills.”

That said, the future for HR data looks bright. “It's all moving in the right direction and some of the new technology that is coming into play really helps drive and personalise the employee experience – and analytics is core to that,” Mr Green says.

“In five to ten years, we possibly won't even be talking about people analytics as much because it will just be a core part of what HR does, and I think it's really important that HR gets behind this if it wants to raise its impact within the business.”



# Expert tips on how to keep a transient workforce engaged

Employers need to create a positive culture that brings teams together when workers are located miles apart

## LUCIE MITCHELL

**T**he transient workforce is growing at a phenomenal rate, yet only 16 per cent of companies in Deloitte's 2018 *Global Human Capital Trends* survey had policies in place to manage a variety of worker types, despite many expecting to increase their use of transient workers over the next two years.

Human resources leaders have a crucial role to play in cultivating a strong, unified culture among their transient workforce to ensure they are effectively managed and feel as valued as permanent staff.

According to the 2017 *Employee Outlook* report by the CIPD, HR's professional body, 18 per cent said remote working made them feel 'under surveillance'.

Sandy Lucas, chief people officer at recruitment firm Alexander Mann Solutions, says technology can be used to ensure transient workers remain engaged and productive rather than pressurised or sidelined.

**HR directors should foster a culture of recognition which extends beyond the parameters of bricks and mortar offices**

"HR directors should foster a culture of recognition which extends beyond the parameters of bricks and mortar offices, using technology to offer transient workers real-time feedback on their performance."

Ms Lucas recommends ensuring policies are regularly reviewed, implementing strategies such as personalised communications, and making content available through rich media, accessible via mobile, for example, video updates or gamified continuing professional development programmes.

Much of the workforce at Metro Bank isn't based in a single location or region, so align-

**Technology plays a huge role in engaging a transient workforce by surfacing people data that may have been inaccessible before**

ing its people to a simple, positive purpose and vision, with a clearly defined culture, is fundamental to creating a sense of belonging, says the bank's chief people officer, Danielle Harmer.

"We use technology such as Yammer and Skype to enable teamworking and storytelling across locations," she adds. "The small things matter too, such as photos on email profiles, and open social media platforms to provide a forum for conversations."

Geoff Smith, executive director at Capita Resourcing, part of outsourcing company Capita, says: "Technology plays a huge role in engaging a transient workforce, by surfacing people data that may have been inaccessible before, building private networks for organisations to connect with workers, and giving workers the ability to showcase their skills. Machine learning also plays a role, with workers intelligently matched to projects and roles based on experience, interests and skills."

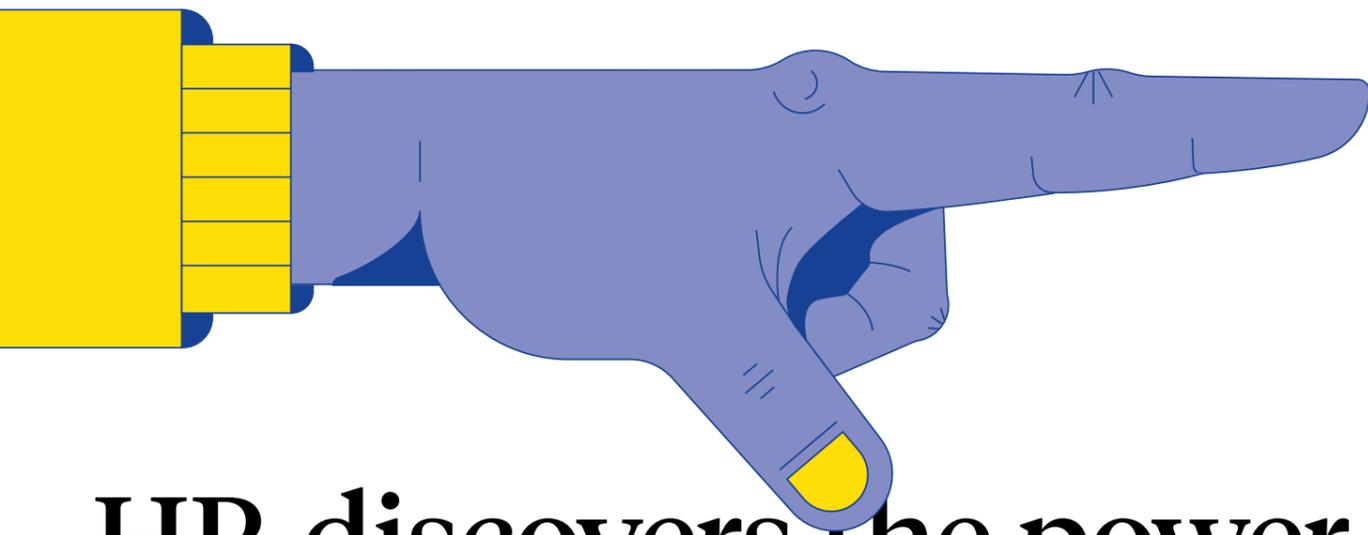
Anna Purchas, head of people at professional services firm KPMG UK, stresses that the role of internal communication cannot be underestimated. "If people are working remotely they still need to feel included and up to date with everything in the business. Email updates, internal videos and a good intranet facility can support this."

Thomas Davies is the founder and chief executive of culture analytics firm Temporall, and former global partnerships director at Google. He advises organisations to define their culture and values, lead from the top, and make culture part of their core key performance indicators.

Mr Davies says: "People have to feel connected and engaged, and understand how their role maps to a vision and strategy, which is even more important for organisations with a transient workforce. Executives should also invest in a feedback loop and use the information from this to align culture towards strategic goals."

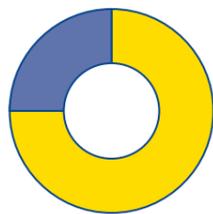
**16%**  
of companies have policies in place to manage alternative workforce  
Deloitte 2018

**18%**  
of UK remote workers feel they are under surveillance  
CIPD 2017



# HR discovers the power of data to motivate staff

Human resources may once have been perceived as laggards in IT, but now the function is benefiting from a digital makeover



75%

of HR chiefs believe their function has become more strategic over the past three years

ServiceNow 2018

## HELEN BECKETT

**H**uman resources chiefs and their boardroom colleagues are waking up to the power of data to motivate individuals, shape teams and transform business performance. Practices that for years relied on gut feeling are becoming evidenced based, and data-driven HR is creating happier and more productive staff.

A study this year from cloud computing company ServiceNow found 75 per cent of HR chiefs believe their function has become more strategic over the past three years. “Digital technology is a large facilitator of this, with 68 per cent of CHROs [chief human resources officers] expecting advancements that deliver personalised and seamless experiences to drive gains in productivity and corporate performance,” says Stanislava Stoyanova, HR transformation leader at ServiceNow.

Deloitte’s 2017 *Global Human Capital Trends* report confirms the high level of interest in data analytics (71 per cent) but says

progress is slow. It reports explosive growth in the use of organisational network analysis and ‘interaction analytics’ (studying employee behaviour) to better understand opportunities for business improvement.

Unsurprisingly, tech giants are leading the drive to transform HR through digital. Networking supplier Cisco analysed its internal employee interactions and created visualisations of ‘human networks’ – networking relationships across its global organisation. The pilot revealed surprising ways information is shared, and enabled connections not normally possible within hierarchical organisations.

Dorothee El Khoury, HR practice leader at strategic consultancy The Hackett Group, France, cites the Cisco pilot, and its outcomes. “Management can see which individual employees are networking with whom, which teams should be collaborating, and identify leaders and influencers.”

More important still, the pilot has the potential to disrupt HR remits and models. “The future of work is about managing teams of teams, rather than individuals,” Ms El Khoury adds.

Not every experiment is successful. Ms El Khoury cites Google’s proposal to support its promotion process using an algorithm. “It was completely rejected by participants,” she says. Instead, Google crunched the data to identify eight characteristics of a good manager and shared the profile with staff, who use it to improve their performance.

Google has also used data analytics to optimise the recruitment process. After analysing the number of interviews per candidate against numbers of candidates recruited, it discovered that any more than four were superfluous. “That enabled them to cut interviews out of the process,” says Ms El Khoury.

Both these examples, along with the innovative mindset needed to pilot data analytics in new ways – even if not successful – are at the high end of data-driven HR practice. But for the majority, data analytics is directed at a challenge close to the HR chief’s heart: recruitment and retention. An entry point is to deploy the HR staple, the annual survey, in a smarter more continuous way, as Triumph Motorcycles found.

Triumph uses digital to wow prospective talent. With recruitment ever more competitive, Triumph’s HR director, Jonathan Parsons, thinks it’s important to offer a slicker image. “When we go to universities to recruit, students are using better IT than many corporate environments offer,” he says. Mr Parsons found that data analytics provides the desired makeover.

Profiling software called Talent Science, by Infor, assesses behavioural characteristics of employees at HR touchpoints of recruitment and appraisal. It can be linked to projects to ensure a good match between skill and project. “It may be beneficial to populate the start of a design project with creative individuals, while those with greater attention to detail are more effective in later stages,” says Mr Parsons.

Other companies are plugging text analytics into their surveys to access insights that pre-



68%

of CHROs expect digital advancements that deliver personalised and seamless experiences to drive gains in productivity and corporate performance

ServiceNow 2018



71%

of companies see people analytics as a high priority in their organisations

Deloitte 2017

viously would never have surfaced, reports Sarah Marr, data scientist at Qualtrics, an experience measurement specialist. “Text analytics is becoming the new normal for surveys,” she says.

Ms Marr refers to a global brand based in Germany that ran a company-wide survey and subsequently improved its employee offer. “A theme came up in one of the global regions about work-life balance, in response to an open question. The head of the region consulted with the workforce and quickly made an adjustment to the benefits package in that region.”

HR software specialist Workday operates a staff survey weekly on what has become known as ‘Feedback Friday’. The participation rate is 82 per cent and more than 160,000 data points have been shared, according to Greg Pryor, senior vice-president at Workday. The survey revealed employee concern with growth and development, and Workday has introduced agile career workshops and career sprints in response.

Industrial giant Hitachi is another corporation making the employee survey more data-driven, this time by mining data from the internet of things. Hitachi research in Japan monitored the relationship between movement, business performance and a staff happiness index. It concluded that in the sales industry performance increased by 30 per cent, and creative people performed three times better when they were happy.

Making the employee survey smarter is a starting place for many in making HR data-driven. Looking further ahead, a digital ‘nudge’ applied to individuals when thresholds are neared or breached is in the pipeline. Its greatest potential lies in targeting senior management to improve things further down the line, according to Qualtrics.

“If I’m an executive, why would I only interact with people data at scheduled intervals in the year? Why not get a nudge when I hit the threshold of churn, or a certain number of people are leaving, or hiring targets not met?” Ms Marr asks. “The nudge would transform HR from a cost centre to a function that adds value.”

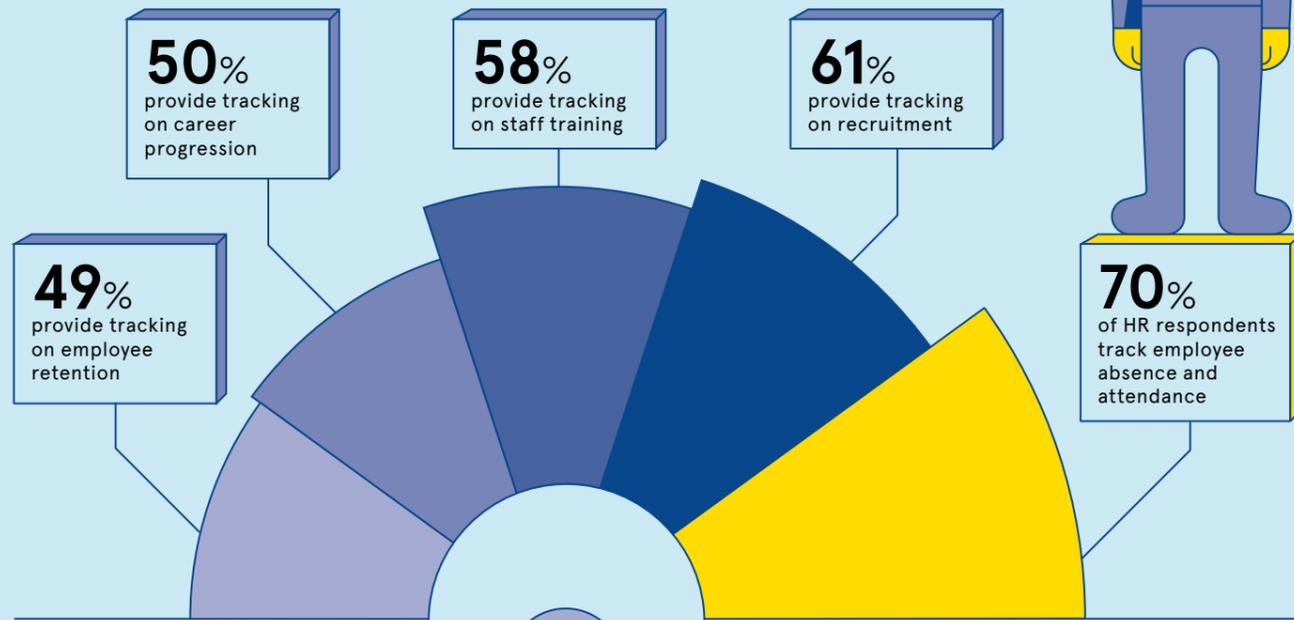
HR may once have been perceived as laggards in IT, but the function is having a digital makeover as employee experience takes centre stage as the driver of creativity and productivity. Ms Marr says: “Companies are getting more traction as HR and data analytics grow, and the feedback – or experience layer – will only grow faster.”

**“Management can see which individual employees are networking with whom, which teams should be collaborating, and identify leaders and influencers**

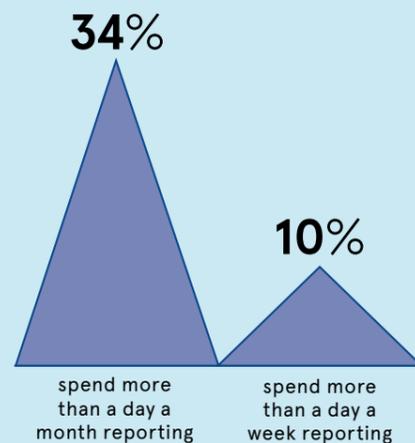
# THE DATA-DRIVEN HR OUTLOOK

People data has become key to the HR function, but how are HR leaders putting this into practice, and how can these metrics contribute to the wider business objectives?

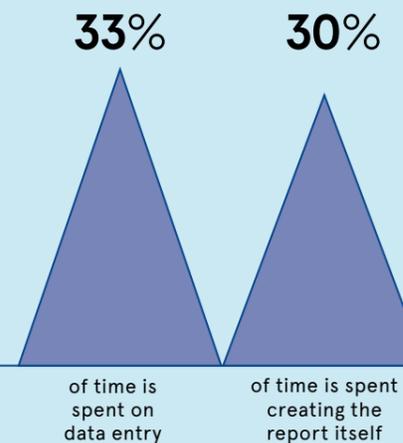
## What are the key metrics that HR departments track?



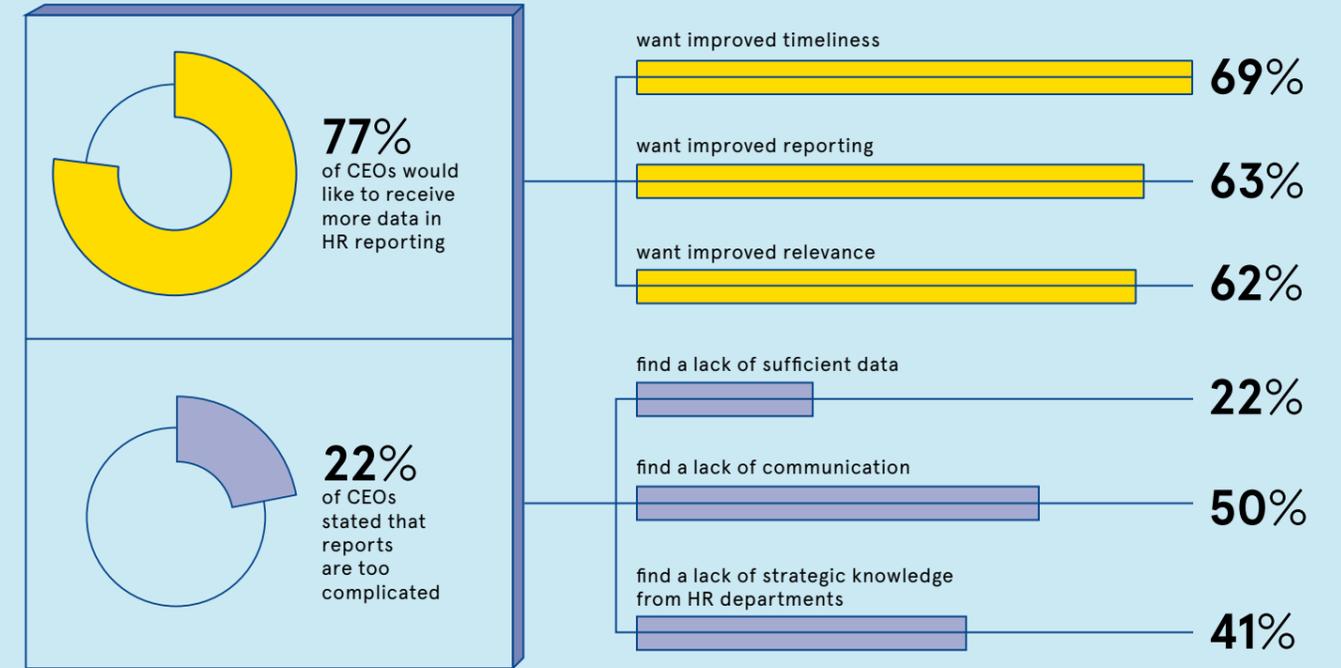
## How much time does HR spend preparing reports?



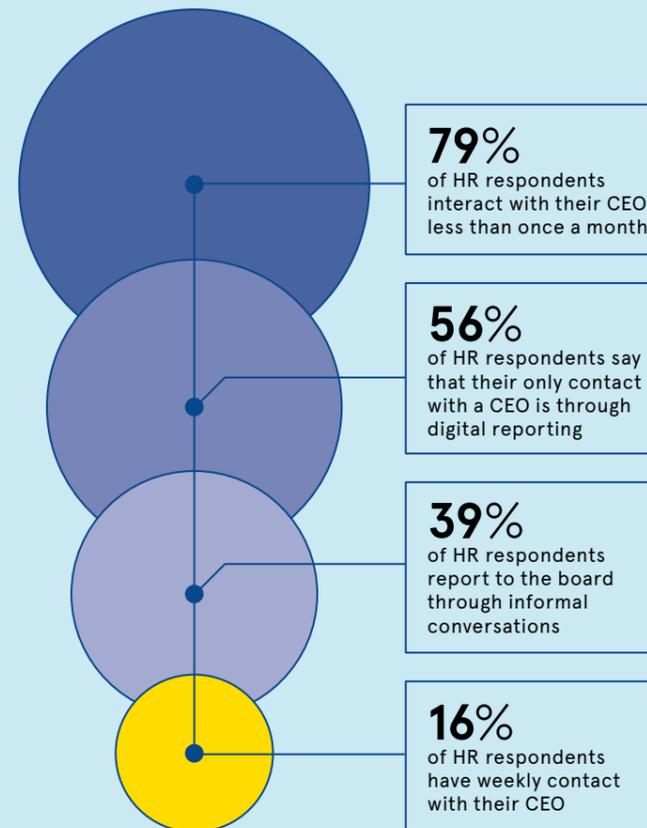
## What activities consume the most time?



## What are CEOs' main problems with HR reports?

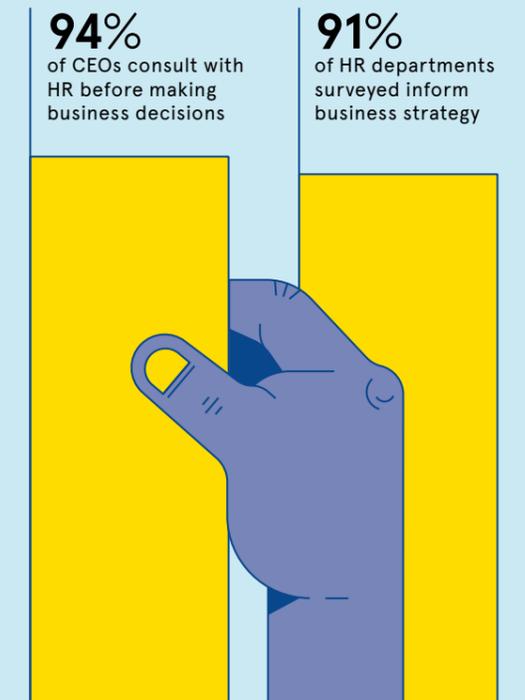


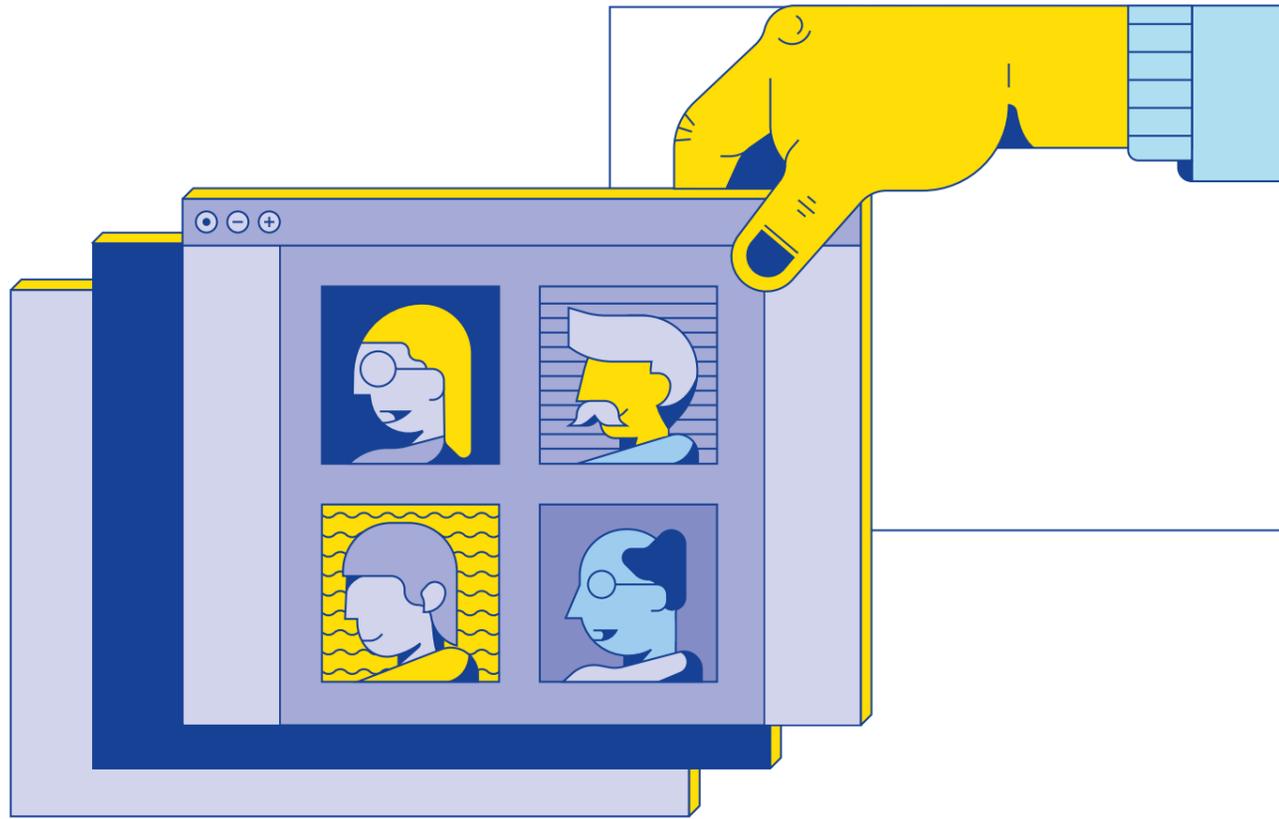
## HR insights



## What are the expectations of CEOs and how are HR leaders coping with the challenge?

Results taken from a survey of 100 CEOs and 250 HR leaders





# How people data can transform a business

Most companies are sitting on a mine of valuable information but failing to get the most out of it

**MARKO PERISIC, CHIEF PRODUCT AND TECHNOLOGY OFFICER AT ZELLIS**

Data already plays a vital role in all of our working lives, and that is only set to increase in the years ahead. We have now built the capability to accumulate immense amounts of information on a daily or even hourly basis, and to store this affordably in the cloud. Organisations are making use of the data they have to find out more about customers, understand their buy-

ing habits, predict future events and even hold conversations through chatbots.

This is also having a significant impact on the way businesses operate internally. Artificial intelligence (AI) means it is possible to detect patterns in a matter of seconds, delivering analysis that is much more insightful and unlikely to be picked up by humans. A simple example would be an accounts team using payment data to highlight the risk of accepting business with a particular client and suggesting the most likely method of extracting payment, based on previous history.

Human resources and employer/employee relations are also being transformed by digital innovation. Businesses can use the data they have on employees to create a digital feedback loop of their interactions, giving vital insight into how they can best retain staff and grow their workforce, as well as helping employees better manage their careers and wellbeing.

For example, it's possible using information about employees' skills, training, performance, wellbeing and benefits usage to glean insight into their lives, and to use that data at a generic level to identify types of employee that are more likely to stay for longer, develop faster or be more productive. This kind of information can then be combined with a broader understanding of staff to create a more rounded view of the employee population as a whole.

In practical terms, such data could be used to identify key talent and manage succession planning, as well as flagging up potential areas where individuals or groups of employees need additional training or support to move up to the next level. It could also help highlight any possible concerns – such as high levels of physical or mental ill-health – enabling businesses to develop strategies to counter these.

Some industries are already making strides in this area, but the reality is that most businesses are still unaware of just how valuable the data they have on employees can be. Even those that do realise data is their biggest asset often have multiple sources of information stored in disparate formats and locations. This makes it almost impossible to glean a holistic view, let alone one that can be compared across sectors.

There are other challenges, too, that businesses need to think about when looking to make better use of the valuable data they can access. First, there's the issue of just how reliable is the data they have in their systems and how accurate are the conclusions that are drawn by machine learning and AI. Businesses need to be able to trust the conclusions any technology offers, but it can be hard to do this without a tried and trusted solution.

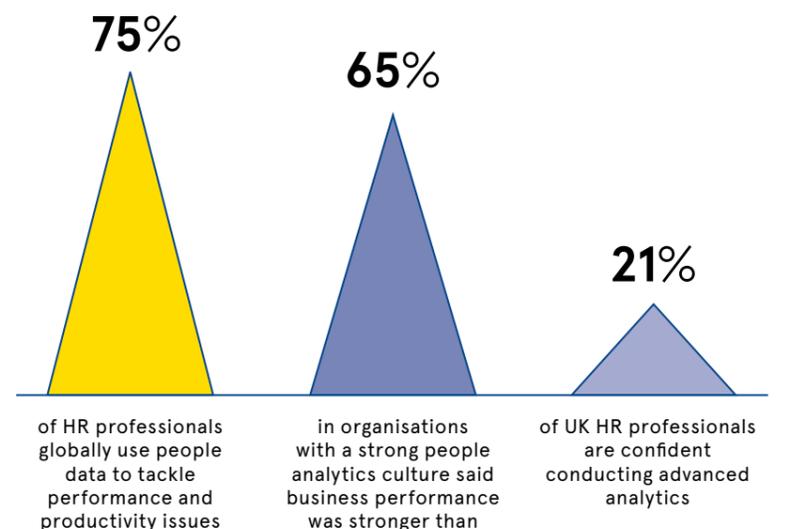
Data and AI need not conflict with security, privacy and ethics. Companies must structure security into their businesses. Privacy must be respected across all scenarios, understanding who is allowed to control and process data. Even if systems are secure, respecting privacy laws, we must build into our businesses the humane side of dealing with data in order to ensure ethical use. Only then will we gain the full trust of employees and empower them fully through their data.

“Artificial intelligence means it is possible to detect patterns in a matter of seconds”

By working closely with people analytics experts, such as Zellis, businesses can not only ensure the quality of data they have is up to scratch, but can also rest assured that they fully meet all the requirements around ethics, security and trust.

Drawing on insights from other organisations and sectors, they can also compare their own performance against that of similar sized businesses or those operating in the same industry, enabling them to truly gauge how well they compare and identify any areas for improvement. Such capability is simply not possible using only data drawn from the confines of one organisation.

The message for businesses is clear: those that act now to ensure they can make the most of the data they hold and reliably compare this with industry peers and competitors will be best placed to understand and meet the needs of future employees and the business itself. Those that continue to bury their heads in the sand will find themselves falling behind as others embrace the power of data.



# Taking control of the robots

What does HR need to be at the forefront of the integration of man and machine?

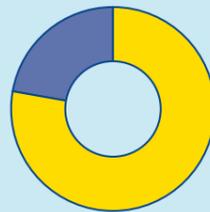
CLARE GASCOIGNE

**M**ention artificial intelligence (AI) to human resources managers and you are likely to be met with one of two extremes. Either the robots will take over the world and limit humans to a lifetime of unemployment and misery, or robots will take over the world and free humans for a lifetime of creativity and happiness.

Reality, of course, sits somewhere in the middle, but either way, the robots are coming; more than three quarters (78 per cent) of HR departments expect to use machine learning in at least one HR process within two years, according to a report from management consultancy Bain. So how does HR prepare for this new world of work?

“It’s not by becoming technical experts, though HR managers need to familiarise themselves with how AI and robotics is being applied to their industry,” says Jonny Gifford, senior adviser for organisational behaviour at the Chartered Institute of Personnel and Development (CIPD). “HR should not be bamboozled by the techies, but bring it back to core HR territory. How does new technology affect skills?”

Understanding of AI is lacking in many organisations (only 31 per cent of respondents felt ready to address the issue of AI, according to Deloitte’s 2018 *Global Human Capital*



78%

of HR departments expect to use machine learning in at least one HR process within two years

Bain 2018

*Trends* report) but increasingly HR functions are being performed by sophisticated robotics and AI.

Chatbots can carry out first-line video interviews, with software that can recognise faces and identify moods – or even spot a liar. Analytics can help employees with their career options or the annual staff survey. Machine learning algorithms can automate record-taking or rote tasks.

But ensuring AI is slave and not master requires human oversight. Deloitte points out that “behind the scenes, major tech firms have tens of thousands of humans continuously watching, training, and improving their algorithms... Leading companies increasingly recognise that these technologies are most effective when they complement humans, not replace them.”

“You can never fully trust machines,” says Charles Hipps, chief executive and founder of e-recruiter Oleeo. “You have to be able to look at what they produce. Our job is to make technology usable and make sure the algorithm works the same way as a traditional human screening system. But it’s not a magic wand.”

Some of the statistics quoted can make it seem that way. AI-based candidate screening in talent acquisition cut Unilever’s time to hire by 75 per cent, according to the Bain report.

Mr Hipps believes those who get the most out of technology are those with a clear vision

of their HR requirements, so are asking the technology to fulfil a specific function. “We ask what the client needs to improve their current recruitment process,” he says. “You need to have a good idea of how well your current screening works and what is lacking in order to make the best use of AI.”

It is worth taking some technology claims with a pinch of salt. Chinese utility companies have claimed to be monitoring employees’ emotions through the use of wearable sensors, a move designed to improve productivity; but tech watchers doubt that current technology is able carry out such surveillance – quite apart from whether such practices improve productivity or just lower morale among staff.

Peter Reilly, in his report for the Institute of Employment Studies, *The impact of artificial intelligence on the HR function*, says AI “will have its biggest impact in transactional work which is repetitive, rules-based and where high accuracy is demanded”. He argues that, as data input is increasingly automated, “the challenge for some HR teams will be a mindset shift, more than any technological adoption challenge”.

Data analysis is one area where AI could improve the HR function. Increasingly important metrics such as gender bias or diversity management can, provided the data scientists write the algorithms correctly, be spotted at an earlier stage than where HR professionals are grinding through Excel spreadsheets. Technology can be used to model scenarios,

“These technologies are most effective when they complement humans, not replace them

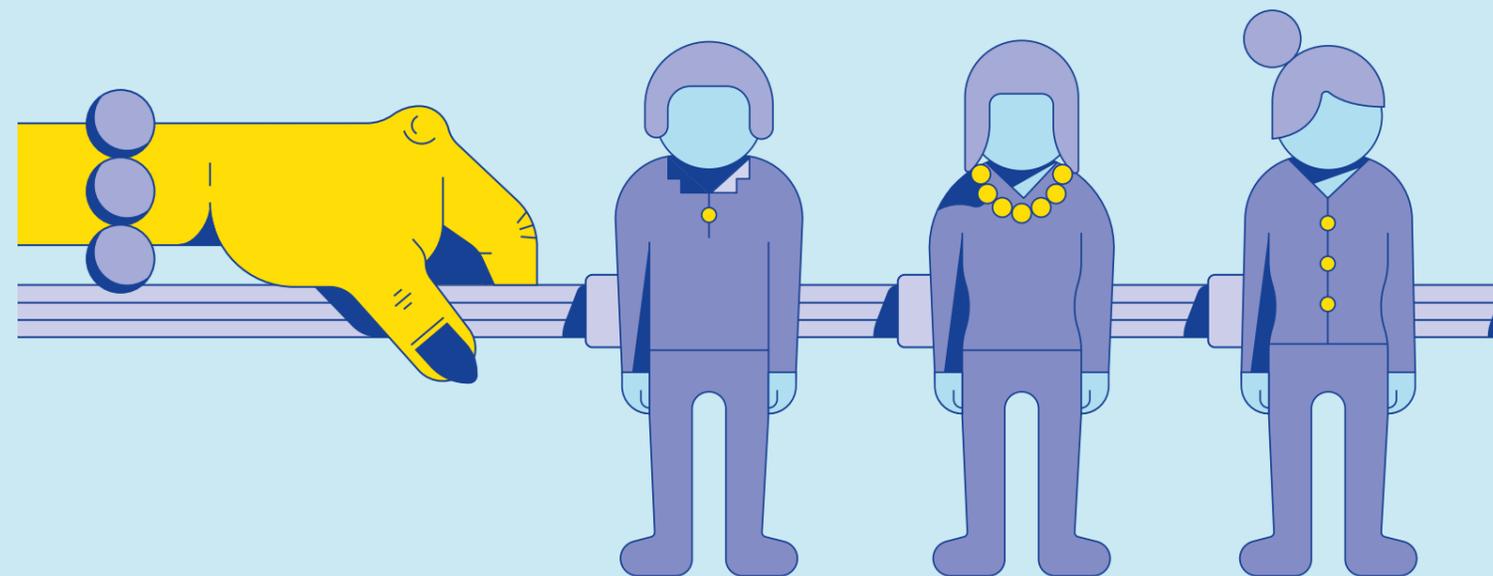
helping HR as a function become more strategic in its operation.

“HR is not currently driving the discussions about how AI is used in the world of work,” says Mr Gifford. “There is a dynamic two-way relationship between skills and technology, and the net effect of automation is to upskill the remaining jobs.”

Mr Reilly believes that a lack of strategic skills within HR as an industry is one of the reasons technology has not taken off to the extent predicted a few years ago – but that those HR managers able to harness this have a real opportunity to make their mark.

He writes: “One vital strategic task that HR should undertake is to prepare the organisation for the AI revolution. This will mean ensuring that the workforce is ‘change-ready’ and prepared to embrace new technology.”

Instead of fretting about how AI affects HR, managers should be considering how it can



# “There is a dynamic two-way relationship between skills and technology

benefit the company, identifying where automation can be usefully applied and what skills the organisation will need in the (rapidly approaching) future. Newly created jobs “are more service-oriented, interpretive and social, playing to the essential human skills of creativity, empathy, communication and complex problem-solving”, according to Deloitte’s *Human Capital* report. “The technical skills to create, install and maintain machines account for only a small fraction of the workforce.”

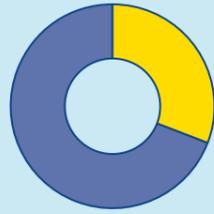
Instead of deskilling the workforce, technology will require HR to work with increasingly savvy staff, and importantly it will need to be able to break down jobs into component tasks in order to redesign them for a changed economy. By 2030, according to a recent McKinsey Global Institute report, *Jobs lost, jobs gained: Workforce transitions in a time of automation*, “as many as 375 million workers – or roughly 14 per cent of the global workforce – may need to switch occupational categories as digitisa-

tion, automation, and advances in artificial intelligence disrupt the world of work”.

But technology has to work for people as well as the company. Jill Bassett, workforce solutions director for recruitment company ManpowerGroup Solutions, carried out research that found that almost two thirds (61 per cent) of job candidates would opt for in-person interviews over digital recruitment methods.

Ms Bassett says: “Tech alone will not add value to the candidate experience. There is no real substitute for seeing and feeling the connection, or the lack thereof, with a company and its culture. Personal contact can positively differentiate one employer from another.”

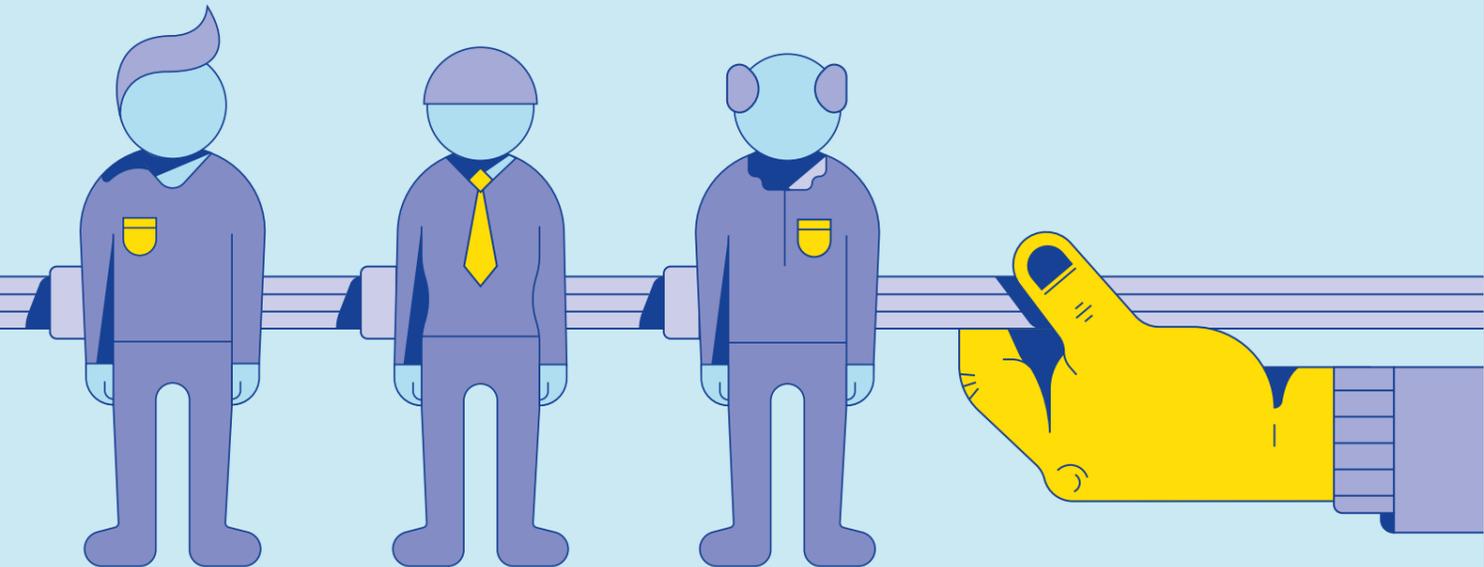
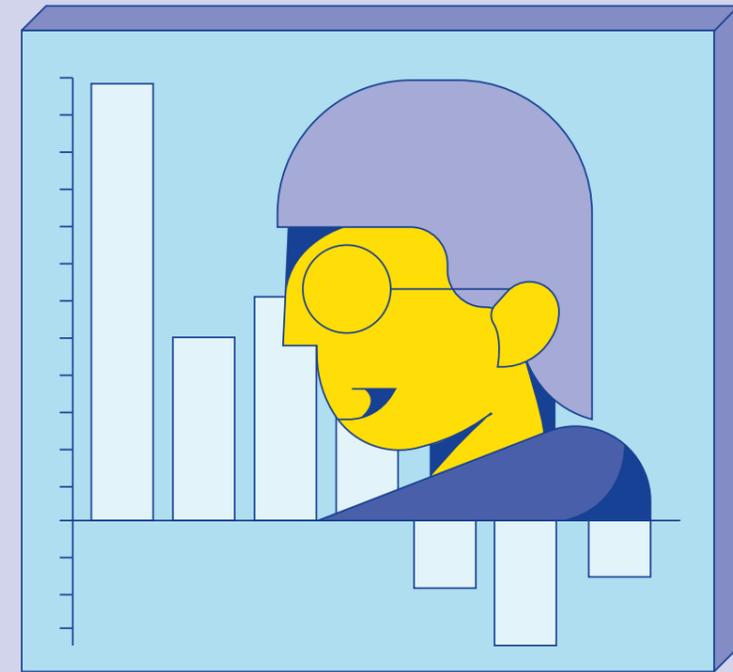
The Manpower survey of 700 people found 10 per cent of candidates had used at least three technologies – such as social media and smartphone apps – in their job search in the last six months. It seems we have a long way to go before the corporate world can ditch the human.



# 31%

of HR and business leaders who feel ready to address the issue of AI

Deloitte 2018





[www.zellis.com](http://www.zellis.com)