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Unlock HR metrics: predict, present and get a seat at the table

Adding real business value through predictive talent analytics



cut-e Group
Großer Burstah 18-32
20457 Hamburg
Germany

www.cut-e.com
E-mail: info@cut-e.com
Phone: +49 40-3250 3890
Fax: +49 40-3250 3891

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www.cut-e.com

Big Data: it's not new, but what are we doing with it?

So-called 'Big Data' touches all our lives: we know that businesses we buy from and organisations we interact with amass information on us based on these connections, spotting trends and then targeting specific promotions at us. But what is 'Big Data' and how can HR decision makers apply the same techniques to employee – and potential employee – data? Big Data refers to extremely large data sets that can be analysed to reveal patterns, trends, and associated – especially relating to human behaviour and interaction.

Data has been around for years – it's not new. But what is new is the amount of data, especially electronic unstructured data, that we have around now - and that is a challenge. But with the explosion of the centralised data now available to HR decision makers, thanks to investment in HR Information Systems (HRIS), Learning Management Systems (LMS) and Applicant Tracking Systems (ATS), there is plenty of data to interrogate and inform people decisions. This data, used sensibly, becomes talent analytics and that can help support the positioning of HR as a business partner.

Helping HR to get a seat at the table

The Society for Human Resource Management (SHRM) reports that 39% of organisations in the US use metrics and 53% do not. The *cut-e* 2016 Global Assessment Barometer reported that 45% of the 2700 plus HR professionals that completed the survey have a Big Data project in place – but half of these people did not know the level of investment. Why not?

We have seen that just by getting started in an organisation with a small project looking at employee-related data in a specific area can give you your first win. With these initial wins, you can begin to establish credibility for the projects and the project teams by looking at, and articulating, the business case. Over time you may seek resources for a specific analytics team and be invited to take a 'seat at the table' where leaders will look to you to help address some of the problems faced.

Beware. Analysing data is not the answer to everything.

Interrogating data that you have has its upsides. It can:

- Help to ensure things get done – based in the old adage "what gets measured gets done"
- Provide benchmarks and comparison – perfect for looking at ROI and effectiveness of intervention and changes in behaviour or activity
- Demonstrate HR deliverables, what has been accomplished and where HR has added value
- Support accountability
- Guide and track workforce strategy

But beware, it:

- Doesn't measure the softer elements that HR does
- Relies on having accessibility to data – and this can be hindered by systems in place, internal politics and so on
- Requires accurate data which is free from error
- Needs the right metrics to have been measured in the first place

The first step: look beyond what you are already measuring

It can be difficult to know where to start. Typically, HR is already recording some metrics. A SHRM survey of 367 HR people reported that 63% are measuring healthcare costs, 61% the

total cost of benefits, but only 13% measure the return on training investment. It seems that the common process that HR goes through when looking at this is to choose a core HR process that the team thinks it should track, then create or select a metric to monitor that process to, finally, talk through how HR is performing based on those metrics.

This may be a popular approach, but is this the right way to go about it?

For example, 29% of the HR practitioners in the SHRM survey are currently measuring 'time to fill', i.e. how quickly are positions being filled. Reducing this may be about improving efficiency, but if this occurs at the cost of the quality of hire, then perhaps the wrong thing is being measured.

So what metric should be tracked? Of course, it depends on what the goal is, what you are trying to accomplish.

Working with the example of recruiting people, there are four different areas that can be measured:

- **Efficiency** – the time to fill based on the number of days from posting a job to when the new hire starts
- **Effectiveness** – the quality of hire. Look at the new employee performance rating 90 days into the role
- **Impact** – the date the new employee is needed to prevent loss of, say, revenue generation. There is a potential gain or loss in revenue if the post is / is not filled by the date needed
- **Number of activities** – the number of people hired in the last quarter

Step up and make use of predictive analytics

We have all witnessed rapid changes in the workplace, the workforce and activity levels over recent years. That means what is right for today may not be right for the future and we cannot necessarily do 'more of the same' or recruit the same sort of people. What is needed is a greater use of 'predictive analytics' – and perhaps this is what HR teams could be doing more of. And for many, they already have the data in place.

From the 2016 Assessment Barometer survey we know that 57% of respondents use the psychometric assessments results to predict performance. And yet, if there is enough data to look at, you can get the normal distribution 'bell curve' and carry out some great statistics with this data.

You don't need sophisticated software

All too often HR practitioners report that they don't start to analyse and make more use of data because of lack of time and other resources. Time can certainly be a challenge and other than recommending that you plan and action allocated time for the project, there is little we can add.

But what about other resources such as software? Whilst there are statistics software packages that consultants use to number crunch data, don't let that put you off. Spreadsheets such as Microsoft Excel® can easily calculate correlations and averages. Perhaps a good place to start would be to get to know your software and what it can do.

A quick refresh – correlations, using Microsoft Excel®

Correlation is recorded as -1.0 to +1.0 along a continuum. It looks at the relationship between two variables, whether the relationship is positive (both variables increase together, e.g. weight and height) or negative (one variable increases as the other decreases, e.g. usage of umbrellas and sunny days). The '-' or '+' is the direction whether positive or negative and the number relates to the strength of that relationship. As HR, you will no doubt have seen reported the correlations between different methods of assessment and work performance. The highest

correlation is between work samples and performance (offering a correlation of 0.54) and the lowest is reported to be 0.02 (graphology and performance).

Using Microsoft Excel®, these correlations can be calculated by using the formula: =CORREL (array1, array2) where an 'array' is any column or row you select.

A worked example

From the spreadsheet sample below, you can see which metrics have been gathered (tenure, sales performance, potential rating) as well as the predictor scores from the structured interview and psychometric tests (integrity test, personality test, logical thinking test).

Correlation with HR Metric / Success Criteria	Structured Interview Overall Score	Integrity Test	Personality Test - B2B Sales Profile Match Score	Logical Thinking Test
Correl w/ Tenure (# of work days)	0.21	0.41	0.37	0.06
Correl w/ Sales Performance (# of units sold)	0.44	0.38	0.56	0.51
Correl w/ Managerial Potential (supervisor rating)	0.12	0.21	0.45	=CORREL(D11:O511,H11:HS11)

Employee ID #	Tenure	Sales Performance	Managerial Potential	Structured Interview Overall Score	Integrity Test	Personality Test Overall Match Score	Logical Thinking Test
38093	417	3	5	4	5	4	6
35849	420	3	7	5	4	7	2
42197	425	3	6	7	7	1	2
46862	433	3	7	7	9	9	8
18033	450	4	6	4	7	5	7
48595	481	2	5	4	3	6	4
12847	482	4	5	3	6	6	4
40478	485	4	7	1	2	9	1
50966	502	2	5	4	4	6	6

Microsoft Excel® will perform the calculation but you need to decide if the correlation is significant and you can look up the p value in a stats book.

The core benefit is that in carrying out the analysis, you will learn what a certain test or assessment predicts. You can then include the assessment earlier in the recruitment process to start sifting and sorting applicants based on the predictive test scores and spend time further on in the process only with those who are more likely to be successful.

After the number crunching, take the report and present as a dashboard – not as a spreadsheet

When it comes to presentation, monitor and present your findings as a dashboard as typically, business leaders do not want to see a spreadsheet. The dashboard should be easy to understand, intuitive, readable and easy to learn from.

Make use of bar charts, pie charts, colour and other specialised software programs such as OrgView.

Getting started

So, ready to step into using talent analytics to better inform your people strategy?

Some tips for getting started

- Start small and act like a consultant with your internal colleagues.
- Find a business or unit leader with a problem or a goal – an HR-type problem – that they need help with, for example, staff turnover.
- Persuade him or her to let you help.
- Work out what needs to be collected or collated.
- Create a combined score that predicts the desired outcome.
- Initiate an intervention based on what you have learned.
- Measure change over time.

For more information and related documents about how to unlock the value of HR metrics, please refer to www.cut-e.com

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