

Evidence-based HR – high stakes, moderate priority

Key findings from KPMG's HR Advisory 2015 – Global Pulse Survey

Highlights:

- HR professionals recognize evidence-based HR's potential in fostering better retention and developing insights about talent and the skills and competencies that an organization needs.
- Evidence-based HR is viewed as a tool to deliver better business insights and drive greater value through HR to the organization.
- Organizations need to invest in new technologies, capabilities and business models to optimize the evidence-based approach.
- Despite the potential, most organizations are not viewing the move to an evidence-based model as a priority over the next 2 years.

Drawing a line of sight between talent strategies and business outcomes

Evidence-based HR capitalizes on utilizing new technologies to access data from many sources and on employing new analytical techniques to develop predictive insights that will enhance an organization's ability to manage their workforce assets and ultimately better deliver their key business strategies.

Early adopters are already achieving these benefits – using evidence to show connections between HR and business

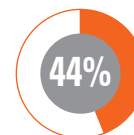
Human Resource Information Systems (HRIS) Shortcomings



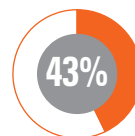
Inability to connect the people data with business data



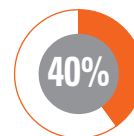
Weak data and analytics capabilities



Lack of integration between different HR systems & modules



Weak/no specific workforce planning capabilities



Multiple/fragmented data stores limit holistic view of personnel data



Capabilities exist but HR personnel inadequately trained/skilled



Lack of analytical algorithms to derive predictive insight



Inconsistent coding/definition of data makes aggregation difficult



Too complicated to use in order to derive any insights

■ % of respondents who indicated the inability of HRIS

Source: KPMG International's HR Advisory 2015 Global Pulse Survey

KPIs and opening doors into new processes and new people strategies that impact the bottom line of the organization. The following examples are cited in the 2015 KPMG report, *Evidence-based HR: The bridge between your people and delivering business strategy*:

- According to a study conducted by Lancaster University Management School; through the use of evidence-based HR, McDonalds UK discovered that having at least one employee over 60 dramatically improved customer satisfaction, on average by 20 percent, and increased performance in their fast food outlets.
- HR practitioners at McGraw Hill Financial can now instantly summon up information revealing the profile of those most likely to leave the organization in the near future and target interventions accordingly.

Most organizations, however, give evidence-based HR only moderate priority. Only 17 percent of respondents expect to make any significant progress towards more evidence-based people management over the next 24 months. Investments into software to support workplace analytics, workforce optimization and strategic workforce planning are projected as modest to moderate over the next 24 months. Projected investments into change initiatives to support these efforts are only slightly higher.

Investing in new technologies, skills and operating models

Investments in technology are urgently needed to address serious shortcomings that will impede the adoption of the evidence-based HR model. Respondents indicated that

current systems are unable to connect people data with business data (55 percent), data and analytic capabilities are weak (53 percent), and different HR systems and modules lack integration (44 percent).

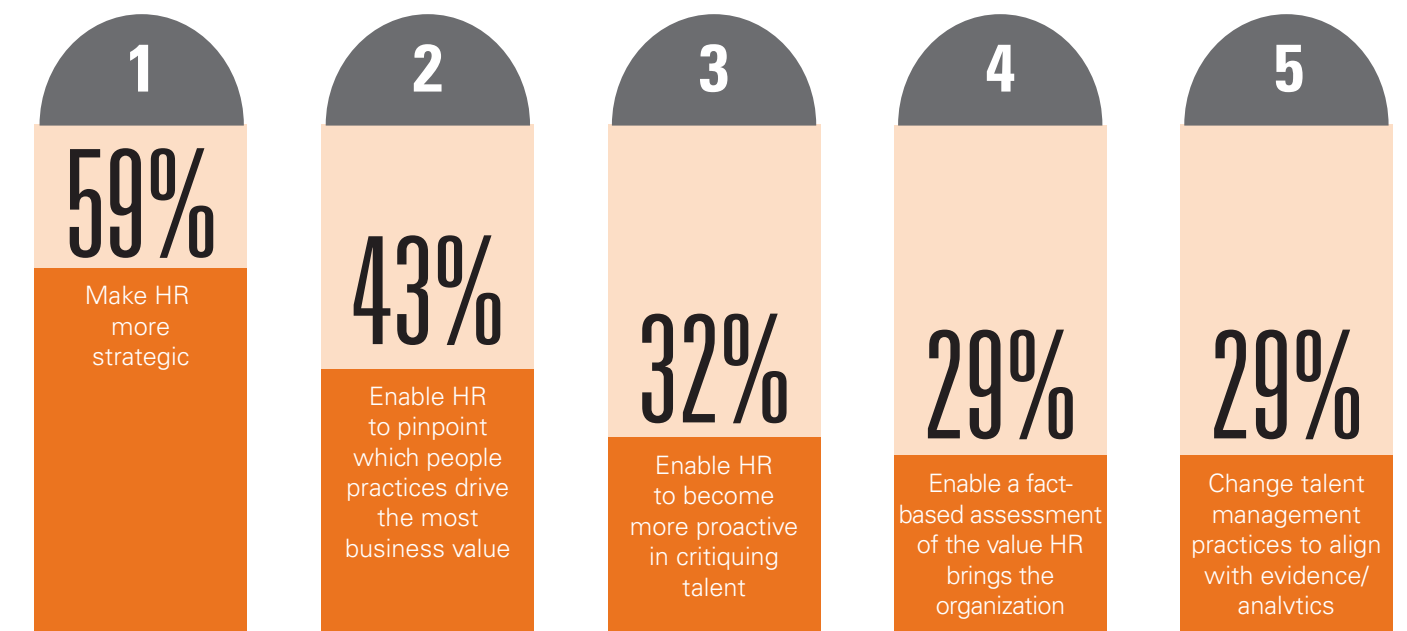
Focusing investment on acquiring the skills needed to harness and interpret the insights generated from the data and relating those insights to the organizations strategy is imperative. This means going beyond tracking basic HR metrics and truly accessing the different data sources (including data from business operations) that when analyzed can deliver predictive insights about how to optimize the organization's human capital.

According to the survey, the top three most important skills HR personnel and organizations must possess to enable evidence-based people management are:

- understanding connectivity between people strategies and delivery of business performance
- translating business strategy and value chain needs into people critical success factors and capabilities
- utilizing and understanding the output from Big Data and workplace analytics.

To perform these activities well, data scientists are required to work within the HR function combining their expertise with the domain knowledge of the HR practitioners. The HR practitioners, however, will need to reach beyond their function to gain a better understanding of both the organization's strategic objectives and external factors such as competitors, industry standards and regulations. The combination of this knowledge and expertise will enable HR teams to go beyond generating insights to recommending concrete strategic actions.

Top 5 ways evidence-based HR will transform HR teams



Source: KPMG International's HR Advisory 2015 Global Pulse Survey

Just as importantly, the organization will have to change how it relates to HR. This means reconfiguring operating models so that HR and management can work together in ways that promote the generation and consumption of evidence to support strategic decisions about their people and broader business strategy.

By using an evidence-based approach, HR has an opportunity to transform its role within the organization,

gaining profile and influence as a strategic business partner. Survey respondents point to a variety of ways that an evidence-based approach will help HR teams deliver more sophisticated, practical and fact-based insights and solutions that can result in real competitive advantage. But before these benefits can be realized, most organizations will need to increase their investments in the technologies and skills needed to successfully execute an evidence-based strategy.

Take Action Now

- Develop a clear understanding of workforce analytics and strategic potential to address specific skills shortages and talent management challenges and needs
- Ensure HR management understands, can clearly articulate and “sell” to executive management the full potential for workforce analytics to increase HR’s strategic value-add and ultimately play a greater role in helping the organization achieve its strategic goals
- Accelerate both HR’s adoption of workforce analytics capabilities, as well as, its efforts to educate business units and leadership on its potential. Work with business units to tailor its use to their needs, and convince them HR has the credentials to utilize it
- Develop a sound business and investment plan, supported by executives, to acquire the required HR skills and technical resources to exploit workforce analytics

To find out more about the impact of these trends on your organization and potential strategies, please contact:



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