



How to combine people and tech to turn people data into insight

A point of view by KPMG Powered Enterprise

KPMG International

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Is people data helping shape your organization's future?

Turning people data into insights of deep value to both the HR function and broader organization requires focus on data sources, the right skills, and a tailored governance strategy.

People analytics can mean different things to different organizations. For some, it is about tracking KPIs and building dashboards. While for others, like 'Pathfinding' HR organizations (as defined in [The future of HR: Lessons from the Pathfinders](#)), it is about using sophisticated relational analytics techniques to build business value and prepare their workforce for the future. It is also about connecting different sources of data to understand what is going on as well as what will happen.

There is a significant prize to be had when done well, but also significant pitfalls. The prize of utilizing data for competitive advantage is not only reserved for Pathfinders. There are some very clear steps that HR functions can take to build the necessary capabilities. This can occur regardless of HR maturity — whether that be what we call 'Administrative' or the more sophisticated 'Searching'. Even those organizations already at the Pathfinding stage can keep progressing what their people data can do for them.

This short report identifies the sources, skills and strategies you need to get right in order to turn people data into insight for your business.



HR Pathfinders were first identified in 2020 KPMG research, which found around 10 percent of organizations were leading their peers on adding strategic value; and integrating the HR function into the wider organization.

Five pillars of people data & analytics

HR Pathfinders see data and analytics as a value chain, meaning that the data is not just for the HR function, but should be shared as appropriate to help drive informed decision-making across the broader business. A successful people data & analytics value chain typically consists of five key pillars:

1

The right questions

It is vital to understand what different functions across the business need to know, so that HR can engage data analysis to answer these questions. This understanding is the first step to producing data and analytics of genuine strategic and commercial value.

2

Relational analytics

Data needs to be integrated from different sources (internal to HR, from across the business and external) to deliver truly relational analytics. Relational analytics can allow a much more diverse and complex picture of the multiple factors behind a trend, issue, or problem.

3

Rich presentation

The deeper insights from relational analytics can be presented in more meaningful ways, helping different parts of the business to engage with “the story”, and to make decisions based on the information.

4

Agile execution

Simply reporting on findings is not the end of the data and analytics value chain. Instead, it is essential to support turning those insights into action.

5

Robust data integrity

A people analytics team’s license to operate is based on trust. Employees must trust that the team is doing the right thing by them, treating their data securely and confidentially. Therefore, it is valuable to build data governance tailored to the specific sensitivities of HR data.

Further reading on these five pillars can be found in [The future of HR: From flux to flow](#) (page 26).

Sources, skills and strategies

Enhancing your people and data analytics capability requires a consistent approach to data sources, skills and strategies.

Here are some of the considerations and questions you might like to ask yourself or your organization as you prepare:

1 Sources

Have you understood where the sources of the right people data reside in your organization? Are these sources trustworthy? Do they provide a single version of the truth? Are they accessible? Is that accessibility repeatable and open to automation? Do you have a strong foundation on which to build-out data and analytics capability?

2 Skills

Have you identified the type of skills you'll need and have a plan to resource them? Have you considered how you would structure a team to best support the workforce analytics objectives? Have you considered how that team would liaise with the HR function and other parts of the organization? Who would be responsible for building the related capability and how would they deliver it?

3 Strategies

Do you have a strategy that can handle the governance and ethics required for workforce related data? Are you able to become enablers to the business around workforce data, not just police it? Are you able to drive a self-service-first strategy that allows workforce data to inform the wider business? Is there an overall recognition that it's not just about the tech?



1 Sources

Data and analytics cannot be successful without reliable sources of data from inside HR, across the organization and from appropriate external sources. While modern HCM technology helps, it can only do so much if the information that goes into the system is poor. Data needs to be reliable, readily accessible, repeatable and open to automation.

Gathering quality data from across the business requires data integration capabilities that are optimized for a seamless flow of information.

A key challenge with data sources is that employee data often comes from different technology platforms used across an employee lifecycle — everything from recruitment platforms, engagement surveys, to learning and development platforms.

This information needs to be lifted out of its silo and brought together in a way that it can be mined and analyzed. This is where data lakes can play a key role. Pathfinders are investing in the technology and skills to maintain an HR and/or enterprise-wide data lake, where cross-platform data can be combined and drawn from for analysis. The result can be a much more comprehensive picture of the employee journey.

Another challenge with data sources is that some of the data needed for workforce decisions is owned and managed by the employees themselves (e.g., their skills profile or employment history). This information needs to be made accessible and kept up to date, which only happens when there is a clear motivation or benefit for employees to do so.

For one Pathfinding organization in the KPMG report *The future of HR: From flux to flow*, their internal project-based (or 'gig'-based) workforce allocation is dependent upon employees keeping their skills data current. In return, the company provides wellbeing apps such as calendar management tools to give them a better time management and work-life balance. (See: [The future of HR: From flux to flow](#), pages 24 and 30).

**Have you understood
where the sources of the
right people data reside in
your organization?**

2 Skills

The right skill set is necessary to support an effective people data and analytics capability — not just within the HR team, but across the entire organization. This includes consideration of the right supporting organizational structure, which could look like the following example:

- Within the HR function, there should be a dedicated Head of People Analytics (working in association with the organization's Chief Data Officer).
- The leader should be supported by a team of data and analytics engineers, and data visualization and reporting experts.
- The team should be equipped to design, build, and manage consumable analytics tools, as well as to automate dashboards and standard reporting.
- The team should have expertise in survey design, deployment and analysis.
- The group can manage HR data storage and the HR data lake.
- The team should be advocates for HR data governance, supporting a governance committee (see the [Strategies](#) section), with a specific focus on HR privacy needs.
- They should be skilled in storytelling, helping decision makers to not only think about the message from the analysis but to "feel" it too.
- Outside of the HR team, "HR business partners" or "data partners" should understand their function's needs, scope information requests and work with the HR data team on analysis. See next page for more information on their capabilities.

Have you identified the type of skills you'll need and have a plan to resource them?

An addition to this picture is a self-service analytics capability for the broader business. This can help to free people data and analytics staff from generating transactional reports and answering ad-hoc queries, enabling them to focus on higher value and strategic tasks. Modern analytical tools support a self-service environment through their data visualization capabilities, even for users with limited technical knowledge.

However, it will likely still be important to upskill the workforce through data literacy programs so they can correctly use, interpret, and present data. It is expected to also be important to help people avoid misinterpreting data or breaching governance.

One Pathfinder organization in the KPMG report *The future of HR: From flux to flow* has developed a People Analytics Center of Excellence within HR. This team helps people develop hypotheses that can be explored further through quantitative and qualitative analysis. (See: [The future of HR: From flux to flow](#), page 23).

Key capabilities of HR business partners or data partners

Where a skills shortage demands it, HR business partners or data partners sit outside of the HR function in their own functions. They can formulate hypotheses for their function and work with HR to explore those hypotheses through people data. Their key capabilities should include:

- Value chain insight — Deep understanding of the value chain of the business and the role of the workforce in delivering value and business outcomes.
- Critical role insights — Awareness of the critical roles and teams in the business with high judgement, asset control, customer impact and innovation.
- Organizational cultural insights — Understanding of the levers to pull to achieve cultural change, and awareness of the role that culture and mindset can play in achieving competitive advantage.
- Hypotheses generation — Ability to engage business leadership teams in identifying testable hypotheses. Asks the right questions.
- Analytics — Understanding of core statistical concepts and how they can be applied including insightful questioning of data scientists.
- Wider evidence — Working knowledge of evidence-based practice and principles from published literature and studies.
- Systems thinking — Working knowledge of systems thinking and its “laws”. Sees the organization as an “organism” and open system.
- Looks beyond the finds — Seeks to understand and address root causes.
- Persuasion — Ability to translate evidence and insight into action through persuasion, credibility and storytelling.
- “What if” scenarios — Can describe downstream consequences and scenarios based on defined actions.
- Limitations and avoidance of the “dark side” — Analytics is not the be-all and end-all. Awareness of the danger of unintended outcomes and avoidance of “knee jerk” or superficial responses.

3 Strategies

A successful people data and analytics program must recognize that collecting and using employee data entails deep obligations of privacy and trust.

Therefore, it is essential to build a sound governance and ethics strategy that recognizes the unique sensitivities of employee data. Without this, employee willingness to share information will likely be limited, particularly around more sensitive topics such as diversity and inclusion or wellbeing. To achieve sound governance, an HR data ethics committee could be formed, including the head of people analytics, along with representation from risk, legal, compliance and enterprise data teams.

Governance structures must detail what data is and what data is not appropriate for collecting, sharing and using beyond the privacy of the HR function. Certain data may need to be cleansed, purged, or anonymized before being approved as “enterprise-ready data”. A key is to build a governance strategy that positions HR as a custodian of workforce data, but in such a way that they are also an enabler to the business, not a barrier.

One Pathfinding organization in the KPMG report *The future of HR: From flux to flow* offers a good example of how workforce data can be used in an anonymized fashion for broader business benefit. The organization analyzed which colleagues were coming in to the office versus working remotely by level of seniority, role, function and gender, without revealing individual names. Analysis of the data showed that women were disproportionately working remotely, which concerned leadership as it could impact their ability to build networks and progress careers. This could also contribute to future gender pay gaps. With this anonymized insight, the team had the opportunity to rebalance this. (See: [The future of HR: From flux to flow](#), pages 24 and 31).

Do you have a strategy that can handle the governance and ethics required for workforce related data?

“Addressing the big themes facing HR simply won’t be possible without sophisticated analytics capabilities. Achieving this requires focus on data sources, internal skills, and HR data governance strategies.”

Robert Bolton

Head of People & Change,
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What stage are you at?

Three stages of data and analytics capability

KPMG research identifies three main categories of HR functions relating to data and analytics capabilities — Administrative, Searching and Pathfinding. Understanding where your organization is at can help you become more evidence based and help you drive more business value.



Administrative

These HR functions depend on legacy Human Capital Management (HCM) technology. Their role is administrative, and they deliver static, reflective reports. While they may aspire to modernize, they don't yet have a solid business case, or are not sure what steps to take. They don't yet have the capability or see the strategic value of their function.



Searching

These functions have upgraded to a modern cloud-based HCM platform, sophisticated data analysis and reporting tools, and may have data lakes. However, while they have transformed their technology, they have not adjusted their operating model, so are unable to enhance the technology's potential. They need to undertake a digital transformation to remove silos and to provide other functions across the organization with deeper insights and value. They also need to build more robust HR data governance for trust.



Pathfinding

These functions are in the top 10 percent when it comes to their use of people data and analytics. They have a clear leadership commitment to data, have sophisticated technology, and a supporting operating model to maximize its value. They are integrating data of their own with external sources for truly relational insights. They are also seamlessly connected — seeing data as a 'value chain' — and sharing appropriate findings with other functions and leadership to be a true partner to the business. Pathfinders use data to shape workforces of the future, even building Talent Marketplaces that focus on deploying 'skills' rather than 'jobs.' They have sound governance for trust, and, importantly, are not sitting still, but are continually striving to deliver more value.

Where do you go from here?

If your HR function is at the Administrative or Searching stage, striving to become a Pathfinder and embracing the five pillars of the people data and analytics value chain may seem daunting. However, with the right collaborators and a focus on sources, skills and strategies, this transformation is possible.



Administrative

If you are an Administrative organization, a key step is to build a business case for transforming into a leading people data and analytics capability. The business case must outline the need for investing in a suitable HCM cloud solution together with implementing the right supporting operating model based on HR leading practice. This shift can be accelerated by embracing a third-party provider's optimal target operating model for HR, enabled by the latest processes built into leading HCM platforms.



Searching

If you are a Searching organization, the first step is to accelerate your operating model to a new level of maturity to support your technology investments. The operating model should incorporate leading practice around HR processes, people (roles and skills), technology (systems, applications, and automation), performance insights and data, and governance and controls.



Pathfinding

If you are already a Pathfinding organization, you are in an ideal position to keep pushing the capabilities of your data and analytics, and to enhance the relational insights you can deliver. Starting to build your own hypothesis, or working with business partners to explore their unique questions will likely set your value apart. In addition, you can take the opportunity to create apps that help your people engage with the data that is available to them.

Wherever your organization is on the people data and analytics journey, KPMG professionals can support you to start from the beginning or build on what you have already achieved.

To help accelerate your transformation, KPMG professionals provide a well-established capability, Powered HR, which includes KPMG firms' latest best practice processes and operating models for HR, supported by leading technology platforms for your organization. Find out more at [Powered Enterprise HR — KPMG Global](#) and [KPMG Target Operating Model — KPMG Global](#).

Please don't hesitate to contact a KPMG professional directly so you can discuss your specific situation and your next steps towards becoming an HR Pathfinder.

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