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Trust Can Be a Virtuous Circle or Vicious Cycle

2019

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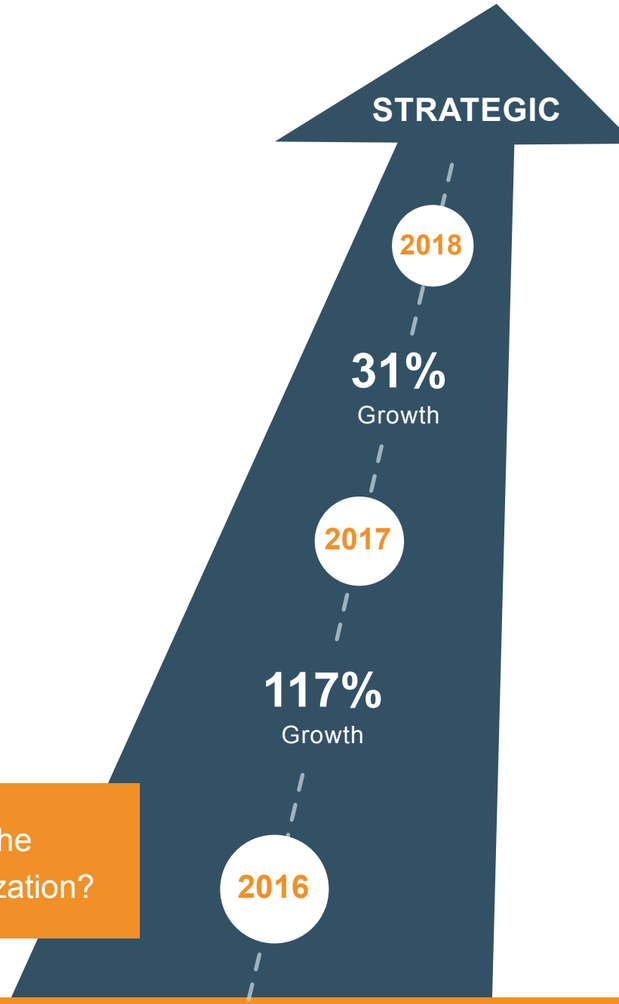
Where Are We Now?

> "If you are facing in the right direction, all you need to do is keep on walking"
>
> - **Joseph Goldstein**

Due to the size of most major corporations, change sometimes happens very slowly. However, when it comes to the adoption of people data and analytics, the recent rate of growth has been rapid. In Brandon Hall Group's People Data and Analytics 2019 survey, we asked organizations to rate themselves as one of the following when it comes to data analysis:

- **Tactical** (ad hoc reports and single data-point metrics)
- **Functional** (benchmarks and dashboards designed for specific projects)
- **Operational** (trends and combined analytics, such as quality of hire)
- **Strategic** (predictive or prescriptive analytics designed to answer "what if" questions or scenario modelling)

Having asked this exact question in every annual iteration of this survey, we can chart the number of organizations that rate themselves at the top of that "strategic" tier. That number grew by 31% last year (and 117% the previous year).



Overall, how would you categorize the level of data analysis in your organization?

Where Are We Now?

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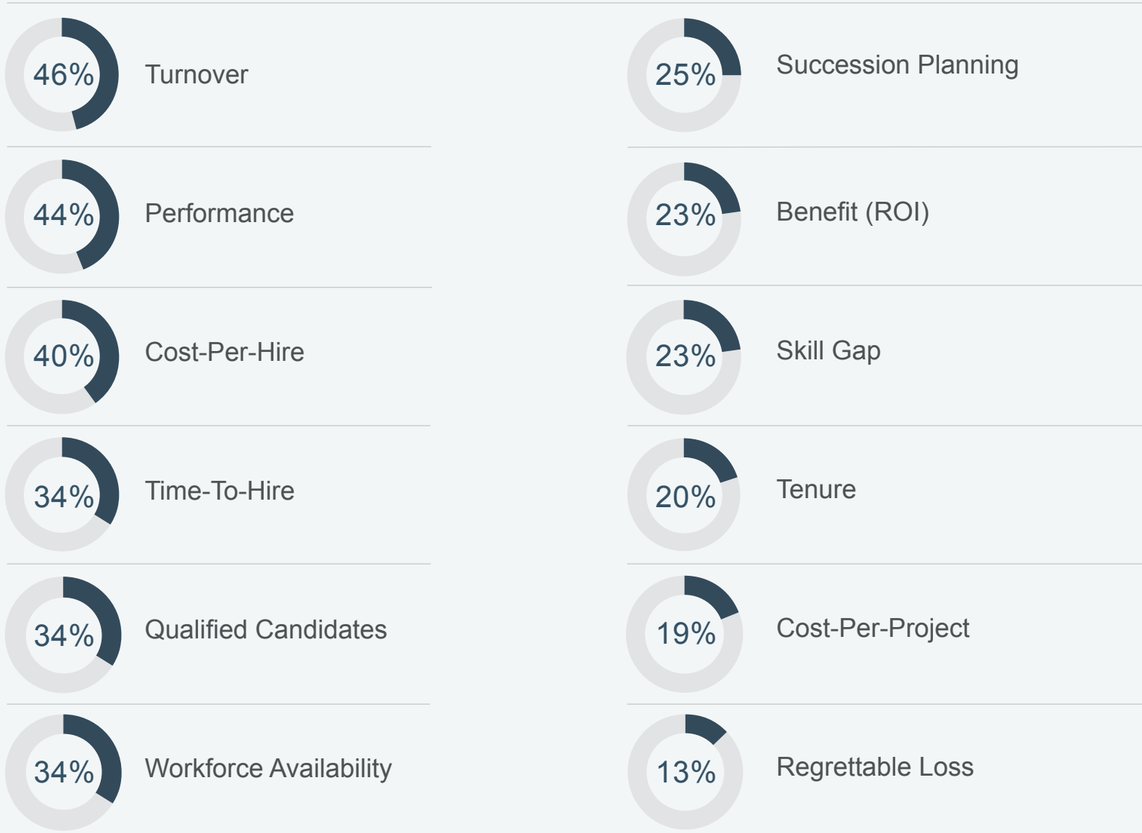
Some of those extraordinary percentages can be explained by the fact that there are relatively few organizations at this highest level. But this also shows that the benefits of being an evidence-based organization are no longer debatable. Now the race is on to be at the front of the pack and remain there.

Turnover has long been the standard when it comes to predictive analytics. Although flight risk is still being refined as a predictable metric, organizations have begun to look at other, more difficult outcomes to predict. Specifically, we see the rise of broad-based predictions such as workforce availability and succession planning. Those types of predictive analytics are more difficult because they require a larger data set — not just in terms of the amount of data but also the type of data. For example, think about predicting succession planning: you should calculate flight risk, but you must also know the types of roles that will be available, historical performance for candidates, the type of learning, coaching, and mentoring available, and even future financial capabilities for compensation. This means you need data from performance-management systems, workforce-management systems, learning-management systems, and finance and compensation. You must also bring that data together in a meaningful way. Doing something that complex requires the right systems, skills and culture.

Which HR Areas or Metrics Are You Using Predictive Analytics to Forecast?



Source: 2019 Brandon Hall Group People and Analytics Study

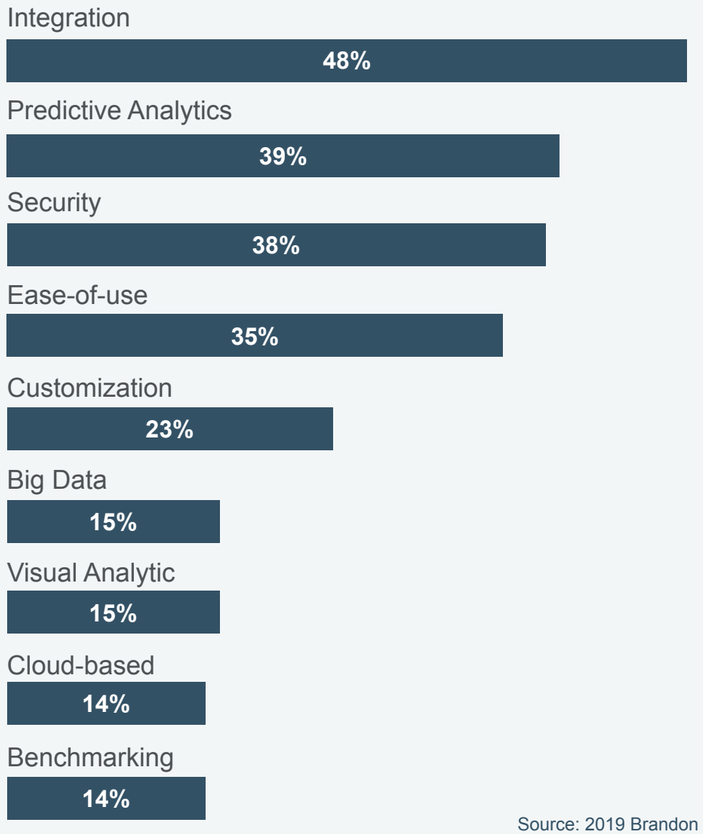
Systems, Skills and Culture

Logically building from the data-sources requirement to accurately predict future needs, integration is considered the most important feature of an analytics technology platform by almost half of all respondents. Anyone who follows HCM technology over the last decade will not be surprised by this; it is the most frequently marketed concept in that area.

However, integration types are abundant, and they are not all equal. It's one thing for systems to share logins or data but quite another to be able to plug data into one system and have it change the predictive modelling in real time. This is why many companies in the HCM space tout their full-suite capabilities – complex predictions require data taken from multiple sources. But technology alone will not boost an organization's analytical acumen. A truly successful organization will also need capable people and a supportive culture.

It's common to think that analytics is all numbers and technology. But what's really holding some organizations back (and allowing others to succeed) is a distinctly human concept: trust. Trust can be a virtuous circle or a vicious cycle, and analytics can be the catalyst that swings it one way or the other. If you are unfamiliar with these terms, just know that they both refer to feedback loops, but in one case it's a positive one and the other it is negative (I trust you to sort out which is which).

What Are The Most Important Features of An Analytics-Technology Platform?



Source: 2019 Brandon Hall Group People and Analytics Study

Systems, Skills and Culture

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In a virtuous circle, the data used to make key decisions is good data – that is, it's unbiased and comes from reliable sources (validity), and each time you search for it you get the same data (reliability). Because the data is true, the decision-makers trust what they see and make objective decisions, and the people affected by those decisions also trust and act on those decisions accordingly, and the change from those actions is in the data.

However, the opposite is also true: if the data is polluted from various sources, differing definitions, and varying collection methods, the data fed to the decision makers will be poor and the choices that are made will suffer for it. The people who are affected by these decisions will believe their leadership role involves making decisions subjectively, and they will not be inclined to honestly report on their outcomes, thus keeping the data poor and the vicious cycle turning. Let's look at an example of this:

For instance, if the decision-makers at an organization receive contradictory data when asking the same question of different people in one department (sometimes this can be as simple as "cost per hour") they will begin to distrust the data and rely more on experience or the dreaded "gut instinct." Similarly, if the front-line employees at an organization believe that the decision-makers at their organization rely on instinct over data (or even worse, believe data is being used to make decisions with no human oversight), it prevents organizations from working with employees to get at a single source of truth. It becomes a vicious cycle reinforcing the bad faith on both ends. Many times, both scenarios happen simultaneously since one road leads to the other. This is why it is so important to understand the human element of business data and analytics, and take the right measures to respond to these issues.

What Significant Objects Does Your Organization Have in Attempting to Become Analytically-Driven?

Source: 2019 Brandon Hall Group People and Analytics Study

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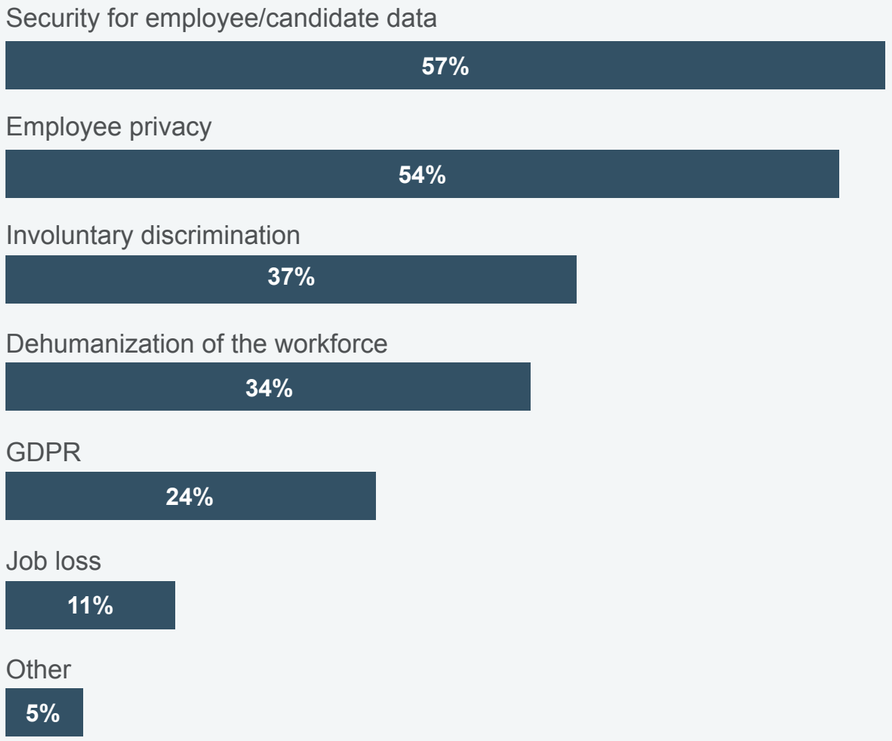
What Are Your Major Concerns About HR Data and Measurement?



Source: 2019 Brandon Hall Group People and Analytics Study

The Human Side of Data

This is another question that has been repeatedly asked over the last few years. One thing that hasn't changed is that security and privacy are at the top of the list. What has changed, however, is that involuntary discrimination and dehumanization of the workforce are of high concern. This is especially troubling since, in many cases, dehumanized systems are created specifically to help combat involuntary discrimination, as seen in many assessments and candidate-selection algorithms. This does not mean that these are bad uses of advanced analytics, merely that organizations must do more to explain their use of these systems.

The Human Side of Data

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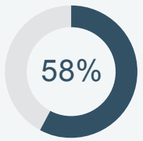
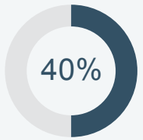
Unsurprisingly, communication and trust go hand in hand. Of course, you must be doing something concrete to address the other concerns: increasing privacy and security. But all is for naught if the employees do not know you are doing so. It's important for them to understand not just how you are using their data but why. If you tell employees data is used to help inform promotion decisions but don't explain the methodology or the reasoning for that data (for instance, to help reduce unconscious bias), then employees will revert to a non-trusting state).

A non-trusting state is what turns a virtuous circle of trust into a vicious cycle of distrust; when employees do not work with their employers to create and disseminate accurate data, then the decisions made with that data are flawed and everyone is back to square one, and no amount of technology can fix this problem: there must be a fundamental understanding that everything is for the greater good.

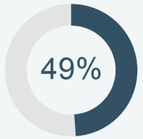
What Steps Is Your Organization Taking to Assuage Fears About Employee Data Being Misused?



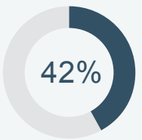
Communications to employees describing the parameters of use of employee data



Increased privacy controls



Increased security



Stricter rules regarding the use of employee data

Source: 2019 Brandon Hall Group People and Analytics Study

Conclusion

Much of this paper has focused on the ability for data and analytics, especially predictive analytics, to get your organization where it needs to go. We started at the beginning with the current state of HR analytics and what organizations seek to accomplish. We then looked toward the future to see where organizations want to be and what the potential roadblocks are. Finally, we discussed what must be done in terms of maintenance (data governance) and the human factor, and how it intersects with technology. The human factor (taken collectively, the culture of the organization) is only one piece of the puzzle but it is the piece that can flip a virtuous circle into a vicious cycle and it not an easy fix to revert. It really is the human ability to believe in the data and make meaningful decisions from it that rely on trust; computers neither need nor are programmed to understand that aspect. If a human sees that a program has “red flagged” someone for a series of actions that usually indicate they are a flight risk (e.g. inconsistent tardiness, delays in production deadlines, a drop-off in email response rates) and they know and trust the information, they can use that as a trigger to gather data on their own that a machine cannot, may find out, and adjust their actions according.

This example hopefully shows when all parts are in sync, when the systems help support the people, and everyone trusts in the data, you will find an organization that is faster, more efficient, less prone to emotional overcorrections and mistakes made from unconscious bias. That is truly a destination worth the trip.

Takeaways

- Organizations are making great strides in the use of people data and analytics but there is room for progress
- The right technology, the right people, and the right culture are all necessary for developing trust — for employees and organization
- Airtight data governance and open, honest communication about the uses of people data are essential.

About Brandon Hall Group

Brandon Hall Group is an HCM research and advisory services firm that provides insights around key performance areas, including Learning and Development, Talent Management, Leadership Development, Talent Acquisition, and HR/Workforce Management.

With more than 10,000 clients globally and more than 25 years of delivering world-class research and advisory services, Brandon Hall Group is focused on developing research that drives performance in emerging and large organizations, and provides strategic insights for executives and practitioners responsible for growth and business results.

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