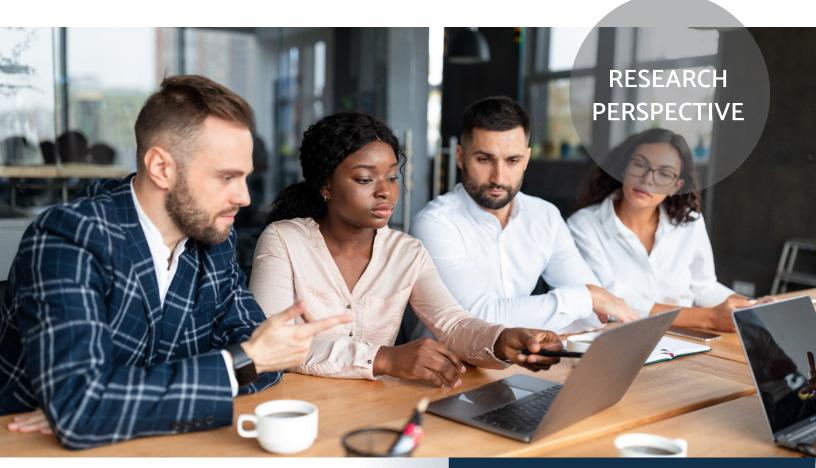
# **Activating Intelligence for HCM**

Using People Analytics to Generate Personalized Insights





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## Effectiveness of Human Capital Management

The Rise of Human Capital Management over the last five years has introduced new opportunities to have a more centralized and process-driven approach. People are the center of every organization, and the experiences—positive or negative—of the workforce will affect the level of human engagement that can be achieved. It will determine whether everyone, from seasoned company leadership to the newest hire, will reach their shared expectations.

Organizations must empower HR and managers to guide their workforces effectively, fostering every opportunity to maximize individual employee experience. Ventana Research asserts that by 2024, one-third of organizations will be using adaptive Human Capital Management (HCM) systems that can respond in real time to broad-based data signals and triggers by alerting and nudging relevant stakeholders for optimizing HRrelated policies. Organizations that harvest the value inherent in HCM will ensure that they reach their full potential today and into the future. HR organizations should ensure that investments into HCM meet the needs of the organization and the workforce.



Gaining intelligence about the workforce is a key driver for every HR and business leader to better understand how to retain talent and guide the organization to be effective in their people-related efforts. Organizations can maximize the potential of their workforce by building insights into how workforce systems operate, putting every individual on a path to develop skills through digital learning and engaging everyone's career potential by unifying the information hidden within the recruiting process, retention mechanisms, and in compensation and performance reviews. This requires blended data from multiple sources used not just to understand efforts, but to predict outcomes. When this information is shared in collaboration, organizations can harness that energy to ensure that every individual reaches their full potential. By 2024, one-half of organizations evaluating people analytics offerings will require prescriptive guidance with actionable insights for quantifiable HCM impact.

The top five challenges in developing HR insights are real-time access to data across disparate systems, lack of unified people analytics, few insights that guide improvement, no contextual understanding and limited skills in HR for data and analytics. Organizations with existing HCM investments realize the enormous resilience required to manage HR policies and processes across a portfolio of applications. Having disparate applications for HCM creates a natural divide of data that is not easily bridged when trying to unify diverse sets of analytics. An even greater challenge is presented by the fact that HR organizations have for too long lacked the

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very competencies and skill sets required to develop the people analytics that can materially affect the organization and guide future actions toward improvement. By 2025, three-quarters of organizations will have data management processes in place that capture all sources of value an employee delivers irrespective of their current job.

### **Apply Analytics for HCM**

Optimizing the value of talent requires analytics that are not just historical but forward-looking and give predictive insights on what might happen based on the current environment related to people. Analytics can predict how well an organization is engaging with its workforce, specifically across disparate sets of applications for recruit-to-hire, perform-to-promote and other key talent development activities. Business leaders can also use insights into skills and performance to help evolve employee potential, which also improves retention and helps advance strategic objectives. By 2024, three-quarters of HR leaders will expect their technology to also amplify the strategic objectives of their on-boarding process to compress time to productivity, team and cultural immersion.

Providing insights on employee experience is critical to gain the understanding of employer satisfaction. HR and business leaders must ask themselves, is the employee experience meeting expectations? Is the organization helping individuals reach their goals and providing what is required to retain them? To properly assess the effectiveness of the employee experience, organizations must understand employee feedback, point of view and insight into the employees' relationship with the employer. Achieving this objective requires innovative



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technological approaches such as using AI and machine learning to generate predictions from across systems with which the employees interact, and to determine level of engagement (or lack thereof) with those systems. By 2023, signs of the "Great Resignation" trend will no longer be a material issue for organizations that have implemented a risk mitigation program incorporating HCM systems.

A priority for many organizations is ensuring the fair application of compensation across gender, ethnic and race demographics. To determine relevant pay equity standards and gain the required intelligence, HR must apply real-time analytics to total compensation with internal and external benchmark data. This must

include all types of pay and benefits, for every individual at every level of the organization from recruitment and hiring to performance reviews and merit pay and promotions. Unfortunately, today less than one-half (43%) of organizations manage compensation equality, with the majority (92%) using spreadsheets exclusively or in conjunction with other applications. Less than one-fifth (15%) of these organizations report finding no errors.

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Business leaders should utilize compensation insights to provide intelligence on pay equity and help meet diversity and inclusion priorities for the organization.

#### Beyond Basics to Benefits

The ability to apply analytics to HCM is a business commodity, but one not difficult to secure. Intelligence can be gained in how HCM insights are gathered and collaborated in the workflow pipeline, with interactions automated across applications, thereby allowing leaders to take action and make decisions. Dashboards and spreadsheets are no longer sufficient to meet the needs of business, let alone the complexities of HCM.

Now, analytics need to be embedded, operating right where people work, and they must enable action where the application of technology matters most. People analytics-enabled insights must be timely, through real-time data; impactful, through analytics; engaging, through augmentation; actionable, through collaboration; and intelligent, through predictions. Organizations should look for technology that enables people to collaborate and supports the requirements of people analytics across all roles through the entire journey. Evaluate vendors' products based on manageability, reliability, adaptability, capability and usability.

To reach the full potential of HCM, an organization must ensure that intelligence about people-related activities and processes yields the expected benefits. This requires leadership that understands that the full potential of the workforce can only be derived from timely actions built on insights that support the efforts to attract and retain employees. The value derived from people analytics enables intelligence for effective HCM, which provides workforce readiness and commitment to business resilience across the organization. By 2024, three-quarters of organizations will have identified use cases that specify HCM system requirements for optimum organizational agility.



Organizations no longer need to wait. A modern, comprehensive approach to people analytics for HCM is not beyond reach. Simpler and more sophisticated approaches that allow organizations to focus on the positive engagement of all workers are now possible. Examine the opportunity to empower HR, business leaders and managers with the insights needed to guide their intelligence and deliver the best results.

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