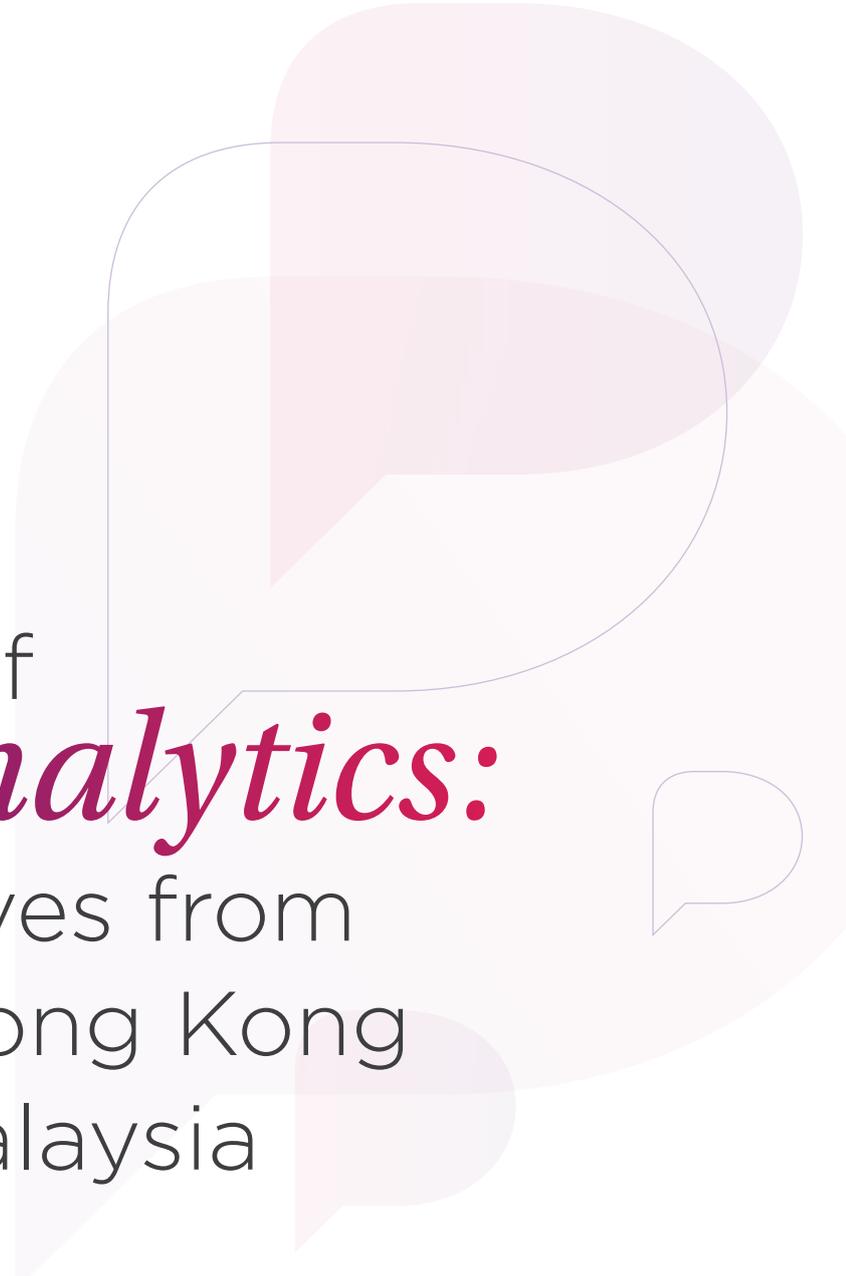# CIPD

Championing better work and working lives

Research report

September 2015

Evolution of HR *analytics:* Perspectives from Singapore, Hong Kong and Malaysia

The CIPD is the professional body for HR and people development. The not-for-profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has 140,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

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Executive summary

Background

Following the global economic downturn of 2008, Asia has consistently been known as the global economic powerhouse, driving productivity and growth, while other economies floundered and, in some cases, collapsed. Across the region variations in GDP are considerable, highlighting the diversity of economic development, competitiveness and quality of life for the populations. Internationalisation of economies across all regions within this study illustrate how much market potential there is for organisations in the region, where exports and trade grew considerably between 2000 and 2012.[1] Organisations within the region are growing at such a rapid pace that there is now a real need for people management practices which drive sustainable long-term performance, while maintaining ethical and professional people practice. The growth of HR capability in general is now calling out for greater insights into the people aspects of organisations. This is where people measurement, or HR analytics, may be able to add significant value.

Utilising people insights can be a powerful way through which HR professionals can drive productivity and performance. At both the strategic and operational level, HR analytics is believed to be a transformative capability when implemented successfully. Multinational organisations have been the first to embrace the value of HR analytics, given the often significant resource commitment required to set up the activity. However, the competitive and highly entrepreneurial Asian market of medium-sized organisations has been slower to take up and invest in analytics processes. Nevertheless, this market does pose some interesting possibilities for the implementation of strategic HR analytics activities. As with other global markets, the application of HR analytics is fragmented, not just within sectors, but within organisations too. There is, then, significant opportunity for organisations in the region to utilise people data and understand more deeply how people in their organisations are helping to drive performance.

To further understand how HR professionals in the region are developing and applying HR analytics, the CIPD conducted interviews with HR professionals from nine organisations across a broad selection of sectors. We complemented this in-depth analysis with data from an online survey.

Findings

We found through our research that while analytics has the potential to be transformative, HR professionals are finding it difficult to implement activity at the strategic and operational levels. Constraints such as investment, leadership understanding and overall HR maturity are holding back development at the strategic level, while at the operational level technology and the analytics skills gap are holding back development of the function.

Table 1 summarises our key findings in further detail.

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[1] ASIAN DEVELOPMENT BANK. (2014) *The ASEAN economy in the regional context: opportunities, challenges and policy options.* ADB Working Paper Series No. 145. Available at: http://www.adb.org/sites/default/files/publication/152830/reiwp-145.pdf [Accessed 14 September 2015].

Table 1: Key findings

Linking HR strategy and HR analytics strategy: embedding people analytics within the organisation	• Organisations with clear links between analytics in the HR strategy and organisation strategy appear to be leveraging the value of analytics more successfully and appear to be more mature in the application of people insights. • Business-focused insights are valuable to HR functions and are adding value to both HR and business functions. • Investment by HR leaders into HR analytics is expected to continue to increase over the next 12 months, illustrating growing interest in the capability amongst HR professionals.
Use of data and analytics: where people data is 'shining a light' on real business issues	• Diverse issues are being investigated using HR analytics techniques, with the main focus of insights being towards the development of evidence to inform strategic decision-making. • The region is utilising mainly one-dimensional data. Few organisations are using multidimensional data sets and are not able to combine two sets of data to explore specific issues. • The majority of data used is in the form of lagging indicators. Few organisations are able to use leading indicators for developing forecast data.
HR metrics – defining and reporting HR data: from measurement to insight, the journey to insightful measures	• Standardisation is a significant challenge – HR professionals are unsure whether to develop context-specific measures for their organisation or standard measures for benchmarking purposes. • HR professionals across the region are developing HR balanced scorecards to illustrate the strategic value of human capital and HR data, and are communicating insights via scorecard reports and key performance indicators. Organisations in the study believe that scorecards are the most powerful tool for sharing numerous high-level insights with senior business leaders.
Developing HR analytics capability: skills, technology and the race for predictive analytics	• Technology is acting as an enabler for some organisations and a preventative force in others. Different IT systems and programs mean that simple, repeatable analytics is difficult. • Individual analytical skills are not readily in the market for HR functions to access. HR professionals believe that local talent is not entering the profession as HR analytics is not widely advertised as a capability within the HR profession. • Predictive analytics is beyond the capability of all organisations interviewed in the qualitative sample. Both capability and resource issues (cost and time) are impacting on how HR leaders are developing capability.

Conclusions

Improvements in culture and performance are both referenced by case studies in our research, and while the majority of organisations believe that they are behind their peers in terms of maturity, all of those interviewed are looking to invest in future capacity and can see real potential in HR analytics as a core part of their function's future capability. HR professionals that focus on small, discrete but high business-value projects are the ones which are gaining most traction, with investment following the production of robust evidence and insights.

As with our other research in the Middle East, organisations continue to focus their attention of engagement and data around cultural aspects of the firm as their main sources of people data. Far less is being measured and reported with regards to other strategic activities in the firm, such as productivity and performance. Capabilities including technology and skills are both areas which are in need of increased investment in organisations. The absence of any resource commitment to people, or IT systems and processes, which are able to do analytics will continue to be a significant barrier to the use of data and improved evidence-based practice by HR managers.

This research shows that standardisation is expected to be one of the most important concepts to hit HR analytics, and HR in general, over the coming years. The application of standard measures and context-specific measures is something which HR professionals throughout the study consistently spoke about when considering barriers and opportunities for the profession. Establishing robust standards will enable less sophisticated and resource-rich organisations to invest strategically in analytics activity and will enable organisations with embedded HR analytics activity to benchmark data, which will itself drive up

performance and transparency of human capital data. Without the mix of standard measures and context-specific indicators, HR professionals in the region believe that they will be unable to maximise the value generated through HR analytics.

What is apparent from this study is that there is significant potential for HR analytics to add value across the region. Medium to large-sized organisations in the study are interested in developing new HR analytics systems which match or lead their Western counterparts. This thirst for high-quality analytics in some organisations is driving up capability where investment is present – however, those HR professionals in organisations unable to invest are finding it difficult to build interest in HR analytics and develop insights for their business stakeholders given the complexity of large organisations and the high resource requirements needed to establish HR analytics processes. HR professionals who are able to secure investment are likely to gain the most from early high-value insights for their businesses, and in a competitive economic environment such as south-east Asia, those organisations able to move first are often the most likely to make considerable gains against the competition.

Recommendations
Organisations in the region can do a number of things to develop their analytical capability and maximise the value that they create, both for HR and the rest of the business (see Table 2).

Table 2: Key recommendations

Attract new analytics talent into the profession. Nurture the development of HR experts with a foundation of analytical understanding.	HR functions in the region should look to attract new talent into the profession from across a broad selection of functions and backgrounds, including finance, marketing and operations. New graduates to the profession should come from highly numerical or statistical disciplines, such as psychology, sociology or engineering. With new disciplines entering the profession, mentoring and cross-functional relationships should be brokered between HR and business partners, to build new knowledge and develop a strong understanding of HR in new recruits. Additional career routes through HR should be fostered, such as 'zig-zag' careers in and out of HR, whereby HR professionals can gain experience and skills working in analytical roles outside of the discipline.
Work across the business and externally with industry peers to establish standards for metrics and procedures.	Professionals operating in the region should look to partner within their organisations with creators and users of HR data to develop standard measures and define high-value metrics. Particular attention should be paid to the mix of context-specific and standardised indicators. Measures should be reviewed on a regular basis and updated when necessary. Finally, organisations should look to network and benchmark metrics and establish good practice communities for HR analytics.
Champion better metrics and analytics to senior leaders and drive investment in HR analytics through evidence-based HR projects.	HR leaders should look to include HR analytics as a core part of all projects and proposals coming from and including HR, and in particular should focus on landing high-value projects for the rest of the business. Communicating through consistent and robust reports to senior leaders should be viewed as a vital objective of future HR analytics activity, and HR directors in particular should become well versed in explaining the many different types of data and quality outputs that can arise from HR analytics processes.
Develop analytics roles throughout the HR function across all seniorities of HR professional.	HR professionals should learn and be able to apply analytical skills at every level in their career. Junior-level professionals should be provided with mentors and senior managers inside and outside of the function to understand HR analytics and the value of HR data to the organisation. HR business partners in particular should develop their understanding of business and people data and look to foster strong relationships between the HR analytics function and business units.

Final thoughts
HR analytics is at the forefront of mind for many HR leaders in the region, but many have acknowledged that there is still a long way to go to realise the full potential of what HR analytics can do for their organisation. We hope this current work and the discussions and debate that can arise from our findings will help drive practice in the area and stimulate thinking. We know that there isn't one analytics strategy that will suit all organisations, but it's clear from our research that there are common challenges and we believe cross-organisation learning is a key way of advancing HR capability in this area.

Introduction

- HR analytics is the application of analysis and data processing procedures to HR/people data to provide information and insights about the nature of individuals in organisations and the value that they add.
- A lot of potential for HR analytics exists in the geographies studied. HR professionals are increasingly interested in establishing and utilising HR analytics systems and activities but are yet to become strategic with their HR analytics programmes, preferring to continue to deliver insights on an ad hoc basis to business requests. As with other regions, HR and HR analytics are still emergent; organisations are focusing on their capability and technologies before scaling up their analytics activity.
- A lack of business investment and HR analytics expertise are two dominant challenges that HR professionals in the region are facing. While some organisations are building their technologies and investing in data management software, few have yet to invest in the individual and team capabilities needed for high-quality analytics. Even organisations with global footprints, while resource-rich in some respects, are finding it challenging to build locally relevant analytics capabilities.
- Organisations which are using more advanced analytics in the region are able to tackle significant business issues by developing and communicating powerful HR insights, but these are few and far between.
- Overall, significant potential exists across the region for HR analytics to further drive up HR practice through value-adding activities.

Few topics in HR have attracted as much continued interest as HR analytics. The explosion in data availability has meant that many HR professionals are now working in business environments which are driven by business data and information technology. In Singapore, Hong Kong and Malaysia, where the knowledge economy is a considerable force, HR professionals are increasingly looking to people data to understand their workforce and drive investment in their human capital.

It has been accepted for some time now that HR analytics can add value to organisations, but research shows that globally the capability of HR functions to deliver insights is still low.[2] HR continues to focus on operational activity, using transactional measurements and indicators. Lagging measures of historical data dominate HR conversations. Few organisations are realising the value of predictive analytics and leading indicators, stifled by costs, technology and skills, which continue to be persistent barriers to progress.[3] In Asia a similar trend exists.

Globally organisations are looking to HR analytics to better understand the strategic level of human capital management: the value of the workforce and how to drive productivity and performance. And at the operational level of human capital management, organisations are looking to HR analytics to understand how the workforce engages, develops and fulfils objectives to meet higher-level business targets. Leaders aware of these human capital dilemmas are looking to HR data for evidence of HR's value-adding capability and capacity to address them. In Asia, where established multinationals compete with bespoke local entrepreneurs, we found that both are looking to people and

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[2] DELOITTE. (2015) *Global human capital trends 2015: leading in the new world of work.* Available at: http://www2.deloitte.com/us/en/pages/human-capital/articles/introduction-human-capital-trends.html [Accessed 11 September 2015].

[3] KPMG. (2013) *People are the real numbers: HR analytics has come of age.* Available at: https://www.kpmg.com/NL/nl/IssuesAndInsights/ArticlesPublications/Documents/PDF/Management-Consulting/People-are-the-real-numbers.pdf [Accessed 11 September 2015].

their productive value as the drivers of value and fundamental cornerstones of competitive advantage.[4] No matter the size of organisation, similar themes occurred when considering human capital analytics and the value that it adds.

While established multinationals have been operating in the region for a number of generations and have some established HR systems, focused HR analytics and HR technologies are yet to be fully embedded in either HR strategy or operations. Complex workforce issues, leadership development and succession planning, an ageing workforce and professional skills gaps are adding to a difficult environment where culture and engagement challenges are persistent and could be potentially damaging if not responded to in the right way.[5] HR analytics can therefore be a powerful tool in taking complex issues and illustrating them in a way which enables leaders and HR professionals to make robust, evidence-based decisions.

Previous CIPD research has found that HR analytics has the potential to help the HR community drive real value-creation in an organisation.[6] However, there is little qualitative evidence publicly available which shows if and how HR professionals are approaching the development of high-quality analytics systems in Singapore, Hong Kong and Malaysia. To better understand this the CIPD established a mixed-methods study to investigate HR analytics in the region so as to uncover the opportunities and challenges that HR professionals face when building and running HR analytics processes.

[4] PageUp People Global Research. (2014) *Talented Southeast Asia*. Available at: http://www.talentedsoutheastasia.com/ [Accessed 10 August 2015].

[5] Deloitte Southeast Asia Human Capital Trends 2015 Report. Available at: http://www2.deloitte.com/sg/en/pages/human-capital/articles deloitte-southeast-asia-human-capital-trends-2015-report.html [Accessed 11 September 2015].

[6] CIPD. (2015) *Evolution of HR analytics: a Middle East perspective*. Available at: http://www.cipd.co.uk/hr-resources/research/hr-analytics-middle-east.aspx [Accessed 11 September 2015].

1 The research

A mixed-methods approach was adopted to examine how HR analytics are currently used in the region, the potential and appetite for greater human capital insight, and the barriers and opportunities faced within the analytics arena:

- face-to-face semi-structured interviews, which were conducted between June and July 2015 with 11 organisations, and
- a region-wide survey of HR professionals.

Semi-structured interviews
Organisations representing a variety of sectors were selected and invited to participate in the interview process. Most organisations that participated are multinational corporations with offices in the region. Interviewees in all organisations are in HR roles, at either middle management or senior level.

We focused on three geographies during the semi-structured interview part of the research:

- Singapore
- Hong Kong
- Malaysia (Kuala Lumpur).

Online survey
A survey investigating region-wide perceptions of HR analytics was also undertaken. The survey tool consisted of 35 questions exploring measurement and reporting practices, and had previously been used in the Middle East for a similar study. The same questions are to be used in a similar study in the UK.

In total 107 individuals from across the region completed the online survey. Further information about the respondents can be found in Appendix 1.

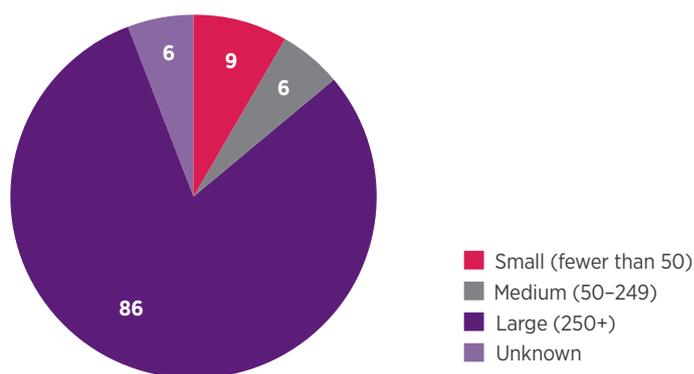**Figure 1: The profile of survey respondents, by global size of organisation (number of employees)**
n=107

- Small (fewer than 50)
- Medium (50–249)
- Large (250+)
- Unknown

Figure 2: Distribution of responses by sector (tick all that apply) (%)

100			
80			
60			
40	57.0		
20		23.4	
0			11.2 0.9

Private services | Manufacturing and production | Public sector | Voluntary, community, not-for-profit sector, and other
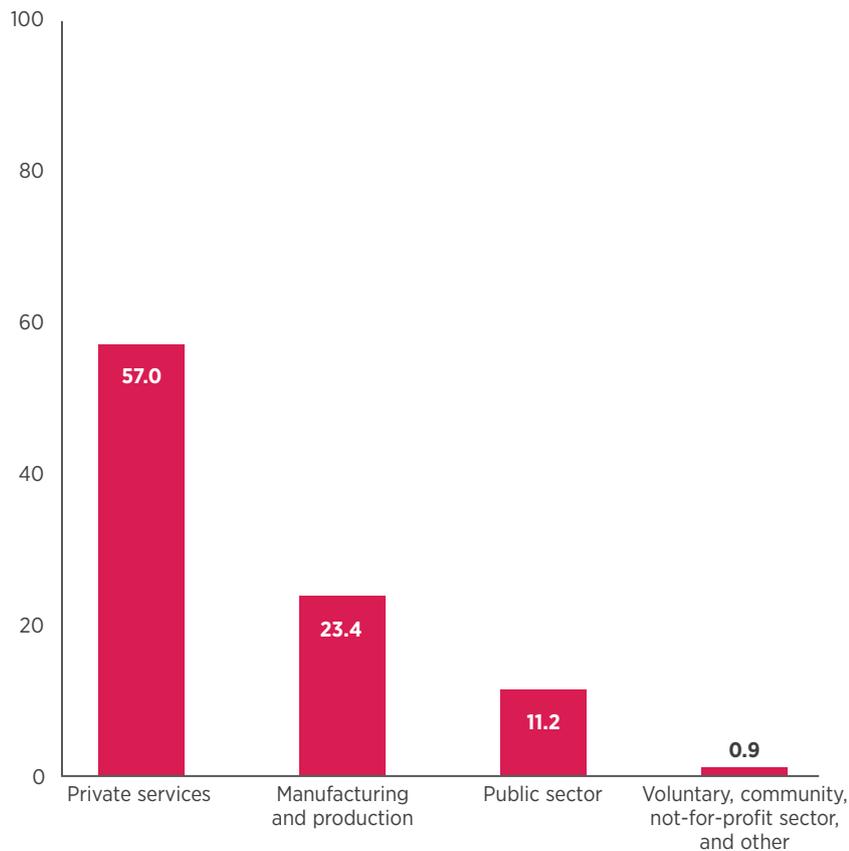
Table 3: Participating case study organisations

Organisation	Number of employees (approx.)	Background
Experian	16,677 globally; 3,229 across EMEA and Asia Pacific	Experian is the leading global information services company, providing data and analytical tools to its clients around the world. It helps businesses to manage credit risk, prevent fraud, target marketing offers and automate decision-making. The company also helps people to check their credit report and credit score, and protect against identity theft. In 2014, Experian was named by *Forbes* magazine as one of the 'World's Most Innovative Companies'.
		Experian employs approximately 16,000 people in 39 countries and its corporate headquarters are in Dublin, Ireland, with operational headquarters in Nottingham, UK; California, US; and São Paulo, Brazil.
		Experian plc is listed on the London Stock Exchange (EXPN) and is a constituent of the FTSE 100 index. Total revenue for the year ended 31 March 2014 was US$4.8 billion.
Knorr-Bremse	23,000 (global)	The Knorr-Bremse Group, based in Munich, Germany, is the world's leading manufacturer of braking systems for rail and commercial vehicles.
		For 110 years the company has pioneered the development, production and marketing of state-of-the-art braking systems. In the rail vehicle systems sector, other lines of business include automatic door systems, air conditioning systems and control components. In the commercial vehicle systems sector, the product range includes complete braking systems with driver assistance systems, torsional vibration dampers, powertrain-related solutions and transmission control systems.
		In 2014, Knorr-Bremse reported sales of €5.2 billion and employed more than 23,000 people worldwide.

Table 3: Participating case study organisations (continued)

Organisation	Number of employees (approx.)	Background
Johnson & Johnson	126,500 (global)	For more than 125 years, the Johnson & Johnson family of companies has been committed to caring for people around the world.
		By caring for the world one person at a time, it aspires to help billions of people live longer, healthier, happier lives. This aspiration inspires and unites the approximately 126,500 employees of Johnson & Johnson across more than 265 operating companies in 60 countries. The company embraces research and science – bringing innovative ideas, products and services to advance the health and well-being of people.
		With $74.3 billion in 2014 sales, Johnson & Johnson, through its family of companies, is the world's most comprehensive and broadly based health care company, with products and services for the consumer, pharmaceutical and medical device markets.
Shell	90,000 globally	We are a global group of energy and petrochemicals companies with around 90,000 employees in more than 70 countries and territories. Our aim is to meet the energy needs of society, in ways that are economically, socially and environmentally viable, now and in the future.
		We employ around 90,000 people in more than 70 countries and territories. Our people are central to the delivery of our strategy and we involve them in the planning and direction of their own work. We create a work environment that values differences and provides channels to report concerns.
HKIHRM	No data available	The Hong Kong Institute of Human Resource Management (HKIHRM) is the professional human resource institute for Hong Kong. It has more than 5,600 members, with some 600 of them being corporate members. The Institute organises multi-level training programmes, conducts surveys and shares professional intelligence by organising signature events such as the HR Excellence Awards programme and the HKIRHM Annual Conference and Exhibition. In 2010, the Institute launched the HR Professional Standards Model to define the standards for evaluation and enhancement in human resource management.
Richemont Asia Pacific	30,000 globally 7,600 in Asia Pacific	Richemont owns several of the world's leading companies in the field of luxury goods, with particular strengths in jewellery, luxury watches and writing instruments.
		The group's luxury interests encompass several of the most prestigious names in the luxury industry, including: Cartier, Van Cleef & Arpels, Piaget, Vacheron Constantin, Jaeger-LeCoultre, IWC Schaffhausen, Panerai and Montblanc. Richemont employs some 30,000 people in over 30 countries around the world.
KPMG	More than 1,900	KPMG in Malaysia provides audit, tax and advisory services. Established in 1928, not only is the firm one of the oldest in Malaysia, but it is also the oldest KPMG firm in the Asia Pacific region. With approximately 1,900 staff positioned in eight offices nationwide, KPMG's goal is to turn knowledge into value for the benefit of its clients, its people and the capital markets.
Maybank	47,000 (global)	Maybank is a Malaysian universal bank, with key operating 'home markets' of Malaysia, Singapore and Indonesia. Founded in 1960 the organisation operates across the region and employs more than 47,000 employees. The organisation prides itself on 'humanising financial services' and has developed its strategy to better serve all customers through excellent customer service with high degrees of trust and expertise.

Table 3: Participating case study organisations (continued)

Organisation	Number of employees (approx.)	Background
AXA Asia	130 (Hong Kong business)	AXA Asia is a market-leading insurance player offering a differentiated composite proposition in life and general insurance. AXA operates in various Asian countries and has forged partnerships with strong domestic players such as ICBC Bank in China, Bank Mandiri in Indonesia, Krunthai Bank in Thailand, Bharti Group in India, Metro Bank in the Philippines and Afffin Bank in Malaysia as its joint venture partners. Hong Kong, Singapore and Korea are the other countries which form AXA Asia's formidable presence in Asia. With an employee strength of over 27,000 serving 13.7 million customers, AXA Asia has grown significantly in the last decade to reach the current customer portfolio and importance. AXA Asia is committed to creating a sustainable, long-term business for its employees, customers and shareholders.
Nestlé	339,000 (global)	Nestlé has operations in 197 countries around the world, 442 factories in 86 countries and 339,000 employees. Nestlé's ambition is to enhance people's lives through nutrition, health and wellness. It offers healthier and tastier food and beverage choices at all stages of life and at all times of the day.

Three organisations preferred to participate anonymously. These were:

- a regional financial services provider (Financial Services)
- a regional utilities provider (Utilities)
- a global professional services firm (PSF).

2 What we found

'Data is king now ... it's woken everybody up.'

'We are the custodians of our people and we take care of them. ... How do we make sure that we really, really value them? ... How can we make them feel like they are assets?' Monsy Siew, KPMG

From the research, four broad themes emerged about how organisations in Singapore, Hong Kong and Malaysia are developing their analytical capability:

- **linking HR strategy and HR analytics strategy:** embedding people analytics within the organisation
- **use of data and analytics:** where people data is 'shining a light' on real business issues
- **HR metrics – defining and reporting HR data:** from measurement to insight, the journey to insightful measures
- **developing HR analytics capability:** skills, technology and the race for predictive analytics.

We discuss each theme in turn, providing practical case study vignettes and quotes from our interviewees to bring alive the issues raised. Our survey data gives a wider regional perspective to the findings and offers useful benchmarking statistics.

Linking HR strategy and analytics strategy

This section explores how HR leaders are combining their HR analytics strategy with the overall HR strategy for the business. We explore the different challenges HR leaders are facing when attempting to build comprehensive HR strategies and the opportunities arising from taking a strategic approach to HR analytics. Three challenges particularly stand out from the interviews and we highlight these within our discussion:

- analytics investment: where is investment coming from?
- where to embed HR analytics capability in the business
- the potential for HR analytics to make a significant impact on future business success.

HR analytics is a transformational business enabler when utilised by organisations in the correct way, facilitating more robust, evidence-based decision-making processes and strategic human capital investments. Our research has shown us how organisations are increasingly using insights generated by HR analytics to inform their HR and business strategies. When we asked HR professionals about the relationship between HR analytics insights and their HR strategy, 86.9% agreed that HR analytics is having a significant impact on the way they develop

their HR strategy. Slightly fewer respondents agreed that HR analytics is helping to build the long-term strategy of the business (83.2%).

Interviewees spoke of how they are altering their HR strategies to include greater emphasis on human capital and HR analytics, or develop an HR analytics strategy independent of their overall HR strategy. Activity centres around a greater focus on embedding HR analytics technologies and capabilities into their HR functions, and building the right linkages with the rest of the business.

Analytics investment: where is investment coming from?
While at the strategic level organisations are making gains, many HR managers are finding it difficult to build commitment from the business for investment in HR analytics. There was general consensus across our interviews that return on investment is the key metric by which the rest of the business judges any decision to invest in activity and is the main form of evidence line managers and senior leaders look at to understand whether HR analytics is adding value, or has the potential to add future value, to the enterprise:

'I really need to look at the return on investment (ROI) to help convince the partners to invest some money in probably beefing up the system and enhancing it, or maybe the individual's skills in Microsoft Excel, perhaps, writing simple programming.' Monsy Siew, KPMG

Investment requires consideration of where analytics capability will structurally sit
The connectivity of the HR analytics function to the rest of the

business is a central consideration of the HR analytics strategy; it's part of the initial investment decision conversations; for example, how analytics will work across functions, geographies and also the connection to other HR structures.

Organisations interviewed illustrated a number of different approaches to structuring HR analytics capability, one being the embedding of people analytics into the business units and their activity; another being a more centralised approach to HR analytics and reporting.

'HR analytics capability is all embedded in the business unit. The business unit leader, every two weeks they really want to know their profit and loss statement, so analytics is embedded already in a centralised way – we don't really have a team now. We are building up a team to do it more centrally so we can mobilise our resources among different business units. They are more focused on their own talent analytics but we really want to have someone who will centralise this, so they can mobilise it across the line of service.' HR professional, PSF

Like other business measurement approaches, considering how analytics capability is organised, alignment between structures is essential. Just as business units, regions or hubs will create a profit and loss statement the same way, enabling figures to be compared and amalgamated, the same standard, formalised approaches will be needed across the business for HR analytics.

HR analytics can help serve a longer-term business focus that's being demanded of HR
A number of interviewees recognised the drive in their

organisations for more long-term, sustainable thinking in HR leadership and strategy. For these individuals, HR strategy already plays an enabling role in assisting the business to secure short-term objectives, for example supporting a stable cash flow and managing immediate risks and issues. HR analytics is helping HR professionals include more long-term concepts in their strategy, for example, developing employee reward strategies which are in support of longer-term business needs, encouraging the right kind of future-focused thinking and behaviour rather than just rewarding short-term outcomes. This quote explains how metrics can help connect a reward approach with business outcomes.

'I think both [short-term thinking and long-term thinking] are important. Short-term objectives of being profitable, for example, ensure that we have the resources to fuel everyday business expenditure. Long-term objectives, on the other hand, ensure business sustainability and provide the foundation for healthy financial, human and information capital building. It doesn't make sense to focus just on either short-term or long-term objectives. It's important to achieve a balance.' Francis Mok, Immediate Past President of HKIHRM

From wider research, we know that organisations in knowledge-based sectors, such as professional service firms and financial services, are increasingly looking to their human capital to develop value for their stakeholders. In this study we found that focusing on delivering HR growth and investment enables the business to meet its financial and business performance targets:

'I think on strategic work because our chairman is looking at 10 years

later, 25, and then he's already set up his goal. He wants to have the margin go up by 35%, so break it down maybe you are talking about more than around 5% per year, so how can we [help to achieve] that margin? So we would need to look at the business maybe grows by 20% per year, but that doesn't mean that the margin can go up by 20% because you have the economy of scale. So even though the revenue goes up by 20% doesn't mean the margin goes up by 20%, so we need to do a lot of analysis to do that.

'For HR, we are the one who supports the business. So we have to support the business on the strategy side, on their wishes, their missions and their purposes.' HR professional, PSF

The insight we get from HR data is vital for increasing HR impact

There is increasing evidence of the value that HR analytics is adding to organisations in the region. Our research shows us that HR professionals are viewing HR analytics as an important driver of business performance.

HR analytics is important for those organisations evolving beyond the operational and transactional level of HR maturity, towards a strategic and insight-driving/creating function. Building HR analytics into the HR strategy is crucial if the HR team is to move into the advanced domain of driving the business through insights:

'HR analytics is just one part of the HR strategy, but it's in the infancy stage. … I'm hoping that with a better push in this area, we'll be able to show and demonstrate to our business leaders that "HR can add value to you through giving you more analytics" and help predict the future or at least anticipate the changes.

'There is always this thing about. "Yes, HR is just too operational and transactional. What value do we add?" I guess that's where the drive is coming from.' Monsy Siew, KPMG

Without a focus on analytics, the potential of HR's impact in the business will reach a glass ceiling; and the potential for the function to deliver maximum business impact will not be fulfilled:

'One thing that is very important is the driver of making these happen. It is either coming from the chief executive officer or the chief HR officer of that organisation. That is very important because he or she is the one who encourages and convinces people making good use of the analysis or data. He needs to have that driver to say, "I really need that truth to anticipate/reveal potential HR issues." If not, nothing will happen. [The] HR department's contribution will be limited at operational/functional level and without strategic value added.' HR professional, Financial Services

Aarti Thapar and Harrison Yang, HR professionals at Experian Asia Pacific, explain how their approach to analytics serves the business focus, and in particular how their approach is fitting into the regional business unit structure of their organisation:

'We're a data-focused organisation so everything that we do… is all about data. Data and analytics are at the heart of our business. We help our clients make sense of and find meaning behind all the data that they accumulate, and in much

Figure 4: HR analytics is having a significant impact on our business performance (%)

- Agree — 78.5
- Disagree — 9.3
- Don't know/not relevant — 1.9
- Neither agree nor disagree — 10.3
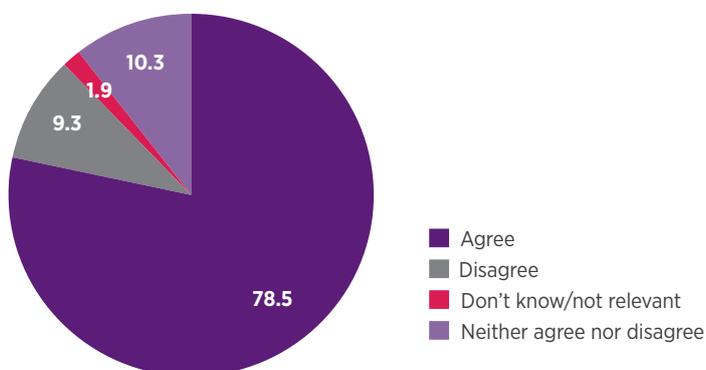
the same way, we do the same internally to help us to improve our own business performance.

'A few years ago, our HR structure was decentralised and employee data was structurally in silos across countries, making it a challenge to pull together broader and credible insights on people issues that affected the Asia Pacific region. This meant that we were not able to easily make decisions on people investments that were backed up by data.

'As our HR model has evolved, processes and systems have been standardised across the region, which has allowed us to build the right data that gives us a regional view of our business. Certainly, the organisation sees this people insight as a real priority and everything that we do is backed up by HR data and analytics as well.

'There's a real focus in our business not just on revenue generation but also on profitability. To support this, we are constantly looking at the return on investment of any people initiatives – using data to understand both the short- and the long-term impact of people investments on our growth aspirations as well as on our EBIT.'
Aarti Thapar, Head of Talent & Engagement, Experian Asia Pacific

Taking an organisation-wide view is essential to get the rest of the business on board.

Engaging other business units and teams to utilise and invest in HR analytics is one of the significant barriers that HR directors face when trying to build their HR analytics strategy and formulate a business-wide approach to analytics. For some, the nature of the business, its cultural and political structures, can pose some interesting challenges which must be overcome if management are to enable investment in HR analytics activity. To drive the need for the capability, HR managers need to have a deep understanding of the social structure of the organisation and appreciate the agendas of all stakeholders involved:

'I think everybody has their own agenda. My unit won't have the same problem as your unit. My unit maybe has very low turnover, very loyal people so why do I have to turn it upside down to cater for your needs? I don't have the needs. So everybody has their agenda and their way of viewing the world.

'It's not easy to convince all those people. Different people have different agendas but some people are more thinking about the future.'
HR professional, PSF

Until we can do this, analytics will remain a largely untapped opportunity.

Many HR managers believe that organisations have yet to realise the potential in the HR data that they're collecting. For many, insights are still focused around key business metrics, such as customers and marketing impact. Businesses in the region are less focused on people measures of success:

'There is a lot of investment and a lot of focus on people, but what is interesting is it's not translating into the same level of investment in people data. The business is translating it into more on customer analytics and customer data, which is very important but may miss the employee data opportunity.'
Shubhro Mitra, AXA Asia

Figure 5: How do you feel your HR analytics activity compares with your competitors in your sector? (%)
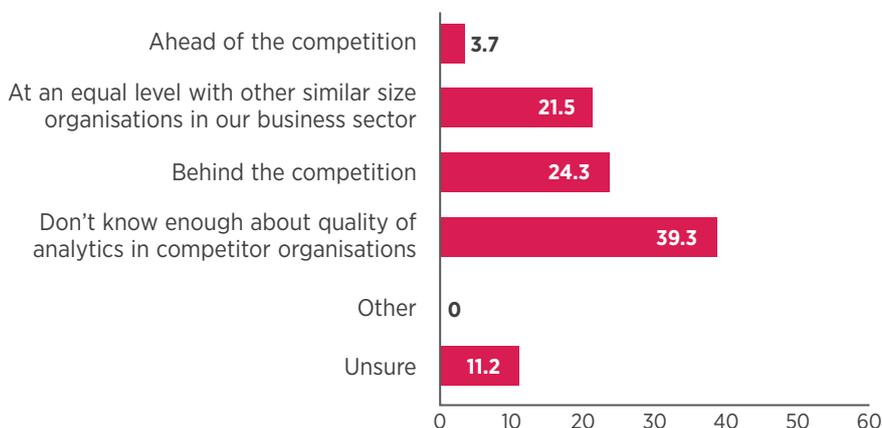
*'With the data, I can actually kill the presumptions.'*

And when organisations are asked to consider how their analytics capability compares with their competitors, very few believe they are leading the pack and pushing the frontier. Instead, most believe they are laggards compared with their competitors, or simply don't have the data to understand how they compare.

But it's clear that organisations in the region are taking action. The case study interviews and survey data both point towards investment in HR analytics across the region continuing to follow the global trend of rapid growth.

Of those surveyed, over a third of respondents believe that investment in HR analytics would increase over the next 12 months, with 10% of these organisations predicting an increase of more than 5%. No respondents believe that investment will decrease over the same period.

Figure 6: In the next 12 months, what are your investment plans for HR analytics in your organisation (%)
n=107
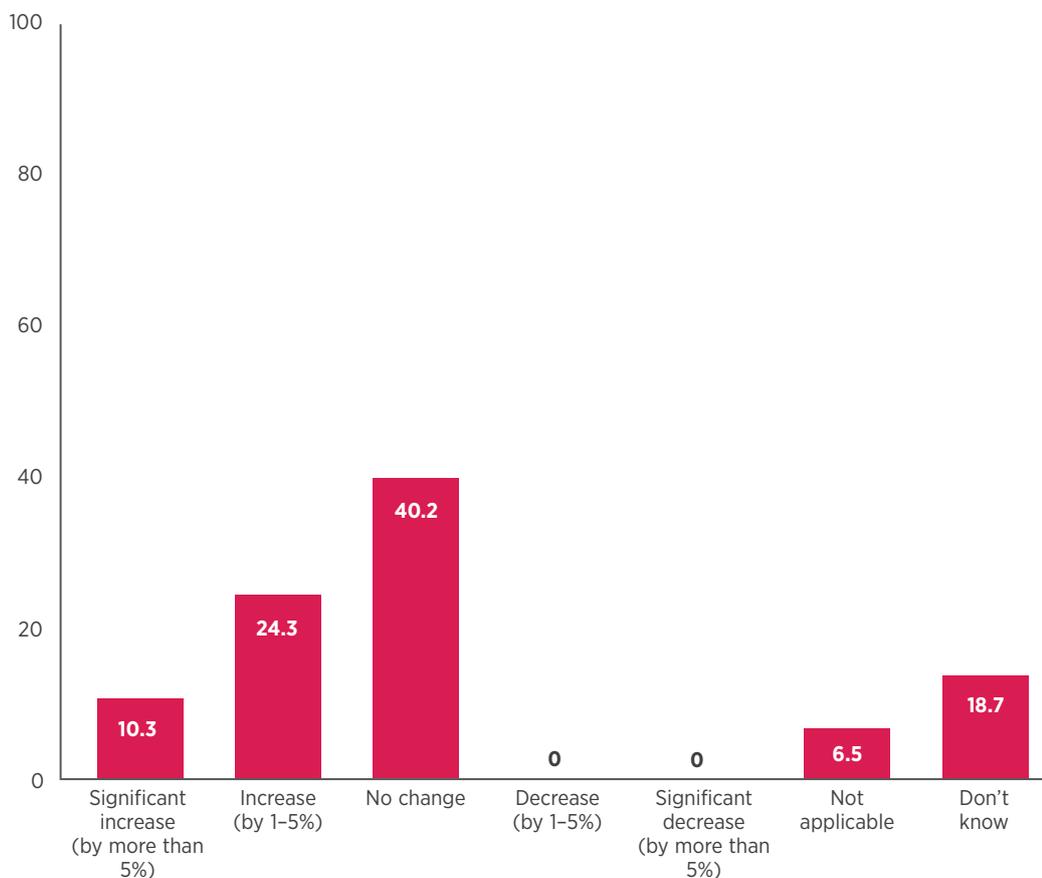
Uses of data and analytics

This section explores how HR and people data is currently being used, and the different levels of analytics undertaken by HR teams. The predominant sub-themes which emerged from the research are:

- different types of data and their use
- types of analytics being undertaken in the region
- development of analytics processes – drivers and users of HR analytics.

Different types of data and their use

Organisations in the region recognise the value of data for dispelling opinions and grounding views and perspectives in fact.

Using data enables HR managers to challenge presumptions and ensure that managers and leaders are realistic in their needs. For the HR team, data creates a culture of questioning and verifying ideas, conditions and impacts. Robust data is helping HR managers to create robust arguments which require investment from the business and buy-in from senior leaders.

'I use the data-driven insight to state the past, present and predict the future, why I need that much resources, name, head counts, dollar signs or equipment. I look at the data that will better support me to ask a business case to ask for investment or support. Somehow, certain comments and certain feedback are perceptions. With the data, I can actually kill the presumptions; it's better at managing their presumptions as

well; realistic or not realistic. Then, somehow, they also will challenge my assumptions. So this data will help me defend my assumptions, where it comes from. So is this assumption robust or am I just too greedy or ambitious?

'Also, to look for areas for improvement because I have so many brands. So how can we know that a particular activity or initiative is more effective in one brand but not for the other brand? I can use the data to help me to see why.' Lawrence Hung, Richemont Asia Pacific

'I would use it, at a very basic level, to start bringing objectivity in making people decisions. … We still very much rely on our gut, perceptions, biases, and now research and science will show you your gut is a good thing but not all the time.

Using data to examine a specific workforce issue

Example 1: Richemont Group

'I'll look by country, overall, the turnover rate by category, what this looks like and I'll see if it provides a pattern like that. Of course, I can also look into more detail within the Richemont Group by different brands. So how the different brands, the turnover rate looks like.

'So I have to find out why, is it because of the pay? Is it because of the brand? The repetition? Is it because of the engagement? So I have to find out different elements to justify or, maybe, to find out the reason behind. I have to also look beyond the data, it's not just looking at the percentages. I will also do a little bit of qualitative research. … We sent an HR business partner to go store by store for a boutique attachment. Then, from the direct observation or discussion with the front-line workforce, we will collect the feedback to us.

'Based on the open comments we'll try to, maybe, fish a little bit and see can we build a correlation to justify or read beyond figures. … This is more to justify where we should spend more effort to make our job easier and more productive.' Lawrence Hung, Richemont Asia Pacific

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Example 2: Johnson & Johnson Singapore

'What we were noticing when we ran the analytics was that the guys who were making it faster to director [level] had cross-geography or cross-sector experience. They were the people who had moved laterally before they moved vertically. What that's enabled us to do now is to put in place a talent strategy at a much earlier stage their in career, so when people are at a manager level, rather than when they get to director level.

'If we wait to when they get to director level, often you're talking about a whole family move, which is more expensive. Also, people can be fairly locked into their style, their way of working, etc. We've got a brand new talent strategy which, for the first time, goes across the multiple industry groups. Never done that before. That's all off the back of asking the question around how quickly people are moving through the organisation.' Lizzie Runham, Vice President of HR for Consumer and Vision Care Businesses, Johnson & Johnson Singapore

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'There is a wealth of data available to them but a lack of capability to leverage it and create value from it.'

'Nothing kills an opinion like a fact, right? That's what I'd be looking for. Factual information to strengthen the way HR business partners speak to the business.' Uzma Qaiser Butt, Nestlé

Knowledge-based organisations such as professional service firms recognise the value of data when determining their cost base, namely the workforce planning for one of their biggest business costs: their people. Without data that details the extent of costs, it is very difficult for the HR team to develop robust workforce plans for the operational aspect of the organisation.

'I think we can use our data for workforce planning, that's most important, because this is our biggest cost, except for premises. The premises are also expensive, the rental is also expensive, but for us, the people are what we are counting on, really. If no people, we have no business.' HR professional, PSF

When it comes to utilising data there is not a lack of data available for HR teams to use. In fact, for many larger organisations there is a wealth of data available to

them but a lack of capability to leverage it and create value from it. The contexts and business models of those organisations are other factors which impact on the extent to which data usage is translating into value creation:

'We are investing in HR analytics because we know that we're sitting on mounds of information that we're not leveraging. Intuitively every manager knows that. If you've got some basic analytical skills you're going to be thinking, "Hmm, what can I do with this?" Now how do you leverage it and make it a way of working?' Uzma Qaiser Butt, Nestlé

With the availability of data being so high for some HR teams, there is the opportunity to combine different data sets to explore specific concepts and tackle real business issues. Data which results from the combination of two or more types of data is known as multidimensional data, and for some organisations can prove to be a very powerful asset to the HR and business functions. See Case Study 1.

Case study 1
Maybank: utilising multidimensional data

The issue of inadequacy of using one type of data to steer a company became clear when the group was attempting to understand the impact of training, but through the use of one single metric. This metric had been used by the business previously – number of days training – and was being consistently applied to conversations where impact of training and investments were being discussed.

'It is suicidal for any HR director to stand in front of the board and say, "I'm going to increase staff cost." You need facts and figures, so I needed facts and figures. So what was out there? I had to show them that we are below on some key indicators – for example 70% were below market median. We had a whole host of data. People were spending money – I know this because they were telling me, "Don't worry, Maybank's been investing in training," We looked at the data. You know what we had? One key performance indicator which is a favourite one for HR; number of days of training, which, if it is the only Indicator in the BSC, becomes a behavioural and business risk.

'See if this measure is on its own with no other KPIs that are supportive, it is very dangerous, and that is what happened here. It was seven days per year per staff and that was it, and it was tied to a balanced scorecard that was tied very, very tightly with bonus.' Nora Manaf, Maybank

Types of analytics being undertaken in the region

Our survey data shows that very few organisations in the region are utilising multidimensional data sets in their analyses. Just over a quarter are still utilising one-dimensional data for their analytics outputs and three-fifths are doing this more complex analysis to some extent or in some parts of the organisation (Figure 7).

For one organisation, data provides a means for HR teams to investigate and understand business issues in more depth, and to focus on resolving those issues with increased understanding. It is believed that more informed HR teams are able to develop better solutions for their internal stakeholders:

'I think a lot of people all around take decisions based on gut feel, experience etc. So I think it's first about going back and recognising that, "Let's have a look at the data, as much as we think that we know the answers, let's just do the analysis."

'We don't have to be paralysed by the need to have data every time but I think we should make it a bit more of a data-driven conversation. I think our people need the skill to be able to take a step back first and say, "Okay, if we want to resolve a problem, recognising what's causing the problem and using not just a hypothesis but really a bit of data to support that hypothesis or otherwise to change one's own hypothesis going by the data, is important".' Manojit Sen, Shell

Another theme mentioned when we asked about the common barriers encountered when developing HR analytics is about the time lag between starting to collect data and having enough historical data to be able to do more sophisticated predictive analytics. Working with historical data is another challenge within fast-paced and rapidly changing organisations. For example, with the acquisition and merger of organisations, data will often be in different formats and will not be easily transferrable into new systems. It may even not exist, for instance, if some data is not being collected at all. Therefore, missing data poses a challenge to some HR managers when trying to create robust analytics outputs:

Figure 7: Does your organisation analyse multidimensional HR data? (%)
n=107
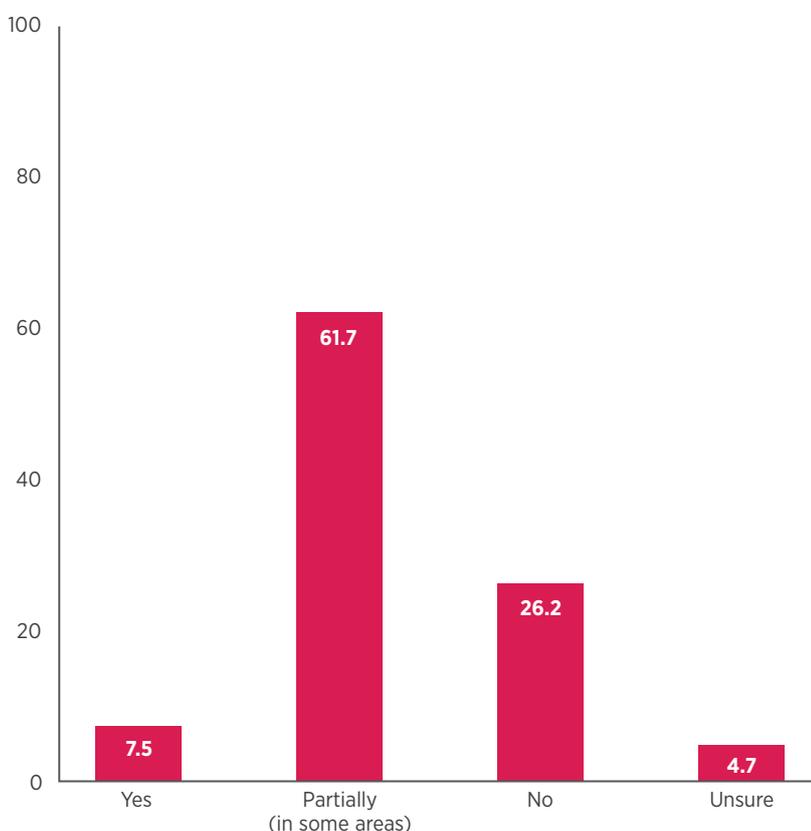
*'One of the
challenges we
face is integrating
people data
from acquired
businesses that
have done things
differently in the
past.'*

'One of the challenges we face is integrating people data from acquired businesses that have done things differently in the past. For example, some acquired businesses have historically had different performance management systems and processes in place. As we start to go down a predictive analytics route, consistent historical data becomes important, and we will have to find ways to align the measurements in order to ensure the credibility of the predictive analysis.' Aarti Thapar, Head of Talent & Engagement, Experian Asia Pacific

Development of analytics processes – drivers and users of HR analytics
There are a number of challenges that organisations face when attempting to utilise HR data, and having the right processes in place can provide a common structure for data users.

A few of our interviewees talked about the reliability of the data which is input into the system as the essential first consideration.

'The validity and sustainability of the databases. When you are first doing the data collection or input it has to be accurate, otherwise you will come up with massive garbage information not telling us anything conclusive. Also it has to be continuously maintainable and sustainable for a reasonable period of time. Once we designed an information set it should be good for five or ten years rather than being good for one-time use. The cost being injected, time and human resources to make it happen should be paid off in a reasonable timeframe.' HR professional, Financial Services

As well as the collection, storage and analysis all being important stages in the data-to-insight process, a final challenge relates to the generators of data and users of insights: the line management population. This group is crucial as their role is to take insights and use them to make informed decisions.

'The first barrier is to have a good HR information system. Then number two is the HR capability to generate and manage clean data. Today we don't have clean data because we're not used to it, we are in paper mode so any data is okay. But when you have a sophisticated system, you have to have very clean data. … The third barrier is really to get the line managers to understand and be trained to [collect and use] data.' Shubhro Mitra, AXA Asia

HR metrics – defining and reporting HR data

This section details the types of metrics being used by organisations in the study. We explore common data points being applied by HR professionals, and how they develop and define those measures. The key points discussed in this section include:

- standardisation versus context-specific measures
- commonly used measures for HR
- perspectives on HR reporting, its value and objectives
- HR balanced scorecards.

Standardisation versus context-specific measures

A common question for HR professionals looking to develop HR measures is whether to develop context-specific measures which are defined according to their specific business and people, or whether to adopt standardised measures that can be benchmarked against other organisations, industries and sectors. One case study organisation decided to take a blended approach by defining their own measures, and choosing which measures they believe would be useful to benchmark against:

'In a previous role it took me a great deal of work to build a scorecard. I started from scratch in the early 2000s so it was totally tailored for the organisation … in Hong Kong; [my organisation] was the first organisation ever that adopted the HR balanced scorecard approach.

'Starting from scratch, I had to make reference and benchmark organisations elsewhere, not in Hong Kong, but typically in Europe and the United States. I replicated some of the metrics while developing some others based on our own unique situation … I used the methodology to look at four dimensions – the input, the output, the outcome, and the feedback – so the measures can be classified into the four measures.' Francis Mok, Immediate Past President of HKIHRM

This view of standardised measures is echoed when we consider the number of organisations in the survey stating that they had established business-wide standard measures of HR (Figure 8). Just over half of organisations surveyed stated that they had standard measures in place for HR.

Identifying which measures should be standardised for the business is a useful exercise to go through for those organisations operating with a global footprint. For Experian, the difference in context-specific and standard measures comes down to the macro or micro level at which the metrics are operating:

'We're standardising, we've identified certain measures that have to be standardised regardless of how you operate across the globe. Things like financial goals and engagement scores. In terms of processes and how they do things and what they need to do, we can't be too strict because each market has different demands and different ways of doing business. We have to give them the flexibility otherwise they won't be a profitable business.' Harrison Yang, Experian

Figure 8: We have standardised definitions for all HR measures/ metrics in our business (%)

n=107

- Agree — 51.4
- Disagree — 26.2
- Neither agree nor disagree/don't know — 22.4
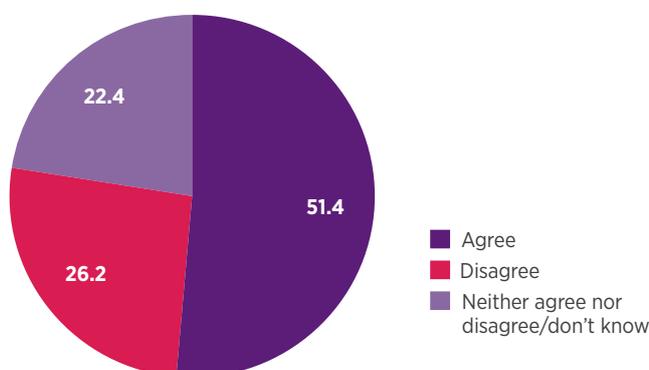
Commonly used measures for HR

The measures themselves differ across organisations within the study; however, having metrics against the key concepts of recruitment, performance, training and development, and to map high-potential staff were common across interviews:

'Our KPIs focus on tracking recruitment, developing our people and succession pipelines, bringing in and developing our high potential staff for senior leadership positions and growing talent for different technical positions… as well as employee engagement. We track data on these KPIs and analyse it to understand trends, glean insights and make decisions.' Manojit Sen, Shell

Business leaders' attention is likely to be focused on outcome metrics and the follow-on question of asking what needs to be done differently to strengthen the business for the future. However, given the current operating context and drive for competitive advantage, there is pressure on all functions to increase their efficiency and their productivity, which therefore also need to be tracked.

'Each of the functions have cost-to-serve data, so not just HR and metrics and KPIs, so finance, the supply chain organisation, etc. We get asked to run on an efficiency basis. We've got targets around that and they differ depending on the region and the specialism within HR. Then we're held accountable for that inside the function and at a global level, at a board level. My local level, my business boss won't ask me about the cost-to-serve ratios. He won't ask me about that data. What he will ask me about is my outcome: how many leaders did we develop? How much great talent did we bring in? At the global level, the CEO will ask the HR head about HR metrics and outcome metrics.' Lizzie Runham, Vice President of HR for Consumer and Vision Care Businesses, Johnson & Johnson

Perspectives on HR reporting, its value and objectives

Our research shows that in the geographies studied there are a number of different approaches being taken to the reporting of human capital and HR measures. Indeed, the variety of different reporting methods can be seen in the findings from the survey conducted with 107 HR professionals, which show that less than 10% of organisations produce a dedicated human capital report (8.4%), and only 19.6% of organisations report HR data as part of their company report. Almost half of organisations are producing HR analytics reports with narrative; however, it is not clear whether these narrative reports are for internal or external reporting (see Table 4).

The reporting of data in a transparent and open way is one way through which HR analytics teams are engaging the business to utilise people data in their decision-making. Reports are

Table 4: Form of HR analytics reports shared with key stakeholders

	N	%
Total	107	100.0
Regular reports of HR data, with narrative and insight explaining them	53	49.5
HR analytics dashboard of defined key performance indicators	44	41.1
Regular reports of HR data, without narrative and insight	30	28.0
Bespoke one-off reports on request from the business (for example answer specific HR queries)	29	27.1
HR analytics form part of the company report (annual report)	21	19.6
Certain HR analytics are published online, via organisation intranet to entire organisation/ business unit (for example engagement survey report)	15	14.0
HR analytics are reported as a part of the company's corporate social responsibility report (sustainability report)	10	9.3
A dedicated human capital annual report alongside the company annual report	9	8.4
Other	0	0
None of the above	9	8.4

provided to senior leaders within the organisation in a number of different forms, and with different emphases on hard and soft measures.

'At Utilities Provider, we adopt a scorecard approach to ensure both qualitative and quantitative objectives and metrics are covered.' HR professional, Utilities Provider

At Maybank the decision was made to be transparent about the data which is collected and used to measure the effectiveness of people in the organisation. The reasoning behind this was to ensure that everyone in the business understands HR policies and activity, and is bought in to the culture of sharing and valuing people and their expertise. The organisation is still working towards some of the indicators, but it sees the journey towards embedding the ten major indicators as an important one to achieve the success that the senior leadership of the business desires:

'We went out and told our people, these are some of the indicators that we're going to be tracking and we're going to be making it very transparent to you. One of which is a target that we communicated way back in 2009 to say that for every ten vacancies, eight will be filled internally. It will not be ten out of ten because we want diversity and inclusion, fresh perspectives from external imports, but eight will be filled from internal.

'However we can't fill eight out of ten now. So we told them we are going to be importing players simply because most of our players are skilled players but have only played and won in the local tournament, never played in the Premier League. But this is our commitment to you; you will see for yourself that we will invest

and ensure you do gain adequate experience playing in the Premier League to fill the vacancy when it opens up in future, but for now, the commitment is for every imported player, you can see clearly why we've imported them...' Nora Manaf, Maybank

This transparency includes allowing employees to understand their talent level indicator, and to track their development over time. The reasoning behind this is that it gives individuals the opportunity to lead their own continuing professional development (CPD) and as a result they are more able to steer how they build their careers, both within and outside Maybank:

'Employees can actually see ... you're able to track what programmes you go to and your talent classification, so it's [visible] in totality. We went on a human capital workshop campaign, for the first and second year, and communicated to employees about how the organisation values them and what investment the organisation's giving you. We changed policies to give them comfort that they can actually grow very quickly.' Nora Manaf, Maybank

Transparency of data, for example better advertising of roles and clearly explaining the processes behind internal recruitment, have enabled the HR team at Maybank to illustrate how important highly talented individuals are, and how much the bank values them. Opening the lid in this way is believed to be helping the organisation to retain those individuals which are of high value to the bank:

'For example simple things that multinationals have but we don't have here, like making sure vacancies are posted, compulsory

'At Utilities Provider, we adopt a scorecard approach to ensure both qualitative and quantitative objectives and metrics are covered.'

posting of new roles. We introduced that and it was new, so we had many comments, such as; "But you're going to be disrupting the workplace, people are going to be just looking out for the next job," I think that gave the talents a comfort that they should stay, because they felt that all these are in place and they are being given a fair deal in terms of compensation.' Nora Manaf, Maybank

Types of reports vary across organisations in the study. For some, the ad hoc delivery of insights to the business via specific reports in response to enquiries is the main way of reporting data externally from HR. In others, more strategic data is presented in a dashboard, in which key performance indicators are presented, together with a narrative explaining both the context and the changes over time. Dashboards are seen as an important method of reporting in larger businesses where very many stakeholders will be viewing data and then can make specific subsequent enquiries relevant to their business area, priorities and concerns.

'I would say, for KPMG Malaysia, we are still at the infancy stage. We have the basic data, the attrition rates, the headcounts, the staff movement data … but what do we do with it, apart from generating it every month and sharing it with the line leaders, the partners or the heads of department? After that, what happens to it? Yes, [our stakeholders] roughly know the attrition rate and staff strength numbers, but what happens after that, nobody really knows. I am trying to also push the agenda of delving deeper into just presenting data.

'Rather than just sending them wholesale data, what can we do with it? For instance, recently,

we just started a dashboard, and we call it the PPC Dashboard, for our EXCO members. Even before this, we never even had that kind of basic info at the EXCO level, where they look at, holistically, the total staff strength, the gender composition, the demographics and all that we have.

'No one really had a feel about it. That's why I say we are still at a very infant stage.' Monsy Siew, KPMG

HR balanced scorecards
A common method of reporting is to generate a balanced scorecard for HR, following the standard approach of Kaplan and Norton's established business reporting tool, and developing an HR-focused version. Our interviews suggest there is common belief that the balanced scorecard is the standard of reporting to aspire to achieve – many HR professionals interviewed believe that this type of reporting should be considered as the 'gold standard' for HR reporting.

The balanced scorecard connects the performance of the organisation and people through to the HR activities which manage and drive them.

'In previous roles I had the opportunity of developing and using an HR balanced scorecard'… the HR balanced scorecard measures a balanced set of HR performance metrics. I found it very useful to make visible the performance of the HR function through a personal painful experience.

'The concept of learning and applying the balanced scorecard methodology was triggered by the following experience. There came a new chairman and CEO. Like many business leaders, I was summoned as the department

head to update and brief the new leaders on my function, my scope and so forth. I talked about the training programmes I took pride in. Then he asked a question: "Tell me how negotiation benefited our colleagues?" I replied: "Because they have to negotiate contracts for price, for timing and everything, so they apply the skills."

'Then came a follow-up question: "How do you know they applied what they learned and achieved results?" I couldn't answer that question. That had been my nightmare, bothering me for quite some time, and I was so glad that I found a way to prove the value of HR.

'I was so pleased that I learned about [the HR balanced scorecard], and then I persuaded the HR director to actually adopt the HR balanced scorecard in our monthly report.' Francis Mok, Immediate Past President of HKIHRM

Those who have applied the HR balanced scorecard to their organisations found that the method was most effective when the outcomes being measured are directly linked to the target outcomes of the business unit or organisation for which the HR function is working. Without the connectivity between HR scorecard and real business measures, there is little or no value in reporting using the scorecard approach.

'For us, [the balanced scorecard focuses on] customer service, learning and development, or growth of staff. [We consider how] we support the growth of staff and how we support the customers' perspective and also the processes.

'Unlike the normal balanced scorecard, the HR balanced scorecard does not report on financials; it's one level down. It's like matching the four HR

balanced scorecard perspectives into the three perspectives of the organisation of the balanced scorecard.' Francis Mok, Immediate Past President of HKIHRM

Aarti Thapar from Experian explains how the people aspects of the balanced scorecard evolve as business requirements and goals change.

'These common leadership objectives … are the metrics that we hold our leadership team accountable to, so the CEO's direct reports, each of them are accountable for these objectives. It's a balanced scorecard focused on financial customer and people … Financial metrics are focused around revenue and EBIT as well as pipeline ratios, customer

measures are focused on customer feedback. Then on the people side, we're looking at attrition, engagement and talent. We've kept the scorecard as simple as possible on purpose in order to maximise focus and impact. It was built in consultation with our business leaders based on the understanding we had around the issues that are particularly relevant

'For the HR balanced scorecard to be effective it must reported on a frequent basis to a clearly defined set of key stakeholders.'

to us as a business right now that we need to tackle. The measures are simple and dynamic and will evolve as the business evolves. We don't put in measures for the sake of it. For example, last year, if I think about the people measures, there was a particular focus on moving recruitment from being with vendors and recruitment spend being external, to moving to a direct hiring model. We've made huge strides around this, and we've now got a great model in place that makes sense for us as a business. We achieved the transformation objectives we set for ourselves, so this year it wasn't called out as a focus measure in the scorecard.'

For the HR balanced scorecard to be effective it must reported on a frequent basis to a clearly defined set of key stakeholders. For those stakeholders to find it useful the scorecard should focus on business priority issues: those challenges which are preventing the business from achieving its objectives. It also helps if the scorecard clearly explains the different types of data being used; for example, the difference between leading and lagging indicators and the ways in which these indicators can be interpreted. A number of interviewees spoke of the importance of developing a clear reporting mechanism which, if used correctly, should answer the common questions senior leaders often have about their workforce and the HR systems and activities supporting them.

'This HR balanced scorecard should be reported monthly to the head of HR, who then interprets the key analytics and reports in the regular executive council.

'When I developed a balanced scorecard in a previous role, it helped us in a number of ways. Firstly, it helped us to focus on the

important critical issues. If we're not measuring it as ourselves, why are we doing it? That's one thing that helped us to focus on the critical things.

'Secondly, it helped us to maintain a balanced measure of leading indicators and lagging indicators. If the turnover rate is unsatisfactory, do we know how well we are doing to plug the hole to ensure that we will reduce it in the long term? To do this, we look at the engagement index and application of learning outcomes among other things. These are leading indicators, so we use the two types of measures.

'Thirdly, we are always ready for justification of new initiatives. If I were to launch something new, I would always ask myself: "What impact does it have on the business?"' Francis Mok, Immediate Past President of HKIHRM

Developing HR analytics capability

In this section the report considers the HR analytics capability of organisations interviewed, in terms of both skills and technology. We illustrate some of the common challenges in developing this HR analytics capability. The section explores:

- the build or buy debate for HR analytics skills
- HR analytics skills and capability requirements
- HR analytics technology
- predictive analytics and HR data in the future.

It's clear from all of our research into this area that data and analytical skills are only going to grow in importance; however, many organisations are yet to invest in significant capability, such as a dedicated function (Figure 9). Our survey showed that only 31.8% respondents stated that their organisations are training their HR team to conduct HR analytics.

All of our interviewees recognised the growing importance of this area of HR capability, and in particular referenced the challenge in securing organisation investment in developing the capability.

'If you were going in to talk to a senior stakeholder about an HR programme or you want to influence something to people, you have to back up what you're recommending with data. This sometimes comes in the form of attrition numbers, feedback from exit interviews or any other type of metrics or measures. On the backdrop of quantifiable numbers, we can build stronger credibility and present a stronger business case to our business leaders.' Aarti Thapar, Experian

The build or buy debate for HR analytics skills

The key debates around analytics capability are, firstly, whether you develop these skills in-house or buy them in, and secondly how HR and analytics capabilities sit together: namely, whether you need HR people who do analytics, analytics people who have a basic

'Insight has become much more of a requirement of the job than it was a number of years ago.'

Figure 9: Respondents reporting whether their organisation has a dedicated HR analytics team/function (%)

n=107

- Yes — 29.0
- No — 68.2
- Don't know — 2.8
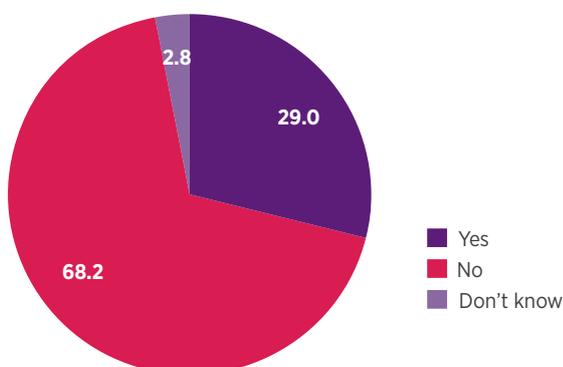
Johnson & Johnson: analytical capabilities

We asked Lizzie Runham, Vice President of HR for Consumer and Vision Care Businesses, Johnson & Johnson, Singapore, for her opinion on the core capabilities required of HR professionals.

Insight has become much more of a requirement of the job than it was a number of years ago where you would get a profile of HR leader. You could get somebody who was very smart, extremely articulate, a very convincing person who was very intuitive in their approach. I think HR has changed in the last five years in particular. I've seen a marked change, to move much more to a data and analytics based proposition.

I think it's a product of a whole bunch of things. I mean the overall professionalisation of the function is also a product of the systems and data integrity that we have now. I think it's an evolution of things like behavioural [science] as well where there's an ability to pull people like behavioural scientists into the function with a rigour. These guys are starting off in leadership development, then moving into talent acquisition and then more into broad-based [broadcast] type work.

My own philosophy is that to be good at HR you need to be good at marketing because HR and marketing are very, very related. You're trying to convince somebody to move their behaviour. You're trying to convince them of the value of something beyond the sum of its parts. Great marketeers, or marketers, start with insight and great HR practitioners start with the insight.

So what do we look for?

We look for people who have got that ability, first of all the mindset. Have they got a mindset that is externally focused and commercially anchored? Have they got that ability? Then have they got that intellectual reach? Can they paint a vision and picture, but [do] they have all of the integrity and the analytics that goes with that underneath it?

I was talking with somebody in the analytics team the other day who gave me 4,000 different pieces of data. Actually not helpful, not a great intervention. Has somebody got the intelligence, the capability, the wisdom to select the measures that they need and the courage to ignore the ones that are interesting but aren't going to move the dial? Have they got the agility to know which to go after at what point in the cycle? Then also we look for people who are very, very nosey, people who are very nosey and who are very interested. That is, in my experience, the way that HR operates now and can operate on its best day. That's a very, very important personal characteristic.

How do we promote analytics skills within HR roles?

As we're building the new HR model, we've also been building the new HR, we're calling it academy, it's really curriculum. I've been lucky enough to be part of the global team doing that. Analytics capability is in every single job vertical and at every level. I think it's the only technical skill that's universal. There are leadership behaviours and things like executive presence and communication and things like that, which are consistent and shared. I think it's the only technical skill that's consistent on every vertical and every horizontal.

understanding of HR, or two separate teams which partner. These are the questions likely to be faced by many, given that in our survey we found that 57% of HR professionals believe that there is a lack of analytical skills in the region.

'There are two extremes: you either grow your own or you buy from off the shelf. If you consider to develop your own, you have to have the volume. It doesn't make sense if you develop a programme just for ten people, so you have to have the volume.

'Secondly, you have to have the expertise – either you do it yourself or you outsource the needs-identification, needs-analysis and programme design to somebody else. That's the best way but also the most expensive way.' Francis Mok, Immediate Past President of HKIHRM

Current HR analytics skills and capability

In the quantitative survey we asked respondents to consider the skills mix in their HR function; namely, whether they felt they have the right combination of HR skills and analytical knowledge. Around a third reported they have a low skills mix in their team, with no opportunity to access analytical individuals to complete HR analytics, or that HR analytics skills sit outside of the HR function. The majority of respondents noted that there is an adequate skills mix, meaning analytical skills are accessible to HR professionals in the team but are not leveraged across the function. Less than 3% of those surveyed believe that they have a high skills mix in place (Figure 10).

To remedy the issue of a low skills mix, some organisations are actively partnering with other parts of the organisation, such as marketing or finance, to leverage their analytical and numerical capabilities. However, our survey of HR professionals in the region showed that over a third (35.5%) of professionals are not working across the business to build capability.

For one case study organisation, they believe that HR teams of the future will have HR analysts

> *'57% of HR professionals believed that there is a lack of analytical skills in the region.'*

Figure 10: Skills mix of HR functions (%)

Category	Value
Low skills mix: there is no opportunity to access analytical individuals to complete HR analytics/HR analytics skills sit outside of the HR function	36.4
Adequate skills mix: analytics skills are accessible to HR professionals in the team, but are not leveraged across the function	55.1
High skills mix: incorporating established quantitative analysts alongside knowledgeable HR leaders and generalists	2.8
Other	1.9
Unsure	1.9
Not applicable	1.9

with real HR expertise: the ability to solve complex HR problems by exploring data and analysing outcomes and scenarios. To reach this, analytical skills should be built on a foundation of HR knowledge, and not the other way around:

'The first capability which probably gets underscored is basic HR knowledge. If you are in HR you have to have that. Many voice that it is good to bring people from business into HR. I also like and support that, but the people then have to also build their HR fundamentals and knowledge. However, is it really needed? I am not sure, as I believe HR people have the capability also to understand the business, perhaps more so … you need to understand in HR every nuance; if you tweak this, what happens, if you tweak that…'

'The second thing is to get more comfortable with data … and once you have that then you need to be able to derive meaning from it, analyse and leverage to suggest solutions.' Shubhro Mitra, AXA Asia

For Maybank, the skills to do analytics are not in short supply. It is the ability to use analytics generated for HR and interpret it for the HR and general manager audience. It's this translation of data into a business-ready and HR-ready language which is difficult for many HR managers to access, because in many locations there is not enough talent available which is able to understand both sides. From our research we have noted some examples of HR managers who are retrained and have developed analytical skills, while in other areas there are examples of analysts who have retrained and decided to move from their numerical background into a world of mixed qualitative and quantitative data. It is these individuals who are in short supply for organisations such as Maybank:

'Actually the world is not short of people who could populate data, extract data and do basic analysis. I can create that group very quickly, in fact we have recently, in our new structure as we've just restructured. The capability that I need is what we would term "soft"… People who are, dare I say wise, mature, because that is what's needed to interpret all this data in front of you and make the right conclusions because that is so potentially powerful or risky. So that's what I lack because there is a tendency, when I'm on the run, and I say, "I need this data," and it comes but it comes either raw or very immature analysis, if you like.' Nora Manaf, Maybank

And it's not just analytics and HR knowledge which need to be joined together when making sense of the data and drawing out insights. Knowledge of the wider economy and marketplace is also vital:

'Because payroll also involves staff numbers, naturally, they became the analytics experts by default. … I think [analysts] need to have a bigger sense of the business world around them, not just within our business but outside of it too. I think the gap in many HR analysts' capability is an understanding of the overall economic, social and political environment outside of [our business] and how it impacts us, and how that impacts staff as well, be it numbers, attrition rate or be it morale, engagement … they have to look at the bigger picture and its impact on HR.' Monsy Siew, KPMG

This view was echoed by other organisations which believe that the HR analytics team should bring new insights and expertise into the business from the external environment, and act as an innovator for the organisation by using both HR expertise and knowledge of the organisation itself:

'I think that person [should] not just have the technical skills but needs to know the business. I mean, not just the business, [also the] global trends, and can come up with an innovative way to teach us on how we can do things, respond to a business faster and if there are any other channels.' HR professional, PSF

An understanding of the market is believed to be especially important in those industries which are affected by macroeconomic influences, such as construction and engineering. In these organisations analysts must have an appreciation of the bigger contextual ideas impacting the performance of the business.

'I think for HR analytics, you need to know the market … the selection of the data is important. I think this is a very rare skill, because not only do you have to know the market data, but you also have to be familiar with the industry. Our concern is always, "Which data set should we use?" and we need people who are able to understand both types of data.' Benjamin Wong, Knorr-Bremse

Case study 2
Nestlé's journey towards developing analytics capability

For Nestlé, the largest food and beverage company in the world, the capability to understand and measure its HR activity is key. Given the global footprint of the organisation, the journey to build HR analytics began when two key things were in place:

'Globally, Nestlé has begun the HR analytics journey. The journey begins, in my mind, with two solid things in your hand. One, the technology. and then secondly, the skill to be able to use that technology to get to the results that you want. The mindset, or the idea, that we need more data and analytics to help make better decisions exists in our region, but we haven't yet put in place particular technologies, beyond using basic software like Excel, etc.' Uzma Qaiser Butt, Nestlé

To build the capability, the first step is to build the correct foundation: ensure that measurements are in place and are working correctly, and that results are coming from the first analytics activities which are having an impact on the business. When the business is benefiting from analytics, then is the correct time to invest in the individuals with the skills who can take data and run with it:

'I would first try to get the foundations in place, to make sure we know what we are doing and that we are measuring the right way and are producing results. Then, it would be necessary to upskill HR staff in analytical thinking.' Uzma Qaiser Butt, Nestlé

By developing capability in this way, Nestlé Malaysia believes that demand and interest in the analytics skills of the HR team will grow.

HR analytics technology
A lack of technology is another factor affecting HR professionals' ability to satisfy the business's appetite for data: 45.8% of respondents told us that they do not have sophisticated HR technology which meets their business needs, and less than a quarter of those surveyed (23.4%) are using a fully integrated and combined HR analytics IT programme. The majority use a mix of different HR technologies and IT systems (68.2%).

Our case study research did show that some organisations in the study have already started to invest in the HR technologies which will allow them to map and utilise data in new ways: for example, highlighting talented individuals and building the right jobs around them. It is believed that this technology will allow organisations to consider jobs in a completely new way:

'I do not have the luxury to say "I need to hire a whole group of people who are going to be analysts and they have this super system that they can use." I think we are building towards that. We have had to maximise on the people that we have to do our analytics: I do have less than a handful of people who are absolute key retentions for me. They run all of our analytics.

'In parallel to this, we are making sure the database is stronger and more holistic because we're leaping forward again. We're already talking about talent cloud, using keywords like number of years' experience in X skill. In the very near future, we'll be pulling together teams to work and we're already talking about job titles in a different way.' Nora Manaf, Maybank

Predictive analytics and HR data in the future
Predictive capability continues to be one of the dominant phrases in the discourse on HR analytics, with most organisations referencing it as the 'end point' of maturation:

'45.8% of respondents told us that they do not have sophisticated HR technology which meets their business needs.'

the level of capability at which the organisation is leveraging significant value by predicting how HR metrics will change over time. However, in the region the reality is that many organisations are a long way from realising predictive capability in their HR analytics work, with less than a third stating that they are predicting future trends using statistical tools (Figure 11).

In the organisations of the future it is believed that HR analytics will be a core activity for the HR function, and that HR teams will be delivering insights that drive business performance over the short and long term. The increase in data availability, coupled with growing capability, is expected to enable HR teams to make strategic decisions which will develop real long-term impact:

'In the future I'd like to be able to say that the data that came out of the HR department helped my business make better money. Helped us to reduce our overheads, helped us to correct behaviours where they were emerging, helped us to reverse trends before they became problems. An internal

lighthouse for us has been Nestlé UK, who have demonstrated savings, better decisions and data mining to increase speed of service to the business. If we could do that, wow.' Uzma Qaiser Butt, Nestlé

Many of those interviewed agreed that a key aspect of future analytics should be the ability to deliver insights at speed when they're requested. Delivering data and reports through the 'click of a button' is something that HR senior leaders are clearly interested in seeing from their analytics activities. The ability to explore data through various lenses and combine data sets in a clear and simple way is also something of interest to those interviewed and is something that they believe would enable their teams to better link both internal and external factors more clearly with supporting technologies and analytics capability. The ultimate aim is to paint a more rounded picture of HR data in the context of the business and the external environment.

'In five years' time, I really hope that at the click of a button, we are able to generate reports, and not

just the standard reports, because I find that, sometimes, we need to know more detailed ad hoc data, and it takes my team time to do it.

'I hope in the future we will be able to just, at the press of a button, select some of the components of the data we want and filter them, and it can be generated at the click of a button within seconds.

'I hope that from there as well, the team will then be able to list some insights around it, linking the external and internal factors.' Monsy Siew, KPMG

However, in developing the new analytics activity for the business, and delivering insights in a meaningful way, some HR directors believe the HR function shouldn't be consumed by quantitative data analysis and number crunching. The qualitative, or 'soft', types of HR data is also something that should be better built on and utilised. In the words of one interviewee, data should help to make decision-making more authentic, robust and convincing for the business because it is based both on fact and the perspective of the leader who is making the decision.

Figure 11: We use statistical tools to model HR data and predict future trends (%)

- Agree
- Disagree
- Neither agree nor disagree/don't know

30.8

42.1

27.1
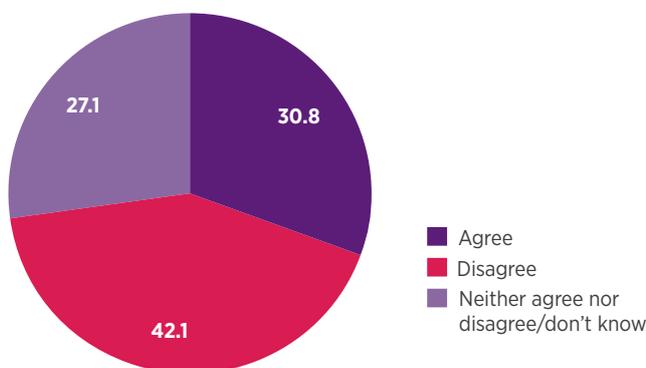
'I don't want to suggest that HR is going to become just HR analytics. What I believe is that still HR is the "soft" part of the business, which is so very critical. Analytics is an enabler for two things: to make your decision more robust, more powerful, and to convince a lot of line managers who may not be as comfortable with a softer way of viewing people and the business.

'I don't see analytics taking over HR; I don't want that. If you allow that to happen, you might as well retire all the HR people and let the analytics say what you have to do. Because the capability I've seen myself, what I bring to the table, no data can do.' Shubhro Mitra, AXA Asia

Predictive analytics which goes beyond current capabilities and allows longer-term planning is one of the major hopes for HR managers when considering what the future of HR analytics will look like. The combination of data sets to produce multidimensional data is seen as just one of the steps towards making robust predictions and forecasts about the future from the people perspective. To ensure business alignment, predictive analytics needs to produce insights which steer the business away from situations of potential risks and enable better risk mitigation processes to be put in place. For some managers this mitigation and management process is vital for the future of HR analytics, and for the HR function overall.

'I'd love to move us to predictive analytics very quickly. We have a predictive analytics philosophy in the business, our business plan, how we make decisions about what brand we're going to invest in and the market opportunity. I would love us to be able to merge internal and external people analytics and then, off that, create predictive analytics to inform our people strategy.

'I think HR and marketing are two disciplines which are very closely related. I have found it very helpful to apply the core disciplines of marketing to my own work; insight-based solutions underpinned by robust analytics, designing propositions that are unique in the marketplace, building love for a product (or organisation) that is beyond a rational appreciation and branding, branding, branding! It has helped me really move teams and organisations forward and I think the future of HR can be powered forward by advances in marketing practice. After all, both HR and marketing are in the business of driving a behavioural outcome which is replicated again and again to create a "win" for the brand or organisation.' Lizzie Runham, Vice President of HR for Consumer and Vision Care Businesses, Johnson & Johnson, Singapore

'Predictive analytics which goes beyond current capabilities and allows longer-term planning is one of the major hopes for HR managers when considering what the future of HR analytics will look like.'

Conclusions and recommendations

Conclusions

We conducted this research to explore how HR professionals in Singapore, Hong Kong and Malaysia are applying HR analytics and to map the many opportunities and challenges that arise when building and running complex analytics activity. From the interviews we conducted and the survey that was distributed across the region, our findings highlight how the region is yet to realise significant value from investment in HR analytics technology and capability.

Overall, the region is following a similar trend to what we are seeing globally: organisations view the activity as hugely important and potentially very transformative, but in terms of maturity they believe they're at the emerging/embryonic stages of capability. At the strategic level analytics strategy is beginning to feature as part of either the HR strategy for the organisation, or the overall organisational strategy. In many cases analytics is acting as an enabling or catalytic activity, which is driving development of other important HR activities. Nearly all case study respondents stated that they believe HR analytics would continue to be transformative for the profession, and many noted that future HR functions will build HR analytics capability into their business-as-usual activity.

Where HR analytics is adding the most value is when insights are feeding directly into business-relevant queries and analytics is helping to tackle real business issues. Tying in strategic-level HR analytics with other business metrics through consistent reporting, such as HR data dashboards, is recognised as being the new standard. This is in contrast to a basic level of analytics characterised by organisations' ad hoc requests for data and insights. Many organisations in the study believe that they are focusing heavily on more ad hoc requests for insights, as opposed to driving the business with new, innovative findings. HR teams are driving value creation for business when they focus on delivering small projects which can then be scaled. Focusing on large initiatives is a challenge for many HR teams in the region who are yet to secure significant investment from the business for extensive analytics activity, and our findings show that many HR teams expect to either continue to invest at the same level, or grow investment over the next year.

The lack of standardised measures is believed to be one of the greatest barriers to HR analytics becoming truly transformative for professionals in the region. While there does appear to be some consistency within organisations for standard measures, definitions differ between organisations in the same sector, and in many of those interviewed, definitions vary within organisations and business units. Most organisations who fed into the study have started to define their own measures, but at the cost of being able to benchmark with other organisations. Some interviewees noted that the opportunity to consult with other organisations around broadly standard measures would be very valuable to them.

Analytics talent in the region is in short supply, and many organisations we consulted with are finding it difficult to source new HR analytics skills from within the region, sometimes instead looking to other internationally based business units of their organisations for assistance with HR data. Interviewees noted that where teams are most effective is when highly numerical and analytical individuals are working closely with HR experts, who are able to steer the development of insights by ensuring that data is overlaid with a level of expert interpretation. In one or two cases these relationships between individuals are virtual, in that team members are based across international boundaries, in different business units and teams. The HR teams involved in this type of capability-building recognise the challenges but find the value generated outweighs the physical and temporal issues of virtual team relationships. While other regions are more engaged with vendors and consultancies for HR analytics products and insights (the 'buy capability' option), in the geographies studied many organisations interviewed are investing in their own capability, through training and development (the 'build capability' option). Where HR analytics is a strategic priority, investment in internal capability appears to follow.

Based on the interview data, general HR analytics capability appears to lag behind analytics capability in other functions; however, HR investment in analytics is steady or due to increase in 2016. In maturity terms, for the function to realise real value, investment

must build the profession and its standards. Without investment from organisations, talent will continue to steer clear of HR as a career choice.

'I entered HR by accident. I'm sure a lot of the people you interview, you'll find that they ended up in HR by accident, which is a problem. So depending on what your training was, the type of HR person you've become. In my generation, certainly, a lot of people joined by accident. Now the younger ones, I feel, they're making choices because the field is more developed.

'So my interest in data came from the fact that I had a business degree. If I had another degree, I don't know what my data interests would have been.' Uzma Qaiser Butt, Nestlé

In terms of predictive capability, the region is in line with global trends. Few organisations we interviewed are able to demonstrate predictive capability and instead are computing operational and strategic insights using historical lagging indicators. There is consensus, however, that predictive capability should be the goal for organisations in the region to strive to achieve, and that investment should be focused on putting in the foundation skills, technologies and capabilities so that predictive capability can be realised in the medium term. No interviewees stated that they have a fully developed analytics capability requiring no further investment, indicating that growth remains on the cards for many.

Table 5 summarises our key findings.

Table 5: Key findings

Linking HR strategy and HR analytics strategy: embedding people analytics within the organisation	Organisations in the study which were able to speak about the link between their HR and wider organisation strategy feel that their HR analytics activity is effective and delivering high value outputs for the organisation. Developing business-relevant insights is believed to be one of the most important aspects of successful analytics activity: not focusing on HR analytics for HR only, but applying people measurement and reporting to real issues and challenges that the business is facing. Case study interviews showed that where analytics is featured as a central part of the HR strategy, organisations feel they are further down the journey to analytical maturity and are realising real value from the investment in the capability. Investment in analytics is expected to continue to grow over the next 12 months, illustrating growing interest in the region for the capability.
Use of data and analytics: where people data is 'shining a light' on real business issues	Organisations across the research are applying analytics in a variety of diverse ways, from investigating specific cultural and behavioural issues through engagement surveys to planning and reporting on the development of new talent pipelines for the business. What is common across most interviews and in the survey research is that analytics is acting as a tool to provide evidence to significant decisions facing both HR and the other business functions. Some interviewees spoke of how analytics is acting as a 'myth buster' to dispel assumptions and intuition, and enable decisions which are more grounded in fact. This was highlighted in some interviews as the main value for the business that analytics as an activity is able to provide to the organisation.
HR metrics – defining and reporting HR data: from measurement to insight, the journey to insightful measures	Standardisation of HR measures is one of the biggest challenges that organisations face when attempting to develop their analytics capability, and in this study we found organisations trying to tackle the challenge of developing context-specific measures for their organisation, and the need for standard measures for benchmarking purposes. This issue means that some organisations get stuck at the beginning stages of the journey, unable to move beyond the definitions phase. However, interviewees believe that without comparison through benchmarking processes the full potential to be gained from analytics is being missed. HR professionals across the sample of case study organisations believe that HR balanced scorecards are the best way to communicate significant high-level data to senior leaders in a frequent fashion. Many organisations in the study aspire to develop and regularly report through key performance indicators in balanced scorecards. Very few organisations, however, are utilising the balanced scorecard technique for communicating to external stakeholders.
Developing HR analytics capability: skills, technology and the race for predictive analytics	Capability was a core theme in many interviews and across the survey sample, where both technology and skills are issues preventing HR professionals from moving their analytics work on to the next gear. Technology, while an enabler, was viewed to be a challenge to be overcome when interviewees spoke of the systems and processes they're trying to establish. IT systems and measurement activities are not working closely enough together and there are issues which arise from using different technologies in combination. Individual skills is the second barrier here, where HR professionals believe that the right skills are not available to HR functions for completing analytics. Many referenced a lack of local talent in the region for completing highly complex people measurement activity, such as planning and developing measurement processes, cleaning data and running analytics programs. Predictive analytics, while viewed as the gold standard of analytics, is out of reach for all organisations in the qualitative sample. Few believe that they are close to realising predictive capability, and feel that a lack of capability within their function is preventing them from realising value from their analytics investments.

Recommendations

Organisations in the region can do a number of things to develop their analytical capability and maximise the value and impact that they create, both for HR and the rest of the business (see Table 6).

Final thoughts

Organisations in Singapore, Hong Kong and Malaysia are beginning to apply HR analytics to some of their biggest strategic challenges, including retention of key talent, development and innovation in new HR programmes, and workforce planning for business-critical projects. All organisations interviewed recognise the importance of a well-managed and highly capable analytics function, but few believe they have achieved the full potential when it comes to developing insights for HR and human capital data. As with global trends around HR skills shortages, the geographies studied are facing an uphill struggle when it comes to attracting and retaining numerical and statistically minded HR professionals. More needs to be done across the profession to attract new talent into the profession who can drive analytical capability and build strong links across business functions. Those organisations that are able to develop this capability first are likely to reap great rewards and will likely make significant steps towards sustainable competitive advantage.

Table 6: Key recommendations

Attract new analytics talent into the profession. Nurture the development of HR experts with a foundation of analytical understanding.	HR functions in the region should look to attract new talent into the profession from across a broad selection of functions and backgrounds, including finance, marketing and operations. New graduates to the profession should come from highly numerical or statistical disciplines, such as psychology, sociology or engineering. With new disciplines entering the profession, mentoring and cross-functional relationships should be brokered between HR and business partners, to build new knowledge and develop a strong understanding of HR in new recruits. Additional career routes through HR should be fostered, such as 'zig-zag' careers in and out of HR, whereby HR professionals can gain experience and skills working in analytical roles outside of the discipline.
Work across the business and externally with industry peers to establish standards for metrics and procedures.	Professionals operating in the region should look to partner within their organisations with creators and users of HR data to develop standard measures and define high-value metrics. Particular attention should be paid to the mix of context-specific and standardised indicators. Measures should be reviewed on a regular basis and updated when necessary. Finally, organisations should look to network and benchmark metrics and establish good practice communities for HR analytics.
Champion better metrics and analytics to senior leaders and drive investment in HR analytics through evidence-based HR projects.	HR leaders should look to include HR analytics as a core part of all projects and proposals coming from and including HR, and in particular should focus on landing high-value projects for the rest of the business. Communicating through consistent and robust reports to senior leaders should be viewed as a vital objective of future HR analytics activity, and HR directors in particular should become well versed in explaining the many different types of data and quality outputs that can arise from HR analytics processes.
Develop analytics roles throughout the HR function across all seniorities of HR professional.	HR professionals should learn and be able to apply analytical skills at every level in their career. Junior-level professionals should be provided with mentors and senior managers inside and outside of the function to understand HR analytics and the value of HR data to the organisation. HR business partners in particular should develop their understanding of business and people data and look to foster strong relationships between the HR analytics function and business units.

Appendix 1: Background to the HR analytics in Asia survey

This is the first CIPD survey exploring HR analytics in part of Asia. The survey explores how organisations in the region approach HR analytics and the impact that it is having on their organisation. The full survey consisted of 35 questions.

The survey was distributed across the CIPD network and via external channels to HR professionals in Singapore, Hong Kong and Malaysia in January and July 2015 in two phases. In total 107 completed the survey.

Sample profile
Distribution across organisations was weighted towards large organisations (Table A1).

The sample included 5.6% of respondents from medium-sized organisations of between 50 and 249 employees. Less than 8.4% of organisations are small enterprises (fewer than 50 employees).

Just over 57% of respondents work in the private services sector, while just under a quarter work in manufacturing and production (23.4%). The public sector is represented by 11.2% of respondents (Table A2).

Just over half (55.1%) of respondents are based in Malaysia (Table A3). Almost three-quarters (73.9%) of respondents work in HR functions which have fewer than 50 personnel in them (Table A4).

The majority of respondents are either HR manager level or above (83.2%). More than three-quarters (76.6%) of respondents have more than ten years' experience working in HR (Table A7).

Note on statistics and figures used
All respondents answered all questions in the survey, and data is presented to one decimal place.

Given the small sample size (n=107), statistical tests of significance have been omitted. The data presented is meant as a representation of those organisations which engaged in the study and are not generalisable to the larger population.

Table A1: Profile of respondents, by global size of organisation (number of employees)

Number of employees	N	%
Total	107	100
1–9	4	3.7
10–49	5	4.7
50–99	1	0.9
100–249	5	4.7
250–499	4	3.7
500–999	9	8.4
1,000–4,999	21	19.6
5,000–9,999	8	7.5
10,000–19,999	9	8.4
Over 20,000	35	32.7
Unsure	6	5.6

Table A2: Distribution of responses, by sector

	N	%
Private Services	**61**	**57.01**
Finance, insurance and real estate	16	15.0
Retail and wholesale	9	8.4
Professional/consultancy services	13	12.1
Hotels and restaurants	5	4.7
Transport, storage and communication	3	2.8
Other private sector services	6	5.6
Media	0	0
IT industry	8	7.5
Health and social care - private sector	1	0.9
Manufacturing and production	**25**	**23.4**
Manufacturing	13	12.1
Construction	7	6.5
Electricity, gas and water supply	4	3.7
Mining and extraction	1	0.9
Public sector	**12**	**11.2**
Public administration – central government	3	2.8
Education – further and higher	6	5.6
Defence – armed forces and police	0	0
Health and social care – public sector	2	1.9
Public administration – local government, including schools and fire services	1	0.9
Voluntary, community, not-for-profit sector, and other	**1**	**0.9**
Voluntary and not-for profit (third sector)	1	0.9
Other	25	23.4

Table A3: Main work location

	N	%
Total	107	100.0
Malaysia	59	55.1
Singapore	21	19.6
Hong Kong	19	17.8
UK	1	0.9
Other	7	6.5

Table A4: Size of HR and L&D function in the region, including HR shared services

	N	%
Total	107	100
More than 250	12	11.2
100–250	7	6.5
50–99	9	8.4
20–49	25	23.4
10–19	19	17.8
6–9	9	8.4
3–5	11	10.3
1–2	9	8.4
0	1	0.9
Unsure	5	4.7

Table A5: Current role

	N	%
Total	107	100.0
I work for an organisation in an HR role	59	55.1
I work for an organisation in an L&D role	7	6.5
I work for an organisation in an HR and L&D role	26	24.3
I work for an organisation in another HR specialism	4	3.7
I don't work in HR but have responsibility for it	2	1.9
I am a self-employed independent consultant	1	0.9
I work for an HR/L&D consultancy	3	2.8
I work for a management consultancy	1	0.9
I work for a supplier of services to the HR/L&D community (excluding consultancies)	1	0.9
I work as an academic	1	0.9
I am currently studying/a student	1	0.9
Other	1	0.9

Table A6: Current career level of respondents

	N	%
Total	107	100.0
Director	8	7.5
Senior executive/group role	40	37.4
Manager	41	38.3
Senior officer (individual in senior position with strong professional role – may have supervisory responsibilities for departmental work and/or manage a small team)	10	9.3
Officer (an experienced officer with first level of professional responsibility but with more than two years' experience as an officer)	4	3.7
Independent consultant individual providing consultancy services to organisations on a freelance/contractual basis)	2	1.9
Consultant in HR/management consultancy	1	0.9
Other	1	0.9

Table A7: Experience of respondents (years)

	N	%
Total	107	100.0
1–3 years	6	5.6
4–9 years	19	17.8
10–19 years	49	45.8
20+ years	33	30.8

Table A8: Education attainment of respondents

	N	%
Total	107	100.0
High school level education (for example Baccalaureat, GCSE, A-level)	2	1.9
Bachelor's/undergraduate degree	58	54.2
Master's/postgraduate degree	46	43.0
Vocational qualifications (for example HND, NVQ)	1	0.9
Other		

Appendix 2: HR analytics metrics in use by organisations in Asia

As part of the HR analytics in Asia survey, organisations were asked to state whether they use certain HR metrics in their analyses. The results of the survey are shown in Figures B1, B2 and B3.

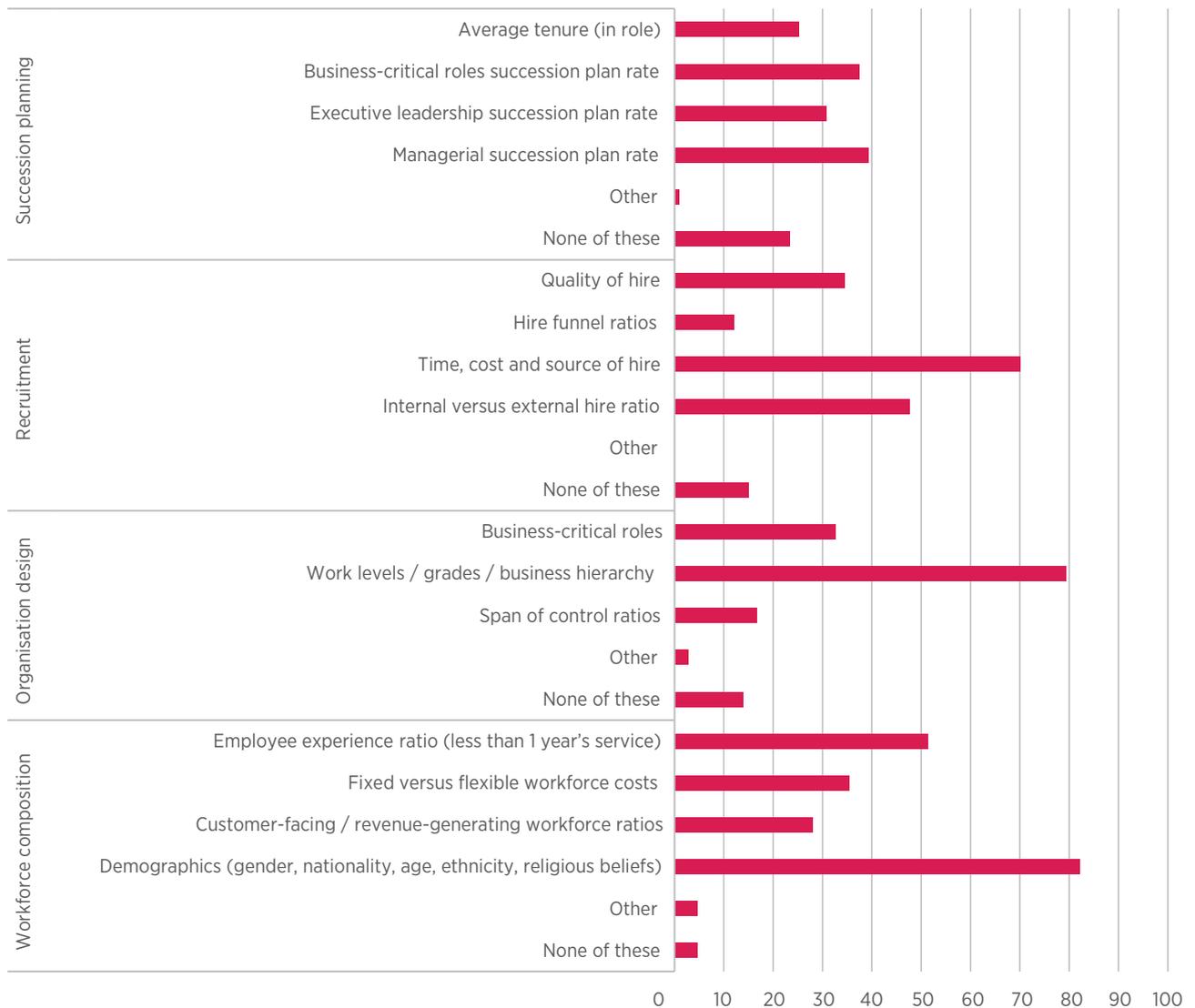**Figure B1: Percentage of sample metrics used by respondent organisations (%)**

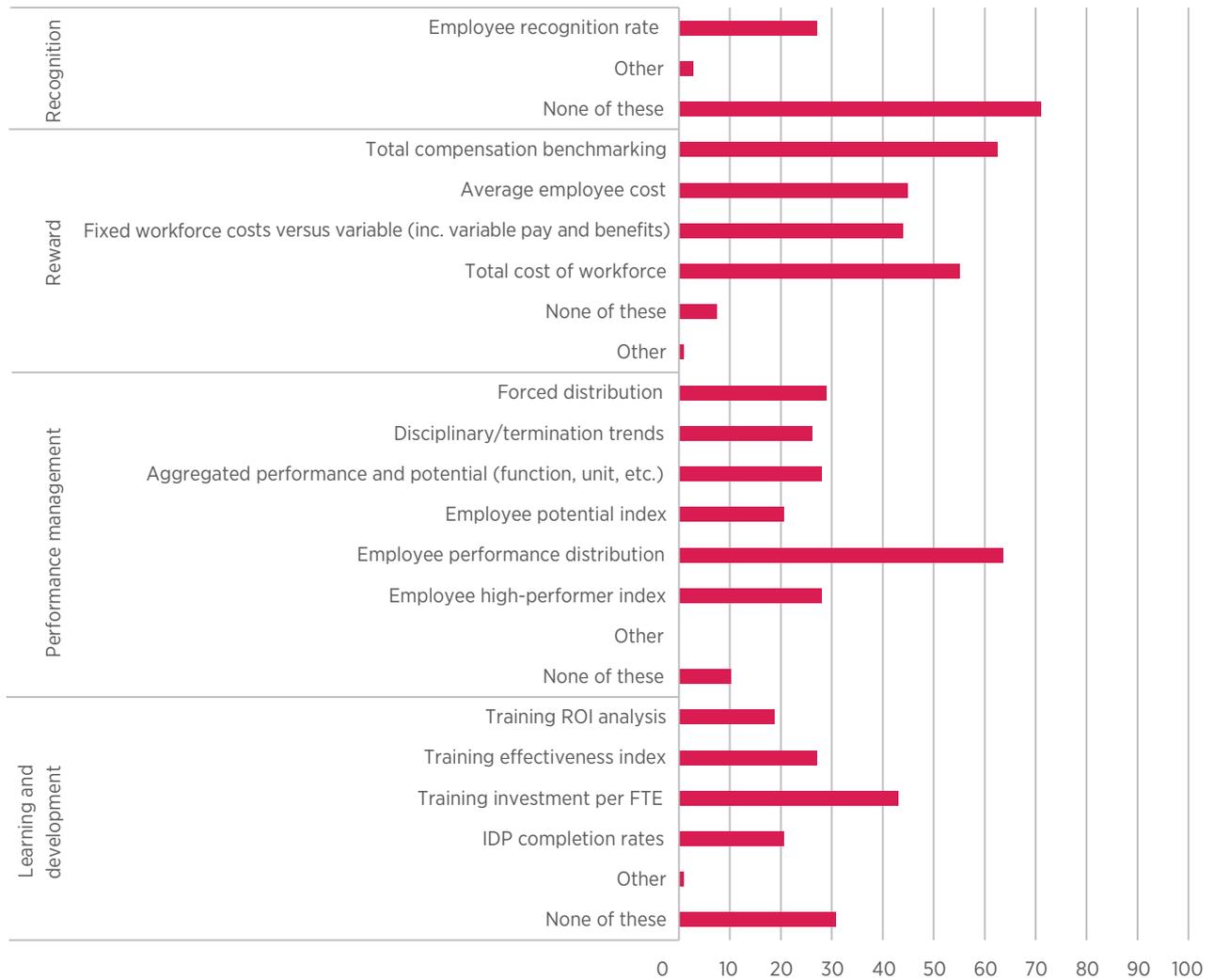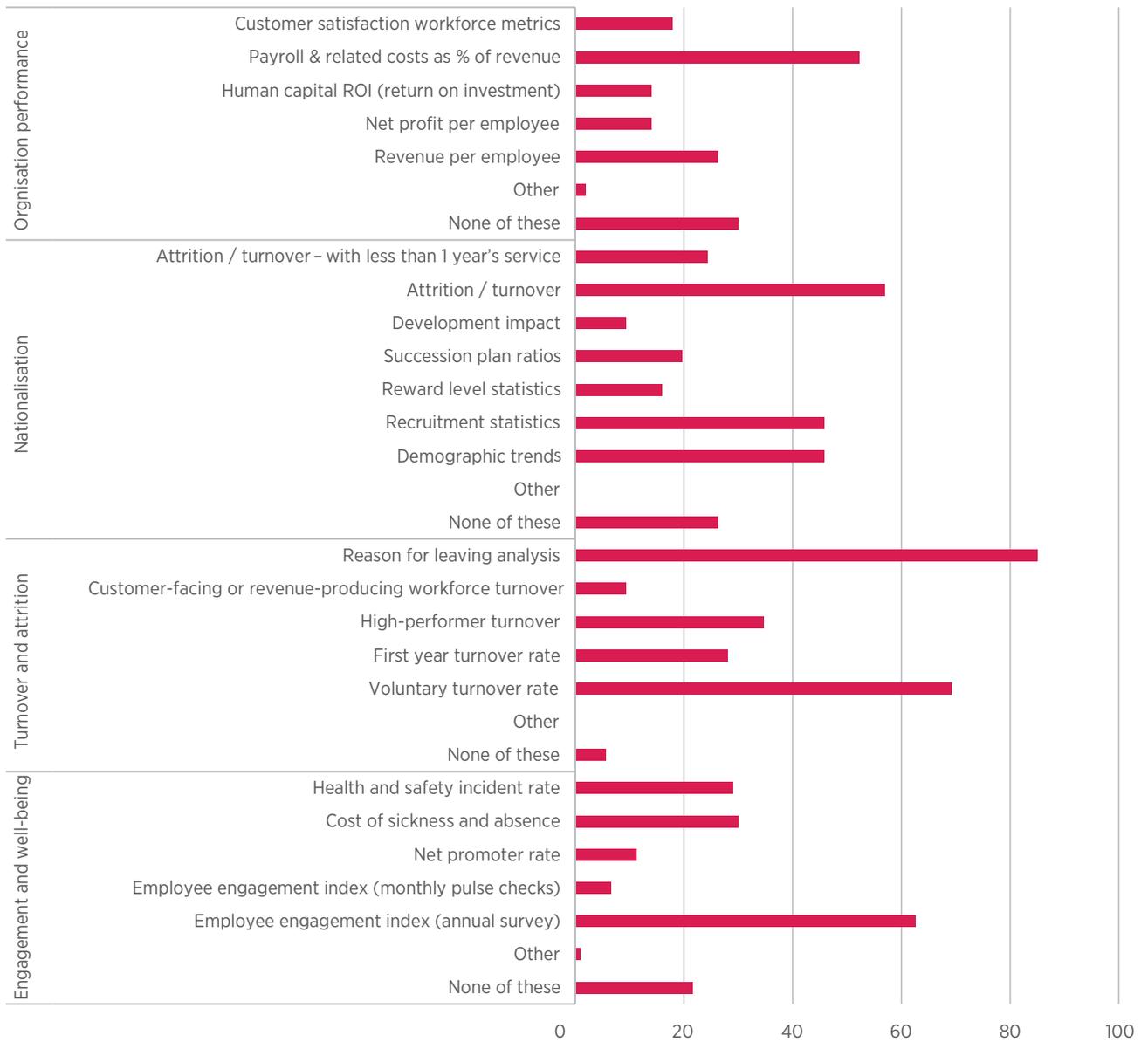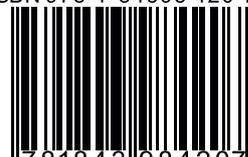**Figure B2: Frequency of sample metrics used by respondent organisations (%)**

Recognition
- Employee recognition rate
- Other
- None of these

Reward
- Total compensation benchmarking
- Average employee cost
- Fixed workforce costs versus variable (inc. variable pay and benefits)
- Total cost of workforce
- None of these
- Other

Performance management
- Forced distribution
- Disciplinary/termination trends
- Aggregated performance and potential (function, unit, etc.)
- Employee potential index
- Employee performance distribution
- Employee high-performer index
- Other
- None of these

Learning and development
- Training ROI analysis
- Training effectiveness index
- Training investment per FTE
- IDP completion rates
- Other
- None of these

Figure B3: Frequency of sample metrics used by respondent organisations (%)

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