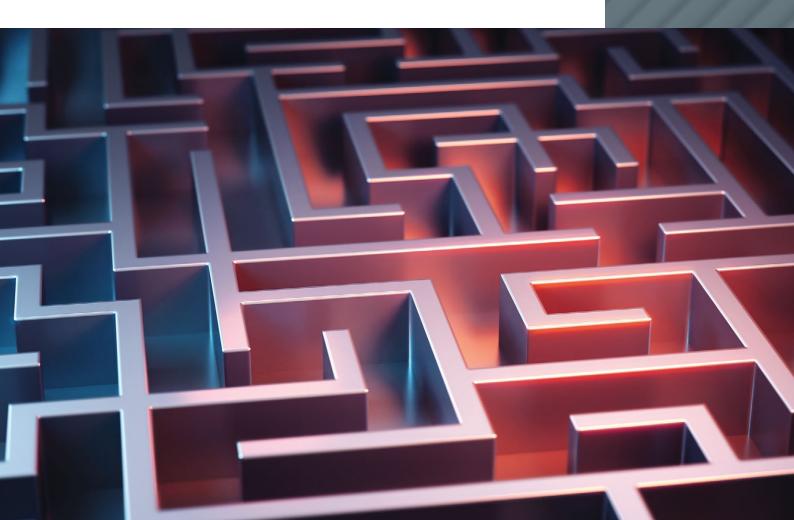


CHRO Briefing November 2024

Your curated insight into the most relevant and timely strategic HR topics

Evidence-based HR: informing strategic decision-making



There is a mounting campaign for HR professionals to become more evidence-based in their practice, moving away from chasing fads or seeking to follow 'best practice'. This, proponents of evidence-based HR (EBHR) say, will lead to better questioning, decision-making and ultimately business outcomes. In this CHRO briefing we use the best available evidence to explore areas including:

- The true meaning of EBHR, how it links to business outcomes, plus barriers to take-up
- How CHROs can cultivate a more critically questioning and evidence-based mindset in themselves, their teams and organization at large – and the business risks of not doing so
- The contribution improved people analytics makes towards EBHR and the fallacy of relying solely on this single source of evidence.

Topline insights

Evidence-based management and more specifically evidence-based HR is nothing new. The term 'evidence-based practice' originated in the 1990s with evidence-based medicine and has since been pre-fixed to many other areas, including management. Jeffery Pfeffer and Bob Sutton published the seminal Knowing Doing Gap in 1999, Professor Rob Briner, a prominent voice in the EBHR movement, first published on the topic in 2000, and Denise Rousseau and Eric Barends, two other prominent thinkers in this space, published their influential article 'Becoming an evidence-based HR practitioner' in 2011.

However, despite much talk about the need for the HR profession to become more evidence-based and increasing acknowledgment of the damage inflicted by uncritically chasing fads and the fallacious concept of 'best practice', progress remains relatively slow. It's not hard to find skepticism about whether business decisions are being made with sufficient evidence. Take the decisions about requiring staff to return to offices. These return-to-office (RTO) mandates are often based on a 'feeling' about diminishing productivity (few leaders present hard business intelligence). Yet three recent academic papers analyzing more than 1200 RTO policies and presented at a conference at Stanford University found that such policies have no proven significant positive impact on future profits or share returns and are instead associated with employee exits and reduced employee sentiment, which can be damaging.

Another pertinent example is the field of DEE&I, currently under scrutiny in some quarters for perceived loss of connection to business outcomes. The former UK

Government's report on improving diversity and inclusion, which was produced under the guidance of a Harvard professor highlighted that "organizations continue to adopt D&I interventions that have been shown to have little or no impact, and in some cases are counterproductive or unlawful". Despite the debunking of the effectiveness of unconscious bias training, for instance, many organizations continue to roll it out as standard, and the formerly canonical McKinsey statistics about the economic value of diversity have also recently been discredited. This is not to say that there is no evidence for what works in DEE&I – plenty of credible academic studies exist – but that a lack of engagement in such evidence by practitioners puts the future of such a critical field at risk.

The lack of evidence used in many business decisions means any briefing about EBHR must go back to the basics of the concept. The CIPD, which updated its Profession Map in 2018 to include 'evidence-based' as a core value, describes evidence-based practice as "using a range of evidence and expertise to make decisions". In HR and management, there are four sources of evidence: professional expertise (the judgment of practitioners), scientific literature (published academic studies), organizational evidence (business data and insight) and stakeholder evidence (internal and external stakeholders).

Success in evidence-based HR is about framing the right business question and bringing evidence from as many of the above sources as possible to answer it. It is not simply about improving capability in people analytics, although this is an important part of becoming more evidence-based.

Topline insights (continued)

To help CHROs navigate through this critical yet sometimes opaque topic, Senovis has curated the best insights around EBHR. (It is worth noting that as the foundations of EBHR haven't changed, some essential reading is several years old, and similar points may be reiterated.) First up, some topline insights for CHROs seeking to build more evidence-based mindsets and culture – and read on for summaries and links to relevant, thought-provoking and useful content...

- The HR profession has a long way to go before it can claim to be truly evidence-based. Fads and debunked practices (unconscious bias training or the use of unstructured interviews for hiring, for example) persist. While there exists a large body of academic evidence on what works in people practice, too few practitioners engage with it (the style and approach of many academic papers does not help). There is a need for CHROs and their teams to develop a greater awareness of how to engage with academic literature and assess its credibility when seeking evidence to support decision-making.
- People analytics is not the same as evidence-based
 HR. The field of people analytics is receiving plenty of
 attention and, done well, can add much value to
 organizations. But CHROs should understand that using
 HR data does automatically translate into being an
 evidence-based HR practitioner. People analytics is one
 essential source of evidence, and CHROs should invest
 in getting it right, but to derive the most impact, wider
 principles of EBHR (such as starting with the business
 strategy and the right question) must be applied, and
 other sources of evidence brought into play.
- Despite the hype, the majority of organizations remain in their relative infancy around effective people analytics. When it comes to HR insight, CHROs need to be wary of running before they can walk. It is critical to get the foundations in place, and this includes making the case for investment in an effective HR system and cleansing and collating people data from multiple sources. HR is often at the bottom of the list for technology investment, but there is clear evidence HR analytics can help drive organizational performance.
- Becoming evidence-based is a learned skill and something CHROs should seek to build in their HR teams (and themselves). This includes learning to

- frame and ask the right business questions to identify key problems, critically assessing the credibility of evidence and being open to challenge.
- Beyond the HR function, becoming evidence-based may well be a cultural shift for the organization at large and its leaders – requiring challenging deeply entrenched management practices. Leaders may be resistant to being challenged or asked to think critically about those things they have always done. The CHRO and the entire HR team have a role to play in encouraging more evidence-based cultures, but this requires having the courage to question and challenge long-held and deeply embedded beliefs and assumptions.

Academic paper round-up

Becoming an evidence-based HR practitioner

In brief: If you're new to the concept of evidence-based HR this is the place to start, offering a step-by-step guide on how to get started as an evidence-based HR practitioner. EBHR is a decision-making process combining critical thinking with the use of the best evidence available from four sources: scientific evidence, organizational facts, metrics and assessments, practitioner reflection and judgment and stakeholder concerns and impact. Being evidence-based means developing a questioning mindset for critically assessing the validity of evidence and building a bridge between practice and research.

What it means: To become truly evidence-based, CHROs must engage more meaningfully with academic literature and start to make decisions guided by scientific evidence (as well as the other sources). The first step is always to ask the right question, so HR teams should be trained to formulate answerable business questions. Developing a questioning mindset is key, as all evidence gathered must be critically appraised within the business context before a decision is reached. The aim is to create an evidence-based culture to improve the quality of decision-making.

See Source

Bridging the gap: how, when and why HR analytics can impact organizational performance

In brief: Based on research with 155 Irish firms, this study seeks to understand the link between HR and organizational performance. It finds that while HR analytics can effectively collect data, information and insights (as long as the organization has invested in the foundational layer of a decent HR information system), this is not enough to create competitive advantage unless the organization is able to use the evidence effectively. The data collected through HR analytics programs must be used to make strategic decisions and facilitate evidence-based management (EBM). HR technology adoption enables HR analytics, with HR analytics in turn facilitating organization EBM, which then leads to higher organizational performance.

What it means: This study proves that HR analytics programs and understanding of EBM can directly increase organizational performance. However, without the foundation of a decent HR technology system, HR teams will struggle to generate value from workforce data. HR leaders must push for investment in HR technology as well as cultivating the mindsets to allow for evidence-based decision-making.

See Source

HR analytics between ambition and reality

In brief: While plenty of hype exists about the potential impact of HR analytics, the state of play in many organizations is quite different. This study of firms in Switzerland finds the majority are primarily doing backward-looking descriptive data analytics, rather than moving into the predictive or prescriptive space. The most common HR processes using HR analytics are performance and compensation management, workforce planning and recruitment and onboarding, with HR analytics seen as having the potential to improve employee experience. Most organizations still face serious challenges putting in the foundations for analytics with data quality and HR competencies cited as key barriers to progress.

What it means: Analytical and interpretive skills in HR teams must be built if HR functions are to move on from descriptive reporting to something more impactful. HR leaders should seek to create interdisciplinary working groups of data analysts, HR professionals and decision-makers to ensure actions follow analysis. Stakeholder management and storytelling skills are critical alongside 'harder edged' analytical ones. CHROs should also consider how the use of HR analytics can improve employee experience of HR processes, with an eye on customer experience and human-centered design.

Academic paper round-up

The HR analytics cycle: a seven-step process for building evidence-based and ethical HR analytics capabilities

In brief: As HR analytics is still in its relative infancy as a discipline, there is a need for practical frameworks to help HR leaders apply analytics to their work, with an emphasis on evidence-based and ethical practice. This paper introduces a seven-step approach for HR analytics in organizations. Step 1: determine stakeholder requirements; step 2: define HR research and analytics agenda; step 3: identify data sources; step 4: gather data; step 5: transform data; step 6: communicate intelligence results; step 7: enable strategy and decision-making.

What it means: Organizations must approach HR analytics strategically. Before investing in technological or analytical resources, bring in a qualified HR analytics leader to establish vision. strategy and capabilities. This role should sit within HR and report to the CHRO. Establishing an HR research and analytics agenda as part of an HR analytics cycle can guard against reactive and over-enthusiastic data gathering and dumping, providing HR leaders with insights to inform strategy creation and workforce decisions.

See Source

People analytics effectiveness: developing a framework

In brief: With many organizations yet to fully establish their people analytics teams, and many others struggling to improve decision-making via HR analytics, this paper provides a framework to enable people analytics to contribute to organizational performance. The People Analytics Effectiveness Wheel includes four ingredients for a successful people analytics team. Firstly, enabling resources, including senior manager support, data and infrastructure and appropriate knowledge, skills and abilities. Secondly, the products the team should deliver to improve performance, broadly covering employee reporting, organizational research and establishing an evidence-based culture. Third is stakeholder management and finally governance structure (including data privacy and ethics).

What it means: CHROs are encouraged to engage with the People Analytics Effectiveness Wheel to assess the necessary ingredients for setting up and running an effective people analytics function. For those who already have a people analytics team, the framework can be used to aid capability assessment, risk analysis and identify areas for improvement.

See Source

Don't know, don't care: An exploration of evidence-based knowledge and practice in human resource management

In brief: Academics have long bemoaned the lack of take up of evidence-based HR among practitioners, but what are the reasons for this? According to this research, barriers to take up include HR practitioners believing academic evidence has a lack of real-world applicability and plus a lack of access to, and understanding of, scientific literature. It argues that short-termist and utilitarian management approaches and power imbalances in organizations can be inconsistent with EBHR, as they seek to preserve the status quo rather than adopting the more challenging, questioning mindset required by EBHR. Without sufficient influence in the organization, HR practitioners are not incentivised to 'rock the boat' by becoming more evidence-based.

What it means: Increasing the use of EBHR requires systemic change as much as for individual practitioners to change their approach. Organizations need to become open to challenging the status quo and admitting to rather than obfuscating failures. HR functions need to have a certain level of credibility and influence within organizations to allow for the acceptance of more evidence-based approaches. It is important that managers outside of HR are educated in HRM, including concepts of ethics, people strategy and values.

Reports round-up



In brief: EBHR has been around for 25 years, yet uptake remains relatively slow. This report, based on a survey of and interviews with senior HR professionals, offers tools and advice to increase the effectiveness of evidencebased HR practice in organizations. Suggested enablers include senior leaders placing greater value on taking an evidence-based approach, providing toolkits and templates, and improving access to the four sources of evidence. Practical recommendations include always starting with the business issue, asking the right questions and involving the whole team rather than leaving it to experts.

What it means: CHROs should ensure they understand the EBHR process, and invest in training their teams in the same. Role-modeling evidence-based behaviors is essential, including being open to evidence challenging previously held assumptions and ideas. Perfection is the enemy of good, so CHROs should start from where they are and look to build structured evidence-based approaches into core HR processes and projects. See Source

Impacting business value: Leading companies in people analytics by Insight222

In brief: A common question from CHROs about people analytics is: What are the best doing? This paper sets out to answer that. Based on data from 184 companies, the research uncovers seven characteristics of companies leading in people analytics. These include the people analytics leader actively influencing the C-Suite through a close reporting relationship with the CHRO and the people analytics function focusing on personalized products, democratizing data, and measuring and delivering financial value. The top five areas where people analytics adds most business value are diversity and inclusion, employee experience, retention, workforce planning and talent acquisition.

What it means: CHROs should consider their reporting relationship with their people analytics leader. In leading companies, the people analytics lead reports directly to the CHRO. If this isn't possible, ensure regular frequency of meetings to ensure data and analytics are an essential part of HR strategy, that business partners are developing data literacy and that people analytics functions are gaining exposure to senior stakeholders. For maximum impact, hire behavioral science capability into the people analytics team.

Evidence-based HR: Make better decisions to step up your influence by CIPD

In brief: In 2018, the CIPD updated its Profession Map to include evidence-based as one of three core values of the people profession. This guide, of particular use for more junior HR professionals, offers a clear and step-by-step guide for moving towards a more evidence-based HR practice. There are six steps to EBHR. Step one: Ask critical questions. Step two: Acquire the evidence. Step three: Appraise the evidence. Step four: Aggregate the evidence. Step five: Apply the evidence. Step six: Assess the outcome.

What it means: CHROs should view evidence-based as core to how their teams approach HR strategy and practice. Team members at all levels should be trained in how to take a more evidence-based approach. When engaging with scientific literature (an often overlooked source of evidence by practitioners), two principles apply. First: not all evidence is equal, and thus it should be critically appraised. Second: One study is not enough, and practitioners should look at a broad body of research on any topic.

See Source

Reports round-up

Creating people advantage: Set the right people priorities for challenging times

by BCG and WPFMA

In brief: Drawing on responses from almost 7000 HR professionals in 102 markets, this study analyzes current challenges and opportunities for global people teams. Talent gaps and skills shortages represent the biggest challenge globally and top priorities include strategic workforce planning, talent acquisition, upskilling and reskilling and digitization. The research finds that while people teams are good at reacting to short-term requirements, looking ahead and planning for the longer-term remains a challenge in a dynamic business environment.

What it means: CHROs must look ahead and proactively reallocate resources to deal with disruptions like AI, climate change and sustainability and geopolitical tensions. HR teams must urgently address issues including leadership behaviors and development, strategic workforce planning, change management and upskilling and reskilling at scale if organizations are to be able to deal with the disruptions to come. HR operating models need to include strong governance structures that enable fast, responsible and evidence-based decision-making.

See Source

High Impact People Analytics

by Deloitte

In brief: For people analytics to drive value, it must be treated as an organizational imperative and business function with a clear vision, mission and strong internal governance, not a mere HR add-on. A data-centric culture where employees trust the organization to be responsible with their data in decision-making is key, as is integrating people and business data from a wide array of systems and sources. Success in this space is as much about human capability as technological, and organizations should balance investment in the two.

What it means: CHROs should assess the maturity, operating model and capabilities of their people analytics teams, formalizing and improving where required to boost internal consulting services. Senior leaders, including HR, must model the importance of data-driven decision-making, and build capability in this area throughout the workforce. Tapping into other areas of the business for talent can help bridge the gap while HR teams are upskilled. People data should be treated as business data, with appropriate governance processes and data infrastructure investment attached.

The best evidence-based HR articles

Evidence-based HR and people analytics are the same, right? Afraid not

By Rob Briner in People Management

In a sentence: The role of people analytics to improve decision-making and performance is vital, but it should not be confused with evidence-based HR, which involves an explicit structure and process to identify problems, focuses on only the most trustworthy evidence and draws evidence from multiple sources, of which business data is only one.

"While people analytics is a welcome and necessary development within the HR profession and certainly goes some way to helping HR become more effective, it is not, on its own, enough."

See Source

The surprising power of questions

Alison Woods Brooks and Leslie K John in Harvard Business Review

In a sentence: Asking the right questions can unlock value and mitigate risks in organizations, but executives need to think of questioning as a skill to be honed, based on behavioral science and emotional intelligence. "Questions and thoughtful answers foster smoother and more-effective interactions, they strengthen rapport and trust, and lead groups toward discovery."

See Source

The role of scientific findings in evidence-based HR

By Rob Briner and Eric Barends in People + Strategy

In a sentence: To make evidence-based decisions, HR practitioners should be engaging with the best quality and most reliable scientific evidence, which is most likely to be found in systematic reviews, meta analyses and literature reviews.

"For more complicated decisions in business and management, relying solely on our own experience and professional judgment is likely to lead to poor decisions."

See Source

Considering the application and relevance of evidence-based HR

by Susan Reid Elder and Moira Nikodem in People Management

In a sentence: Despite raised awareness of evidence-based practices, debunked practices like unconscious bias training persist in many organizations, suggesting there are barriers to take-up of EBHR and learning gaps in the profession to be overcome.

"Organizations cannot afford to waste effort and resources on practices that may not work; instead, practices must be strongly rooted in evidence on what works best."

The best evidence-based HR articles

Trust the evidence, not your instincts

By Jeffery Pfeffer and Bob Sutton in The New York Times

In a sentence: Despite mounting sources of evidence suggesting certain mainstream management practices, such as job interviews and performance-related pay, are ineffective at best, damaging at worst, organizations persist in using them – evidence-based management would help. (Note: The fact this article was written in 2011, and yet many of the practices it describes are still commonplace in organizations proves the barriers in uptake to evidence-based practice are stubborn and persistent.)

"The growing pile of studies on the human and financial costs of employee disengagement, management distrust, poor group dynamics, faulty incentive schemes and other preventable damage suggests a need for an evidence-based management movement."

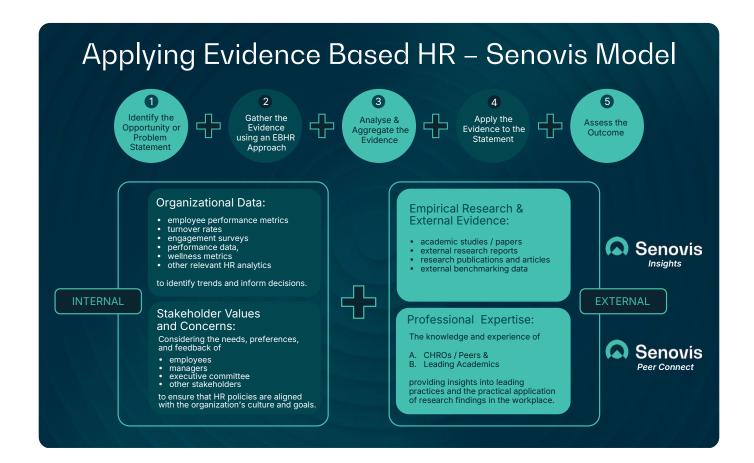
See Source

What? Should we? How?

By Michelle Stansfield, Senovis

In a sentence: The challenges of delivering day-to-day HR can make it hard for CHROs to find space to devote towards engaging with the best available evidence, but failing to shift to a more evidence-based mindset and seeking evidence from multiple sources, is to miss a trick on driving performance.

"To see EBHR as something that goes on largely in the people analytics team, as is sometimes the perception, is to miss the importance and breadth of evidence on which successful people strategy depends."



WHAT NOW?

Three questions for CHROs to consider

- How equipped is my HR team (and am I as CHRO) to meaningfully engage with the four sources of evidence, in particular academic evidence, and how can we upskill in order to do so?
- Does my organization have an evidence-based culture and mindset and if not, how can I build one? Are leaders open to challenge and prepared to critically assess evidence and question traditional practice and if not how can I build this mindset among leaders?
- Is my HR function able to drive business outcomes from people analytics, including having the foundations in place and capability within the team to ask the right questions, critically assess data and present a compelling narrative to senior stakeholders?

Senovis provides CHROs with a uniquely tailored single source platform of evidence-based content and peer to peer connectivity enabling CHROs to further influence and impact organisational performance.

Appendix

Below is a complete list of the sources referenced in this paper, plus links.

Academic papers

McCartney S, & Fu N. (2022). <u>Bridging the gap: how, when and why HR analytics can impact organizational performance</u>. *Management Decision*, Vol. 60 No. 13, 2022 pp. 25-47.

Gerber, M., Krause, A., Probst, J. et al. (2024) HR analytics between ambition and reality. Gr Interakt Org 55, 225-236

Falletta, S.V. and Combs, W.L. (2021), <u>The HR analytics cycle: a seven-step process for building evidence-based and ethical HR analytics capabilities</u>, *Journal of Work-Applied Management, Vol. 13 No. 1*, pp. 51-68.

Peeters, T., Paauwe, J. and Van De Voorde, K. (2020), <u>People analytics effectiveness: developing a framework</u>, *Journal of Organizational Effectiveness: People and Performance, Vol. 7 No. 2*, pp. 203-219.

Rousseau D, Barends E (2011). <u>Becoming an evidence-based HR practitioner</u>, *Human Resource Management Journal, Vol 21*, No. 3, pp 221–235

Gill C, (2018). <u>Don't know, don't care: An exploration of evidence based knowledge and practice in human resource management</u>, *Human Resource Management Review, Volume 28, Issue 2*, pp 103-115

NB: Academic papers may be behind a content gate. Comprehensive summaries for all these papers and many more are available to Senovis clients.

Reports

Evidence-based HR: A new paradigm, Rob Briner and CRF, 2024

Impacting business value: Leading companies in people analytics, Insight222, 2022

Evidence-based HR: Make better decisions to step up your influence, CIPD, 2023

Creating people advantage 2023: Set the right people priorities for challenging times, BCG and WFPMA, 2023

High Impact People Analytics, Deloitte, 2024.

Articles

Evidence-based HR and people analytics are the same, right? Afraid not, Rob Briner in People Management, December 2023

The surprising power of questions, Alison Woods Brooks and Leslie K John in Harvard Business Review, May 2018

The role of scientific findings in evidence-based HR, Rob Briner and Eric Barends in People + Strategy, 2016

<u>Considering the application and relevance of evidence-based HR</u>, Susan Reid Elder and Moira Nikodem in People Management, October 2023

Trust the evidence, not your instincts, Jeffery Pfeffer and Bob Sutton in The New York Times, Sept 2011

What? Should we? How?, Michelle Stansfield via LinkedIn, October 2024

