

# Dynamics of People Analytics and Dilemmas for HR Professionals

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## **ABSTRACT**

Analytics enable HR professionals in taking insightful and intelligent people decisions based on the quality and depth of data that is systematically built in a given organization. It can do myriad things in the area of people decisions, both tactical and strategic. It is not unusual that HR professionals of all types experience stresses and they have to cope with various dilemmas in work place. It is becoming increasingly clear that HR managers, both young and old, and those at entry, middle, or senior level go through dilemmas at their workplace without any exception. Similarly, there are line managers who encounter dilemmas while partnering with HR professionals in initiating various HR interventions in organizations. Same is the case with students pursuing MBA. Though the theme on dilemmas for HR professionals is very contemporary in nature, very little is available as reference points for HR professionals to lay their hands on to gain insights and broaden their perspective. This Paper addresses the issue of dynamics of People Analytics and examines the various dilemmas that have the potential to cause “*Moral Injury*”—a term that refers to a severe inner conflict caused by an “*act of moral transgression*” to the HR professionals.

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**Key Words:** *People Analytics, HR Professionals, Dilemmas, Moral Injury, Ethical Transgression.*

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## **1. INTRODUCTION**

In a survey done by SHRM for a sample size of 748 HR professionals, as high as 54% had observed that they have often experienced conduct in the workplace that violated the laws of the land or the ethical standards in a professional organization. We can come up with a list of doubts that may be lingering in the minds of today’s HR professionals. Though not exhaustive by any stretch of imagination, the list provided below reflects some of their dilemmas. The dilemmas are *whether or not* the HR professional is in a position to:

- To follow his or her business leaders or ask questions when required
- To know clearly if his role is only administrative in nature or does it also envisage his entitlement to provide advice on people issues
- To become a whistle blower or keep mum despite his insights/knowledge about sensitive data especially about conduct and behavior of senior leadership and their impact on organizations morale.
- To communicate official policies/processes/guidelines even when his own beliefs/values contradict them
- To look not only at organizational interests but also take into account individual interest as well
- To remain impartial even under hierarchical pressures in the organization
- To concentrate not on short term implications of HR processes but on the need to focus on long term as well
- What he has to bring about in people: higher productivity or innovativeness.

## **2. PERSPECTIVES FROM EARLIER RESEARCH STUDIES ON THE PREVALANCE OF HR PROFESSIONALS’ DILEMMAS**

Researcher Muhammad Burdbar Khan from Lincoln Business School, University of Lincoln, England, UK, has aptly quoted this prevalence. “In modern day, Human Resource Management (HRM) is seen as a mere variant of management control aiming intentionally to ‘colonize’ the identity of the individual employee which points to the contradictions between the idealized HRM theories and its practice commonly referred to as the difference between rhetoric and reality.” A similar perspective, unfortunately, is also shared by researchers Janssens and Steyaer when they said “A strict market-based perspective in mainstream HRM pushes HR practitioners to draw on an economic criterion rather than social values to legitimize their practice.

There is a basic assumption in this perspective that human resource is a cost that ought to be minimized, and

that the value of HR rests almost solely on its contribution to bottom line of productivity and profitability.” Greenwood has put his views across on ethical analyses of Human Resource function and commented that HRM is essentially concerned with the treatment of humans and it is inherently an ethical activity and HRM debate and practice automatically raise ethical implications. But unfortunately Thomas A. Kochan, George Maverick Bunker Professor of Management at the MIT Sloan School of Management once wrote “Human Resource Management faces a crisis of trust and a loss of legitimacy in the eyes of its major stakeholders.”

It is of crucial importance therefore to analyze the underlying dilemmas that Indian HR professionals are facing today at their workplaces. HR function today has assumed an important place in organizational success in India, especially in view of rapid globalization, global competition, increased economic turbulence (VUCA), constant revisions in employment laws, changing values, and value conflicts arising out of co-existence of multi generational workplaces. Research has shown that these dilemmas in HR professionals can lead to build not only interpersonal but also intrapersonal issues such as stress, feelings of guilt, shame, and compunction among HR professionals impacting their performance. Researchers Maguen & Litz aptly referred them as “*Moral Injury*”—a term that refers to a severe inner conflict caused by an “*act of moral or ethical transgression*.”

### 3. REASONS FOR INCREASED INCIDENCE OF THE DILEMMAS

Let us examine, in this section, the factors responsible for the increased occurrences of dilemmas for HR professionals. Perhaps with passage of time the term, “**Human Resource Development**” has become paradoxical to some extent to many HR professionals. Arguably, humans are living beings of the highest order and we need to acknowledge this fact. However, their development certainly assumes a path that perhaps is based on a basic tenet of a long term facilitative process of self-actualization. Human resources, generally, tend to point out a notion that they can be routinely managed and can be put to use in a flexible manner. People also feel that they can also be quickly replaced like other available resources based on purely short-term benefits of the organizations.

“**Profit at any cost**” paradigm that many organizations follow today has led to an unprecedented crisis. Management of these organizations tends to focus on human beings as only resources in short term. Research has shown that treating employees as short-term resources instead of taking a holistic view only dehumanizes them and strips them of any motivation to contribute their unique strengths to the growth of their organizations. To make individuals more creative, innovative, and productive, one needs to see a connection to a work and higher purpose that is aligned with their unique strengths. When leaders in the management team in organizations are aware of their strengths and support their growth, every employee can become more evolved versions of themselves. A good HR professional can play a very important role of a catalyst in this transformation process, provided he/she is engaged to resolve a *dilemma and conflict* of a feeling that an employee is “being used” by his management.

Unfortunately in many organizations today, HR professionals are frustrated as they entertain a notion that they are being used to create processes and systems that look at employees just like other resources that are static, predictable, and replaceable in nature. Instead, one should get a feeling that he or she is a supporter of creating an organizational philosophy, where employees are nurtured by increasing their potential through support and recognition and valued as whole human beings rather than simply tools or resources.

### 4. IMPACTS OF ETHICAL DILEMMAS AND ROLE OF HR PROFESSIONALS

Ethical dilemmas of HR professionals not only impact them at intrapersonal and interpersonal level but also impact the overall organizations adversely. Moreover, being a key management function, HRM might have a serious impact on the well-being as well as the functioning of the employees also. By resolving these dilemmas, HR professionals would become not only more effective in their roles but they will also be able to enhance their ability to influence different stakeholders in organization. If these dilemmas are rightfully resolved and are taken into consideration while designing, developing, and implementing HR processes and policies it will be able to dovetail the individual interests of employees with their organizations. Furthermore, it will also help HR professionals achieve the requisite balance among the different stakeholders, both internal and external at work place.

Both HR and business leaders in organizations need to play a very important role in understanding and then resolving these dilemmas by incorporating ethical and normative values at workplaces. A very high degree of skills and maturity are also required by organization leaders today to help build constructive partnerships

between HRM function and other critical stakeholders to balance individual, organizational and above all societal interests. This will enable our future HR professionals to develop more enabling approaches to balance conflicting employee-employer interests coupled with innovative ideas that are based on social values rather than strict shareholder oriented economic philosophy. There is an apt quote from Muhammad Burdbar Khan from Lincoln Business School, University of Lincoln, England, UK, in this context. The HR function will continue to face challenges in balancing business imperatives and ethical values but as long as the corporate and HR leadership remains committed, no challenge may be insurmountable. The HR profession has arrived. The lingering self-doubts can and should be replaced with self-confidence.”

## **5. PEOPLE ANALYTICS: THE DYNAMICS AND THE DILEMMAS**

Analytics enable HR professionals in taking intelligent people decisions in relation to the quality and depth of data that is built in a given organization more effectively. HR analytics can do myriad things in the area of people decisions. And HR professionals are working on several tactical and strategic people decisions. While deciding the right management span for a local manager is a tactical decision, the probability of internally filling a leadership role could be cited as a strategic long term decision. Helping HR and business leaders gain “insights based intelligence” about the workforce forms a strong foundation to make better people related decisions. It may be noted that HR Analytics with an enhanced ability to measure people's behavior has always existed. The ability to connect dots from multiple data sets is being enabled by technology today. We live in a day when machine learning algorithms are predicting human behavioral patterns and Artificial Intelligence (AI) observes information as vast as market behavior and it automatically buys and sells stocks. People transactions and decisions themselves throw up a lot of data. What if we can identify a kind of behavior in a certain role that normally results in a promotion? And then provide advanced insights to people managers on the likelihood of someone from their team getting promoted? Or gaps in otherwise obvious fits? Today, advanced data science and technology enable this even though it is complex and difficult to arrive at.

By and large, HR policies form the basis for making most of the people related decisions. However, nowadays, there is an increasing demand from leaders and employees to eliminate several pages of such policies and keep them short. It is also generally recommended to keep the HR processes simple by having the manager write his comments before getting it approved by a level in senior management. In large-sized firms, just 2 or 3 levels of approval are ideally suggested. The approach here has to be one of coaching line managers with the information they need to make the right decision and have a simple approval process to keep the checks and balances in place. For this, data is made rich-text, and numerical and is therefore triangulated in context summary for the required decision. Today, many critical people elements are difficult to measure despite the fact that we are yet to reach an inflection point to conclude that this perception has changed.

## **6. DILEMMAS CENTERING ON DECISIONS USING PEOPLE ANALYTICS**

### **6.1 SOME PERCEPTIONS**

The availability of data compresses the need for decision-oriented conversations at the workplace. People analytics could be no exception to that. If we glean through the mind-sets of representatives of two different generations each say, X and Y, we can grasp the dilemmas they are faced with. For any HR professional, his or her specific context will present the responsibility of one's own resolutions with regard to HR analytics that serve him or her best. It may be stated here that data and opinion are different and data is something that has to be delivered with insight. However, business leaders are not fully convinced that HR has the expertise to do insightful analytics work. Their strong opinion on this aspect is the real concern here. Integration of multiple disciplines like neuroscience with IT, Big data, business intelligence tools, and advanced technologies helps businesses translate huge amounts of data into actionable insights that drive superior performance. However, on the other hand, researchers also say that HR organizations are continuing to struggle to add greater value to businesses. There is another perception that critical people elements are impossible to measure. Leaders continue to debate if HR is ready to deliver credible insights through analytics. It may be stated that focusing on quality of the data and working backward from clear problem statements and presenting insights in a simple way will be critical to establishing credibility.

Organizations that are starting their journey in people analytics need to focus on answering questions that leaders have with simple analysis. They can build their own brand and credibility internally, before starting to invest on tools or do “cool” advanced analytics with ‘R’ or ‘SAS’. However, many HR Leaders hesitate to take the first step primarily because there's a perception that building impactful analytics capability requires lots of investment. But the corporate experience is to the contrary and otherwise. Data arranged in proper rows and columns can do amazing things. A company can start its analytics journey with just Advance MS Excel add-

ons. Essentials, like defining key metrics, dashboards, and publishing regular insights, can help leaders understand insights about the workforce. Collecting a list of talent-related questions from business leaders and trying to find answers to those questions with workforce data surely doesn't need huge investment. One simply needs a vision, leadership support, and credible resources doing analytics to start with.

## 6.2 SOME DILEMMAS

HR leaders rely a lot on intuition and judgment. Analytics brings a lot of insights to the table. The real **dilemma** lies in balancing the two. People decisions are complex as we're dealing with non-machine and living human beings. It mostly comes to choosing between a set of equally right decisions and not between a right and a wrong decision. One of the key challenges in people analytics is the continuous cross-hair between intuition and insights, and this will have to evolve over a period. Trying to prove that one's insights are better than the intuitions of a business leader is generally a misconception and a fallacy. On a serious note, that won't help is analytics journey. Instead, it is suggested that HR place its insights before the leaders first and ask for their opinion on it and have them challenged. This approach will help them to evolve and improve credibility over a period. At the same time, bias should not be allowed to become a part of their insights. It is always good to calibrate thoughts and mature their data modeling to produce actionable insights. Dialogue and discussion are both required essentially in the process despite the fact that they are dramatically opposite conversations styles. The counterproductive conversation in this process is debate. In a debate, the conversation is polarized too quickly without making mutual commitment count. It is not about **WHO** wins in conversation, but about **WHAT** problems are served with data and **HOW**. In such a scenario, none would ask as to **WHY** analytics will be required at all.

People decisions are both an art and science. By transforming HR with data and insights, one is attempting to make it more a science than an art. After all, people management has to be both a science and an art. Analytics will help to transform HR more as science intensive. However, there is no way we can remove the "art" aspect of people management. In fact, designing for heuristics within analytics frames could also be delightful art. In their core role, they are only attempting to help leaders make important decisions based on data and insights instead of non-verifiable intuitions and sometimes idiosyncrasies, bias or conflicting individual opinions. One can never remove subjectivity from subjective decisions. The point is to support decision-making by bringing to the table objective insights. One has to getting into the practice of using data and learnings from past decisions to improve the quality of decisions. Moreover, executing the whole mission of evidence-based decision making has a strong "Art" aspect to it. While data crunching is a science, storytelling is an art. Doing regression analysis for logistics and identifying potential list of high potential employees who may leave would form part of science. Defining interventions to engage with those employees and minimize the risk of leaving the organization is an art. Business strategy pivots functional strategies and HR analytics do impact business strategy bottoms up. An organization's ability to make well-informed decisions will play a key role in how it adjusts to the new micro and macro-economic and market realities before emerging clearly as a successful leader. Analytics play a significant role in making the decision based on data and insights, and it is a powerful way to create competitive advantage. HR Analytics can address macroeconomic decisions for global corporations including interesting problems like what would be the cost advantage of locating a product line in certain geography.

Next generation, Gen-Y HR leaders think positively about the role a business sponsor has in shaping analytics. Every business leader is expected to champion "evidence-based decision-making model". Business leaders who managed the business for several years do tend to have their intuitions and opinions on what is going on and what is going to happen in their business. Leaders investing time in codifying this experience into data-models will help in fostering maturity of people analytics models. What could be a dilemma, however, is that making analytics habitual in the organization requires extreme effort. It forces HR into defining things that matter to organizational success very well. If they do not have strong alignment with leaders, and not so well defined set of people processes, they are likely to struggle. Here, one can also sense that business leaders may bypass HR far too quickly to P&L triggers with analytics rather than make optimum use of human potential.

And HR leaders are needed to hold their own credibility if such a trend comes about. They are required to continuously work on improving the credibility of their data analysis and their prescriptions to make better decisions. Business leaders and HR leaders work towards a common mission of '*maximizing human potential*' for their organizational success. When the mission is the same, resolving the differences is not difficult. For anyone who is actively engaged in analytics is the ability of storytelling and presenting insights in a easily digestible form with data is an imperative. Analytics professionals can do a lot of complex research, but may not be skilled at this art. This limits their ability to create urgency over actions necessary and they need to build on this competency. Several thousands of reports have been published on a daily basis about various interesting

topics. We don't have time to read everything and take actions. Hence our ability to write and tell stories is vital for long-term success. Every organization publishes so many useful insights and reports in many forms and formats. The challenge is in taking meaningful action that helps in transformation. It is an art and HR professionals are expected to learn quite a lot about this aspect in their journey in analytics. Storytelling is an art that's perfected by practice and coaching.

In this context, the way high impact people analytics team has to look like and the composition of the team are two important issues. Nowadays, we come across data analysts, business analysts, data scientists, software engineers, and program managers in a matured analytics team that does advanced people analytics. They all need capabilities to do research and tell stories. They also need to master the art of collaborating with HR Business Partners, HR leaders, and business leaders for their long term success and creating higher value to business. Of course, they don't need all these capabilities to start their People Analytics journey. They have to have their motivations to do analytics work and there are indicators that help them make a decision when firms hire them for their teams.

## **7. ROLE OF STRATEGIC HR BUSINESS PARTNERS IN PEOPLE ANALYTICS JOURNEY**

Strategic HR Business Partners with many years of experience supporting regions and global business groups in small, mid-size and large multi-national organizations do opine that HR can truly be strategic though it keeps changing now and then. However, HR needs to capitalize data and insights to be a true catalyst, an employee champion and an executive coach to the line managers having certain thumb rules. One has to try and answer a couple of questions when hiring. Whether the candidate is a person:

- Who has an excellent understanding of business context and strategy; has clarity around how HR programs, policies, and interventions drive value to the business?
- Who is an analytical thinker who can understand that data are not simple sets of trends and numbers
- Who enjoys interesting correlations therein that can be drawn to understand how and why people act in a particular pattern
- Who is passionate about connecting the dots
- Who is a great story-teller
- Who has a growth mindset and a great collaborator
- Who is comfortable dealing with the power of intuition, bias and multi-generational viewpoints
- Who is curious and always asks who, why, what, where, and how?
- Who is comfortable playing around with technology?
- Who is ready for new experiments?

If the answer is “Yes” to most of these questions, then the company has a bright chance of being successful in People Analytics function. There's possibility of bias, in that profiles such as those educated in Pure Sciences like Physics, Chemistry; Technology, Engineering, Accountancy or Mathematics and Statistics streams are considered expert at number crunching, like cost accountants, or industrial engineers—who are not educated in HRM may end up on the algorithm side or even on the analytic side of HR. However, such analytical profiles can work and become adept in HRM.

Companies like GE are rolling back their traditional appraisal processes for new paradigms. One wonders if HR analytics has the ingredients to make Performance Management Systems redundant. All people programs need to connect and add meaning to the big picture. Traditional appraisal processes are rolling back not just because of people analytics. Several hundred (or thousands) person hours of time are being spent to complete the process every year. One has to ask about the impact or business value created by spending this time and how it impacts employees and the organization. Such process needs to be changed to suit the dynamics of workforce and business needs. Analytics can be a good change ingredient to simplification and helps identify the right areas to focus on.

## **8. THE WAY FORWARD AND CONCLUDING COMMENTS**

If we imagine a future that is enabled by HR Analytics, we need to find out as to how senior HR leaders would be in a position to develop emerging HR professionals for this future and find out what they are missing now. However, given this new future, the expectations from HR on coaching and mentoring activities are not going to change much. It would be a great idea if HR leaders can teach them the *big picture* and involve them in solving large business problems. They are expected to assess them and give more weight to competencies and abilities they bring to the table rather than their age and years of experience. They are also required to consistently push

them and convince them with evidence/insights. They would also like them to review their ideas and opinions with an open mind and challenge them with big goals.

In this context, there is also a need for technical educational institutions to teach behavioral science and impact of technology on human life to every engineer as part of their curriculum, and not just at a theoretical level. This is precisely the reason that even IITs have a School of Humanities now. There is acknowledgement for humanizing analytical profiles. It is an imperative that new generation professionals get opportunities to work regularly with HR leaders who have been an exemplification of the above expectations. And they need to get more adept at it. If HR can catalyze this process, its vitality as a profession will be valued even more; else HR itself will become the dilemma for the organization!

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