



Towards Evidence-based HR

'more impact at lower cost'

Oct 12th 2016

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introduction

WELLS SURFACE BUSINESS CONTRACTING AND PROCUREMENT SHELL PROJECT ACADEMY SAFETY UPSTREAM GEOLOGY SEISMIC EXPLORATION MANAGEMENT COMMERCIAL ENTERPRISE LEARNING FINANCE ORGANISATION EFFECTIVENESS CONTROL TECHNIQUES REFINERY FUD FLOW INTERGITY KNOWLEDGE MODULE SUPPLY CHAIN E-SOURCING DEFINITION SUBSURFACE



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The New Lens Scenarios are part of an ongoing process used in shell for 40 years to challenge executives' perspectives on the future business environment. We base them on plausible assumptions and quantification, and they are designed to stretch management to consider even events that may be only remotely possible. Scenarios, therefore, are not intended to be predictions of likely future events or outcomes and investors should not rely on them when making an investment decision with regard to Royal Dutch Shell plc securities.

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THE NEW ENERGY FUTURE BY 2050

Rising energy demand, supply pressure, climate change



Population

9 billion people,
75% living in cities
(2 billion more than today)



Vehicles

2 billion vehicles
(currently 800 million)



Rising standards

Many millions of people will rise
out of energy poverty; with higher living standards
energy use rises



Demand

Energy demand could double from its level in
2000...but CO₂ emissions must be half today's
to avoid serious climate change



Efficiency

Twice as efficient, using
half the energy to produce
each dollar of wealth



Renewables

4 times more energy
from renewable sources

SHELL'S STRATEGY



Underpinned by our people and a relentless drive for Goal Zero

The business need

- The Shell People Survey measures and ignites dialogue to improve employee engagement and the business performance.
- Engagement drives performance.
- The main driver of engagement is leadership.
- Leaders need to understand and use the results and feel they can make a difference.



What is HR Analytics?



Learning from practice: how HR analytics avoids being a management fad

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INTRODUCTION

Far better an approximate answer to the right question, which is often vague, than an exact answer to the wrong question, which can always be made precise.
John W. Tukey, mathematician, 1962

Half a century later, Tukey's point is as relevant as ever. It helps explain why HR (human resources) analytics risks becoming a management fad, instead of providing powerful insights for general managers and HR leaders making key decisions about talent, incentive structures, organization design, allocation of training budget, etc. to support value creation and the business strategy. Management fads exist. Some fads become institutionalized within companies (e.g., MBO, matrix management, core competence); other fads fade (e.g., time management, zero-defects, T-groups). They are shiny new ideas that get attention but do not endure (e.g., learning organization, Japanese management, one minute manager, re-engineering). That HR analytics is one of the latest emerging fads is a paradox in itself. The promise of analytics is great: replace fads with evidence-based initiatives, data-based decision making, bridge management academia and practice, prioritize impact of HR investments, bring rigor to HR and supplement HR intuition with objectivity. Large parts of HR analytics, however, are not new and people have talked

about HR metrics, utility analysis, HR scorecards, HR ROI (return on investment), personnel economics, and evidence-based management for years without a large noticeable step-change in the business impact of HR. So far the published evidence supporting the alleged value of HR analytics is actually quite slim – it is currently based more on belief than evidence, and most often published by consultants with a commercial interest in the HR analytics market, while organizations rarely share the same success stories of business impact, but typically share cases with turnover prediction (even if turnover is not an issue) or projects with a similar narrow HR focus. Rigorous analyses of loads of data on the wrong questions often have little practical value. Yet HR analytics tops most conferences this year (greatly helped by the many HR technology and consulting firms who see a major future business opportunity in selling data and statistics capabilities to a function that is short on both), and is also the dream of many management academics of how what they do finally becomes the center of the HR profession. We predict HR analytics in its current form will continue to fail to add real value to companies. We agree with those who argue that HR analytics is being taken over by other functions that are more mature in their analytics journey (in particular finance, IT, and marketing) and that this will happen sooner rather than later, but also that this is actually a good thing: HR analytics needs to evolve and transcend HR (as other functions' analytics will need to transcend their own functional boundaries), and will only become relevant when it takes an "outside in" approach, and is taken out of HR and integrated in existing end-to-end business analytics. In this paper we highlight

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<http://dx.doi.org/10.1016/j.orgdyn.2015.05.008>

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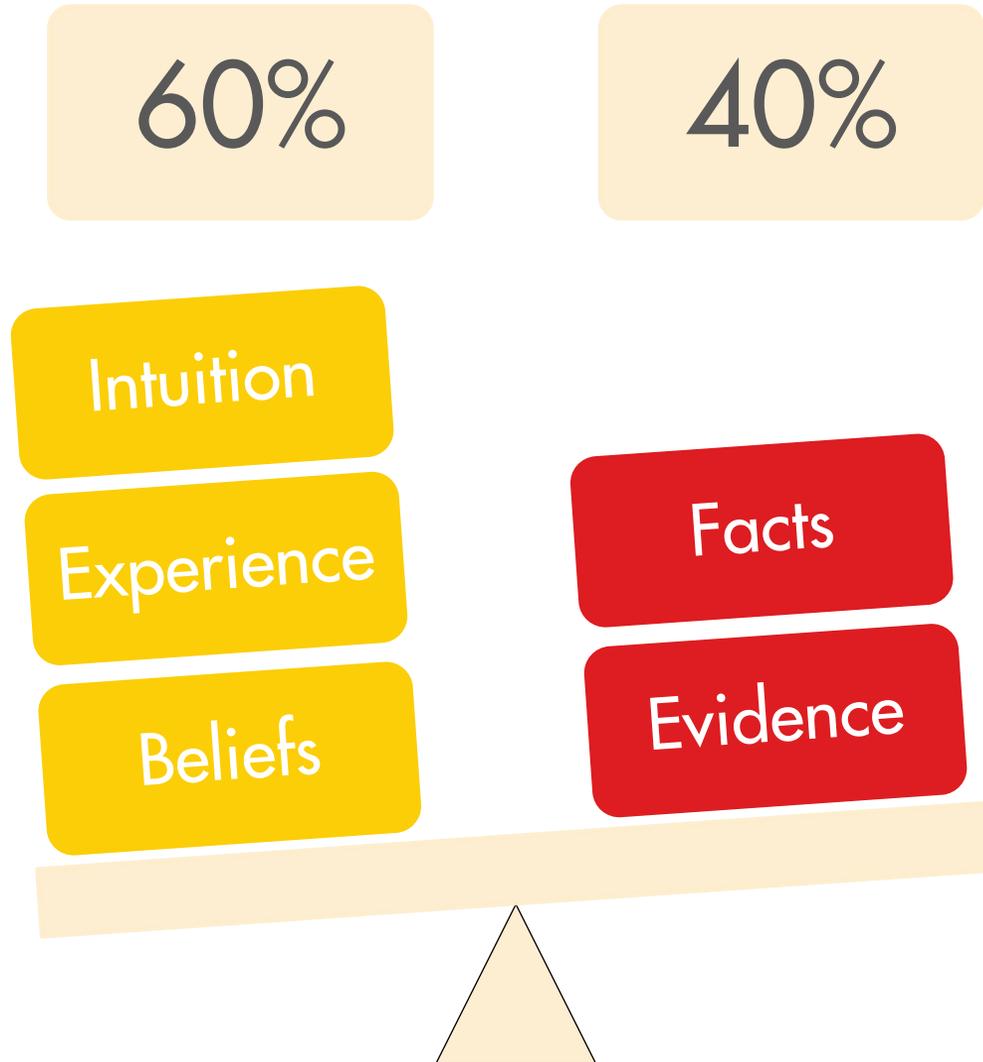
Please cite this article in press as: Rasmussen, T., Ulrich, D., Learning From practice: how HR analytics avoids being a management fad, Organizational Dynamics (2015), <http://dx.doi.org/10.1016/j.orgdyn.2015.05.008>

The Business Case



HOW DOES HUMAN RESOURCE MANAGEMENT INFLUENCE ORGANIZATIONAL OUTCOMES? A META-ANALYTIC INVESTIGATION OF MEDIATING MECHANISMS
Academy of Management Journal, 2012, Vol. 55, No. 6, 1264–1294.

HR Analytics: more for less



You get 'more for less' when Facts & Evidence supplement Intuition, Experience, and Beliefs in decision making

BUT: Facts & Evidence strengthen but put boundaries on your narrative (myth-busting)



How Academics can help

- Education
 - Facing a choice between data and beliefs, too many people choose ...
 - Scientific reasoning and reading statistics
- Research
 - Practical measurement
 - Organisational effectiveness
- Ponderables:
 - How can we use company data for grounded theory?
 - Multilevel applications?

Take Aways

- HR analytics is about business-focused applied science
- Data – insight – story – intervention – impact @ lower costs
- Test: does your line want to act on it? Are you willing to suspend strongly held beliefs?
- Manage your portfolio of potential projects
- From HR analytics to evidence-based HR

