For the fourth year in a row, Vlerick Business School and Hudson have carried out an HR Barometer to examine the trends and challenges in HRM in Belgian organisations. The barometer explores both the HR priorities of leading companies operating in Belgium and the shifts in these HR priorities over time.

The HR barometer is an annual initiative launched in January and comprises two parts. The first part focuses on the strategic importance of different HR practices and policies, so that the changes in these priorities can be analysed over time. The second part examines a ‘hot’ topic in HR: for this edition of the HR Barometer, we take a closer look at the topic of HR Analytics.

**METHODOLOGY**

The HR Directors of the Bel 20 organisations and the 200 largest Belgian for-profit organisations (in terms of employee numbers) were invited to participate in an online survey between January and March 2018. They were asked to look at various HR practices and to indicate:

- The Actual Priority level given to each HR practice in the previous year, on a scale from 0 % (no priority) to 100 % (top priority)
- Their perceptions of their own organisation’s level of Mastery in each HR practice, on a scale from 0 % (low mastery) to 100 % (role model)
- The Planned Priority level for HR practices for the coming year, by listing their top 5 priorities

In addition to gauging the ‘temperatures’ of various HR practices, the HR Barometer examines one specific topic in more detail every year. This year, the spotlight is on HR Analytics.

**SURVEY SAMPLE CHARACTERISTICS**

In total, 62 organisations (together employing more than 258,000 people throughout Belgium) participated in the survey.

This sample covers a broad spectrum of industries and sectors and a range of different sized companies (in terms of employee numbers).
ACTUAL PRIORITIES

Looking at HR priorities over the past twelve months, we see that:

The top 3 actual priorities in HR were Selection & Recruitment, Leadership Development, and Talent Management.

The least important priorities in HR were Diversity, Competency Management, and Prepare Organisation for Stagnation/Downsizing.

PERCEPTION OF OWN ORGANISATION’S MASTERY LEVEL

We asked participating HR Directors to compare the level of HR mastery within their own organisations with that of a ‘role model’ organisation, i.e. an organisation that is regarded as an expert in this domain in Belgium:

The HR practices that HR Directors perceived their own organisations to be most proficient in were Selection & Recruitment, Industrial Relationships, Learning & Development, Talent Management, and Compensation & Benefits.

The HR practices that HR Directors perceived their own organisations to be least proficient in were Cultural Change, Diversity, Competency Management, HR Analytics, and Prepare Organisation for Stagnation/Downsizing.
PRIORITIES AND MASTERY COMBINED:

The most interesting conclusions can be drawn by combining the results for the actual priority and the perceived masteries of the HR practices.

Combinations of actual priorities and perceived masteries can be split into four different categories: Strength, Area for Improvement, Good Job & No Priority.
Top right — ‘Strength’: high priority and high perceived mastery. The ‘basic’ HR and development related activities like Selection & Recruitment, Learning and Development and Talent Management fall into this category as main strengths. These activities are very important in today’s workplace, and most HR Directors see their organisations as being quite proficient in these areas.

Bottom right — ‘Area of Improvement’: high priority but low perceived mastery. Examples of HR practices that fall into this category include Agility, Cultural Change, and Employer Branding. These practices are regarded as important, but HR departments do not always know how to achieve them.

Top left — ‘Good Job’: high perceived mastery but low priority. Examples of HR practices that fall into this category include Industrial Relationships, Compensation & Benefits, and Retention. HR Directors generally believe that their organisations have good knowledge in these fields, but they do not see them as priorities.

Bottom right — ‘No Priority’. These HR practices score low both on priority and on perceived mastery. Examples of the HR practices that fall into this category include Prepare Organisation for Stagnation/Downsizing, Competency Management, and Diversity. These areas might entail some risks for many organisations, given that few HR Directors saw their organisations as proficient in these areas, which are generally not a priority for further investment.
As requested by the respondents to last year’s HR barometer, this year we looked at the topic of ‘HR Analytics’ in more detail.

Also called people, talent, or workforce analytics, HR Analytics is defined as the use of people data in analytical processes to solve business problems. HR Analytics uses both the people data collected via organisations’ HR systems and also general business information.

With its focus on the human capital element of an organisation’s workforce, HR Analytics enables HR practitioners and employers to gain insights into their employees, HR policies and practices, and can ultimately inform more evidence-based decision making.

AVAILABLE HR-RELATED DATA

The responses to this part of the HR barometer indicate that a lot of people data is being gathered and that 95% of the participating organisations gather the most obvious people data on aspects such as absenteeism, turnover, workforce planning, performance data, compensation & benefits and recruitment. Furthermore, almost 90% of the participating organisations also collect people productivity and diversity and inclusion data.

HR ANALYTICS MATURITY

While most participating organisations do gather HR related data, their use of such information can vary widely.

MEASUREMENT

- Operational reporting
- Registering

ANALYTICS

- Trends are being discovered
- Correlational Analytics
- Causation Analytics
- Predictive Analytics
The data itself can be measured, which can go from
1. simply registering the information without analysing it further, to
2. operational reporting, where the data is also reported to others or
3. discovering historical trends (e.g. increases or decreases in absenteeism, turnover, etc.) in the data

Alternatively, organisations can go a step further and also perform various ‘analytics’ on the data:
1. correlational analytics, whereby correlations between the different data sets are discovered
2. causation analytics, whereby in addition to correlations, causations (e.g. turnover is higher when there is lower investment in training) can also be found, or
3. the final step, predictive analytics, whereby the data is used to predict outcomes in the future

The responses to this part of the HR Barometer indicate that while the majority of organisations go further than simply registering people data, most of this data is used for measurement rather than for analytic purposes. Organisations that do conduct further analytics tend to focus on identifying correlations and causations; very few use HR Analytics to predict business outcomes.

Based on their responses, the participating organisations can be divided into two groups according to their level of HR analytics maturity. Those that use the available information mainly only for measurement or operational reporting purposes (75% of the participating organisations) can be said to have low HR Analytics maturity, while those that perform more detailed analyses on such information (25% of the participating organisations) have high HR Analytics maturity.

This enables us to illustrate the impact of HR Analytics on organisations in two ways: (a) Impact across all Participating Organisations and (b) Impact on Organisations according to their HR Analytics Maturity Level.
On HR Outcomes

The results indicate that HR Analytics has a rather average level impact across all participating organisations on HR Strategy (58%), Quality of HR Decisions (50%), Effectiveness of HR Administration (45%), and Efficiency of HR Processes (44%).

However, the impact is much higher in organisations that have a higher level of HR Analytics maturity: HR Strategy (93%), Quality of HR Decisions (87%), Effectiveness of HR Administration (73%), and Efficiency of HR Processes (73%)

On Organisational Outcomes

The results indicate that while HR Analytics does have an impact on organisational outcomes across all participating organisations combined, the effect is not as great as for HR outcomes: impact on Achievement of Organisational Goals & Strategy (44%), Productivity (44%), Response, Cycle or Delivery Times (36%), Quality of Product/Service (37%), Customer Satisfaction (37%), and Innovation (23%).

Once again, the extent of the impact is markedly higher among organisations with higher HR Analytics maturity. For example, HR Analytics impacts the Achievement of Organisational Goals & Strategy in only 30% of low maturity organisations but in 93% of high maturity ones; similarly, in contrast with only 30% of low maturity organisations, 80% of high maturity organisations indicated that HR Analytics had an impact on Productivity.

On Financial Outcomes

Across all participating organisations, HR Analytics has the largest impact on Operating Expenses (45%) but has very low impact on the Market/Book Value (16%) or Revenue Growth Rate (24%).

While the impact is again higher among organisations with high HR analytics maturity, it is not as extreme as that observed for either HR or Operational Outcomes. For example, in organisations with High HR Analytics maturity, the impact on Operating Expenses is 60%, on Return on Investment is 53% and on Profitability is 47%, whereas in low HR analytics maturity organisations the impact on these outcomes is 41%, 27% and 18% respectively.
Satisfaction with use of HR Analytics

Two-thirds of all respondents expressed dissatisfaction with the use of HR Analytics within their organisations.

Once again the contrast between low and high maturity organisations was evident (82% dissatisfaction as opposed to 27%), but, even so, still less than half the respondents in the high HR analytics maturity group declared themselves to be satisfied with the use of HR Analytics within their organisations.

Barriers to Implementation of HR Analytics

Respondents indicated that a lack of (a) Tools/Resources (63%) and (b) access to Proper/High Quality Data (47%) were the main barriers to conducting HR Analytics within their organisations. Only 31% indicated that a lack of data-driven culture or managerial/organisational buy-in were significant factors hindering the implementation of HR Analytics in their organisations.

HR Analytics Resources and Budgets

Across all participating organisations, 73% indicated that they relied either fully or mainly on internal resources to perform HR Analytics — only 3% indicated that they relied mainly on external resources; no participating organisations said that they relied solely on external resources.

In total, 65% of respondents said that someone within their organisation was specifically responsible for HR Analytics: 88% of the time, that person was from the organisation’s HR Department and, in 54% of these cases, the function was formalised in that person’s job title.

Of the 62 participating organisations, 57% do not set aside a portion of their budget specifically for HR Analytics, and only 5% have a HR Analytics budget in excess of €500,000. However, over half of respondents (53%) predicted that their organisations are going to invest more in HR Analytics in future.

Impact of GDPR on HR Analytics

94% of respondents predicted that their organisation would be ready to be EU GDPR compliant by 25 May 2018. Moreover, only one third of participating organisations felt GDPR would have a negative impact on their future data analytics performance: most organisations (56%) were neutral in this regard and 9.7% even indicated that they expected GDPR to have a positive impact in the form of increased respect and awareness for data privacy and the use of data.
The top three main priorities for Belgian HR departments over the past twelve months were the same as those in the preceding year but in a slightly different order, with Selection & Recruitment switching places with Leadership Development to become the number one priority. With Talent Management again completing the top three, it is clear that the main HR priorities of participating organisations continue to focus on attracting, developing and motivating talent throughout the organisation.

The participating HR Directors regard Agility, Cultural Change, and Employer Branding as the three main areas for improvement. While Cultural Change also appeared as an area of improvement in the 2017 HR Barometer, the other practices in this category are new. Employer Branding actually had a lower priority in last year’s edition but has obviously grown in importance in the last twelve months. This year’s barometer was the first to include the topic of Agility, and HR Directors clearly acknowledged the growing importance of agile attitudes and competencies in an increasing “VUCA” business environment. In fact, Agility is the number one topic that HR professionals want to learn more about, and therefore it will be the focus of a more in-depth investigation in next year’s edition of the HR Barometer.

The fact that participating HR Directors do not regard Prepare Organisation for Stagnation/Downsizing as a priority is reflective of their continued trust in the economy. As was the case in last year’s edition, Diversity is still seen as less of a priority.

This year, we zoomed in on HR Analytics as the specific topic for the HR Barometer to establish the extent to which participating organisations perform HR Analytics and to assess the impact that such analyses have various aspects of business. We found that while a lot of HR data is available, 75% of participating organisations use such information mainly only to “measure” (i.e. low HR analytics maturity); the remaining 25% go a step further and analyse information to help them make better informed and more evidence based decisions (high HR analytics maturity).

The 2018 HR Barometer also shows that less than half of the participating organisations make significant use of Big Data Analytics. Only one third of participating organisations felt GDPR would have a negative impact on their future data analytics performance.

About the HR Barometer

The HR Barometer is a cooperation between HR consultancy firm Hudson and the Vlerick Business School. This summary was jointly written by Ellen Volckaert, a manager in Hudson’s Research & Development department, and Professor Dirk Buyens, Head of the HRM Centre at the Vlerick Business School. They sent the survey to the HR Directors of the Bel 20 and the 200 largest Belgian organisations (in terms of employee numbers). In total, 62 organisations from various sectors — together representing more than 258,000 employees throughout Belgium — participated in the survey.

ANY QUESTIONS? DO NOT HESITATE TO CONTACT US!

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