the NEW RULES of HR

10 WORKFORCE TRENDS FOR 2024
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As we looked ahead to the HR trends of 2024 we envisioned a sort of second coming—a reemergence of a transformed function that doesn’t just measure impact behind the scenes, but creates impact right out loud through the power of people data insights.

And the timing couldn’t be better for taking action.
Following the uncertainty of the last four years now is not the time to settle back into business as usual. There is no usual anymore. Instead, it’s time to take all that we’ve learned through these challenges to write the new rules. This year’s HR Trends report is a guidebook for understanding these new rules and how to apply them.

For a function that is forever evolving and transforming, HR now faces the biggest challenge—and opportunity—yet. The CHRO stands to undergo the same, if not more significant, evolution that brought the CFO, CIO, and CMO to the head of the table (Trend 1: The CHRO Leads From the Outside-In). While the other chief executives brought data to the party, the head of the people function brings insights. And, because people affect every business outcome, that means there has never been a better time for HR and the business to fully integrate, forming a mutually beneficial relationship that bolsters the success of both through the adoption and application of systemic analytics (Trend 5: HR and Business Become Symbiotic).

From the employees determining how to balance their passion with their purpose, to the line managers making small, everyday decisions about their people, to the executives shaping the future of the organization, to the markets that impel economies, it’s data-backed insights that will provide the buzzing undercurrent of power that not only keeps the lights on but ensures the brightest outcomes.

People insights are not only the price of admission to C-level decision-making, they also unlock cost savings and revenue expansion opportunities nearing $600 million dollars (Trend 4: Discover Untapped Value via Manager Effectiveness). People insights are guiding the path forward in leveraging generative AI at work (Trend 3: Take a People-First Approach to AI @ Work) and optimizing a skills-based approach to filling roles (Trend 6: New Tech Requires a Skills-Based Perspective), making DEI efforts sticky and successful by tying them directly to the business (Trend 2: Anchor DEI to Business Outcomes for Maximum Success), and providing the detailed reporting information increasingly demanded by investors and regulators of publicly traded corporations (Trend 10: Corporate Reporting Gets Hyper-Detailed).

New frontiers in analytics access are widening for smaller businesses (Trend 9: Small Business Is Primed for Big-Time Analytics) brought about in part by innovative AI-powered solutions like Visier’s Vee. And, a growing demand for more flexibility in building and scaling analytics means Platform-as-a-Service offerings that allow for customization by both HR technology vendors and enterprise users are trending (Trend 7: Customize Analytics to Specific Needs).

The following ten trends—or New Rules for HR—will guide you forward into 2024, a year that promises to be an exciting time for HR and for people analytics.
CHRO LEADS FROM THE OUTSIDE-IN

KEY TAKEAWAYS

1. CHROs trail behind C-suite peers in measures of power and influence.

2. CHROs must start with the "outside" business problem and work inwards to make true, reputation-shifting business impact.

3. With data and analytics, CHROs can effectively lead a lasting HR transformation.
HR has been in a state of transformation for decades. Why, then, does it seem like the function is as far away as ever from the business?

It’s because many CHROs are still approaching problems to be solved from the inside-out rather than the outside-in—which means starting with the business problems to be solved. HR teams reinforce this insularity with their own cultures that favor specialized language (found nowhere else in business) and genuine, passionate tradecraft pride.

It’s no wonder non-HR executives often struggle to relate!

CHROs need an operating system that looks beyond Ulrich’s three legged stool toward an outside-in approach that more closely connects with what the business cares about. Here, HR starts with the business challenge and then works back to the workforce using people data and business data to elevate everyone’s decisions around talent and delivery of business results.

Employees represent the largest single financial investment most companies will ever make and the most important resource for driving strategic outcomes for the business. At the same time, labor markets are tighter than ever before, employees are burning out and rethinking their careers at unprecedented rates, and the skills that companies need to survive and thrive in the face of industry competition and business model disruption are in historically scarce supply.

Why, then, does the HR function still struggle with influence and authority in the C-suite?

This so-called seat-at-the-table problem is a bit of a sensitive topic for many CHROs, in part because it has been long examined by pundits almost to the point of absurdity. But despite the soreness of the subject, it remains a legitimate assessment of the current state of the role: CHROs are still well behind their C-suite peers in measures of power and influence.

It begs the question: Why?

“In this new era of HR, CHROs must understand human performance, engagement, and productivity in combination with business data to meet today’s complex challenges. Winning organizations know that talent outcomes are determined by the collective sum of everyday decisions made by front-line managers. These distributed decisions about people will add up to meaningful, high-impact change—but only if the dots are connected.”

Paul Rubenstein
Chief Customer Officer
A role poised for a reckoning

When you consider the evolution of other C-suite roles, each has gone through its own reckoning. Finance was mostly about accounting until financial planning and analysis (FP&A) made it the operational heartbeat of the business, elevating the CFO to one of the most visible C-suite functions. Marketing was mostly about reputation and brand until the CMO brought data to the party in the form of digital engagement and closed-loop measurement making the function a scalable revenue engine. And IT was largely about governance, cost control, and provisioning of services until digital transformation established the CIO as a driving force behind new business models and revenue streams.

A substantial contributor to HR’s mixed legacy in this regard is what can be described as inside-out thinking. As a point of comparison, product innovation and customer experience functions are often led with explicitly outside-in philosophies. Here, preoccupation with policy, process, and politics—or more broadly, the internal machinations of how a company runs—as the animating force of the function, are replaced by a relentless drive to deeply understand the needs of and to solve for the very specific problems of the customer.

Over the last couple decades, HR has delivered considerable value for the business, and its reputation has surely improved. But CHROs are hitting a wall. The programs HR runs today are more focused on broad scale, not focused specificity; efficiency, not effectiveness—and this stands in the way of the true potential of employees to deliver the full force of their collective impact upon the business.

When HR has pushed a transformation agenda, it has largely focused on automation and streamlining of workflows and self-service digital experiences for the employee. These are all good things that have delivered benefits in the form of governance, cost reduction, and better employee experience, which has had a net-positive impact on hiring and retention. But these transformations have stopped short of the real opportunity for change on a more dramatic scale.

Driving this change starts with outside-in thinking, where CHROs fall in love with the business problem through deep data-backed inquiry into the key factors that drive positive change for the business through people. For example, what are the key factors behind sales performance? Are there correlations with how and where we hire? The training we deliver? The specific managers leading the team? How individuals and teams work and how they work together?

With the right data, these are answerable questions—and, once answered, HR can deliver actionable guidance to the business in ways that move the needle in big and bold ways.

“We always tell everyone who’s in our HR group that our expectation is that they’re a business person first and an HR person second. Our starting point here in HR is we’ve gotta be or develop good business people. And then the HR skills complement that. So that was the impetus for us getting to a place where we said, we need to invest in people analytics for the sake of our business.”

Wendy Evesque
EVP & CHRO
Protective
1. To truly prioritize DEI efforts organizations must tie them directly to business outcomes.

2. Embedding diversity efforts throughout the organization is key to success.

3. Companies that focus on diversity efforts using data financially outperform those that do not.
Diversity efforts are needed more than ever, but they are becoming endangered due to political division in the U.S., a surge in racist ideology permeating the culture, and financial concerns.

After a swell in awareness, interest, and commitment during the summer of 2020, Diversity, Equity, Inclusion, and Belonging (DEIB) initiatives are now facing backlash, budget cuts, and legal challenges, leading to both stagnation and, in some cases, the defunding of these programs.1 2

For proof of an unraveling in diversity efforts look no further than the gender wage gap. After decreasing for five straight years, the male-to-female gender pay gap increased in 2022.3 And, for women of color, that chasm yawned wider. In 2023 SCOTUS overturned affirmative action in college admissions—a move that is almost certain to transfer to corporate settings. A LinkedIn study4 found that chief diversity and inclusion officer (CDO) positions grew by 168.9% from 2019 to 2022, but are now being cut and programs defunded.

The Wall Street Journal reports a 75% decline in CDO searches over the last year, noting that while CDOs were in high demand just a few years ago, they’re now being increasingly overlooked.5

The gender wage gap widened in 2022

In contrast to the previous five years, the women-to-men pay gap widened in 2022. (Source: Visier Community Data)6
Set up to fail

The disappearance of these programs is occurring in an environment where culture wars over "wokeness" continue to rage on and performative "diversity washing" is all talk and no walk for many corporations that overstate their commitment to DEIB to gain high ESG scores. With so many obstacles, some diversity executives claim that they were set up to fail.

Diversity initiatives that included training, grievance systems, and employee resource groups often failed because all of these efforts have proven to be ineffective in promoting, or achieving, meaningful change. In some cases, these efforts can even lead to employee fatigue, backlash, and denial of inequality, further hindering progress—not to mention exhaustion and demoralization among those in diversity programming roles.

Another reason behind DEIB programs failing to achieve lasting impact is due to a lack of organizational support, investment, and accountability. “In many cases, there were unrealistic expectations placed on those running DEI programs,” says Susan McPherson, CEO at McPherson Strategies, a social impact strategy firm in NYC. She identified four major problems across failed programs that took shape in the summer of 2020:

1. Not enough resources
2. A lack of executive support and funding
3. Assuming DEI programs are a one-and-done process, rather than an ongoing organizational commitment
4. Constant pressure from leadership to meet numbers rather than focusing on the human element of equity and inclusion

To truly prioritize DEIB efforts organizations must tie them directly to business outcomes.

Research has shown there are many benefits to a diverse and inclusive workforce, from boosting creativity and innovation to increased profits. When DEI is at the core of business practices and interwoven with how success gets measured, it’s more likely to be taken seriously across the organization. Just as the CTO makes strategic and staffing decisions for engineering, the CDO should be given wide latitude to resource their initiatives.

CUSTOMER STORY

Standard Bank Group reshapes their workforce

The largest bank on the African continent, Standard Bank Group, was able to effectively drive DEIB efforts using Visier’s people analytics, empowering 5,000 line managers with the information they needed to build predictive workforce planning models to meet DEIB objectives.

They provided leaders with visibility on how they are tracking against diversity metrics which led to a positive trend in women’s representation at the executive level and senior management level and in African representation—a key metric to track in South Africa where the institution is headquartered.

5,000 managers become more effective with easily-accessible insights.

Standard Bank Group

ANCHOR DEI TO BUSINESS OUTCOMES FOR MAX SUCCESS

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Standard Bank

ANCHOR DEI TO BUSINESS OUTCOMES FOR MAX SUCCESS
Diversity programs and the direct correlation to financial success

Despite increasing legal action against diversity programs in the public sector, financial giants on Wall Street are placing a stake in the ground and standing by diversity mandates that, if ignored, could take a large hit on organizations’ bottom lines.

The financial implications of not prioritizing diversity can be severe. In 2020, investment bank Goldman Sachs announced that it would no longer take companies public if they did not have at least one non-white, non-male board member, while the NASDAQ has outlined similar mandates requiring diversity among directors of publicly traded companies.14 The message is clear: A lack of diversity and inclusion is both a limitation and a liability.

Beyond mere compliance, prioritizing diversity is proven to result in financial gains. McKinsey data points to the real and measurable impact that effective DEIB efforts can have on organizational outcomes. They tell us15 that “companies with higher gender diversity are 21% more likely to have higher profitability, while companies that are ethnically diverse are 35% more likely to have better financial returns.”16

Visier’s research from 2021 found that publicly traded customers who are using people analytics to improve diversity and inclusion financially outperform those who do not, as well as industry benchmarks, on profit margin and return on assets.17
Taking steps to boost outcomes and results

Data is the key for companies who wish to progress towards a truly diverse, equitable, and inclusive company. When organizations use fact-based insights to help organizational leaders and line managers understand how diversity and inclusion can drive strategic results, meaningful change happens.

To get there, it’s important to:

- Be sure that you’re examining your data using the right dimensions. Drilling down into the data can help identify bottleneck areas or pockets of problems that can limit organizational success.

- Focus on the bottlenecks you discover through your data using best practice insights from other areas of your organization that are making measurable improvements.

- Embed DEIB into everything you do. It’s not just a program or a one-and-done initiative, but part of the fabric of your organizational culture.

- Democratize your data! Make it easy for managers to access the data they need to monitor, measure, and report on the impacts of their DEIB efforts.

- Find and fix areas of hidden biases. We all have them. Companies that take steps to ferret out these hidden biases can provide impactful insights that can overcome unconscious bias.

A look at pay equity can be a very tangible, and meaningful starting point, especially as the gender wage gap widens. Using data and analytics strategically, and effectively, can help organizations create work environments where everyone can make a meaningful impact, while also becoming more a successful business.

“Enterprises that are pursuing DEI initiatives recognize that accurate data is essential for understanding the state of their current environment and tracking progress towards intermediate and long-term equity goals. A key challenge is building the culture of trust that enables them to collect what is often self-reported data.”

Eric Bokelberg
Sr. Manager & Visier Alliance Leader

Deloitte
TAKE A PEOPLE-FIRST APPROACH TO AI @ WORK

NO. 3

KEY TAKEAWAYS

1. AI will replace skills, not jobs.
2. Individuals who ignore AI will lose the competitive edge.
3. Responsible leaders will leverage AI while maintaining a people-first perspective.
AI is creating a lot of hype and for good reason: Many consider generative AI to be ushering in the next work transformation akin to the steam engine or the Internet. A growing number of professionals are using generative AI tools like ChatGPT, Midjourney, and DALL-E to draft work emails, create graphics, schedule project milestones, and write lines of code.

As a general-purpose technology, the potential use cases are endless. In fact, Goldman Sachs predicts that generative AI could boost global GDP by 7% and lift productivity by 1.5 percentage points over a 10-year span.

But with change comes fear. According to a CNBC survey, about one-quarter of workers are worried that artificial intelligence (AI) will eliminate their jobs. While 98% of HR leaders say they will use software and algorithms to cut labor costs, less than half (47%) are comfortable making layoff decisions with this technology. More broadly, there are concerns that AI could eventually outthink humans and go rogue.

At present, however, a nuanced picture of AI’s impact is emerging. As Joanne Song McLaughlin, associate professor of labor economics at the University at Buffalo, told the BBC, in many cases, “there’s no immediate threat to jobs, but tasks will change.” AI can’t think the way people do, so humans will need to be in the loop for the foreseeable future.

Perhaps what is most telling is that people who are likely to see their tasks altered by generative AI are also hopeful about using the technology. According to Pew Research, many workers in highly affected roles are more likely to say that AI “will help more than hurt them personally.” The real threat? Individuals who choose to ignore generative AI completely will lose their competitive edge.
Effectiveness over efficiency

The efficiency gains brought about by generative AI will no doubt appeal to leaders and managers. Indeed, a Visier survey reveals that among those who have explored AI, 29% indicate that generative AI tools save them between 30 minutes to an hour daily, while 18% save three to four hours.24

But the strategic value of enabling workers to co-create with AI is about more than completing tasks faster. By reducing the time it takes to complete administrative tasks, AI enables more employees—even interns—to focus on strategic business objectives such as improving customer satisfaction, increasing revenue, or boosting innovation.

Within the HR realm, the potential for this kind of shift is huge. Historically, HR has prioritized efficiency over effectiveness, focusing on administrative tasks. But among those professionals who use generative AI for HR tasks, 56% have used it to automate routine processes, according to an HRPA survey.25 By freeing up their cognitive load with AI, HR professionals can build the kind of internal consulting skills required to move the business forward.

AI can also help people leaders become more effective by enabling them to deliver personalization at scale, notes Dr. Anna Tavis, clinical professor and academic director of the Human Capital Management department at NYU. For example, companies are using AI to bring career coaching, once reserved for the upper echelons of an organization, to entry-level employees.26

There is no doubt that the age of AI is upon us. Rather than allowing it to create fear, we can see this as an excellent way to enable all people to work at the top of their license and to free up more of their mental space to address the most pressing, innovative, and interesting topics. In HR in particular the timing of AI could not be better. Our professionals are facing a new frontier and challenges across employee skills, mobility, and work constructs that are engaging and supportive. We have more demand than ever to thoughtfully partner with the business, so having AI available to leverage data to make routine activity and decisions easier is exactly the necessary tool to propel us into the future. HR is the most ripe place for AI to set the example and the standard for how AI can become a tool of creating a stronger people experience for both employees and customers.”
Start with responsible AI

The technology can also help surface important information about the organization’s people that would otherwise remain hidden. By making people insights more accessible, generative AI is poised to support more strategic decision-making related to hiring, training, and development. Tools like Visier’s Vee digital AI assistant simplify data analysis for all, eliminating lengthy wait times for data insights. For instance, a sales leader (with the appropriate permissions) can instantly understand the impact of training programs on sales performance.

Of course, it takes the right partner to make it work. Generative AI can be a powerful tool, but it does have limitations. Smart leaders are partnering with responsible technologists who have a handle on issues like bias and hallucinations (AI's tendency to deliver incorrect information if it has been exposed to insufficient or low-quality training data).

As employers leverage AI for its business benefits, however, savvy leaders are not losing touch with the employee perspective. A study of hospitality industry workers in China, for example, revealed that anxiety about AI-driven job losses increases the likelihood of burnout.27 Employer-led reskilling initiatives—such as Ikea’s move to retrain 8,500 call center employees after it deployed an AI customer care bot28—can help alleviate worries and enable the organization to take advantage of new market opportunities.

By fostering a supportive work culture and a responsible approach to technology, employers can ensure people are set up to experience AI as an advantage—and not a source of worry.

“AI will revolutionize productivity, enhance decision-making, and unlock new opportunities all across the workplace. It’s crucial to approach AI with a critical lens, separating the hype from the tangible benefits it can offer. AI will not eliminate the workforce as we know it. It will however change the workforce making certain jobs obsolete, other jobs more efficient, and it will introduce a whole class of jobs we are just beginning to understand. Employees and companies who embrace AI will outstrip those that do not. By embracing the hope and managing the hype, we can harness the true potential of AI to create a more efficient, innovative, and inclusive workplace.”

Ryan Bergstrom
Chief Product Officer

Paycor
DISCOVER 
UNTAPPED VALUE 
VIA MANAGER EFFECTIVENESS

1. Empowering managers with access to data results in value adding up to hundreds of millions of dollars.

2. Democratizing data leads to better decision-making and organizational success.

3. Embracing people analytics drives growth from both a marketing/consumer and people/HR standpoint.
There's an old aphorism that goes something like this: “Data, data everywhere, but not a thought to think.” A riff on Samuel Taylor Coleridge's "Rime of the Ancient Mariner," it refers to the wealth of one thing coupled with a lack of ability to leverage it. People data is everywhere, but not everyone who should be drawing insights from it is doing so.

That's probably not all that surprising. Historically, many managers and their HR advisors have not been highly trained in data analysis unless they were in CFO or other financial leadership positions. People analytics is a relatively new field and one that is challenging leaders across many areas of practice, but especially HR, to ensure that they're maximizing the value of the data they have available to them.

In truth, people analytics have been around for more than a decade but has been widely limited to metrics like salary, vacation time, and tenure—the simple stuff. These metrics, while a starting point, really don't provide a comprehensive understanding of employee performance and its impact on business objectives that today's organizations demand.

An obstacle to people analytics adoption in some companies is the lack of data literacy and analytical skills among many HR professionals. Organizations have been challenged to implement and sustain data-driven HR initiatives because of this skills gap. Resistance to change from HR professionals and other stakeholders has also limited progress.

But, in an era that demands the use of data to derive relevant insights from a wide range of sources, holding to the "old way" is no longer an option for companies that want to succeed. It's imperative to overcome obstacles standing in the way of actioning on data insights in order to drive real business impact at the highest levels.

"Insights have significantly more value when they are applied at the point of impact, and front-line people managers can certainly benefit from data and analytics that help them understand and increase employee engagement. Organizations with a data-driven culture will likely benefit the most as their managers will have the decision-intelligence skills to understand what data is relevant and actionable."

Eric Bokelberg
Sr. Manager & Visier Alliance Leader

Deloitte
The next level of value from people analytics adoption is coming from organizations providing data and insights directly to people managers. As many as 50% of the more mature technology-adopting people analytics organizations serve finance and people managers today. Looking across the various value propositions from such adoption in Visier’s recent research, we found that an organization with 10,000 employees might achieve nearly $400 million in cost savings and $200 million in revenue expansion.31

“Big data” was a big thing in the early 2000’s. Yet the promise of big data has yet to be realized for many organizations that have simply been inundated and overwhelmed by the massive amounts of data now available to them. This is true across many business functions but, especially since the impacts of the pandemic, has perhaps been most noticeable in the realm of HR.

Effective management at all levels of the organization is required. But what does effective management look like?

Pitney Bowes sees financial and strategic impact organization-wide

People Analytics Manager at Pitney Bowes, Michael Salva says the value of managers using data to create a better workplace, a better work experience, and a more productive and engaged experience while attending to the human impact of things like being able to staff flexibly or pay attention to burnout or making sure people take leave are the things that ultimately lead to financial and strategic impact.36

“The greatest value comes from stretching the impact from just the manager themselves to the employee.”

Michael Salva
People Analytics Manager

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CUSTOMER STORY

Pitney Bowes sees financial and strategic impact organization-wide

People Analytics Manager at Pitney Bowes, Michael Salva says the value of managers using data to create a better workplace, a better work experience, and a more productive and engaged experience while attending to the human impact of things like being able to staff flexibly or pay attention to burnout or making sure people take leave are the things that ultimately lead to financial and strategic impact.36
A new approach is required. One that leverages advanced technologies like artificial intelligence (AI) and machine learning to analyze workforce data and, most importantly, to generate actionable insights.

There are a number of ways that organizations and their HR and line leaders can leverage data to improve business outcomes. For instance:

- Using people analytics to assess and improve the employee experience, culture, and talent management practices.
- To measure workforce readiness to meet future challenges and identify skills gaps.
- To optimize organizational structure—spans and layers—to reduce costs and improve revenue.

Of course, as all organizations should have learned over the last few decades, data access is just the starting point. HR leaders and managers must also be equipped with the resources, skills, and competencies to use that data strategically and in business outcome-focused ways.

In addition, HR leaders, managers, and other key stakeholders need immediate, easily accessible, seamless access to the data required for them to be innovative and nimble in managing the organization's human resources.

That requires the democratization of data.
Value table of savings and revenue

These then are aspirations for organizations to begin democratization efforts to achieve partial savings or revenue expansion. In this table we provide the value propositions for many of the examples along with potential dollar savings or revenue improvement for an organization with 10,000 employees.

We found that these value realizations amounted to nearly $400 million in cost savings and almost $200 million in revenue expansion.

<table>
<thead>
<tr>
<th>VALUE PROPOSITION</th>
<th>POTENTIAL VALUE FROM DATA AND ACTIONS</th>
<th>DOLLAR AMOUNT (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Democratization saves manager time in meetings and sourcing data</td>
<td>1/3 of an hour saved per meeting for 10 managers</td>
<td>$590K in cost savings</td>
</tr>
<tr>
<td>Labor (talent) mix analysis: best mix of contingent labor with associated agency fees and FTEs with costs to onboard, train, and provide benefits</td>
<td>10% to 15% reduction in labor spend</td>
<td>$50M in cost savings</td>
</tr>
<tr>
<td>More effective cost of workforce through span of control optimization</td>
<td>10% to 15% reduction in managerial costs</td>
<td>$15.8M in cost savings</td>
</tr>
<tr>
<td>Meeting DEI objectives enables improved innovation</td>
<td>19% improved innovation revenue</td>
<td>$190M in revenue expansion</td>
</tr>
<tr>
<td>Improving team collaboration (creating a culture of collaboration)</td>
<td>20 to 25% productivity improvements</td>
<td>$100M in cost savings</td>
</tr>
<tr>
<td>Improved work-life balance</td>
<td>20% reduction of workforce expense from turnover reduction</td>
<td>$100M in cost savings</td>
</tr>
<tr>
<td>Career pathing/development at team level comparable to executive succession planning</td>
<td>20% reduction of workforce expense due to turnover reduction 22% greater profitability</td>
<td>$122M in cost savings</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ORGANIZATIONAL EFFECTIVENESS VALUE PROPOSITION</th>
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</thead>
<tbody>
<tr>
<td>Self service saves people analytics team time, frees them for advanced analytics</td>
<td>8 hours each to support annual planning, talent reviews, budget meetings</td>
<td>$8.5K in cost savings</td>
</tr>
<tr>
<td>Total cost savings</td>
<td></td>
<td>$388.6M</td>
</tr>
<tr>
<td>Total revenue expansion</td>
<td></td>
<td>$190M</td>
</tr>
</tbody>
</table>
The democratization of data

Historically, in the “old paradigm,” data has been available only to senior leaders and a few other select people within an organization. It’s often been siloed, even hoarded, limiting the obvious potential it could have placed in the right hands.

Today, the “right hands” means everyone in the organization with talent management responsibility, from senior leaders on down to the front lines of management. Providing people leaders with access to reliable people analytics helps them make better decisions that can lead to organizational success.

Data must also be accessible and easy to understand. This can be achieved by:

• Providing user-friendly data visualization tools to help users make sense of even the most complex data.
• Promoting a data-driven culture through training, workshops, and regular communications to illustrate the impacts of data-driven decision-making.
• Establishing and implementing data governance policies. Data quality and security must be protected, even in an environment of data democratization. This requires defining roles and responsibilities, establishing data quality standards, and implementing data security measures.
• Collaborating across departments. Tearing down data siloes requires collaboration and cooperation across traditional department and division barriers. This can help lead to innovation and critical process improvements.

Importantly, these efforts must be in alignment with key organizational strategies and initiatives. That alignment leads to measurable success and reveals important best practices.

Merck, for example, used workforce data to help optimize workforce planning, reducing the planning cycle time by 25% and improving the accuracy of their hiring plan from 78 to 98% and the accuracy of their headcount plan from 60% to 95%.

The innovative side of people analytics adoption has the potential to transform organizations by providing data-driven insights that can improve workforce management, performance, and overall business outcomes. By moving away from the old, stagnant approach and embracing the innovative side of people analytics, organizations can unlock significant value and drive growth to ensure their competitiveness not only from a marketing/consumer standpoint but also from a people/HR standpoint.
HR & BUSINESS BECOME SYMBIOTIC

KEY TAKEAWAYS

1. An HR transition from performing isolated functions to managing an integrated operating system is needed.

2. A systemic approach to people analytics depends on data democratization across all organizational roles.

3. HR leaders must work to integrate HR technology to ensure alignment with business needs.
Since the practice of human resources (HR) emerged a century ago, it’s seen a number of sea changes.

From a basic function designed to handle employee relations, including pay practices, today HR organizations in large companies consist of divisions that span functions like Talent, Total Rewards, People Analytics, and more. They’re functions that tend to be siloed, though, especially in very large organizations. The functions don’t interact much, talk with each other, or share information or data.

But that’s the old model. Experts and analysts like Josh Bersin are calling for a new operating model. It’s an evolution that Bersin has referred to as “Systemic HR.”37 It’s a new operating system driven by modern-day impacts including a long-term labor shortage, accelerated industry transformation and competition on a global scale, and of course, rapidly advancing technology.

The “old ways” limited interaction and innovation—the kind of innovation that can allow businesses to thrive amidst what can often feel like chaos. In the old model, HR practitioners tended to focus on discrete tasks that they generally completed in isolation from other functions—talent acquisition was separate from performance management, compensation and benefit management were separate from talent management, and managing turnover was separate from employee development.

The new model recognizes the interconnections between these and other formerly siloed functions and considers HR as an operating system, not an operating model.

A new model for HR management and strategy

The “new model” will allow HR professionals to play an enhanced role in supporting the overall business and its objectives by ensuring that HR practices are deeply embedded.

Adopting this new model will require systems thinking—something that may be foreign to many HR practitioners.

“People issues are the number one thing holding back companies today. Whether it be retention, mental health, recruiting, growth, or skills, without a people analytics platform to look at all that data and use it to make better decisions companies are flying blind.”

Josh Bersin
Founder & CEO
The impact of taking an operating system versus operating model approach to HR practices will be profound, coming with both challenges and opportunities. Bersin’s “Systemic HR” model provides a framework for a new approach that will require the function to operate as an integrated operating system focused on strategic problem-solving and creative solutions rather than focusing on isolated HR programs and practices.

It’s a transition that must be made within a shifting and uncertain environment that is currently characterized by slower growth, labor shortages, and accelerated industry transformation. It’s a dichotomy that can’t be impacted or leveraged through simple siloed solutions. Instead, HR professionals need to hone a broader skill set with expertise across multiple HR domains.

A holistic approach

Bersin suggests that this new approach will rely on “solution centers” or “pods” that will organize HR teams around workforce segments or problem areas and focus on facilitating collaboration while addressing multifaceted challenges. People represent the biggest expense in any organization. Taking a “Systemic People Analytics” approach, Bersin suggests, will require dedicated platforms to help perform this function cost-effectively. The innovative aspect of this shift will be the democratization of data beyond people analytics to line managers, business partners, supervisors, and senior leaders.

Doing this will not only free up time for HR professionals to focus on more detailed analysis and strategic assessments but will also encourage conversations and collaboration.

Driving innovation

To drive innovation through an integrated systems approach, HR leaders must take a number of concerted actions including:

1. Increased business alignment. Working closely with senior leaders, HR will need to ensure a clear understanding of business needs, challenges, and goals so that HR practices can be supportive of these outcomes.

2. Breaking down silos. HR is in a position to lead efforts to break down the silos that have typically existed in the HR organization.
3. **Data-driven decision-making.** Leveraging people analytics and data-driven insights across the organization can help HR leaders identify key patterns, trends, and opportunities for improvement, along with the ability to support their recommendations objectively.

4. **Change management.** The move to a systemic approach is a significant undertaking that will drive impactful change. HR leaders need to be ready to manage change within their teams—and across the organization. This will require communicating the new vision, addressing concerns, and guiding staff through the transition.

Ultimately, HR leaders will assume a collaborative leadership style that emphasizes partnership and cooperation across all organizational areas and functions to build strong relationships with other leaders and to ensure ongoing alignment with business goals and objectives.

**Leveraging technology to drive relevant and sophisticated people insights**

Doing this efficiently and cost-effectively will require a robust data analytics platform that can process sometimes massive amounts of data from a wide range of sources and inputs, make that data immediately and seamlessly available to users, and allow HR and people analytics leaders to apply insights across the entire organization, not just individual business units.

**Visier People® Essentials** provides a people analytics foundation to help HR teams get started on this journey. It’s a simple, turnkey starting point that can be implemented quickly—and scaled as companies grow or as expertise in people analytics evolves.

“HR has a great opportunity to integrate systems that historically have been run outside of the regular routines of the business such as employee listening by incorporating them into regular staff meetings, team huddles, monthly finance meetings, reviews of customer feedback, etc. Now is the time to make connecting and engaging with our employees part of the way we work at every company.”

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**Melissa Arronte, Ph.D.**

Practice Lead, Employee Experience

**Medallia**

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#5

**HR & BUSINESS BECOME SYMBIOTIC**

26
"With out-of-the-box systemic analytics that connect to existing systems, organizations don't have to bog down their IT departments and can quickly leverage a systemic HR operating system. This results in users throughout the business—line managers and business partners and HR people—having immediate access to the data insights they need to make better everyday decisions about their people, while HR analysts are now freed up to do better and more detailed business analysis than they ever could before."
NEW TECH REQUIRES A SKILLS-BASED PERSPECTIVE

NO. 6

KEY TAKEAWAYS

1. AI is redefining roles at an unprecedented pace.
2. Visibility into skills gaps is imperative as the starting point of a skills journey.
3. Effective reskilling benefits employers and employees.
Job skills are continually evolving, with new, required skills continually emerging and reshaping roles.

Generative AI is further accelerating the skills evolution. Now, the average half-life of skills—the halfway point of a skill becoming ineffective—is less than five years, and in some technology fields it’s as low as two-and-a-half years.\(^3\)

<table>
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<th>&lt;5 YEARS</th>
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<td>The average half-life of skills</td>
<td>The average half-life of skills in certain tech fields</td>
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AI is abruptly confronting knowledge workers. A McKinsey report indicates that generative AI is most likely to transform the roles of knowledge workers because of the advancements it brings—specifically in the technical automation potential of their job activities—which were previously considered relatively immune from automation.\(^4\) In addition to automating repetitive tasks, generative AI in particular is changing how tasks like research, coding, and writing happen.\(^4\) These disruptions will ultimately change the nature of some roles, requiring employees to learn new skills and enhance existing ones to keep up.

“We are living in an unprecedented time of change from every corner. Not only is the pace of technological change accelerating, but we are also evolving as a society, shifting our expectations, grappling with climate change, dealing with market volatility, and more. Jobs can no longer keep up with workforce skills needs and that’s why organizations are exploring skills-based approaches to upskill, reskill, mobilize, and hire talent.”

Janice Burns  
Chief Transformation Officer

“Degrees for the Digital Age”

Janice Burns  
Chief Transformation Officer
In the era of AI, reskilling and upskilling initiatives are critical in order for organizations to keep up with the ebbs and flows of technological advancements and a dynamic labor market. Employers play an important role in skill development. A Visier survey reveals 57% of respondents said they rely on employer-led skills development training as their source for career growth, and 86% of employees said their employer should take at least some role in reskilling to ensure they aren’t easily replaced by AI tools.

**Identifying skills gaps is key to future-proofing**

To make strategic decisions about reskilling and upskilling initiatives, leaders need visibility into their organizations skills gaps. This is often a challenge, especially in traditional jobs-based organizations where talent decisions are rooted in predefined roles and rigid work structures.

With skills gaining and losing relevance at a faster pace than ever, a static, jobs-based approach to talent management ultimately results in missed opportunities for employee growth, organizational efficiency, and business success. Organizations simply can’t afford to fly blind on the skills they have and more importantly, the skills they’re missing.

**Start with skills, not jobs**

It’s skills—not jobs—that form the core organizing principle for how work gets done. This is especially true in the AI era. In fact, 61% of business executives report that keeping up with the demand from AI and new technologies is a primary driver of organizations adopting a skills-based approach.

Skills-based organizations aren’t just better poised for agility—they’re more effective. Skills-led businesses are 63% more likely to achieve business results and benefit from significant organizational outcomes. For instance, skills-based organizations are 107% more likely to place talent effectively, 57% more likely to anticipate change and respond efficiently, and 52% more likely to innovate. A skills-based model offers access to a larger and more diverse talent pool, better quality candidates, lower recruiting costs, improved employee loyalty and retention, an enhanced understanding of which skills improve productivity, and better visibility into critical skills during periods of economic uncertainty.
Find and address skills gaps

Many leaders are unclear about what skills are missing in their organization, how specific skills impact business outcomes, and what learning programs they need to prioritize. A McKinsey survey reveals 87% of organizations recognized that they had a looming skills gap problem within the next one to five years, and just 41% of executives and managers have a sense of what roles are likely to be disrupted and require reskilling.48

One major barrier to a skills-led approach is a lack of visibility. Skills data is often housed in multiple sources. Centralizing that data is cumbersome, and job title standardization is

Organizations that adopt a skills-based approach are 63% more likely to achieve business results

Top Candidates for Open Role 64721
Skills needed: Python, Calculus, Project Management, and Coaching

- Current Employees Dec 2024
  - Carola Lofahl Chiba: 89%
  - Clint Estabane Strong: 75%
  - Damiss Ramona Caminos: 68%
  - Salvador Ruben Channel: 77%
  - Regina Tomara Wyat: 91%
  Skill Gap Coverage: 80%

- Alumni Dec 2024
  - Martine Hatty Negret: 89%
  - Ward Rigo Rames: 81%
  - Hassimo Clifford Ryrd: 67%
  - Lynette Avery Bates: 43%
  - Leslie Heloss Horro: 76%
  Skill Gap Coverage: 71.2%

- Recent Candidates Dec 2024
  - Damion Henry Lifson: 86%
  - Joe Jordan Sian: 66%
  - Kylfet Andela Gómez: 83%
  - Reesha Talbay Cabil: 93%
  - Lynda Cliff Harliss: 74%
  Skill Gap Coverage: 80.4%
difficult. Organizations using people analytics are at an advantage.

A people analytics platform helps leaders overcome the grunt work associated with collecting and managing skills data. By combining skills data with people analytics, leaders can quickly see their skills gaps and make critical decisions about reskilling, upskilling, and learning initiatives based on the actual skills they have and the skills they need.

By applying a skills lens to existing HR workflows, leaders can pinpoint exactly where in the organization skills are clustered and identify the rate at which skills are being lost and retained to make informed decisions on key measures like workforce costs, retention, promotion, and diversity.

**Effective reskilling benefits everyone**

In an era of profound technological change and a continuously fluctuating labor market, effective reskilling initiatives are more important than ever—for employers and employees. For both, new skills are imperative to remain competitive.

For employers, reskilling initiatives make it possible to quickly develop talent, tap into broader and more diverse talent pools, and fill the critical skills gaps to ensure the organization has the necessary talent to achieve strategic business objectives.

For employees, learning new skills is critical for their career growth and earning potential. A Visier survey reveals almost all respondents (98%) say developing new skills in the workplace is important, and 88% agree that their ability to earn more is dependent on their skills growth and development. BCG data shows that 68% of workers are aware of coming disruptions in their fields and are willing to reskill to remain competitively employed.

Developing effective reskilling initiatives requires employee participation, manager buy-in, and organizational commitment. Successful development efforts hinge on the presence of a fundamental component: a solid skills foundation with clear visibility into organizational skills gaps.
CUSTOMIZE ANALYTICS TO SPECIFIC NEEDS

1. Decisions about HR tech now involve stakeholders from HRBPs to C-suite.

2. Partner ecosystems mean choices are no longer limited to only buy vs. DIY build.

3. Partnering is the new normal—from pre-built to custom-built applications.
If you’ve had anything to do with buying, building, or deploying HR Technology as a vendor or as a user recently then you know that the explosive proliferation of people analytics as a discipline has gained the attention of everyone from the back office to the boardroom.

As people analytics emerges as core intelligence for modern businesses, many organizations—and a growing list of stakeholders—are highly invested in the design and build of HR technology solutions.

Both HR technology vendors and enterprise users increasingly find themselves in a position where they must choose between building their own solutions in-house, buying best-of-breed applications, or blending both. This creates fervent discussion as to the best approach to take in bringing this business-critical solution to life.

But every business has unique needs and that means flexibility is paramount for vendors when it comes to customizing analytics solutions for their customers.

Building applications from scratch can cost years of development capacity, expensive technical FTEs, and additional complex infrastructure. And, with intense economic headwinds bearing down, the days of developers spending precious time on passion projects building non-core products are gone.

“Given the dynamic pace of change and the need for more targeted people insights, static dashboards are no longer sufficient for HR leaders who want to proactively manage talent for the business. They need tools that surface real-time insights, enable exploratory analysis, and offer predictive insights to guide strategic decisions. And because the variety of personas and use cases keeps growing, HR organizations are demanding more flexibility and scalability in their people analytics solutions.”

Eric Bokelberg  
Sr. Manager & Visier Alliance Leader

Deloitte.
“For me, [people analytics] is a connected ecosystem of technology that is purposefully architected to be able to deliver on insights about the workforce, intelligence for the business, and ultimately close that people impact gap so that we can ensure that what HR is delivering on is also showing the business the ROIs on the other side.”

Lydia Wu
Sr. Director, People Strategy & Operations

Panasonic

Alternatively, buying a general BI solution to implement and customize for specialized people analytics use cases only leads to an imperfect solution that meets only the most basic needs. Either way could lead to missed opportunities resulting in poor business decisions and unforeseen risks that impact revenue, customer satisfaction, profitability, long-term innovation, and growth potential.

Leveraging a partner ecosystem to lighten the load

Fortunately, technology vendors or in-house tech teams needn’t go it alone when they have access to an existing, mature ecosystem where it’s easier than ever to partner with those who excel in any domain—and that’s no different when it comes to people analytics.

As the complexity of software solutions only increases and consumer demands intensify, partnering is fast becoming the new normal. Partnering allows vendors and people analytics teams to nimbly and quickly offer new products and features to the customers they serve without sacrificing time and resources. A potential partner exists for almost every piece of the product development process—from hosting, platform-as-a-service, and data security to artificial intelligence, low-code platforms, and analytics.

From embedded analytic applications to cloud platforms on which to build custom solutions—or somewhere in between for a blended approach—the answers are within grasp. And the benefits are well worth the consideration. Partnering to create a customized people analytics solution accelerates time-to-value and, for HR technology vendors, improves revenue growth, drives marketplace expansion, and solidifies competitive advantage.

A people-centric PaaS

Shifting to the cloud comes with myriad benefits—lower costs, increased flexibility and scalability, improved security, and interoperability. However, migrating to the cloud and building cloud-native applications is laborious and time-consuming. Smart organizations and vendors are cutting out this work of building cloud infrastructure from scratch by partnering with a cloud platform, or Platform-as-a-Service (PaaS).
Given the rapid shift to the cloud and the intense demands of building from scratch, cloud platform services only stand to grow in popularity as more vendors and organizations partner to build their tech stacks. When it comes to people analytics, a people-centric PaaS favors ingenuity by providing creative minds the foundational technology and tools they need to create exceptional applications for a running head start against their competitors. It affords developers the autonomy and versatility to build deep people analytics capabilities into their applications at their own pace using cutting-edge technologies—all without the overhead costs.

**A growing demand for embedding people analytics**

Embedded analytics—occurring within users’ workflows allowing them to manipulate data and extract insights in a familiar environment—is a growing field. And it’s no wonder. As customers and end-users demand more sophisticated analytics, the economics of building from scratch become less appealing for vendors and organizations. By one estimate, just building a data warehouse for people analytics can take 12–36 months. Meanwhile, white-labeling an embedded analytics solution lets technology vendors present a seamless, clean experience for their customers, and organizations can involve more stakeholders in analytics, abandon the mess of spreadsheets, and allow the creation of easy-to-use, shareable dashboards and reports. With a mature ecosystem of vendors offering embedded analytics products, product leaders can get started immediately, offering on-trend analytics to their customers.

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**CUSTOMER STORY**

Betterworks embedded analytics into their product to save time, money

Betterworks is a performance management solution that helps HR professionals increase employee engagement, manager efficiency, and business impact.

Looking to improve the performance management process, Betterworks incorporated employee performance feedback into the flow of work by integrating it into the software that everyone already uses—email, Slack, and Microsoft Teams.

The wealth of data, as a result, is something their customers want to access for analysis and insights. CPO Arnaud Grunwald considered building new analytics functionality in-house but realized the expense and prolonged timeline would make their customers wait an additional five to six months. By partnering with Visier and using existing data models and functionality, Betterworks was able to quickly embed analytics powered by Visier directly into the Betterworks product, making new types of people data accessible to all their customers.
Establish new work norms to reduce chaos, increase certainty

No. 8

Key Takeaways

1. Companies need to embrace the wave of flexible work policies or risk losing valuable employees.

2. Establishing new work norms is a must and a mandate for leaders.

3. Data and analysis are crucial in addressing the misalignment of employer and employee expectations.

Amid these massive impacts, 2024 is emerging as a pivotal—and critical—moment for reshaping the landscape of work. What we’re calling the “Chaos vs. Certainty” trend is a shift that underscores the importance of navigating the transition from uncertainty into a new paradigm that is characterized by well-defined work norms. A key point: we’re not returning to the way things were—ever.

The pandemic introduced employees and organizations to a new way of working and, now with the pandemic largely behind us, some businesses want to return to the way things were before 2020. The past few years have been a period of upheaval and uncertainty as organizations, leaders, HR professionals, and employees first navigated a massive exodus from physical office settings to now disjointed and often shifting mandates to return to the office.

Any reluctance to embrace change by organizations of any kind in any environment will translate into a disconnect between employee expectations and organizational mandates that can be a recipe for disaster.

A reluctance to determine the best course forward, including incorporating changes to pre-pandemic work policies, will invariably cause a disconnect between employees and employers resulting in confusion, diminished engagement, reduced productivity, and higher turnover rates. And, employees are losing patience. In fact, Harvard Business Review reports that a recent Gartner survey indicated that employees’ willingness to support organizational change has plummeted from 74% in 2016 to 43% in 2022. Organizations, their leaders, and their HR advisors remain stuck, and often in conflict, as they attempt to manage in the “new normal.” But first, a thoughtful approach to defining and establishing what “new normal” means is needed to execute on strategic plans in the new year.

The new work code

When millions of employees and, in many cases, their managers and leaders, left the workplace in 2020 to work from home, there was much uncertainty. Over the past four years as pandemic concerns have ebbed and flowed and organizations have grappled with whether or not to require employees to return to work, they’ve also confronted the difficulty of clearly and explicitly defining their expectations for how employees, managers, and others will interact in in-person, hybrid, and fully remote work settings.

In some cases, employees have proved to be more productive, engaged, and satisfied working remotely. At the same time, working in-office or hybrid to interact with other colleagues in person can result in myriad benefits like heightened innovation and better communication. No matter the setting, expectations for how employees should—and shouldn’t—engage with each other, their managers, their customers, and others need to be defined. When should tools like Slack or Zoom be used to facilitate interactions?

Workspace design firm Unispace found that 42% of companies that mandated office returns saw higher levels of employee turnover than expected.
and conversations and when are tools like telephones and face-to-face meetings more appropriate? How can managers tell if employees are “really working” when they’re in remote settings? And, vice versa, how can remote managers best facilitate and support in-office employees?

A simple “one and done” solution is to mandate everyone work in the same way—one type of work with one set of rules. However, that approach won’t work for all companies.53 Workspace design firm Unispace found that 42% of companies that mandated office returns saw higher levels of employee turnover than expected. One-third of those companies enforcing office returns are having a tough time recruiting new employees. And, according to a report from Greenhouse, a talent acquisition software company, 76% of employees say they’re ready to leave if their flexible work schedules are jeopardized.54

On the other hand, some employees welcome the return to office, citing the social and interpersonal benefits gained by interacting with other humans on a routine basis—particularly when it comes to “Gen Z” or the youngest generation of workers born between 1997 and 2012 who desire to socially connect with others at their first job experience. Only 17% of these employees said they preferred to work remotely in a Visier survey.55

**Innovation in establishing new work norms**

Employees don’t know what they don’t know—their leaders need to tell them. As amusing as it may seem at first blush, a number of employers are finding that giving office etiquette classes to employees is helping to address issues related to appropriate communication, appropriate work attire, and more. According to ResumeBuilder, “45% of companies are currently offering etiquette classes; 18% will implement by 2024.”56

It’s a smart move to make. Coupled with documentation, explicit policies, and ongoing communication and adjustments to address shifting needs, organizations can make progress on finding work models that meet both employee and organizational needs. Employee input is critical here, though.

As Gallup research has found57 based on input from 150 CHROs of large global companies and 5,700 workers across a range
of industries, what employers think their employees want in terms of flexibility and balance is not what they actually want. Gallup presented employees with a list of 11 options for flexibility and asked which their organizations provided. Writing for Harvard Review, Jim Harter, PhD, chief scientist, workplace management and wellbeing at Gallup says: “Their most common responses were relaxed dress code (55%), followed by flexible start and end times (33%), and choice over hours they work (flextime) (31%).”

They uncovered a disconnect, too: “We also asked employees which of these options they would change jobs to get. The two clear winners were not the ones organizations offered most: increased paid time off or vacation time (57%) and four-day work weeks (44%),” Harter writes.

Technology to augment and inform the process

The workplace of the future is not an either/or construct; it’s a wide range of variations, options, and combinations of on-site, remote, and hybrid. Determining what model works best, and where, in your organization requires data, analysis, and an ongoing assessment of shifting needs in response to both internal and external pressures. Understanding how office space is (and isn’t used) makes for a more efficient real estate spend, a positive side effect of an analyzed hybrid/remote culture, as well.

People analytics play an important role in helping to identify optimal options, enabling communication and collaboration, and measuring the impacts of the approaches that are taken. Visier® Workplace Dynamics, for instance, offers insights into employee collaboration and team dynamics to help people and teams work better together. HR leaders and people managers will be able to determine barriers to success, identify collaboration best practices, and uncover—and address—potential organizational risks. These types of “collaborative analytics” solutions can also help organizations measure the true impact of hybrid and remote work, helping them design models that best fit their business needs.

Companies need to embrace the wave of flexible work policies or risk losing valuable employees.

“New norms for working will need to include simple ways for employees to provide feedback and ideas as they work, not waiting for an annual or quarterly survey to share an issue or a potential solution. This new norm will need to include workflows that make it easy for teams to come together to solve problems...”

Melissa Arronte, Ph.D.
Practice Lead, Employee Experience
SMALL BUSINESS IS PRIMED FOR BIG-TIME ANALYTICS

1. People analytics is not just for large organizations.
2. Insights can help leaders manage uncertainty.
3. Staffing is a mission-critical issue for SMBs.
Small- and medium-sized business owners have been grappling with a relentless barrage of unexpected challenges.

Consider what happened to Kymme Williams-Davis, the owner of a fair-trade coffee shop called Bushwick Grind. She successfully pivoted through a temporary pandemic shutdown, only to face new challenges like reduced foot traffic and increasing prices. As if that wasn't enough, a lack of cook staff forced her to limit menu options.

She is not alone. According to a SCORE report, small business (SMB) owners are facing a “nightmare scenario” in terms of finding and keeping talent. Hiring the right talent and retaining and motivating employees are their number one and number three challenges respectively.

While the pandemic, Great Resignation, and inflation affected organizations of all sizes, smaller mom-and-pop shops and mid-sized businesses didn't have the scale to absorb these shocks. A rapid switch to digital services may have been a lifeline for many in the early days of the pandemic but, for some, additional hurdles proved to be too much: A 2022 Alignable survey found that 47% of SMBs were at risk of closing due to hurdles such as inflation, supply chain issues, and labor shortages piling on top of 2020 losses.

Navigating a tight labor market amidst revenue concerns is particularly difficult for smaller organizations which often don't have the resources to offer competitive wages and comprehensive healthcare benefits.

Better insights are needed in terms of knowing which hiring and retention practices are most effective but, typically, a small firm with less than 500 employees might have just three HR professionals juggling various roles, leaving little time for analysis.

Without clear answers, the ability to navigate disruptions and make informed decisions that are crucial to long-term viability is threatened. In short, small businesses have the same problems as large ones, and they can benefit from people analytics, too, just like their corporate counterparts.

More data, more insights

While operational challenges have been magnified for SMBs since 2020, the rapid digital transformation these organizations underwent as a response to the pandemic produced a bright spot: more data, which many businesses used in creative ways to boost efficiency and enhance customer support.

At the same time, tools like applicant tracking systems have become increasingly accessible to smaller-scale businesses. This means that SMBs are sitting on a treasure trove of data that is ready to be mined for rich insights.

Insights to the people

It’s a common perception that the capacity to gather data from all of these systems to answer pressing HR questions is a luxury that only large enterprises can afford. In the past, people analytics was only possible at the large enterprise level, focusing on organizations that had the

Tools like applicant tracking systems have become increasingly accessible to smaller-scale businesses. This means that SMBs are sitting on a treasure trove of data that is ready to be mined for rich insights.
“In today's data-driven world, businesses of every size have a unique opportunity to leverage data to outpace their competition and accelerate growth. By harnessing the power of their people data through analytics, business leaders can gain valuable insights into employee behavior, development opportunities, and business trends so they can make informed decisions, identify untapped opportunities, and build winning teams to meet evolving customer needs. Embracing data-driven decision-making empowers business leaders to stay agile, adapt quickly, and unlock the full potential of their organizations.”

Ryan Bergstrom
CPO
Paycor

capacity to hire data scientists and analysts. With recent advances in cloud and analytics technology, it is now possible for organizations to subscribe to a people analytics solution without a hefty upfront investment.

Generative AI digital assistant tools like Visier's Vee, for example, allow anyone with appropriate permissions to ask simple questions of their people data—no data analytics degree required. One-stop people analytics solutions are designed to help businesses move the needle on the HR challenges that matter most, without having to build a complex IT infrastructure from scratch.

Smaller organizations might even have a leg up in this area because, unlike large enterprises, they typically don’t have investments tied up in entrenched processes and legacy BI technology.

In the sweet spot

In essence, SMBs are in a good position to adopt the same technology that is allowing the big players to answer important questions like: How do we attract top talent in a competitive market? Which candidates drive the highest sales? How many staff members are needed to meet our objectives?

These types of insights are critical when navigating disruptions. According to one study, SMBs with analytics capabilities are more resilient and able to collaborate better with new external partners in times of uncertainty.62

Insights empower SMBs to make data-driven decisions, adapt quickly to changing market conditions, and stay agile. As the business landscape continues to evolve, harnessing the power of people analytics becomes a must for small- and mid-sized enterprises to thrive—especially when the cards are stacked against them.
**CORPORATE REPORTING GETS HYPER-DETAILED**

1. Mandatory human capital reporting continues to grow globally.

2. Basic metrics aren’t enough to comply—new requirements call for insight into the what, how, and why behind the numbers.

3. Companies without robust people analytics will struggle to comply and risk financial consequences.
Environmental, Social, and Governance (ESG) programs and corporate social responsibility efforts are designed to provide transparency to consumers, investors, oversight and compliance commissions, and the governments driving these mandates.

While corporate reporting practices for finance are well established, mandatory disclosures on human capital management are relatively new—and growing in prominence.

Historically, ESG and investor relations leaders have focused heavily on environmental topics, but new regulations coupled with financial and labor market pressures are shining a spotlight on employees as a strategic and undervalued intangible asset, elevating the importance of people data to the level of environmental and financial measures. The shift underscores what CHROs and HR leaders have always known to be true: it’s people that drive business impact.

Human capital measurement is a growing priority of the C-suite, especially as new regulations and requirements continue to go into effect. Mandatory reporting requirements are evolving to include an increasing breadth of measures, such as the 2020 U.S. SEC and NASDAQ requirements related to human capital disclosure rules and the recent introduction of the EU Corporate Sustainability Reporting Directive (CSRD).

**EU CSRD impacts**

- **50,000+** EU companies
- **10,000+** Non-EU companies

The CSRD is expected to impact more than 50,000 EU companies and approximately 10,400 companies outside the EU. Estimates suggest thousands of U.S., Canadian, and British companies in particular will have to step up their reporting efforts to deliver visibility.

“Investors have said that they want to better understand one of the most critical assets of a company: its people.”

Gary Gensler
SEC Chair

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Investors have said that they want to better understand one of the most critical assets of a company: its people.”

Gary Gensler
SEC Chair
on topics ranging from greenhouse-gas emissions to gender wage differences.68

Investors and regulators know that social and environmental factors impact business performance. Now, they want to see explicit explanations about how these activities and assets affect business performance.

Opening the aperture on corporate reporting

To get the answers they seek, investors and regulators are requiring more transparency in company policies and actions regarding social and environmental programs. A McKinsey survey reveals that 85% of chief investment officers consider ESG to be an important factor in their investment decisions, and a significant majority are willing to pay a premium for companies that show a clear link between ESG efforts and financial performance.69

Additionally, the CSRD outlines disclosure requirements about climate change efforts and their impact on people.72 In March 2022, the SEC announced a proposed rule that requires climate-related disclosures in initial filings and annual financial reports.73

The heightened focus on ESG issues is demanding more of companies, and the increased human capital measures bring the “S” of ESG into greater focus. This presents a major opportunity for HR to drive strategic business impact in a new way.

Taking the lead on the “S” in ESG

The social aspects of ESG programs are growing in importance to investors. Berenberg’s ESG survey reveals 47% of investors considered the “S” aspect of ESG the most important when making decisions, overtaking the “E,” or Environmental, at 35%.74 Increased social reporting requirements signal that investors understand—and value—the impact people have on the business.

This brings attention to social measures, as well as increased scrutiny and, in some cases, financial consequences. Companies can be sued by investors for failure to meet SEC regulations, and failure to comply with CSRD requirements brings substantial fines—up to 10 million euros or 5% of annual revenue.75

The SEC and EU are demanding the disclosure of far more detail than overall headcount, cost of labor, or sales per employee.76 Compliance requires a more integrated corporate reporting approach across the HR, ESG, finance, and investor relations functions77—and data-driven HR leaders are well-poised to lead the charge.

There’s a fair amount of consistency when it comes to reporting on basic measures like headcount and diversity,78 but when it comes to reporting on more advanced HR metrics, the frameworks are inconsistent and data is difficult to come by.
Organizations that use people analytics are better prepared to access the necessary data and glean critical insights on nuanced metrics relating to employee training and development, skills, performance, and talent mobility.

With people analytics, HR leaders can provide instant insight into advanced metrics like skills acquired, gender distribution by job tier, the average compensation ratio, and the drivers of resignation rate to meet reporting requirements and drive the strategic narrative.

**New disclosures require more depth than data alone**

In addition to requiring year-over-year comparisons, some new mandates require detail beyond quantitative data. The CSRD in particular requires written explanations about what is causing changes to the reported numbers. If you have the data—which is often a challenge in and of itself—simply reporting a metric is relatively easy, but understanding how and why that number changes requires much more time, expertise, and access to analytical insights. Organizations that rely on spreadsheets or traditional reporting tools will struggle to access the data and insights they need to remain compliant.

**Visier People® Workforce CSRD** consolidates all of these workforce disclosures into a single solution, allowing HR leaders to quickly measure key ESG metrics, drill into specific business units and locations, and glean the insights necessary to explain the what, how, and why behind each.
About Visier

Visier is the recognized global leader in people analytics, providing on-demand answers to people-powered businesses. Behind every great brand, product, or idea is the Human Truth, and the Visier People Cloud reveals the fundamental questions and actionable truths capable of elevating your employees—and your business—to new heights. Founded in 2010 by the pioneers of business intelligence, Visier has over 25,000 customers in 75 countries around the world, including enterprises like BASF, Bridgestone, Electronic Arts, McKesson, MerckKGaA, and more. Visier is headquartered in Vancouver, BC with offices and team members worldwide.

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