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Evidence-based HR: From Fads to Facts?

"The jury is out whether EBHR will take off. It could go either way. We now need a period of co-creation in the idea. Although academics have coined the phrase, practitioners will need to make it their own before they commit much effort to thinking or behaving differently."

Wendy Hirsh, Report Author.

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Wendy Hirsh
with
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Foreword

Poor HR is full of subjective opinion and devoid of substantiated evidence. This is one of the key drivers that leaves some HR professionals constantly asking, 'Why am I not taken seriously at board level?' and, 'What value does HR really add?' Other functions are often more able to link business strategy to KPIs and desired outcomes, and then tie back from KPIs to operational measurement.

To transform your HR function into the one you want, HR leaders need to leverage the facts and evidence within their grasp – and stretch to those that are key to their development journey. It is good to see in this report some shining examples of strong HR leaders doing exactly that.

HR functions with more analysts, more quantitative skills and more process engineering skills are able to define and place anchors around which long-lasting, impactful and measurable change can be built. Acquiring the skills to achieve that is within HR's grasp – and having the time to do so requires a structure that can handle operational and strategic activity simultaneously.

This insightful CRF report raises interesting questions about our own ability and willingness to re-appraise what we think we know, as opposed to what the facts suggest. It also raises the perspective of the myriad of approaches people take to gathering and using evidence – but is this fundamentally different from any other function or profession?

It is also understandable that a gap exists between an academic approach to evidence-based HR and that of practitioners, especially in such a relatively new and developing area. The same gap is there in other disciplines too – and many of those have less underlying complexity to deal with than HR.

At Ceridian, we help hundreds of organisations a year to gain that clarity of value by working with them to define and present business cases for change to their boards. To allow us to deliver this, understanding and refining our own evidence base is crucial. It is what defines us as a company, substantiates why our people are special and, ultimately, is what allows us to differentiate ourselves competitively. It is something we work hard to keep relevant and up-to-date. This report reinforces our need to focus firmly on a practical approach – but with a stronger eye to the academic developments.

We have the honour to work on challenging projects with some of the best HR professionals in the UK. These projects started in organisations with a vision for change – for a new way to interact with their people. They also started from well-defined evidence, measured, analysed and anchored in fact. These projects result in HR leaders being in the driving seat at the boardroom table. The value they have added has become abundantly clear. Ceridian would encourage any HR leader on a development journey to start from that same perspective – evidence.

Nick Laird, Chief Commercial Officer
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Wendy Hirsh

Rob Briner

About the authors

Dr Wendy Hirsh is an independent researcher and consultant in employment issues. She migrated into HR via operational research and workforce planning, so the issues of data and evidence are close to her heart. Her specialist interests include succession planning, talent management, career development, workforce planning and leadership development. She is interested in how individual employees, line managers and HR/L&D professionals work together on these issues.

In addition to her links with CRF, Wendy is a Principal Associate at the Institute for Employment Studies, Fellow of the National Institute for Career Education and Counselling (NICEC), Research Associate of Roffey Park Institute and Visiting Professor at Kingston University.

Rob Briner was recently appointed Professor of Organizational Psychology, School of Management, University of Bath and was previously at Birkbeck, University of London. He has published on many topics including well-being and the psychological contract – and in numerous practitioner publications.

Evidence-based management is a long-standing interest. He published one of the first papers on the topic, has contributed to the *Handbook of Evidence-Based Management*, regularly presents and runs training courses on the topic, and is a founding member of the Center for Evidence-Based Management.

Acknowledgements

I would like to thank all those who took part in this exploratory study. They are listed at the back of the report. Special thanks are due to Professor Rob Briner who acted as a wise and generous tutor throughout and drafted several sections of the report.

The academics and consultants, on both sides of the Atlantic, came up trumps, with none refusing to take part. They sent many articles and spent patient hours on the phone, several on more than one occasion. HR leaders and specialists were likewise most helpful, often challenging their own ideas and practices along the way.

At CRF, Mike Haffenden and Mairi Bannon helped enormously in framing the project and identifying suitable people to contact. Special thanks also to Lynn Little who managed the e-survey and collated the replies, so generating a key input. Chris Ashton's editorial advice was, as always, invaluable.

Dr Wendy Hirsh, August 2011

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- develop and implement more effective business-focused HR/OD policies
- actively participate in cutting edge research projects such as this report that address issues relevant to large employers
- develop senior executives, HR leaders and the HR team
- improve organisational learning and knowledge
- engage in networking, peer learning and sharing experiences with other members who face similar challenges
- enjoy unlimited access to CRF's extensive resource base of research and publications, and the resources of our partners.

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Executive Summary

"So will EBHR take off? The jury is still out, but the opportunity is also great. Progress seems to depend on whether academics will meet practitioners more than half-way in disseminating relevant research - and on the desire of HR professionals themselves to take hold of the idea." **Wendy Hirsh.**

1 The idea of evidence-based HR (EBHR) has emerged in business schools, originally in the US, over the past few years. It has been strongly influenced by evidence-based approaches to other disciplines - especially medicine - and is a direct development from the emerging concept of evidence-based management.

2 EBHR advocates practitioners using the best available 'scientific' research on HR, and combining this with information from inside the organisation and their own experience and judgement. The context of the organisation and its HR stakeholders also explicitly connects to taking an evidence-based approach.

3 In effect, EBHR is an approach to decision-making in which the application of logic, systematic search for the best available evidence, and critical appraisal of that evidence, feed into decision-making and action, followed by monitoring and evaluation. It can be seen as an attempt to curb HR's weakness for fads and fashions and somewhat simplistic and ill-founded notions of 'best practice'.

4 This study's HR practitioners did not see 'evidence' primarily in terms of external 'scientific' research - but were more focused on improving their use of internal information sources, plus a degree of external networking and benchmarking. Ideas about EBHR could be used to help practitioners ask more challenging questions when looking at new ideas or other organisations' practices. Benchmarking on metrics has been overplayed and, at best, provides a prompt to investigate any surprising trends.

5 The idea of 'scientific' evidence in HR is somewhat problematic. Academics have varied views on the extent to which we have - or even could have - proven 'facts', which can be generalised across organisational contexts. Good quality, systematic reviews are lacking, which would present a balanced picture of evidence from multiple studies on a subject or practice, in language practitioners could understand.

6 There is an interesting evolution in the way some organisations are using internal data - moving from an ad hoc set of HR and workforce metrics to more refined and business-aligned scorecards or sets of human capital measures. They have then added different kinds of data - especially employee attitudes, financial and business measures - and started to examine the links between employee experience, customer or operational measures, and bottom line outcomes.

The current trend for engagement surveys and employee-profit value chain analysis are examples of this approach. This may progress to using varied sources of data to understand the multiple levers which connect how we employ and manage people with business results.

7 Practitioners quite naturally understand the relevance of using data in the diagnosis of issues and evaluation of interventions or practices. There is a natural evidence cycle in organisations of diagnosis-action-evaluation. Showing where and how external research evidence can feed into this cycle may help practitioners adopt a more evidence-based approach.

"Instead of being interested in what is new, we ought to be interested in what is true."
Pfeffer and Sutton, 2006a.

8 For our HR practitioners, the business context is central. They want to be 'business-minded' in aligning HR solutions with business priorities and to use evidence, where possible, in the same 'business-like' way as other functions. They also recognise the need to challenge the assumptions and personal preferences of managers – and work with the unavoidable ambiguity of the role of HR in organisations. Where the HR function is engaging with the wider agenda of organisation effectiveness, it can facilitate an evidence-based management approach - of which people management is an integral part.

9 Both academics and practitioners are interested in the idea of 'reflective professional practice' which sits at the heart of EBHR. It includes

- stronger professional knowledge and more explicit understanding of how theory relates to practice
- using personal experience and judgement
- challenging beliefs of oneself and others
- bringing this wider set of evidence, and self-awareness, to a more systematic approach to HR decisions.

10 Developing better, shared frameworks for taking HR decisions, asking useful questions and pulling in evidence of various kinds, seems likely to be a particularly helpful way of developing EBHR in practice.

11 This study identifies six main action areas for organisations to strengthen their capability to adopt an EBHR approach.

- Improving internal data and systems.
- Developing an EBHR mindset, skills and frameworks in HR.
- Accessing external evidence more effectively.
- Improving the external evidence base and its value to practitioners.
- Building partnerships and alliances with those who can support EBHR.
- Strengthening demand for EBHR from both HR and business leaders.

12 So will EBHR take off and make a real difference? The jury is still out. One risk is that it will look like academics telling practitioners that they should spend more time reading journal articles. Another is that few organisations will invest enough in their data systems or analytical capability to support practitioners in understanding how people management really affects business.

But the opportunity is also great. Progress seems to depend on whether academics will meet practitioners more than half-way in disseminating relevant research - and on the desire of HR professionals themselves to take hold of the idea and make it their next step in their growing professionalism.

EXPLORING EVIDENCE-BASED HR

Topics covered

Introduction

This chapter explores the origins of EBHR, what it entails and its roots in evidence-based management. Issues and misunderstandings are discussed, as are definitions.

1.1
An exploratory study

This CRF research project explores the idea of evidence-based HR (EBHR). The intention is not to prove it is a good idea, or to measure its use, or to assess the state of 'scientific evidence' in the HR field. Rather we look at how the idea of EBHR is being developed in academia, what it might mean to HR practitioners - and what could help organisations take a more evidence-based approach to people management.

- Evidence-based HR is a relatively new term. It has been coined by academics, but addresses practitioners and their professional HR practice.
- HR professionals have not yet heard much about EBHR, and may easily misunderstand what is meant by the term.
- Will EBHR take off and make a real difference to the quality of people management in organisations?
- Or will it just be just another piece of jargon we use for a while, fail to get to grips with, and so carry on doing what has always been done?

It seems timely to find out what EBHR **might** mean for practitioners even if they have not yet started calling it that. Are academic ideas about how to improve the use of evidence in HR practice workable ones? Do they take adequate account of how evidence is used inside organisations?

1.2
Academic and practitioner perspectives

This report is based on three sources of information.

1. The writings of, and conversations with, academics active in EBHR, along with thinkers, writers and consultants in various fields of HR. A dozen or so thinkers gave in-depth interviews - and this group is broadly referred to as 'academics'. Sometimes we differentiate between thinkers/researchers in universities and research-based consultants.
2. We also interviewed a dozen or so senior HR professionals in mainly large organisations who provided support materials and examples. These 'practitioners' were a mix of HR directors and senior HR specialists, some in roles directly concerned with the sourcing and use of HR data. They were chosen because of their varied strengths in the field - and were not intended as be a typical or balanced sample.
3. Seventeen CRF members contributed by responding to a short e-survey, providing a concise but useful addition to the practitioner perspective. Again, not a controlled sample and best seen as perceptions of thoughtful practitioners.

In this report, we refer to all these HR people as 'practitioners'.

"Evidence-based management means translating principles based on best evidence into organizational practices. Through evidence-based management, practising managers develop into experts who make decisions informed by social science and organizational research." **Rousseau, 2006.**

1.3
The questions we focused on

The interviews were semi-structured, using a few open-ended questions, so that different issues could be pursued in depth with each individual to suit their interests, experiences and expertise. The underlying questions which directed this exploration were as follows.

- **What might EBHR mean?** If this new term is not yet in widespread use, what is meant by 'evidence' and being 'evidence-based' in relation to HR? How similar is the emergent academic view of EBHR to how practitioners see issues of 'evidence' and its use?
- **What are its main components?** Even if EBHR means different things to different people, what are its possible components and how do they inter-relate? How do these ideas and activities relate to other ways in which HR practitioners seek facts or data to support their work?
- **How is the use of evidence in HR practice developing?** By examining how 'evidence' is used in HR work, can we see how EBHR may be developing in practice - even if HR people are not yet using the term?
- **Under what conditions is HR likely to become more 'evidence-based'?** What are the barriers to, or enablers of, such a shift? What should HR practitioners, academics and others do to convert EBHR from exhortation into practical action?

We were also interested in whether practitioners or academics use 'evidence' differently in different areas of HR work. For example, do people who work on pay and reward think about evidence differently from those in recruitment or training and management development?

1.4
Evidence-based management

Where it comes from

Evidence-based HR is a child of the recently-emerging field of evidence-based management (EBMgt). A good start point is to examine why people are talking about evidence-based management and some of their key ideas.

Management academics have long been concerned about the gap between what academic research tells us about organisations and management practice, and what managers actually do. The field is not unique in this respect. In many, if not most, areas of professional practice - from criminology to urban planning - there are major differences between what practitioners believe and what research suggests.

The EBMgt debate in business schools, especially from its US origins, is also about the gaps between what management academics know and what they teach and make accessible to practitioners. So the move to EBMgt is, to some extent, a self-criticism by business school academics as well as a criticism of practitioner behaviour.

EB practice in medicine

- Medical researchers first coined the term 'evidence-based' to describe methods by which medical practitioners could make better use of medical research. **(Sackett, Richardson, Rosenburg and Haynes, 2007).**
- Perhaps surprisingly, this shift has occurred fairly recently - within the past 25 years or so.
- No matter how large the gaps between research and practice in management and HR, this is a widespread issue which even medicine has only recently started to address.

Dangerous half-truths

Jeffrey Pfeffer has identified two 'gaps' in management practice.

- The **knowing-doing gap** - where you know what to do but can't or won't act on that evidence.
- The **doing-knowing gap** - where you do without knowing or, at least, knowing enough.

He uses the notion of 'dangerous half-truths' to challenge some lazy, but widely-used, assumptions. Here are some of them.

- Work is, and should be, separate from the rest of life.
- The best organisations have the best people.
- Financial incentives drive company performance.
- Great leaders are in control of their companies and ought to be.

Source: Pfeffer and Sutton, 2006a.

Medical notes

Medicine, more than any other, uses evidence-based practice to try to close these gaps. See the column notes. EBMgt draws on, but adapts, some of the principles of evidence-based medicine.

- It emerged around 2005 from American business schools - especially through the work of Jeffrey Pfeffer and Bob Sutton of Stanford University (2006a), and Denise Rousseau of Carnegie Mellon (2006).
- It has sparked interest among UK management academics and a Center for Evidence-Based Management is being set up at the Free University of Amsterdam.

In medicine, David Sackett has proposed that being evidence-based is a 'mindset' with two critical components.

- The willingness to put aside belief and conventional wisdom.
- An unrelenting commitment to gather facts and information to make more informed and intelligent decisions - and to keep pace with new evidence and use the new facts to update practices.

Like evidence-based medicine, EBMgt does not suggest that practitioners do not already use evidence. Instead, it suggests they might depend too much on certain types of evidence - their own experience, for example - rather than using other, possibly more useful and important, sources such as research. In general, they may be insufficiently critical of whatever evidence they have.

Interpretations of evidence-based management

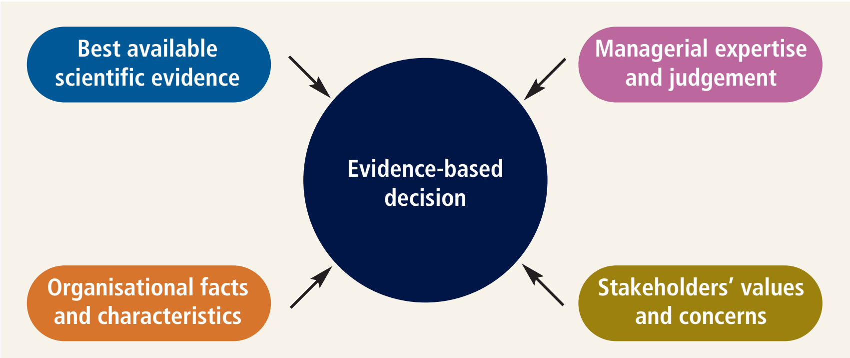
According to Pfeffer and Sutton (2006b), evidence-based management requires three behaviours.

- First, it involves making decisions based on the facts and what we know to be true.
- Second, evidence-based management means a commitment to hearing the truth, obtaining the data and acting upon it.
- Third, it means treating your organisation as an unfinished prototype - running experiments and constantly learning.

Similarly, Briner, Denyer and Rousseau (2009), say that evidence-based management is about making decisions through the conscientious, explicit, and judicious use of four sources of information.

- Practitioner expertise and judgment.
- Evidence from the local context.
- A critical evaluation of the best available research evidence.
- The perspectives of those people who might be affected by the decision.

The Center for Evidence-Based Management also focuses on the practice of evidence-based decisions drawing on the four sources shown in the diagram below.



Source: The Center for Evidence-Based Management, www.cebma.org, 2011

Possible misunderstandings about EBMgt

Because of its academic and research origins, EBMgt can appear to be only about pushing practitioners to read more academic research. It may also seem to imply that there is some 'absolute truth' in management – and that a better form of universal 'best practice' will be the outcome. This interpretation is very wide of the mark of what those academics engaged in EBMgt really have in mind.

Indeed, the adoption of 'best practice' can be seen as a lazy and defensive habit through which practitioners, academics and professional bodies avoid criticism by agreeing with everyone else.

What EBMgt is and is not

Evidence-Based Management Is	Evidence-Based Management Is Not
Something managers and practitioners do	Something management scholars do
Something practitioners already do to some extent	A brand-new way of making decisions
About the practice of management	About conducting particular types of academic research
A family of related approaches to decision-making	A single decision-making method
A way of thinking about how to make decisions	A rigid, one-size-fits-all decision-making formula
About using different types of information	About privileging evidence from academic research
About using a wide range of different kinds of research evidence depending on the problem	About using only certain types of research evidence irrespective of the problem
Practitioners using research evidence as just one of several sources of information	Scholars or research evidence telling practitioners what they should do
A means of getting existing management research out to practitioners	About conducting research only about management practices
Likely to help both the process and outcome of practitioner decision-making	The solution to all management problems
About questioning ideas such as 'best practice'	About identifying and promoting 'best practice'

Source: Briner, Denyer and Rousseau, 2009

"Evidence-based HR is a decision-making process combining critical thinking with the use of the best available scientific evidence and business information." **Rousseau and Barends, 2011.**

Hyperbole and influence...

"There is so much in HR that is hyperbole, anecdote and conjecture."

Ravin Jesuthasan, Towers Watson.

"We allow ourselves to be swayed too much by a set of beliefs rather than evidence – for example, are training sessions so extremely short now because that is more effective, or because companies do not like people having time off the job?"

Penny Tamkin, Associate Director, Institute for Employment Studies.

1.5
What is evidence-based HR?

EBHR essentially involves the adoption and application of evidence-based management principles to one specific area of management, namely HR.

The work of Denise Rousseau forms a key bridge between EBMgt and EBHR. She has also collaborated in Europe with academics including Rob Briner of Birkbeck and Eric Barends of Amsterdam. The European Network of Work and Organizational Psychologists is also engaged in the debate.

Like many issues in management, the US business school perspective needs adjustment when it travels elsewhere, as the culture of business and the workplace is different - and so is the landscape of academic disciplines.

An additional impetus behind EBHR is the observation that HR appears to be especially susceptible to fads and fashions, as noted in the column.

Evidence-based approaches should help us evaluate new HR ideas more critically, and establish whether they are really new, or just a re-naming of existing ideas. We need to assess what parts of the idea, if any, are relevant to the particular setting in which we work. We will then see more clearly whether that new idea will help us deal with the specific challenges we face.

EBHR draws on varied sources of information

"EBHR means making decisions, promoting practices, and advising the organization's leadership by conscientiously combining four sources of information.

- The best available scientific evidence.
- Reliable and valid organizational facts, metrics, and assessments.
- Practitioner reflection and judgment.
- Concerns of affected stakeholders." **(Rousseau and Barends, 2011).**

EBHR as a decision-making process

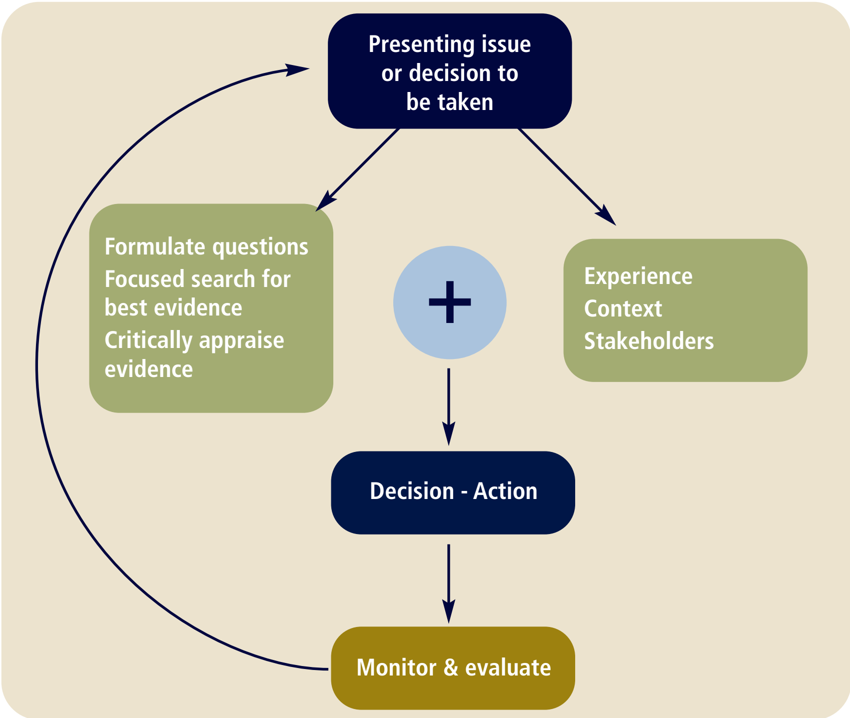
EBHR, then, is not just about having evidence - it is about how we use evidence in making decisions, as Rousseau and Barends (2011) suggest. "Evidence-based HR is a decision-making process combining critical thinking with the use of the best available scientific evidence and business information." The implications are that practitioners

- should become more aware of when they are actually making a decision, or may have the opportunity to do so
- need to pay attention to how that decision is made.

Using evidence in decisions can be seen as a series of five steps as shown in the diagram below.

1 Formulating specific questions from which to seek evidence to inform a decision.
2. Conducting a focused search for the best evidence on those questions.
3. Appraising the evidence for its usefulness and validity.
4. Combining that evidence with personal expertise, what is happening in the organisation and an understanding of those who will be affected by the decision.
5. Monitoring and evaluating the results of the decision.

EBHR as a decision-making process



John Boudreau and Ravin Jesuthasan (2011) also emphasise the decision-making heart of EBHR. "An evidence-based approach serves the dual purpose of helping organizations make better decisions about people - and helping HR convince stakeholders that these are, indeed, the right decisions."

Academics hope that the adoption of an evidence-based approach will raise standards of expertise in the HR community, both in the knowledge individuals become aware of and in how that knowledge is used to influence action.

1.6
Summary - key points on EBHR

- The idea of evidence-based HR (EBHR) has been proposed by academics - especially in US business schools - over the past five years or so. It has been strongly influenced by evidence-based approaches to other disciplines (especially medicine) and is a direct development of the emerging concept of evidence-based management (EBMgt).
- EBHR is not one, but a subtle set of inter-linked ideas, about how choices and decisions in HR work should be approached.
- 'Evidence' is taken to include the best available evidence from external research and information/assessments from within the organisation. Understanding the organisation context and HR stakeholders is explicitly part of taking an evidence-based approach.
- Practitioner experience is also included in the evidence mix, and EBHR has within it ideas for enhancing the professional expertise of HR people.
- EBHR can be seen as an approach to decision-making - applying logic, searching more systematically for the best available evidence, appraising it critically and then acting on it.
- If EBHR is 'the solution', the problem it addresses is a lack of attention in HR practice to 'what we know' - that is, the 'scientific' knowledge base. This leads to an over-reliance on fads and fashions on the one hand, and personal or anecdotal experience on the other.

MAPPING THE TERRAIN - A PRACTITIONER PERSPECTIVE

Topics covered

Introduction

This chapter reports what practitioners told us about what EBHR means to them and the kinds of evidence they look for to support HR decisions, policies and interventions.

"Persistent searches for 'best practice' individual interventions fly in the face of the evidence on how people management influences organisational performance." **Wendy Hirsh.**

2.1
The point of evidence

We started with the academic view of EBHR and, in this chapter, provide an overview of the issues and interests raised by practitioners. Combining these two perspectives is a simple way of exploring EBHR in the rest of this report.

Virtually none of our practitioners were familiar with the term EBHR – though they found the idea of using 'evidence' in HR practice a stimulating and comprehensible start point for reflection and discussion.

These practitioners had different purposes for the use of evidence.

- Designing HR policies and processes.
- Designing and delivering interventions - development or change programmes, for example.
- Solving issues or problems such as high labour turnover, or poor leadership quality.

They also talked about the evidence they used in terms of both content areas and source.

2.2
What HR evidence means to practitioners

SPECIFIC HR POLICIES, PRACTICES OR INTERVENTIONS. Examples include how to recruit, reward, develop people, etc, which is of direct relevance to what HR people do. Our practitioners said they were likely to use external benchmarking and networking to examine external HR practices, which is discussed further in Chapter 3.

They did not refer much to research evidence on the effectiveness of different HR practices. As we see later, coming to clear conclusions on effective practices seems easier in some fields of HR than others.

UNDERLYING HUMAN BEHAVIOUR AT WORK. This is just as important to the practitioners as it is to academics. The questions here are about what makes for more effective employment.

- What makes people motivated?
- What attracts and retains them?
- Why do they become stressed?
- How much does money matter?
- Etc.

However, when listing evidence they actually used, most practitioners did not refer to research on human behaviour at work, although those in L&D and OD were more aware of theory.

What HR evidence is about

Most of the evidence discussed by study participants concerned six areas.

- HR policies, practices and interventions.
- Underlying human behaviour at work.
- How people are managed.
- Labour market trends.
- HR function effectiveness.
- The relationship between HR and business.

Each is discussed in detail in 2.2.

"Some practitioners think that the whole idea of EBHR is probably synonymous with finding the best HR metric or scorecard - or some magic new return on investment ratio." **Wendy Hirsh.**

Labour market trends as evidence

- Labour market trends are not much mentioned in the organisation behaviour literature on EBHR.
- Certainly in the UK, labour markets have been more the academic preserve of economists than psychologists.
- For practitioners, information on labour market trends is a significant part of the evidence they require.
- The strongest areas are relative pay data - extremely prevalent through pay clubs and published pay surveys - as well as legal and regulatory changes.
- Wider labour market evidence was mentioned by consultants with a workforce planning background, but not often by HR generalists.
- The academic debate on EBHR should pay more attention to labour market information, as this is an area where half-truths abound (see Generations X, Y and Z, etc).
- Also, information is objective, easily accessible and can be powerfully synthesised for lay readers (Moynagh and Worsley, 2005, for example).

HOW PEOPLE ARE MANAGED. The deeper issues of human behaviour at work raise many questions about people management - in, for example, what leadership and management behaviour might motivate people better. Issues of leadership and leader development were an increasingly important focus of practitioners' work - on the assumption that leadership behaviour may be a main lever HR can use to improve business outcomes.

Here, however, they rely much more on internal, rather than external, evidence - especially employee or upward feedback. Many books sell because they offer a single view of leadership which does not help practitioners gain a balanced overview of what to know about effective leaders.

HR FUNCTION EFFECTIVENESS. Some practitioners and consultants were interested in the use of evidence to show this - as opposed to HR practices or wider people management. This kind of evidence is touched on later, especially in Chapter 4.

HR AND BUSINESS. For practitioners, the relationship between HR and business was of high interest. Academic models of EBHR draw attention to the business context and stakeholders in HR decisions, while practitioners focus more on the need for evidence which helps understanding of the links between HR processes, line manager behaviour and business impact.

- This has been a fruitful area for research but only a few practitioners mentioned external research evidence.
- CIPD invested heavily in this area about ten years ago (Guest et al, 2000; Purcell et al, 2003).
- Such research showed that the presence of particular HR practices was not sufficient to improve performance - 'bundles' of practices, adopted widely in the organisation and well-implemented by managers, were the key.

Persistent searches for 'best practice' individual interventions fly in the face of the evidence on how people management influences organisational performance.

2.3
Typical sources of HR evidence

External versus internal evidence

In referring to 'evidence', academics usually cite published articles as representing the strongest potential source of evidence, based on rigorous research. Some explicitly discussed the idea of a systematic review, as explored in Chapter 3 - to produce 'scientific' evidence of what works, and/or proven facts about how people behave.

Without exception, our HR professionals looked first to internal evidence from their own organisations. Benchmarking externally with others was also of interest. Published scientific research usually came much lower on the list.

Hard and soft data sources

Especially with regard to internal evidence, but also when benchmarking, practitioners often differentiated between 'hard' evidence (facts and metrics) and 'soft' evidence, usually qualitative, opinion-based. But, there is often confusion - for example, are engagement metrics 'hard' because they are numbers, or 'soft' because they count attitudes? Practitioners typically use

- formal evidence sources - information systems, surveys, focus groups, clubs which benchmark metrics, literature, etc
- informal sources such as discussions with managers, employees, colleagues and contacts in other organisations.

Metrics, evaluation and diagnosis

When discussing evidence in their organisations, practitioners usually jumped first to metrics and measurement - maybe because the need to 'measure human capital' has been so strongly advocated of late.

Some practitioners think that the whole idea of EBHR is probably synonymous with finding the best HR metric or scorecard - or some magic new return on investment ratio.

L&D practitioners, and related fields such as OD, looked more to evaluation than metrics as their main source of evidence.

Several practitioners discussed using more careful investigation or diagnosis of an issue or problem as an important source of evidence. Diagnosis and evaluation were also strong themes with our consultants, who were often involved in this with clients – either as their main activity or as part of how they implement their products (recruitment tests, for example) or interventions (training programmes, for example).

Personal experience

Practitioners, and some academics, also raised issues about the place of personal experience as a source of evidence. This often overlapped with considering the nature of professional knowledge in HR and the decision-making process – also, as we have seen above, of high interest to EBHR academics. Especially important to practitioners was how the context in which they were working affected their decisions.

2.4
The HR evidence practitioners turn to

We asked those who responded to our e-survey to tell us what kinds of evidence, from inside or outside the organisation, they looked for to support HR decisions, policies and interventions. Although this is a small sample, the list in the column gives a feel for the kinds of evidence uppermost in practitioners' minds.

Practitioners' sources of HR evidence

Specific types or sources of evidence mentioned by practitioners - the most commonly mentioned come first.

- People metrics or human capital measures.
- Networking with others, inside and outside the organisation, on 'best' or 'good' practice, both semi-formally through networks or clubs, and with individual contacts.
- Benchmarking with other organisations on people and HR metrics, often through consultancies.
- Internal employee attitude or engagement surveys.
- External data on reward - salary survey data, for example - labour market trends and legislative or regulatory changes, including case law, etc. Some mentioned specific sources such as Croners and XpertHR.
- Evidence of external reputation/employer brand from 'best company' surveys, campus surveys, etc.
- Business metrics, used internally and sometimes compared externally, often sector specific - fees earned per employee and customer loyalty, for example.
- Investigations of specific issues – reasons for absence is an example. Such data often comes from internal customers, employee focus groups, etc, as well as from personnel records or routine data collection such as exit interviews.
- Reading occurred, but was relatively low on the list. 'Best practice' literature was mentioned, as was, rarely, academic literature.
- A few other types of evidence were mentioned only once - statistical modelling and projects done by consultants, for example.

This list supports the EBHR lobby's assertion that HR practitioners do not often refer to formal research literature. On the plus side, it is interesting that a wide range of internal information was cited, and also a range of approaches to benchmarking, which may merit more careful investigation.

Note, however, that practitioners were often conscious of using different kinds of evidence and deliberately balancing that use across different sources and types of data. This mix and match approach again merits more careful exploration by academics developing the idea of EBHR.

2.5
Summary - how practitioners approach 'evidence'

Though a small, unrepresentative sample of very experienced HR practitioners, who may be more research-oriented than the average, these points in their responses are quite striking.

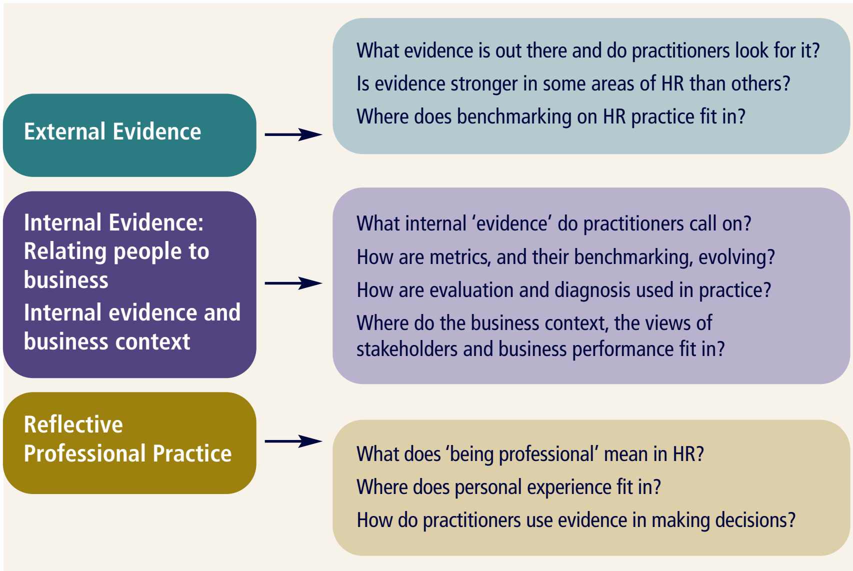
- The dominance of internal people metrics in the minds of practitioners, both hard metrics and attitudinal data, plus benchmarking on these.
- The reliance on networking, both with internal colleagues and those outside the organisation, to discuss HR practices and identify 'good' or interesting practices.
- A growing interest in connecting people and HR evidence with business performance.
- Evaluation as an important source of internal evidence of what works and why.
- Willingness to conduct specific internal investigations of issues as they arise to reach a clearer diagnosis of what needs to be addressed.
- An apparently low use of formal research evidence on HR theory or practices. However, it may be that the extensive use of networks is a way into some of this evidence, without directly engaging too much in academic reading.
- Interest in the place of personal experience and professional judgement in making decisions. The topics of how to approach decisions and how practitioners bring themselves to evaluating evidence could not be easily separated.

2.6
A model for exploring EBHR and this report

Setting this practitioner perspective against the academic view presented in Chapter 1, we can see most of the same components of EBHR emerging - even if they are not prioritised in the same way. In particular, for this study, a model which gives a richer picture of organisation-based evidence than that presented by academic literature on EBHR, is particularly useful.

The model below is a simple 'map' of what HR professionals need to consider in order to get to grips with EBHR in a practical way.

Three key start points for exploring EBHR



Three main sets of 'evidence' are presented which resonated with both academics and practitioners.

- External evidence, especially that coming from academic research in Chapter 3.
- Organisation evidence, especially metrics and measurement in Chapter 4, evaluation and problem diagnosis in Chapter 5.
- Reflective professional practice - how practitioners bring their own experience to bear on the evidence and how they approach decision-making in Chapter 7.
- Along the way, looking at 'best practice' benchmarking as part of Chapter 3, and benchmarking on metrics in Chapter 4.
- Linking HR evidence with business performance was such an all-pervasive issue for the practitioners that Chapter 6 examines this in more depth. Practical examples of using an evidence-based approach in real organisation settings are also provided.
- Chapter 8 considers what might enable or hinder EBHR, and how individuals and organisations can become more evidence-based in their approach to HR.
- Chapter 9 draws tentative conclusions about whether EBHR will be just a passing fad or whether it will take root in HR practice.

The references at the end of the report are to encourage further reading. Much material on EBHR is published on the web, so this section also includes useful web addresses.

EXTERNAL EVIDENCE - INFORMING HR PRACTICE

Topics covered

Introduction

This chapter examines HR evidence from outside the organisation, especially the academic evidence - or 'scientific facts' - which proponents of EBHR think practitioners should be using more.

"It is only possible to judge the strength or relevance of evidence in relation to the question being asked." **Rob Briner.**

Example of systematic review

Suppose an HR manager was thinking about introducing 360 degree appraisal and wanted to know what the research evidence had to say. A systematic review would proceed as follows.

Start with specific questions

- Does 360 degree appraisal improve performance more than other forms of feedback?
- How do recipients react to it?
- What are the positive and negative effects on staff attitudes and behaviour?
- In which settings or sectors is it more or less effective?

Have an explicit method

- Identify key words to search for research articles.
- Precisely define the meanings of 360 degree appraisal.
- Set out a search strategy for databases or sources.
- Define in advance quality criteria for strong evidence and for including or excluding a study.

Continued in next column.

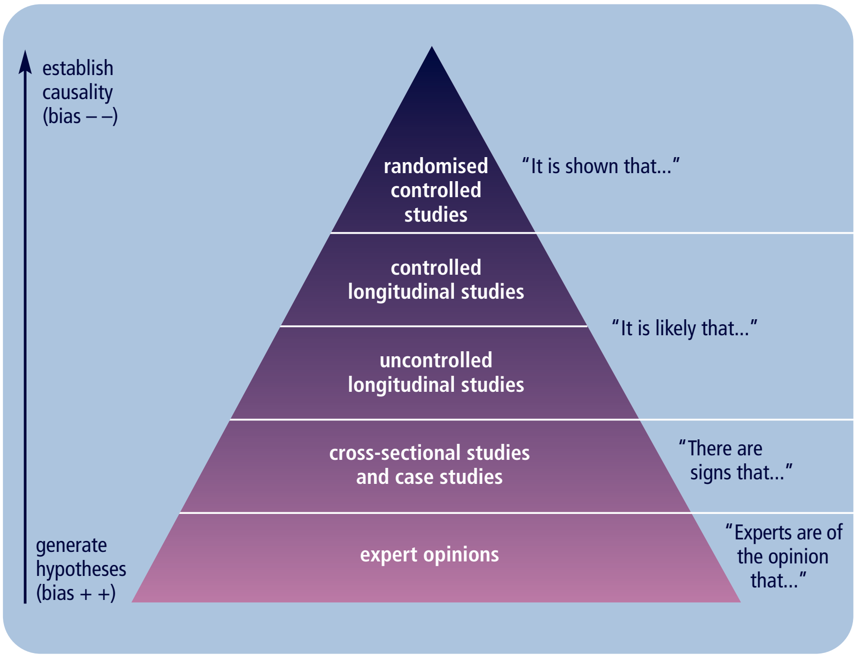
3.1
Strong evidence of effective HR practices

For most questions that concern the effectiveness of HR practices, evidence is, in general, stronger if **cause and effect** can be established by

- looking at a practice, action or intervention 'before' and 'after', that is, over a period of time, not just at one point in time - a **longitudinal** approach
- comparing doing something with not doing it in similar situations or to the same kinds of people - a **controlled trial.**

The Center for Evidence-Based Management pictures increasing strength of evidence of cause and effect on the pyramid shown below. Approaches higher up the pyramid are better at establishing a causal link and at reducing possible bias in our observations.

What makes for strong evidence?



Source: The Center for Evidence-Based Management, www.cebma.org, 2011

However, it is only possible to judge the strength, weakness or relevance of evidence **in relation to the question being asked**. For some questions, descriptive or in-depth qualitative data is most appropriate. Randomised control studies or longitudinal studies are often flawed.

3.2
Systematic reviews

Those interested in evidence-based approaches in different professions see a systematic review of the evidence as a strong model for how to establish what is known.

This is achieved by research which attempts to draw together **everything** already known about a given question in order to draw conclusions about what is known and not known. Systematic reviews are used in many fields, including medicine, social policy and psychology, to help inform practitioners about the best available external evidence relevant to their practice decisions. See an example in the previous and this column.

Systematic reviews represent a highly significant development to make better use of research evidence.

1. They look across all available studies not just one or a few. In general, single studies provide weak evidence as they are specific to one context at one point in time.
2. They aim to identify all the relevant, available evidence and consider positive, negative and null results together. Sometimes a handful of studies might provide very positive support for an HR practice - yet looking across all the studies might show larger numbers with no effect at all, or negative results.
3. They use an explicit method, less biased than traditional reviews, and avoid cherry-picking of evidence to support a point of view.
4. Depending on the search strategy adopted, they can also include material not formally published, such as in-company reports.

Systematic reviews rarely provide the complete answer, but they do summarise in a clear and accessible way what the research evidence is saying. They give the whole story - whatever that may be. Judgement, skill and knowledge from the HR manager are then required - along with other sources of evidence from inside the organisation - to explore how, and the extent to which, the evidence found through the systematic review helps with a decision.

Even if practitioners cannot realistically conduct their own systematic reviews, these ideas can help us judge reviews produced by others. The logic can also be applied in a much simpler way to our general use of evidence.

CIMO: questions to ask in a systematic review

Denyer and Tranfield (2009) have suggested a structure for framing systematic reviews in social science.

- **Context (C)**. Which individuals, relationships, institutional settings or wider systems are being studied?
- **Intervention (I)**. The effects of what event, action or activity are being studied.

Example of systematic review (continued)

Extract information from each study found

- Which sector or setting?
- What were the results?
- How strong or weak was the research design?
- Examples include how many employees were involved and how impartial was the method?

Collate the evidence found into an easy-to-comprehend overview or summary.

Draw clear conclusions

- What is known and not known in relation to the questions.
- Examples include how much is known, how strong or weak is the evidence, how consistent or contradictory is it?

Identify recommendations for practice

Does management development improve organisational performance?

- A large-scale literature review on the development of management and leadership capability and its contribution to performance was commissioned by DfES. This used a systematic approach to the literature and incorporated other existing systematic reviews on sub-topics.
- Although it found evidence of the link between management development and managers' skills, little of the vast literature drills into how development activity may improve capability - and even less into its impact on performance at individual, team, organisation or national levels.

The conclusions included the following.

- 'There is no single form of management and leadership capability that enhances performance in the same way in all situations, and no single way in which management and leadership development creates this capability.'
- 'Rather there are many different forms of management and leadership development that can generate many different forms of management and leadership capability - which, in turn, can increase performance in different ways.'
- 'There is considerable benefit to be gained through the improvement of management and leadership development methods, and this is to be achieved not through the applications of universal formulae, but by improving the precision with which the right approaches are used for the right purposes to achieve the right outcomes, as they vary according to circumstance.'

Source: Burgoyne, Hirsh and Williams (2004).

- **Mechanisms (M)**. What the mechanisms are that explain the relationship between interventions and outcomes. Under what circumstances are they activated or not activated?
- **Outcomes (O)**. What the effects are of the intervention. How will the outcomes be measured? What are the intended and unintended effects?

The authors cite this example. Under what conditions (C) does leadership style (I) influence the performance of project teams (O), and what mechanisms operate in the influence of leadership style (I) on project team performance (O)?

Source: Denyer and Tranfield (2009).

3.3 Examples of applying external research evidence

There can be great value in pulling together what is known and making it more accessible to practitioners and policy-makers. Such studies are not often commissioned - and it would help if we had more. Here, and in the column are two examples, neither of which is a pure systematic review - they proved to be few and far between when academics were asked for good examples of them.

How work affects mental well-being

- The Department for Business, Innovation and Skills (BIS) commissioned the Foresight Project on Mental Capital and Well-being which reported in 2008.
- Professor Cary Cooper chaired the Project's Science Co-ordination team which worked with over 400 scientists and stakeholders worldwide to review the best evidence in 80 areas of science relevant to understanding how mental capital and well-being evolve through the lifecourse - and to identify which aspects are most critical for meeting future challenges. Several themes of this project focused on learning and skills, and well-being at work.
- Cooper draws attention to some key factors affecting the latter. "We have thousands of studies on workplace stress. Line managers are responsible for the health and well-being of their subordinates and poor management can lead to ill-health. Secondly, if you consistently work long hours you will become ill - but flexible working improves job satisfaction, productivity and health."
- The project produced clear policy recommendations which were presented to the Cabinet, Permanent Secretaries and other stakeholder bodies including the CIPD, CMI and CBI.
- This evidence led to legislative change which allows employees with children aged 16 and under to request flexible working. Previously this applied only to those with children under six.
- The research showed that the right to request flexible working for all employees would be justified on cost/benefit grounds.

Sources: Professor Cary Cooper, Lancaster University Management School and BIS (2008)

3.4
The crucial issue of context

As illustrated by the examples above, it seems easier in some fields of HR than others to achieve academic consensus about 'scientific facts' which can be generalised across organisations and situations. Understanding the tricky issue of context is vitally important to practitioners who seek to be more evidence-based.

Size and complexity of questions

Differences about whether we can get at 'the truth' are partly due to the differing nature of the questions practitioners want answered. For example, the question in the column about whether management development works is a huge one. Questions are more complex

- when cause and effect take place over longer timeframes
- where the intervention is not easily replicable
- when the numbers of employees involved are small - or different employees react differently
- where controlled experiments are hard to conduct and other factors are likely to intervene between intervention and result.

Academic tribes, knowledge and context

Approaches to evidence are also affected by academic tribal customs and beliefs. Much EBHR literature originates from organizational behaviour and industrial/organizational psychology in the US - a similar tribe to occupational or organisational psychology in the UK, and work psychology in Europe.

These groups work in a largely 'positivist' tradition, believing that 'generalise-able' truths hold across situations and can be established by something close to a scientific method. But not all social scientists would agree.

"If you are a sociologist or social psychologist, you tend to believe that behaviour is a function of the situation. If you are a cognitive or individual personality psychologist you would argue that context effects are blown out of the water by individual effects." **Professor Adrian Furnham, University College, London.**

Importance of context

"With effort, we can research how, and to what extent, things have worked in the past in specific situations. But one can only generalise from this to a limited extent to other situations in the future, and different contexts, since we are dealing with open systems with emergent properties." **Professor John Burgoyne, Lancaster University Management School.**

Denise Rousseau recognises the need to work with both scientific evidence and practice-oriented approaches - those which are more context-specific.

"The goals of practice-oriented research are to identify what works (or doesn't) in real-life settings and learn which circumstances affect how it works. Both practitioners and scholars conduct practice-oriented research.

- "Scholars can conduct practice-oriented research to obtain information on how practitioners approach the decisions they make and the actions they take.
- "Practitioners can conduct their own research, often in the form of pilot tests or evaluation studies, to gauge the impact of a company policy or program.

"Practice-oriented research is directed toward particular work settings and problems of interest to end users."

Source: Rousseau, 2011.

Scientific versus practice-oriented evidence

Adrian Furnham makes the distinction between 'scientific evidence' and the kinds of empirical work which can investigate issues and practices inside a single organisation. He feels that an evidence-based approach should examine testable hypotheses across organisations.

"For example," he argues, "we might assert that 'people who are engaged are more productive' or that 'intelligence tests are valid predictors of job performance'. We have a considerable amount of scientific evidence for the second but, as yet, little scientific evidence for the first."

Professor John Burgoyne and Penny Tamkin, in the field of management development, would take what is called a 'critical realist' view. Tamkin calls this, "seeking to understand what works, where and for whom and why it works". They do not necessarily accept that the questions of management development are amenable to generalised scientific proof, but would try to look across circumstances and organisations to see the patterns of impact in the real world.

The diagram below highlights some potential differences between scientific and practice-oriented research in the way that context is addressed. We should be mindful that practice-oriented and case-based research can be large-scale and can use quantitative as well as qualitative data. It can also address deep issues about people and work, as well as more practical or tactical issues of current practice.

We should also not under-estimate the scale and complexity of some in-company research, as covered in Chapters 4, 5 and 6.

Place of context in HR research

Low ← Importance of context → High

'Scientific' HR research	'Practice-oriented' HR research	Research in one organisation
• Tests specific hypotheses • Seeks facts which hold true across contexts - 'positivist' approach • Generally needs many people, many organisations and quantitative data – can use meta-analysis	• Can explore wide range of questions and practices • Explicitly interested in the effect of context - fits with 'critical realist' approach • Small or large scale; few or many orgs; often case-based; qual. and/or quant. data	• Can explore wide range of questions and practices • Not generalisable to other organisations - but can compare over time, locations and workforce segments • Can involve small or large numbers of employees and qual/quant data

This study's practitioners mostly took a context-based view, which links with the theme of context-specific issue diagnosis. This will be explored later.

Merits of a steadily building case

The link between people management and business performance is an area in which scientific proof is tricky, but the balance of evidence from many different studies - both quantitative and qualitative - is starting to affect attitudes to HRM, as this case example shows.

For Dean Royles, Director, NHS Employers, working at NHS national level, external research evidence showing that effective people management makes a difference to health outcomes, is important. He regards that argument as essentially won, and the influence of HR on NHS Boards as growing.

- It has helped that major research on the impact of HRM in the NHS was funded by the Department of Health, especially at Aston University in the late 1990s.
- Wider research on the link between HRM and high-performing organisations - and also on the role of the line in achieving this - has helped to build the case, especially as some of the example organisations in such research have been in the NHS.

"NHS reward policy remains an area where taking an EB view is much more difficult, as the decisions on pay, especially for doctors and nurses, are inevitably politicised - given the huge public interest in this area - and tend not to be based solely on objective labour market evidence of demand and supply," he explains.

3.5
Who knows what in EBHR?

EBHR research is starting to gather evidence on who knows what.

Unknown knowns - HR practitioner knowledge gap

Sara Rynes and colleagues, (Rynes, Brown and Colbert, 2002), found that 'seasoned' HR professionals - members of the US Society of Human Resource Professionals - were often unable to detect 'common misconceptions' on HR matters. Items they failed to answer correctly in terms of true or false included the following.

- Companies that screen job applicants for values have higher performance than those that screen for intelligence.
- On average, encouraging employees to participate in decision-making is more effective for improving organisational performance than setting performance goals.
- Surveys that directly ask employees how important pay is to them, are likely to over-estimate pay's true importance in employees' actual decisions.

The academic consensus gap

- Recent research in Europe has focused on whether academics agree among themselves about important findings in work and organisational psychology, using a pan-European sample of 75 senior academics in this field.
- They were asked: "In your opinion, what are the five most fundamental findings in work/organisational psychology that every informed HR manager should know?"
- 24 key findings were identified and played back to the group of academics.
- On only eight out of the 24 key findings did over 75% of respondents agree. There was more than 50% support for 18 out of the 24.
- So, overall, there is no strong agreement within this academic community on findings they, as professional researchers, see as key to HR practitioners.
- There was also considerable concern within this group about the transferability of some US findings to the European context.

Source: Guest and Zijlstra, 2011.

Uncommunicated knowns - the publication gap

Further investigation (Rynes, Giluk and Brown, 2007) shows that US HR journals aimed at a practitioner audience do not often include articles on subjects where the research evidence is strong - as identified by members of journal editorial boards. Even where articles are covering these topics (selection methods, for instance) their content is 'not always consistent with' the balance of research evidence on the topic - especially in practitioner journals and those which aim to bridge the worlds of academia and practice.

These notes and those in the column mean that

- there is rarely a clear academic consensus on 'the facts', partly because in HR there are few systematic reviews
- where there is, experienced practitioners still don't know the facts
- publications likely to be accessible to practitioners do not often present the known evidence in a rigorous and balanced way.

3.6
Bringing a more systematic mindset to benchmarking

EBHR academics are pretty scathing about how practitioners benchmark each other's HR practices. They point to how fads and fashions are adopted - not because they work, but because many other people, or big name companies, are doing them. This criticism is justified, but it is possible to benchmark on practice in a much more evidence-based way, using the principles this chapter has outlined.

Useful benchmarking questions

Use these questions to ask other organisations about HR practices.

- What is important about the context in which the practice is being used and who it is being used for?
- How many people has it been applied to and over what period of time?
- What exactly has been done – not just process design but implementation too?
- Are there other processes in place that are important to the operation of this one?
- Why was this approach chosen? What diagnostic information or external research evidence informed it?
- What were the effects of this practice – positive, negative or unclear? What evidence is there for these impacts?
- How does this intervention seem to have had its effect?
- What would I need in my organisation for this effect to happen?
- If the practice were to be introduced again, what would be done differently?

3.7
Summary – using external evidence

The simple-sounding EBHR call for practitioners to use academic research better is actually quite problematic. But there is much that can be learned from how academics think about evidence which could - and should - inform HR practice. Key points include the following.

- As you browse written material or listen at conferences - or even when you are examining your internal data - look for strong evidence of **cause and effect**: change over time and comparing using a practice with not using it.
- Beware of placing too much emphasis on the results of a single study - it is the **balance of evidence** from a body of research that is more important.
- When looking at external evidence, be aware of **possible bias** in its reporting - are they just telling you the good stuff? Is the academic trying to sell an idea or the consultant a product? Are there other vested interests at work?
- Look out for well-conducted **systematic reviews** already produced on topics of interest and published in papers, books or on the web.
- Be aware of fields in which **evidence is gradually building** to support certain theories or practices.
- Understand the value of both **scientific and practice-oriented** external evidence, and appreciate the difference between them.
- Apply more **rigour in your own benchmarking** with other employers and informal evidence-gathering through your networks.

INTERNAL EVIDENCE - FROM METRICS TO INSIGHT

Topics covered

Introduction

This chapter goes beyond just metrics and measurement, and provides insights into how best to source and use evidence on people issues that affect organisational performance.

"You need to find out which metrics matter most to the organisation and focus on these, rather than trying to measure everything." **Geoffrey Matthews, Merck Serono.**

Insights on metrics

"You need to find out which metrics matter most to the organisation and focus on these, rather than trying to measure everything. Use the data in support of a richer dialogue with management, rather than simply generating data for its own sake. Position evidence in a business, rather than HR, context."

Geoffrey Matthews, VP, HR Strategy and Organizational Development, Merck Serono.

"Most HR people are not comfortable working with numbers and, therefore, put high importance on numerical outcomes without any understanding. They believe the number - even if it's erroneous - rather than the other evidence. You need to keep the brain engaged while going through the process - measurement doesn't provide any answers, but it can enable you to ask better questions."

Rick Emslie, Deputy Chairman, AdviserPlus Business Solutions.

4.1
Practitioners use a wide range of metrics

What did practitioners have in mind when they immediately sprang to metrics or measurement when the term 'evidence' was mentioned in our research? We provide the answers and also chart a journey towards a much deeper understanding or 'insight' into how people issues affect organisational performance.

This journey takes us beyond an ad hoc approach to people and HR metrics and concerns how HR people are re-learning the need for HR analytics - as part of their evidence-base and also an emerging skill set.

The 'metrics' which practitioners say they use include the following.

- Workforce demographics, measurable behaviour and employee movements - numbers employed, joiners/leavers, absence levels, internal promotions, spans of control, etc.
- Employment costs; pay, which is often externally benchmarked; and other measures including training spend, costs of recruitment, etc.
- Business outcomes - while specific to an organisation, they are often output per employee and profit per employee type of measures.
- HR processes - time to hire, completion of performance reviews, personal development plans, etc.
- Hybrids of HR process measures and human capital – proportion of senior/critical roles with succession cover, performance or talent ratings, etc.
- Efficiency/effectiveness of the HR function – HR costs, ratios, customer feedback scores, progress of HR function against goals or milestones, etc.
- Employee attitudes or opinions such as engagement scores, feedback from exit interviews, etc.

The common stages in the evolution of using people metrics are outlined below. Different organisations were at different stages on this journey.

4.2
From ad hoc measures to scorecards and human capital

HR metrics are as old as organised human endeavour. From the mid-20th century to the early-1980s, workforce planning in large organisations has provided a systematic framework for selecting key workforce statistics to aid planning and monitoring.

Departments of work study, operational research and productivity supported this. Similarly, ambitious and rigorous approaches were taken to external labour markets and environmental trends (Fadem, 1984, for example).

From the mid-1980s, specialist analytical departments relevant to HR were closed down and the HRM mindset of designing 'policies and processes' pretty much lost the plot on measurement and abandoned any serious intent to purposefully analyse the workforce. See Joel Fadem's experiences in the column.

For whatever reasons, most HR functions then resorted to ad hoc sets of metrics, typically those they could easily extract from record systems, rather than any serious intent to purposefully analyse the workforce – overall labour turnover and ratios of HR staff to employees are two widely-used, uninformative examples.

Scorecards and human capital

A useful driver for tidying up HR metrics was thinking about business, and HR, scorecards. These approaches helped some organisations to seek workforce metrics that related to important organisation goals, thus increasing business alignment and reducing measurement clutter.

The work of the HR function can be similarly improved by selecting metrics which relate to key HR goals. Several of the case organisations in our study use this approach. Note also the trend in Creelman (2004).

'Today, firms should be capturing and reporting simple measures of human capital such as turnover, some measures of engagement, any strategy map measures and some assessment of human capital practices. These measures give a pretty good idea of how well a firm is doing in managing its human capital and whether things are getting better or worse.'

4.3
People and business measures combined

Often in parallel with balanced scorecard approaches, we have seen the re-emergence of interest in several types of data. For example,

- workforce and HR metrics
- employee attitude or engagement survey data
- improved information on the financial aspects of HR
- business metrics.

Adding financial and business metrics relates HR and people management to costs and business outcomes.

Employee attitude data, with cause and effect analysis linking people to profit, have been influential in identifying

- relationships between sets of attitudinal items which employees complete through surveys including the currently fashionable engagement items
- operational measures such as customer satisfaction and customer loyalty ratings
- bottom line measures including sales and profit per employee.

HR's loss of diagnostic and analytical capability

- "From my perspective, workforce planning has been a valued contribution from HR's portfolio in the 1960s and 1970s.
- "This evolved, in the early-1980s, into undertaking disciplined forms of environmental scanning and scenario planning to drive human resource forecasts in large North American companies.
- "Then from the mid-1980s onward, HR seemed to turn away from attempting to diagnose HR planning issues and offering substantive insight on the strategic planning mix.
- "In my view, this was due to the sudden economic swings of the 1980s and 1990s, temptations of HR fashion and, not unrelated, the ascendancy of the mathematically obscure side of operations planning.
- "I used to tag the latter as rigor begetting mortis. Primitive notions such as 'best practice' since 2000 may have further impeded people inquiring into what was happening with their workforces."

Joel Fadem, President, Joel Fadem & Associates.

EBHR metrics

The Conference Board (2009) has published a series of EBHR reports, defining it in terms of two key components.

1. Focus on business strategy

"Starting with financial and organizational performance measures, HR professionals look for human capital strategies that empirically drive desired outcomes."

2. Standards of evidence

"Researchers and practitioners apply standards of evidence to determine the presence and strength of a causal relationship. Such a critical evaluation will allow practitioners to design human capital strategies that have predictive heft."

Their case examples emphasise the employee-profit value chain approach.

- In Hewlett-Packard, this linked employee performance, operational performance (processes and systems), customer experience and financial results.
- At Capital One, three people factors (productivity, attitudes and retention), were set alongside customer satisfaction and a business outcome - in this case, branch revenues.

4.4
HR analytics reborn - from data to insight

There is considerable interest in using the idea of 'engagement' to link people to business performance, as in the column. But engagement is not the end of the story, and future work may help us understand more about **how** leadership behaviour adds value through people - in other words, how people become more engaged - and, also, **other people factors** related to business outcomes such as skill levels, work design and staff deployment.

What analysis involves

Analysis will involve

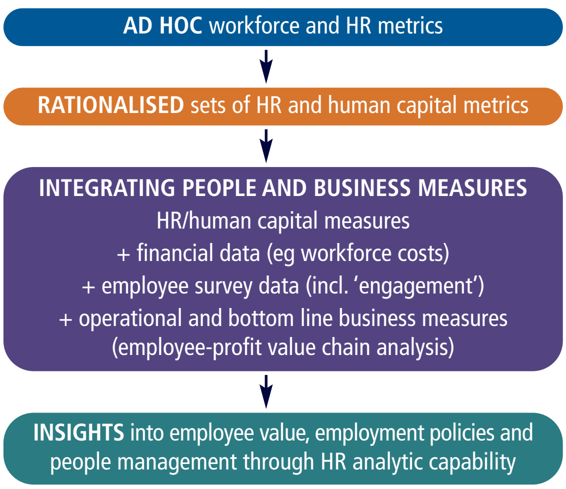
- looking at HR metrics in a more granular way - routinely checking patterns by workforce group, business area, geographic location, etc, and relating these to external labour market information
- being clearer about timelines. For example, showing that engagement scores consistently improve **before** changes in customer behaviour or profit is very different from just showing an association between the two
- searching for the strongest apparent links between cause and effect across a wider range of workforce and organisational factors - gaining new insight into the nature of the relationship between people and business.

It also requires

- a more open-minded approach to HR policy. If certain employee segments behave differently, why would you impose the currently fashionable 'vanilla' approach to HR processes?
- investment in data systems, an issue examined further in Chapter 8.

The diagram below summarises the journey practitioners in this study have been pursuing in their use of internal evidence.

From metrics to insight



Royal Bank of Scotland experiences

RBS has been visible as a company committed to using robust HR data. It worked for some time with balanced scorecards and on how to define a set of consistent HR and people metrics which could inform the business. As explained by Greig Aitken, Group Head, Human Capital Strategy, work over more recent years has strived to achieve the following.

- Strengthen the consistency and quality of data.
- Pull together broader sets of evidence, especially linking human capital metrics with attitudinal data - on engagement and leadership, for example - and business measures, such as customer service and sales in relation to targets.
- Use analysis to understand cause and effect in the workforce: that is, how various inputs may lead to outputs of behaviour - retention, for example. Similarly with performance and, in turn, how individual performance relates to business performance.
- Testing these relationships in different situations - showing that the employee value chain often found in branches, also holds good in insurance centres and corporate banking, for example.
- Evaluating interventions where possible - knowing that improved mortgage training increased sales by six per cent, for instance.

- Such analysis tends to lead to the door of managers and leaders. "Management is done by line managers and their actions collectively add up to the nature of people management in the business." Understanding leadership and its impact is a major area of enquiry for RBS as the evidence shows that leadership scores relate closely to customer service scores by business unit. Analysis of leadership impact led to removing a layer of management because regional managers were adding little value on top of the area managers below them.

- Looking for patterns of segmentation in the workforce. For example, where different groups of employees - by job, group, country, age, etc - are sensitive to different aspects of the employment experience.

All the bank's evidence-based activity is aligned to the human capital strategy. This helps to select which of the many possible people measures to use - and acts as an impetus to integrate the analytical work on people into one set of 'insights'. See more detail on this in the column.

RBS feel that the investment made in an evidence-based approach before the financial crisis has stood them in good stead in monitoring progress and re-building employee confidence. 'Employee listening' through surveys has helped to show that staff have been surprisingly positive. Significant research into effective leadership has been used to modify leadership frameworks and development programmes to encourage a more empowering style of management.

RBS: refining the approach

- Often, the most easily available measures are not the most useful. For example, looking at the turnover of employees with high potential may be more important in terms of likely action than looking at average labour turnover across the workforce.
- More serious and segmented analysis of the factors affecting employee performance helps to identify which aspects of the employment deal are relatively more important in a particular country.
- Being able to adopt differentiated HR policies and processes, within some corporate shared principles, gives RBS competitive advantage.
- This approach is an interesting contrast to the move towards entirely standardised HR processes in many global organisations - the same principles apply to changing employee needs over the course of working life.
- Summary Insights from analysis of HR evidence are reported regularly to the Board. "The Board are very interested and don't care whether the evidence is academic or not. They want to see better customer service, better financial performance and more satisfied staff," Greig Aitken explains.

Asking the right questions

According to Paul Kearns, the approach to human capital management by HR functions in the early-1990s was to compare themselves to others through HR input and transaction metrics.

"But it has become increasingly clear that this does not ask the right questions. Supposedly progressive HR policies - the 'best practice' approach - has not been appropriate either. You need baseline evidence reflecting the decision context, before you start trying to manage."

4.5
Whither benchmarking on metrics?

We saw in Chapter 2 that external benchmarking on HR metrics is a commonly used source of evidence. However, both our HR practitioners and academics felt that it should be used more as a light-touch indicator of something interesting to examine further, rather than as a measure of good or bad.

Joel Fadem, who was in at the birth of employee surveys at the Institute for Social Research, University of Michigan, several decades ago, blames 'the productization' of such surveys into standard commercial benchmarking tools for their decline in value to organisations.

We had valuable input from several experts in the measurement field - Paul Kearns, a passionate advocate of measurement; Rick Emslie, who spent many years managing HR benchmarking businesses; and David Almeda from Kronos, an analytics provider. They offered the insights here and in the column.

"HR likes instant solutions and benchmarking seems to offer that. HR directors often ask for data on HR ratios to numbers of FT employees, or HR cost per employee, to justify some change they want to make to the function. You might have the best HR ratio, but if there is no evidence in the organisation that HR is adding value, then it's pointless. Looking for measures of HR is less useful than measures of people management and business," said Emslie.

Looking back on my years in benchmarking, he adds, I now see it as a very small part of people measurement and of evidence-based HR. "Measuring internally, and over time, is most important. Measuring against other organisations is, at worst, dangerously misleading - at best, it can be a good contextual anchor."

Almeda suggests that each organisation should monitor a limited range of HR metrics which suit its business. However, he believes that robust benchmarking would be improved if different organisations measured the same metric in a more consistent way.

Simon Middleton, Senior VP, Corporate HR at LSG Sky Chefs, was among those practitioners who agreed. "I am rather sceptical of benchmarks. We have done a values survey and can see other companies' scores, but I don't care what other people are doing - I have an internal standard and, even if our number is higher than theirs, I'm not necessarily satisfied."

It is interesting to note that no-one talked about measuring the costs of HR interventions, except where money changes hands - as with training courses. Surely, with major systems like performance management, one should know what they cost to implement year-on-year as well as whether they improve performance.

4.6
Summary - key points on internal metrics

- Internal metrics and measures are a central plank of the evidence-base for practitioners.
- Some companies have been re-strengthening their ability to collect and analyse HR and people metrics in a more systematic and business-relevant way.
- The steps on this journey are from an ad hoc approach to more refined and business-aligned scorecards or sets of human capital measures. These normally include employee attitude data alongside HR metrics, plus financial and business measures.
- Analysis of the links between the employee experience, customer or operational measures and bottom line outcomes, is an important step forward.
- Beyond the current, perhaps too exclusive, focus on engagement, hopefully there will be further progress in using in-company data to understand the relationships between people factors and business results.
- Benchmarking on metrics has often been over-played and misinterpreted but, used more critically, can provide external pointers to factors within the organisation that merit further investigation.

EVALUATION AND DIAGNOSIS - THE INTERNAL EVIDENCE CYCLE

Topics covered

Introduction

Gathering and applying internal evidence and then evaluating the results of action is, in fact, a cycle. This chapter examines in detail evaluation and diagnosis which are critical for any evidence-based approach. Case experiences are also provided.

"Evaluation is closely linked to measurement issues but invites us to think more carefully about the kinds of business impact being sought." **Wendy Hirsh.**

Applying evaluation and diagnosis

Customer satisfaction behaviours

- "In a previous company, we needed to identify what a service culture meant, in the context of the organisation, to drive the right behaviours. A range of focus groups were conducted to understand what differentiated people who received consistently high customer satisfaction ratings, from those that did not. This enabled us to identify the behaviours that drove customer satisfaction and loyalty which were then hard-wired into people approaches, such as training and reward." **Debbie Whitaker, Head of HR, SThree.**

Work-life balance issues

- "Employee opinion data suggested challenges about work-life balance in a number of markets and locations. The evidence was a combination of survey results and free text comments to provide richness and texture to the issue.
- "This resulted in the senior executive team raising it to a key business priority for 2011, the development of global principles and significant local action.
- "The impact in terms of outcomes will be measured later this year. Multiple data sources - internal and external, empirical and opinion-based - were used to inform a project designed to help the advancement of women across the business.
- "Here, the analysis identified the priority areas and will be used to measure progress."

Iain McKendrick, Global Head of HR Strategy, Planning and Analytics, AstraZeneca.

5.1 Linking evaluation, diagnosis and evidence

After metrics, our generalist HR practitioners identified evaluation and diagnosis as especially relevant to an evidence-based approach. For those with L&D or OD backgrounds, the response was more immediate - they turned immediately to diagnosis and evaluation as the familiar start points they use in framing any intervention.

The column has examples from the e-survey of how evaluation and/or diagnosis generated evidence.

Although it seems logical to put diagnosis before evaluation, in our study people tended to come to diagnosis last! So, to follow the logic of the practitioners, we look in detail at evaluation and then diagnosis.

5.2 Evaluation

The concept of evaluation has been around for a long time, especially in learning and development, with models to help practitioners think through its use in the wider context of HR work.

Evaluation is closely linked to the issues of measurement examined above, but invites us to think more carefully about the kinds of business impact being sought. In particular, it will often explicitly look at individual, team or business unit, and organisation levels. It can be extended to feedback from, and impact on, customers, external stakeholders and community or society.

Multiple purposes of evaluation

Evaluation can be used in different ways - process issues (how an intervention works) and outcomes (including business impact) in particular. It can address 'proving' whether an intervention works (summative evaluation) or 'improving' (formative evaluation) - as shown in the diagram below.

	PROCESS	OUTCOME
SUMMATIVE	**Controlling** Is it going according to plan?	**Proving** Is it achieving what was intended?
FORMATIVE	**Improving** Is there a better way of doing what we are trying to do?	**Learning** Can we re-visualise what we are trying to do?

Source: Easterby-Smith, 1994

Developmental evaluation is suited to uncertain situations and, rather than 'proving' cause and effect, is integrated into the work itself. "The very techniques that enable evaluation excellence in more static situations - standardization of inputs, consistency of treatment, uniformity of outcomes and clarity of causal linkages - are unhelpful, even harmful, to situations where there is great uncertainty and 'moving goalposts'. **Gamble (2008).**

This example from GSK, shows that evaluation is not just about generating evidence that something 'works', but often concerns identifying aspects of **how** it works, which can be used to influence future actions.

GSK - using evaluation to improve interventions

GSK has been using the evaluation of a large-scale management development programme for first line leaders to find out how to improve the way this intervention will be used. In the first wave of the programme, about 8,000 first line leaders were trained over an 18-month period. The evaluation has pre- and post-programme self-assessments of learning.

This data has been used to compare the learning effectiveness of two sets of individuals. First, those who attended the programme in a cohort, with no other team colleagues. And second, those who came in small groups from their own business team, or those trained with colleagues as part of a much larger, single event, running many cohorts simultaneously. Two examples of the latter are

- the IT function which sent their managers in team cohorts of 25, spread over the period of the programme
- R&D which sent their managers to one event which had over 100 cohorts running at the same time.

Both examples above of sending individuals on the programme with colleagues, were more effective than individuals attending a mixed programme group with no connection to one business area or function. The increased senior sponsorship of using a programme in a more concerted way across a function - and the shared experience of being trained with colleagues and/or at the same time as colleagues - appear to be relevant factors.

This evaluation will directly influence how an upcoming programme for mid-level managers will be rolled out.

"We could make an industry out of measurement. We could become very sophisticated at measuring but then do little with it. So we are asking ourselves, 'What do we need to measure? How are we measuring it? And how does it show up in our decision-making?" explains GSK's Kim Lafferty.

GSK is also requiring its learning and development suppliers - specialist occupational psychology consultancies, for instance - to generate rigorous data from their projects and to have explicit discussions with them about the validity of such data and its ethical use.

"HR diagnosis is not purely a technical matter, being of political and business interest as well." **Wendy Hirsh.**

Four steps to strategic evaluation

1. Using largely **informal** evaluation - what people say about an intervention, for example - but taking more notice of it.

2. Adopting more **systematic** approaches, initially to very simple data collection and later to more varied methods and in-depth enquiries.

3. **Integrating** evaluation into the design of learning or other interventions or practices. This step opens the door to measuring factors of interest before the intervention as well as afterwards - which is the key to showing organisational impact, as we saw in Chapter 2.

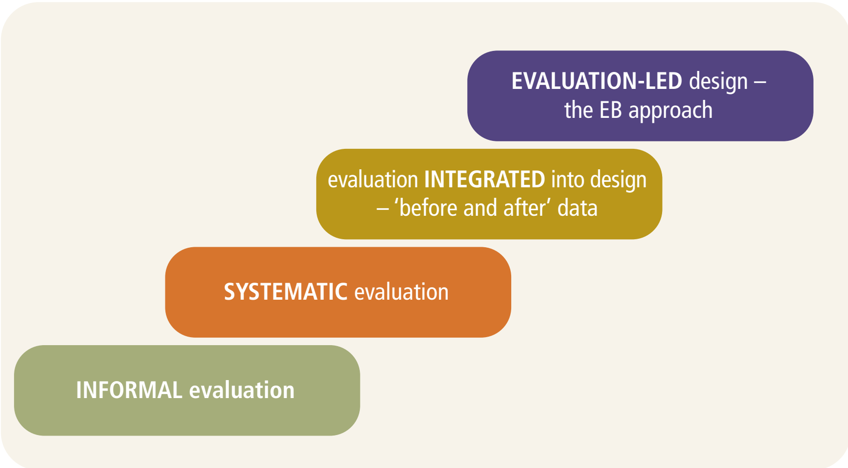
4. The ideas of evidence-based practice suggest a further step which we might call **'evaluation-led design'** (Pawson, 2002). This involves reviewing previous evaluations of similar interventions or impacts on similar employee populations. This evidence is likely to come from outside the organisation and can shed light on deeper issues about effectiveness in varied contexts. It can inform our choice of more effective approaches.

Towards more strategic evaluation

We can see evaluation as a journey which develops our use of evidence in practice, but not necessarily the Kirkpatrick progression from evaluating experience to evaluating organisational impact or ROI. Professor John Burgoyne suggests we acknowledge the unpredictable nature of learning - but seek to build evaluation increasingly into the process of designing development rather than seeing it as something we 'pin on' afterwards.

Some of the steps on that journey can include those in the diagram below, with the detail in this column. Although many of these ideas have come from the L&D field, they seem to have potential applicability to other areas of HR.

Towards strategic evaluation



Source: idea from John Burgoyne

5.3 Diagnosis

Much of the data and analysis described in Chapter 4 feeds into problem or issue identification and a more in-depth understanding of what needs to be done.

HR diagnosis is not a purely technical matter, being of political and business interest as well. More careful diagnosis is likely to take on board the sometimes conflicting, priorities and preferences of stakeholders. It also needs to link to business issues and outcomes.

Diagnosis involves applying logic to an issue, as well as looking at evidence. It leads to questions about why we think a particular issue is important - and why we might believe that the solution we have in mind will work.

SHL is becoming more context-sensitive in its approach to selection and assessment. In terms of diagnosing the business need, this means that selecting the 'best' candidate may not be the only measure of success. The candidate experience and how managers in the organisation experience the selection process are also factors. We can see how diagnosis and evaluation come together in their service approach.

Building evidence in service provision

SHL, a leading assessment business, has widened its approach to establishing the evidence-base for its services. Built on the rigorous scientific method to proving the validity of particular tests for defined populations, the business now offers more tailored process design and extensive evaluation of business outcomes.

Careful diagnosis, based on available data, is an important first step. "It only makes sense to look for evidence if you have defined what you wanted to achieve in the first place," says Sean Howard, VP Solutions Marketing at SHL.

Evaluation of customer projects takes several characteristic forms, as shown in the column.

5.4
Setting clearer goals for reward systems

Duncan Brown, Principal at Aon Hewitt, offers these suggestions from recent research on evidence-based reward in Armstrong, Brown and Reilly (2010).

'There is no simple, universal, 'best practice' solution to creating effective pay systems. But you have to pay people somehow! This leaves you, inevitably, taking a more contextual approach. You can do it more or less effectively. You might as well look at the evidence and improve what you do. The culture of the organisation and the issues faced often determine where you can start - and you can't normally conduct controlled experiments with pay systems.

'On the plus side, there is more of a measurement culture in reward and senior managers often expect some evidence in this field. However, in spite of near-universal pay benchmarking and feedback on pay items from staff attitude surveys, many organisations have little concrete evidence to evaluate or justify their reward practices. Benchmarking statistics often seem to focus on the most measurable - rather than the most meaningful - information and can encourage a 'follow the herd' mentality.

'When people want a 'better' pay system, they often fail to clarify their criteria - what they are trying to achieve - or they present a long, generic wish-list. These criteria often conflict. For example, paying competitively with the external market can come into tension with internal pay fairness.'

SHL - evaluating customer projects

- Overall **quality** - has the service delivered what it said it would?
- Quality of hire - do stakeholders feel satisfied with what happened? (A business **satisfaction** measure).
- Barometer - are the organisational metrics heading in the right direction? (A business **impact** measure).
- Business **outcomes** - does the test or process give you better people, who then positively impact the business?

Because employer and consumer branding have become closer and more important, the applicant experience is a key consideration. Making the application process more enjoyable and job relevant - through the use of situational judgement tests, for example - have become additional factors in defining effectiveness.

'The candidate experience is absolutely key because the employer brand is very aligned to the John Lewis brand,' remarks Sue Gilbert of John Lewis. (SHL, 2010).

The research suggests an approach to EB reward built around

- ten sets of criteria which organisations can prioritise and then use to assess current practice and measure the success of changes made, as shown below. Between them, they cover aspects of policy, design and process implementation
- an evaluation-based approach to solutions involving a number of typical activities: Develop, Implement, Review, Measure, Evaluate - not necessarily used in a rigid order.

'Evaluation approaches are much more established in the employee development community and reward can benefit from these. HR suffers from not making links between specialisations in how they approach the issue of evidence-based HR,' Brown concludes.

A framework for evidence-based reward management

Source: Armstrong, Brown and Reilly, 2010

"Very few HR people are good at evaluating what they do, and whether what they do really works in delivering an impact to the stakeholder." **Andrew Mayo, Director, MLI.**

5.5
Central role of evaluation and diagnosis in EBHR

Using diagnosis and evaluation

The practitioners in this study used evaluation and diagnosis in a number of ways.

- **Diagnostic evidence** of business need is an obvious first step. It applies in many situations. For example: learning needs (skills gaps, changing business needs for skills); challenges of change management (presenting issues, current measures of culture or leadership); and so on.
- **Evaluation of interventions or change** is used as evidence of impact at individual, team or overall business level - but evaluation also generates more general learning and reflection about what works and what does not.
- **Stakeholders** are often involved in diagnosis and evaluation, so these steps are a natural way to build in the contextual factors seen as important in EBHR literature. Several practitioners gave examples of structured ways in which stakeholders are involved in diagnosis, setting success criteria and then in the evaluation process itself.
- The **business context** is central to both diagnosis and evaluation.

As we saw in Chapter 1, EBHR is about introducing evidence to HR decision-making. The EBHR models are explicit about evaluation and also about bringing the business context and stakeholder perspectives into the decision.

They also emphasise the need to frame questions carefully, but are not quite so explicit about the use of diagnostic methods and information at this early stage. Perhaps what the practitioners called 'diagnosis' would be part of the 'focused search for best evidence' in the EBHR models - but it might be helpful to clarify this.

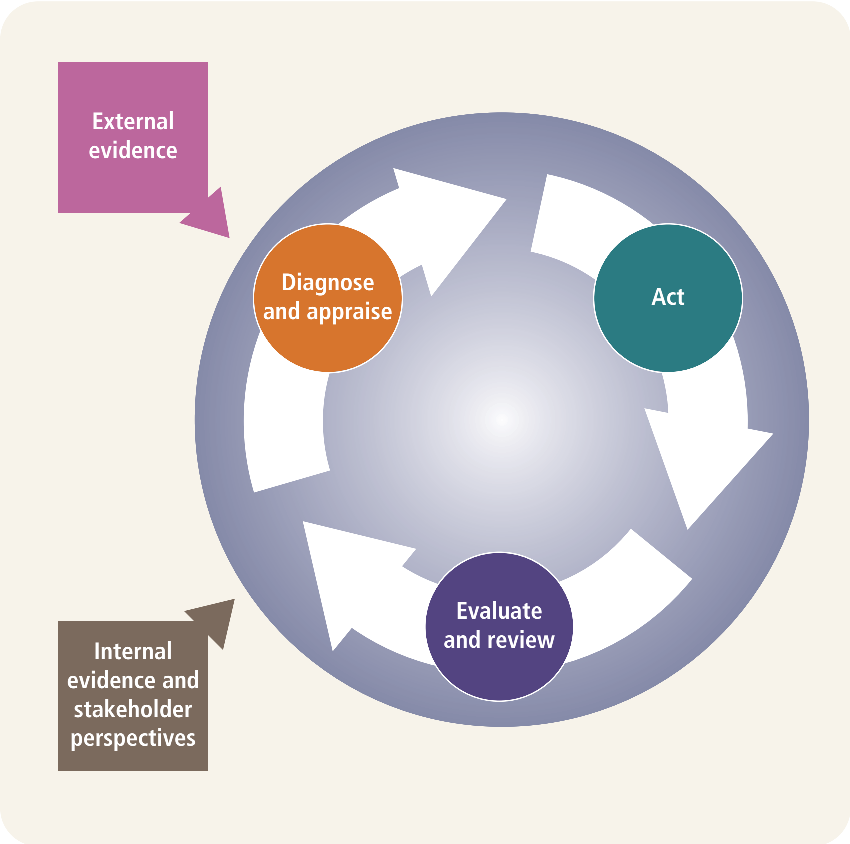
Expert watchwords

- "Very few HR people are good at evaluating what they do, and whether what they do really works in delivering an impact to a stakeholder." **Andrew Mayo, Director, MLI.**
- "The academic view of measurement has little application in practical HR. What HR needs to drive, is agreement with internal stakeholders around what 'good' looks like for the business - and how the impact of any initiative is measured. Success comes when outcomes and their measurements are aligned with business strategy." **Jeremy Campbell, Chief People Officer, Ceridian UK.**

EBHR as an evidence cycle

The explicit consideration of both diagnostic phases and evaluation in EB decision-making seems quite natural. These ideas have the added advantage that they see the whole process as circular not linear - that is, one round of evaluation feeds into future interventions, as the diagram below suggests.

The evidence cycle



The key may be to use these fairly well-established ideas more often and more rigorously, but note the comments in the column.

We should note that even rigorous internal diagnosis and evaluation is no substitute for external research evidence of 'what works' (where this exists) or fresh ideas about what to try. The strength of diagnosis and evaluation is that they start in a grounded way, with 'what is' - but this can also be a weakness when it prevents radically re-thinking ideas on possible practice.

5.6
Summary - key points on evaluation and diagnosis

- The processes of diagnosis and evaluation of interventions or practices are well-understood by practitioners, even if not always well used. They are clearly part of using evidence better in HR.
- The language of evaluation is already present in academic ideas about EBHR, while the term 'diagnosis' is less used in favour of a language of question formulation, which may seem somewhat abstract.
- Practitioners now often work with stakeholders on both diagnosis and evaluation and, indeed, involve them explicitly in setting criteria for success.
- There is a natural evidence cycle in organisations of diagnosis-action-evaluation. Showing where and how external evidence can feed into this cycle may help practitioners relate the new idea of EBHR to their more established ways of decision-making.
- In areas like pay and development, where 'generalise-able' external evidence of 'what works' is weak, rigorous diagnosis of business need and the quite complex objectives of stakeholders can be used to agree priorities, focus design and establish measures of success.

HR AS A BUSINESS PLAYER

Topics covered

Introduction

This chapter examines how important it is for HR to have a business mindset, be an active business player and to understand organisational effectiveness. They are pre-requisites for credible EBHR practice.

"These hard business case stories are useful feathers in the cap that build trust."
Gifford Tanser, Boehringer Ingelheim.

6.1
Business should be endemic

The models of EBHR expect the business context and stakeholders to influence decisions. But this positioning of the business environment as somehow an input to HR does not seem to reflect how our study practitioners talked about the business.

The business is all around them in their daily lives, they discuss business (not just HR) issues with their management colleagues and - in some cases at least - see themselves and their function as **players** in the business. So the business context is more than just an input - it is the place where EBHR will happen.

Some of the specific ways practitioners viewed their relationship with the business are summarised here, illustrated by examples of the business impact when taking an EB approach.

6.2
Using evidence to set priorities

A number of examples used evidence to set HR priorities, often from metrics or dashboards. Here, the metrics are used for problem identification. It seems an especially common use of employee survey data.

"Employee engagement data was used to pinpoint key issues and provide the basis for action planning by management, supported by HR – this has included not only HR-related topics but issues like employee understanding of our vision, values and strategy," explains Merck Serono's Geoffrey Matthews.

Fairly straightforward data was also often used to look into an issue and/or evaluate action, as the comments in the column suggest. Also below are examples highlighting the role of HR in challenging the business.

Challenge of senior manager attrition

Ernst and Young found it had high senior manager attrition in India which was weakening the pipeline of potential partners for a growing part of the business.

- "HR was asked to run a career course or workshop for senior managers to emphasise their longer term career opportunities in the business. Investigation showed they did have a longer term view of their careers, but not in E&Y! One issue was that partners engaged very little with senior managers in supporting their development.
- "The programme was, therefore, based largely on facilitated self-managed learning with strong mentoring and coaching from partners themselves.

"This led to a fall in attrition, and an increase in the numbers of managers coming through to the level at which they could apply to become partners - and an increase in the proportion of these candidates succeeding in the partnership selection process."
Andrew Wright, Partner Development Leader, EMEIA, Ernst and Young.

Making a business case - Boehringer Ingelheim

- "The easiest business case I have been able to make recently was to close a pension scheme and open a different one - both were Defined Contribution.
- "In making the change, we saved running costs of £200k pa and employees perceived the new scheme to be better than the old one.
- "We delivered the saving, got 100% employee transfer (unusual in these cases, as there is normally leakage), and signed up 29 new members. Previous attempts had resulted in very few people signing up.
- "We had hard data before the change and after, and the change has been celebrated as a big success.
- "These hard business case stories are useful feathers in the cap that build trust and make it easier to have less well-defined business cases in the future.
- "I guess it's the same as a customer being prepared to pay more to a trusted supplier."

Gifford Tanser, HR Director.

"Think like a patient (what would a patient want you to do?), and act like a taxpayer - what is affordable?" **Dean Royles, NHS Employers.**

Leader selection case notes

A company in our study used internal research on 'high-performing strategic leaders' and their roles, to develop a robust competency profile and supporting interview process, to select people deemed to be strategic in delivering financial performance.

This approach was used to replace some leaders in units failing to meet business goals. Interestingly, placing a high-performing leader into a team in which there was one or more weak team members, did not necessarily lead to improved performance.

"The profile was then attacked as not robust enough, even though it had been clearly contextualised in terms of its validity where the failure rate was just over 20%. The converse of an 80% success rate when predicting performance is not bad at all!," said this HR director.

Also, this more robust appointment process was not always politically acceptable where those making the appointment did not wish to commit to being more disciplined about the process they used when selecting a person.

6.3
Business-minded and business-like

Several HR practitioners noted two slightly different ideas about HR and the business.

- Being 'business-minded' is the, now familiar, idea of starting from a full understanding of the business context and aiming for outcomes that will make a difference to business results.
- Being 'business-like' is more concerned with making a case and using information in the way a manager of any other function would be expected to do. It was seen as un-businesslike to discuss issues without having any evidence.

"HR people often think data is difficult to get hold of, or not really relevant anyway, and don't always see the need to operate in a business-like way. If you say you are a 'business partner' and don't look at the evidence in business terms, then you are not really being a business partner at all," advises Geoffrey Matthews.

Systemic business thinking

Boudreau and Jesuthasan (2011) suggest five principles of evidence-based change. For them, business-thinking is linking EBHR with a systemic view of human capital management.

- **Logic-driven analytics** - using logic models, data and analysis of key issues.
- **Segmentation** - to understand the strategic value of different employee groups and treat segments differently where it makes sense.
- **Risk leverage** - to understand HR risk as it affects the business.
- **Integration and synergy** - to inter-connect HR across processes and organisation units.
- **Optimisation** - to focus on HR interventions with the biggest business impact.

A matter of mindsets

- "We need a human capital mindset - looking at people in terms of the value they bring and the value they make. This mindset is the opposite of looking to 'best practice' and 'gurus' - thinking business versus thinking HR." **Andrew Mayo.**
- For June Boyle, Director, YSC Scotland, the business alignment of learning activities is central. "Large budgets are often in play and the business is entitled to know the money is well spent. Better plans for such activity, signed off at the right level, are helpful.
- "The question is, 'What is it you need, that learning makes a difference to?' This helps you re-orient learning activity to what is important in the business at any point in time.
- "Going into a new organisation, I would always ask how it is spending its learning/ OD budget and what difference are those activities making?"
- For Dean Royles of NHS Employers, the trick is to put yourself in the shoes of key stakeholder groups: "Think like a patient (what would a patient want you to do?), and act like a taxpayer - what is affordable?"

6.4
Challenging the business

Some practitioners raised interesting examples of what to do when

- you don't agree with the views of business managers. Being a business player was seen as having the needs of the business in mind, not necessarily the desires of current leaders. In the next chapter, we will look at challenge as an aspect of reflective professional practice
- you can't obtain evidence to support what you feel should be done.

Consider this example from an OD intervention in a pharmaceutical company called Exploring the Magic. "I can cite evidence that Exploring the Magic made a difference, but I can't prove that it made a difference," explains Gifford Tanser.

"I can't run a parallel world and see how results might have turned out differently had we not made the intervention. In fact, its effects may be long-term and affect a significant product launch that we will make later this year - but I can't prove it. All I can do is take evidence from multiple sources and, in an intuitive way, draw conclusions. The harder metrics, plus anecdotal feedback such as the quote, 'I feel like I have my old company back', all indicate the right direction."

6.5
From HR to organisational effectiveness

We have already seen in Chapters 4 and 5 the growing integration of HR evidence with both business need and business impact. Taken to its natural conclusion, some situations provide the opportunity to break down the wall altogether between managing people and managing business.

In such cases, HR can become the facilitator of the collection and use of business evidence, of which people evidence will be a significant strand.

SCB - using evidence to drive business improvement

Over recent years, the development of the HR function at Standard Chartered Bank has been seen internally as 'HR's journey to becoming a business player'. Some features of this have been documented as part of CIPD's Shaping the Future research programme (Miller, 2011). They include the following.

- The persistent use of a framework of four key behaviours for managers: 'Know Me, Focus Me, Care about Me, Inspire Me.'
- Linking this framework with an annual employee engagement survey which requires local line managers to discuss aspects of the team's engagement feedback, chosen by staff. Regular analysis examines the relationship between engagement scores, customer behaviour and business results.
- Using a strengths-based approach to people management, rather than the kind of 'gap analysis' which is often adopted by HR in addressing issues.

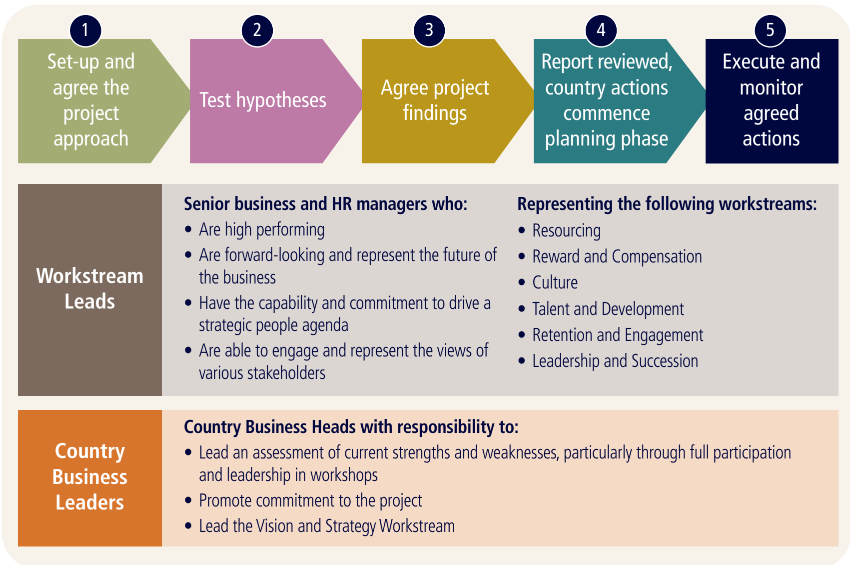
Standard Chartered uses a structured approach to HR metrics. The overall purpose is to drive business performance through

- setting and monitoring an HR agenda aligned to business strategy that focuses on a small number of strategic themes over a multi-year timeframe. Supporting actions and specific measures are set on an annual basis
- delivering that agenda and measuring progress through people metrics, engagement scores, the talent pipeline, client feedback, organisation performance and efficiency measures, and other qualitative measures.

A further step on the 'business player journey' is developing the People and Organisation Review, facilitated by HR but done for, and with, the business. Such reviews have recently been conducted for two major country operations within the bank.

In line with its strengths-based approach, reviews are not conducted because something has gone wrong - but rather to ensure the medium- to long-term health of these parts of the business, especially in fast-changing markets. See more detail in the column - and the project structure below.

Project structure for People and Organisation Review



Source: Standard Chartered

The country reviews **actively engaged the business** by inviting country leaders to head each people workstream. They developed their hypotheses, identified the assumptions that underpinned them and then collected data to test the assumptions. The end result was a comprehensive view of the business including its strategy, people, processes and structures. The **reviews resulted in a number of significant changes for the business.**

How reviews work at SCB

- The review methodology uses a **hypothesis-based approach** as a way of structuring information collection and analysis.
- So, a hypothesis that a country talent pool lacked international exposure would lead to articulating the assumptions behind that hypothesis. For example, the business need to internationalise the bank in that market; and strengths which can be built on - that employees value knowledge of international ways of working, for instance.
- A list is then made of the evidence which would prove or disprove the hypothesis - analysis of leadership population with international exposure, international moves, client feedback, etc.
- There is a deliberate balance between deficit-based, and strengths-based hypotheses to ensure that the analysis is not just focused on gaps or perceived weaknesses.
- Sources of evidence include **client interviews and employee focus group data**, as well as extensive interrogation of the **business strategy** and a **wide range of people data**.

These reviews are significant sized projects. They involved a core team of five with another 40 or so, plus HR and business people outside the working group. Each review took about four weeks of effort - over a period of two or three months - in data collection, analysis and reporting.

Quantitative data tends to give fewer new insights, but provides a good fact base - whereas qualitative data can go beneath the numbers and find out why things are happening. "There's knowing and then there's knowing. The review aims to surface and get onto the table things which individuals know but have not surfaced," explains Jonathan Cormack, Head of OD.

"By making the review evidenced-based, and by involving the business in leading the review - that is, not 'doing it to them' - we have a strong evidence-based set of actions, plus buy-in to the changes that need to be made."

6.6
Summary - business context of EBHR

- For this study's HR practitioners, the business context was not just an input to evidence-based thinking, but the place they work - as business players.
- We collected many examples of using HR and business evidence to identify problems more clearly or to evaluate the impact of interventions. In some cases, the bottom line costs of a problem or impact of a solution can readily be shown.
- Being 'business-minded' and 'business- like' were interlinked sets of ideas about aligning HR solutions with business needs – and to use evidence, where possible, in the same business-like way as other functions would.
- In other cases, business leaders have to be challenged and persuaded, even when the evidence is far from robust.
- Where the HR function is becoming focused on the wider agenda of organisational effectiveness, it can facilitate an EBMgt approach - of which people management is an integral part.

NEED FOR REFLECTIVE PROFESSIONAL PRACTICE

Topics covered

Introduction

This chapter describes the need for reflective professional practice in HR which is founded on a combination of knowledge, experience and informed decision-making - as well as a personal capacity to learn continuously from experiences.

"The essence of EBHR is approaching decisions, uncertainty and risk informed by scientific facts. Practising it involves a hunger for knowledge and a questioning mindset." **Rousseau and Barends, 2011.**

7.1 Understanding reflective professional practice

Like many professionals, HR people bring two selves to their decisions. They bring their external selves, the people who work inside a business and have to look confident and positive in front of their key stakeholders. They also bring their more inner selves - individuals who often question what their businesses are doing and do not always agree with their stakeholders.

What they have working in their favour is their growing personal experience of seeing what works in different situations and - at their best - a deep personal desire to continue learning and being prepared to question their own views.

Other professions, especially those dealing with people, have articulated the need for something called 'reflective' practice. This requires professionals to learn continuously from their experiences - hence reflective - to relate theory to practice and to keep challenging their own assumptions (Schön, 1983). Although too multi-faceted to explore in detail here, this idea captures several elements of thought and behaviour necessary for EBHR.

There is an obvious link with Pfeffer's idea on challenging one's own prejudices. It also links with the 'critical realist' approach to evidence: "Being more thoughtful about practice, not what works for you personally but what the evidence is around you - from your colleagues, your organisation and, at the furthest reaches of that, from academia," advises Penny Tamkin.

Reflective practice is also about how you bring together yourself and the evidence you may have to make HR decisions.

Denise Rousseau's ideas about improved evidence and its use in better decision-making do not work without reflective HR practitioners changing the way they think and act. She sees reflective practice as being about, "understanding yourself in relation to scientific knowledge." See the column for a personal checklist.

Among the themes raised by participants in our interviews, were the following aspects of reflective professional practice.

- Professional knowledge and its relationship with practice.
- The place for experience and intuition.
- Challenging beliefs - your own and other people's.
- Ways of using reflective practice in making HR decisions.

See the diagram below with its four components of reflective practice that have emerged through our research.

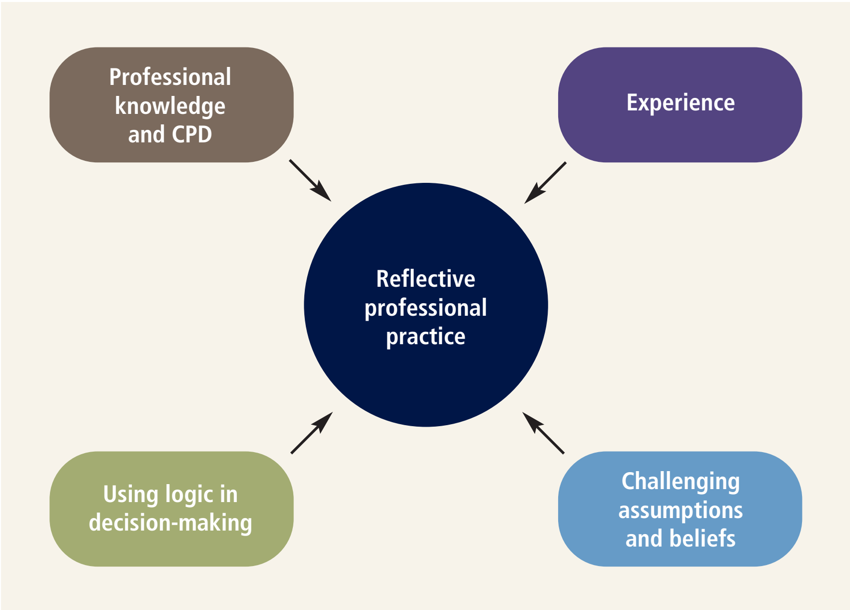
Are you a reflective practitioner?

- Deeply knowledgeable in HR and your particular specialist fields.
- Using the best quality knowledge you have access to.
- Continuously learning and developing yourself.
- Being critical about what you do.
- Questioning your own opinions, prejudices and biases.
- Understanding the effect of your actions on others and the business.
- Deepening your understanding through your experiences.
- Being aware and curious about cause and effect.

Source: Summary of ideas from Rousseau and Barends (2011).

"EBHR means getting evidence about what works. At the same time, it recognizes practitioners often must act, regardless of whether evidence is available." **Rousseau and Barends, 2011.**

Reflective professional practice



7.2
Professional knowledge

Most professions have a shared body of knowledge and 'knowing' is, in many ways, the defining feature of a profession. Yet HR remains deeply ambivalent about how much its professional workforce needs to know. HR's customers, however, are sure they want a function which has a distinctive knowledge base of both theory and practice concerning people and work **(Hirsh et al, 2008)** - which professional bodies also seek.

- CIPD has done much to encourage professionalism. On the evidence front, its website has around 340 management, training and HR journals on-line for its members – see www.cipd.co.uk.
- However, HR still has a weaker model of professional practice than most other professions which have firmer educational entry routes, a clearer body of theory and much stronger understanding of research methods and recent research findings.
- In addition, many professions have explicit ideas of how theory relates to practice and more highly-developed models of supervision (in early career) and CPD (throughout career).

HR also lives with the tension between professionalising HR and welcoming mid-career entrants from other professions, especially management. However, the justifiable need for HR people to know about business seems a poor excuse for them not to know about HR.

The EB approach is also challenging for professional bodies. It requires a profession to admit that much standard practice and possibly, therefore, much professional teaching, is not evidence-based and may even be harmful.

Knowledge links a professional to external research, but this still feels far away from the daily work of HR senior practitioners. As one said in this study, "We don't even think about going into research - it doesn't enter our minds.'

Need for theory and a knowledge base

This lack of a shared knowledge base and theory in HR can leave HR directors making up their own version of HR.

"Coming into HR from outside, I see a divide between academic theory and research on the one hand, and practical HR on the other. You can tell the flavour of an HR function by the language the HRD uses. You can spend your life in either camp but the smart HRDs bridge both – they know theory, use it and then learn more from evaluating what happens in practice," explains Jeremy Campbell, Chief People Officer at Ceridian.

Some HR leaders deliberately promote the use of theory to encourage their HR people to think more seriously about their approach to the work, as the example below shows.

Critical approach to theory and practice

Laurence Barrett, Director, Group Resourcing and Development at Prudential, sees the HR function as lacking in confidence, partly because of its weak research and theory base which leaves practitioners unable to connect cause and effect in what they do. This leaves the function vulnerable to

- being obsessive about metrics - setting inappropriate targets on KPIs, for example. "It makes very little sense to say we will increase employee engagement by ten per cent"
- doing what the line want - in order to seek their approval - not what will be effective. For example, managers like executive education but the evidence that it changes performance is low.

"You need to know your theories well and then discard them. If you know what you're talking about, you will be more confident, and then - if you're willing to let theory go - you will be more focused on the practice of what you do. But you have to be an executer and you can only execute if you know what you're doing. You can only forget things if you know them in the first place." See also his advice in the column.

According to Dean Royles of NHS Employers, HR in the North West NHS region is aiming to raise its own capability. A model was developed by IES of what an excellent HR function would look like, with feedback mechanisms to measure progress on this journey. Benchmarking between NHS units within the region is part of the approach.

"It was a worthwhile venture. It gave the HR community a common agenda and engaged them in seeing how they were perceived in their own organisations," Royles notes.

Advice for practitioners

Prudential's Laurence Barrett challenges his colleagues to be more critical - not just of practice, but also of how theory relates to practice.

- He encourages explicit discussion of theory within his HR team.
- He often pushes the boundaries of common practice where new thinking can be shown to add value - in applying psycho-analytic theory to management development, for example.
- He is critical of the emphasis within occupational psychology - the field of assessment, for example - on the validity of tools at the expense of a deeper understanding of their appropriate use.
- He finds that people who join HR with any solid specialist background adapt and learn much faster. For example, those with a strong psychology background tend to make the transition into analytical skills more easily.

A fundamental issue for HR

- "We have a very narrow view of what 'evidence' is. The terms of the debate are the problem.
- "The challenge for HR is that we have become cornered in what I call the Adaptors' Prison. We have become a function which helps the current industrial system operate.
- "I'm uncomfortable with many of its elements, in particular, its narrow focus on profit - rather than wealth creation - and the debilitating effect that organisational power has over people's productivity and lives.
- "We in HR are hauled in to facilitate a range of relationships - between unions and management, for example - on the assumption that the current system is worth preserving. Then we ourselves adapt to that system, to keep it going.
- "Our skill base should be comfortable in dealing with the interface between a human being and their place of work - and managing the energy of a human being as a resource.
- "This would include being transformational of organisation reality in our intentions.
- "But as we have adapted, so we have also accepted the measures used in the current industrial system - and those measures are self-serving, narrow and potentially bankrupt."

Simon Middleton, Senior VP, Corporate HR, LSG Sky Chefs.

7.3 Experience

Practitioners spoke of experience in terms of having seen similar events or circumstances before and being able to estimate from those experiences what might happen next time round - as this HRD comment from LSG Sky Chefs' Simon Middleton highlights.

"The reason I'm paid a lot of money is because I can predict what will happen with a fair degree of accuracy. This makes me efficient. I would say that I work on intuition - but perhaps it's really pattern recognition, as I have seen various systems in play over time."

Some used their own experience to judge when it is worth trying to collect evidence, and challenge the idea that more evidence is always better or necessary.

> "I try not to get hung up on the evidenced-based stuff. It's a bit of a holy grail, and for the mischievous senior manager, it's a great way to filibuster an initiative he doesn't like. 'Prove it works and we'll do it.' If I reach that point I know I should give up, because much HR stuff is unprovable. The only way to prove it is to go to a body of external research where trends indicate proof in advance." **Gifford Tanser.**

7.4 Challenging oneself and others

This study's practitioners talked more about challenging others than about challenging their own beliefs! And part of that challenge is to hang onto the real business issue without being deflected, as Andrew Wright observes.

"HR is often good at supporting the business transactionally but, when faced with significant business challenges, does not always have the bottle to ask, 'What is the real problem?' This is partly because HR people are trained in the functional specialisms of HR, not in consulting capability. They often lack the confidence to engage with the business on its own agenda."

For some, the challenge could be great – the very role of HR within a business context, for example, and whether HR's relationship with management compromises and constrains its own contribution. See the column for a particular challenge from Simon Middleton.

"EBHR is about asking the right questions and looking for the best informed opinion you can find."
David Creelman, Creelman Research

7.5
Using logic and asking the right questions

Logic helps us decide what evidence to look for, but it can also help when the evidence is weak. 'Why do you think that what you are suggesting will work?' is a question which can be answered with logic as well as with data. Duncan Brown's approach to evidence-based reward in Chapter 5, uses the logic of setting priorities as an approach to designing pay systems.

David Creelman is also a fan of logic! "One of the mistakes we make is thinking it's all about numbers - it's also about applying logic even if we don't have the numbers. For example, you probably can't get an ROI on leadership development, but you'd be crazy not to invest in it. In other areas, such as blue collar recruitment involving fairly large numbers, you can certainly generate clear data on which factors influence the effectiveness of your recruitment practices."

Asking the right questions

Creelman adds that when HR is making decisions about what initiative to proceed with - or what approach to use for the initiative - taking time to ask a few questions is the best way to bring in an evidence-based mindset. He offers these points of advice, and in the box below.

1. **If we can only do a few things in HR, is this the right one to do?**

   "Keep a list of all the things in HR you would like to do. Always judge the value of an initiative against the list. Ask, 'What evidence or rationale do we have that this will provide better value than other things on the list?'"

2. **Consider alternative approaches.**

   "Before embarking on an approach, question your assumptions and consider at least two alternatives. For example, what evidence do we have that training is a better approach than changing incentives or redesigning the work?"

3. **Remember if you've tried it before**

   "Before you do something you think is new, ask, 'Have we tried this before? How did it work out? Have we any reason to think it will be different this time?'"

4. **Make the logic explicit**

   "Write down the logic behind the choices. Writing something down, even on the back of an envelope, raises the rigour."

5. **Use some numbers**

   "Always ask what numbers you have, or can estimate, that are relevant to the decision."

Improving HR decision-making

Denise Rousseau (2011) reminds us that, "Having frameworks for making decisions expands our cognitive capacity. We can only think about certain things at one time." Therefore, she suggests, we could improve HR decision-making processes though

- using checklists of critical questions to ask
- having a clearer decision-making process
- explicitly considering scientific evidence, empirical evidence and experience
- linking decisions into some governance structure, such as an HR programme board.

Expanding on the questions

"The essence of evidence-based HR is making choices. That is why the first two questions are about forcing us to make sure we have chosen the right issue - and chosen the right approach to the right issue.

"To make those choices, we need evidence and evidence comes in the form of logic and numbers. Asking what numbers would help us make an evidence-based decision is helpful in increasing rigour. At times, it will also point to data you do not have, but which needs to be collected.

"This may not seem a very rigorous framework for evidence-based HR, but we must always balance the effort to gather evidence with the payoff. These simple questions encourage HR departments to acquire the habit of constantly asking about evidence - even if it is a fairly cursory look. As HR develops good habits, they will dig deeper when the effort is clearly worth it."

7.6
Summary - reflective professional practice

EBHR requires reflective professional practice to develop in the HR profession. It will include

- stronger professional knowledge and more explicit understanding of how theory relates to practice
- understanding how experience can help us make better decisions
- challenging beliefs - your own and other people's
- bringing this wider set of evidence, logic and self-awareness to a more systematic approach to HR decisions.

ORGANISATIONAL CAPABILITY - CREATING THE CONDITIONS FOR EBHR

Topics covered

Introduction

This chapter focuses on how to create the conditions in which EBHR can develop. Our starting point is to detail the barriers to its adoption, as seen by practitioners.

8.1
The barriers to adopting EBHR

Lack of HR analytical and data skills

- Discomfort with data analysis, lack of research methods, weak business and/or financial skills, lack of a real centre of expertise in HR analytics.
- Inability to see HR data in a wider context, or to feel able to combine data with the cultural and subjective nature of many HR decisions.

Lack of data

- Data - usually internal - hard to get hold of; data of poor or inconsistent quality; or difficult to interpret.
- Poor information systems or difficulties with accessing them.
- Particular deficits in financial information related to people; data in some developing markets/countries lacking.
- Not clear where to go for data.

Lack of EB mindset in HR

- A lack of drive to use evidence among HR professionals and HR leaders, who are not business-like in their approach to evidence - or even like the 'wiggle room' of not having evidence.
- HR decision-making and policy-making do not have a clear process with points at which evidence would be pulled in.
- Over-concentration on the idea of 'business cases' has not helped HR people see the questions they are trying to address.
- Because using evidence and data is not a high priority in HR, people are not given the time or resources to examine data properly in their work.

According to Alan Arnett of XLGroup, most HR people feel insecure in their position, because they are constantly told they are not business-focused enough. "Their response is to retreat into HR to develop services and value propositions, and then try and sell those to business people. That isn't what business people want, or need."

Lack of demand from business managers and leaders

Practitioners were concerned that senior line managers, and often HR directors, did not push for evidence to support HR decision-making. This was seen, in part, as due to a lack of confidence in HR evidence - but also in an unwillingness to believe it, especially if it told them something they did not want to hear.

Barriers to using external research evidence

- The substantial time and cost of generating reliable 'scientific' evidence and, therefore, the time lag between practitioner interest in a topic and the evidence being there.
- "Emotional intelligence is past its sell-by date, but is just beginning to become important in the psychological literature."
- Lack of easy access and clear guidance.
- "As a busy practitioner, there is nowhere to go with any ease to answer questions of evidence. When I do find data, it is often contradictory. Even if I am a very enthusiastic, evidence-based HR person, it's not easy."
- Even when the evidence is there, employers and consultants have vested interests in following current fashions - and then in justifying their investment in such practices.

Although at first sight, the lack of analytical skills, and difficulties of getting data, seem clearest in the responses, the points about whether HR as a profession has an EB mindset were actually the most pervasive. Some people linked this with a lack of proper 'professionalism' in HR generally.

Barriers to using external research evidence in HR

It is interesting that a lack of external research evidence was scarcely mentioned by the practitioners as a barrier to taking a more evidence-based approach, further reinforcing the impression they are thinking more about internal evidence than external.

However, some of the academics, who feel HR practice ignores the 'facts', were well aware of just how difficult it is to obtain relevant, 'scientific' evidence.

Adrian Furnham identified several barriers including those in the column.

We would add that HR research is published in a wide scatter of journals, few of which are available to practitioners. Also, most academic articles are not easy to read. The national performance measurement systems for university research in the UK have created strong disincentives to publish to practitioner audiences - although the recent policy emphasis on the 'impact' of university research may help somewhat.

So the 'scientific' evidence production and dissemination system is not serving practitioners at all well, and this is not an easy problem to fix.

8.2
Tips for practitioners

Taken as a whole, the large number of personal or practical 'tips' offered by our participants emphasised these points. See also the column and the box below.

- ticking with questions and evidence of real relevance to the business.
- Asking more probing questions and taking a more logical and systemic view of both issues and solutions.
- Looking for the best evidence, and help, if needed, in getting it.
- Using your own 'reflective' inner self as antidote to HR or senior management's fads, fashions and personal preferences.

Tips from academics and consultants

"You don't need an index - just ask questions and look for the best, informed opinion you can find." **David Creelman**.

"Don't do what other companies do just because they do it. Don't do fads just because they are fashionable. Look at the evidence externally - but carefully. The most useful research will be done internally. The best people have always done this." **Andrew Mayo.**

"If you try to understand what works in organisations and why, then you can be much more thoughtful about what you import into your own organisation." **Penny Tamkin.**

8.3
Building organisational capability for EBHR

Some of the literature is written as though EBHR is something an individual can do. This is true to an extent, as shown in some of the practical tips. But, it may be more useful to think of what EBHR means at an organisation level – and among communities of practitioners and academics, as the column indicates.

Our exploratory study suggests some ways in which we might build the organisational capability for EBHR. The major components of this are shown in the diagram below.

Building the capability for EBHR

Practitioner tips

- "Don't go in thinking of the solution. Go in with an enquiring mindset. You don't have to provide the answer there and then. When the business says 'jump', HR often says 'how high?' - rather than saying 'why?' Ask 'why?' a bit more." **Andrew Wright.**

- "Be open-minded to other points of view; be challenging about ideas, thoughts and data; take an approach which is relevant and adds real value to the business - don't measure things which aren't." **Keith Bradford.**

- "Research-based diagnosis, a lot of reflective practice and some KPIs - but don't be a slave to them." **Laurence Barrett.**

- "Better diagnosis - pay attention to joining the dots. Where are things going on and what are they telling you?" **June Boyle.**

- "Draw on experts, don't be afraid to ask questions/challenge, build networks both within business and academic environments." **Susanne Sondergaard, Principal Psychologist, MOD.**

Practitioners, educators and researchers

Denise Rousseau (2011) sees these groups as key to enhancing the practice of evidence-based management.

- Practitioners need to learn EB principles and involve themselves in practitioner research, preferably in collaboration with academics.
- Educators need to teach the evidence base, not as individual items but as sets of principles - and demonstrate this in practical experiments in their teaching.
- Researchers need to synthesise more, including qualitative data, become more involved in practice-based research and produce 'action guides' for practitioners.

At the heart of the model remain the three interlinked approaches to evidence we have followed throughout this report.

- External evidence - both scientific and practice-oriented.
- Internal evidence - both hard and soft data, diagnosis, evaluation and using analytical methods to understand links between people and results.
- Reflective professional practice: the ability to relate knowledge and theory to practice, using experience, challenging the business and our own prejudices and bringing all these to decision-making.

The capability builders are in six boxes around our earlier model. Those on the right concern improving the supply of data and evidence, and those on the left are about the people capability for EBHR.

We can also think of the six boxes as three 'pairs'.

- Improving internal capability requires both improving internal data and developing the EBHR mindset and skills in the HR function.
- Reaching out more into the external evidence base is a matter of access, which can also be improved by building external partnerships and alliances.
- Two more fundamental challenges concern improving the external evidence base for practitioners, and strengthening the demand for EBHR among business and HR leaders.

We will touch briefly on some aspects of these **six enablers**.

8.4
Key enablers of EBHR capability

Enabler A: Improving internal data and systems

We saw in Chapter 4 that much work is going on to improve data capture in organisations which are taking HR analytics seriously, as illustrated below.

The key factors here are

- better quality HR data - both 'hard' and 'soft'
- integration with financial and business data
- systems which give more flexible access to information.

It is true that our use of data should be guided by the questions we are asking. "You need to have the logic to drive the metrics not vice versa," as Ravin Jesuthasan says. However, we need to make educated guesses about which data and metrics will be of interest over a reasonable period of time - and make sure this information is collected ahead of our need for it.

Organisations also find they need good, standardised ways of cutting through data - clear and consistent coding of job groups, for example. If this issue is not tackled, then the data will never be there when it is suddenly needed.

We should also consider bringing into organisations the 'real time' and social media methods for collecting data which have become so widespread in the outside world.

Enabler B: Developing EBHR mindset, skills and frameworks in HR

There is much to do in developing HR communities to take an EB approach. Some components seem to be

- establishing specialist analytical expertise in the HR function, to raise the aspirations and ability to collect and manipulate internal data
- providing HR people with better skills, not just in data analysis and research methods, but also in relating HR data to business - and taking a wider, systemic view of evidence and how sets of HR policies or interventions work together.

> "We have a team dedicated to metrics and measurement in the areas of talent, leadership, organisation development and change management. We aim to be pragmatic and practical - but also to incorporate rigour and diligence into what the function is doing. We need to understand when to use measurement, why to use it and how to use it," explains GSK's Kim Lafferty.

Ernst and Young is running a development programme for HR business partners. This is largely experience-based, with three modules over nine months, encouraging them to tackle real issues in the business and, as the title says, Lead for Change.

- The EB 'mindset' in HR is an important aspect of developing HR professionals as reflective practitioners, and building their confidence. This mindset, for example, applies logic and critical thinking to problems - even where there is little concrete evidence - and helps to challenge assumptions.
- Both EB skills and mindset can be supported by frameworks for HR people to look at data and use evidence in decisions. Simple structures for KPIs, project management, etc, give structure to decisions and make it more likely that evidence is used at appropriate points.

Enabler C: Accessing external evidence

At present, HR practitioners seem to have little access to research evidence in forms they find useful. But neither are they active in seeking such 'scientific' evidence. Productive action could take place to use benchmarking both on metrics and practices more rigorously.

When HR people study in higher education, there is another opportunity to bridge the practitioner-academic divide and bring external evidence to their work.

Improving data availability and use

Standard Chartered Bank has been investing effort in improving the relevance and consistency of people information. Jonathan Cormack and Michelle Furlong make these points to improve data capability.

- "The basics have to be there - particularly around headcount, recruitment, attrition, etc. The right fields need to be used in the right way and someone needs to check that the data is clean, and definitions are used consistently across the organisation."
- "Getting a better fix on people costs - HR and finance systems have not historically integrated easily. By working together and more closely with finance, we are getting better granularity on cost information - how much we spend, who we spend it on, how we spend it, and when costs will be incurred."
- "Analytical capability of staff needs improvement, although good quality people in HR have a high propensity to use data once it is accessible."
- "Both quantitative and qualitative information are important."
- "Pulling together people, business and cost information is vital if HR wishes to be an integral part of the business."

Using consultants and others

- Consultants or other research-oriented institutions (think tanks, etc), can act as intermediaries in this EBHR model, either analysing data themselves or sharing their cross-organisation data sets with academics who can look for broader patterns.
- "If you can't analyse data yourself, bring in someone who can - analysts, finance or IT people from inside or outside," says David Almeda.
- Academic, Adrian Furnham, for example, cultivates a symbiotic relationship with a few consultancies.
- "I play with the data they collect in ways they don't have the time or the interest to, and I can enrich their knowledge and their practice."

Enabler D: Improving the external evidence base for practitioners

The academic community needs to improve the evidence base, and how well current evidence is communicated to practitioners - especially in the form of balanced reviews of particular topics or practices. If EBHR is to take off as an academic idea, practitioners cannot be expected to trawl through large volumes of academic literature.

Enabler E: Building partnerships and alliances

Alliances between practitioners inside organisations, and external consultants and/or academics, can put rich data into the hands of people who like manipulating it - and can return with insights to the organisations from which this data has come.

In several cases, colleagues in other functions, especially finance and IT, were important allies in improving internal information - as consultants can be. See the column.

Professional bodies, like CIPD, also have a crucial role in keeping the field moving forwards and encouraging challenging attitudes in HR professionals. This means a research-oriented and dynamic approach to professional standards, training and dissemination.

Enabler F: Strengthening demand for EBHR

There is an uncertain demand for EBHR from senior managers, and often HR directors as well.

It seems unlikely that senior managers will suddenly demand well-supported cases for the HR policies and interventions they are offered. They probably need educating to expect better-quality HR evidence. HR directors should take a stronger lead on the quality of recommendations made to management on HR matters, and be visible role models of reflective, professional practice.

Governance Boards for HR (or specific activities within it) can be focal points for watching trends, checking issue diagnosis and agreeing with business leaders how interventions will be measured. Such mechanisms should also check that budgets and time are allowed for the collection and analysis of evidence in HR generally, and for major projects or issues in particular.

8.5
RBS - the journey to becoming more evidence-based

The journey of RBS summarises how a company can increase its capability to be evidence-based over time, and even through tough times. Their more recent approaches to using evidence can be seen as a conscious effort to build organisational capability to generate, and use, robust evidence in relation to people management.

The main strands of this enterprise are as follows.

- Continuous research into the people factors which lead to business results.
- Focus on people management not just HR.

- Increasing integration of various people surveys and metrics, and attention to the consistency and reliability of data - by asking about issues in a consistent way, for example.
- Putting people data alongside financial and business data.
- Working closely with other business disciplines (marketing, IT and finance, etc) to agree how data will be held - and also to learn from their approaches to data management and analysis. "Use the expertise of your own internal teams. It's amazing what a muffin and a cappuccino can get!"
- Giving managers 'push of a button data'.

- An online global knowledge system, called Human Capital Online, is for about 2,000 HR staff that allows the latest insights, research and best practices to be shared efficiently across the Group. Questions can be asked and more complex requests submitted to external researchers who will provide an answer within ten business days.

- Information on the system includes
  - presentations on employee opinion survey results
  - results of any HR research RBS has done anywhere in the world
  - best practice case studies HR leaders want to share
  - country guides showing employment conditions, economic conditions, etc.
- Aiming for an understanding of people in their context, using principles of workforce segmentation.
- Growing a small, stable, multi-disciplinary team of about six people, from market research, retail and product management - as well as HR - to lead on the use of evidence in HR and people management.
- Working with others outside the organisation to benchmark where appropriate - "not to give the answer or predict, but just to help assess the effectiveness of the business strategy."
- Working with academics in leading institutions, especially on where people drive business value and on possible future employment trends.
- Evaluating changes in people management policy and practice.

Building the capability to use evidence more powerfully in HR means keeping as much of the knowledge and understanding of this field inside the organisation as possible, and not relying too much on external suppliers - and certainly not looking for 'off the shelf' solutions.

"Consultants tend to pop up with standard surveys. You should keep your intellectual capital in you and your business. You have to build your own knowledge on different aspects of people. Start with what you don't know about your staff - who, what, where, how and when? It's not always big firms which do this well."

Case notes sources: Greig Aitken, RBS and Boudreau and Jesuthasan (2011).

8.6
Rating your organisational capability for EBHR

The questions below are designed to help you assess the current capability of your organisation to adopt an evidence-based approach to HR.

Answer each question on a 1-4 scale, viz

We do this very well/a lot.	1	We could do this better/ only do sometimes.	3
We do this pretty well/ quite often.	2	We have a long way to go/do very little.	4

And then decide which three specific topics (ie, individual questions), you would prioritise for improvement.

		Questions	1-4 scale
A	Improving internal data and systems	1. Do you consistently and reliably collect a core set of workforce and HR data, relevant to business needs?	
		2. Does HR investigate the relationships between workforce and HR data (including employee attitudes), financial/workforce cost data and key business measures?	
		3. Can you cut through workforce and HR data by consistently defined variables – individual demography, function/occupation, grade, unit, location, for example?	
		4. Do your data systems make it easy for HR and the line to access and manipulate the people and business data needed to inform decisions?	
B	Developing EBHR mindset, skills and frameworks in HR	1. Does HR have an EB mindset for discussing issues openly, while challenging assumptions and current or proposed practices?	
		2. Does HR have individuals or a team with high level analytical skills who take the lead on improving data and its analysis?	
		3. Do HR practitioners have the professional knowledge and research skills appropriate for their work, and keep these up-to-date?	
		4. Do you have shared frameworks for HR decision-making which encourage the appropriate use of logic and evidence, diagnosis and evaluation?	
C	Accessing external evidence	1. Do HR practitioners have good access to relevant external research and use it actively?	
		2. Is professional study encouraged as a way of bringing external research and an EB mindset to the organisation as well as the individual?	
		3. Where you are benchmarking externally, do you and colleagues ask the right questions to interpret metrics and understand other organisations' practices?	
D	Improving the external evidence base for practitioners	1. Does your organisation take an active role in moving the profession forward by lobbying for, and supporting, relevant research – including systematic reviews?	
		2. If you are a researcher, teacher or consultant, are you placing sufficient priority on conducting research or analysis relevant to HR practice and disseminating it to practitioners?	
		3. If you conduct research of any kind, including internal research, do you ensure that it is reported in an unbiased way?	
E	Building partnerships and alliances	1. Does HR collaborate with other internal functions, such as finance and IT, to improve data availability, quality, integration and analysis?	
		2. If you use consultants, do you understand, capture and make appropriate use of the information they generate?	
		3. Does HR have relationships with academics or other researchers which keep you abreast of relevant external knowledge – and support improved internal data analysis and research capability?	
F	Strengthening demand for EBHR	1. Are the most senior people in HR visible role models of reflective professional practice in the way they approach decisions and offer advice?	
		2. Do the most senior HR people act as leaders of your HR professional community of practice by encouraging challenging debate and active knowledge-sharing?	
		3. Do the governance mechanisms for HR work – programme boards, HR KPIs, project management protocols, etc – build in appropriate requirements for evidence?	
		4. Do HR function and project budgets and staffing build in the time and resources to use evidence properly in HR work?	
		5. Are the top business leaders in the organisation educated and supported in taking an evidence-based approach to people management decisions and policies?	

WILL EBHR BE WORTH THE JOURNEY?

Topics covered

Introduction

This chapter provides an overview of what has to be involved in EBHR if it is to attract wider attention and whether, as we see it, evidenced-based HR will actually take off.

9.1
Connecting important ideas

It is difficult to create evidence for or against a new idea, so this study is only an exploration. Here are some tentative reflections on that journey.

EBHR brings together some important ideas, each of which has been 'out there' for some time. As Paul Kearns put it:

"There are three key management ideas that have been moving inexorably towards each other over the last fifty years, and they are finally beginning to meet up:

- evidence-based management, as a superior approach to decision-making
- human capital management as a key differentiator of business performance
- professional standards and practices for people management and, therefore, HR management."

9.2
What would be involved in EBHR?

All those involved in this study shared an interest in the relationship between evidence and HR practice. All recognised at least three relevant sources of evidence.

- Research, **external** to the organisation, both scientific and practitioner-oriented.
- Both hard and soft **internal** data and its analysis focused on a single organisation.
- **Reflective professional practice** as a way of learning from personal experience, but also bringing together other evidence in making decisions.

There were also different points of view - often about which kinds of evidence people look to first.

- For academics, EBHR is a possible means of moving practitioners away from fads and fashions by encouraging them to look at 'the facts'. It also leads to giving up primitive notions of 'best' practice. There is mileage in helping practitioners benchmark more critically with other organisations, especially on practice.
- In terms of external evidence, we need to be clear whether were are looking for generalisable scientific evidence or more contextual, practitioner-oriented evidence - or both.
- Practitioners do not seem to start with external evidence at all. For them, evidence tends to mean internal data.

The grim weak spot of EBHR

- There lurks a grim weak spot in the EBHR argument.
- Academics are assuming that practitioners will pay more attention to external research evidence. Occasionally, this may be true - while studying, for example.
- However, the academic literature on HR is widely scattered across many journals, variable in quality, mostly expensive and largely incomprehensible.
- There is a 'physician, heal thyself' message here.
- If academics want their facts taken more seriously, they have to present them in balanced, practitioner-friendly, systematic reviews of areas of work, aspects of employee behaviour, specific practices, etc.
- This is a big endeavour and one which employers and professional bodies should fund on a collective basis.

A renaissance

- If we are optimistic, the grim years of HR metrics and human capital jargon, will lead to a renaissance in practical HR analytics.
- This opens the door to genuine enquiry within and across companies into the factors that affect employee behaviour, and the multiple sets of levers – including leadership and HR practices - which connect what happens to people at work with how they perform and what the business achieves.
- Such evidence will probably challenge 'vanilla' HR policies and processes - a comfortable current fashion for the HR function but probably inappropriate to any diverse workforce.

- For practitioners, the stronger collection and use of evidence in both diagnosis and evaluation is the most natural step towards more evidence-based HR - and focusing on these two activities could be helpful. Going beyond evaluation into conscious experiment should also be considered - if it can be done in medicine we should try in HR.
- EBHR clearly acknowledges the importance of context and stakeholders. But practitioners face complex issues in understanding the relationship between employees, sets of HR and management practices, and business performance in different settings.
- There are also tensions at the heart of HR. Is it your job as a business player to support managers or to challenge them in doing what is right for the organisation, or even for wider society?
- Academics and practitioners have a shared interest in the role of experience. Helping HR people develop better frameworks for bringing evidence and experience together in making decisions could be very productive. These could also feature in some HR governance structures, such as HR programme boards or KPIs for functional goals.
- Academics and consultants can also help practitioners improve their analytical and research skills, which are as useful for dealing with internal data as external research.

We have identified six enablers of EBHR:

- improving internal data and systems
- developing the EBHR mindset, skills and frameworks;
- accessing external evidence
- building partnerships and alliances
- improving the external evidence-base
- strengthening the demand for EBHR from business and HR leaders.

The latter items are probably the most challenging.

"Instead of being interested in what is new, we ought to be interested in what is true."
Pfeffer and Sutton, 2006a.

9.3
Will EBHR take off?

In medicine, the evidence-based approach has been encouraged by the role of NICE in rationalising NHS expenditure, regulatory requirements for clinical drug trials - and huge expenditure from public, private and third sectors on biological and medical research. Medical education and professional conduct is controlled - by the GMC and BMA, etc - and *The Lancet* each week provides a flow of independent, practitioner-focused and peer-reviewed information. HR has none of these strong levers for becoming evidence-based.

The risk with EBHR is that it will be seen as academics telling practitioners to spend more time on on-line literature searches - and practitioners will remain more comfortable copying GE. Few organisations will invest enough in their data systems or analytical capability to make it possible for practitioners to pursue their growing interest in how people management really affects business.

But the opportunities are great, as the column notes reveal.

So, after this exploration, the jury is still out. It could go either way. It seems we now need a period of co-creation in EBHR. Although academics have coined the phrase, practitioners will need to make it their own before they commit effort to thinking or behaving differently.

"Instead of being interested in what is new, we ought to be interested in what is true."
Pfeffer and Sutton, 2006a.

"Man is the only animal that laughs and weeps; for he is the only animal that is struck with the difference between what things are and what they ought to be." **William Hazlitt, (1819).**

Taking up the EBHR opportunities

- This seems to depend on the desire of HR people to become more seriously professional and to challenge their own propensity to follow fashions which are not evidence-based.
- A willingness of academics and consultants to support them will be needed and, indeed, to challenge their own ideas, which are often where fads start.
- Academics will need to tilt some of their research and much of their writing back towards practitioners.
- Consultants need to resist the urge to make every new idea into a product sold as 'best practice' - as happened quickly with talent and is happening now with engagement.
- Professional bodies have a crucial part to play, and so may some entrepreneurial publishers or creators of websites and networks.

PARTICIPANTS IN THE RESEARCH

Participated through interviews

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June Boyle, Director YSC, Scotland - at the time of research, HRD Organisational Effectiveness, Lloyds Banking Group.

Keith Bradford, Group Human Resources Director, AMEC - at the time of the interview.

Duncan Brown, Principal, Aon Hewitt.

John Burgoyne, Professor of Management Learning, Lancaster University Management School.

James Bywater, SHL Group Ltd – at the time of the interview.

Jeremy Campbell, Chief People Officer, Ceridian UK Ltd.

Cary Cooper, Distinguished Professor of Organizational Psychology and Health, Lancaster University Management School.

Jonathan Cormack, Head of Organisation Development, Standard Chartered Bank.

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Rick Emslie, Deputy Chairman, AdviserPlus Business Solutions.

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Susanne Sondergaard, Principal Psychologist (Leadership and Engagement), Ministry of Defence.

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Debbie Whitaker, Head of HR, SThree.

Lyndsey Wylie, Regional Director, Employee Relations, Prudential Corporation Asia.

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Websites

The web is a natural medium through which to debate and share information about EBMgt and EBHR. Here are some websites to explore.

www.cebma.org. The Center for Evidence-Based Management, Free University of Amsterdam, and its discussions at www.evidencebased-management.com.

www.evidence-basedmanagement.com. Evidence-Based Management website led by Jeffrey Pfeffer and Bob Sutton.

www.ioatwork.typepad.com. Industrial/Organizational (I/O) at Work, highlights and summarises academic articles for practitioners of industrial/work psychology.

www.evidencebasedhr.com. Paul Kearns' website on EBHR and human capital.

www.socialresearchmethods.net. Extensive on-line information about research methods in social science.

www.en.wikipedia.org/wiki/Open_Access_movement. Explanation of the Open Access movement.

www.cipd.co.uk. Chartered Institute of Personnel and Development. HR professional body in the UK. Website contains significant free resources on HR and extensive literature access for members.

www.skope.ox.ac.uk. SKOPE, based at Oxford and Cardiff Universities is a multi-disciplinary unit producing readable, free papers on a range of labour market, skills and training issues.

www.employment-studies.co.uk. Institute for Employment Studies (IES) is an independent institute producing a wide range of HR and employment policy research. The website contains free summaries of all IES publications.

www.scholar.google.co.uk. Quick, user-friendly way to search for academic material.

groups.google.com/group/evidence-based-management. Google group on EBMgt.

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