

The power of data

Leveraging People Analytics to
enhance top talent retention at
government institutions in the
Kingdom of Saudi Arabia



pwc



Find out more about talent retention

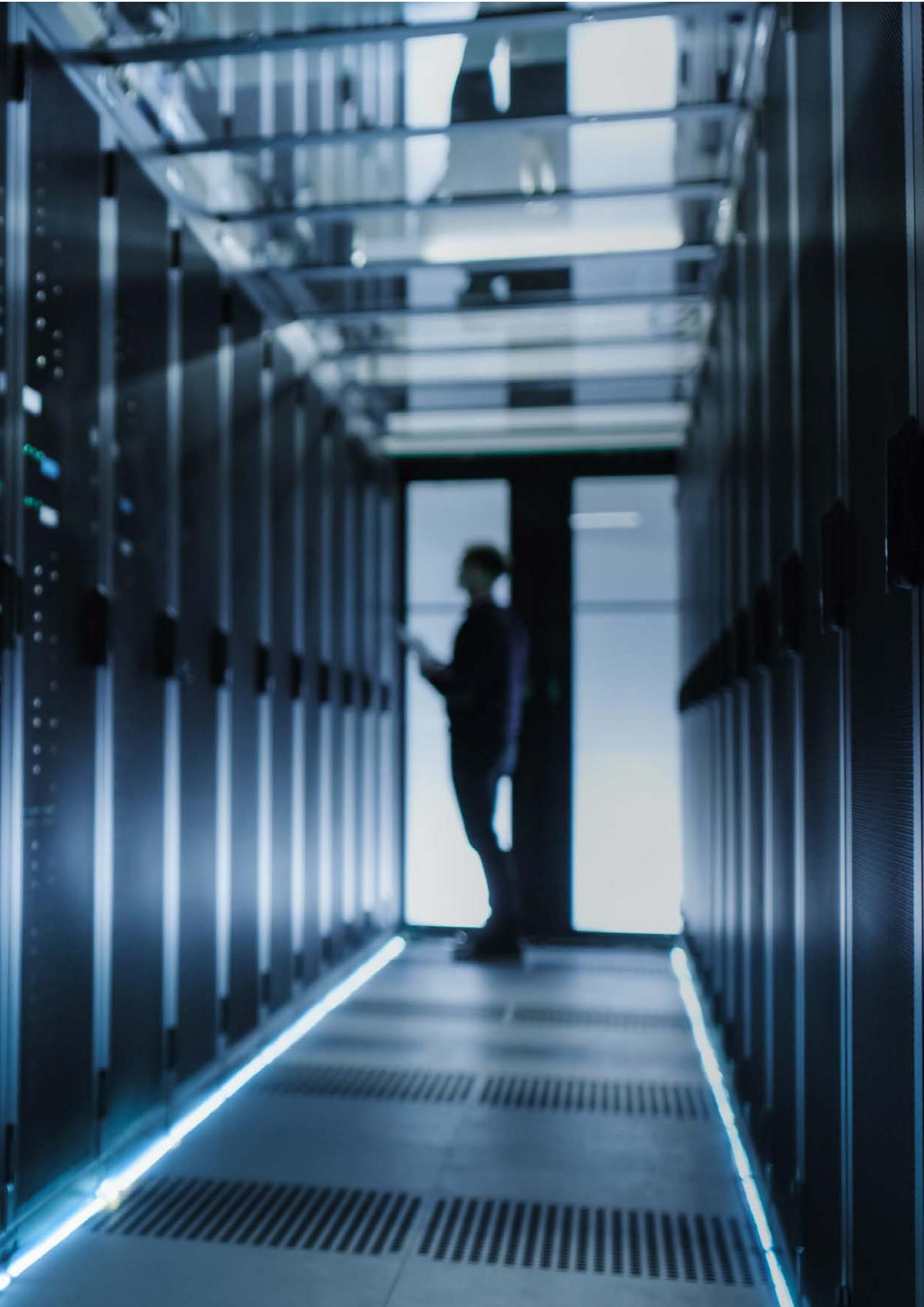
This paper is a sequel to

'The Retention Conundrum: The Challenges Government Institutions Face in Retaining Top Talent'

which focused on key factors influencing talent retention across government institutions in the Kingdom of Saudi Arabia and presented strategies for retaining top talent within the government ecosystem.

Scan the QR code to read that paper.





The Context

The purpose of this paper is to provide an in-depth look at how government institutions in the Kingdom of Saudi Arabia (KSA) can leverage People Analytics to make better people-related decisions and enhance top talent retention. We will discuss key barriers and propose guidelines on how to best mitigate them in an effort to embed People Analytics and talent management practices in HR more effectively. Finally, we will present five key considerations that government institutions in KSA need to keep in mind before embarking on their People Analytics journeys.

Outcomes of People Analytics applications can improve human decisions by ~25% when selecting the right calibre and profile for a particular job¹, and can thus enhance retention by at least a similar percentage



Why People Analytics?

People Analytics in general – and Predictive and Prescriptive People Analytics specifically – can give government organisations an edge for developing a stronger and a more productive national workforce.



Understanding future talent needs, and creating compelling people journeys and experiences is crucial for realising Vision 2030.



58% of HR Executives in the KSA government claim that they already employ analytics in their recruitment and employee engagement processes.² By further adopting this data-driven approach and moving into predictive and prescriptive analytics, organisations can get invaluable insights into the attraction, retention, and optimisation of the workforce.



Each dollar invested in People Analytics can have at least a 13x expected return on the wider organisation from an ROI (return on investment) perspective.³

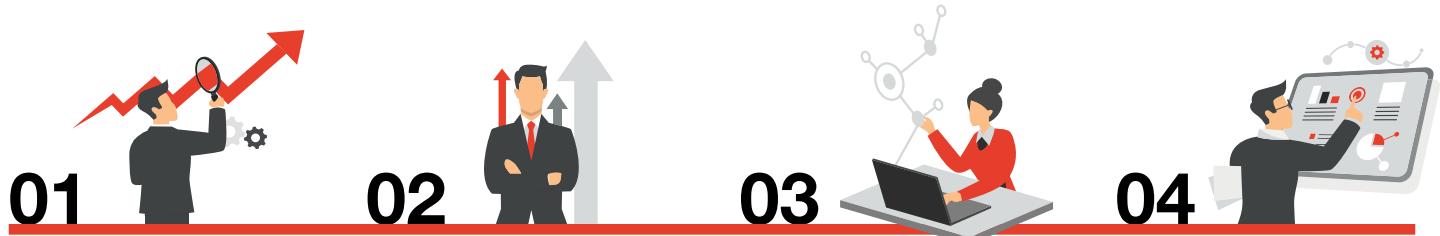
In the following section, we look at four key People Analytics strategies that government institutions in KSA can employ to enhance talent retention.

¹ In Hiring, Algorithms Beat Instinct, Harvard Business Review (2014)

² HR Industry Undergoing Massive Transformation, Saudi Gazette (2019)

³ Analytics Pays Back \$13.01 for Every Dollar Spent, Nucleus Research (2014)

Four key People Analytics strategies that can enhance talent retention



- 01** Improve the quality of talent acquisition through data-driven profiling and recruitment
- 02** Identify top talent and high-potential employees through classification and prediction techniques
- 03** Enhance the experience of top talent through personalisation
- 04** Identify and retain flight-risk employees through predictive analytics

01

People Analytics can help government institutions improve the quality of talent acquisition through data-driven profiling and recruitment

Data-driven profiling and recruitment can help government institutions in KSA improve the quality of hire and recruit the right talent faster. One way to achieve targeted recruitment is to combine past recruitment records with performance data and then apply People Analytics to derive insights on the best candidate profiles to target.

People Analytics can also help refine recruitment criteria by analysing different variables such as performance and attrition data, employee background information, and engagement survey outcomes. This can give government institutions valuable insights on the traits that make employees in certain critical positions successful. Organisations can then leverage this information to construct profiles of candidates that should be targeted for these positions in the future.

Additionally, government institutions in KSA can leverage the power of data to gain a deeper understanding of what their employees value and what keeps their loyalty and engagement high. This can be done by analysing internal data from engagement surveys and exit interviews to establish the elements of work that employees are mainly engaged with and define the areas that need improvement. HR practitioners within government institutions can then leverage generated insights to better understand how to improve employer branding and define the value proposition elements to promote during recruitment.

02



People Analytics can help government institutions identify top talent and high-potential employees through classification and prediction techniques

High-potential employees create more value for their colleagues, organisations, and societies. It is, therefore, crucial to identify who these key employees are in order to develop and retain them. Government organisations in KSA are no exception to this and the need to identify and retain top talent, especially Saudi nationals, is a national priority. As such, HR leaders need to ask themselves: Can we identify the top talent within our organisation that can create the desired impact? Who are these people and what makes them different?

People Analytics can help government institutions address these questions by uncovering insights and correlations between employee characteristics (e.g. employee background, qualification, knowledge, skills, etc.) and value creation (e.g. employee performance records and/or productivity measures). This, in turn, can help organisations make informed decisions with regards to talent classification and performance management.

By adopting this approach, an organisation can identify – while minimising error margins – a pool of high-potential employees who can be nurtured and placed on leadership tracks as well as establish successful personas that can be used as benchmarks within the talent management process.



03



People Analytics can help government institutions enhance the experience of top talent through personalisation

In addition to helping government organisations identify key existing and potential talent, People Analytics can also be introduced for personalisation – understanding talent needs and building customised offerings and job experiences using analytics in order to enhance an individual's experience.

When rolling-out Employee Preference surveys, People Analytics can be used to analyse data relating to employee needs, preferences, and career aspirations. By combining this analysis with the organisation's knowledge of employees past behaviours, HR leaders can draw key insights and make informed decisions relating to value propositions, benefits, and career opportunities in order to enrich their employees' journeys and experiences. Numerous data-driven solutions within the HR value chain are currently available to provide personalised insights, predictions, and recommendations. Here, we focus on two key domains that are typically at the top of employees' agendas: **reward schemes and learning & development (L&D) opportunities**.

► Personalisation in reward schemes

Research on the possibilities of creating value through People Analytics found that insights from trade-off analysis can help increase employee satisfaction by ~15%.⁴

Government institutions in KSA can utilise Preference Analytics to enhance their employee value proposition by tailoring their offerings to best match individual preferences of different demographics. For example, rolling out a bespoke benefits survey that requires employees to trade-off between different benefits (such as better health insurance, more vacation time, or flexible/work-from-home schemes) can help organisations generate real insights, rather than assumptions, to better understand their employees' preferences and future needs – especially now where COVID-19 has expedited the adoption of flexible work arrangements.

► Personalisation in learning & development offerings

A study – focusing on millennials' expectations on work and life – showed that 87% of millennials believed development opportunities to be an important job attribute, while almost 66% of respondents stated that opportunities to learn and grow are extremely important when applying for a job.⁵

L&D is typically an area where a one-size-fits-all approach is still predominant. This is understandable due to the difficulty and high cost of customised learning journeys. However, employees' learning needs and ambitions are different for reasons such as demographics, the shift towards a digital workforce and the rise of the gig economy – a free market system where organisations hire independent workers, subcontractors and SMEs for short-term commitments. Therefore, L&D personalisation is key to talent retention.

As an example, Learning Experience Platforms (LXPs) that assemble personalised learning playlists for employees can provide a unique L&D experience and offer employees advice on what courses to take and skills to learn to advance their career.



⁴ Corporate Research Forum, Strategic Workforce Analytics (2017)

⁵ What Millennials Want From Work & Life, Gallup (2016)

People Analytics can help government organisations identify and predict flight-risk employees

Another benefit that People Analytics offers is attrition prediction, especially for top talent. With the current robust analytical capabilities that exist in the market, Predictive People Analytics can be used not only to define what triggered attrition in the past but also to define and predict future attrition scenarios. By understanding which top employees are most susceptible to attrition and what are the factors that can drive them to seek alternative employment opportunities, HR leaders can take the necessary preventive measures to mitigate the risk of employee turnover and minimise any costs associated with talent loss. This can be done by leveraging Flight-Risk Analysis; a form of People Analytics that calculates the probability of each employee leaving the organisation based on certain sets of independent variables.

It is worth mentioning that turnover is healthy and encouraged for poor performers so Flight-Risk Analysis should primarily be focused on top and high-potential employees the organisation wants to retain.

Flight-Risk Analysis in practice

PwC helped a ~16,000 employee organisation by predicting employee flight-risk. Our analysis, which utilised 3 models that incorporated 6 years of historical data, was used by HR leaders to identify 467 employees with high flight-risk. This exercise showed that lowering the voluntary exit rate by 1% (from 13% to 12%) translated into annual savings of ~\$20-\$25 million⁶ for the organisation.

By identifying the causes and drivers of turnover, Flight-Risk Analysis can support government institutions in crafting more effective retention and risk mitigation strategies. It also feeds directly into the KSA government's objective of minimising job rotation amongst government entities.



⁶ HR's Game-Changer: Predictive Analytics by Ranjan Dutta (PwC)

What do government institutions in KSA need to have in place to enable and ensure effective implementation of People Analytics?

To leverage the real power of People Analytics, there are three key pillars that need to be addressed and continuously improved:

- 01**  **Data quality and availability**
- 02**  **Data governance**
- 03**  **Workforce digital fitness**

In the following section, we shed light on each of those pillars and provide our views on what government institutions can do to address and enhance them.

01

Data quality and availability

People Analytics is founded on data. Denser and cleaner data sets will result in more insightful and relevant analytics to enable confident decision making.

Globally, many government entities and organisations still struggle with inconsistent and siloed data structures. This greatly impacts data quality including its accuracy, completeness, consistency, and reliability as well as the opportunity to effectively use the data. This is mainly driven by the use of old record systems that are heavily reliant on paper records as well as numerous data inconsistencies, gaps, and duplications in some of the deployed digital record systems.

To further enhance their data infrastructure as well as the quality and availability of data, government organisations in KSA can:

-  **Establish Master Data Management systems**

by continuing the adoption of integrated IT solutions, such as cloud sourcing and in-memory analytics, that can allow them to embrace effective data sourcing, storage and analysis
-  **Integrate HR Data Management systems**

with other institutional systems to reduce data redundancy, and streamline data access and storing to improve data integration and usability
-  **Focus on resolving data inconsistencies**

including data definitions, data formats and data values – in order to ensure optimal use of key data to make informed decisions about the workforce

The Saudi Data & Artificial Intelligence Authority (SDAIA), an entity mandated to drive the national data and AI agenda and to transform the Kingdom into a leading data-driven economy, has established a national data bank that consolidates datasets from 80 government institutions⁷ and can continue to play a leading role in ensuring government-wide quality, availability, and storage of data.

⁷ Data and AI to Add More Than USD 10 Billion to Saudi Arabia's Economy, PR Newswire (2020)

Data governance

Within highly transformational environments like the one we see across the government in KSA, data governance is a key component for enhancing data quality as it helps ensure consistency and compliance in the way data is collected, stored and accessed.

To improve data governance within government organisations, a number of legal and culture-related interventions can be introduced to enable effective data sharing, usage and standardisation. For example, from a legal viewpoint, organisations can implement a clear employee data protection framework and policies to ensure the right balance between data flow and employee data protection. On the other hand, from a cultural perspective, organisations can implement initiatives that foster a more collaborative and digitally enabled culture. HR functions need to be at the forefront of these interventions to help enhance data governance.

With the rate of change that we are witnessing within the government ecosystem in KSA today, maintaining high-quality data on an ongoing basis will naturally be a massive challenge. For that reason, having holistic and institutionalised data governance policies and practices will help mitigate these challenges to a great extent.

Data governance practices necessary for maintaining high-quality data:

- Understanding the value and the real description of the data at hand
- Real-time summary of data quality
- Access to primary resources (people and tools) behind data gathering and storage
- Understanding of the most relevant data sources
- Set of policies and rules that tie all the data practices together



Workforce digital fitness

“Talent, rather than technology, drives digital transformation. Yes, it is the technology that opens vast possibilities for improving what organisations offer and how they operate, but talent is the most critical enabler for successful change.”⁸

Adopting a digital mindset and elevating the analytics ability of HR professionals is critical yet some might argue that it is the most challenging dimension of HR’s digital transformation. In a survey done by CIPD on the evolution of HR analytics in the Middle East, only 9.5% of organisations stated that they have the right skills mix in their department and less than 3% indicated that they had developed predictive capabilities.⁹

To bridge the gap between the current intuitive approach to HR and the future data-driven approach, organisations need to upskill their HR capabilities while focusing on three main sets of skills:

HR domain expertise

Having expertise in people-related issues is important to identify which problems need to be solved and how to solve them using data and analytics

Data analysis skills

The ability to conduct statistical analysis and modelling – along with the ability to interpret and translate key findings into something that leaders can relate to – is critical for value creation and linking people outcomes to organisational results

Technology skills

Technical skills are necessary to understand data and data sources as well as to maintain the accuracy and governance of system information, develop scorecards and reports, and manage relationships with technology vendors

When implementing initiatives that upskill the HR workforce and elevate their capabilities, HR leaders should get employee buy-in early on in the process by highlighting how HR performance directly links to wider organisational outcomes – **cost savings, productivity, quality and customer experience** outcomes to name a few.



⁸ Fit to Compete: Accelerating Digital Workforce Transformation in Financial Services, PwC (2019)

⁹ Evolution of HR Analytics: A Middle East Perspective, CIPD (2015)

What are the key considerations for embarking on a People Analytics journey?

Enhancing People Analytics capabilities, at people and organisation levels, is an attainable goal for all organisations. The following five considerations are key for realising this objective:



Do we have a well-articulated and clearly defined People Analytics **strategy**?



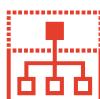
Is our people **data** connected, integrated, and well governed?



Are we investing in the right **technologies and applications** at the right time?



How are we **upskilling** the HR workforce with the necessary analytics and digital capabilities?



Are we adopting an effective and agile **change management** approach to continuously enable and promote the digital journey across the organisation?

Applying these considerations should not be a challenge for the government in KSA given it has already made large investments in digital transformation, has plans to train 500,000 government employees on different HR technologies by the end of 2020¹⁰ and is looking to inject US\$2.2 billion in technology investments to advance people and develop the workplace.¹¹

The commitment to advancing the role of data and technology is further evident in a wide number of strategic initiatives announced in the past few years. A notable example is Estishraf, a platform that leverages data analytics and AI technologies to harness fact-based insights and recommendations with the aim of supporting government decision-making.¹²



¹⁰ Effectively Governed (Article), Saudi Vision 2030

¹¹ Vision 2030 to Transform Businesses with \$2.2 bln in Tech Investments, Alarabiya (2017)

¹² National Digital Transformation Annual Report, NDU (2019)



Conclusion

Top talent retention is vital for achieving Vision 2030. Building tomorrow's HR function with a data-driven mindset will be instrumental for fulfilling this goal and helping organisations improve and create value.

Key areas where organisations can leverage analytical capabilities to enhance top talent retention include – but are not limited to – improving the process and sourcing of quality hires, identifying current and future top talent or 'hidden gems,' providing more personalised experiences, and predicting flight-risk of top talent.

To get the most out of People Analytics, organisations need to address and continuously improve three key pillars. First, they need to continue to enhance their data infrastructure, and the quality and availability of data. Second, they need to ensure strong data governance and policies' implementation. Third, they need to further develop their HR workforce.

We also presented five key considerations that organisations should keep in mind before embarking on their People Analytics journeys. These include articulating a clear People Analytics strategy, centralising and governing data, investing in the right technology at the right time, digitally upskilling the HR workforce, and adopting an effective change management practice throughout the process.

What's next?

Our People Analytics & Insights team focuses on supporting leaders and improving their decision-making by delivering data-driven insights and solutions that tackle key organisational and people related issues, such as workforce strategy and optimisation, cost optimisation, assessment and capability analytics, attrition prediction models and more.

We work across multiple sectors to advise and support organisations in setting-up their People Analytics functions and strategies. We also help C-suite leaders select the right tools and technologies, provide system integration support to help organisations enhance productivity and employee experiences, and develop visualisation tools to help monitor, track and measure business outcomes.

If you would like to know more about how we can help, visit us at www.pwc.com/me or get in touch.

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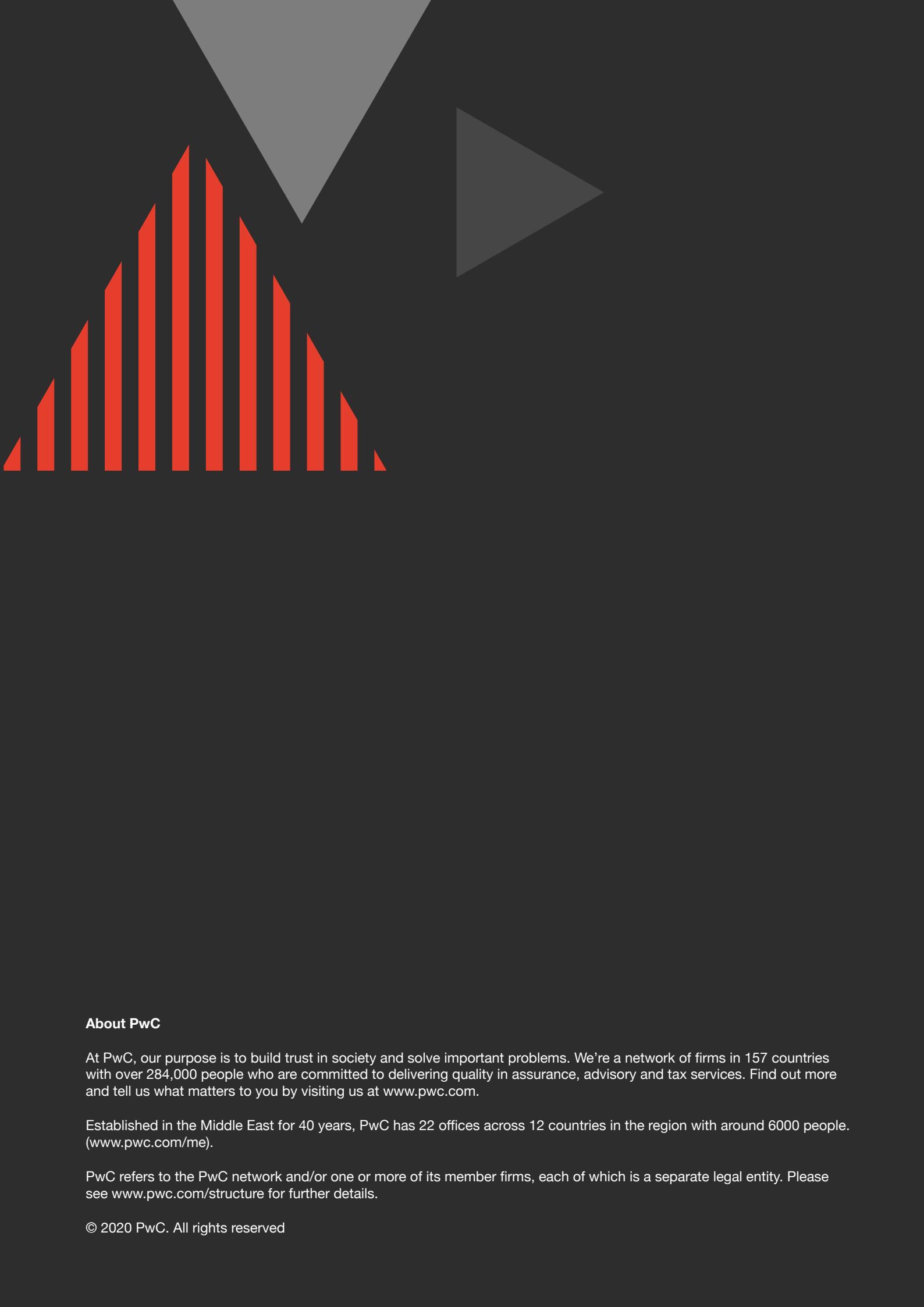


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