



ISSN Print: 2394-7500  
ISSN Online: 2394-5869  
Impact Factor: 5.2  
IJAR 2017; 3(6): 360-367  
www.allresearchjournal.com  
Received: 10-04-2017  
Accepted: 11-05-2017

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## **Managing people strategically with people analytics: A case study of Google Inc**

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### **Abstract**

As the worldwide economic and political conditions continue to distress global business leaders, their attention has turned to the various levers that can help them foster success in undefined times. McKinsey once declared that there is a “War for Talent” coming. Globalization and fluctuation in population demographics are triggering competition to grow steadily and persistently among the organizations. But by shifting its focus on human resources an organization can put its strategic focus on people management as the innovations come from people, and it cannot simply maximize its innovations unless HR managers are capable of recruiting and retaining innovators. This has drastically changed the vision of People Management at Google. The basic premise of the “people analytics” approach at Google is that accurate people management decisions are the most important and impactful decisions that a firm can make. Organizations cannot simply produce superior business results unless the managers are making accurate people management decisions. The paper basically studies how Google uses People Analytics to make a strategic management decisions in people management. The paper is based on case study research from the secondary sources and analyzes how the use of analytics has helped Google to become the top business leader in this fierce competitive market.

**Keywords:** HR analytics, People Analytics, Talent Management, Strategic Human Resource Management

### **Introduction**

In today’s fast emerging economy, competition has become steeper amongst organizations. Achieving the sustainable competitive edge has become a priority to all the organizations and hence they must align their HR strategy with their overall business goals. HR being the ultimate tool to attain competitive advantage aids every organization to address challenges like staffing & recruitment issue, succession planning, attrition, compensation, performance management, retention problem, training and development and many more. Being confronted and challenged with an emergent need for significant insights into the workforce, corporations are beginning to identify the enormous and unexploited potential in what they previously know, and what they possibly will know about their own people.

Large firms are extensively capturing longitudinal data related to HR practices, implementation, leadership, firm strategy, environmental contingencies, etc., with an attempt to build and test more robust models related to the HR-performance relationship. As the search for the one universal model continues more focus is being given using data which will be designed to have a better understanding of contingency or configurational models of the HR-performance linkage. Managing people is one of the biggest challenges of the HR department, but with emergence of new IT technologies like People Analytics or HR Analytics software has touted to be the panacea of the various dilemmas of Human Resource Managers.

### **People Analytics**

People Analytical tool has provided HR Managers with influential metrics, alerts, and reports which empower them to have a concrete understanding of how workforce factors are affecting individual departments and take suitable course of actions. Managers and Senior Management professionals obtain critical information on talent management, workforce development, workforce cost, and diversity at levels of detail such as by geography, job category, division, and pay grade, etc.

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People analytics aids to assess the effectiveness of people practices, programs, and processes. It gives a better understanding on how knowledge of social and data sciences help to make more informed and objective people decisions.

People Analytics is basically about using a data-driven approach which drives HR practices, programs and processes in a desired manner. The analytical procedure that ranges from identification of metrics to predictive analytics to experimental research enables to uncover the new insights to solve most of the people problems and direct the actions of the HR. At Google, people analytics is used as a foundational building block that enlightens everything which guides the HR to find, grow and keep Googlers.

**The Google Inc.: Face of Innovation**

The People Analytics guides to cover some basics and shed light on how to begin adopting data-driven decision approaches in HR. People analytics is a fast-moving topic enlightening HR practitioner’s in Google a new method and technique which keeps them abreast of the advances in the field of technology and add more content in the future. Google has always been the face of innovation in terms of technological advancement. This advancement has enabled Google to become one of top business leaders in the market. The top 20 companies in the market has a cap list that could be accurately labeled as “old school,” as most of them can attribute their success to being practically half a century old as they have established long before and their product brand has been existed since ages and also they have established their firms through great acquisitions. But Google’s market success can instead be recognized to what can only be branded as extraordinary people management practices that has resulted from the use of its “people analytics. The mission of HR in google is “All people decisions are based

on data and analytics” coined by Prasad Shetty, Director of People Analytics, Google. Being an engineering based company, every area at Google uses data in their daily operation including HR department. All people decision at Google are based on data.

**Theoretical Concept: The Analytical Value Chain Model**

This model is basically a measurement tool which takes people based decision using raw data which is available in the organization and transforms into insight information. In the lowest, it’s the opinion, where basically how all the traditional HR functions based on the gut feeling and the previous experience. Next level is the Data and all HR groups are composed of tons of data within them like how many people are promoted, who is there in the organizations, what percentage of the people are leaving the company etc. There has been a data with HR forever hence HR and data are not inherently working against each other. But raw form of data is not easily digested and understood by everyone. The next move up the chain is Metrics which are counts, ratios that are send out on a regular basis like 4% of managers for full time employee. This are trendable over time and the help to give little insight about what’s happening in the organization. But over time if these data are to the people with tons of metrics which tend to get numb and people tends to take things for granted. The next up the value chain is Analysis. In this step different data are examined differently and then draw connection between them and identifies the relationship between them. The next up is the Insight where all the relationships are studied and tries to draw an action plan. This level influences the Managers to take decisions based on facts and evidence thus farming new policies, strategy changing the new programmes etc. in the last level i.e. the Action level.



Source: People Analytics at Google: Using Data to Drive HR Strategy and Action a webinar at Strata Jumpstart

Fig 1: The Analytical Value Chain Value

**The Work plan**

As Google has gained the extraordinary marketplace success very young, the need to understand how it has reached success has become the question of the century. In order to understand and interpret its reason for success, a case study research methodology has been adopted and the data has been collected form the secondary sources viz. videos, news

articles, white papers, webinars etc. The following are the main objectives to uncover the mystery of how Google has reached the platform of success by using People analytics.

**Objectives of the Study**

- To identify the matrices that plays a key role to strategically manage people (parameters)

- To identify the tools used in people analytics (analytical tools)
- To analyze how Google is making people decisions that are data driven (post analysis).

**CASE-I: People Managers (Project Oxygen) – Do Managers matter?**

Project Oxygen is one of the initiatives of Googles for finding out if Managers really matter in the organizations. This project was conducted by People and Innovation Lab (PiLab) which is a part of analytics group in Google. This group consists of social scientist focused on solving a longer term questions and problems and they tackle things that are not immediately being asked currently by business but about the questions and problems that can have a better understanding which requires an in depth analysis. Hence their mission is to conduct an innovative research that transforms the traditional practices.

Project Oxygen is about going back to the myth that started in the early days of Google. As Google being the engineering company, people manager has a very less status in the organization. So back in the early days of Google, the founders initiated that they really did not need Managers in the company as the company is all about technical innovations. All the managers were let go and made every individual a contributor again. But this action did not work out well, and the Managers were brought back. But the stigma remains that Managers are really not doing any work as there was no proven impact. Hence Pilab took up the project to analyze if Managers really matter in an organization.

Firstly they identified the data sources that already existed inside the organization. The two most common key indicators that most companies have are *performance review* and *employee survey*. Then they tried to understand these two indicators, as they gave two different signals. The performance review of Managers is a review from the top – down approach and employee survey reviews the managers form the bottom – up approach hence it is their own direct reports which is reviewing them. Now Pilab has plotted these two scores in a graph; one in X axis and other in Y

axis and they analyzed where the managers fell in this plot. At first glance people are tightly clustered giving the view that people are doing pretty well in Google. But this scenario did not help to answer the question if Managers really matter?

Then the Pilab cut the data into top quartile and bottom quartile and they looked at the best if you will managers and the worst managers. And then they looked at how theses managers preforms, based on their teams in turn of team productivity, how happy they are with the company, how likely the employees were to stay with the company. The result were astounding, even though there was a tightly clustered bunch there was a huge differences between them like the managers impact on each activity. After regression analysis, it was able to parse out these differences amongst the managers. After the result it was startling to see that managers seem to have the impact on different fields. Thus PiLab has proven the issue that Managers do Matter in an organization but they did not stop the experiment here. They did not just want this exercise to be just academics but also help managers who are struggling get better and help managers improve. But the research was incomplete as they did not have the knowledge on how these managers got to be good. Hence Google made PiLab dig deeper to understand what makes a good managers “good”.

So in order to have an in depth understanding Pilab conducted two different qualitative studies. First they started doing the award called “*The Great Managers Award*” and in order to nominate someone for this award the employees need to write up examples of behaviors of what they had done for which they are qualified for this award. Once all the data has been collected PiLab scientifically studied this write ups and coded them to find out what were common examples of qualities of a great manager. Simultaneously they also did a double blind interview study where they interviewed both great managers and not as great managers where neither the interviewer nor the manager knew which pocket they are in and they coded this transcript as well to understand better what were the common kind of things that the great managers were doing comparing to the kind of things that not so great managers are doing.



Source: People Analytics at Google: Using Data to Drive HR Strategy and Action a webinar at Strata Jumpstart

Fig 2: Indicators for Qualitative studies by PiLab at Google.

Based on this exercise PiLab came up with the best 8 behaviors that great managers must possess. And also they identified 3 pitfalls that are being faced by struggling managers.

The eight (8) Behaviors that great managers at Google possess are as follows:



Source: People Analytics at Google: Using Data to Drive HR Strategy and Action a webinar at Strata Jumpstart And the 3 Pitfalls that causes the managers to struggle:

Fig 3: 8 behaviors of Successful Managers @ Google.



Source: People Analytics at Google: Using Data to Drive HR Strategy and Action a webinar at Strata Jumpstart

Fig 4: 3 Pitfalls – what causes managers to struggle?

Taking these as the key indicators, Google started measuring them with the following model:



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Fig 5: Acting on results model

With these key indicators as the parameters the above measurements are used in the value chain as follows:



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Fig 6: The Value chain for Project Oxygen

**CASE – II: Organizational Design with Organizational Planning tool (OPT) –**

Over the years Google has grown fairly substantially hence constant hiring and promoting was done. As this continues, people started to wonder as how will the organization appear if constant hiring and promotion was done at this rate. So Google tried a different type of analysis to have an in depth understanding of how will the company appear in the future. For this purpose a different type of tool was developed to anticipate this problem called the Org Planning Tool (OPT). In this tool, three types of simulations are taken each of its own pros and cons.

**Current Status: A Hypothetical simulation of Business Unit “A” Overall outlook**

In this simulation, a hypothetical current state of the organization is plotted in such a way to see how the organizational structure will look like if the constant hiring and promotion keeps on going. Here as the employees’ moves upwards, the middle positions get fatter in the middle as many of the managers gets stuck in the middle management. Hence the organizational structure looks much unorganized.

**Scenario A: Status Quo Backfill at same level as exit**

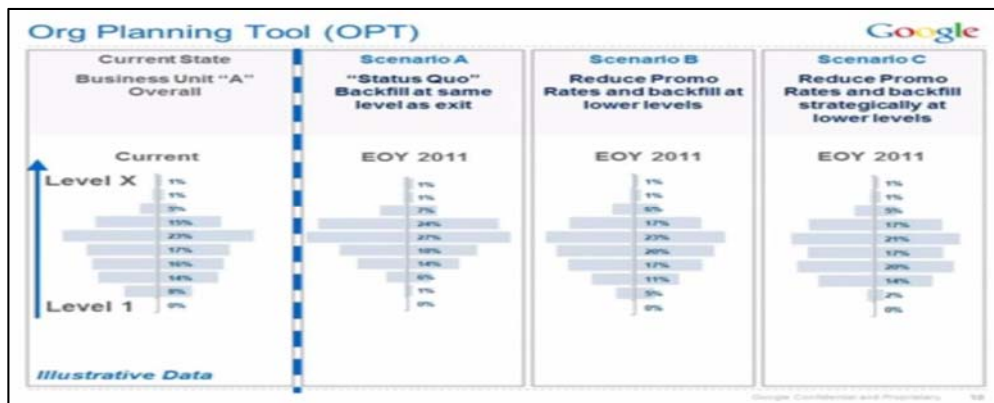
As looking back at the rate of promotion and hiring in the past time, there were three scenarios mapped out. The first scenario was “Status Quo”. If the company does not do anything that is no hiring and promotion then the middle management will get fattened up in the middle. People will move up, and will get fatter in the middle and there will be not much of a career path for the people who come in at the low level.

**Scenario B: Reduce Promo Rates and Backfill at the lower level**

In this simulation, promotions rates were reduced and backfilling at the lower level instead of backfilling at the level where people actually left. Then it will have less width in the middle with little bit of inverted pyramid look.

**Scenario C: Reduce Promo Rates but Backfill Strategically At Lower Levels.**

In this simulation, promo rates are reduced and backfilling little bit strategically from the lower levels so that the graph will not look little linear reverse pyramid. Hence the backfilling should be done more strategically on the lower levels especially by filling up only those positions which is absolutely necessary.



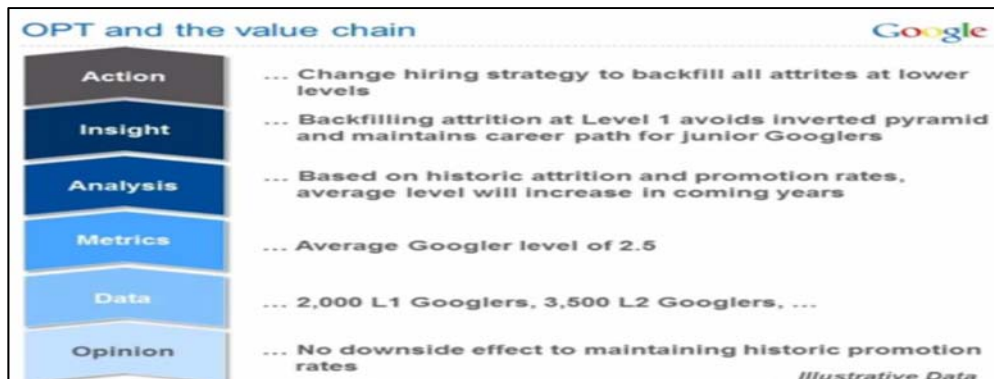
Source: People Analytics at Google: Using Data to Drive HR Strategy and Action a webinar at Strata Jumpstart

Fig 7: Org. Planning Tool.

The above Org Planning Tool is one of the types of tool for analysis which guides the HR Managers to make a better decisions regarding organizational structure and planning as well as re-engineering in Google. This is one of the tools of people analytics which uses data to give insight into

questions or problems (related to organizational structure) which the firm is facing.

The analysis of the case above can also be put into the Value Chain model as follows:



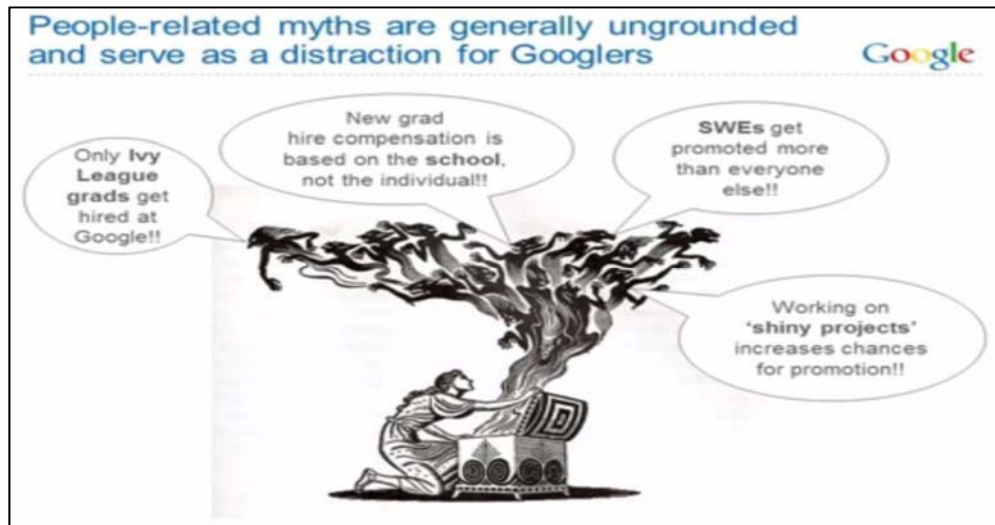
Source: People Analytics at Google: Using Data to Drive HR Strategy and Action a webinar at Strata Jumpstart

Fig 8: OPT Value Chain Model

**Case III – Google Moderator – The Myth Buster**

Every organization has myths or the rumor giving rise to false beliefs and these myths are mostly about the people or HR. In Google, a weekly happy hour was formed on Fridays where the Google moderator tool is used to ask the employees some questions of business leaders and also the employees can ask anything that they want to know. Although the process is very transparent but large numbers of myths are generated alongside. One example is that the

employees that do not work in the headquarter office does not get promoted quickly which was not true but this the myth which was created among the employees in Google. These myths and rumors always distract people from their work. One of the myths is only Ivy league graduates are hired in Google and new hire compensation package is based on the school the candidate went to and not on the individual performance etc.

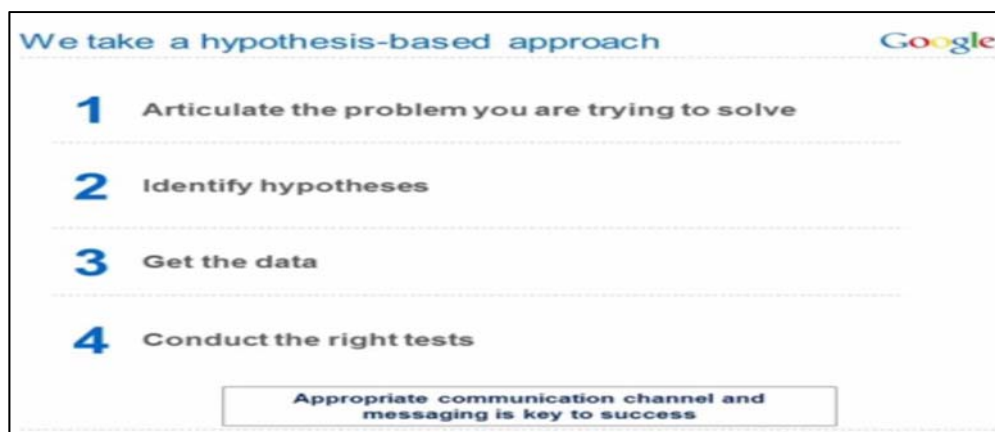


Source: People Analytics at Google: Using Data to Drive HR Strategy and Action a webinar at Strata Jumpstart

Fig 9: The Myths

In reality all these myths are false but this has created a lot of concern for the people. To tackle this issue Google has created a whole series called the promotion myth buster. To do this, a hypothetical driven approach was taken. In this approach the first step is articulating the problem trying to solve. Rather than diving in to the data and trying to prove that this myths are not true. The second step is articulate the problem statement or identify the hypotheses. Once the hypotheses are identified the third step is to gather the data. Instead of gathering data from everywhere and trying to get the answers, it is very necessary to articulate the problem statement first. This way only those data can be gathered which were related to the main cause. Then the final step is

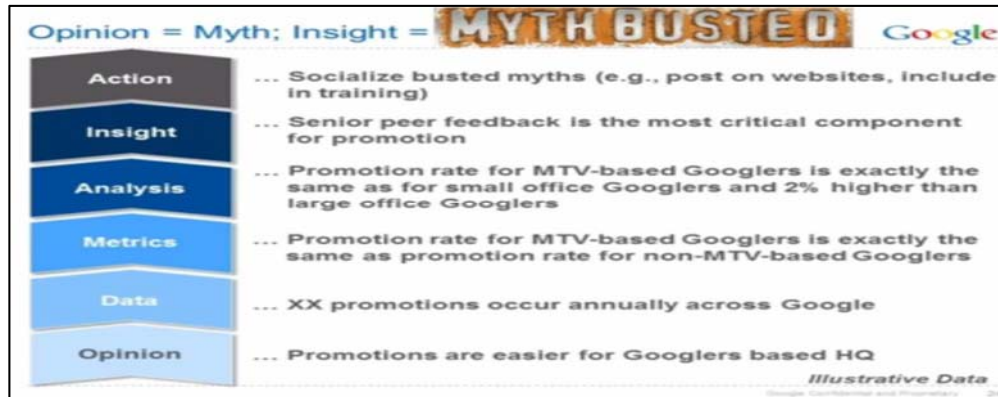
to conduct the right test to get insight into the problem. These tests are generally very complex test as it will be conducted on people with different behavior and attitude. Then finally once the results are compiled, it will be communicated among the employees. All communications should be communicated through the appropriate channel as messaging is the key to greater success. But it is also not necessary that the results be shared with everyone instead it can be shared with the right people at the right time like it can be shared with the business leaders who are about to speak to the group of people who are particularly concerned about something to give a better message to them. And also only answer the question that needs to be answered.



Source: People Analytics at Google: Using Data to Drive HR Strategy and Action a webinar at Strata Jumpstart

Fig 9: Hypotheses- based Approach

Now again this case also be interpreted with the help of the value chain model.



Source: People Analytics at Google: Using Data to Drive HR Strategy and Action a webinar at Strata Jumpstart

Fig 10: Myth Buster in Value Chain

### The Analysis

#### CASE – I: People Managers (Project Oxygen) – Do Managers matter?

From this case, it was analyzed that the parameters like manager attributes were taken into consideration to determine whether managers really matter in an organization, if they do then what is their importance. Project Oxygen was an attempt to determine whether managers are important in Google or they are just for namesake. It involved interviews and 360 degree feedback to finally come to the conclusion why managers matter or to understand the importance of managers. Data mining and analysis of the existing data such as employee survey and performance reviews played a vital role in starting the project and determining important analysis. Further to this, in-depth analysis was carried out which showed astounding results in separating the men from the boys or to be more precise separating the best managers in terms of their management styles from the ones performing on an average. The Data collected was used to construct a guideline for the managers or to be more precise to create Do's and Don'ts for a manager. Specific trainings and development programs were created that were used to train managers. Rewards and recognition structure were revised to motivate desirable behaviors in managers. Data analytics helped Google recognize the contribution of their managers which otherwise would have been tough to determine.

#### CASE – II: Organizational Design with Organizational Planning tool (OPT)

From this case, it can be analyzed how People analytics or data analysis can be used to design an optimum organizational structure. Google was not able to decide on something which is considered as a very important aspect in an organization, its organizational structure. Metrics like hiring, promotion frequency and time periods were used to determine an optimum organizational structure on a hypothetical business simulation. Many types of structures were considered and with the help of data analytics, real time simulation was run to determine the best structure for Google. It was only possible because of the OPT tool that was used specifically applied to plot the structure and determine strategic hiring, promotion and talent management. It was more of strategic importance to the firm. Hence it can be considered that Data analytics helped Google frame a strategy which was rather important to them to design their organizational structure.

#### Case III – Google Moderator – The Myth Buster

From this case, it can be inferred that People analytics can be used for even the unconventional HR issues. Myths which gets generated needs to be cleared as they tend to decrease employee morale which eventually leads to employee turnover. Data was collected and analyzed which lead to the busting of all kinds of myths regarding promotion and hiring issues. The results were communicated through websites and other proper means and trainings were optimized accordingly to uproot myths at their very roots. Data analysis helped clear the air in Google thereby decreasing employee turnover and increasing profitability. Isn't it what all companies work for?

#### Conclusion

From the analysis of the cases above, it can be concluded that People Analytics has helped Google to make sound and strategic people decisions. The use of data has helped the Managers at Google develop a better strategic programme for training and development, recruitment, promotions, and even develop better performance appraisal policies. Once the data was collected and analyzed with the help of univariate and multivariate statistical tools which produces an insightful information giving the Managers the information about the problems in the people department and helping them to develop contingency strategies to tackle the problem at hand. The use of different People analytical tools like Google moderator, Org Planning tool etc. has helped Google to achieve its goals strategically. Also the analytical value chain model has helped the Managers at Google to see the insights of the problems, and finally come to framing new and improved policies which keeps the employees happy and satisfied. Hence it can be concluded that the use of people analytics at Google has also been one of the key aspect for its success at its very young age.

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