The State of HR Analytics 2021

> Increase HR's effectiveness by mastering people analytics

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Executive Summary

As a Human Resources responsibility, HR analytics has evolved from a nice-to-have to a must-have for most organizations. However, little about people analytics is easy. It can be hard to collect data, clean it and draw insights from it. It's even harder when there's a need to integrate data among multiple systems—and commonly that is indeed needed.

So how is HR doing in its attempt to create useful analytics? This study looks at a wide range of organizations, some of which are doing well with HR analytics and many of which are struggling. Our focus is on the following questions.

- **How are they doing?** Are they successful in getting value from people analytics?

- **What are they doing?** What tools do they use? Are they integrating data among systems? Are they using predictive analytics?

- **What leads to success?** What are organizations that are successful with analytics doing differently from those that are struggling?

Below is a quick overview of the key findings.

Major Finding **1**

Some organizations have become good at people analytics, but most are not there yet.

- Only 29% of respondents say they are good or very good at making positive changes based on people analytics, though another 35% rate themselves as "moderate" in this area.

- This leaves roughly a third who are poor or very poor at making positive changes based on people analytics.

- Only 36% of respondents agree or strongly agree that their people analytics platform delivers actionable insights.

Major Finding **2**

HR analytics is better at delivering insights to HR leaders than to other stakeholders.

- Among responding HR professionals:
  - ▸ 38% say HR analytics are very effective at providing insights to *HR leaders*
  - ▸ 29% say HR analytics are very effective at providing insights to *top leaders*
  - ▸ 19% say HR analytics are very effective at providing insights to *middle managers*
  - ▸ 13% say HR analytics are very effective at providing insights to *line managers* or to *employees* as a whole

Major Finding **3**

Organizations mostly rely on descriptive HR analytics rather than on the more sophisticated predictive and prescriptive analytics.

- Roughly two-thirds of organizations (68%) make at least moderate use of *descriptive* analytics.

- Only about one-third of organizations (34%) make at least moderate use of *predictive* analytics and 43% make at least moderate use of *prescriptive* analytics.

- Only 15% of organizations make high or very high use of predictive analytics and another 15% make high or very high use of prescriptive analytics.

Major Finding **4**

The most difficult elements of people analytics are data integration, cleaning and visualization.

- Almost half (49%) find data integration fairly or very difficult.

- Just over two-fifths (42%) find data clean-up fairly or very difficult.

- Just under two-fifths (38%) find analytics visualization fairly or very difficult.

Major Finding 5

HR professionals use a variety of methods of distributing and presenting HR analytics.

- HR professionals are still most likely to deliver people analytics to senior leaders via email, but dashboards are becoming widely used.

  ▸ More than two-thirds (68%) deliver such analytics via email
  ▸ About half (49%) use dashboards
  ▸ About two-fifths (41%) still use printed reports

- When asked for the most effective ways of presenting HR analytics, the top two methods are:

  ▸ via interactive visualizations (63%)
  ▸ as graphical presentations such as PowerPoint slides

Major Finding 6

Compared to HR analytics-laggard firms, analytics-leader firms are:[1]

- ten times more likely to be very effective at providing insights to top leaders
- eight times more likely to make at least moderate use of predictive analytics
- seven times more likely to often or always integrate non-HR data with HR data
- more than five times more likely to often or always integrate non-HR data with HR data
- five times more likely to use specialized HR analytics software
- five times more likely to make at least moderate use of prescriptive analytics
- more than three times more likely to have business-savvy HR pros
- three times more likely to have business managers who are supportive of people analytics
- more than twice as likely to say their head of HR is actively involved in directing people analytics
- three time *less* likely to have trouble cleaning data
- three times *less* likely to say integrating data is fairly or very difficult
- five times *less* likely to have trouble collecting data

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1   To better understand what leads to success in analytics we divided the respondents into two cohorts.
- **Analytics-leader firms**: Those answering "good" or "very good" to the question "How good is your organization at designing and implementing processes to get the most value out of people analytics?"
- **Analytics-laggard firms:** Those answering "poor" or "very poor" to the same question.

HR Still Needs to Up Its People Analytics Game

For the purpose of this study, we describe HR analytics as follows:

> *Also known as people or talent analytics, HR analytics refers to the process of collecting and analyzing people-related data for the purpose of producing insights and improving decision-making. HR analytics generally includes the use of statistical methodologies, technologies, and expertise. It is sometimes coupled with the term metrics, and it may include the analysis of both "big data" and smaller data sets.*
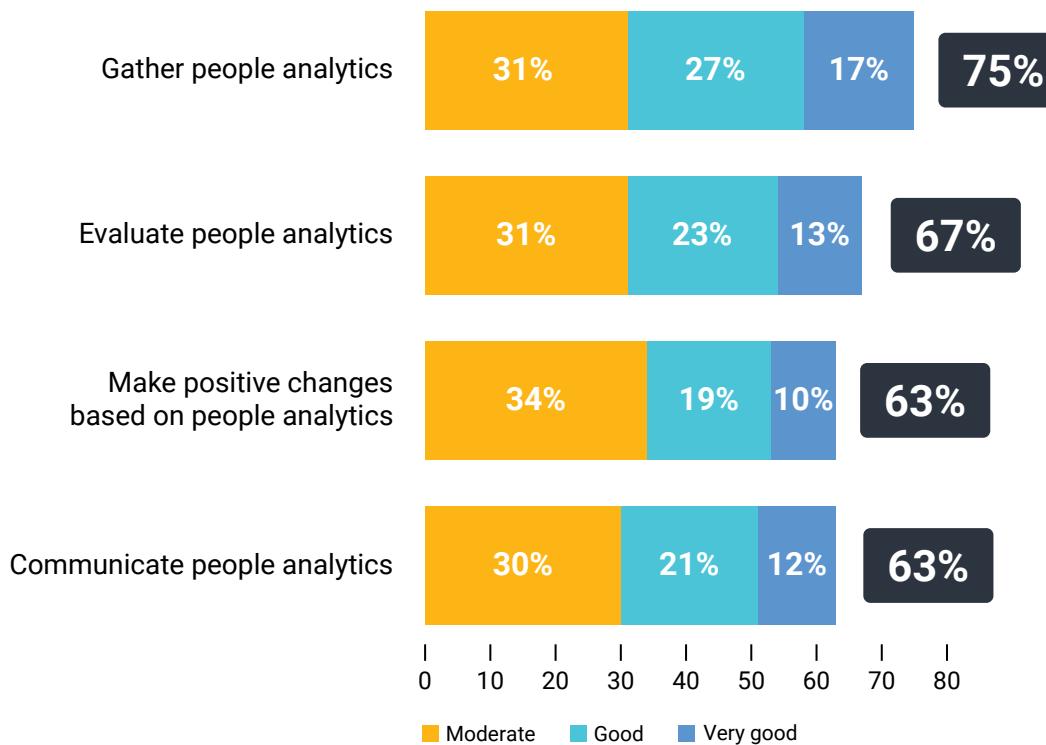
Finding: Only 29% of respondents say their organizations are good or very good at making positive changes based on people analytics

Fewer than half of organizations (44%) have gotten to the first rung of the analytics ladder by being good or very good at gathering people analytics. The numbers drop off steadily as they move up the ladder. Just over a third (36%) are good or very good at evaluating analytics. Slightly fewer (33%) are good or very good at communicating the results, and fewer still (29%) are good or very good at making positive changes.

If we lower the bar to include those respondents who rate their organizations as "moderate," then the numbers are more encouraging. They run from 75% that are at least moderately good in gathering people analytics, decreasing to 63% that are at least moderately good in communicating people analytics.

The broad conclusion seems to be that while only a minority of organizations is good at people analytics, a majority has at least moderate capabilities. We hold out hope that these organizations are "on the way" to higher levels of HR analytics proficiency. Those that are on their way should be particularly interested in the results of this study because it shows what analytics-leader firms are doing differently than their analytics-laggard counterparts.

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Survey Statement: Please rate your organization's ability to:

	Moderate	Good	Very good	Total
Gather people analytics	31%	27%	17%	**75%**
Evaluate people analytics	31%	23%	13%	**67%**
Make positive changes based on people analytics	34%	19%	10%	**63%**
Communicate people analytics	30%	21%	12%	**63%**

0   10   20   30   40   50   60   70   80

■ Moderate   ■ Good   ■ Very good

Only 44% are good or very good at gathering people analytics

Finding: Only one-quarter of organizations are good or very good at designing and implementing processes to get value out of people analytics
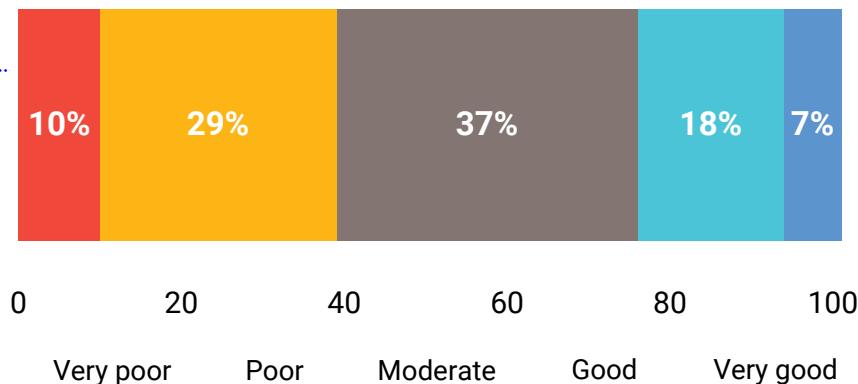
Many organizations (39%) still haven't gotten much traction with people analytics. They report that their organizations are poor or very poor at designing and implementing processes to get value out of people analytics. Those organizations may want to hire professionals from companies of a similar size that have been successful with analytics.

As for those that are moderately good in this area, it might just be a question of patiently improving year after year, carefully building credibility so that it is possible to gather more expertise and resources to devote to HR analytics.

Almost two-fifths of organizations are still poor or very poor at designing and implementing processes to get value out of HR analytics

Survey Question: How good is your organization at designing and implementing processes to get the most value out of people analytics?

10%	29%	37%	18%	7%

| 0 | 20 | 40 | 60 | 80 | 100 |

| Very poor | Poor | Moderate | Good | Very good |

Finding: HR analytics is at its best when providing insights to HR leaders

Nearly two-fifths (38%) of respondents say people analytics is very effective at providing important insights to HR leaders. An additional 40% say they are somewhat effective at this. Since HR leadership is the primary target of HR analytics, it is reasonable that this is the group that gets the best service.
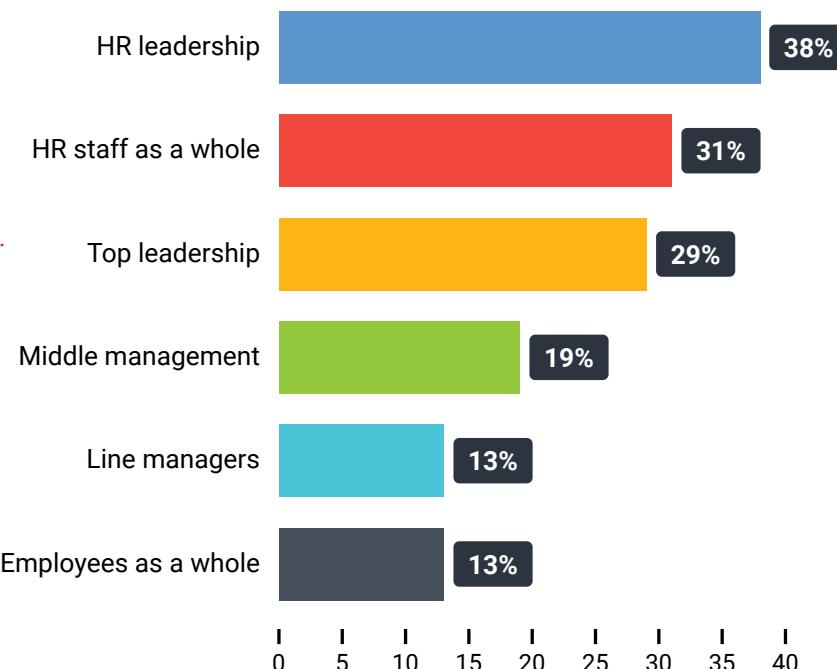
The numbers drop when it comes to providing insights to top leadership, however. Only 29% are very effective at this and another 39% are somewhat effective. It will make a world of difference to HR if its analytics team is very effective at providing insights to top leadership. The key to this is understanding what is top of mind with business leaders and providing timely data to help them make decisions.

Fewer than one-third of organizations (29%) are very effective at providing insights to top leadership

Survey Question: In your organization, how effective is people analytics at providing important HR insights to the following groups?

Percent answering "very effective"

Group	Percent
HR leadership	38%
HR staff as a whole	31%
Top leadership	29%
Middle management	19%
Line managers	13%
Employees as a whole	13%

*Editor's Note: The scale in this question was Not effective at all, Not too effective, Somewhat effective, and Very effective. In the graph above, we have elected to only show the Very effective responses, but in most cases, the percentages exceed 50% when the Somewhat effective data is included.

HR More Avidly Uses Analytics in Some Areas Than Other

Finding: Only 34% of respondents make even moderate use of predictive analytics

Within the survey, we specified four categories of analytics:

- **Descriptive analytics** use talent-related data to describe what has happened in the past

- **Insightful analytics** allow leaders to gain useful insights

- **Predictive analytics** use tools such as statistical models and machine learning to make predictions about the future

- **Prescriptive analytics** help people decide what they should do to succeed in their business endeavors

Although most (68%) organizations make at least moderate use of descriptive HR analytics, and more than half (53%) use insightful analytics, fewer make even moderate use of prescriptive (43%) or predictive analytics (34%).

Things look considerably bleaker if we only report on the percentages that use these type of HR analytics to a high or very high degree:
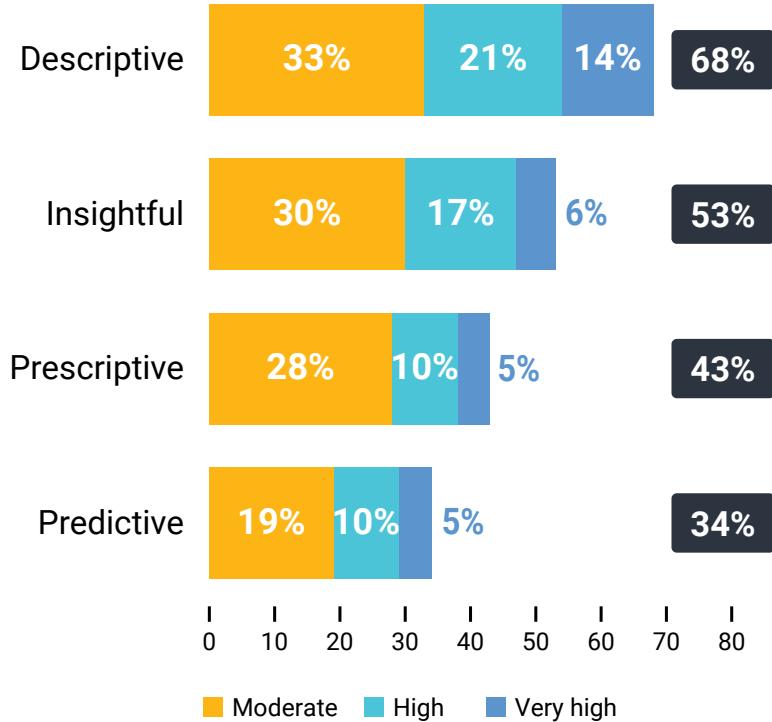
- Descriptive (35%)

- Insightful (23%)

- Prescriptive (15%)

- Predictive (15%)

The concern here, of course, is that although business leaders expect HR to be able to provide basic descriptive reporting, they derive much greater value when the analytics point to which actions leaders should take, which is especially within the realm of prescriptive and predictive analytics. The relative scarcity of such analytics may be why only 29% of respondents say their HR analytics are very effective for top leaders.

Nearly three-quarters of organizations make at least moderate use of descriptive HR analytics

Survey Question: To what degree does your organization use the following types of HR/people analytics reports and/or dashboards?*

| Descriptive | 33% | 21% | 14% | **68%** |

| Insightful | 30% | 17% | 6% | **53%** |

| Prescriptive | 28% | 10% | 5% | **43%** |

| Predictive | 19% | 10% | 5% | **34%** |

0 10 20 30 40 50 60 70 80

■ Moderate ■ High ■ Very high

*Editor's Note: The scale in this question was Very low, Low, Moderate, High, and Very high

Finding: Compensation is most commonly cited as the functional area where HR analytics are most important

We asked HR professionals about the five HR functions in which people analytics are most important. The most commonly cited answer is compensation.

Compensation professionals are typically comfortable with analytics, having crunched numbers for decades. However, as organizations focus more on issues such as pay equity and performance management, even compensation experts are expected to conduct more robust and insightful analyses with the data at hand. To do this effectively, they increasingly need to be working in tandem with other HR experts who can "connect the dots" with other key areas of the business such as talent acquisition, performance management, learning and development (L&D), and diversity, equity and inclusion (DEI).

The second most commonly cited HR function is recruitment and selection. Analytics has become important in studying every stage of the talent acquisition pipeline. Good data helps the talent acquisition team optimize their processes and spending. Moreover, recruitment and selection typically has a standard number of metrics to analyze, such as time to hire, time to fill, acceptance rates, quality of hire, applicants per position, etc.

The third most commonly cited use of analytics is in the area of employee engagement. Historically, this involved descriptive analytics that show engagement levels by various categories of employees (by department, gender, position, etc.). A more modern use of analytics is to identify the drivers of engagement and predict what actions will have the biggest impact on improving it.

Recruitment and selection is the second most commonly cited area for the use of HR analytics

Survey Question: For which of the following five HR functional areas are people analytics most important in your organization? (select up to five)

Functional Area	Percentage
Compensation	48%
Recruitment and selection	45%
Employee engagement	42%
Performance management	38%
Retention	37%
Training and development	33%
Benefits	30%
Diversity, equity and inclusion	29%
Workforce planning	26%
Payroll, time and attendance	23%
Employee experience	20%
Compliance	19%
Succession planning	19%
Organizational development	15%
Rewards and recognition	14%
Health/medical insurance	12%
Wellness and safety	7%
HR technologies	5%

0   10   20   30   40   50

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Some Aspects of People Analytics Are More Difficult, Especially Data Integration
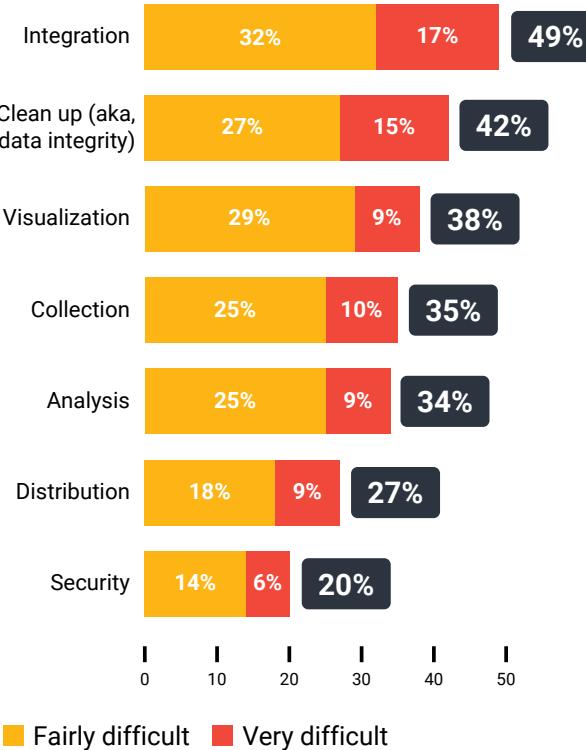
Finding: Almost half of the respondents find data integration fairly or very difficult

The two most difficult areas of HR/people analytics are data integration and data clean up. Nearly half of the respondents (49%) find data integration fairly or very difficult and almost as many (42%) find data clean up fairly or very difficult. Encouragingly, only 20% find data security fairly or very difficult, presumably because the organization has invested the needed resources in cybersecurity.

Many respondents find data clean up fairly or very difficult

Survey Question: In the area of HR/people analytics, how difficult are the following processes in your organization?

	Fairly difficult	Very difficult	Total
Integration	32%	17%	49%
Clean up (aka, data integrity)	27%	15%	42%
Visualization	29%	9%	38%
Collection	25%	10%	35%
Analysis	25%	9%	34%
Distribution	18%	9%	27%
Security	14%	6%	20%

■ Fairly difficult   ■ Very difficult
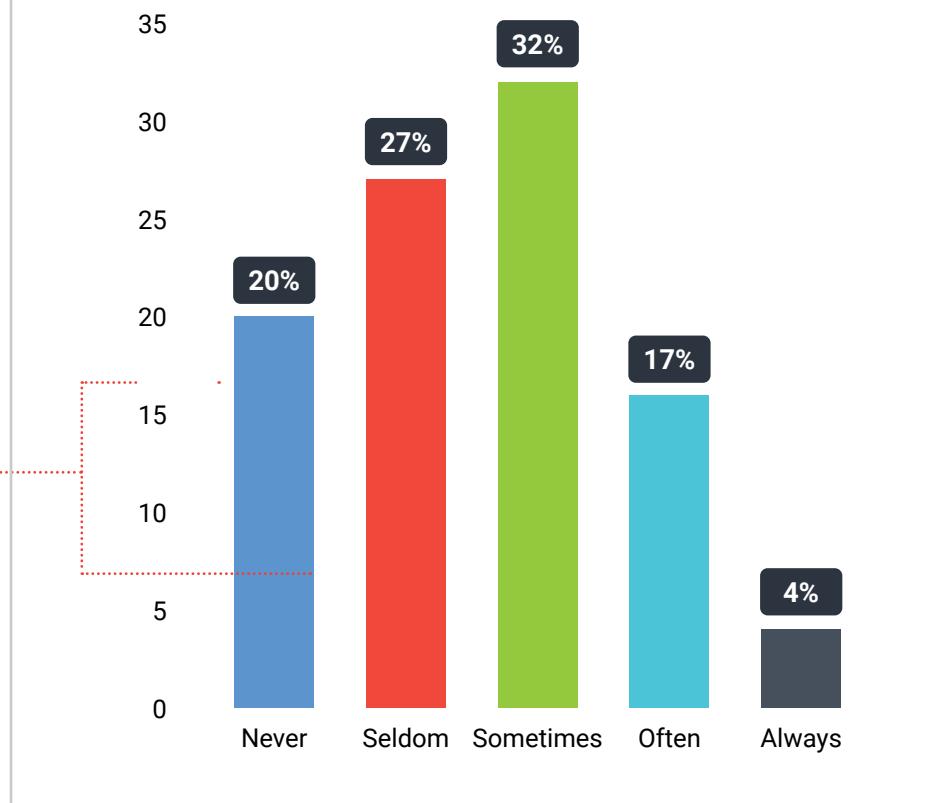
Finding: Only about a fifth of organizations always or often integrate non-HR and HR data

There is often great value in integrating HR and non-HR data. For example, engagement data on its own is somewhat interesting but engagement's effect on sales or productivity is very interesting. Absenteeism on its own is worth monitoring, but absenteeism's impact on safety can be of great interest to the executive level.

A minority of organizations (21%) have developed the skills to integrate non-HR with HR data often or always. However, nearly half of the organizations have barely started on this sort of integration, with 47% saying they seldom or never integrate non-HR and HR data.

Nearly half say they seldom or never integrate HR and non-HR data

Survey Question: How often does your organization integrate non-HR data with HR data for the purpose of analytics?

Never	Seldom	Sometimes	Often	Always
20%	27%	32%	17%	4%

Finding: Respondents are most likely to integrate HR data with data from finance or operations

When organizations *do* integrate HR data with other data, they are most likely to do so with data from finance or operations. By integrating finance and HR data, an organization may be able to spot how talent management issues influence key financial targets related to sales, profitability, shareholder value, cash flow, customer retention rates and more. For example, how do management practices relate to the retention of sales personnel, and how does this impact sales?
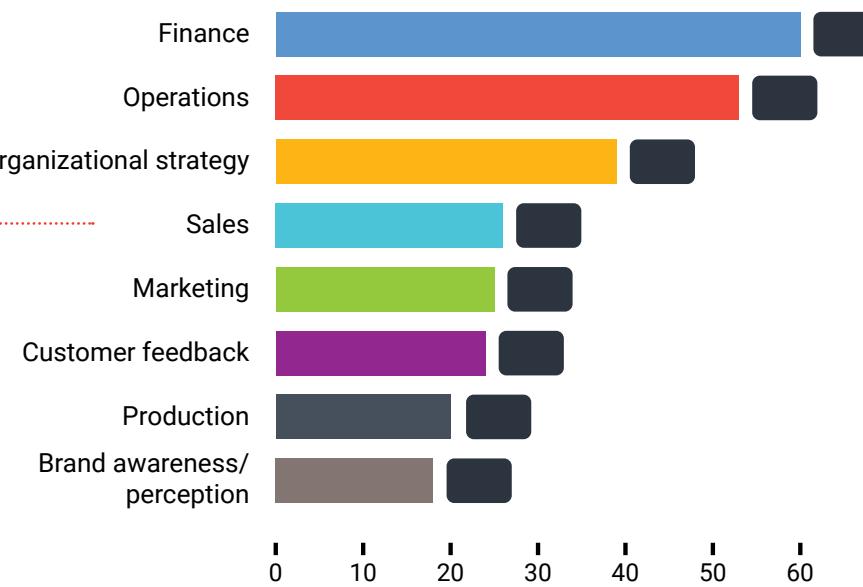
Organizations can also benefit by seeking connections between HR data and operations analytics such as the impact of absenteeism on productivity, customer experiences, ticket resolution time and more.

Sometimes integration difficulties are not technical but rather cultural in nature. In some cases, for example, departments will be reluctant to share their data. As a result, the HR analytics team may need to work up the organizational hierarchy to get the permission they need to access another department's data.

About one-quarter of respondents have integrated sales data with HR data in an analysis

Survey Question: What data other than HR-related data does your organization integrate with? (select all that apply)

Finding: More than a third of respondents pull data from four or more systems to create people analytics reports
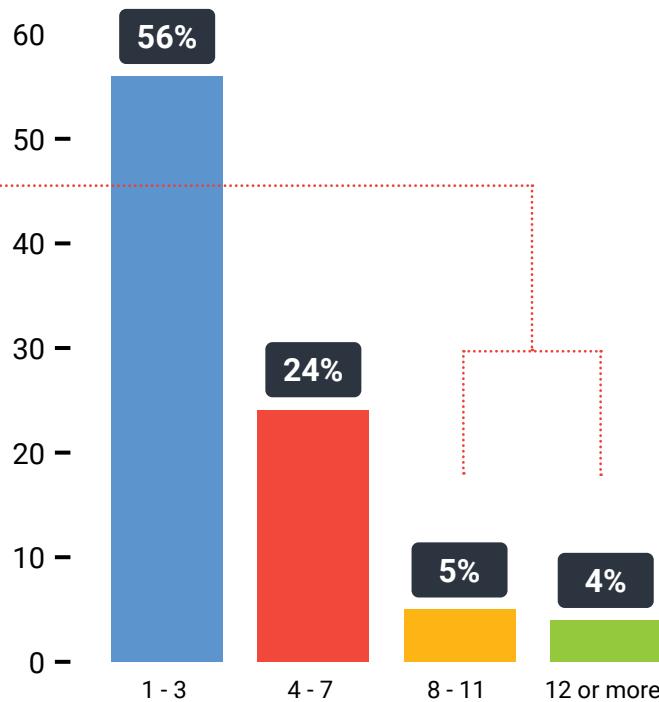
One thing professionals new to HR analytics may not appreciate is how often one needs to pull data from various systems to create a report. Even without going outside of HR, it's common to have to pull data from an applicant tracking system, learning and development system, performance management system, and so on. More than a third of respondents pull data from more than three systems to create people analytics reports, and 4% pull data from 12 or more systems.

The need to pull data from many systems has created a demand for data warehouses. A data warehouse is set up to routinely pull data from many systems together in a way that is suitable for analysis. In fact, a data warehouse can be useful even if you are only pulling data from one system since the way data is recorded in transaction systems is rarely suitable for analysis.

Only 9% say their organizations pull data from 8 or more systems to create people analytics reports

Survey Question: From how many different HR and non-HR systems are you pulling data to create people analytics reports? (select one)

Category	Percentage
1 - 3	56%
4 - 7	24%
8 - 11	5%
12 or more	4%

Consistency Counts in the Area of People Analytics

Finding: The consistent and regular collection of data is widely viewed as the most useful people analytics practice

Organizations are constantly seeking ways to improve people analytics, and this survey question reveals the practices that work. The most commonly cited method for improving people analytics is the consistent and regular collection of data. In other words, focusing on the fundamentals, and getting that right, appears to be a necessary first step.
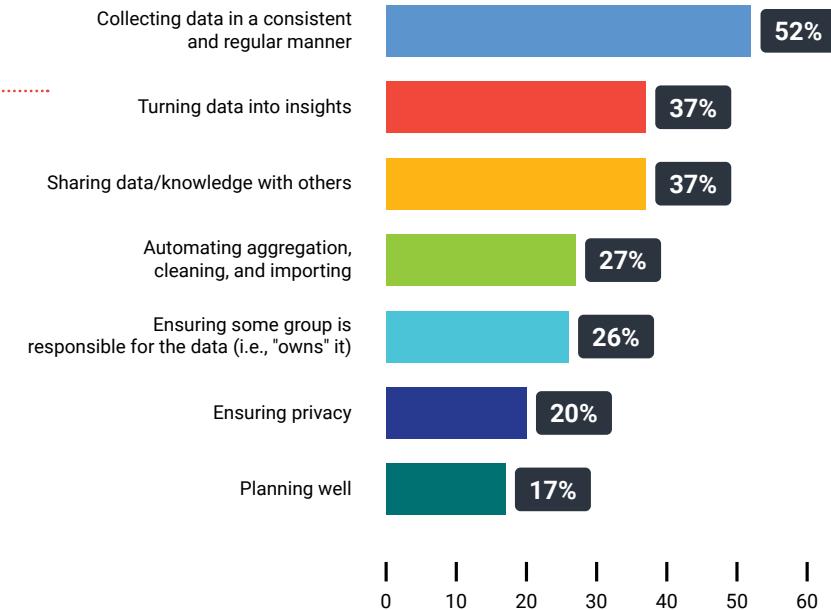
The second most commonly cited method for improving people analytics is turning data into insights. This addresses an issue that commonly occurs in organizations new to people analytics in that they produce numbers that leave managers saying "Fine, but so what?" Turning data into insights is a matter of understanding how a given piece of people data (e.g., engagement, turnover, absenteeism, reasons for regretted turnover, time to fill vacancies) matters to a business unit's performance. HR should not presume that the business unit leaders will be able to generate those insights on their own; it's up to the analytics team to figure out the "so what" in any data it reports.

Turning data into insights is the second most commonly cited means of improving people analytics

Survey Statement: Select three of the following practices that have been most useful for improving people analytics in your organization. (select up to three)

Practice	Percentage
Collecting data in a consistent and regular manner	52%
Turning data into insights	37%
Sharing data/knowledge with others	37%
Automating aggregation, cleaning, and importing	27%
Ensuring some group is responsible for the data (i.e., "owns" it)	26%
Ensuring privacy	20%
Planning well	17%

HR Leaders Are Often Actively Involved with Analytics

Finding: Over half of respondents agree or strongly agree that the head of HR is actively involved in directing people analytics work

It is encouraging to see that more than half of respondents (53%) agree or strongly agree that the head of HR is actively involved in directing people analytics work. When people analytics was new, many HR leaders had no idea what their department should deliver and left it to an analytics professional to figure out what to do. Now that analytics has been on their radar for some time, most heads of HR have developed enough interest and expertise to actively direct HR analytics. This involvement will be important in making sure analytics work is focused on relevant topics.

It is also somewhat encouraging that nearly half of respondents (46%) agree or strongly agree that business managers are highly supportive of people analytics work. While in an ideal world the number would be higher, HR doesn't need everyone to be supportive. The HR analytics team can focus on collaborating with business managers who are enthusiastic, and the successes there will eventually bring other managers on board.

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Survey Question: To what extent do you agree with the following statements about your organization:

Our head of HR is actively involved in directing people analytics work
33% **20%** **53%**

Business managers are highly supportive of people analytics
34% **12%** **46%**
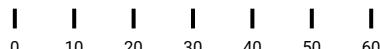
HR professionals are savvy about key business as well as HR analytics
35% **10%** **45%**

Our HR systems (HRIS, LMS, TMS, etc) are integrated such that we can easily pull data for analysis
24% **10%** **34%**

We use analytics to conduct sophisticated workforce planning
16% **5%** **21%**

0 10 20 30 40 50 60

■ Agree ■ Strongly agree

Nearly half of respondents agree or strongly agree that HR professionals are savvy about key business as well as HR analytics

Analytics Technologies Are a Blend of Old and New

Finding: Spreadsheets are still the most common analytics tool

Most organizations (56%) still use spreadsheets to do people analytics. This should be no surprise; spreadsheets are cheap, familiar, and ubiquitous. What is of more interest is what other analytics tools HR professionals are using. Forty-one percent are using the analytics tools built into their core HCMS/HRIS system or their other HR technologies (e.g., LMS, ATS). These built-in tools are gradually getting better as vendors come to understand the analytics needs of their users.
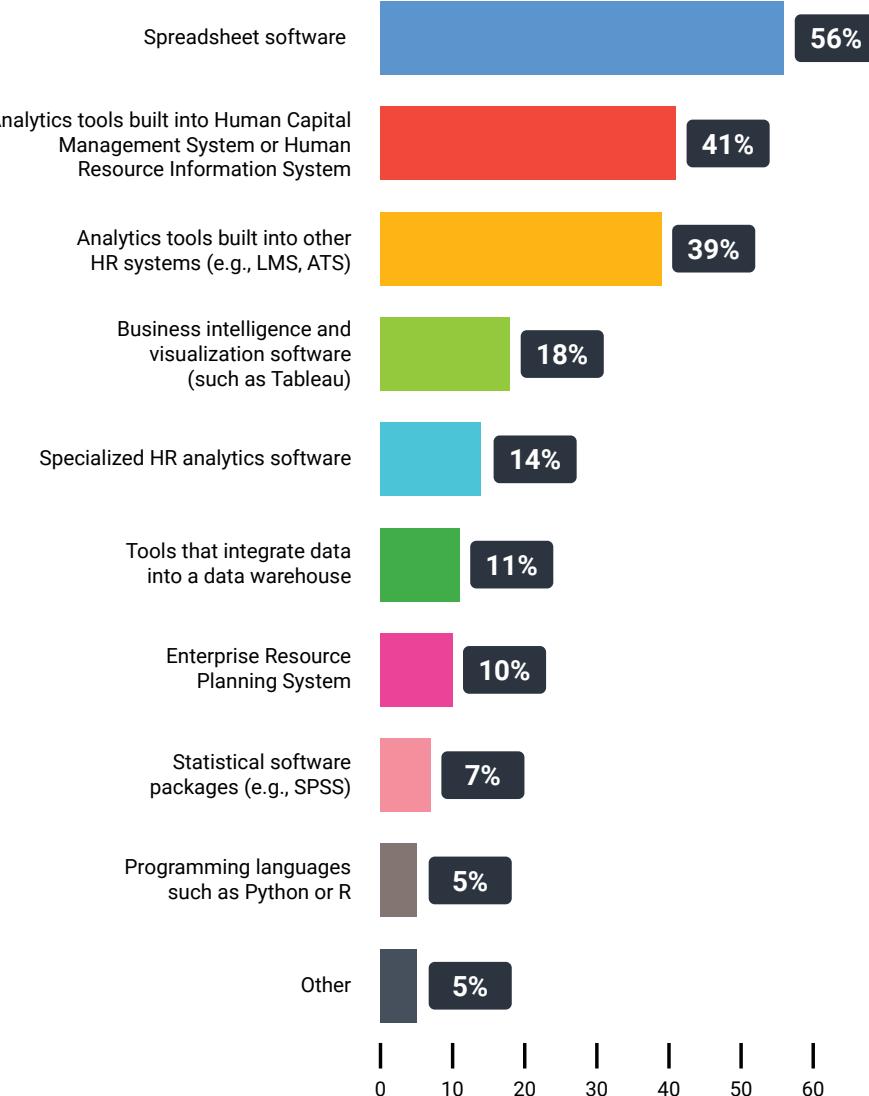
It is worth noting that the use of sophisticated tools such as statistical software packages and data-friendly programming languages such as R and Python are rare in the area of HR analytics, at 7% and 5%, respectively. It appears that most HR analytics can be carried out with spreadsheets or with HR-specific applications such as HRIS or LMS.

Many use analytics tools built into other HR systems such as HCMS or ATS

Survey Question: Which HR and business intelligence/ analytics solutions does your organization currently use? (select all that apply)

Category	Percentage
Spreadsheet software	56%
Analytics tools built into Human Capital Management System or Human Resource Information System	41%
Analytics tools built into other HR systems (e.g., LMS, ATS)	39%
Business intelligence and visualization software (such as Tableau)	18%
Specialized HR analytics software	14%
Tools that integrate data into a data warehouse	11%
Enterprise Resource Planning System	10%
Statistical software packages (e.g., SPSS)	7%
Programming languages such as Python or R	5%
Other	5%

Finding: Email attachments remain the most common means of distributing HR data to senior leaders
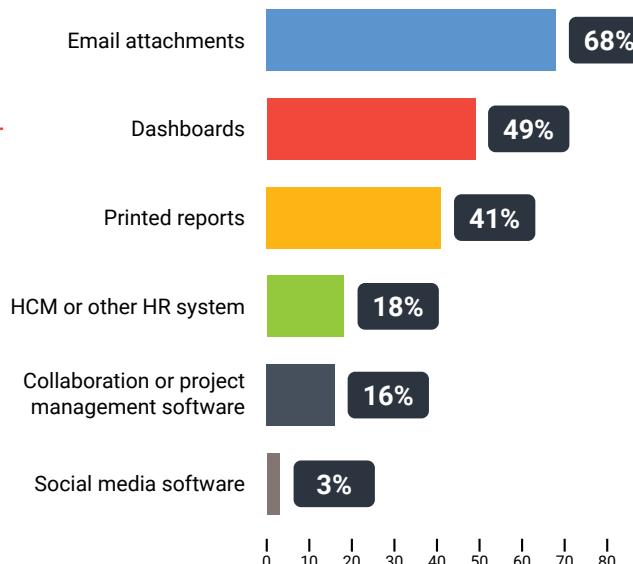
Most organizations use more than one method to deliver people analytics reports to leaders. About half of responding companies use dashboards as one of these methods. Even more popular is email, which is used by 68%. Interestingly, even in today's digital age, 41% still use paper reports as one way to deliver people analytics to senior managers. Of course, the use of paper will have been disrupted by the Covid-19 pandemic, and this may provide the push to remove paper from one of the common options of delivering reports.

Dashboards tend to have the advantage of allowing leaders to customize reports to their liking and dig deeper into data of interest. However, dashboards need to be crafted with care because interest in them often trails off quickly after the initial attention. HR needs to understand what leaders will use in decision-making and how often they will want it updated.

About half of all organizations use dashboards to deliver people analytics reports to senior leaders

Survey Question: How are you currently delivering reports based on people analytics to senior leaders?
(select all that apply)

Category	Percentage
Email attachments	68%
Dashboards	49%
Printed reports	41%
HCM or other HR system	18%
Collaboration or project management software	16%
Social media software	3%

Editor's Note: Respondents who selected "Other" to this question often wrote in that they use PowerPoint or a similar presentation software. However, for the purpose of this survey, we felt these were a presentation rather than a distribution technology and covered that technology in the next question.

Finding: HR professionals are most likely to say that an interactive visualization is the best way to present HR analytics

Respondents generally agree that interactive visualizations (such as Tableau or Power BI) or graphical presentations (such as PowerPoint) are the best way to present HR analytics. In both cases, more than 60% of respondents ranked these methods among their top two choices. PowerPoint presentations are simpler to do than interactive ones since almost all professionals are familiar with that tool. If the analysis and its implications are straightforward, then PowerPoint and similar programs are easily up to the task.
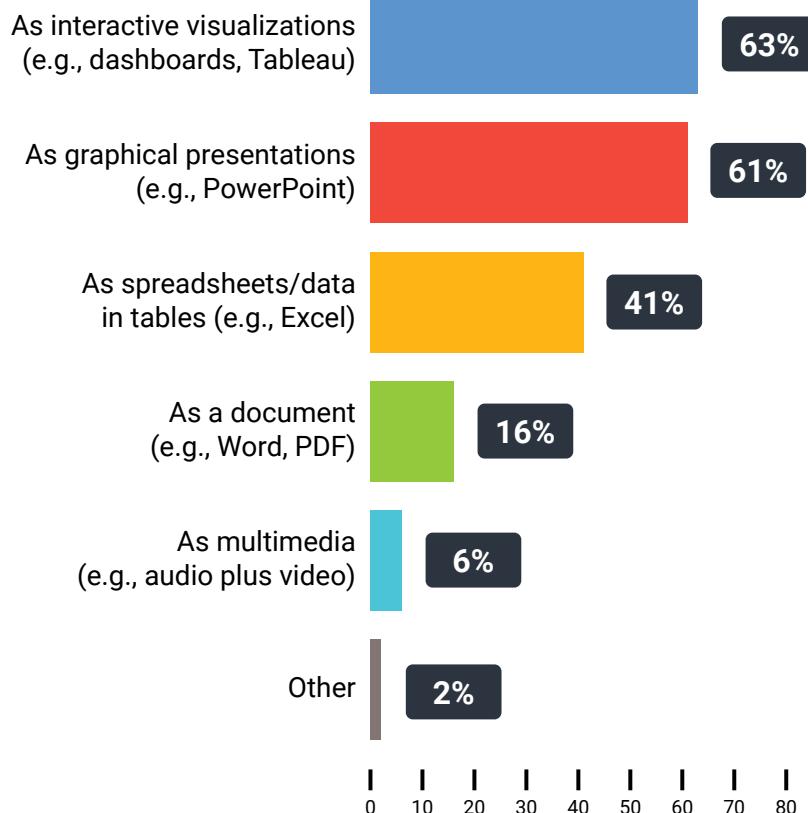
Where interactive tools like Tableau shine is when the manager wants to work with the analytics professional to make sense of the data. An interactive tool allows the manager to sit down with an analyst and easily get answers to "What if" questions such as "What if we excluded the Eastern division from the report?" or "What if we compared the responses of high performers to everyone else?" In the hands of a skilled analyst, use of an interactive tool can lead to more engagement from management, better understanding, and ultimately better decisions. The only downside of interactive tools is that they can be so engaging that managers might end up wasting hours on looking up data that is not germane to the priority decision they need to make.

More than half of respondents say graphical presentations like PowerPoint are one of the best two ways of presenting HR analytics

Survey Question: From the following list, which two do you consider the most effective ways of presenting HR analytics? (select up to two)

As interactive visualizations (e.g., dashboards, Tableau) — **63%**

As graphical presentations (e.g., PowerPoint) — **61%**

As spreadsheets/data in tables (e.g., Excel) — **41%**

As a document (e.g., Word, PDF) — **16%**

As multimedia (e.g., audio plus video) — **6%**

Other — **2%**

0 10 20 30 40 50 60 70 80

Finding: Just 36% of respondents agree or strongly agree that their analytics platform delivers actionable insights
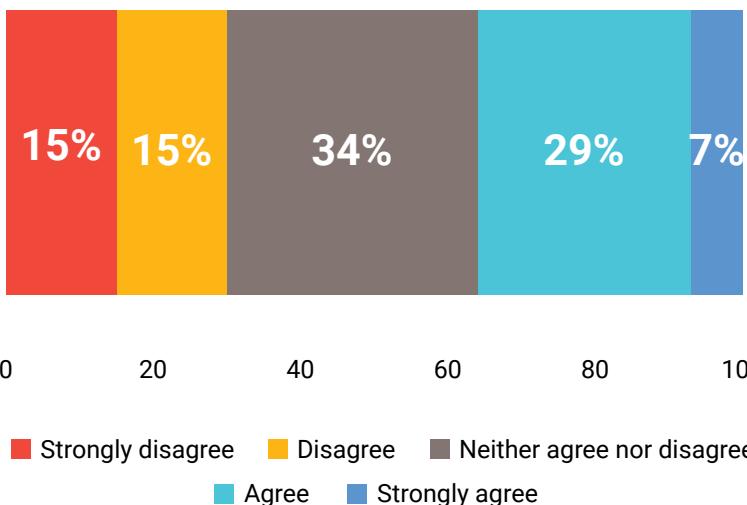
It's disappointing to see that just 36% of respondents agree or strongly agree that their analytics platform delivers actionable insights. One could ask if the platform isn't delivering anything actionable, what value is it?

In some cases, however, we suspect that is not the platform that is to blame. An analytics platform is just a tool, and if it is not fed good data, it will not be useful. Sometimes actionable insights can be improved at the front end by providing better data. In other cases, they can be improved at the back end by knowing which types of analyses will provide useful insights.

Thirty-percent actively disagree that their analytics platform delivers actionable insights

Survey Statement: Your organization's HR analytics platform delivers actionable insights:

15%	15%	34%	29%	7%

0   20   40   60   80   100

■ Strongly disagree   ■ Disagree   ■ Neither agree nor disagree
■ Agree   ■ Strongly agree

Finding: HR data does not usually meet all the characteristics of Big Data

The term "big data" typically refers to data that is so voluminous, fast flowing and complicated that is it difficult to process using traditional statistical methods. So, is HR data a type of big data?
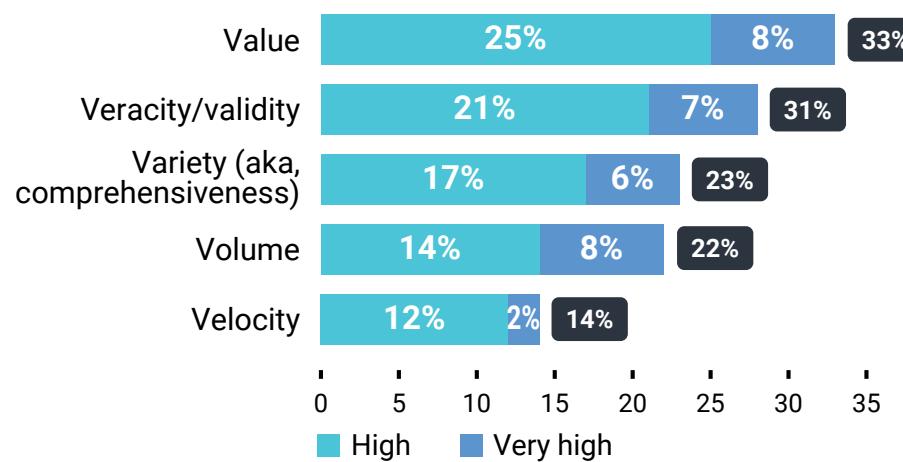
To answer that question, we asked respondents about five characteristics typically associated with big data: value, validity, volume, velocity and variety. We discovered that only a minority of respondents believe that their HR analytics data reflect these characteristics to a high or very high degree. Of those five traits, HR data is most likely to be seen as valuable (33%) and valid (27%). But the sheer volume of HR data is modest compared to other sources of information, such as that gathered in retail data centers. Nor does the data flow and change as rapidly as some other areas such as stock market data.

Therefore, we think HR data—at least these days—is a scarcer resource that must be cleaned, refined and often integrated well in order for it to deliver valuable insights. Good HR data analysts do not typically need to be "data miners" or "data scientists," but they do need to have a clear understanding of how to see patterns and draw insights from the data. At their best, they can even use HR analytics to predict the impact of specific talent management initiatives and so prescribe those to senior leaders.

Survey Question: To what extent do you agree that these are characteristics of HR/people analytics data in your organization?

Less than one-third of respondents agree that veracity/ validity is a characteristic of their HR data to a high or very high degree

Characteristic	High	Very high	Total
Value	25%	8%	33%
Veracity/validity	21%	7%	31%
Variety (aka, comprehensiveness)	17%	6%	23%
Volume	14%	8%	22%
Velocity	12%	2%	14%

0 5 10 15 20 25 30 35

■ High ■ Very high

We Can Learn Lessons from HR Analytics-Leader Firms

To better understand what leads to success in HR analytics, we divided the respondents into two cohorts.

- **Analytics-leader firms:** Those answering "good" or "very good" to the question "How good is your organization at designing and implementing processes to get the most value out of people analytics?"

- **Analytics-laggard firms:** Those answering "poor" or "very poor" to the same question.

Finding: Analytics-laggard firms are five times as likely than analytics-leader firms to have trouble collecting data

For analytics-laggard firms, their troubles start early on. In the very first phase of people analytics— that is, collecting data—they are five times more likely than analytics-leader firms to say collecting data is fairly or very difficult. Similar patterns appear in the areas of cleaning data and data integration.
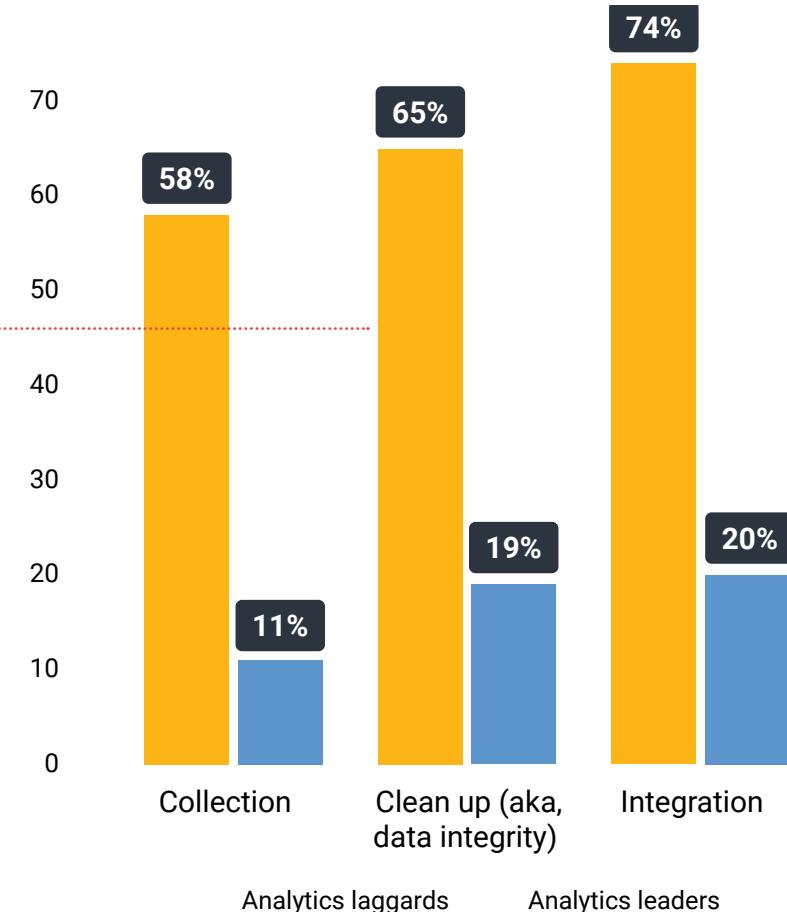
The lesson seems clear: HR needs to start with the basics of just being able to collect clean data if they want to make progress in analytics. This can be a big project and one that does not yield immediate results. The trick is to focus on collecting and cleaning the most important data. For example, if HR focuses on collecting and cleaning talent acquisition data, that makes the project a reasonable scale. From there they can proceed to do meaningful analysis in that area. Once HR has some analytics success in one area, such as talent acquisition, it will be easier to move forward in collecting and cleaning data in other areas.

Survey Question: In the area of HR/people analytics, how difficult are the following processes in your organization?

Percent responding fairly or very difficult

Analytics-laggard firms are more than three times more likely than analytics-leader firms to have trouble cleaning up data

Process	Analytics laggards	Analytics leaders
Collection	58%	11%
Clean up (aka, data integrity)	65%	19%
Integration	74%	20%

Analytics laggards   Analytics leaders

Finding: Analytics-leader firms are more than seven times more likely than laggards to often or always integrate non-HR data with HR data
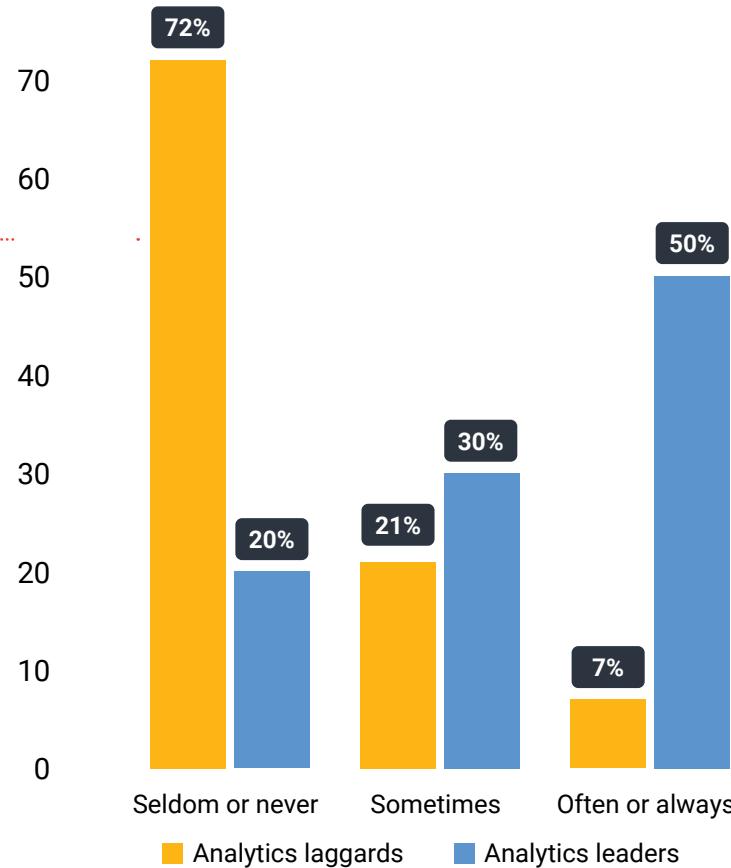
Most analytics-laggard firms seldom or never integrate non-HR data with HR data. In contrast, analytics-leader firms are seven times as likely as laggards to often or always integrate non-HR data with HR data.

It may be that integrating this data requires sophistication that is beyond the current capabilities of the laggards. However, it is also possible that one of the reasons so many laggards struggle to get actionable insights from HR analytics is that they don't go this extra step of linking business data to HR data.

Three-quarters of analytics-laggard firms seldom or never integrate non-HR data with HR data

Survey Question: How often does your organization integrate non-HR data with HR data for the purpose of analytics?

Bar chart:

	Seldom or never	Sometimes	Often or always
Analytics laggards	72%	21%	7%
Analytics leaders	20%	30%	50%

■ Analytics laggards   ■ Analytics leaders

Finding: In analytics-leader firms, the head of HR is more than twice as likely to be actively involved in directing people analytics work

One of the most telling differences between analytics-leader firms and laggards is that the analytics-leader firms are far more likely to have active support from the head of HR and business managers. An organization seeking to improve people analytics would do well to start by winning this kind of support. In particular, heads of HR who think they can simply delegate analytics to a lower-level specialist and get results are likely mistaken.
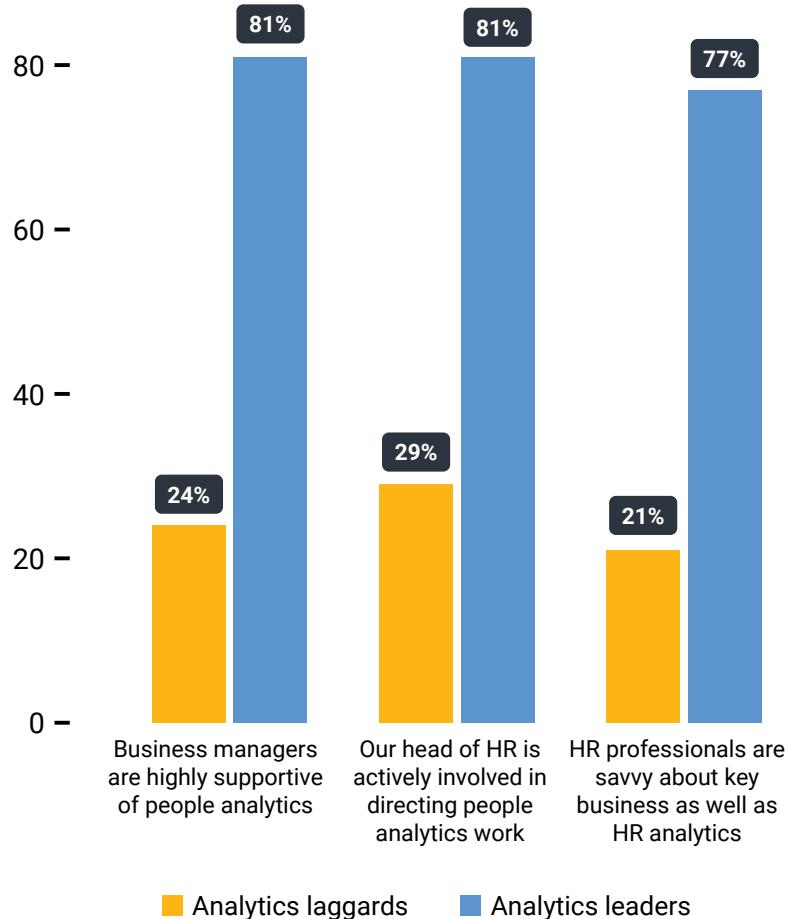
With the head of HR, the motivation for being directly involved in analytics is straightforward: if they don't get involved, the function is less likely to be successful. What about business managers? How do you get their support? It can be a difficult job to convince skeptical business managers that they should support HR analytics. Luckily, you rarely have to do so. There are usually at least a few managers who are keen on analytics. HR should work with these enthusiastic managers to get some successful analytics under their belt. Once HR has demonstrated success in some parts of the business, it will be much easier to get support from other managers.

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Survey Question: To what extent do you agree with the following statements about your organization:

In analytics-leader firms, business managers are three times more likely to be supportive of people analytics

	Business managers are highly supportive of people analytics	Our head of HR is actively involved in directing people analytics work	HR professionals are savvy about key business as well as HR analytics
Analytics laggards	24%	29%	21%
Analytics leaders	81%	81%	77%

■ Analytics laggards ■ Analytics leaders

Finding: Analytics-leader firms are five times more likely than laggards to use specialized HR analytics software
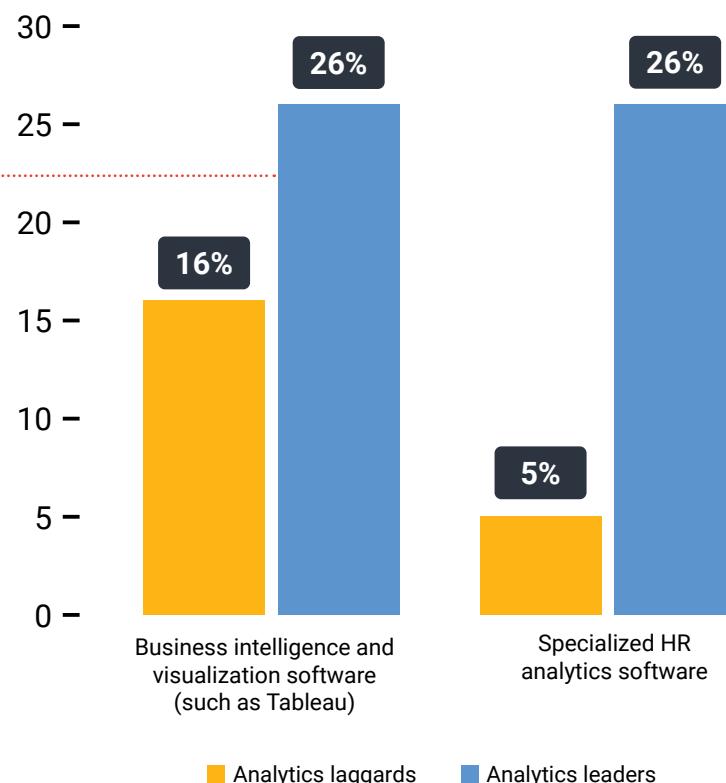
It is rare for analytics-laggard firms to use any kind of sophisticated analytics tools; only 16% use business intelligence and visualization software. Even fewer, 5%, use specialized HR analytics software.

It is clear from the data that analytics-leader firms are far more likely to use these tools. But there is a caveat for laggards. If the organization isn't at the point of being able to collect clean data, then it's premature to expect sophisticated tools to solve their problems. The lesson from this is more for organizations that already have made progress in analytics and are looking to take the next step. For these organizations, sophisticated tools may speed up analytics considerably.

Analytics-leader firms are more likely than laggards to use business intelligence and visualization software

Survey Question: Which HR and business intelligence/ analytics solutions does your organization currently use? (select all that apply)

	Business intelligence and visualization software (such as Tableau)	Specialized HR analytics software
Analytics laggards	16%	5%
Analytics leaders	26%	26%

■ Analytics laggards   ■ Analytics leaders
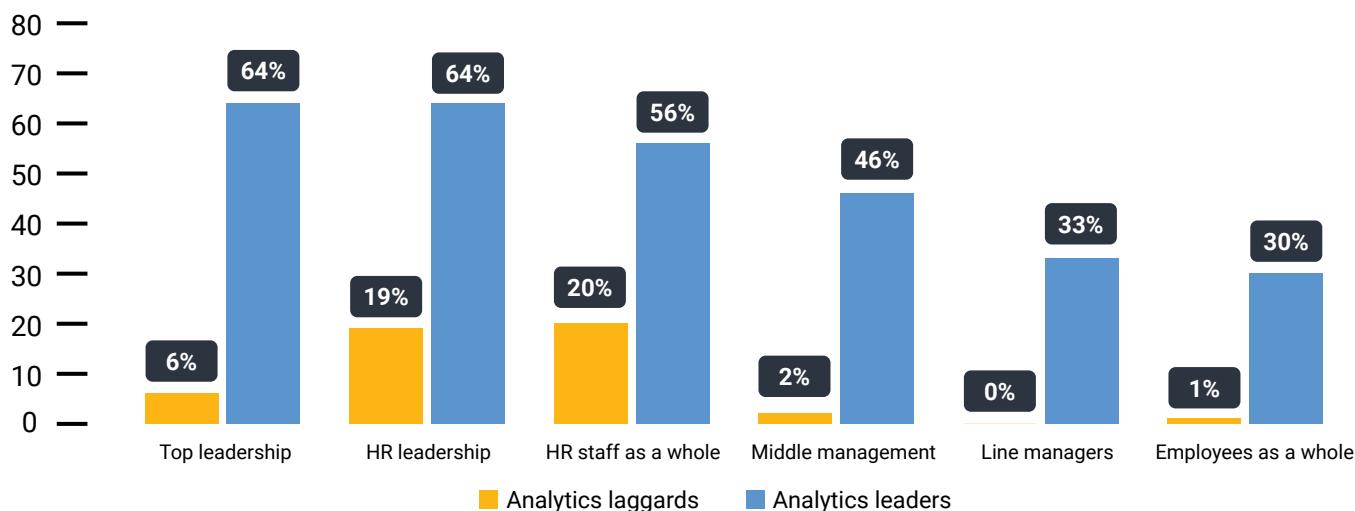
Finding: More than half of analytics-leader firms are very effective at offering insights to top leadership, HR leadership and HR staff as a whole

When it comes to being very effective at providing insights, which is the ultimate goal of analytics, there is no comparison between the analytics-leader firms and laggards. The analytics-leader firms are more than ten times more likely to be very effective at providing insights to leaders. Among laggards, fewer than five percent are very effective at providing insights to middle managers, line managers or employees as a whole.

One takeaway from this is that firms that succeed at analytics tend to focus on providing insights. Laggards might do well to avoid an analytics project unless they can provide an insight to a stakeholder group.

Survey Question: In your organization, how effective is people analytics at providing important HR insights to the following groups?

Percent responding very effective

	Top leadership	HR leadership	HR staff as a whole	Middle management	Line managers	Employees as a whole
Analytics laggards	6%	19%	20%	2%	0%	1%
Analytics leaders	64%	64%	56%	46%	33%	30%

Analytics-leading firms are three times more likely than laggards to be very effective at providing insights to HR leadership
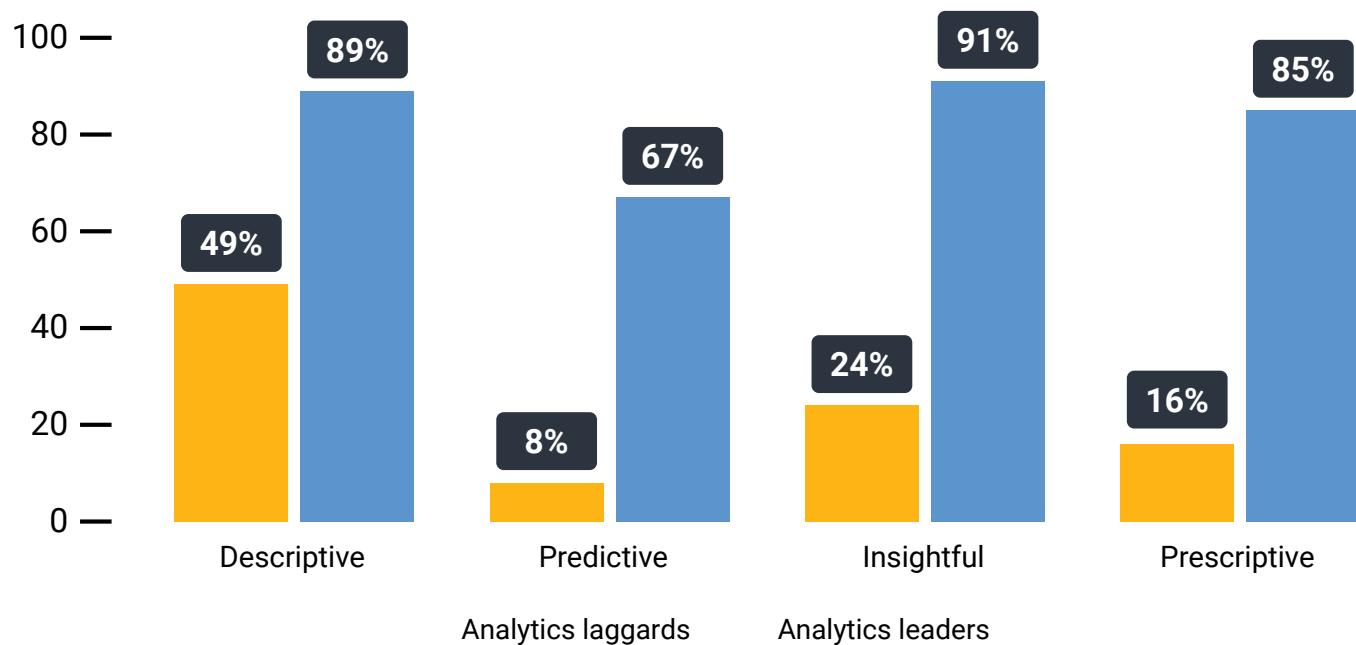
Finding: Analytics-leader firms are eight times more likely than laggards to make at least moderate use of predictive analytics

Analytics-leader firms are five times more likely than laggards to make at least moderate use of prescriptive analytics. Indeed, one of the most striking differences between analytics-leader firms and laggard firms is in their use of sophisticated analytics. Few of the laggards make even moderate use of predictive, insightful, or prescriptive analytics. In contrast more than 90% of analytic-leader firms make at least moderate use of insightful analytics. Further, nearly as many make at least moderate use of prescriptive analytics.

Survey Question: To what degree does your organization use the following types of HR/people analytics reports and/or dashboards?

	Descriptive	Predictive	Insightful	Prescriptive
Analytics laggards	49%	8%	24%	16%
Analytics leaders	89%	67%	91%	85%

Key Takeaways

What key lessons can we learn from this research?
Below are several takeaways:

1 *Key Takeaway*

Be optimistic: Although a minority, many organizations are good or very good at the different aspects of HR analytics. Your organization can be as well if it takes the right steps.

2 *Key Takeaway*

Start with the fundamentals and then work your way up. Only 15% of responding organizations use predictive analytics to a high or very high degree. Organizations can still do useful analytics even when sophisticated statistics are too ambitious for your department.

3 *Key Takeaway*

Start with the basics of collecting and cleaning data. Get the basics of collecting clean data in place first. Do not, however, try to do it all at once. Focus on areas where analysis of data will matter most to the business.

4 *Key Takeaway*

Learn to use visualization tools that allow for interaction. Interactive visualization tools are among the best way to communicate people analytics data and get business users engaged with the analysis.

5 *Key Takeaway*

Bridge analytics savvy and business savvy. Business partners need to be HR analytics savvy and HR analytics professionals need to be business savvy. It's hard for everyone to be expert in everything, but the team as a whole has to have enough common ground that they can collaborate effectively.

6 *Key Takeaway*

Leverage your compensation team. Short of HR analytics pros? Well, you probably already have some analytics savvy professionals on your compensation team. Consider getting them involved as advisors on people analytics projects.

Key Takeaway **7**

Get the head of HR actively involved. Organizations where the head of HR is actively involved in HR analytics are twice as likely to be successful. Recognize that this is a new area for many HR leaders so work collaboratively to bring them up to speed. Don't expect that they will know what to do off the bat.

Key Takeaway **8**

Work with business managers who are already keen on analytics. There is nothing better for people analytics than to have some "wins" with the business. The best way to get wins is to work closely with managers who are already convinced that people analytics can add value.

Key Takeaway **9**

Make "delivering an insight" the goal of an analytics project. The goal of an analytics project isn't to do analysis per se, it's to provide an insight. Keep that front and center in your thinking, especially when dealing with business managers.

Key Takeaway **10**

Celebrate wins. When you do get a "win," such as providing an insight to a business manager, be sure to celebrate it. This will boost morale on the team, build credibility and, most important of all, provide a clear example of what insightful analytics looks like.

Key Takeaway **11**

Aim to integrate HR and non-HR data. While integrating data is difficult, there seems to be a real payoff in integrating HR and non-HR data. Work toward doing this.

Key Takeaway **12**

When you're ready, look at specialized HR analytics software. Analytics-leader firms are five times more likely than laggards to use specialized HR analytics software. Once you have the basics of collecting, cleaning, and reporting in place, take a look at how specialized tools can add value.

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