

HR.com's State of People Analytics 2023-2024



Drive better business
outcomes through
people analytics



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Executive Summary

We can do better

As HR professionals, we can do better. We *know* people analytics is important, and we even know *where* such analytics are *most* important in HR. But that doesn't mean most HR departments are very good at it. In fact, our research shows that a meager 22% of HR professionals say their organizations are very or extremely effective at designing and implementing processes to get the most value out of people analytics.

The good news is that there has been some progress in recent years, both within HR and the larger people analytics market. As of 2022, for example, the global HR analytics market was [valued](#) at \$2.96 billion. And, this number is expected to grow at a compound annual rate of 14.8% from 2023 to 2030.

A fast-evolving umbrella term

It has become increasingly difficult to talk about “people analytics” per se because there are so many types of analytics. To name just a few, there are predictive analytics, network analytics, sentiment analysis, diversity analytics, skills analytics, and analytics automation.

Another factor that makes it tough to discuss is that it's moving so fast. Just one prominent trend is the integration of artificial intelligence and machine learning algorithms to predict workforce trends and optimize decision-making processes. Such technologies are applied to different HR functions in different ways. For example, AI-powered predictive models are reportedly [revolutionizing recruitment](#) efforts by identifying high-potential candidates with greater accuracy.

About the Survey

“HR.com’s State of People Analytics 2023-24” survey ran from June to July 2023. We gathered 268 responses from HR professionals in virtually every industry vertical. Respondents are from all over the world with the majority from the United States.

The participants represent a broad range cross-section of employees ranging from small businesses with fewer than 50 employees to enterprises with 20,000 employees. However, fully 86% are from mid-size and large organizations.

To better understand the current state and scope of people analytics, our 2023-24 study looked at some of the following areas:

- the prevalence of various people analytic practices
- the ability of both the organization and HR team to effectively use analytics
- the key barriers standing in the way of implementing HR analytics
- who within the organization is responsible for people analytics
- today's most common uses of analytics
- the degree to which organizations can integrate people analytics data with other HR and business data
- how organizations that excel in their use of people analytics compare with those that do not



Our Major Research Findings.

Major Finding **1**

Few organizations are highly effective at people analytics (PA).

- Only 22% indicate that their organization is very or extremely effective at designing and implementing processes to get the most out of people analytics.
- In contrast, nearly twice as many (41%) say their organizations are only somewhat effective or not effective at all in this area.

Major Finding **2**

Despite effectiveness issues, most say people analytics are helping their organization.

- 57% agree or strongly agree that people analytics lead to better business outcomes.
- In contrast, just 23% actively disagree that it leads to better outcomes.

Major Finding **3**

Part of the problem is that organizations are better at gathering people analytics data than at making constructive changes based on them.

- About half of HR professionals (48%) feel that their organization's ability to generate and gather people data is good or very good.
- However, fewer feel the same way about their ability to:
 - analyze people analytics data and gain actionable insights (40%)
 - make constructive changes based on people analytics insights (32%)

Major Finding **4**

The five most widely cited functional areas where people analytics plays an important role are:

- recruitment and selection (49%)
- retention (49%)
- diversity, equity, inclusion, and belonging (DEIB) (43%)
- employee experience/engagement (42%)
- performance management (40%)

Major Finding **5**

Another reason for perceived ineffectiveness may be that organizations often fail to integrate business data with people data.

- Only 23% often or always integrate business data with HR data.
- When organizations *do* integrate people analytics with business data, they are most likely looking at the following three areas:
 - ▶ finance (53%)
 - ▶ operations (45%)
 - ▶ organizational strategy (32%)

Major Finding **6**

In the area of people analytics, three processes stand out as being particularly difficult:

- integrating disparate sources of data (47%)
- implementing programs based on decisions derived from analytics (45%)
- responding quickly to deliver data-based solutions to problems (42%)

Major Finding **7**

Organizations use a variety of tech-based analytics/intelligence solutions, the most common of which are:

- survey tools and technologies (67%)
- spreadsheet software (63%)
- business intelligence and visualization software (46%)
- analytics tools built into other HR systems (HCMS, LMS, ATS) (45%)

Major Finding **8**

The top areas organizations are most likely to use artificial intelligence for people analytics are:

- identifying at-risk talent (53%)
- sourcing best-fit candidates (47%)
- predicting high-performing recruits (47%)
- supporting employee interactions with chatbots (47%)
- supporting decision-making through cognitive solutions (47%)

Major Finding **9**

Compared to organizations that do not excel at people analytics, those that do are:

- 5X more likely to integrate HR data with business/non-HR data often or always
- 2X more likely to have a designated head of people analytics
- 9X more likely to have better integration of HR technology systems for useful analyses
- 5.5X more likely to always deliver key analytic insights to make better decisions
- 3.7X more likely to rate their ability to analyze people data to gain actionable insights as good or very good
- almost 6X more likely to rate their ability to make constructive changes based on analytic insights as good or very good

Defining People Analytics

Within the context of our survey, we defined people analytics in the following way:

Also referred to as HR or talent analytics, people analytics (PA) refers to the process of collecting and analyzing people-related data for the purpose of producing insights to improve decision-making and business outcomes. People analytics generally includes the use of investigative techniques, statistical methodologies, various technologies, and analytical expertise. It is sometimes coupled with the term metrics, and it may include the analysis of both “big data” and smaller data sets. People analytics are often combined with other business analytics to improve organizational insights.

Few Excel at People Analytics, But Some Have Improved

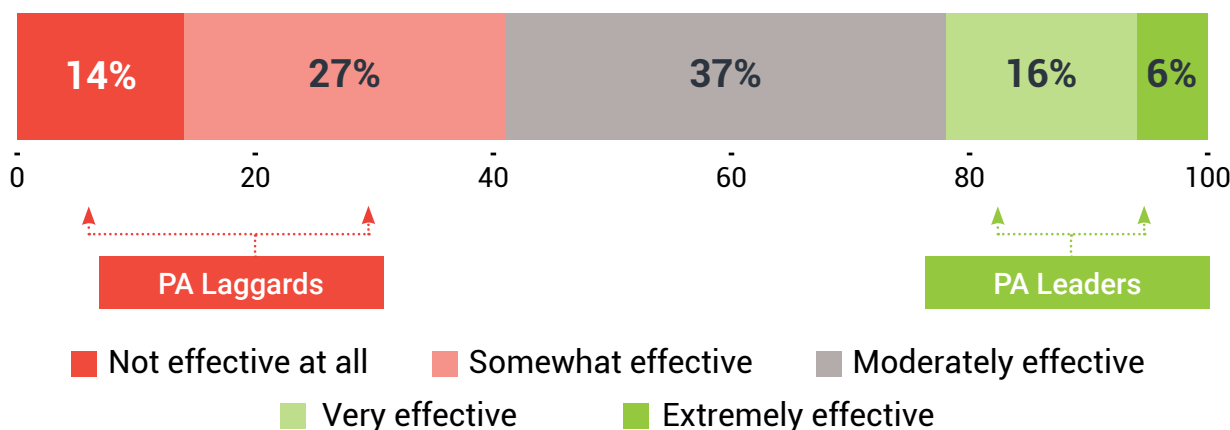


Finding: Few organizations currently get maximum value out of their people analytics

While analytics hold tremendous potential for increasing the effectiveness of HR and, in turn, the business, in many ways their use is still in its infancy. Only 22% percent of respondents indicate they are currently very effective or extremely effective at designing and implementing processes to extract the most value from their current people analytics endeavors. In contrast, nearly double this percentage, 41%, say they are somewhat effective or not effective at all in their use of analytics.

As we will discuss in many of the findings below, implementing people analytics is a complex task involving, among other things, having capable expertise within HR, connecting HR data with business data, and selecting/using an array of talent analytic tech-based applications.

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



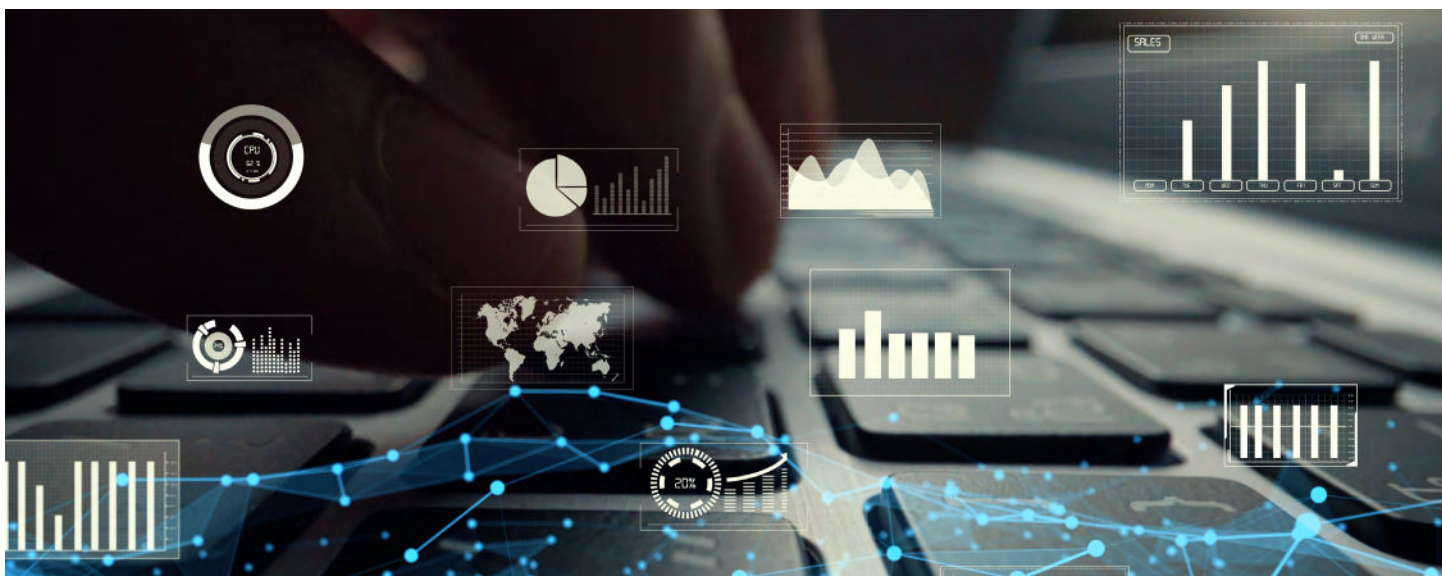
4 in 10 respondents say their people analytics process is only somewhat effective or worse

People Analytics (PA) leaders and laggards

To better analyze the data from our survey on people analytics, we broke our respondents into groups or cohorts based on the previous question:

- **People analytics leaders** are respondents who indicated their organization's ability to get the most value out of their people analytics today is extremely or very effective.
- **People analytics laggards** are respondents who indicated their organization's ability to get the most value today out of their people analytics today is not at all effective or somewhat effective.

For the purpose of creating these cohorts, we removed those that said their organizations are moderately effective in this area. Throughout this report, we will examine the data in a way that identifies correlations between various organizational factors and the perceived effectiveness of people analytics. Correlation does not prove causation, of course, but it may point our attention toward possible best practices and potential strategies.



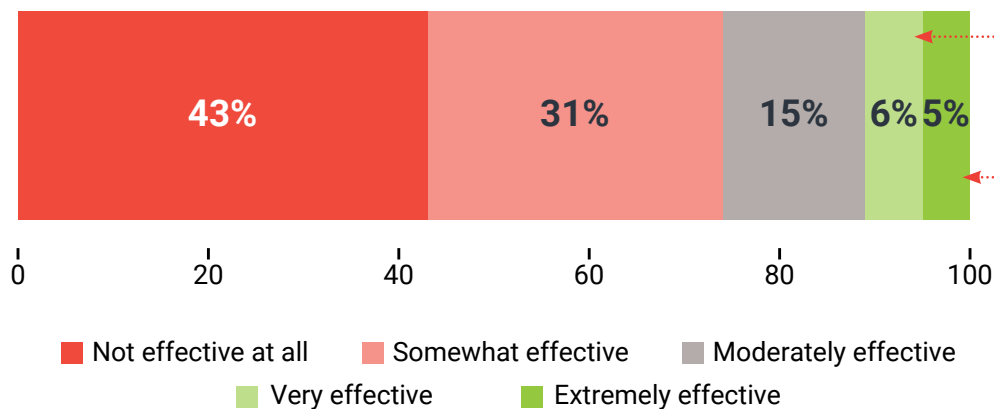


Finding: The good news is that twice as many believe their analytics processes are very effective today as compared to two years ago

Despite the lackluster performance described above, it represents a remarkable jump compared with two years ago. As we indicated above, 22% say they are very effective or extremely effective today, whereas just 11% say their organizations were at the same level of effectiveness two years ago.

However, we need to temper this good news with another more disappointing finding. When we looked at data on the effectiveness of analytics from [last year's report](#), we saw very similar findings, and the perceived degree of today's business effectiveness was similar. However we interpret the data, organizations have a long way to go in their analytic journeys.

Survey Question: How effective was your organization at designing and implementing processes to get the most value out of people analytics two years ago?



Only 11% say that two years ago their organizations were highly effective at people analytics



Finding: Organizations are much better at gathering data than at making positive changes based on them

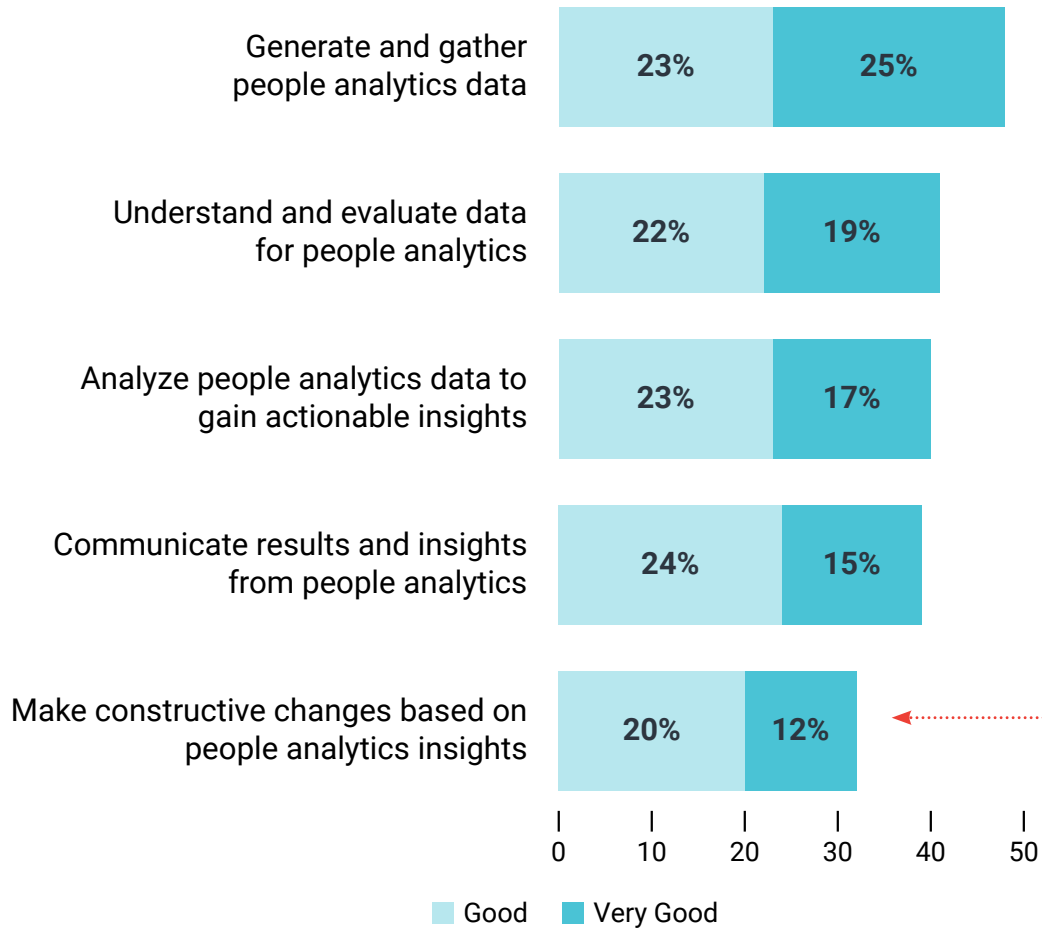
We asked respondents to evaluate the effectiveness of five specific and sequential steps in a people analytics process, from gathering data to making constructive changes. They were most likely to say they are skilled (that is, good or very good) at generating and gathering people analytics data (48%).

They are considerably less likely to say their organization is capable in the area of understanding and evaluating the data they collect, turning data into actionable insights, and communicating these insights to key stakeholders. But the weakest of the five areas by far is the ability to make constructive changes based on the insights from the data, rated good/very good by only 32% of respondents.

Of course, gathering large volumes of data without the ability to make constructive changes based on shared insights sounds like an exercise in frustration for many organizations. We are not sure why this occurs, but we suspect that HR does not always have control over changes that they recommend. As we all know, it can be tough to make organizational changes even if all leaders agree those changes should be made, and getting that agreement among leaders can be difficult.



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

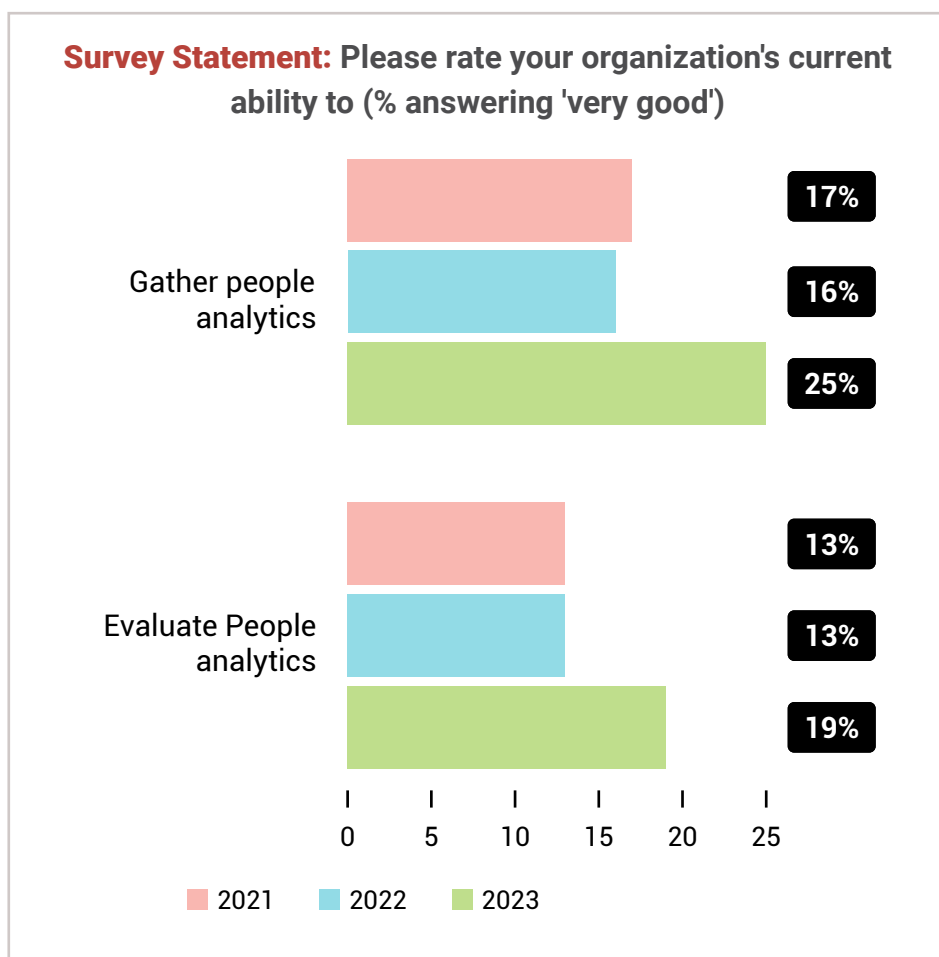


Only 32% are good or very good at making constructive changes based on analytics data



Finding: Organizations have gotten better at gathering and evaluating people analytics over several years

We have asked a version of this question over the last three years in our people analytics surveys. We've found that the percentage of organizations rating themselves "very good" on aspects of people analytics has increased this year. We can't know whether this an actual trend or just statistical "noise," but we do view it is as a hopeful sign. Perhaps new technologies along with a greater emphasis on analytics are having an impact here.



Editor's Note: Our survey was titled 'State of HR Analytics' in 2021, yet the options we have compared in the above graph have remained unchanged.



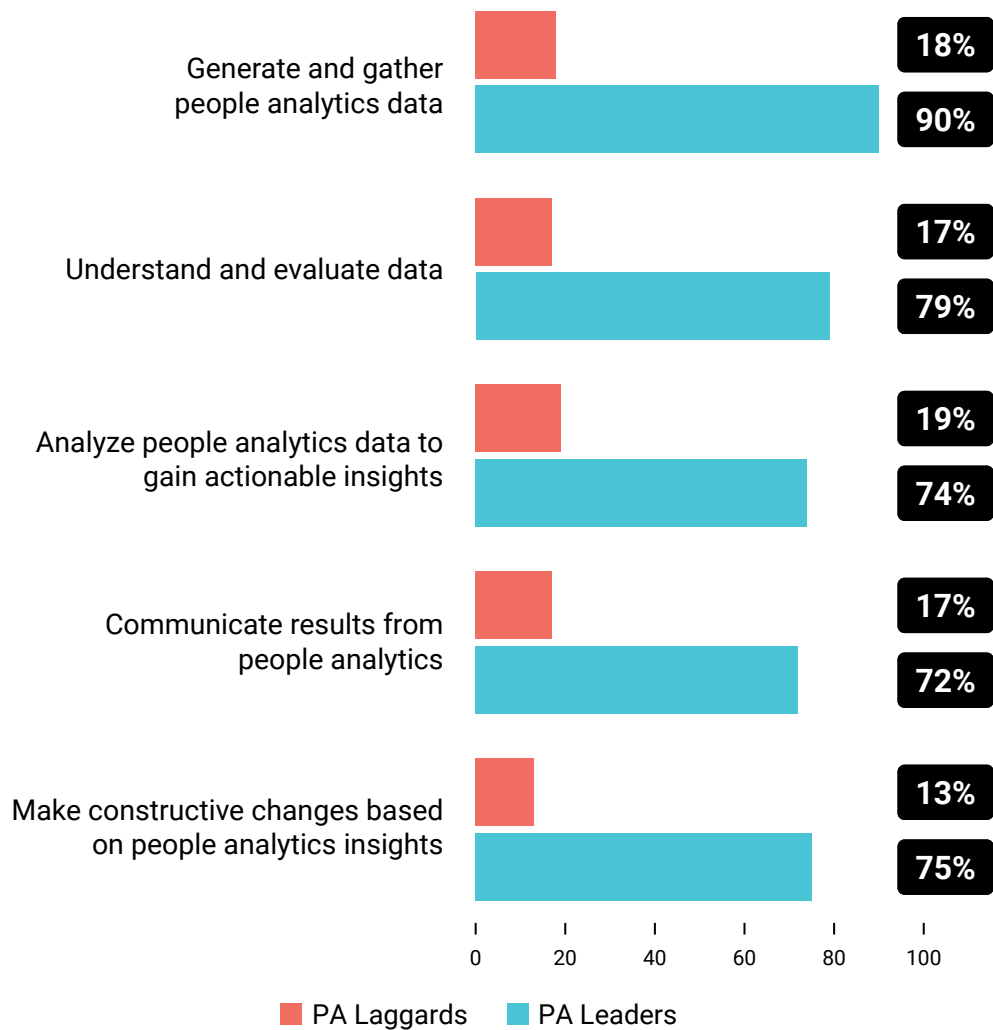
Finding: Across all five people analytic process steps, people analytics leaders are more capable than their laggard counterparts

As we discussed above, effective analytics is a process of five steps, from generating and gathering data upfront and ending with actual change. In all five process steps, PA leaders are more capable than their laggard counterparts, often by a factor of four.

For example, 78% of the leaders say their ability to understand and evaluate data is good/very good. This compares to a scant 16% for the PA laggards. They are almost four times more likely to do a better job at analyzing data to gain actionable insights. And, based on their level of competence in the first four steps, they are more likely to make constructive changes to their insights, with 75% of leaders saying that are capable compared to just 13% of laggards.



Survey Statement: Please rate your organization's current ability to do the following [percent responding good or very good]



Leader organizations are five times more likely than laggards to generate and gather people analytics data



HRI Strategic Recommendation

Based on our research, please consider the following suggestions:

- ✓ When you plan your approach to people analytics in a given area, specify how your organization will achieve all five of these steps. After all, each step depends on the ones that come before, so they work collectively.

- ✓ However, stay realistic. Not every insight is likely to result in constructive changes, especially at first. Change management is typically more difficult than data analysis. So, don't let the perfect be the enemy of the good.

- ✓ Attempt to get feedback and buy-in on your plans from other stakeholders. For example, find out how key stakeholders like to consume analytics. Maybe they favor dashboards or maybe they prefer spreadsheets. It's important to understand their points of view before committing to specific processes. There will always be course corrections, but try to get things right at the start through good planning, communication and team-building.

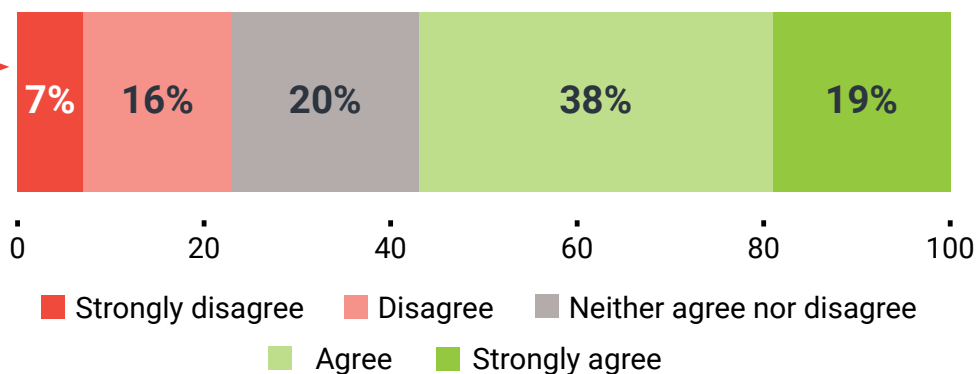


Finding: A majority of organizations report that people analytics leads to better business outcomes

While the findings show that most organizations still struggle with business analytics, a majority of them (57%) see value nonetheless. People analytics can be extremely important in improving the efficiency and effectiveness of various HR functions, and they can be even more critical in demonstrating business value.

Historically, HR has been criticized for a lack of a measurement mindset. In all fairness, gauging the impact of HR interventions historically can be difficult. With the rise in the sophistication of analytics, HR is increasingly able to demonstrate the impact of initiatives and business performance.

Survey Statement: Your organization's people analytics processes and/or technology systems help make talent decisions that improve business outcomes.



Less than a quarter actively disagree that their organization's people analytics processes fail to improve business outcomes

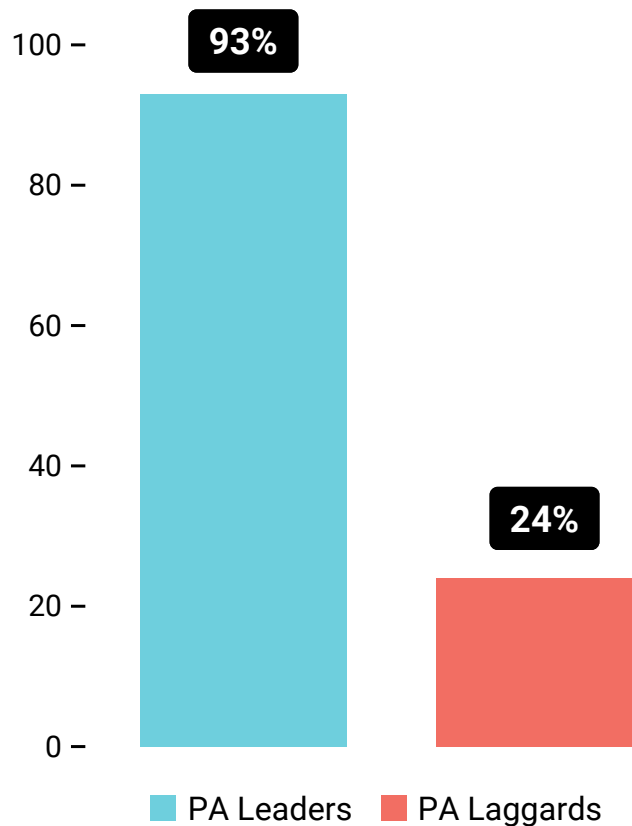




Finding: PA Leaders are far more likely to improve business outcomes using people analytics

Fifty-five percent of the PA leaders strongly agree that their use of people analytics improves business outcomes. This compares to only 4% of the PA laggard respondents. Combining respondents that answered “strongly agree” or “agree,” a staggering 93% of the leaders believe people analytics lead to better business outcomes compared to 24% of the laggards.

Survey Statement: Your organization's people analytics processes and/or technology systems help make talent decisions that improve business outcomes. (% responding agree/strongly agree)





HRRI Strategic Recommendation

Based on our research, please consider the following suggestions:

- Use analytics to create talent insights and translate these insights to make better talent decisions that are aligned with larger business objectives.

- Celebrate the improvements that result from analytical insights.

- Leverage these success stories to gain further buy-in from leadership in the area of people analytics initiatives.

People Analytics Are Especially Crucial for Certain HR Tasks



Finding: Recruitment and retention top the list of HR functional areas where people analytics are most important

We asked respondents to select the five HR functional areas in which people analytics are most important from a list of sixteen. Recruitment/selection, as well as retention (both at 49%), are the most widely cited areas. Of course, the labor market remains competitive, and analytics might help HR find the right sources for attracting candidates, expedite the time to hire, assess how your recruiting process stacks up to current hiring trends and competitors, and even predict which candidates are most likely to succeed in their new jobs. As for retention, one of the most innovative examples of people analytics is the ability to predict which employee cohorts are high turnover risks.

These two options are connected, of course. Selecting the candidates who best fit with your organization's culture and roles in the first place should, in turn, result in higher levels of retention.

While the rankings of chosen options are similar to those in our [2022-2023 study](#), there is one notable exception: compensation. That sat at the top of last year's list but did not rank in the top five of the current study. It is unclear why this may be the case, but perhaps it has to do with lower inflation rates and declines in the total number of new employees added to the U.S. labor force in recent months.

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



DEIB is the third most chosen HR area where people analytics is important



Finding: HR professionals mostly frequently use people analytics to gain insights into employee attitudes and behaviors

Forty-seven percent of respondents say they use analytics to gather insights into employee attitudes and behaviors often or always. In all of the remaining four areas, just over a third or less of respondents indicate using analytics often or always.

Analytics are used less frequently for more strategic insights, a theme we see throughout this report. Only one in three organizations often or always use analytics to determine future talent needs (31%) and to consistently deliver insights to make better business decisions (34%).

Survey Statement: HR professionals in your organization are able to use analytics and data to do the following (% responding often/always)



Just over a third use people analytics to make effective business decisions often or always.



Finding: PA leaders are better able to use analytics across each area

PA leaders are far more frequently able to use analytics across every one of the five areas we asked about. For example, over two-thirds (67%) of PA leaders often or always use people analytics to forecast future talent needs. This is almost six times greater than the 11% for the PA laggard group. This difference is even greater for the ability to use analytics to collaborate with other functional areas on strategic decisions.

Survey Statement: HR professionals in your organization are able to use analytics and data to the following (% responding often/always)



Leaders are six times more likely to use people analytics to collaborate with other functional areas on strategic decisions



HRRI Strategic Recommendation

One of the factors that gets HR a seat at the leadership table is using data to showcase the impact of HR initiatives on the larger business goals. Keeping that in mind, we have some suggestions based on our research.

- ✓ Ask how HR can deliver insights to make effective business decisions. What kind of data collection and analysis does that require? What do other stakeholders think?
- ✓ Determine if those insights can be used for the purpose of prediction. For example, can the organization accurately anticipate future talent needs?
- ✓ Consider engaging in experimentation. That is, try to make predictions based on data and then see how well you can forecast future needs. You don't need to communicate those predictions to anyone outside of HR at first, but over time you should be able to work out which predictive methods have been most successful.
- ✓ Once you've worked out your most effective predictive methods, then you can go to others in your organization with insights, and practical strategies based on those forecasts.

Analytics Is All About Turning Data into Insights



Finding: Respondents say turning data into insights is the most useful practice for improving people analytics

Which practice is most useful for improving people analytics? It is the ability to turn data into insights, cited by 56% of respondents. We believe that, at the end of the day, this is the primary purpose of analytics.

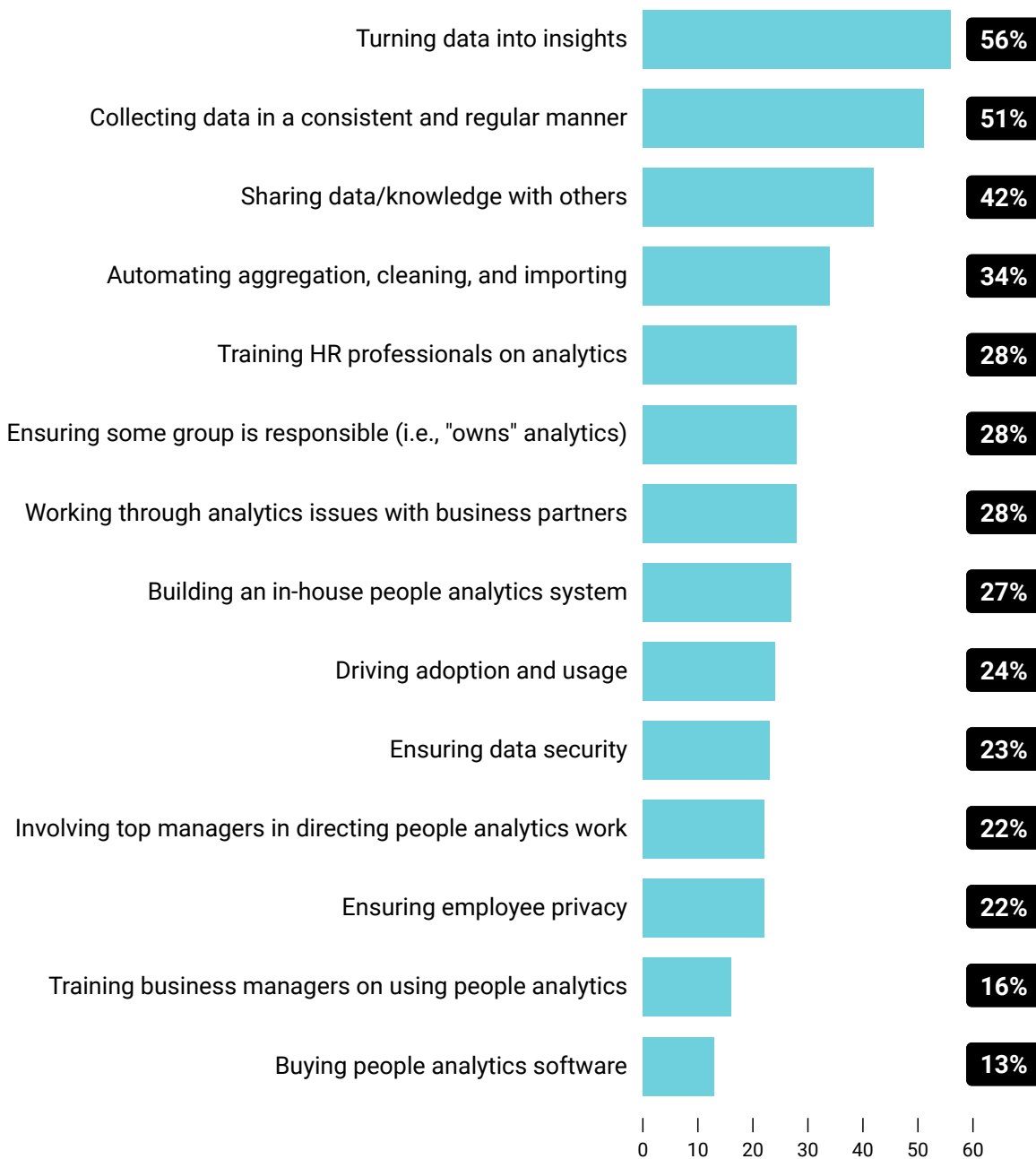
However, bad data can't lead to good insights. Therefore, it makes sense that collecting data in a consistent and regular manner was selected by 51% of the respondents, the only other item selected by more than half.

The next two items among the top five most important are "sharing data/knowledge with others," and "automating aggregation, automation and importing." These two items highlight both communication and efficiency.

After those top four, there are several practices focused on the people portion of the analytics process, such as training HR professionals, ensuring someone "owns" analytics, and working through analytics issues with business partners.



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



Good analytics depends in large part on excellent people management



Finding: PA leaders find almost all analytics practices more useful than do PA laggards

PA leader companies are considerably more likely than their laggard counterparts to view these five areas as most useful for improving people analytics. One area that stands out is training HR professionals in analytics. This is something that organizations can do regardless of size or technology. Once HR professionals know how to set up good processes and analyze data properly, then they can work through other issues, from collaborating with business partners to knowing how to turn data into insights.

Survey Question: Which five of the following practices have been most useful for improving people analytics in your organization?





HRII Strategic Recommendation

Given the differences between PA leaders and laggards in practices leading to successful people analytics, we have the following suggestions.

- ✓ Build a tech-savvy and data-capable HR team. Devote time for upskilling or reskilling team members who want to make a shift into more data-driven work.

- ✓ Show your commitment by investing resources into training and development.

- ✓ Develop a culture of data-based decision-making and turn your bits and bytes into insights.



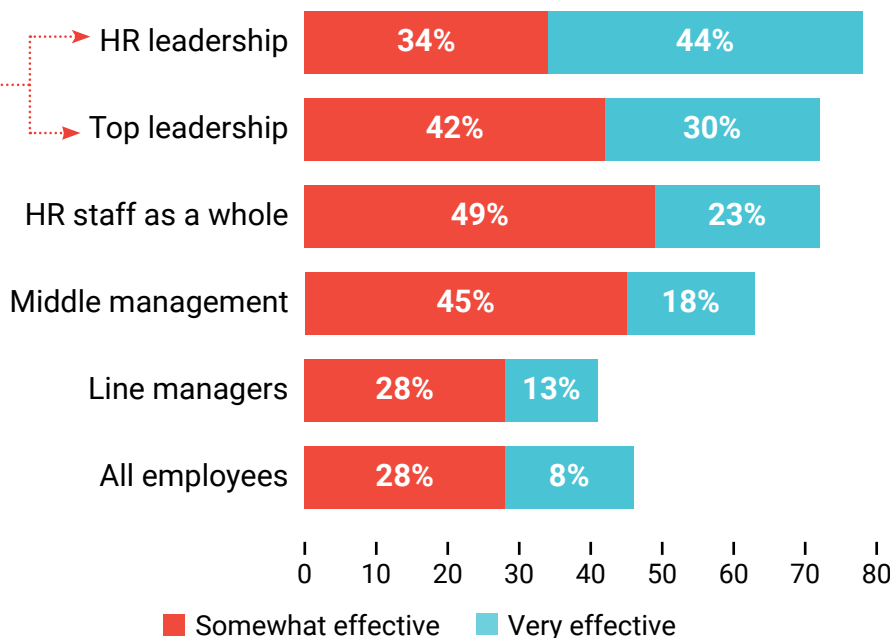
Finding: People analytics is most effective in providing insights to HR leadership and senior managers

Organizations analyze data to make better decisions, and decision-making is the primary domain of leaders. Therefore, it makes sense that people-related insights are most effectively geared toward top leaders and HR leaders. These are the two groups of constituents who are most likely to place value on analytic insights and use them for meaningful change.



Most are at least somewhat effective at generating insights for leaders

Survey Question: In your organization, how effective is people analytics at generating important people-related insights for the following groups?



People analytics must be aligned with the overall business strategy. That helps give people analytics a platform and visibility we see in other functions such as marketing and sales performance. It means building strong alliances with other functions to show the relationship of talent to performance.”

~ Brian Kasen, Director, Business Intelligence, Mitrtech (formerly Trakstar)

Integrating Systems and Data Are Major Challenges



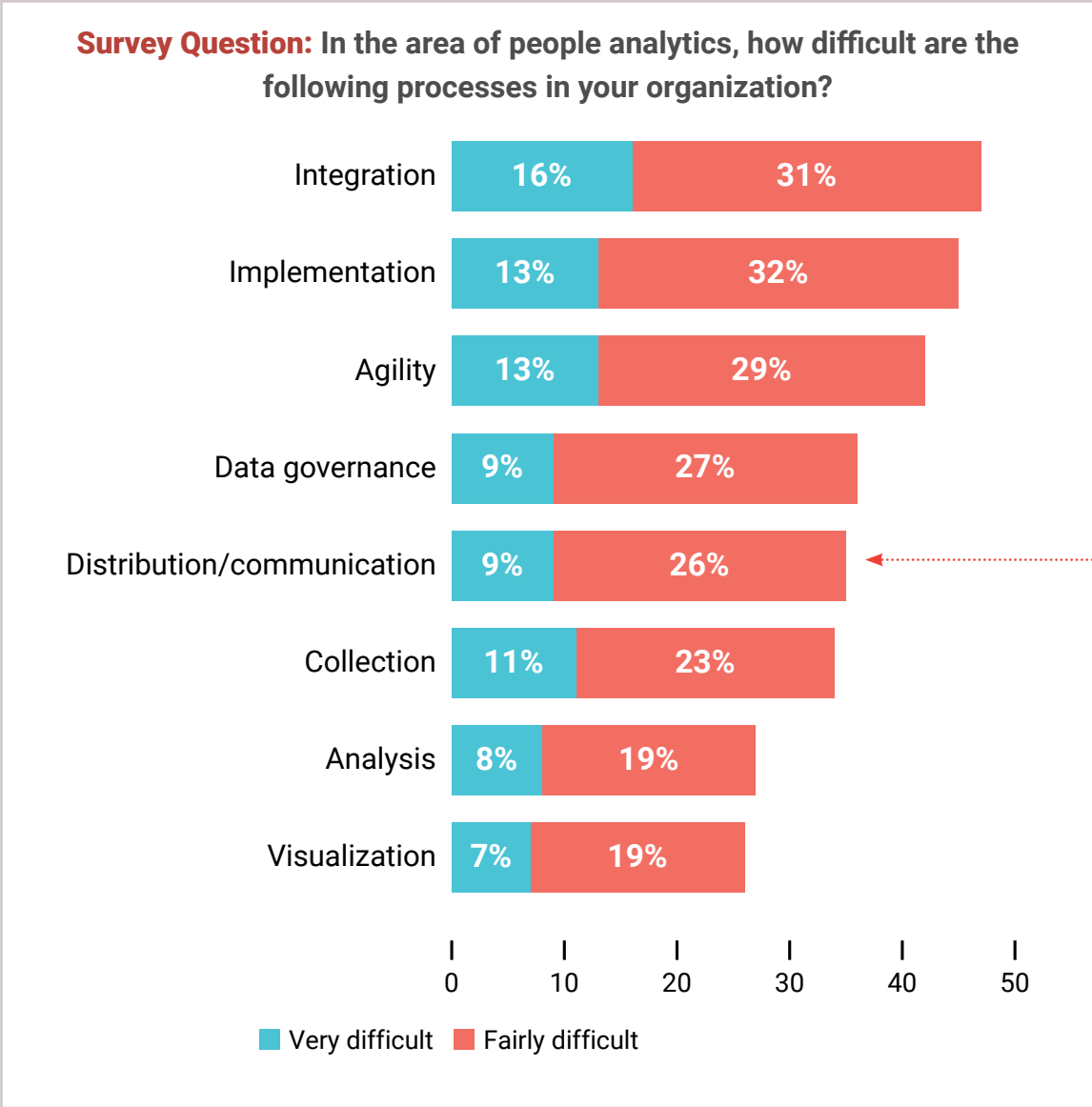
Finding: The three most difficult aspects of people analytics are integration, implementation, and agility

We asked participants to rate the difficulty of eight analytics processes. The top three that were found to be fairly difficult to very difficult were data integration (47%), implementation (45%), and agility (42%).

Integrating disparate sources of data is difficult because one must ensure that the data are consistent with one another. This can be a serious challenge, especially if the data is coming from multiple unrelated systems.

In contrast, implementation is at the other end of the spectrum, meaning the implementation of programs based on decisions derived from analytics. This not only entails making sense of the data and drawing insights from it but also taking useful actions based on those insights. This is where the proverbial analytics rubber meets the road.

- Integration** - integrating disparate sources of data
- Implementation** - implementing programs based on decisions derived from analytics
- Agility** - responding quickly to deliver data-based solutions to problems
- Data governance** - maintaining data quality, reliability, security, and regulatory compliance
- Distribution/communication** - providing analytics at the right time and in the right context
- Collection** - collecting data that represents reality from disparate sources
- Analysis** - arriving at specific implications for improving decisions and outcomes
- Visualization** - creating compelling presentations that attract attention



One in three find it difficult to communicate their analytics at the right time and in the right context



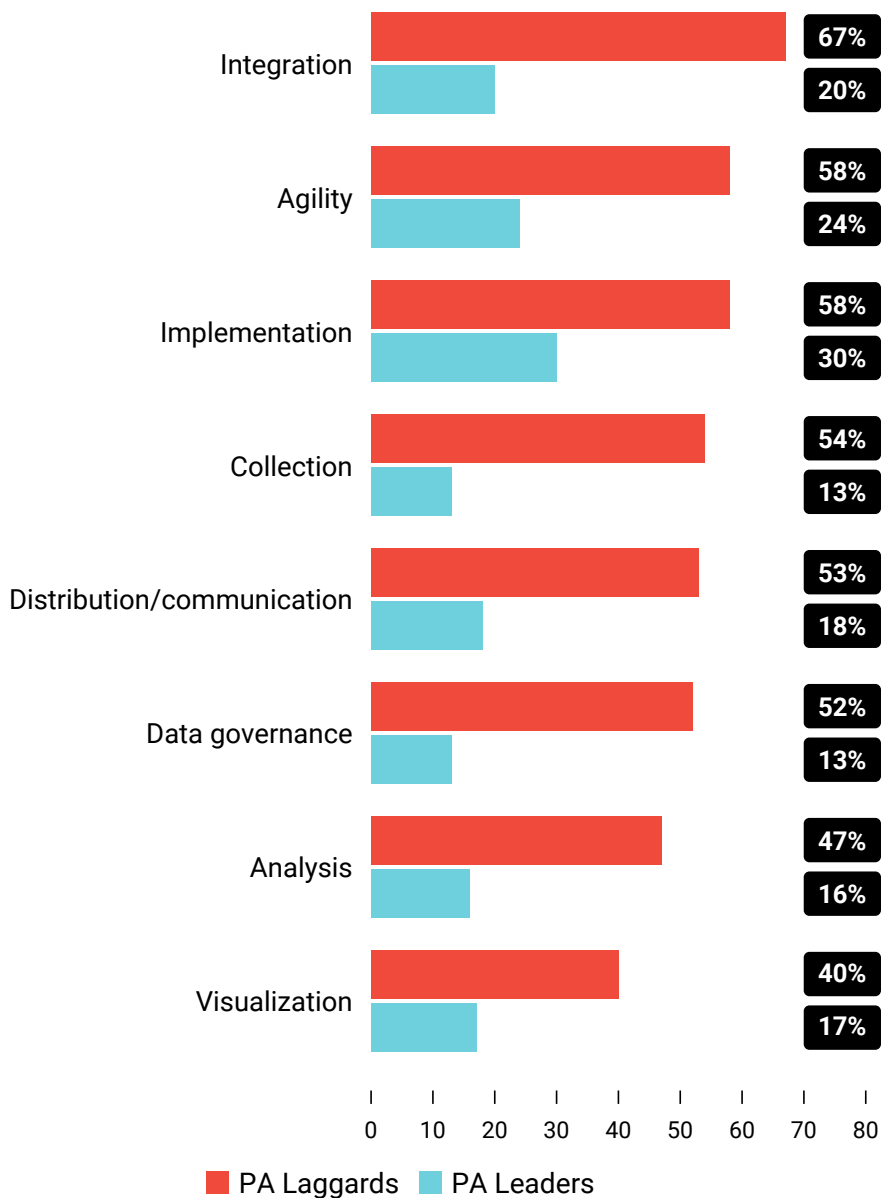
Finding: PA laggards face higher obstacles to their PA process compared to PA leaders

In all eight areas, PA laggards suffer more difficulties than leaders. These differences could be due to many factors including HR budgets, senior-level support, the skill levels of HR, and the use of analytic software. Laggards are over three times more likely to cite integration as a difficulty.

Another major area of difference is data governance: that is, maintaining data quality, security, reliability, and regulatory compliance. Laggards are four times more likely to cite this area as difficult, suggesting that they need to become much better at data governance before they can improve in the area of people analytics.



Survey Question: In the area of people analytics, how difficult are the following processes in your organization?
(% responding difficult or very difficult)



PA leaders are far more likely to overcome barriers to successful people analytic implementations



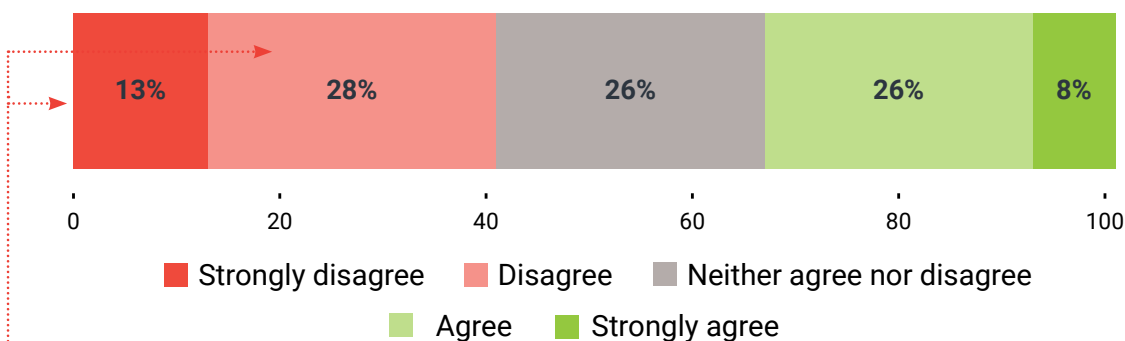
Finding: Only about a third say their systems are well integrated so they can easily pull data for useful analyses

Difficulties with data integration likely stem, at least in part, from problems with system integration. Only 34% agree or strongly agree that their HR technology systems are well integrated, making it easy to pull data for useful analyses. A larger percentage of respondents (39%) disagree/strongly disagree.

This finding is an improvement from the 2022-23 [report](#) when only 23% agreed/strongly agreed and 51% disagreed or strongly disagreed. However, the problems here remain substantial.

While some HR systems cover a wide range of functions, it is often the case that different systems are used for different functions (e.g. learning management or candidate tracking systems), each storing data required for analytics. Systems that allow for easy interoperability can lead to more comprehensive and seamless data collection. This can save time and resources as organizations aspire to understand how different talent initiatives affect one another. For example, performance management data might be integrated with learning/training data so that skill gaps can more easily be seen and addressed.

Survey Statement: Our HR technology systems are well integrated so we can easily pull data for useful analyses.



Two-fifths of respondents disagree that their technology systems are well-integrated





Finding: Just one in five organizations often or always integrate non-HR data with HR data

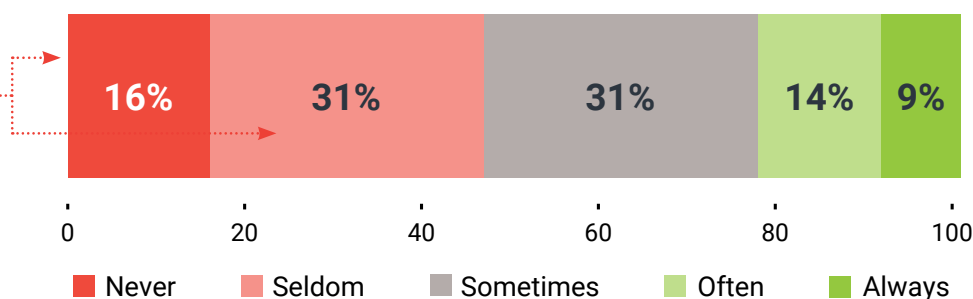
While integrating data between HR systems can be challenging, the ability to integrate HR data with non-HR data can be even more difficult. Yet, it is increasingly necessary as we attempt to demonstrate the impact of HR on business performance. For example, looking at turnover on its own is important. However, determining the relationship between turnover and revenue carries far greater value.

Only a minority of respondents (20%) have developed the capability to integrate non-HR data with HR data often or always. Double the number say they seldom or never integrate the two sources of data. The inability to integrate can be a barrier to HR taking a seat at the leadership table as a strategic business partner.



Almost half (47%) of organizations never or seldom integrate HR data with non-HR data

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



There are a lot of siloed applications in the HR space, many of which have some analytic capabilities built in. However, even with the ones that claim to be universal, you will likely need to pull from different systems to aggregate data and find meaningful correlations to tell a story across the employee life cycle. There is no one people analytics solution."

~ Tom McKeown, Product Owner, isolved



Finding: PA leaders are more likely to integrate non-HR data with HR data

Most organizations collect people and business data on disparate platforms. Furthermore, even HR data likely resides within multiple databases. A significant barrier to determining relationships between both people and business data is essential to linking people metrics to business metrics.

For example, organizations may wish to determine the relationship between the quality of hires and revenue per employee. If there's a strong relationship, then they will want to develop strategies to increase the quality of these hires.

The interoperability of HR and non-HR databases is crucial in making this happen efficiently. Fifty percent of the PA leaders "often or always" integrate non-HR data with HR data, compared to just 10% of the PA laggards. Only 14% of the leaders never or seldom integrate the two sources of data, versus 65% of the laggards.



Leaders are five times more likely to say they integrate non-HR data with HR data always or often for analytics





HRRI Strategic Recommendation

Based on our research, we have the following suggestions.

- ✓ Consider integrating HR and non-HR databases into a data warehouse or repository.

- ✓ When strategizing on this integration, plan for the following steps:
 - data identification and planning
 - data extraction
 - data cleaning and transformation
 - data integration
 - data loading



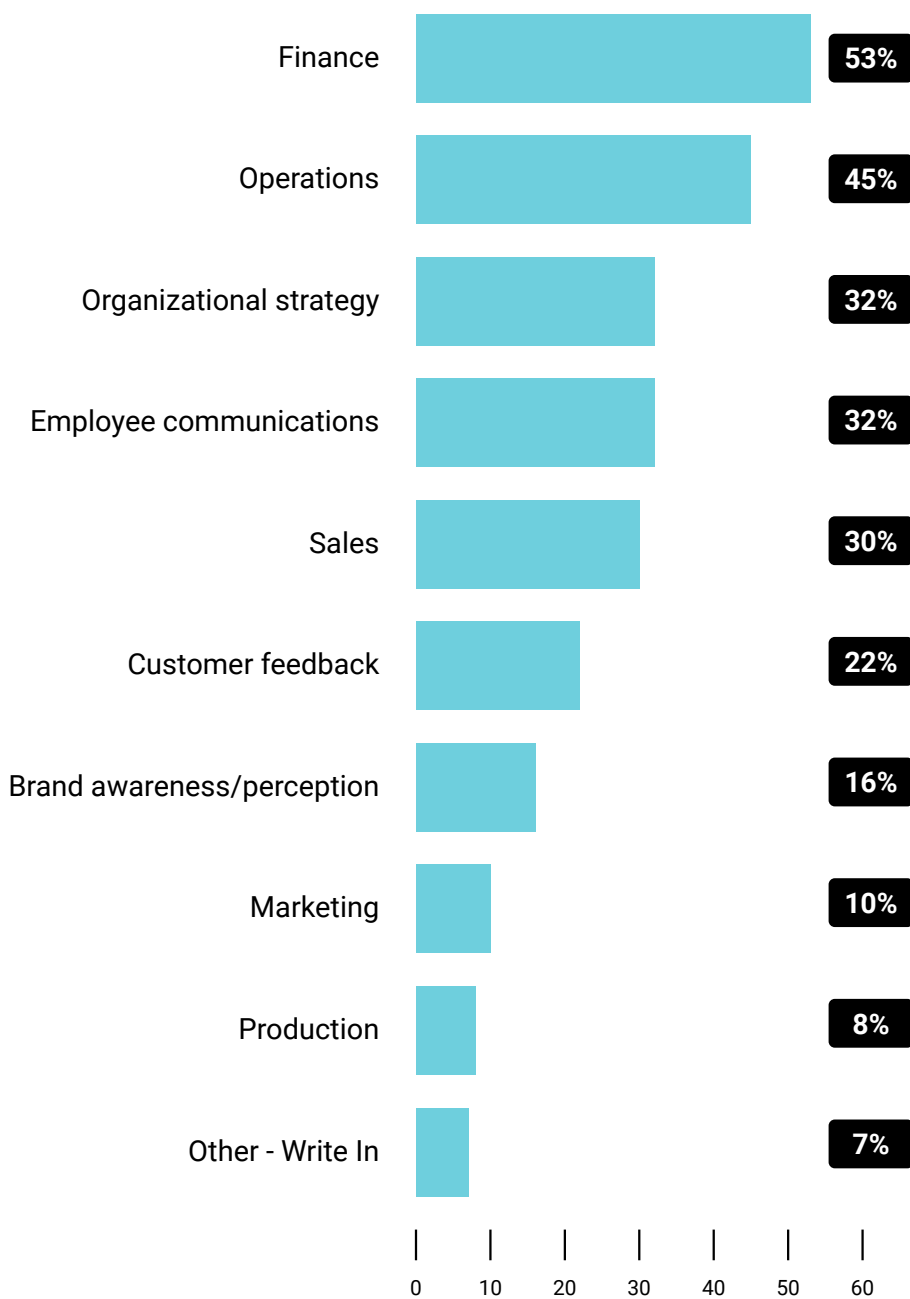
Finding: Financial information is the most common type of business data integrated with people data

We asked those organizations that *do* integrate non-HR data with people data about the most common type of data that they integrate. Financial data was the most common source, chosen by just over half of the respondents. Financial data is likely the broadest of categories included in this question and can cover a multitude of mission-critical business metrics. By making this connection, an organization may be able to spot how the quality of talent relates to key financial targets such as sales, profitability, shareholder value, cash flow, and customer retention rates. Other frequently chosen sources of non-HR business data integrated with HR data include operations data (45%), and organizational strategy (32%).

Integration barriers can be cultural as well as technical in nature. Strong relationships with other functional departments are paramount, including partnerships with IT or other “owners” of business intelligence systems and data. And, senior leadership, as the ultimate owners of data, should be paving the way in prioritizing the types of HR/business data relationships that need to be explored.



Survey Question: What types of non-HR data are integrated with your organization's people-related data? (select all that apply)



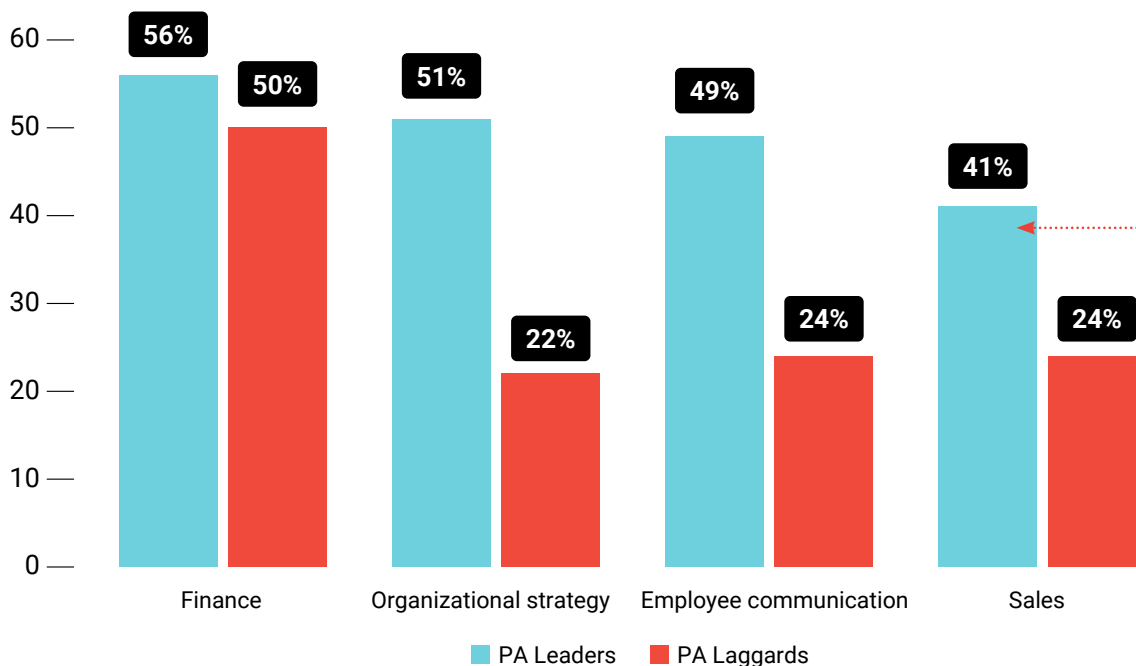
Only one in five integrate customer feedback with HR data



Finding: PA leaders use various types of business data to a greater percentage to integrate with people data

Both leaders and laggards use a variety of non-HR data sources to integrate with people data. However, in all cases, PA leaders tend to use them more frequently. There is much disparity when it comes to using operations data among leaders and laggards (56% vs. 32%). Just over double the percentage of leaders report using data around organizational strategy (51% vs. 24%). Differences are the smallest in the area of financial data.

Survey Question: What types of non-HR data are integrated with your organization's people-related data? (select all that apply)



PA leaders are almost twice as likely to use sales data when looking at the relationship between people and business metrics



HRRI Strategic Recommendation

Based on our research, we have the following suggestions.

- ✓ Work with other organizational stakeholders to identify and prioritize metrics that would be best suited for integration of HR and non-HR data. Always think in terms of business impact.

- ✓ It may be best to start with stakeholders in these departments:
 - finance
 - operations
 - organizational strategy
 - employee communication
 - sales

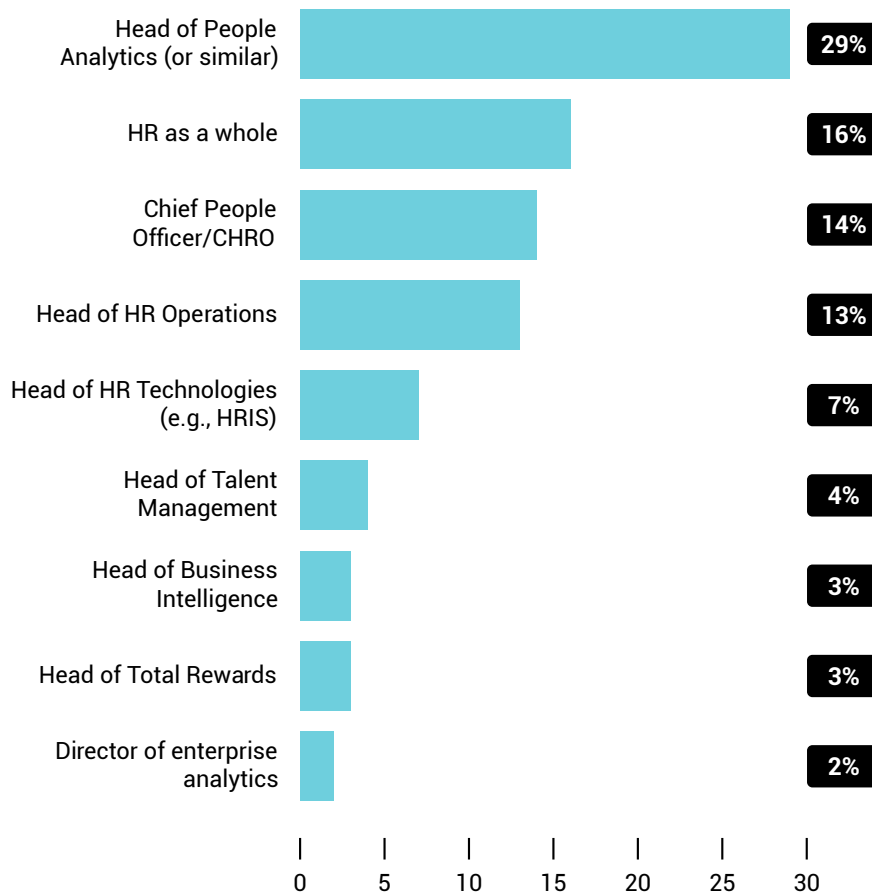
Who Heads People Analytics?



Finding: The head of people analytics is most commonly responsible for managing people analytics

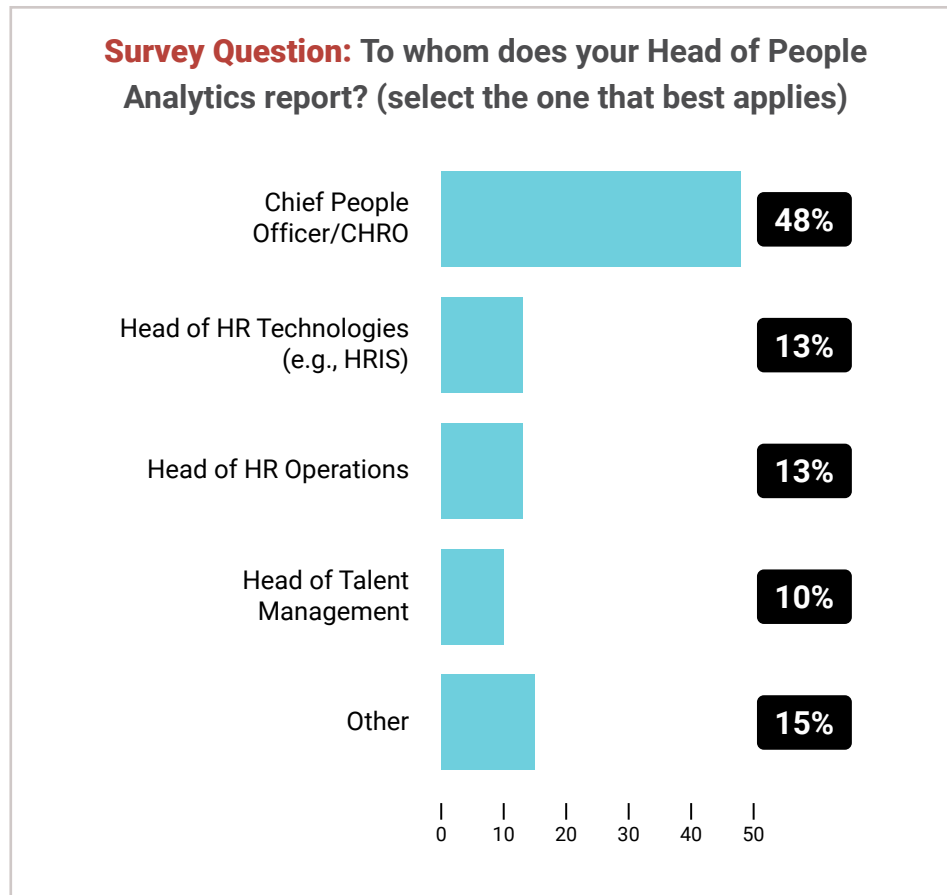
We asked who most commonly leads people analytics. Twenty-nine percent of the respondents indicate they have a designated head of their organization's HR analytics processes, almost double any other of the options. This is a considerable change from the 2022-2023 study, where only 18% chose this option. This finding is encouraging as it reveals the importance organizations are placing on people analytics and the realization that it requires a special skill set.

Survey Question: In your organization, who is primarily responsible for managing people analytics? (select the one that best applies)



The head of HR technologies is seldom responsible for people analytics

In a follow-up question for those who chose “Head of People Analytics,” we ask about whom that person typically reports to. We found that they are most likely to report to the Chief HR Officer.



Surveys and Spreadsheets Still Rule People Analytics



Finding: The use of analytics technologies is still limited

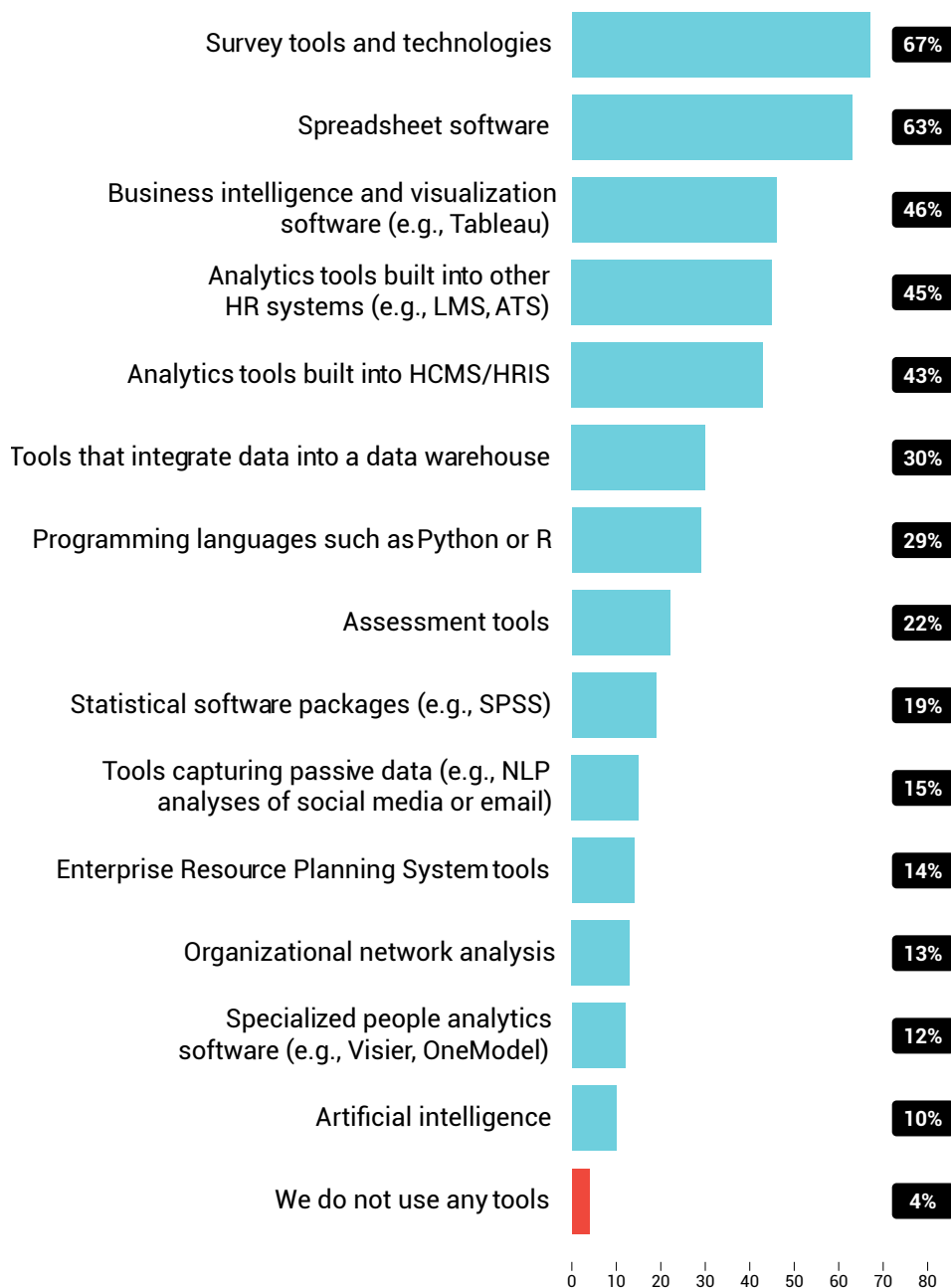
Choosing the right mix of people and analytic technologies is no easy task. There are many options to choose from and it is currently challenging to find a single application that “does it all.” Each application serves single or multiple functions ranging from data storage, statistical analyses, visual presentation of data, and AI/predictive analytics. And, earlier in this report we talked about the need to have the ability to seamlessly integrate analytic data between sources.

Survey technologies and spreadsheet software were chosen by 67% and 63%, respectively, and are the two most used analytic tools. They are relatively inexpensive, familiar, and ubiquitous. Survey software is used to collect data (e.g., customer satisfaction, reactions to training, employee attitudes) while spreadsheets display data and do some basic analyses.

Business intelligence and visualization software is used by 46% percent of respondents. These types of applications are not exclusively reserved for HR. Another 45% use analytic functionality embedded into larger HR applications (e.g. LMS, ATS, HCMS, and HRIS). Many leading providers in this category have developed add-on capabilities to perform an array of talent analytics.

We believe that specialized people analytics products are likely to become more common in the future and are currently used by 12% of employees. These applications are designed to answer mission-critical people questions for HR teams and business leaders, allowing them to make better people decisions by collecting and analyzing talent data and then compiling it in the form of comprehensive reports.

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



Only about one in ten use specialized HR analytics software



Finding: For people analytics, organizations are most likely to use AI to identify at-risk talent

Acknowledging the rise of artificial intelligence (AI) in all facets of business, we included it as an option in our question about what people analytics and business intelligence/analytics solutions are in use currently (previous section). Those who picked AI (10%) were asked follow-up questions about AI applications, training, and initiatives.

Although forms of AI and machine learning have been used in various HR technologies for years, the latest advances in generative AI (such as ChatGPT) have become a frequent discussion topic. However, the use of generative AI for HR applications is still in its infancy.

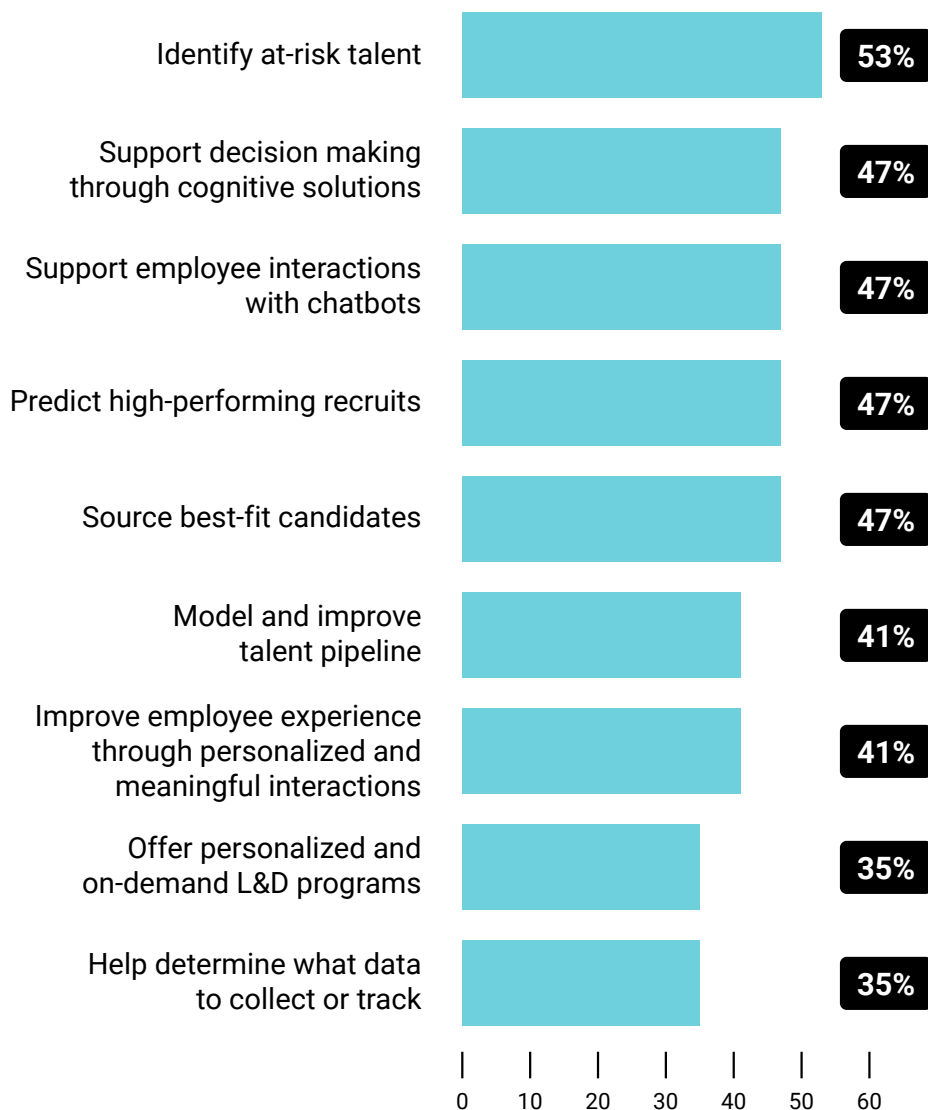
Identifying at-risk talent, chosen by 53%, is cited as the most common HR use of AI. It potentially allows organizations to identify retention risks and take preventive action before employees leave the organization. AI has also been used to help organizations source best-fit candidates and predict which recruits are most likely to be high performers (47%).



"We have recently signed up to be one of the first testers of a brand new AI assistant that will be available from our people analytics vendor. Much like ChatGPT, users will be able to pose questions and obtain fast answers. The difference is that the vendor's AI assistant will be specifically focused on people analytics use, will run on a defined security model, and will provide insights from our own company's workforce data based on user questions."

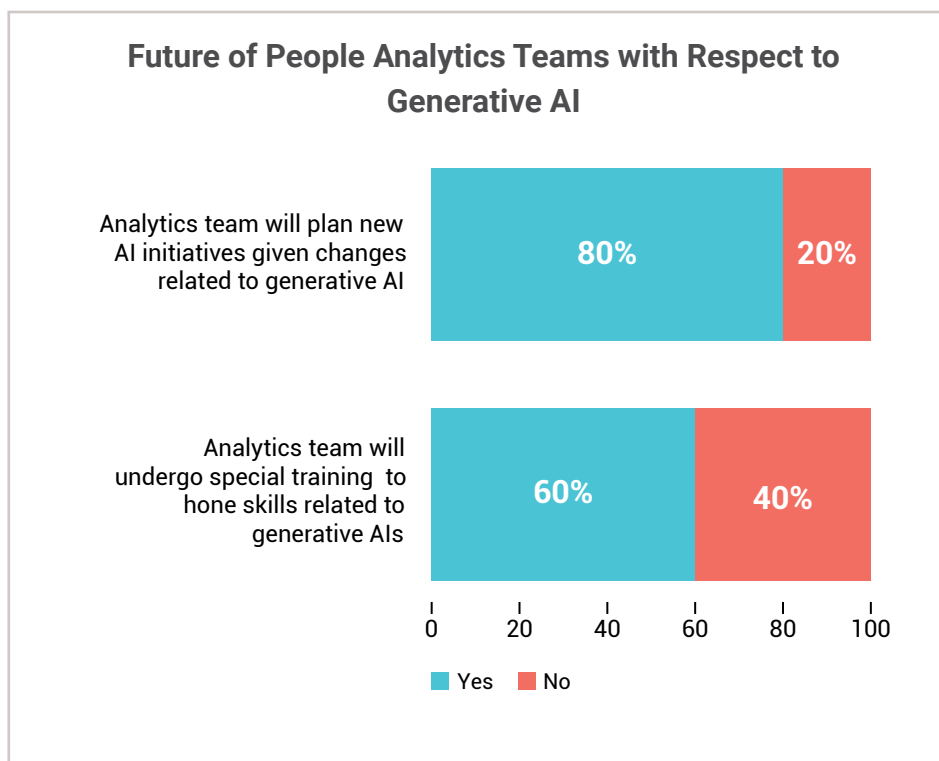
~ **Kevin Moore**, Senior Director, Docusign

Survey Question: What are the ways your organization uses AI for people analytics? (select all that apply)



47% are using AI to support to make better HR decisions

We also asked respondents who use AI for analytics about how they will use generative AI specifically. Eight in 10 respondents say that their people analytics teams will plan new generative AI initiatives and six in 10 say their teams will undergo special training to hone their skills related to these types of AIs.



Defining Generative AI

Generative AI is capable of generating text, images, or other media by using generative models. Such models learn the patterns of their input via training data and then generate new data that has similar characteristics.

Interactive Visualizations Are Deemed Most Effective



Finding: Interactive visualizations are most commonly deemed an effective way of presenting people analytics

HR professionals want their analytics work to be well understood so that their organizations can make good business decisions. But what is the best way of presenting such data to maximize impact and utility?

To find out, we asked about the most effective presentation methods. The most widely cited response, at 80%, is using interactive visualization methods to communicate people analytics data. Interactive visualizations permit users to interface and query data, allowing them to better understand and explore the analytics. Users can display data in different ways, and this can lead to higher user engagement and better decision-making.

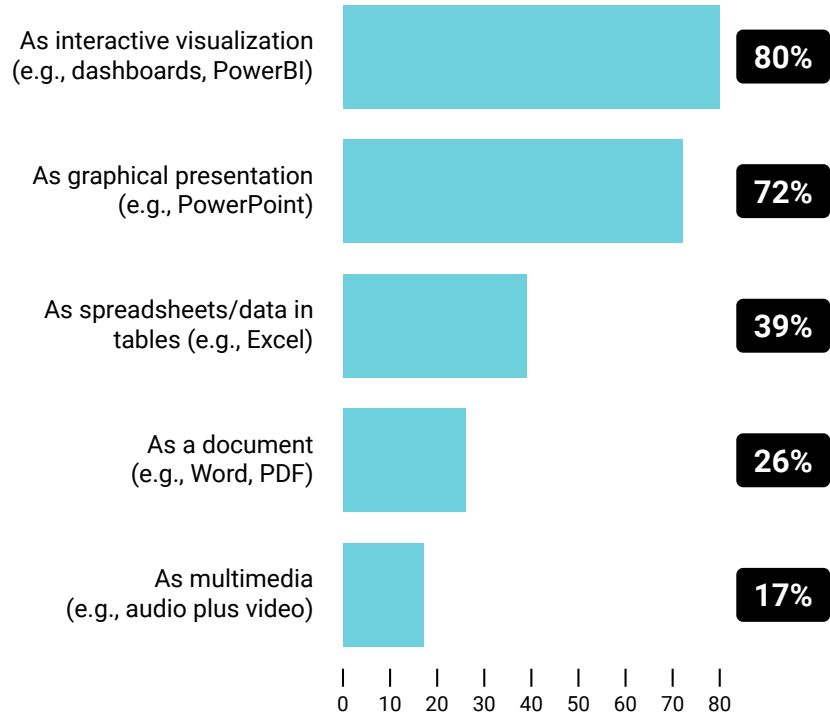
The second most common method was graphical representations of data, cited by 72% of organizations. While such graphs can do a good job of displaying visual data so that users can understand it, they are typically static so users cannot query the data.



Communications of analytics is a piece I would argue as really important. They need to be conveyed in a simple-to-understand manner. Communications should not be undervalued. In fact, I do not think they can be overvalued.”

- **Matt Malter Cohen**, Head of Recruiting & Selection Analytics, Capital One

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

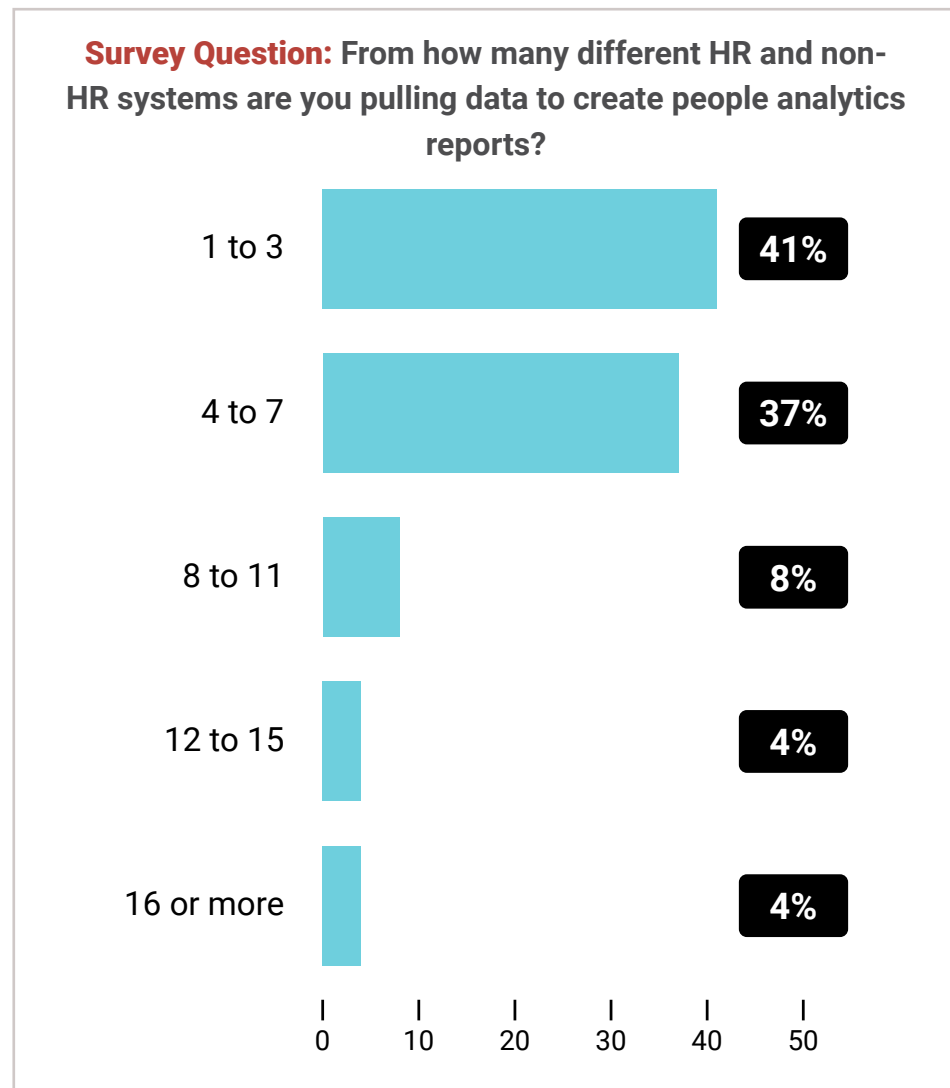


About a quarter still consider documents to be the most effective way of presenting analytics



Finding: To prepare reports, most organizations pull data from one to seven systems

Organizations may use several different analytic sources that require them to integrate. Forty-one percent use just 1 to 3 systems from which they pull their data. Another 37% use between 4 to 7 systems.





Key Takeaways

Below are some key suggestions for how organizations might become more successful in people analytics.

Key Takeaway 1

Build people analytic skills within your HR team. The HR Research Institute has found that data analytic skills are often lacking in HR departments. To remedy this, HR must either hire employees with those skills or develop current employees so that they are more adept at people analytics. Essential skills include proficiency in using various analytic technologies, the ability to properly gather and analyze data, and, perhaps most important of all, the ability to turn analytics into actionable insights and specific actions. While not every member of your HR team will need in-depth people analytics skills, they will need a better understanding of how to use HR data to improve the impact of their specialty (e.g., compensation, recruiting, training /development).

Key Takeaway 2

Develop a robust database for key HR metrics. The amount of people data you can potentially collect is endless, but it will have minimal value unless you can identify the most important information and turn it into useful insights. Our respondents indicate that both the inadequate collection and governance of data can be key barriers to effective people analytic implementations. Concentrate on metrics that drive business outcomes. There are many from which to choose, such as cost/ time per hire, time to full productivity, performance appraisal evaluations, employee engagement data, turnover percentages, employee training costs, and learner satisfaction with training. These metrics will vary considerably by HR function. Be sure there is a governance process in place for maintaining the accuracy of your HR databases, and ensure that the collection/use of data adheres to privacy laws. If you do business internationally, these laws may differ from country to country

Key Takeaway 3

Strive for the ability to integrate both HR and non-HR data. One of the biggest challenges to maximizing the impact of analytics is the ability to integrate data between systems and functions. Within HR itself, it is often important to integrate data from functions that influence one another. For example, it can be useful to integrate data from performance management and learning and development (L&D). This can help identify skill gaps, tailor training programs, and align employee development with organizational goals.

Data integration challenges may become more difficult when integrating HR data with functional/overall business data. A case in point may be the ability to demonstrate relationships among L&D, employee productivity, and revenue per employee. The idea is to see if certain L&D initiatives can boost productivity and improve revenue per employee. The objective is the same across silos: demonstrating the relationship between people and business performance.

Key Takeaway 4

Align people analytics with business objectives. Work closely with senior leadership and line managers to identify how people analytics can influence business outcomes. Take your cues from the corporate business strategy and identify key questions your stakeholders would like to have answered. A sales leader, for example, might be interested in determining the differences in salesperson competencies and behaviors that separate outstanding performers. Another manager may want to determine the performance differences between managers hired externally and those developed internally. It is important to set realistic objectives by taking into account two factors. The first factor is whether you have the right data sets and metrics available to answer stakeholder questions. The second is the ability and resources of your HR team to conduct the required analyses.

Key Takeaway 5

Increase the use of predictive and prescriptive analytics. Descriptive people analytics are useful. For example, organizations should have visibility into basic issues such as the cost of recruiting new employees and employee engagement levels. It tends to be more difficult, however, to engage in predictive and prescriptive analytics. These analytics enable you to make predictions about future outcomes using historical data combined with statistical modeling, data mining techniques, and/or forms of AI. For example, several companies use predictive analytic techniques to determine who is most likely to quit in the near term, enabling managers to act to help retain certain employee groups. Prescriptive analytics can harness predictive analytics trends to determine exactly *how* such employees can be retained. For example, data may reveal that employees who are actively engaged in certain employee development programs are less likely to turnover. In this case, a manager might be able to see if employees who are more likely to quit in the future could be retained by enrolling employees in such programs.

Key Takeaway 6

Consider adopting people analytics software applications. People analytics solutions can be useful in maximizing the efficiency and quality of their people analytics initiatives. People analytic applications can pull raw data from various HR systems and apply algorithms, calculations, and AI/machine learning to create the insights your organization needs to bolster the impact of your HR strategies. If you are considering such applications, you should start by crafting a series of questions you'd like answered. Below are some examples.

- What problems do you want to solve and what insights do you want to gain?
- Do you already have the necessary data and data quality for effective people analytics?
- What is your budget for implementing and maintaining a people analytics solution?
- What will a people analytics solution bring to the table?
- What data sources and integrations can the solution support?
- What analytics capabilities and features does the solution offer?

Deciding on the analytics bundle that best meets your needs will vary based on internal considerations as well as the analytic skill levels of your HR team. You will likely make better decisions by partnering with your IT teams and other business analytic specialists. It is important to keep in mind the field of HR analytics is rapidly evolving and no single solution may meet all of your needs.



About Crunchr

Crunchr is the most intuitive enterprise solution for people analytics. It consolidates your people data from different systems and transforms it into insights. With its easy-to-use, customizable interface, Crunchr's AI-driven engine quickly crunches data to reveal actionable, fact-based insights across all HR domains. This results in deeper insights, helping companies to better find, grow, and retain people, identify cost savings opportunities, measure true diversity & inclusion performance, and optimize workforce productivity. Now using the transformative power of Generative AI, Crunchr is on a mission to empower HR teams to make better decisions. Crunchr has offices in Boston, London, and Amsterdam. Trusted by industry leaders such as Booking.com, MetLife, Randstad, and Shutterfly, Crunchr maximizes team efficiency and elevates HR's business value to new heights. Secure, fast and above all easy to use: Crunchr is people analytics for people.



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