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EXECUTIVE
SUMMARY

June 2018

Global research

People analytics:
driving business
performance with
people data

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Executive summary

People analytics: driving business performance with people data

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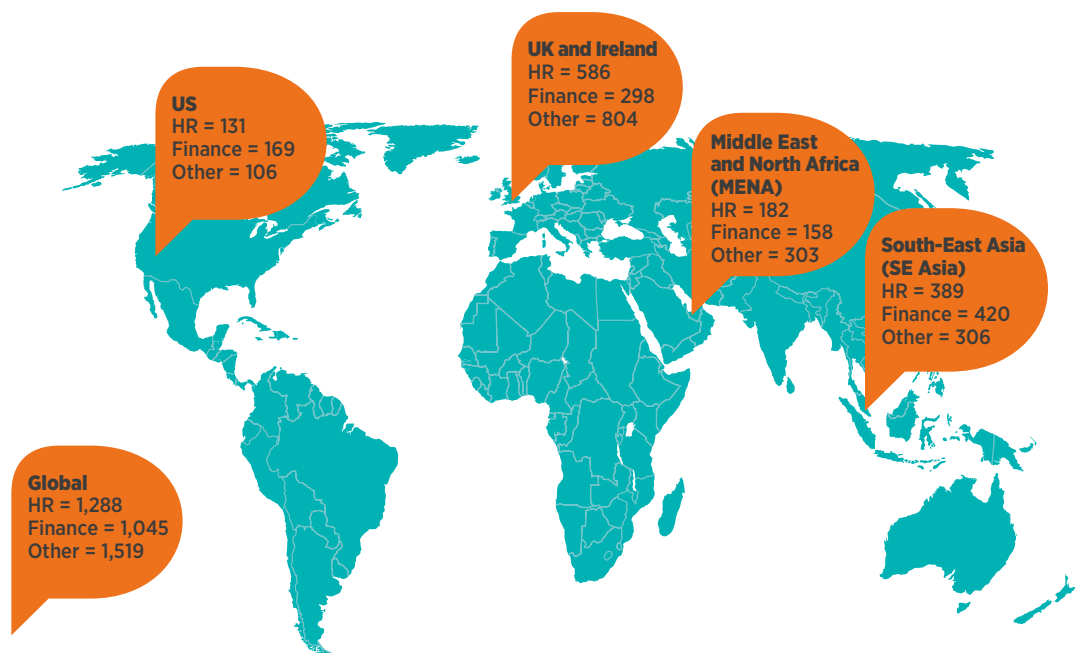
Find out more, read the full report: cipd.co.uk/peopleanalytics

1 About the research

People analytics is a growing agenda for organisations, particularly given the rise of workplace technology that is now able to track individuals' behaviours and provide deeper insights into their performance, productivity and well-being. The use of data in organisations to drive business and employee outcomes is expected to continue as technology further influences the world of work, and more stakeholders including investors and prospective employees show interest in people data.

To understand how people analytics is being used to understand people data, we surveyed 3,852 business professionals worldwide about their views and opinions (see Figure 1).

Figure 1: Participants in our research



We used the findings from the survey to understand:

- how people analytics is influencing organisation-level outcomes such as performance and culture
- how different professional groups, such as HR and finance, view the impact of people analytics
- how capable the HR function is with people analytics and people data
- how people analytics is being used to understand the business challenges and people risks that organisations are facing.

2 Findings

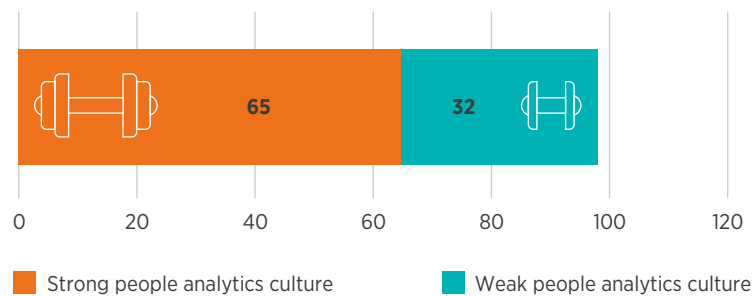
Strong people analytics culture leads to good business outcomes

Using the survey we were able to describe a strong people analytics culture as existing in organisations that:

- actively use people data to tackle business problems
- have management teams that frequently speak about the value and importance of people data, transparency and insights
- have line managers who seek out people data to make business decisions.

We then surveyed non-HR professionals on the impact of people analytics in their business. We found that **people analytics culture** is positively associated with overall business performance: **65%** of those who said they work in an organisation with a strong people analytics culture said that their business performance was strong when compared with competitors, but only **32%** of those in weak analytics cultures report strong business performance. **This represents a 33-point difference.**

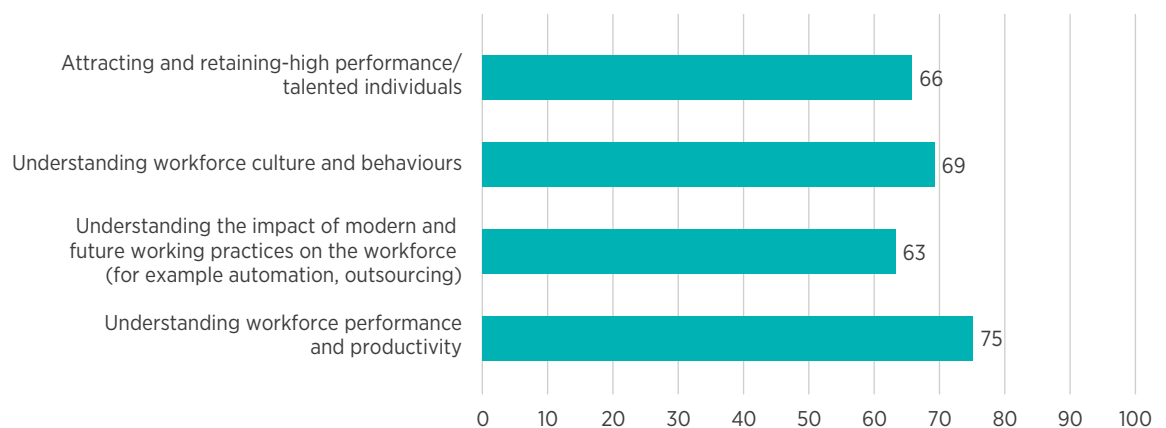
Figure 2: Strong business performance compared with strong culture (%)



Base: global non-HR (n=667)

We also found that **HR professionals are using people data to tackle significant challenges their organisations are facing.** Our survey found that three-quarters (**75%**) of HR professionals globally are tackling workforce performance and productivity issues using people data, illustrating the importance of this information for strategic workforce issues.

Figure 3: Use of people data to tackle key business challenges (%)



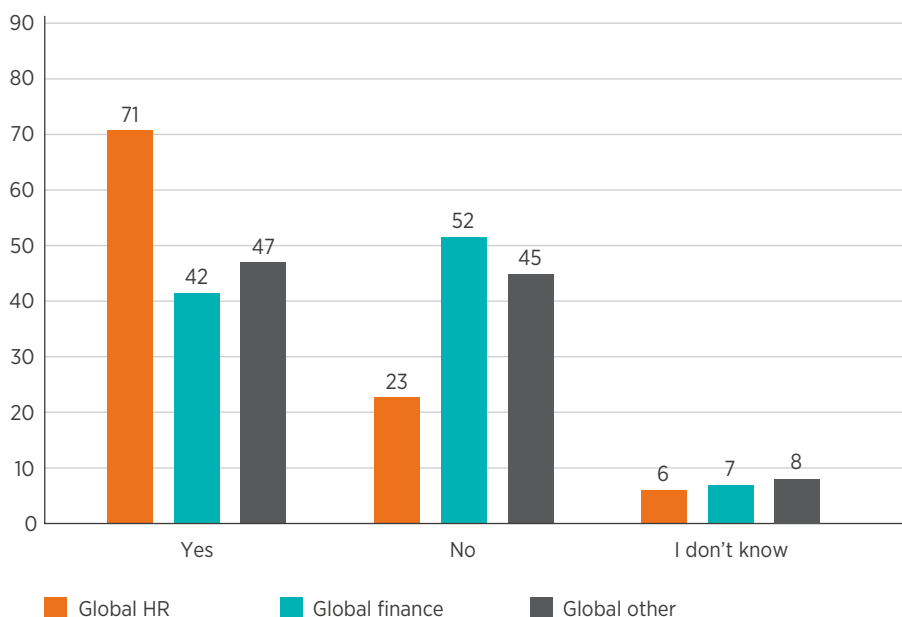
Base: global HR (n=1,288)



Access to people data for decision-making

We asked different professional groups, including HR and finance, if they had access to people data at work. We found that **visibility of data (for example via data dashboards), correlates with improved outcomes, but access differs by profession:** while almost three-quarters (71%) of HR professionals globally have access to people data, only two-fifths (42%) of finance professionals state that they do, illustrating a clear gap between the professions.

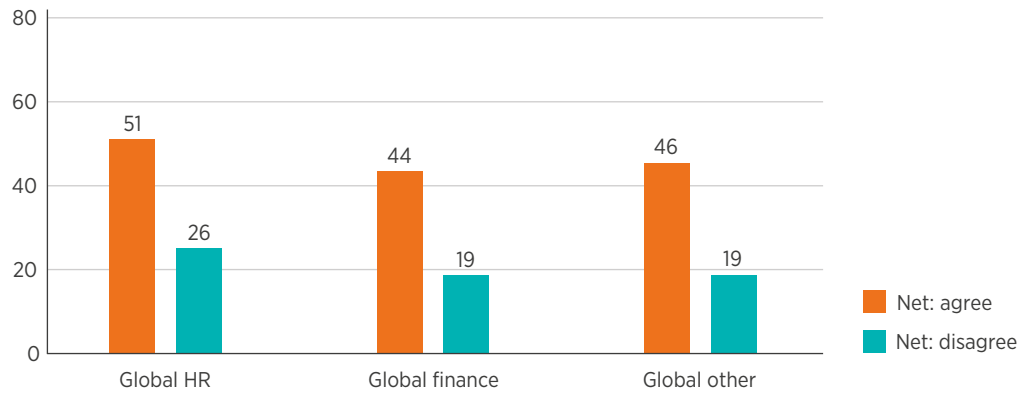
Figure 4: Do you have access to workforce/people data that is produced by your organisation? (%)



Base: global HR (n=1,288); global finance (n=1,045); global other (n=1,519)

We found that visibility of people data improves perspectives on performance, with **73% of respondents from a strong performance business agreeing or strongly agreeing that they have access to a dashboard of people data**, in comparison with 50% of those who indicated their business is of average performance.

Figure 5: Management has access to a people data dashboard (%)

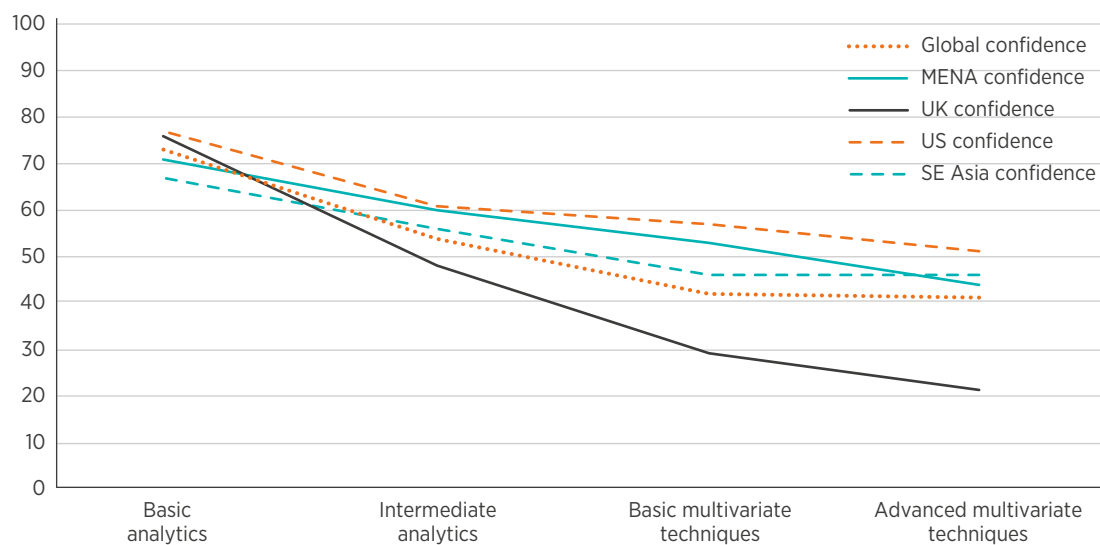


Base: global HR (n=1,288); global finance (n=1,045); global other (n=1,519)

People data skills and confidence

Overall we found that the HR profession continues to lack the skills and confidence to undertake advanced levels of people analytics. We found that this differed by region, for example **HR professionals in the UK lack the confidence to conduct advanced people analytics**: just over one-fifth (21%) of UK HR professionals are confident conducting advanced analytics, compared with 46% in SE Asia, representing a 25-point difference.

Figure 6: Confidence conducting analytics¹ (%)



Base: Global HR basic analytics (n=1,160); UK HR basic analytics (n=524); SE Asia HR basic analytics (n=357); MENA HR basic analytics (n=167); US HR basic analytics (n=112); Global HR intermediate analytics (n=1,045); UK HR intermediate analytics (n=446); SE Asia HR intermediate analytics (n=343); MENA HR intermediate analytics (n=158); US HR intermediate analytics (n=98); Global HR basic multivariate techniques (n=856); UK HR basic multivariate techniques (n=315); SE Asia HR basic multivariate techniques (n=314); MENA HR basic multivariate techniques (n=147); US HR basic multivariate techniques (n=80); Global HR advanced multivariate techniques (n=735); UK HR advanced multivariate techniques (n=229); SE Asia HR advanced multivariate techniques (n=294); MENA HR advanced multivariate techniques (n=140); US HR advanced multivariate techniques (n=72)

¹ Item adapted from Levenson, A. (2011) *Using targeted analytics to improve talent decisions*. Centre for Effective Organisations.

In our analysis of UK data we found there is untapped potential in UK HR professionals: we found that 21% of UK HR professionals say they are confident or very confident with the more advanced techniques, such as structural equation modelling, but only 6% of UK HR professionals say they use these in their day-to-day role, suggesting many HR professionals do not have the opportunity to use their skills in their role.

To understand external perspectives on HR we asked non-HR professionals about whether they believed their HR colleagues had the right skills to conduct people analytics. We found that **HR professionals are not demonstrating their people analytics skills or expertise:** 54% of HR professionals globally think their HR team has demonstrable numerical and statistical skills. Less than two-fifths of finance professionals agree (36%).

Figure 7: Professional perspectives on HR people data skills (%)

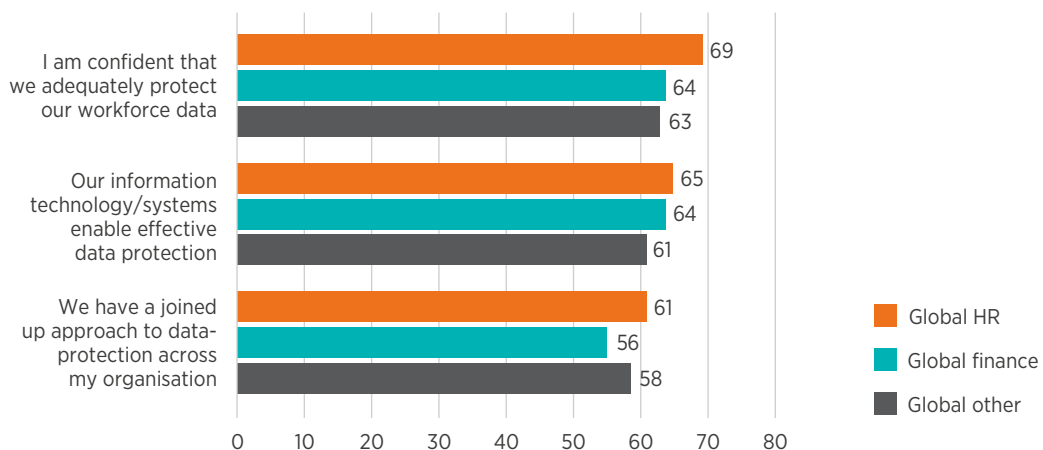


Base: global HR (n=1,288); global finance (n=1,045); global other (n=1,519)

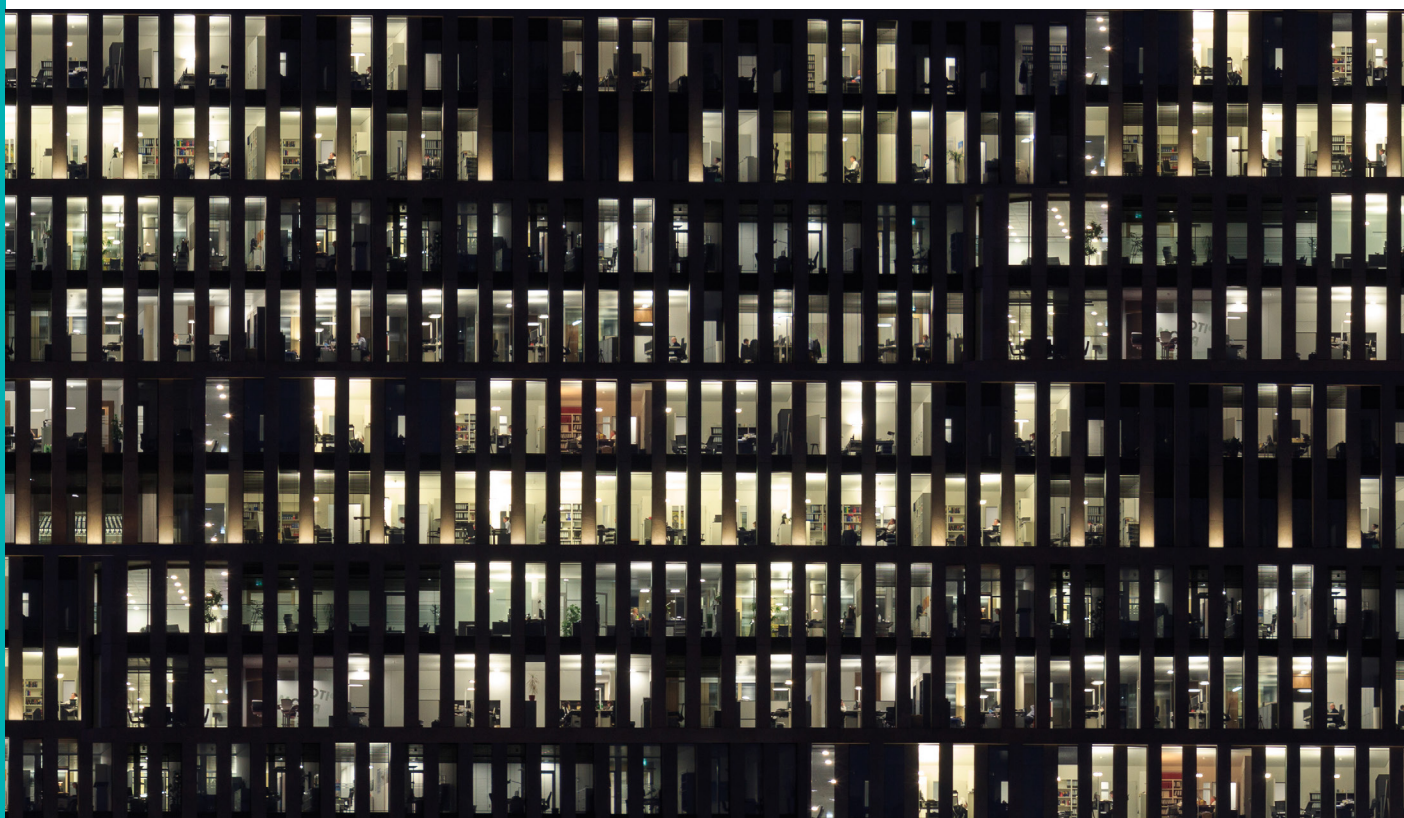
People risk, data protection and data security

Data protection of workforce data continues to be an important issue for all professional groups: there is broad agreement across all professional groups that overall people data is adequately protected. Less than two-thirds (61%) of HR professionals believe their organisation has a joined-up approach to protecting its data.

Figure 8: Professional perspectives on data protection (%)



Base: global HR (n=1,288); global finance (n=1,045); global other (n=1,519)



We also investigated the **quality of people data available for understanding key people-related risks**. We found that data quality is often highly rated, but risk management of some key people risk areas, such as turnover of senior roles, have **low levels of effectiveness**.

Table 1: Effectiveness of risk management types and correlation with analytics culture (%)

Area of people risk		Have excellent or good-quality data on the risk	Risk management is not at all effective
Talent management	Workforce planning	74	13
	Skills shortages	71	13
Business continuity	Resilience for external events	65	19
	Turnover of senior roles	62	20
Diversity and equality	Career development and progression for minority groups	74	14
	Gender equality in leadership	69	18
Reputational risk	External perceptions of culture	69	17
	External perceptions of management practices	66	16
Employee relations	Industrial action	57	23
	Employee participation in decision-making	72	16
Health and safety	Physical health	78	11
	Psychological health	73	16
Ethics	Unethical employee practices	73	12
	Unethical management practices	64	18

Base: global HR (n=1,288)

3 Conclusions and recommendations

A key finding from our research is the relationship between internal reporting of people analytics (for example via data dashboards) and perspectives on organisational outcomes. It appears that the transparency of workforce data is critical if it is to be used by line managers in their decision-making, in particular those in finance-related roles.

Another important finding from this study is the importance of people analytics skills and confidence to driving good outcomes. Regional variation shows how skills and confidence are related to outcomes, with SE Asia often leading practice with higher-quality analytics skills. The UK is particularly limited in both confidence and skills levels, highlighting a potential risk to future capability. However, when the systems are in place, for example data visibility is strong and managers are using people data to inform the decisions they make, it is more likely that individuals are likely to report stronger business performance.

Finally, we found that people risk, which is an emerging area in practice, is being understood through the application of people data. Issues such as people data security have become important given the recent implementation of the General Data Protection Regulations in the EU and are being measured using people data. However, there is still some way to go to improve how HR professionals articulate broader issues of people risk and opportunity.

This work highlights that there is much potential in developing people analytics practice, both in terms of the HR teams producing and consuming data, and the non-HR professionals still to realise the potential value of people data to their outcomes. HR must take the lead to establish people analytics as a core component of the future evidence-based profession. Only by doing this do we believe that the potential value long promised by people analytics will finally be realised.

Key recommendations for HR practice

We make the following key recommendations for HR practice:

- **Integrate people analytics and new perspectives on people risk and opportunity:** the risk and opportunity perspective offers a unique way to understand value creation and value capture by organisations. Using people data can help to uncover how this works in practice.
- **Build stronger cross-functional relationships to improve the impact of people analytics:** non-HR functions require encouragement to increase the use of people data in their practice and for long-term decision-making. HR leaders and business partners should use this opportunity to build relationships using people data, and focus on delivering business value.
- **Build people analytics skills and confidence in the profession:** an important story to emerge from this study is the impact of low skills and low confidence on the quality of outcomes from people analytics. HR leaders must invest in and develop the skills and confidence of HR professionals, and ensure they have the opportunities to undertake people analytics projects.

CIPD

Chartered Institute of Personnel and Development
151 The Broadway London SW19 1JQ United Kingdom
T +44 (0)20 8612 6200 **F** +44 (0)20 8612 6201
E cipd@cipd.co.uk **W** cipd.co.uk

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