



Insightful HR: Integrating Quality Data for Better Talent Decisions

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KEY TAKEAWAYS

80% state that their leaders use gut-feel to make talent decisions

The **majority** are in the *Foundational* or *Getting Started* stage of HR analytics

13% are able to connect employee data throughout the entire talent lifecycle

80% report data analytic skills are becoming more important for HR professionals

Big data means big business right now—by this year, big data analytics is expected to have generated \$3.7 trillion and 4.4 million new jobs.¹ Big data has a real impact on business performance as well. Organizations that are data-driven are 6% more productive and 5% more profitable than those that are not.² For Human Resources, data can be collected and used for better decision-making about talent and organizational effectiveness, such as quality of hire and strategic workforce planning. This evidence-based approach will lead to less risky talent decisions as well as the enhanced ability to predict and plan for the future.

The use and application of big data in HR, however, is still in its formative years. One study found that nearly half of respondents do not use big data in HR and about one-fifth are neutral about its use.³ The characteristics of big data (i.e., volume, velocity, and variety) leave many HR professionals feeling overwhelmed or unprepared about where to start. Many feel they are measuring the wrong things—only 54% believe that their HR metrics measure key issues relevant to business.⁴

It is clear that organizations are struggling with their people analytics capabilities. The top barriers to talent analytics include: lack of staff, lack of resources, poor training, lack of time to implement, and access to data.⁵ The rising demand for analytic skills highlights the critical importance of big data for HR. Since 2013, the demand for HR professionals with these skills has increased 41% across all HR jobs appearing online.⁶

The lack of analytic skills in HR professionals is one reason for the low adoption rate of big data for HR. Another factor is the quality of the information used in analytics. Outdated, unreliable or non-integrated data across the talent lifecycle has led some HR professionals to assert, “garbage in, garbage out.”

In this pulse survey, conducted in partnership between Oracle and the Human Capital Institute (HCI), researchers seek to understand how organizations are collecting, cleaning, and integrating data to enhance their human capital decision-making.

The majority of our HR Generalists are intimidated by numbers and are unwilling or unable to understand and discuss metrics with clients. What's more, they operate more as 'heart' than 'head.' We won't make any progress until HR decides that numbers are as important as feelings.

—SURVEY RESPONDENT

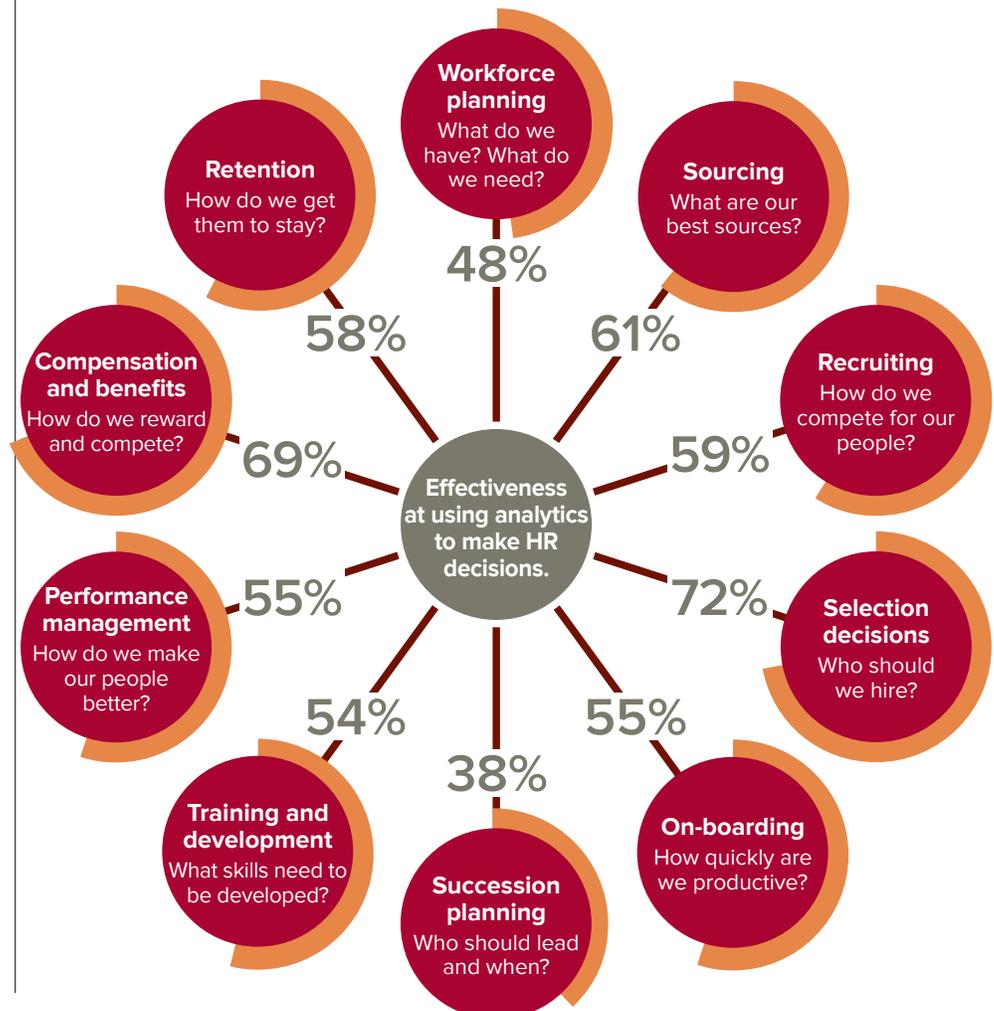
Data-Based Decisions Lacking Across HR Functions

Despite the evidence that better decision-making is the most valuable benefit of big data, HR still struggles with making talent decisions that are data-driven. In fact, nearly 80% of respondents state that their leaders use gut-feel and personal opinions to make decisions that affect talent management practices. A lack of confidence in the data may be one reason that leaders rely on their personal experiences instead—only 19% of those surveyed trust talent decisions that are based on data. In this case, what is being measured may be the issue since only around 42% agree that their HR metrics are measuring the key issues that are relevant to their organization.

Use of Data Depends on Area of Talent Management

According to this research, some talent management practices and decisions are driven by data more than others. For example, nearly 72% of respondents feel they effectively use analytics to determine who should be hired, yet only about 38% use data when making succession planning decisions. In general, talent acquisition processes such as sourcing, recruiting and selecting new hires are more data-driven than leadership development and workforce planning (Figure 1).

Figure 1. How effective is your organization at using data and analytics to make talent decisions? (Percentage rated Effective and Very Effective)



Traditionally, HR analytics has been owned by the HR organization. Recently, we have developed a small team of specialists to specifically focus on HR workforce analytics as we prepare for our future. Skill sets include the ability to analyze and gather data, then translate it into actionable items for our leadership team.

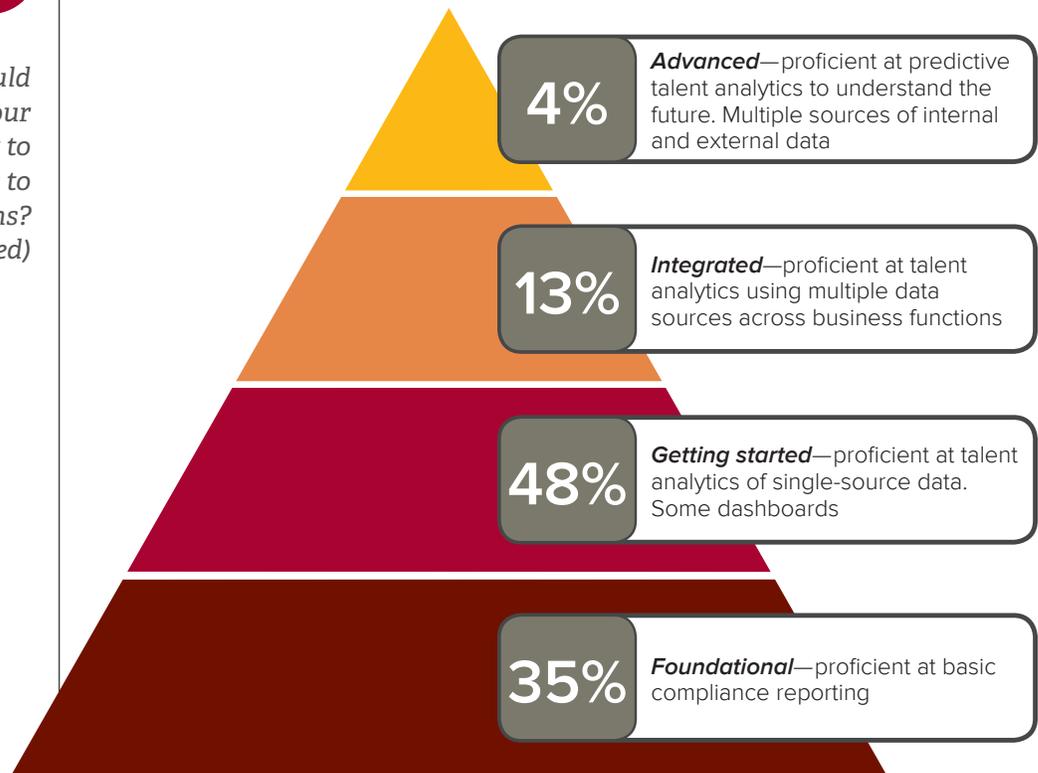
—SURVEY RESPONDENT

The State of Data-Driven Decisions in HR

When it comes to building its evidence-based decision-making capabilities, HR is still in its formative years. Based on the results of our survey, organizations fall into one of four categories based on their ability to use data and analytics when making talent decisions: *Foundational*, *Getting Started*, *Integrated*, or *Advanced* (Figure 2).

Most organizations are either at the foundational stage (35%) or are just getting started with establishing processes based on talent analytics (48%). Those organizations that have teams solely dedicated to talent analytics are more likely to be at the *Integrated* or *Advanced* stage. Only 16% of survey respondents' organizations have a dedicated team for talent analytics, though nearly 20% are considering it for the near future (in 3 to 5 years). Seventeen percent of those surveyed indicate that they leverage teams from other business functions to get the analytic job done.

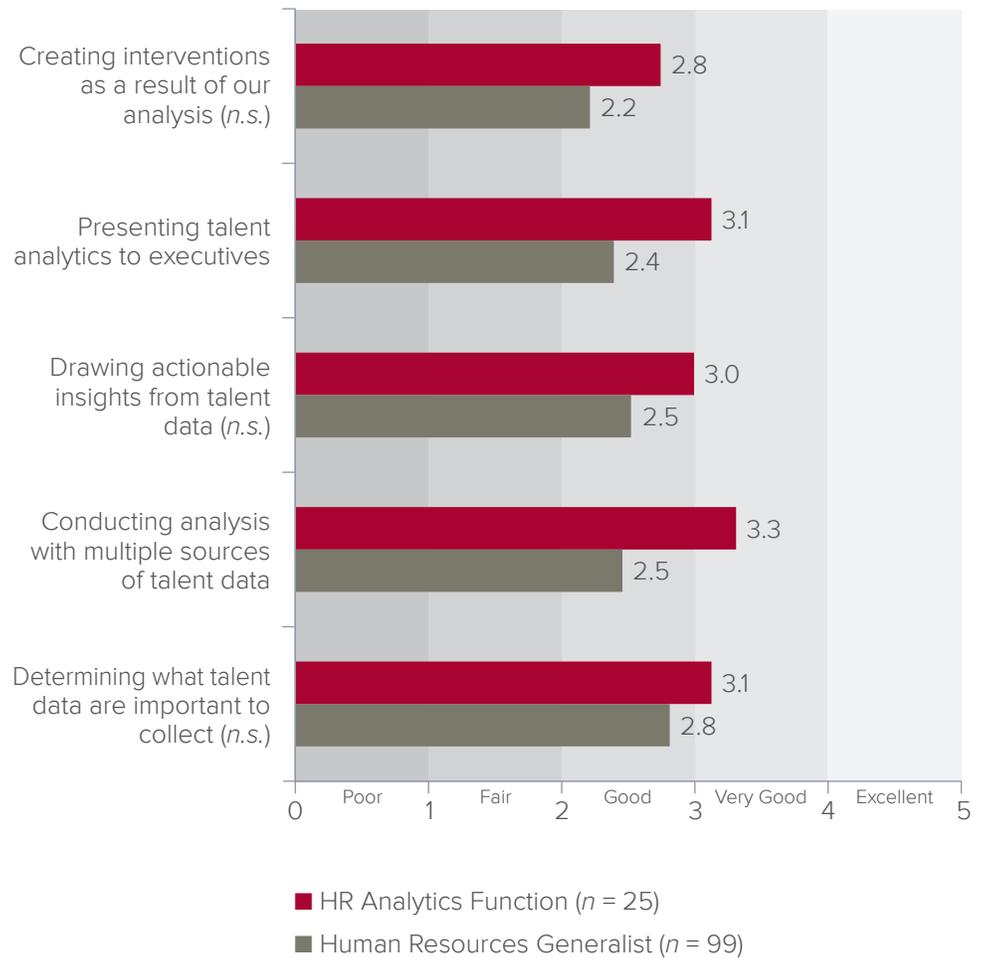
Figure 2. How would you classify your organization's ability to use data and analytics to make talent decisions? (Percentage selected)



Analytic Skills Deliver Data Confidence

Figure 3 displays the differences in perceived ability between HR generalists and those in an HR analytics function. As is to be expected, most in the HR analytics function report their skills are in the “good” range, especially when it comes to conducting analyses across multiple sources of talent data. This is a critical skill as only 18% of organizations report that they have an integrated talent data system that can communicate with other business functions.⁷ Noting that the sample size is small, there are no reported significant differences in self-rated ability between HR generalists and those in HR analytics functions on the ability to create interventions, draw actionable insights, and determine what data are important to collect.

Figure 3. Rate the level of your ability to do the following (5-point scale 1 = Poor, 5 = Excellent, all statistically significant differences unless indicated by n.s.).



The Three A's of Effective Talent Analytics

To truly take advantage of big data's ability to inform and enhance HR and business decisions, companies need to bring together three critical talent analytics elements: Access, Ability, and Action. The top five challenges to each of these elements are displayed in Table 1.

Table 1. The Top Five Ranked Challenges

	 Access	 Ability	 Action
1	Lack of data integration across the entire talent life cycle	Translating the results into insights	Culture of over-reliance on gut-feel for making talent decisions
2	Not enough data collected to be useful for analysis	Lack of staff to do the work	HR Business Partners are not leveraging data insights in their conversations with executives
3	Lack of data integration from other business functions	Lack of time to do the work	Selling the importance of talent analytics to our executives
4	Data quality cannot be verified or trusted	Benchmarking our performance	Presenting results without being actionable
5	Lack of access to timely, real-time data	Don't know what data are important to business leaders	Unable to tell a story with data

Access

Many organizations seem to lack the technological capacity to collect and integrate data in a useful manner. Only 13% of respondents are able to connect employee data throughout the entire talent lifecycle, from recruitment to exit. Not quite a quarter (23%) report that the data sources they have in place enable confident, data-based talent decisions.

Ability

Only 27% of survey respondents feel that their talent data analytics team is effective at generating insights from the data, yet the usefulness of this information is dependent upon the ability to analyze and implement changes based on the data's findings. As a result, data analytic skills are becoming more important for HR professionals, according to 80% of the companies surveyed.

Action

To become an effective data-driven organization, HR must overcome their reliance on gut-feel decision-making, trust the data, and better communicate the results. Despite nearly 82% of respondents agree that it is unnecessary to overcomplicate the analytic results in order to influence change, only 31% believe their talent data analytics team is effective at presenting the results. Although one-third of those

We are aware that we are deficient in work force analytics and are beginning to go down the path to review options on how to leverage an enterprise system to allow real time data at our finger tips. [We will then] train managers on how to interpret data and the impact their decisions can have on their business and the organization as a whole.

—SURVEY RESPONDENT

surveyed state that data scientists are required in order for their organization to be effective at talent analytics, the majority believe that advanced, specialized degrees are not necessary.

How to Develop a Data-based HR Organization

There are a number of steps that leaders can take in order to create a data-driven culture that will lead to improved talent decisions and greater organizational achievements:

Ask the right questions. Don't measure only what is easy and easily accessible—measure the factors that are important to the organization's success.

Do the research. Background and benchmarking research is essential to ensure the appropriate triangulation of information.

Construct an objective hypothesis. To be most effective, don't just look for data that support your hypothesis and do not be afraid to prove the hypothesis wrong.

Test the hypothesis. In the best organizations, [such as in the case of Google](#), experiments are conducted to prove causation, in particular in hiring factors.

Analyze the data and draw conclusions. Examine the sources of data and the methods used to calculate the data. Ensure that the data are timely, valid, and integrated.

Communicate the results. Ensure that action is taken based on the data by telling the data-based story up and down the organization. The presentation does not need to be overly complicated in order to effect real change.

The Business Opportunity of Big Data

Despite the productivity and profitability improvements engendered by big data, many organizations still are challenged with the inability to integrate data-driven decisions into one of their most critical functions—Human Resources. The over-reliance on personal beliefs and gut-feel is crippling HR's ability to predict future workforce requirements, but the tide is slowly turning. More organizations are planning to establish dedicated talent analytics teams to help them move into the advanced stage of data-based talent decision-making.

Three factors—access, ability, and action—are essential to an organization's ability to establish a data-driven culture. Without straightforward access to the data, the appropriate skills to analyze the data, and the effective communication of the data story, the organization's ability to harness big data's potential will falter. As a result, the company may find itself unable to compete effectively in a tight talent market.

Appendices

About the Research

From March 3 to 23, 2015, a link was distributed via e-mail to a 15-question survey to HCI members. The research survey was promoted on HCI's social media channels and on our website. We received 196 completed questionnaires. These responses form the basis of this research.

Demographics

Level of Seniority	%
C-level	4%
VP-level	11%
Director-level	34%
Manager-level	31%
Individual Contributor	20%

Number of Employees	%
< 100	14%
100 to 999	22%
1,000 to 9,999	29%
10,000+	35%

Function	%
Human Resources (including recruiting, HRIS, and benefits)	72%
HR Analytics	13%
Learning and Development	8%
Executive Management	6%

Industry	%
Financial Services/Real Estate/Insurance	11%
Healthcare	11%
Government	9%
IT Hardware/Software	9%
Auto/Industrial/Manufacturing	7%
Business/Professional Services	7%
Chemicals/Energy/Utilities	7%
Food & Beverage/Consumer Goods	7%
Non-Profit	7%

Note: $n = 196$. Only categories with at least 6% of the sample are displayed. Seventy percent of respondents' organizations are headquartered in North America.

Endnotes

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6. Lombardi, A. (2015). "Big data" skills needed in HR jobs. [Weblog post]. Retrieved from <https://www.wantedanalytics.com/analysis/posts/big-data-skills-needed-in-hr-jobs>
7. See note 5.



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