The State of People Analytics in 2024

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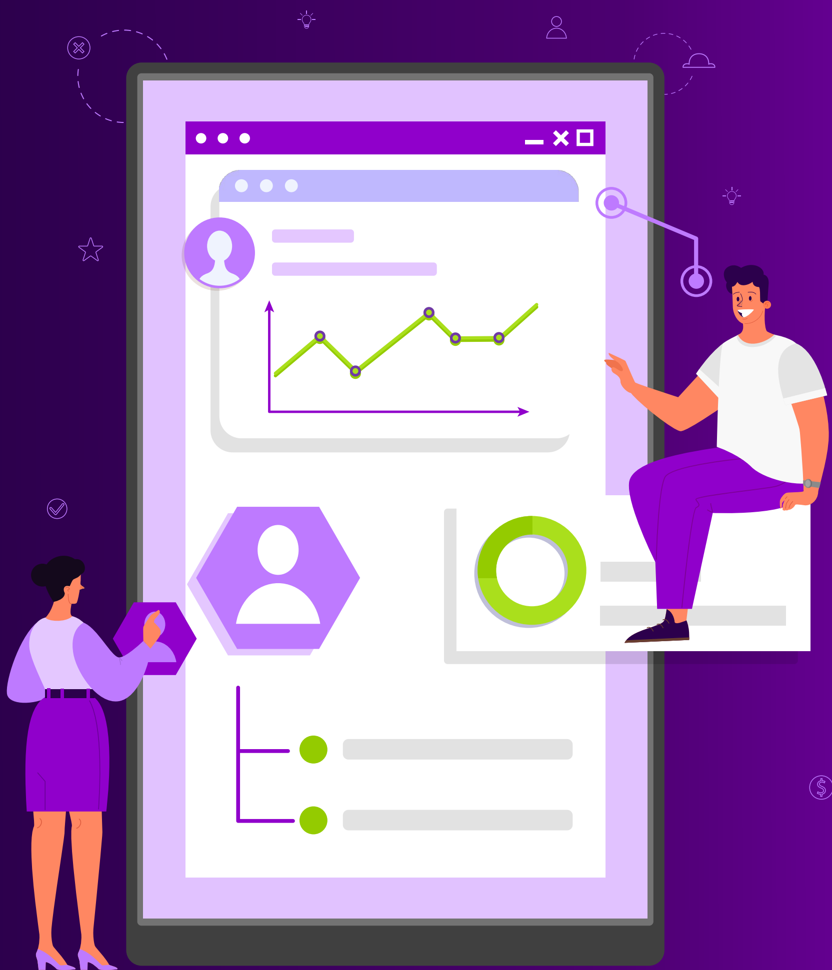

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Introduction

Framing the People Analytics Ecosystem

Is your organization doubling down on its commitment to people analytics in 2024? If so, you are not alone. According to a recent study by Aptitude Research,

93% of companies are increasing their investments in people analytics this year

signifying that it's a huge priority for organizations across a wide range of industries.

However, despite this widespread commitment to understanding workforce challenges through analytics,

only about one in four (28%) are satisfied with their analytics technology providers.

Fortunately, the ROI problem is solvable. In this ebook, we will review findings from a recent industry study by Aptitude Research about the state of people analytics, to arm your team with the insights necessary to embrace the transformative power of people analytics. You'll learn about factors that have increased demand for people analytics tools, understand the process of ingesting and leveraging talent data, and identify barriers to technology adoption.

We will cover:

- How remote and hybrid work created new retention challenges
- The basics of people analytics in 2024
- The disconnect between organizational intent and the ROI that most companies realize
- Barriers to effective people analytics strategies and how to overcome them
- How you can embrace these technologies to elevate the way you hire, manage, and retain top talent
- How to take the next steps in your analytics journey

If you are ready to change the way you approach talent management, this ebook is the resource you've been looking for.

The Study

HireRoad commissioned Aptitude Research to carry out an industry study about the state of people analytics. During the study, chief analyst and founder of Aptitude Research, Madeline Laurano, conducted over 300 HR interviews. She focused on high-level human resources and recruiting professionals in hopes of understanding their pain points and their stance on people analytics.

Additionally, Laurano and her team conducted extensive quantitative research to complement the interview results with hard data. Cumulatively, their qualitative and quantitative research provides a dynamic glimpse into the world of people analytics and how HR professionals are deploying these concepts every day.

01 The Retention Problem

Navigating Remote and Hybrid Work

The shift to remote and hybrid work has significantly impacted employee retention strategies. Organizations are grappling with new challenges, such as maintaining engagement, ensuring work-life balance, and fostering a cohesive company culture.

In fact, remote workers quit their jobs at a higher rate in 2023 when compared to traditional workers. Roughly 12% of remote workers quit their jobs last year, compared to just 9% of hybrid and in-office employees.

As Laurano put it, remote work challenged "what has always been commonplace: employee loyalty." She believes that going to a physical office location every day, grabbing a cup of coffee with coworkers, having lunch with colleagues, and other parts of the daily routine were ripped away, which led to a disconnect between workers and their employers.

This view helped Laurano form one of the critical questions that the study seeks to answer: "How do we effectively create a workforce that is feeling good about where they are and not anxious to jump ship?" Winning the retention battle requires a shift in focus that combines technology with a prioritization of the user experience.

Moreover, remote work has blurred the boundaries between personal and professional life, making it essential for employers to understand and respect these limits. People analytics can help track working hours and ensure employees are not getting overwhelmed, which is vital for long-term retention. By promoting a healthy work-life balance, companies can improve job satisfaction and loyalty.

Ultimately, navigating the retention problem in remote and hybrid work environments requires a data-driven approach. People analytics provides the tools to understand and address the unique challenges of this new work paradigm, ensuring that employees remain engaged, satisfied, and committed to the organization.

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Common Myths and Missteps About People Analytics

During the study, Laurano identified three critical myths that surprised her about the people analytics market.

01

One of the biggest misconceptions is that an organization needs a very robust people analytics team to effectively use these strategies. In their research, the Aptitude team discovered that's simply not the case. Several organizations they interviewed are driving transformation without a dedicated analytics team.

02

The second myth is directly linked to the first. **Many business leaders mistakenly believe that people analytics is reserved for large organizations with 10,000 or more employees.** They believe that people analytics aren't for mid-market organizations.

03

The third discovery is not a myth but rather a common mistake that most organizations make when implementing an HR analytics strategy. **Instead of adopting a user-friendly system dedicated to people analytics, they set up analytics workflows through traditional applications, such as human resources information systems (HRIS), and this leads to convoluted and excessively complex processes.**

The last misstep can be particularly detrimental to an analytics strategy. While a great analytics platform will readily integrate with the HRIS or human capital management (HCM) system, the primary systems should not be retrofitted with non-native analytics capabilities.

Creating processes that are too complex will severely impact employee adoption and diminish long-term ROI. Therefore, businesses should focus on simplicity and usability above almost everything else. After all, what good are analytics tools if no one actually likes using them?

02 The Process

Understanding People Analytics in 2024

People analytics in 2024 involves a sophisticated blend of data collection, analysis, and application to enhance workforce management. The process begins with gathering comprehensive data from various sources, such as HR systems, employee surveys, performance metrics, and even social media interactions. This data forms the foundation for meaningful insights into employee behavior, engagement, and performance.

Advanced analytics techniques, including machine learning and artificial intelligence, are then applied to this data. These technologies enable you to identify patterns and trends that may not be immediately apparent. For example, predictive analytics can forecast employee turnover, helping you be more proactive about mitigating this trend.

However, simply gathering data and analyzing it is not enough. Timeliness and accuracy are critical to optimizing usability.

During the study, Laurano found that timeliness and a lack of confidence in the accuracy of results were major barriers to people analytics adoption.

Specifically, she and her team inquired about how participants are gathering and using diversity, equity, and inclusion (DEI) data. What she found is that a lot of companies aren't comfortable sharing DEI data, primarily because they aren't confident in its accuracy or relevance.

One participant explained that it took their team weeks of mapping various technologies and gathering data to complete a DEI analysis. This tedious process represents a huge burden on the organization's analytics resources and prevents the team from tackling other data analysis projects.

The bottom line is that your analytics workflows must be efficient and reliable. If you can readily access relevant data and convert it into digestible insights, your analytics program has a high likelihood of success.

Don’t Let Perfect Be the Enemy of Good

A common roadblock to kicking off a people analytics strategy is hesitation from stakeholders who say that their organization’s people data is not yet in the right place - not organized, accurate, up to date enough to be a valuable input into an analytics tool.

While it is critical to ensure the accuracy of your data before using it to inform decision-making, no database is going to be flawless, especially early on.

Therefore, **you shouldn’t let the pursuit of perfection deter you from launching your analytics program.** Instead, take the leap and begin implementing tools and resources to transform your HR strategies using people analytics.

One of HireRoad’s customers, Milwaukee Tool, had some great advice for companies that were hesitant to take the next leap in their analytics journey:

> **Don't be afraid to start. Don't let perfection be the enemy of good; just get out there. We can all take some Lego pieces and stack them up one by one. That’s how data analytics starts and how you can kick it off. We’re just building those little Lego towers, bit by bit. You'll learn by doing, and it's never too late to start, and it's never too early to start.**
>
> — **Jess Milligan**
> Senior Manager of Talent Technology, Milwaukee Tool

Get your team on board and act decisively to achieve your mission and vision. This means identifying a problem and exploring how you can solve that challenge through people analytics.

To be clear, you should apply your continuous improvement mindset to people analytics. But don’t let fears of a learning curve or the occasional misstep discourage you from starting an analytics program.

03 Huge Investments, Lackluster Results

Closing the Analytics Gap

Perhaps the most telling insight from the Aptitude Research study is this:

less than 30% of companies are satisfied with the quality and integrity of their data.

However, as mentioned earlier, over 90% of businesses are committed to increasing their people analytics investments.

If companies are pouring more money than ever into analytics, why aren't they seeing an improvement in data quality?

One of the biggest issues is that

one-third of business leaders aren't asking about critical topics like data integration or information management before picking a solution

Unfortunately, it's very difficult to backtrack after investing in and rolling out a solution. Changing gears and adopting a new platform can be financially burdensome while also placing a huge strain on staff. Therefore, many businesses elect to stay the course, even after discovering that the analytics tools they adopted have serious shortcomings.

Why So Many Businesses Are Dissatisfied With Their Providers

A one-out-of-four (28%) satisfaction rate is a huge red flag, and it can discourage other businesses from embracing people analytics. This discrepancy — something we refer to as the analytics gap — can be attributed to several factors, including inadequate data quality, lack of strategic alignment, and insufficient analytics capabilities.

One major issue is the quality of data being collected. For people analytics to be effective, the information you are using must be accurate, comprehensive, and timely.

Relying on outdated or incomplete information can lead to flawed insights and ineffective interventions. Ensuring high-quality data requires a robust governance framework, regular audits, and, most importantly, a user-friendly system that helps you put everything together.

Another factor contributing to the analytics gap is the misalignment between analytics initiatives and business strategy. People analytics should be closely tied to your organization's goals before you select a platform.

If your company's strategic priority is to improve customer satisfaction, people analytics efforts should focus on understanding the link between employee engagement and customer service quality.

04 Barriers to Effective People Analytics

Overcoming Roadblocks

Why are so many business leaders doubling down on their people analytics investments? Forward-thinking decision-makers realize that analytics processes can help them identify and overcome their greatest talent management challenges. However, implementing a successful analytics strategy requires overcoming several major barriers, including data silos, lack of skills, and resistance to change.

Data silos are one of the biggest obstacles you'll face on your analytics journey. In many organizations, data is scattered across various departments and systems, making it difficult to integrate and analyze. Breaking down these silos requires a unified data strategy and the implementation of integrated HR technology platforms that centralize your information.

Solutions like PeopleInsight by HireRoad proactively address siloed data. By eliminating accessibility barriers, these tools can bring your data to life.

For example, prior to partnering with HireRoad, Mattamy Homes' quarterly report "would occupy the time and energy of four HR team members, each spending about eight hours pulling the information together." With PeopleInsight, they can now generate this report in just 20 minutes.

Another barrier is a lack of skills and confidence to conduct and interpret people's analyses. **However, you don't need a dedicated analytics team to put all of your talent data to use.** Instead, prioritize user-friendly tools with a low barrier to entry. Also, take a proactive approach to employee training so your team has the confidence necessary to embrace your new tools.

Resistance to change represents another roadblock. Your team members may be skeptical of people analytics or unsure of how these processes will improve their day-to-day. To overcome change resistance, communicate with your team early and often.

Focus on the benefits of the technology and how it will lead to better workplace culture and improved employee experiences.

A Holistic Approach to Change Management

Launching your own people analytics program requires a comprehensive approach that combines people, technology, and processes. Create common-sense policies that encourage your team to use analytics in their day-to-day tasks.

Additionally, include key HR members in your technology search. By getting everyday users involved in the selection process, you demonstrate your commitment to their satisfaction. Besides, who better to provide insights on technology options than the people who will be using it every day?

Overcoming the barriers to effective people analytics requires a holistic approach. You must break down data silos, address skill gaps, and give your team the confidence they need to embrace your new initiative.

05 Resource Limitations

The Greatest Hurdle to People Analytics

According to Aptitude Research, 58% of companies view budget constraints and resource limitations as their biggest barrier to people analytics adoption.

Even after you've navigated the quagmire of challenges outlined above, you'll still have to overcome this barrier to adoption.

At its surface, tackling the budget issue is simple enough. You need to demonstrate the ROI of people analytics. One of the biggest cost savings opportunities associated with this increasingly popular field is the "effort efficiency" of recruiting. As Laurano pointed out, "the language that starts to resonate with the CFO, for example, is the amount of productivity, and therefore, potential revenue, which isn't achieved."

After you draw that connection, you'll find newfound support from the C-suite. Think of it this way — high churn leads to unwanted downtime, missed productivity goals, and mounting recruiting costs. Cumulatively, these challenges can significantly impact a company's bottom line and total output.

Winning the ROI Conversation

Many conversations about HR technology center around improved company culture and enhanced employee experiences. While these are certainly important parts of the conversation, ROI deserves to be center stage as well.

Contrary to popular belief, people analytics technologies don't take years to deliver a meaningful ROI. ***In reality, most HireRoad clients start to see results within a few months of implementation.***

The most commonly cited benefits in the Aptitude study are increased employee engagement and satisfaction. The second most common answer is reduced time to fill open positions.

Respondents also cited benefits such as enhanced productivity, reduced recruitment costs, and better diversity, equity, and inclusion.

These are all tangible, measurable benefits of people analytics. By decreasing time to fill open roles, or saving your HR team time spent on manual reporting tasks, you are able to increase your company's productivity and devote more time to critical initiatives.

Finding the right analytics partner to deliver value quickly is key. Whether you're gauging the ROI of your people analytics technology through time savings for your HR team, or through business impact metrics such as employee engagement and retention rates, setting goals and measuring impact as soon as you kick off can help ensure that the expected value is being delivered.

> **With our previous provider, we were a year into it and still had problems with loading new data. Switching to PeopleInsight has us up and running with new data sets in a matter of weeks. We used to spend a lot of time trying to uncover meaningful insights, we'd have to go into different systems and pull the information manually, which was time consuming. With PeopleInsight we can focus on interpreting the results and driving meaningful actions.**
>
> — **VP of HR**
> Alliance Healthcare Services (now Akumin)

Closing Thoughts

What's Next for Your Business

People analytics represents a foundational element of the future of business. Integrating these concepts into your human resources strategy will lead to happier workers, more satisfied customers, fewer missed opportunities, and better revenue.

As we look to what's next, the role of people analytics in shaping business success becomes undeniable. The ongoing advancement in technology and accessibility will continue to make analytics more ingrained into the modern HR ecosystem.

Want to learn more?

If you would like to learn more about the state of people analytics in 2024 and how you can embrace it, check out the on-demand webinar from HireRoad and Aptitude Research. It is jam-packed with more insights that you can apply to your company's analytics strategy and investments.

About HireRoad

PeopleInsight is a trailblazer in people analytics, offering an affordable, highly customizable solution.

Our industry-leading software, unifies your people data and delivers actionable insights in just 5 days. We empower forward-thinking businesses with best-in-class analytics and ongoing analyst support, to create better business outcomes at the lowest possible cost.

For more information, visit **HireRoad.com**

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