CIPD

*Championing better
work and working lives*

UK focus
*September 2018
Global research*

People analytics:
driving business performance with people data

The CIPD is the professional body for HR and people development. The not-for-profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has 150,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

Workday is a leading provider of enterprise cloud applications for finance and human resources. Founded in 2005, Workday delivers financial management, human capital management, and analytics applications designed for the world's largest companies, educational institutions, and government agencies. Organisations ranging from medium-sized businesses to Fortune 50 enterprises have selected Workday.

UK focus

People analytics: driving business performance with people data

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Acknowledgements

① Introduction

The CIPD report, in association with Workday, *People Analytics: Driving business performance with people data*,[1] uses global data collected from the UK and Ireland, US, Middle East and North Africa (MENA), and South-east (SE) Asia to explore multiple professional perspectives on people data and people analytics.

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.[2]

This summary report provides a spotlight on the UK and Ireland and explores how UK professionals from HR, finance and other business backgrounds use and value people data.

We find that UK respondents report they have more access to data than other regions, but are also using it the least. UK HR professionals also report relatively low confidence when it comes to analytics, suggesting there is untapped potential data, but more needs to be done to raise confidence and capability.
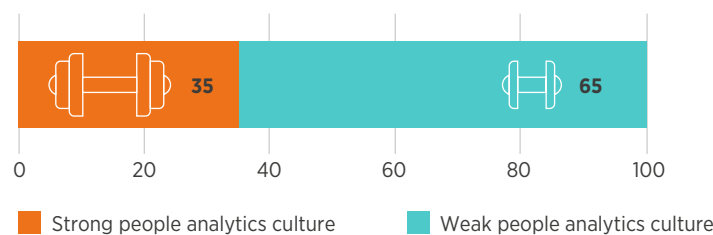
② People analytics culture and access to data

The study showed that six in ten respondents in the UK and Ireland indicated they have access to workforce data (57%); however, 21% use this less than once a month. That being said, 26% of UK and Ireland HR professionals said they use people data daily, and 43% of UK HR professionals identify themselves as an analyst or consumer of people data. They are less likely to say they produce workforce data (19%).

Overall, UK respondents are most likely to identify themselves as analysts and consumers of workforce/people data (36%).

When it comes to analytics culture, 35% of UK and Ireland respondents reported that their organisation has a strong analytics culture,[3] compared with 65% who said their business operates in a weak analytics culture.

Figure 1: People analytics culture (%)

Base: UK professionals (n=1,688)

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[1] Available at www.cipd.co.uk/knowledge/strategy/analytics/people-data-driving-performance
[2] Base n=1,688, HR 35%, finance 18%, other professions (such as marketing, sales, procurement) 48%
[3] This refers to the way organisations use and value analytics, and is measured using items such as: do management speak about the value of data and transparency and is data actively sought out?

Regional differences in people analytics culture

Interestingly, UK and Ireland respondents report the highest access to data (57%), compared with 41% of US respondents, 54% of SE Asia respondents and 50% of MENA respondents. However, just 17% of UK professionals use this data daily, the lowest across all regions studied.

UK respondents are more likely to identify as analysts and consumers of workforce data, whereas SE Asia and MENA respondents identify themselves as analysts and producers of workforce data.
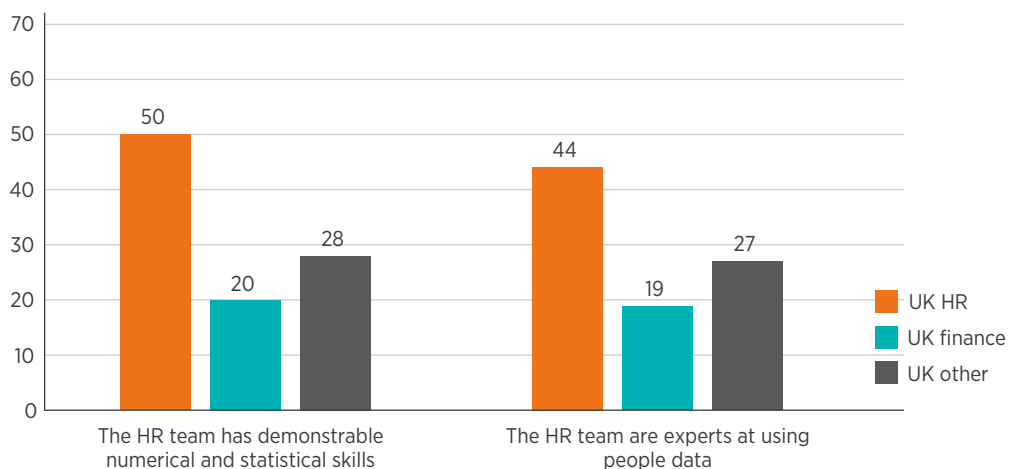
UK and US respondents have similar analytics cultures, with 34% of US respondents reporting their organisation has a strong analytics culture. However, respondents from SE Asia and MENA are far more likely to indicate they operate in a strong analytics culture (54% and 52% respectively).

③ Professional perspectives on data use

The study also investigated HR's reputation as a data-driven function. Data shows that HR, finance and other professionals differ in their opinions, with 20% of finance professionals feeling their HR team has demonstrable numerical and statistical skills, compared with half of HR professionals (50%).

A similar theme emerges when professionals indicated whether they believe their HR team are experts at using people data, with 44% of UK and Ireland HR professionals indicating that they agree their HR team has this expertise at using people data, compared with 19% of finance professionals.

Figure 2: Professional perspectives on HR people data skills (% agree)
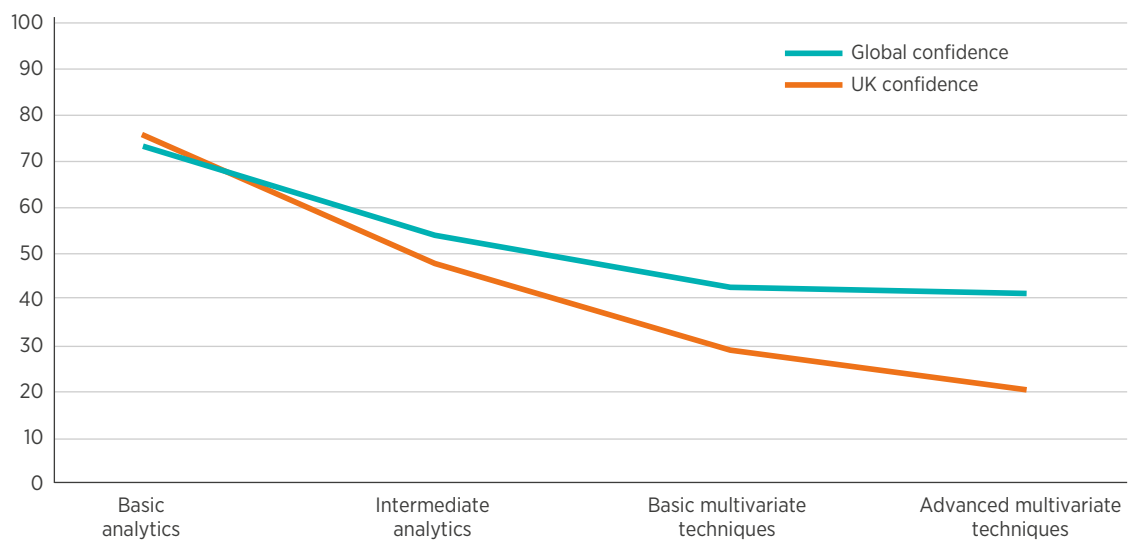

Base: UK HR (n=586); UK finance (n=298); UK other (n=804)

④ **Confidence and capability**

Around four in ten UK HR professionals always or often use basic data analysis (38%), and just over three-quarters (76%) say they are confident or very confident doing this. However, when we look at more advanced people analytics, just 6% always or often use advanced multivariate models, with 21% saying they are confident using these techniques.

When it comes to communicating analytics, 17% always or often present on analytics, compared with the six in ten that are confident in doing so (61%). Interestingly, while confidence in analytics is still fairly low, there seems to be a gap between confidence and use of analytics, suggesting that there is untapped potential.

Figure 3: UK confidence in conducting analytics (%)[4]

Base: global HR basic analytics (n=1,160); global HR intermediate analytics (n=1,045); global HR basic multivariate (n=856); global HR advanced multivariate (n=735), UK HR (n=586); UK HR basic analytics (n=524); UK HR intermediate analytics (n=446); UK HR basic multivariate (n=315); UK HR advanced multivariate (n=229)

Regional differences in confidence and capability
There are marked differences in data use across regions, with MENA and SE Asia respondents far more likely to be frequently using all types of analysis than UK respondents. However, confidence levels in areas such as basic data analysis are high in UK respondents, with 76% agreeing they are confident or very confident with this type of analysis, compared with 66% of SE Asia HR respondents and 71% of MENA respondents. This suggests more could be done to encourage UK and Ireland HR professionals to use their analytics skills.

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

⑤ UK and Ireland HR professionals have limited access to data science skills

With a lack of confidence in advanced data analysis, are HR professionals in the UK and Ireland outsourcing more complex analytics to data scientists? Our research indicates that this isn't the case, with only two in ten (20%) agreeing their HR team has access to data scientists with HR knowledge and a quarter (25%) agreeing data scientists and/or HR analysts are available to their HR team. The study also showed that 27% of respondents agree that their HR team has the right skills to handle large datasets and 33% agree that their HR team is able to tackle business issues using people data.

Regional differences in access to data science
UK and US respondents have largely comparable access to data science. However, 47% of SE Asia and MENA respondents agree their HR team has access to data scientists with HR knowledge, compared with 20% of UK respondents.

A similar trend is apparent for all items, with just under half of SE Asia respondents (49%) and MENA respondents (47%) indicating their HR team is able to tackle business issues using analytics, whereas 33% of UK respondents agree with this.

⑥ Value of people analytics

The survey investigated non-HR perspectives on the value of people analytics to understand if and how people analytics is adding value to those in the business with which HR partners. Non-HR professionals in the UK largely feel they can trust the predictions made by HR analytics, with just under a fifth (19%) feeling HR analytics are 'too good to be true'.

Figure 4: Professional perspectives on people analytics value (% agree)

I am able to take the findings from HR data and analytics and use them to influence changes in working practices	39	
The workforce predictions our HR analytics make are 'too good to be true' and so I don't trust them	19	
Where HR data and analytics is complex I am able to seek assistance and advice from internal experts	43	
The HR data and analytics I receive aid decisions that I make	40	

Base: UK non-HR (n=517)

■ UK non-HR

However, less than half feel they can seek advice from internal experts to understand analytics (43%), and four in ten feel they can use HR data and analytics to influence changes and aid their decision-making (39% and 40% respectively).

Regional differences in the value of people analytics
Non-HR respondents from SE Asia and MENA are more likely to be using HR data and analytics to influence and make decisions than UK non-HR respondents. For example, 63% of non-HR respondents in SE Asia and 62% of MENA respondents use findings from data and analytics to influence change in working practices, compared with 39% of UK non-HR respondents.

However, respondents in SE Asia and MENA are also more likely to agree that workforce predictions are too good to be true, so they don't trust them, with 56% of non-HR SE Asia respondents and 57% of MENA respondents indicating this compared with just 19% of UK non-HR respondents.

Overall, UK respondents are less likely to have access to data and use it in their decision-making; however, those that do, trust the predictions of people analytics.

⑦ Using data to manage risk

When it comes to risk, HR respondents feel they are most effective[5] at managing risks associated with physical health and safety (77%), psychological health and safety (74%), and unethical employee practices (72%). UK respondents were most confident in managing risks associated with psychological health, compared with other regions.

Figure 5: UK and Ireland perspectives on workplace data protection (% agree or % disagree)

Base: UK professionals (n=1,688)

■ Net disagree   ■ Net agree

With regards to data protection, 58% agree that their organisation has a joined-up approach to data protection across their organisation. HR respondents were more likely to agree than other professional groups in the UK (61% versus 54% of finance professionals and 56% of other professionals), suggesting that HR professionals would do well to communicate across functions around approaches to data protection.

Across the professions, 62% agree that their information technology/systems enable effective data protection, and a further 67% agree they are confident that their organisation adequately protects workforce data.

> **Regional differences in data and risk management**
> UK respondents are more confident in their management of risks posed by psychological health and safety issues than other regions, with 28% of US respondents and 24% of MENA respondents stating they are not effective at managing this risk, compared with 14% of UK respondents.
>
> Data protection across regions is largely consistent, although US respondents have the least positive view of data protection in their organisation.

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[5] Percentage selecting 'effective a great deal' or 'to some extent'
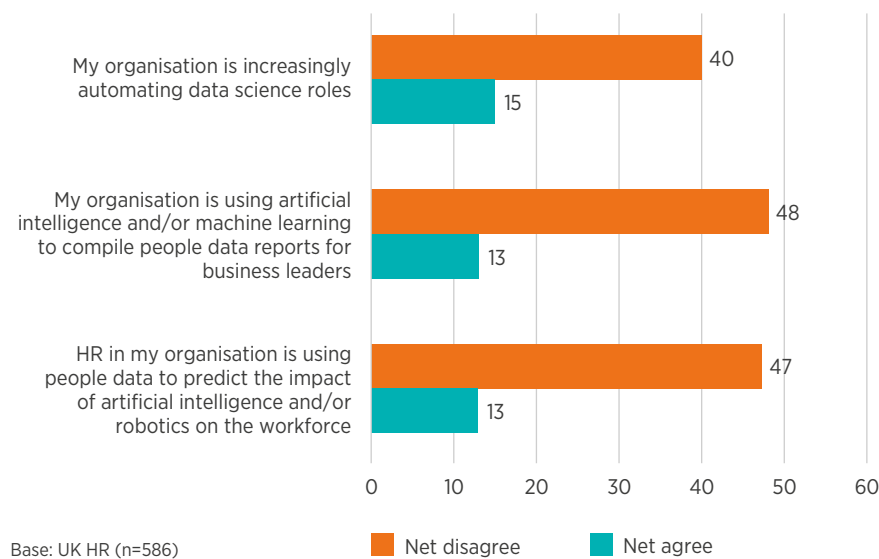
⑧ The impact of AI and automation

The survey found that few UK HR professionals are automating people analytics: just 15% agree their organisation is increasingly automating data science roles, and 13% agree their organisations are using AI/machine learning to compile people data reports for business leaders.

Similarly, few report using people data to predict the impact of AI and robotics on their workforce (13%).

Global analysis suggests that people analytics culture is associated with preparedness for future trends and automation of analytics, with those operating a strong people analytics culture more likely to indicate that they are utilising AI, automating data science roles and using people data to predict the impact of AI/robotics on the workforce.[6]

With UK respondents less likely than other regions to identify their organisation as having a strong analytics culture, it is clear that people analytics culture supports advanced use of people analytics.

Figure 6: Impact of AI and automation on analytics in UK organisations (% agree and % disagree)

My organisation is increasingly automating data science roles — Net disagree: 40, Net agree: 15

My organisation is using artificial intelligence and/or machine learning to compile people data reports for business leaders — Net disagree: 48, Net agree: 13

HR in my organisation is using people data to predict the impact of artificial intelligence and/or robotics on the workforce — Net disagree: 47, Net agree: 13

Base: UK HR (n=586)

■ Net disagree ■ Net agree

Regional differences in the impact of AI and automation

UK respondents are far less likely to say their business is automating data science roles (15%) than MENA respondents (43%) and SE Asia respondents (50%). They are also less likely to say this than US respondents (26%), although the difference is less marked.

This trend continues across all items, with UK respondents less likely to suggest their organisation is using people data to predict the impact of AI and robotics on their workforce, and that AI is used to compile reports than SE Asia, MENA and US respondents.

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[6] Using AI and machine learning for reporting: $F=240.189$, $p=0.000$. Using data to predict impact of role automation: $F=266.251$, $p=0.000$, automating data science roles: $F=256.690$, $p=0.000$.

(9) Conclusions

A key finding is the impact of low skills and low confidence on the quality of outcomes from people analytics. This is apparent across regions, but most pronounced for professionals in the UK and Ireland. UK HR professionals clearly lag behind international counterparts, particularly with regards to confidence in conducting people analytics. This is having an impact on the uptake of people data by non-HR colleagues, who are yet to see the value of people data and people analytics.

Our findings show that HR's reputation for conducting people analytics needs to be improved. People data can be a powerful tool in organisations and is critical for evidence-based decision-making; however, UK HR functions may be missing out on its potential power by not investing in and developing capability.

Recommendations

There are several key areas people professionals should focus on to get the best outcomes from people analytics.

Table 1: Key recommendations for UK HR professionals

Build skills and confidence of HR professionals	Build people analytics skills and confidence in the profession: 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.
Use data to bridge the gap between HR and business colleagues	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.
Focus on building people analytics culture and behaviours	HR practitioners should look to ensure that they take the opportunity to foster strong people analytics cultures by recognising its value and importance at the strategic level.
Continue to improve efforts to automate where appropriate	HR professionals globally should continue to improve their use of people analytics technologies to automate reporting. This should be a particular focus for HR professionals in the UK, who appear to lag behind international counterparts.

Find out more: check out the full report at
cipd.co.uk/peopleanalytics

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