

# People analytics

Explore the CIPD's point of view on people analytics, including actions for Government and recommendations for employers

With people analytics forming a fundamental part of evidence-based HR, people professionals need to understand organisational data – one of the four key sources of evidence.

Too few organisations use HR/workforce data and analytics to help inform strategic decisions about how they invest in, manage and develop their workforce in order to deliver on their business strategy. This is partly because people analytics is an emerging discipline in the people profession. It utilises 'people data' captured in HR and business systems to inform the development of improvements and interventions that lead to enhanced HR and business outcomes.

CIPD research has highlighted several key issues and risks associated with people analytics practice today that are preventing the people profession from benefitting from the practice:

- The people profession is low in skills and capability, with gaps in data science, and statistical and numerical skills. The absence of these skills is preventing advanced analytical capability from being developed.
- People professionals lack confidence conducting mid-level and sophisticated analyses of people data. For example, only 21% of UK HR professionals state that they are confident with advanced techniques like predictive analytics. There is evidence of 'unlocked skills' in the profession.
- HR functions lack credibility with regards to statistical and numerical skills and capabilities. Only 36% of finance professional agree that HR has demonstrable numerical and statistical skills, and only 37% believe their HR function demonstrates expertise in people data.

The people profession has a long history of under-development of numerical and statistical skills, as well as low attraction of statistical or numerical disciplines to the profession. Until the launch of the new CIPD Map in 2018 there was also no clear specialism (career path) designed for people analytics specialists. The challenge facing the profession is best characterised by the common expression, 'I'm a people person, not a numbers person', which exists in pockets throughout the profession. This philosophical barrier – that HR is not a profession that would (or even should) benefit from quantitative techniques – is both persistent and severely limiting.

The CIPD's view is that people analytics forms a fundamental element of evidence-based HR, which requires people professionals to understand organisational data – one of the four key sources of evidence. Without effective people analytics practices, processes and systems, and without continued development of the people analytics skills and confidence of people professionals, the profession risks losing out on the performance, productivity and job quality gains that can come from improvements in evidence-based decision making.

The CIPD plays a key role in professionalising HR, equipping HR practitioners with the knowledge and skills they need to enable HR functions to develop and embed people analytics as a core capability. There's also a need to continue to build the business case for investing in skills and technologies. More must also be done to demonstrate to the 'C-suite' (specifically CEOs, MDs and finance directors) that investing in people analytics capability is key to enabling positive business outcomes.

People analytics practice tends to be undertaken by medium and large organisations, given the types and sizes of data sets required. However, small firms can be supported to make use of the data which is available to them, and to better seek and apply expertise on the value and impact of people data. We believe that supporting SMEs to be more evidence-based by utilising data sets available to them is an important role to be fulfilled by consultants within the profession.

Finally, more evidence is also required as to the best structure and design of HR operating models that make the most people analytics. There is little clarity in academic literature as to the most efficient and effective model for utilising people data. Nor is there enough evidence as to the link between investment in people analytics and improvements in key business performance indicators, such as profitability or return on assets.

- Establish voluntary human capital/workforce reporting standards, and work with key stakeholders to encourage more companies to provide better information and report externally on how they invest in, lead and manage their workforces for the long term. Similar requirements could be made for the reporting of public sector organisations.
- Build people analytics skills and confidence by investing in training and development of people professionals: CIPD data illustrates low skills and low confidence among HR professionals. Make sure you invest in developing both core skills and capabilities and enhancing confidence of those with latent skills and interests.
- Invest in improving systems and technologies that support people analytics practices and decision making: People analytics practice is reliant on good quality, accessible, relevant and reliable data sets that safely and securely store people data and information. CIPD research shows that a barrier to people analytics practice is

the over-engineering of complex data systems, under-investment in legacy systems, and over-reliance on overly-sophisticated analytical tools. Make sure you clearly scope requirements and procure or develop solutions relevant to business needs.

- Build stronger cross-functional relationships to improve the impact of people analytics: CIPD evidence highlights several differences in the perspectives of HR and finance professionals, and other professionals using data. Encourage non-HR functions to increase the use of people data in their practice and for long-term decision-making.
  - Tackle poor reputation and limiting perceptions of key non-HR stakeholder groups: CIPD data highlights that HR functions should work closer with non-HR functions to reduce negative perceptions of HR as a non-data-driven function. HR teams should do this by demonstrating the value and contribution of people analytics to key business objectives.
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## Reports

- [People analytics: international perspectives on people data](#)
- [People analytics: driving business performance with people data](#)
- [Human capital analytics and reporting](#)

## Guidance and factsheets

- [Evidence-based practice for effective decision-making](#)
- [Getting started with people analytics: a practitioner's guide](#)