



**Bright & Company** | HR Strategy

# ORGANISING FOR HR ANALYTICS SUCCESS

Results of the 2016 HR reporting & analytics study



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# INTRODUCTION

The world we live in is getting increasingly digital. With the growing technological prevalence, the amount of data and information collected and stored about nearly everything is expanding exponentially. Companies collect data about their own organisation and people in order to gain insights in how their business is doing. How effective are we in running our operations, marketing, sales, finance and HR? How can we make our company more successful if we take a good look at our data and discover relevant patterns to make operations run smoother, increase sales volume, improve brand popularity and develop the workforce effectively? This joint research report by Top Employers Institute and Bright & Company | HR Strategy is about the latter. We have asked over 200 companies around the world how they are using HR data and more specifically HR analytics to be more successful at what they do. Since we have a lot of experience in HR, surveys and analytics, we decided to practice what we preach and analyse the survey results extensively. This way we were able to discover key factors for success in HR analytics. Here is what we found.



## GENERAL RESULTS

### Results of 2016 HR reporting & analytics study

Since its introduction, HR analytics has been food for thought among HR practitioners, experts and researchers. Early adopters and fans praised the big potential of data driven HR. Some even say we have entered the age where HR analytics is 'the new normal'. Others remain reserved or have second thoughts before they want to embark into the world of data driven HR. In order to help organisations taking their next steps in HR analytics, Top Employers Institute and Bright & Company | HR Strategy present the results of the 2016 HR reporting & analytics study, based on more than 200 companies around the world.

What does HR analytics success look like in terms of organisation, people and data? During our study, we have found four levers that set HR analytical front runners apart from the rest. HR analytics is successful when it is positioned strategically, focuses on business impact with support by key roles and capabilities, captured in clear processes and responsibilities to make optimal use of available, high quality data. Simply put; take HR analytics seriously if you want to make it a sustainable success. (See figure 1)

Our research clearly shows that organisations that have made significant progress in the field of HR analytics have claimed a place for it at the core of strategic decision making. In these companies, HR moves in the same space as marketing, operations and finance in terms of demonstrable strategic impact on the organisation. In most cases, it does not mean they started their HR analytics efforts from this strong strategic position supported by senior management, but they did start at some point with the data and resources available at the time and are therefore now front runners.

#### Reporting and analytics relationship status: it's complicated

It is no surprise that maturity in HR reporting is strongly correlated with maturity in HR analytics. In practice, many organisations are not spending enough energy on developing HR analytics though. Taking the first steps in HR analytics requires a mix of knowledge, capabilities and most of all

dedication. However, the immediate need for improving HR data and metrics is always present, using employee data for operational management and as a basic hygiene factor to support your workforce. HR needs to claim space for HR analytics, preferably in a dedicated role. Through HR analytics it is possible to show the strategic value of people insights, go beyond knowing and really act to increase people's impact on the organisation.

#### Business impact = value and growth

HR analytics is a strategic tool to analyse and predict HR's effects on key organisational outcomes. Front runners position it as such. This means they organise all HR analytics efforts to optimise the impact of HR interventions on their business and increase the chance of successfully attaining business objectives. Finding out how HR can have a positive impact on realising important objectives for the organisation is the essence of HR analytics. This means it is crucial to know what issues business management are facing and for them to know how HR can help. You need senior management support to be able to position HR analytics strategically. Usually, a scoped but appealing pilot with a clear link between HR and business results will get the support from senior management. The next challenge is to gain momentum and start building capability to grow and add sustained value, by integration of a relevant HR analysis in every important business decision.

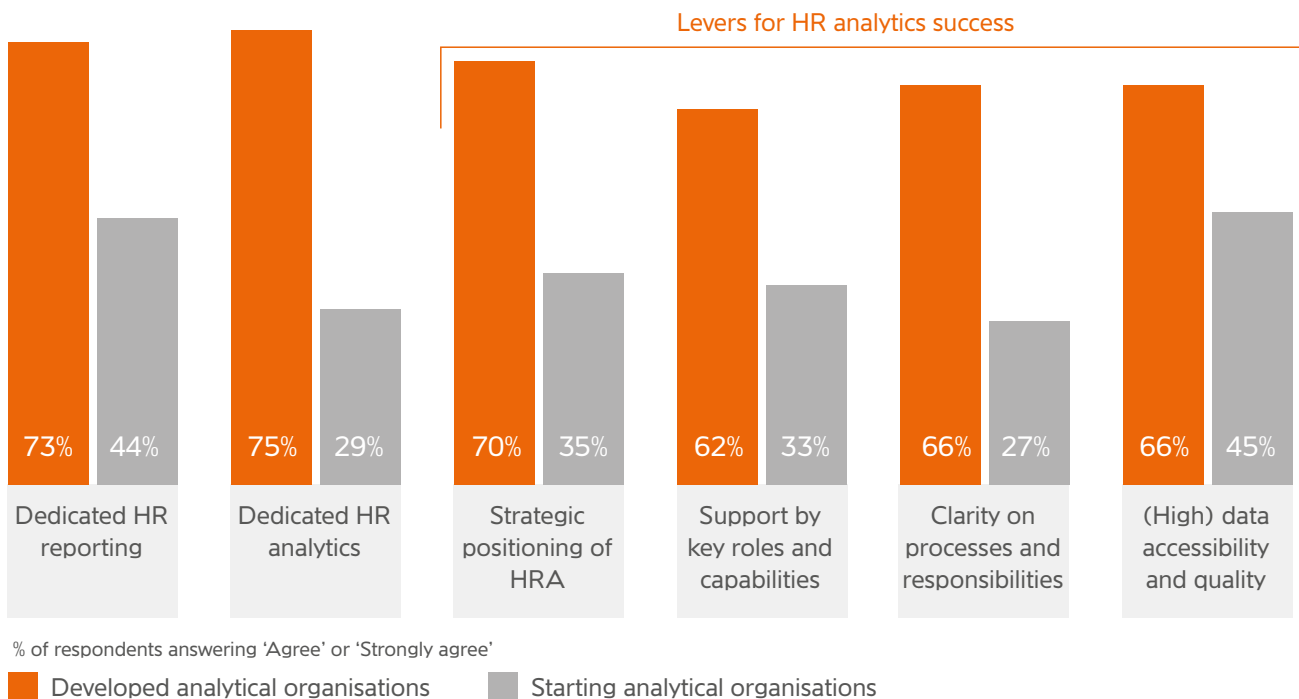
## Without a proper crew, you'll be stranded

To keep the appetite for analytical insights fresh and be able to work on challenging cases for HR analytics, specific roles and capabilities are needed. Analytical capabilities, IT capabilities and management capabilities are important, but front runners also acknowledge the importance of the HR business partner capabilities as linking pin between business and HR. Having the capabilities to collect important issues business leaders have in realising their objectives is key in order to work on useful HR analytics projects. Once you have gathered those burning issues, the next important role and capability needed is the deep analytical kind: the data scientist. Many organisations are struggling to find one, especially in HR. Therefore some organisations are opting for a centralised analytics function, working on deep analyses for other functions, including HR. However it is organised, being able to work together with data scientists and understand and interpret analytical outcomes is an important ability for any HRBP or HR consultant in the HR analytics process.

## Stand clear of rigid rules, be clear about roles, responsibilities and processes

A successful execution of HR analytics requires good governance: all key players and other stakeholders are on board and involved, know what to do, and understand the relations and interdependencies between roles. Good cooperation within the HR analytics process is key for the delivery of data driven HR insight. Clear and well-documented processes will help, as well as including the analytics responsibilities within the HR job descriptions. Role clarity is a big differentiator between starters and front runners and contributes to creating a more data driven mindset in HR. Creating a data driven culture is not easy in most organisations, it is a long-term change process. For HR, this is especially the case, as HR people are not used to it.

**Fig. 1** HR analytical companies have stronger HRA organisational fundament



## Data and IT: low on fuel and a faltering engine

Our study shows that data or IT issues in relation to HR analytics are common for most companies. The difference between starters and front runners in this respect was relatively the smallest from all areas in our research. One of the reasons front runners are at the front is because, regardless of technical shortcomings, they started anyway, built their database and improved HR data along the way based on business priorities. You do not need all HR data to be available and full access to business data to get started. And as research shows, most organisations are far from achieving both holy data grails anyway. Despite the fact support from IT resources and IT capabilities does help to achieve these goals, unfortunately, many HR organisations still cannot fully rely on their IT function and are lacking support from the CIO.

## Are we there yet?

Although the 2016 HR reporting & analytics study clearly distinguishes a group of leading organisations as HR analytical front runners and more experienced practitioners, the vast majority of the organisations in our study still can be categorised as starters (or willing to start). In this report, we show how successful organisations organise their HR analytics in order to make a business impact. At the same time, we found practical directions for those who are still in an earlier phase of HR analytics maturity. To conclude, we see a lot of opportunity for growth and development in data driven HR to be exploited, and thus organisational success to be harvested in the near future.

# HR REPORTING VERSUS HR ANALYTICS

In the world of data driven HR, organisations use and analyse data in order to support decision making in the domain of human capital. In this research two forms of data driven HR are in focus; HR reporting and HR analytics. Without a broad discussion about definitions, in our study, HR reporting refers to HR reports or dashboards with descriptive metrics to support all people processes in an organisation. Similarly, HR analytics refers to all analyses on HR data and business data that involve statistics in order to measure effects of workforce characteristics and HR practices on organisational objectives and performance indicators.

- One-third of respondents are HR analytics front runners or practitioner; two-third is HR analytics starter
- Size matters, larger organisations outperform smaller organisations when it comes to HR analytics use
- Higher level of HR analytics often corresponds with higher level of HR reporting
- Organisational fundament for good data driven HR is mediocre

## Current status: basic insights, but size matters

Where do organisations stand in terms of using HR reporting and HR analytics? In our study, the ratio between high level and starter level HR analytics users is 1:2. A small group (7%) even says HR analytics is part of their daily operation (HR analytics front runners). A quarter classified themselves as HR analytics practitioners (using HR analytics in a more advanced way, but no expert level yet).

Organisations seem to have their HR reporting at a higher level than HR analytics. On average, 45% of all companies say they engage in basic reporting, while 55% says they are performing more advanced types of reporting (such as advanced metrics, integrated dashboards and customised reports).

Plus, size matters when it comes to using data-driven HR solutions. Larger organisations (2500+ employees) often use more advanced types of HR reporting and HR analytics than small and medium sized organisations (approximately 15% versus 4%). Perhaps one obvious explanation for these differences is that for larger organisations data driven insights are crucial in terms of governance.

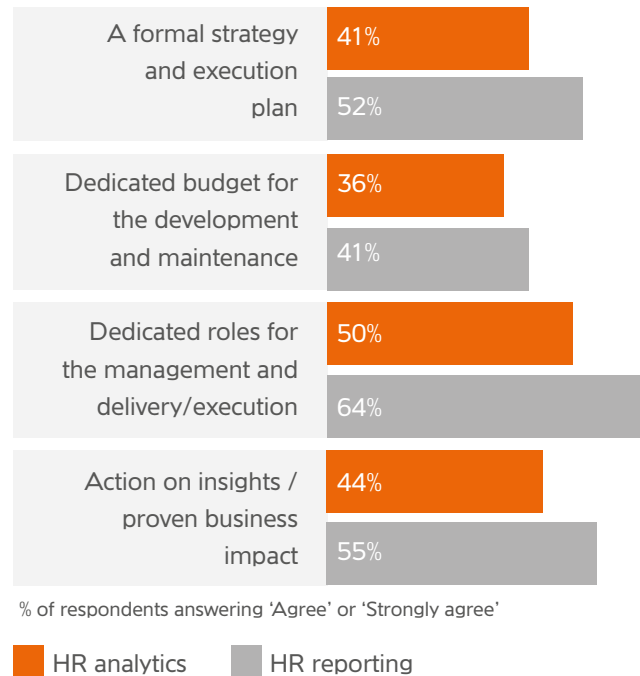
## HR analytical maturity goes hand in hand with HR reporting maturity

Maturity in HR reporting is strongly correlated with maturity in HR analytics. In the study, we see clear differences between starters, practitioners and front runners. HR analytics starters are mostly concerned with basic reporting (61%) and advanced reporting (38%). While the majority of HR analytics practitioners are concerned with advanced reporting (73%) and a small proportion even with expert reporting (17%). Maybe unsurprisingly, organisations who rate themselves at a high level on HR analytics, HR analytics front runners, also are strong at expert reporting (73%) or advanced reporting (20%).

## Data driven HR approach: room for improvement

Overall, our study findings show that maximum half of the organisations do spend money and (top-down) effort in their HR reporting and HR analytics approach (See figure 2). In short, we see a stronger fundament for HR reporting, and a fundament for HR analytics in development. The difference is smallest for having a dedicated budget, and widest for having dedicated management and execution during the process.

**Fig. 2** HR reporting vs HR analytics approach





## RESULTS BY KEY FACTORS

This report is constructed on the basis of prioritising what makes a front runner leading in their HR analytics efforts. Besides descriptive analytics, we also performed a principal factor analysis to discover potential underlying components of HR analytics maturity. From this, we derived four factors on which front runners have indicated they are focusing. As explained in the introduction, the next chapters will discuss each of these following factors, in order of importance:

1. Strategic positioning of HR analytics aimed at business impact
2. Support by key roles and capabilities
3. Clarity on processes and roles
4. Data availability and quality



# 1. STRATEGIC POSITIONING OF HR ANALYTICS AIMED AT BUSINESS IMPACT

The first key factor for HR analytics success in our research is to have a clear strategy for the use of HR analytics in line with business strategy. HR analytics is a strategic tool to analyse and predict HR's effects on key organisation outcomes. Front runners position it as such. This means they organise all HR analytics efforts to optimise the impact of HR interventions on their business and increase the chance of successfully attaining business objectives.

- Business strategy as starting point helps focus on the right issues and insights
- Measurable business impact is the proof of the pudding for HR analytics
- A formal HR analytics strategy with senior management support creates much traction

## Business strategy as starting point

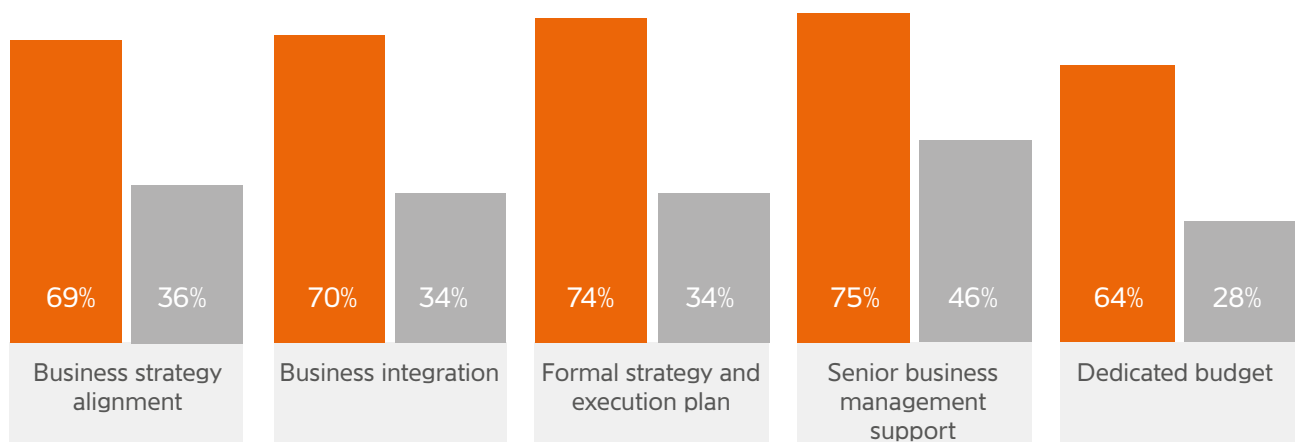
Just like a sound people strategy should follow from your business strategy, HR analytics efforts should always be in line with business strategy if you want to make business impact with HR. Front runners indicate their people strategy explicitly mentions that data driven HR is a key factor for creating business impact. Moreover, the HR analytical projects can be clearly linked to their organisation's strategic objectives.

Organisations that build their HR analytics strategy on the foundation of their organisation strategy started with one question: what are our business objectives and how can we use analytics to optimise the effect of our people practices on attaining these objectives? An effective way to further align with business strategy in your HR analytics efforts is to talk to business leaders and ask them what their biggest hurdles are in realising their objectives. Indeed, most front runners (80%) and practitioners (65%) have also identified and prioritised issues in the organisation where HR analytics can provide the most valuable insights.

## Business impact: the ultimate goal

Ultimately, you'll want business management to act on insights provided by HR. For that to happen, they need to see the business value of a proposed HR intervention. The power of HR analytics is that statistical analyses of HR combined with business data allows you to predict possible business improvements to a certain extent. In practice, a start to harness this power could be to conduct an inventory of key business processes that could benefit from specific HR insights. However, on average, organisations score relatively low on systematically assessing key business processes that could benefit from specific HR reports and insights from HR analytics.

**Fig. 3** Strategic positioning is key for HR analytics success



% of respondents answering 'Agree' or 'Strongly agree'

■ Developed analytical organisations    ■ Starting analytical organisations

Interestingly, where 4 out of 5 HR analytics front runners report that they do have systematic inventory in place, only 45% of the HR analytics practitioners do so. The most important major differentiator between low mature HR analytics organisations and higher mature HR analytics organisations is having HR analytics projects with measurable business impact.



### A formal strategy and execution plan for clear direction

In order to gain serious momentum with HR analytics, make sure to formulate a formal strategy and strategy execution plan. Actually, our research demonstrates this is one of the biggest differences between HR analytics front runners, practitioners and starters. This means it needs to be clear to all how HR analytics is positioned and used within the organisation and how this affects the organisation. When this strategy and plan is initially created, it is wise to involve all key stakeholders with at least one business sponsor and develop a short-term and long term ambition for HR analytics. A short-term ambition helps in creating a pilot case for HR analytics, with business impact to create appetite in the organisation. The long-term ambition should be focused on creating a solid process for the delivery of key insights, working on important areas such as data quality, people capabilities, governance, and a data driven mindset.

### Three 'strategic positioning' factors that clearly stand out between starting analytical organisations and developed analytical organisation:

1. Having strategy for HR analytics
2. Performing HR analytics with proven business impact
3. Actively involving senior management in HR analytics project

### Also, HR analytics front runners have three items in 'strategic positioning' that top their lists:

1. Clear link between HR analytics projects and organisation objectives
2. A formal strategy for HR reporting
3. Expected business management actions on insights from HR reports

### Leading by example

All the former key elements cannot be accomplished if senior business management doesn't support it. It is key to help business leaders understand the potential of HR analytics and involve them to help gain focus on the right business issues. Overall, over 60% of organisations indicate senior management actively promotes the use of analytics and data driven decision-making in general. The only convincing they need is why it is also relevant for HR, which is all about ROI. It would be wise to gain insights on what investment in their people generates in terms of organisation outcomes. A simple calculation is usually enough to get their attention. To create further buy-in, front runners indicate they always have active involvement of at least one key member of senior management in HR analytics projects.

## Dedicated budget helps a lot

In order to be successful in HR analytics, there needs to be budget in order to get organised and have the means to do useful projects. This also means investments in data & IT architecture, capabilities, hiring of experts and putting together a dedicated team in order to create impact. Our research demonstrates that having dedicated budget for HR analytics is a major challenge for a lot of organisations, especially HR analytics starters, for which it ranked #2 on bottom items, only 23% of HR analytics starters (strongly) agree. These results underpin that it is a strong differentiator between more advanced HR analytics user groups and HR analytics starters.

### TOP 3 TIPS TO GET STARTED

In order to get ahead in HR analytics, make sure that

1. your HR analytics ambitions are explicitly mentioned in your people strategy
2. your HR analytics efforts are in line with business strategy
3. you aim for the improvement of business processes with HR analytics

## 2. SUPPORT BY KEY ROLES AND CAPABILITIES

The second key factor for HR analytics success in our research is to have key roles and capabilities in place to be able to execute all necessary tasks in HR analytics projects. Analytical capabilities, IT capabilities and management capabilities are important, but front runners also acknowledge the importance of the business partner capabilities as linking pin between business and HR.

- Dedicated roles for management and execution of HR analytics projects help to focus
- Wanted: deep analytical capabilities and data savvy HR business partners
- IT and CIO support is a point of concern for many organisations

### Dedicated roles for management and execution

In practice, we see that in starter organisations, HR analytics activities are often assigned to the same team or person as HR reporting tasks. Time is mostly spent on HR reporting due to immediate urgency and HR analytics is put on a slow side-track or on hold completely. Our research indicates that HR analytics front runners and practitioners have more dedicated management and execution roles for HR analytics projects and active support from senior management for these projects compared to HR analytics starters. Second, almost two-third (64%) of all respondents (strongly) agree with having dedicated roles for management and delivery of HR reports. Moreover, this aspect is in the top 4 of highest rated items for all three HR analytics maturity levels and the difference between starters and front runners is significantly bigger when it comes to 'dedicated roles for HR analytics' than 'dedicated roles for the management and delivery of HR reports'.

### Getting senior management on board

Not only should senior management be involved in HR analytics projects in order to link to strategy and provide business support, it is also important that senior management is supportive of HR analytics in

general. Key roles for senior management support are CEO, CFO, CHRO and CIO, and each one of them could be convinced of the added value of HR analytics in a different way. Focusing on our research outcomes, it seems there is more agreement than average on using data-driven decision-making on workforce issues by senior managers (58%). A special role is given to the Chief Information Officer: 67% of front runners say their CIO is a key sponsor of HR analytics within their organisation which is a surprisingly low number. In fact, in most organisations CIO support for HR analytics is lacking with only 30% agreement on this statement in total.

### The HR business partner as linking pin

The HR business partner role is very important in the context of data driven HR. Their role is to understand both business and HR and figure out how HR can help solve business issues through analytics. For HR analytics to work, you need HR people who understand how analytical techniques and technologies work and how to use these techniques and technologies. Moreover, HR business partners should be able to understand, interpret and advise on analytical outcomes. This helps them fulfil their role as linking pin. In our research, nearly all front runners indicate that their HR business partners and/or HR managers are able to explain analytical outcomes and translate them into clear actions for the organisation. On this item, there is a big difference between starters (35%), practitioners (56%) and front runners (93%) indicating HR business partner capability is a serious factor for HR analytics maturity.



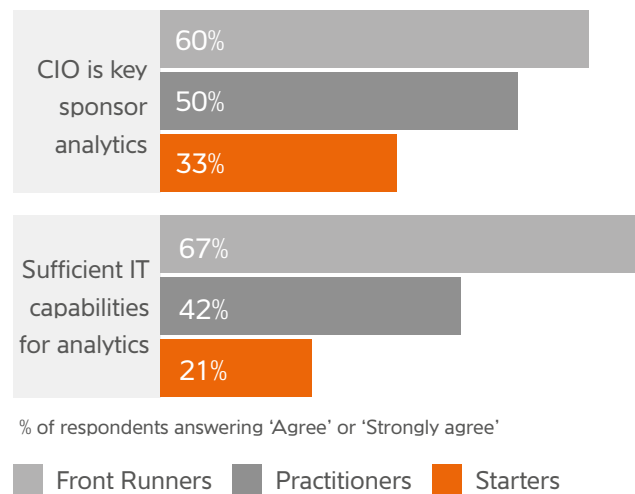
## The luxury of in-house analytical capabilities

In order to create relevant insights from HR analytics, you need people who can understand a research question, create a research model and perform the necessary analysis. In this function data science meets HR and although it is very helpful to have HR experience and knowledge in this function, it isn't a top priority. Our research shows that some organisations (42%) choose the operating model of a shared analytical function where data scientists perform analyses for the whole organisation (business, finance, operations, marketing and HR) and work in close harmony with subject matter experts. These are usually more mature organisations in terms of HR analytics. Still, many organisations are struggling to tap into analytical capabilities in-house; almost half of respondents indicate they have no analytical professionals with statistical knowledge, while front runners seem to have relatively less issues with finding the right analytical talent and experts and often employ a HR analytics manager with consultancy skills and statistical background.

### IT support remains an issue

Without proper support from IT any effort to leverage data driven HR will be strained. You'll need to work together closely with the IT department to collect and improve HR data, gain access to other data sources and the latest statistics tools. In practice, we often see that IT capabilities are a bottleneck. There are often many different systems for gathering an ever-growing diversity of data.

**Fig. 4** IT support a worry for most organisations



A proper data warehouse can be the solution to link all data, but in practice we see that relatively few organisations have the services to simply link data and create easy access. The results of this research show that the biggest challenge cited by HR analytics front runners, is IT support in terms of adequate capabilities to stimulate the use of analytics within the organisation. Only 60% of front runners indicate their IT department has the capabilities to support the use of analytics within the organisation. Although there is a significant difference between starters and front runners in this area, the difference is not particularly high. It seems that support from IT is not optimised in most organisations. This is stressed by the lack of CIO support mentioned earlier in this chapter.

#### TOP 3 TIPS TO GET STARTED

In order to get ahead in HR analytics, make sure that

1. you have dedicated roles assigned within the analytics process, both for HR Reporting and HR analytics
2. senior management is supportive of data driven decision making and data driven HR, more specifically
3. HR business partners make a shift towards the new capabilities needed for HR analytics, that is:
  - they should be able to unravel relevant business issues into HR analytics questions and projects
  - they have to understand the basics of analytics techniques and technologies
  - they must be able to interpret outcomes and formulate practical implications that are part of a broader business case, all aimed to facilitate relevant decision processes

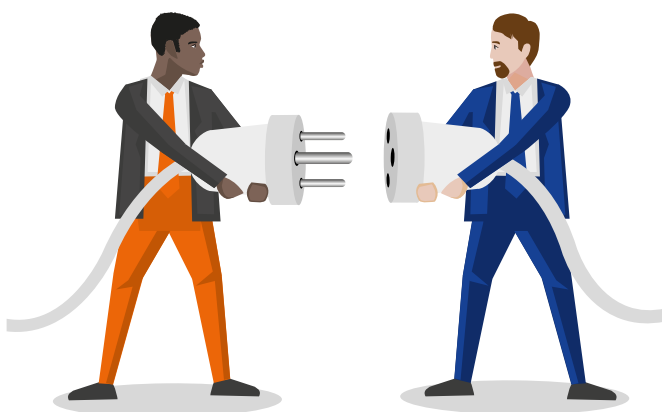
### 3. CLARITY ON PROCESSES AND RESPONSIBILITIES

Another key message from our study is: successful execution of HR analytics requires good governance. In other words, all key players and other stakeholders are on board and involved, know what to do, and understand the relations and interdependencies between roles. Plus, all the activities related to the execution of HR analytics should not only be evident and unambiguous, but also well-documented, accessible and communicated to all people involved. Involvement of key stakeholders (for example when designing processes) means involving decision-makers and experts from business and other departments such as Finance and Operations. Creating a data driven culture is not easy. It is a long-term change process.

- Clarity on HR analytics roles is easy, key stakeholder involvement is more challenging
- Proper HR analytics process documentation is not common practice
- Creating a data driven mindset takes time and effort

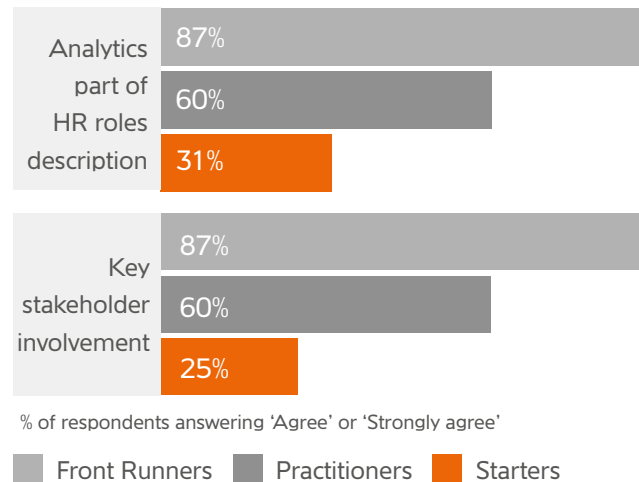
#### A data driven mindset starts with clarity on roles and responsibilities

Implementing and executing data driven HR means transforming to a more data driven mindset. Creating this mindset is not easy for organisations nor for the people involved.



For HR professionals and specifically HR Business partners, a lot will change when it comes to the required and needed capabilities to do their work. One of the key success factors in change management is to make sure everyone knows how the change will affect the daily operations of one's role and responsibilities. It will be no surprise that while implementing a new process like HR analytics, it is equally important that everyone knows their position within the (HR analytics) value chain in order to achieve an optimised outcome.

**Fig. 5** Good analytical cooperation challenge for starters



While the majority of organisations (64%) have set dedicated roles for management and delivery of HR reports, close involvement of all key stakeholders poses a bigger challenge for most organisations. This aspect is ranked at the lowest five items in the research. Yet, good cooperation within the HR analytics process is key for the delivery of data driven HR insight. Most front runners (87%) involve their key stakeholders in this respect (e.g. essential players are informed and clear about their roles in the process). Moreover, they also largely agree on having clearly documented activities and capabilities in regard to HR analytics for all relevant roles within HR.

**Organising for an effective HR analytics pipeline**  
Good cooperation also means having clear and well-documented processes to deliver data driven HR insights. This forces you to have a clear vision on the process as a whole and the understanding of one's role within the process. This is a must for a well-oiled working HR analytics machine. Just as important is the communication and training of people working with the process.

Having properly documented data driven HR processes is not necessarily common sense, as our study shows. Just one out of five starters and just over half of the practitioners say they have adequate process documentation available. At the same time, two-thirds of the frontrunner and practitioners HR analytics have HR analytics activities and capabilities well-documented in their HR job descriptions (compared to 30% of HR analytics starters).

#### TOP 3 TIPS TO GET STARTED

In order to get ahead in HR analytics, make sure that

1. there is role clarity for every role within the HR analytics delivery process
2. you especially put extra effort on the role-clarity and involvement of key stake holders
3. the HR analytics delivery process is clear and well-documented



## 4. DATA ACCESSIBILITY AND QUALITY

The fourth key factor for HR analytics success in our research is easy accessible and reliable data. With accessible, we mean that the needed data field is available for analytics when records of all data are obtained in an editable format by the data specialist with only one or few actions. And with reliable data we mean that the data has a certain accuracy (correct, reliable, up-to-date and free of errors). HR analytics practitioners and front runners view having readily available data with high quality standards as an important predisposition for HR reporting and analytics.

- Access to HR data and business data is a challenge, especially for starters and practitioners
- Getting data quality right is a worry for most organisations
- Data governance and compliance has been taken care of in most organisations

### Data access is not a given

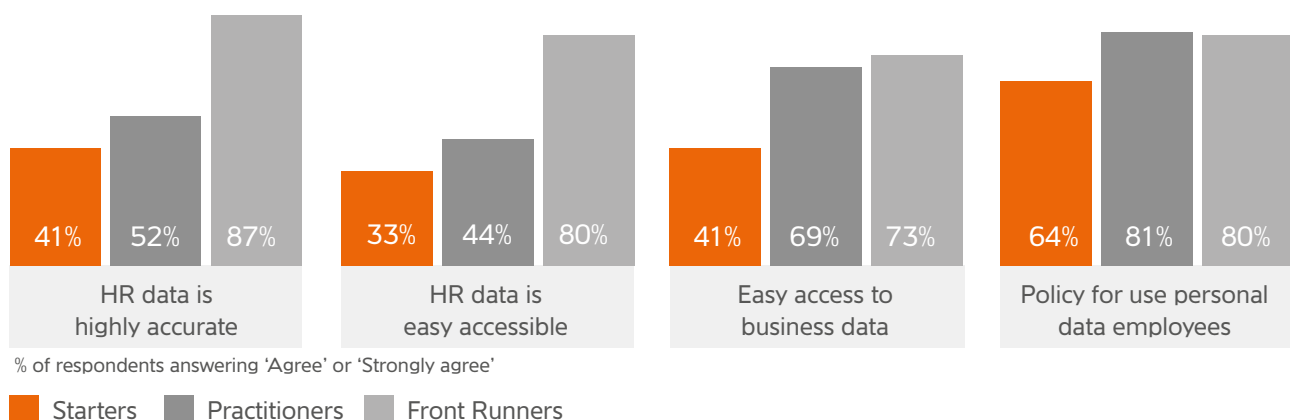
Over time, organisations started collecting more and more data in different places and systems. Most organisations have created difficult infrastructures to link data to each other, requiring a specific IT skillset as mentioned in the roles and capabilities chapter. When access to data is restrained, a lot of time and effort needs to be put into creating a dataset ready for analysis. Eighty percent of front runners state that HR data is easily accessible to those who need it within their organisation.

The accessibility of HR data (to anyone who needs it) poses a challenge for most organisations however, and scores relatively low. For HR analytics practitioners, it is their biggest challenge, ranking this aspect as number 1 of the items with lowest average scores. Moreover, in HR analytics, preferably also business data is used and linked to HR data. Access to business data by HR for the benefit of HR analytics is, although relatively speaking, one of the biggest challenges for HR analytics front runners (stating it as number 2 on the bottom of the ranking). Overall, half of the organisations cite HR has access to business data for analysis purposes. At the same time, the number of HR analytics practitioners and front runners that agree with this statement is not overwhelmingly high (less than 70% combined).

### Data quality still worrisome for most

To realise business improving HR analytics results, HR and business data should not only be available for analysis, but also of a certain quality. Almost all (85%) front runners indicate that the HR data used in their organisation has a high level of accuracy (correct, reliable, up-to-date and free of errors). Without good data quality, HR analytics fails to produce reliable insights. Interestingly, just over half (52%) of the HR analytics practitioners agrees with having a high level of data quality. Yet, more than 85% of the HR analytics frontrunners agrees its HR data quality is accurate and reliable. Still, it is still common in most current HR analytics projects to spend a significant amount of time on data selection and data cleaning.

**Fig. 6** Data basics a challenge for most organisations





### Getting up to speed with data governance

It is important that the use of HR data meets specific privacy standards since the used data is about people. There are strict ethical and legal standards to comply to and meeting those standards is often considered a rocky road for many organisations. It means dealing with works councils, compliance and legal in order to have a unified and documented set of agreements on how to deal with people data. The key to success is to start identifying the total landscape and specific requirements through data governance. Also, involving the relevant stakeholders and consulting with legal in time can make your analytics journey a lot easier. In our research, almost 7 out of 10 respondents agree on having documented guidelines and/or policies for the use of personal employee-data. For HR starters and HR practitioners this aspect is even scored as a top 2 item, so we can conclude that the importance of having guidelines and/or policies for the use of personal data from employees is getting the attention it needs in participating organisations.

#### TOP 3 TIPS TO GET STARTED

In order to get ahead in HR analytics, make sure that

1. your data, both HR and business related, is easily accessible by all parties that need access
2. your data, both HR and business related, is of good quality and be aware of the time it takes to obtain accurate and reliable data
3. the processes for data privacy and governance of data are consulted with all stakeholders involved (including legal and compliance) and documented clearly before you start your data collecting and analyses

## CONCLUDING THOUGHTS



How did HR as a discipline start out? As is often the case, the army and navy were the first users of advanced techniques to develop their people and it began out of an urgent need to organise people to ensure the proper delivery of results for competitive advantage. This is something that has never changed as we still have organisations with people who need to deliver results in order to reach common objectives.

However, organising people for organisational success has grown more complex as the world of work diversified and became more global over the past century. HR has grown into a range of specialisms to serve specific needs for different cultures. This has made HR organisation complex in itself, resulting in all kinds of governance and operating models but the HR discipline still boils down to one common goal: getting people organised to maximise organisation success.

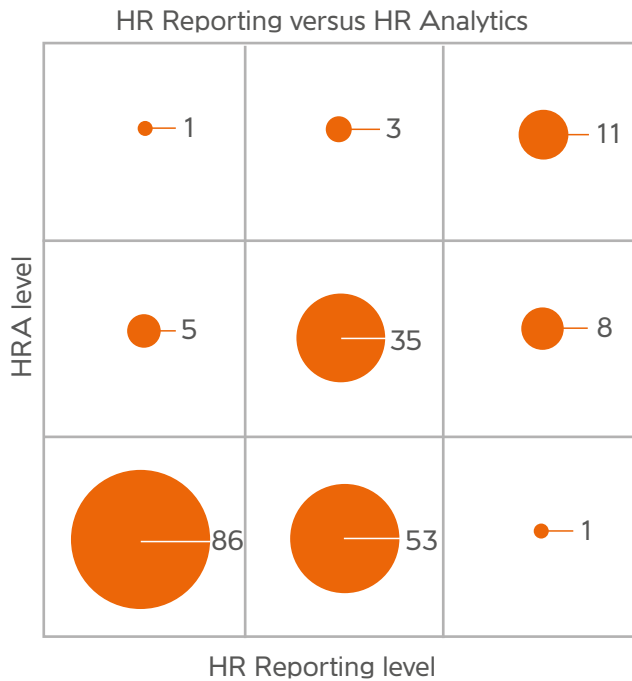
As it turns out, HR analytics is a great method to contribute to this goal. It uses data and statistics to create clarity on relationships between the way we organise our people and organisational success. It can therefore be a valuable strategic tool for an organisation and this is starting to dawn with organisations on a global scale. As our study shows, positioning of HR analytics within the strategic realm of the organisation is crucial to make progress.

Although it is a small group that is already integrating HR analytics as an extension of business strategy (and as part of daily operations), we see HR analytics is gaining traction in the market. This means many organisations would like to get started with this methodology but do not know where to begin, do not have the time and support or are hesitant to begin due to technology immaturity. Fortunately, our study pinpoints many aspects of what starting organisations can learn (and further develop) from leading analytical companies at the frontline. One of the main implications from this research is to try and start small but with a case that can show real impact from the HR domain on people or business results. The actions following this case takes HR back to its core function: organising for success.

# APPENDIX

## Hungry for more data?

**Fig. 7** HR analytical maturity goes hand in hand with HR reporting maturity



**Fig. 8** Leadership is mostly already convinced of data driven approaches in organisations

Mean Scores 1-5

Our senior management actively promotes the use of analytics and datadriven decision-making in general	3,69
Our organisation has documented guidelines and/or policies for the use of personal data from employees	3,69
The organisation has dedicated roles for the management and delivery of HR reports	3,59
It is common for the senior management in our organisation to make important decisions about the workforce based on data driven insights	3,56
The HR analytical projects can be clearly linked to our organisation's strategic objectives	3,45

## STRATEGIC POSITIONING

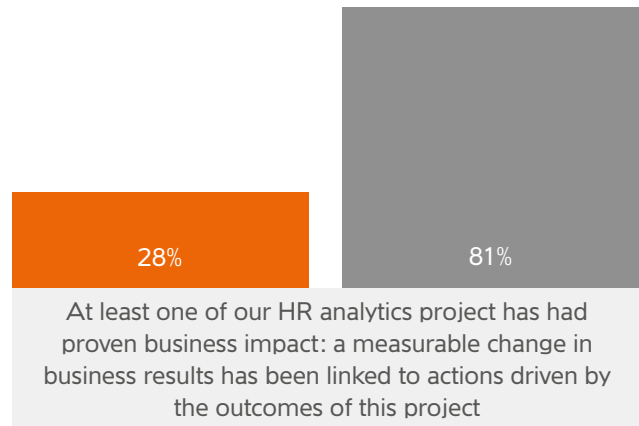
**Fig. 9** Most front runners have identified and prioritised issues in the organisation where HR analytics can provide the most valuable insights



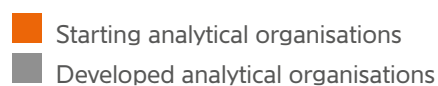
% of respondents answering 'Agree' or 'Strongly agree'



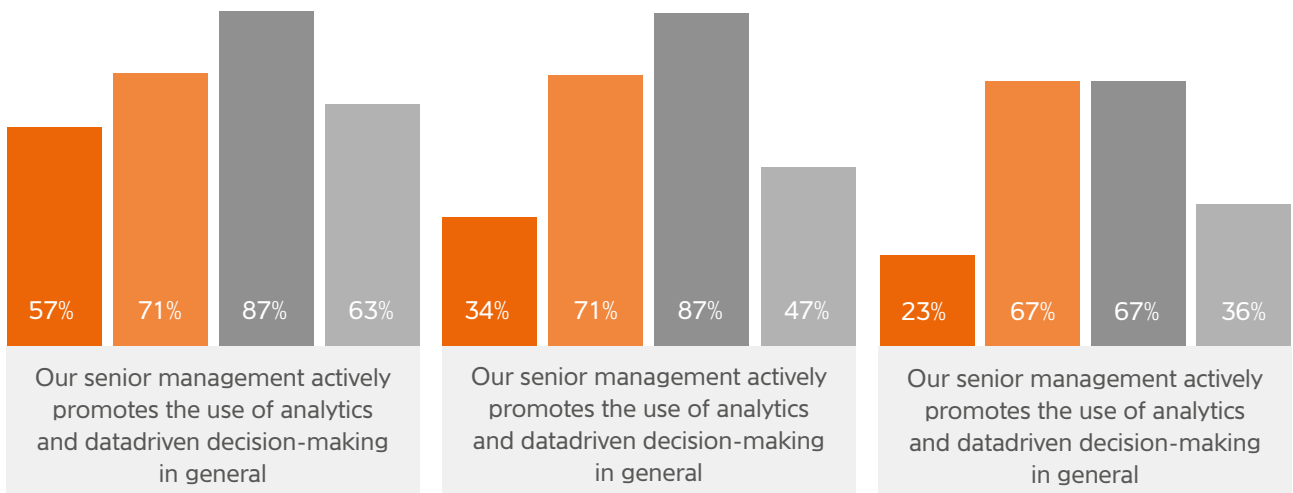
**Fig. 10** The most important major differentiator between low mature HR analytics organisations and higher mature HR analytics organisations is having HR analytics projects with measurable business impact



% of respondents answering 'Agree' or 'Strongly agree'



**Fig. 11** Although there is agreement in most organisations that senior management supports data driven decisionmaking, dedicated budget for HRA is still missing, especially with starters

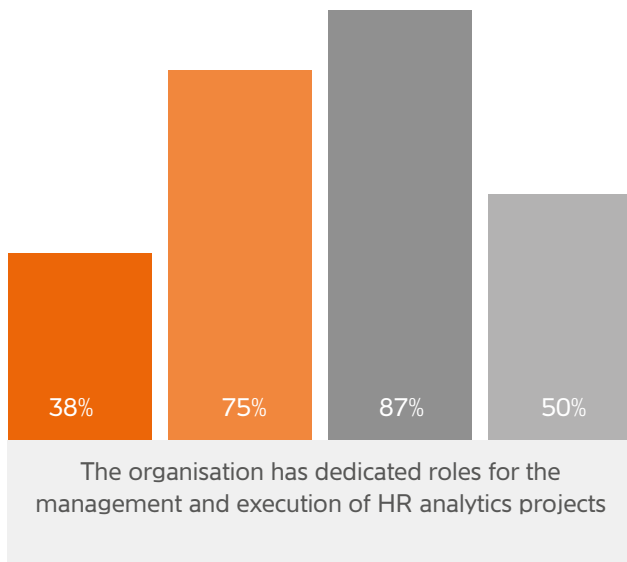


% of respondents answering 'Agree' or 'Strongly agree'



## SUPPORT BY KEY ROLES AND CAPABILITIES

**Fig. 12** A key factor for HRA maturity is having dedicated roles for management and execution



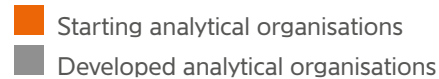
% of respondents answering 'Agree' or 'Strongly agree'



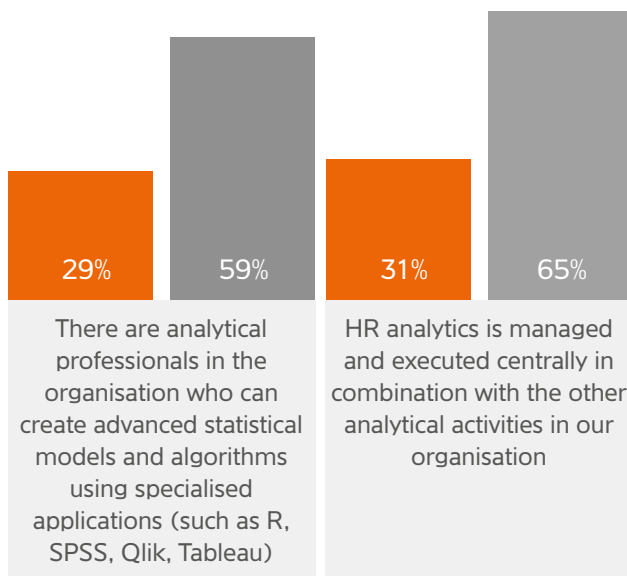
**Fig. 13** here is a big difference between starters and practitioners/front runners concerning the HRBP role



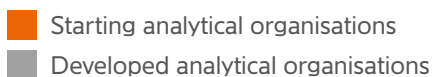
% of respondents answering 'Agree' or 'Strongly agree'



**Fig. 14** A big difference between starters and front runners in in-house analytical capabilities could be due to the fact that these front runners also score higher on central analytical function item

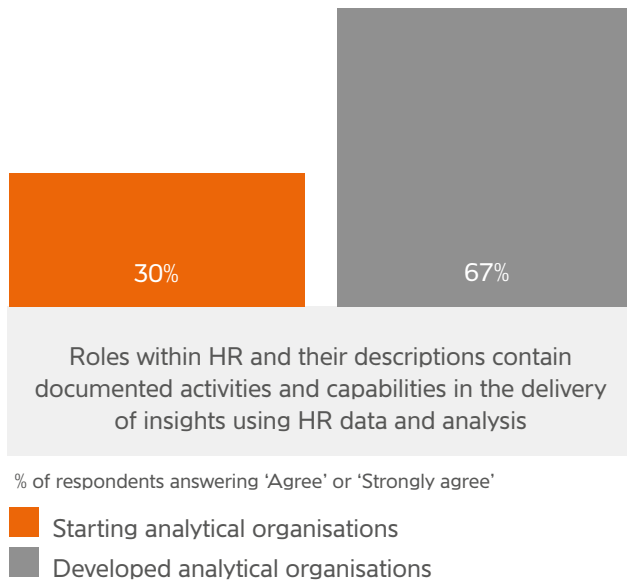


% of respondents answering 'Agree' or 'Strongly agree'



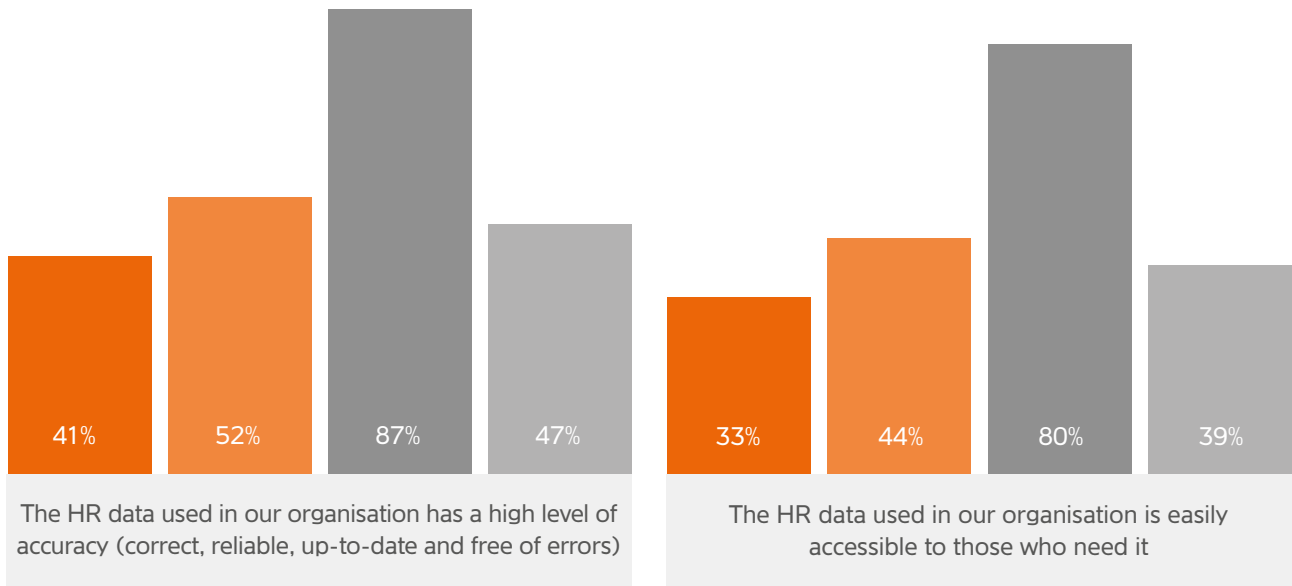
## CLARITY ON PROCESSES AND RESPONSIBILITIES

**Fig. 15** Two-third of the organizations which report being a HR analytics front runner or practitioner, have clear documented activities and capabilities for HR roles (compared to 30% of HR analytics starters).



# DATA ACCESSIBILITY AND QUALITY

**Fig. 16** (HR) Data access and data quality is a challenge to most organisations, while frontrunners seem to have their HR data in order



% of respondents answering 'Agree' or 'Strongly agree'

Starters Practitioners Front Runners Average

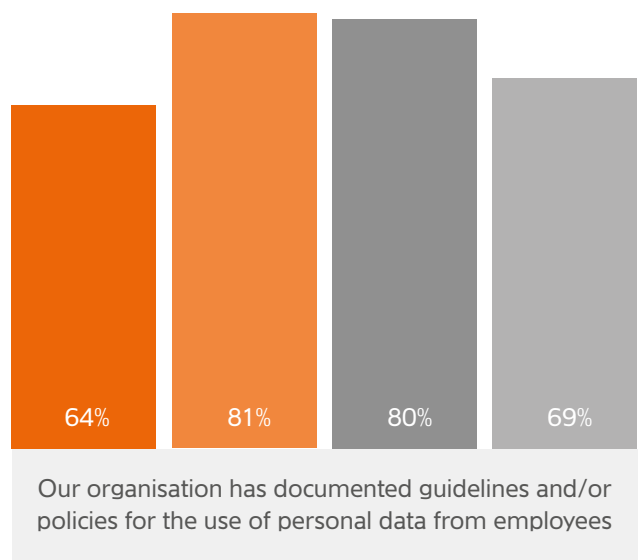
**Fig. 17** Access to business data remains a challenge for most organisations, also the front runners



% of respondents answering 'Agree' or 'Strongly agree'

Starters Practitioners Front Runners Average

**Fig. 18** The importance of having guidelines and/or policies for the use of personal data from employees is getting the attention it needs in participating organisations.



% of respondents answering 'Agree' or 'Strongly agree'

Starters Practitioners Front Runners Average



## ABOUT THE RESEARCH

In this research report, covering results from the 2016 HR reporting & analytics study, over 200 organisations have shared their current status on data driven HR. An online questionnaire (via Surveywizard) was conducted during the summer of 2016. Because the target population is quite large and it is impossible to invite them all, we decided to make use of a rather pragmatic sampling method. Therefore, we decided to approach our existing network and client contacts, which is on itself a fairly broad reflection of different organisations. Additionally, we advertised on LinkedIn, which was also a call for others to fill in the questionnaire. Among the respondents are organisations from all over the world, from small to large organisation size, operating in all types of industries. In short, this ensures that the results of this research are a fairly good reflection of where organisations stand right now.

Participating organisations categorised themselves in levels of maturity for HR reporting and HR analytics, resulting in a grouping as starter, practitioner or front runner in both areas. Respondents were asked to assess their organisation on the dimensions of data driven HR mentioned below:

- Approach of data driven HR (HR reporting and HR analytics)
- Strategic & Business alignment
- Leadership
- Roles & Responsibilities
- Capabilities
- Data

Therefore, insights in differences and overlap between starters, practitioners and front runners in HR Reporting and HR analytics at these different dimensions was the main focus in this research. Besides descriptive analytics we also performed a principal factor analysis in order to discover potential underlying components of HR analytics maturity. From this, we derived four factors on which front runners have indicated they are focusing on.

### About the respondents

In total, 203 organisations participated in this research by filling in the questionnaire. In terms of the characteristics of the total research population, the distribution of the participants on different aspects and characteristics reflects a broad array of organisations. For instance, small organisations with less than 50 employees (1.5% of total research population), medium sized organisations with a workforce between 1000 and 2499 employees (18.7%) and large scale organisations with over 50.000 employees (4.9%) are represented. Furthermore, this research reflects organisations from all over the world, as the data contains information about countries from i.e. Europe, the United States, Latin America and Africa.

Also, many different types of industries are represented. The 'food and beverage' and 'electronics' industry are less presented (both only 3% of the participating organisations), 'financial services' is most presented (14%) in our research data. Naturally, not an organisation but a person filled this questionnaire for their organisation. Most of the respondents in this research are working within HR, specifically as an HR director (29.1%), and a small part is working outside of HR (4.4%).

### Meet the research team

This report contains the results of the 2016 HR reporting & analytics study conducted by Top Employers Institute and Bright & Company | HR strategy. Leading the research team are Rob van Dijk, HR analytics lead at Bright & Company and Hans Rothweiler, member of the Executive Board 'Certification, Research and Innovation' at Top Employers Institute. The other authors and researchers contributing to this report are Tony Brugman, Alma Vermeulen and Maike van den Berg from Bright & Company and Quinten van Es from Top Employers Institute.

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- HR Organisation Effectiveness | Increasing the impact of your HR function by optimising quality, effectiveness and efficiency

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