State of HR Analytics:

Facts and Findings from CAHRS Topical Working Groups

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Today's organizations collect more HR and business data than ever, but still struggle to use it effectively to predict workforce trends, minimize risks and maximize returns. In 2010, CAHRS, the Center for Advanced Human Resource Studies at Cornell University, launched a series of working groups to gauge how partner companies are using HR analytics and what challenges remain. Over 50 participants from nearly 30 CAHRS partner companies participated in the working groups, which covered four key areas:

1. Application: How are organizations applying HR analytics?
2. Value: How much do organizations value using HR analytics, and how do they communicate this to the larger organization?
3. Systems & Structures: What resources support HR analytics initiatives? How does technology help or constrain these efforts?
4. The Future: How can organizations facilitate and enhance HR analytics? How will its practice evolve?

Over ten months, working groups uncovered several crucial barriers and enablers to the usefulness of HR analytics for businesses. On this, most executives agreed that the usefulness and promise of HR analytics extends beyond new technologies and reporting what is—or what was—to the prediction and analysis of what will be.

Many leading companies are slowly evolving their practice of HR analytics toward what Dr. Jac Fitz-enz calls a "model of predictive management" for human resources. The CAHRS working groups highlighted some of these practices—showing how today's organizations are using data to model and predict capabilities, and make better informed decisions on future investments.

Data management systems and application: How useful?

Most working group participants say their organizations use dashboards to collect and share information. Common metrics being measured include engagement, performance, attrition/retention, headcount, diversity, and compensation. It was generally agreed that the next steps for using dashboards should be to encourage HR staff to see them as tools for proactive planning—versus merely reviewing them before going into a meeting. For example, dashboards can be used for predicting an impending problem or monitoring how changes in HR practices affect the workforce and related outcomes.

There's certainly no shortage of data-management systems on the market, and many of them were discussed in the working groups. Most systems allow for monthly reporting and historical data; fewer are able to provide real-time information. Some executives felt this limitation forced them to be more reactive than proactive or predictive.

In fact, working group attendees were very concerned in general about the effective use of information. Many participants doubted their organization is effectively aggregating all available data into an overall summary of the health of the organization from an HR and employee perspective. They agreed that better integration will be the key to identifying areas of risk or areas that need attention.

Current practice in HR analytics

Although HR executives wonder whether they're seeing the complete picture, several participants explained how they're using available data in a deep way, rather than just compiling it into monthly reports that may or may not ever be read:

- **Identifying and managing leaders to drive performance:** One organization uses data to assess which leaders are able to increase performance in a down market. Staff does this by, first, identifying outcomes/metrics that assess this question beyond simple financial performance outcomes, and then reviewing the data to make sure managers are driving performance in a culturally compliant manner.

- **Better risk management:** A second organization uses employee survey data to assess compliance and risk issues and create development plans.

- **Peeling the onion on front-line supervisor traits linked to performance:** A third organization assesses the performance of front-line supervisors on the basis of factors that may drive performance of the team or group they manage. Such factors include spans of control, time in role, and individual characteristics. Through this approach, the organization hopes to identify underlying personal or organizational factors likely to drive performance.

- **Dissecting differences to uncover key success factors:** A fourth organization dissects their data to find generational, diversity, and other differences to better understand whether there are varying drivers of engagement and performance across groups. This enables the organization to tailor HR practices or interventions to specific groups, or spot weaknesses in succession.

These examples demonstrate the value of HR analytics for understanding hard-to-quantify concepts, such as relationships between HR drivers and key outcomes, as well as how employee skills, capabilities and motivation impact business outcomes. Of course, analytics are also used for measuring the business impact of HR interventions.

The future of HR analytics: Enablers, inhibitors

Most HR leaders, then, have bought in to HR analytics. The question now is how to allow its use to thrive, or at least avoid inhibiting it, throughout the organization.

Many participants named centralized data as a critical enabler, and among the organizations in attendance this was a mixed bag. While some had systems that linked data from different sources (finance, HR, marketing), others did not. The difference was striking.

Those organizations with access to centralized data could conduct analyses to understand how factors such as leadership, operational efficiency, and customer/financial outcomes are interrelated. Those without such access would love to do similar research, but cannot because of system limitations, lack of suitable data, and/or lack of in-house resources to analyze, interpret, and disseminate the information. Clearly, organizations without these limitations will have an advantage.

Field training of HR users is another critical enabler for analytics success. Hands-on use in the field helps staff understand what data is available, how to use it and how to ask for help in assessing/analyzing it. Working with data in the field also allows users to hone their skills detecting patterns of relationships and communicating messages to line managers at different levels. Support from senior leaders—which brings credibility and resources to the endeavor—and enhanced technology were also mentioned as key enablers.

Organizational barriers also hamper the effective use of HR analytics. Many managers and front-line HR generalists aren't yet comfortable talking about HR in terms of testing and evidence, or lack the skills to know which data to use for the right analyses—i.e., those that will help them identify process improvements, and strategic and financial outcomes. Top executives may also shy away from making big decisions using incomplete data.

Culture certainly plays a role. An organizational culture that endorses HR analytics at the highest levels, and communicates this widely, provides a supportive environment for employees to experiment and test hypotheses in real workforce situations. Conversely, a culture wary of embracing HR analytics subtly ensures its employees will be wary too.

Beyond this, many practical challenges remain for organizations in using and benefiting from HR analytics. Working group participants continue to face:

- Managing data from multiple countries
- Lack of incentives for others to share data across functions
- Lack of sophistication—fear of numbers, poor data analysis and communications skills—among potential data users
- Inability to match data across sources
- Tailoring and communicating findings to different levels of the organization
- Data credibility concerns, perhaps caused by limited manpower resources, privacy and security issues, legal and financial constraints, old data, employee-driven entry for some of the data, etc.
- Controlling access to data when slicing and combining

Evolution of HR analytics: Common language and standards

Overall, working group participants felt the field of HR analytics needs to move in a number of directions to become even more beneficial for organizations. First, analytics should be used more often for forecasting and generating predictive models. Participants also strongly endorsed the need to enhance data-driven decisions throughout the organization—not just keeping it at the highest levels, but driving it down to front-line generalists as well.

This will require more training of front-line HR staff, and shifts in attitudes and beliefs toward data-driven decisions—especially regarding the ability to make good decisions even with incomplete data. HR analytics will become more robust as organizations enable better access to data, it's more accurate, and top leaders set the example by using it regularly to make important, and visible, decisions.

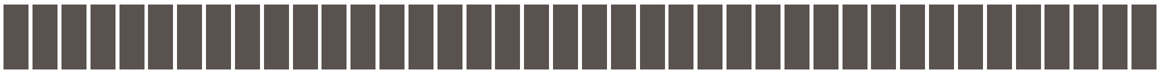
Including HR analytics and HR data in annual reports—and most participants believe this will happen soon—would also effectively spread the HR analytics gospel.

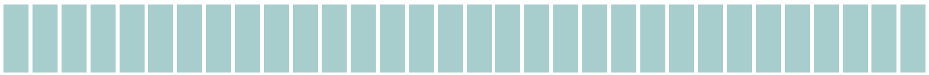
Finally, participants agreed that organizations and HR professionals could be better at sharing best practices and developing a common language and standards; this would speed HR analytics' maturation as a discipline.

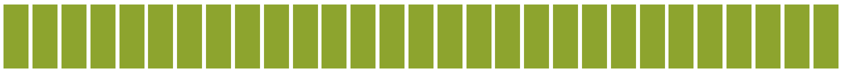
Snapshot: State of HR Analytics

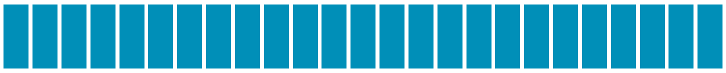
In advance of the spring 2011 CAHRS partner meeting on HR analytics, the Center surveyed working group participants about how they use HR analytics, the extent to which HR analytics is supported in their organizations, and the availability/ quality of data. This high-level snapshot from fifteen CAHRS companies—all Fortune 500 firms—reveals several key findings:

On the one hand,


All respondents indicated that they used HR data for basic reporting purposes.

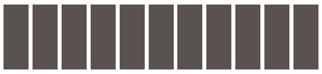

About 80% of respondents indicated that their organization reports key HR data in a dashboard or scorecard.

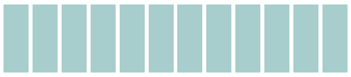

73% had in-house expertise in quantitative analysis techniques.

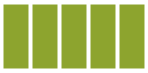

67% felt they had the support of senior leaders for HR analytics projects and initiatives.

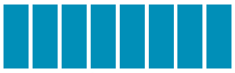
> Finally, one respondent summed up both the data and the common sentiment of many working group participants by stating: "We have not institutionalized an HR analytics function, so that says something. Our sources of expertise are scattered and there is no specific strategy that is championed by our leadership. We are evolving."

In contrast,


Only 27% felt they had a strong team of analytical talent who could execute HR analytics projects.


Only 33% agreed with the statement "Front line HR generalists understand the value of HR analytics."


Just 13% felt they had the necessary technology/systems to facilitate HR analytics.


Only 1 in 5 respondents strongly agreed that they trusted the reliability And accuracy of their organizational data.

The Center extends special thanks to the following partner companies for their contributions to these working groups:

Aetna, Air Products & Chemicals, American Express, A.P. Moller-Maersk, Archer Daniels Midland, AstraZeneca, Citi, Coach, Inc., Coca-Cola Enterprises, Comcast Communications, Corning Inc., Darden Restaurants, Eaton Corporation, Fidelity Investments, General Electric, IBM, JPMorgan Chase, McDonald's Corporation, McKesson Corporation, Novartis, Proctor & Gamble, Tyco International, Tyco Electronics, Verizon, and United Airlines