

State of People Analytics Technology

Literature Review High-level Summary

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Introduction

To understand the current state of people analytics, we went wide and deep into the literature published on this topic over recent years. We reviewed over 30 published pieces which included academic papers published in journals, web articles, blogs, and research reports.

This article summarizes:

- What we saw
- What we didn't see
- What we learned

What we saw:

Growth and maturity

Business and HR leaders, academics, practitioners, and technology providers agree on the purpose and objective of successful people analytics – to add business value and achieve business outcomes. There are numerous reports and research findings that refer to the financial benefits reaped by companies that have successfully implemented a mature people analytics functions – ones that go beyond descriptive reporting and have embraced predictive and prescriptive analytics that ties in financial and management data. There is a general agreement that people analytics today means more than reporting on HR metrics, that it should help develop employees, and that solutions should be business driven. It needs to move beyond a day-to-day and backward-looking process to a more

forward-looking and predictive process that allows for strategic future planning.

The focus on the employee

This is a growing space with increasing focus on using analytics for improving employee experiences and helping employees bring their best to work. There is a sizeable section of literature that focuses on harnessing the power of analytics and network analysis to measure employee engagement, satisfaction, collaboration, innovation, stress, etc. This interest can be explained by the growing trend of trying to understand the effect of a company's social capital on its financial performance. As one of the [reports](#) from Accenture states, "Companies with a highly engaged workforce are 21% more profitable than those with poor engagement."¹

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Collaboration

A significant portion of the literature we reviewed spoke of the importance of involving key stakeholders and influencers for successful people analytics. This is both timely and well argued. Establishing a people analytics function not only requires investment of resources for the needed technology and skills, but also a culture that encourages, champions, and allows for collaboration. [Lexy Martin's](#) piece on the role of HR Business Partners (HRBPs) does a great job of presenting a guide to get HRBPs ready to champion the people analytics cause within their organizations.

Ethics and Privacy

There is a growing concern about matters of ethics and privacy of the data collected. The now frequently mentioned phrase “just because something can be measured doesn’t mean it should be” applies to not just collecting data needed to drive insights, but also doing so in an ethical and legal manner. Leaders know they have an obligation to be transparent and open about the data they collect. But how do they go about doing this and what technology they can leverage are questions that need answering.

What we didn’t see:

While a lot has been written on the value that people analytics can add for an organization and the importance of it from the perspective of the future of work, an essential component of its successful implementation is technology and appropriate tools and skills. While there are numerous articles discussing topics on how people analytics can help organizations at the macro level, there is an existing gap in the literature as to what kind of analyses should be run and how to run them. Ben Teush does a great job highlighting one aspect of this in his [article](#).

The other gap is the lack of information with regards to the existing technology that can help organizations achieve their purpose. Once the company has identified the business challenges it

needs to address, what kinds of tools and solutions should it look for? What are the different types of platforms that exist? What are their strengths and weaknesses? What is the different kind of technology available in the market for companies at varying growth levels, sizes, and stages of people analytics maturity levels? What should organizations be looking at next?

As companies increasingly look at people analytics with the end objective of adding business value, moving beyond reporting on HR metrics and benchmarking, there are some common challenges that they are looking to solve for through people analytics. While stakeholders such as HRBPs, CHROs, and business leaders may well be in support of people analytics, another frequently met challenge is collaboration between people analytics teams and other functions (e.g., IT, finance). Another unanswered question is what are some of the standard practices offered by technology providers that companies entering this field can quickly adopt to ensure some level of compliance and ethical standards are met?

These are some of the questions that we hope to provide answers to through our research. As part of our next planned output for this study, we will be launching our survey at the end of March. Survey results, along with the interviews that we will be conducting over the summer, will inform our final findings. These findings will be presented in the fall of 2019.

What we learned:

Of the literature we reviewed, several pieces stood out to us. Each of the following authors and their work contained information that we found useful and mind-changing. We learned from their perspectives and encourage you to do the same.

Article 1: The Happy Tracked Employee²

Ben Waber

"For workers, though, the value of all this data gathering isn't as clear. Advanced people analytics may even hinder employees' ability to freely manage their time and experiment."

Highlights:

- Speaks to the very important and relevant aspect of analytics – privacy
- Illustrates the dangers of over-monitoring and too much data gathering
- Talks about what companies can do to prevent breaking employee trust and the law

Article 2: Ten Red Flags Signaling Your Analytics Program Will Fail³

Oliver Fleming, Tim Fountaine, Nicolaus Henke, and Tamim Saleh

"It is imperative that businesses get analytics right. The upside is too significant for it to be discretionary. Many companies, caught up in the hype have rushed headlong into initiatives that have cost vast amounts of money and time and returned very little."

Highlights:

- Describes some of the common frustrations felt by leaders on their people analytics journey
- Identifies the top ten red flags which signal a failing analytics function that companies should be on the lookout for

Article 3: Better People Analytics⁴

Paul Leonardi and Noshir Contractor

"If, as the sticker says, people analytics teams have charts and graphs to back them up, why haven't results followed? We believe it's because most rely on a narrow approach to data analysis: They use data only about individual people, when data about the interplay among people is equally or more important."

Highlights:

- Provides a lesson on why companies should not fixate their people analytics and ONA efforts on using data only about individual people and their attributes such as ethnicity, age, gender, education, tenure, absenteeism, etc.
- Offers an in-depth understanding of relational analytics and how organizations can use 'six structural signatures' to better understand their employees, their levels of efficiency, vulnerability, innovation, and influence

Article 4: Nine Dimensions for Excellence in People Analytics⁵

Jonathan Ferrar

"When I reviewed all the work over the last few years in clients and organizations around the world I realized that the answers can be summarized into nine dimensions which are grouped into three categories: foundational aspects, resources needed, and value gained."

Highlights:

- Gives a thorough overview and detailed guidance on creating a successful people analytics roadmap
- Provides exhaustive dimensions that include the foundational aspects people analytics functions need to address, the resources needed, and how value can be gained from insights



Article 5: People Analytics – Show Me, Don’t Tell Me⁶

Ben Teusch

“The audiences people analytics articles seem to be targeting are (1) HR and business leaders, and (2) people analytics leaders. There is a third audience that just needs to understand how to do people analytics.”

Highlights:

- Points out the fact that while there has been much written about the benefits of people analytics, there remains a lack of knowledge shared on how to conduct people analytics and what kind of analysis to perform
- Provides excellent sources and links for those looking to start with people analytics, by providing a few examples of HR problems that analytics could solve

Bonus: Reports vs Analytics: What’s the Difference?⁷

Caitlin Bigsby

“Insight is the deeper understanding you get of the actions and behaviour behind all of the data points you’ve gathered. It is the ability to make out the big picture from the millions of brush strokes that created the painting.”

Highlights:

- Reminds and educates us on the differences between reporting and analytics, the limitations of reports, and why you need analytics to understand the bigger picture

Finally, [David Green’s](#) monthly compilation of articles on HR and People Analytics is a constant source for those looking to stay up to date about the field.

Additional literature we reviewed:

1. Houghton, Edward, and Green, Melanie; [“People Analytics: driving business performance with people data,”](#) CIPD report, June 2018
2. [“The Rise of Analytics in HR: The era of talent intelligence is here,”](#) LinkedIn Report, March 2018
3. Levenson, Alec and Pillans, Gillian; [“Strategic Workforce Analysis,”](#) Corporate Research Forum, November 2017
4. Marr, Bernard; [“5 Inspiring Ways Organizations Are Using HR Data,”](#) Forbes, May 2018
5. Martin, Lexy; [“Here’s What You Need In a People Analytics Leader,”](#) TLNT, November 2018
6. Chakrabarti, Madhura; [“Upskilling HR in People Analytics,”](#) Deloitte Capital H Blog, March 2018
7. Creelman, Davis; [“Analyzing a Fact-based Culture,”](#) HR People + Strategy Blog, April 2018

While we have identified the articles above as being the most critical for readers to review, we did read a lot of others. If you’d like a full list of the articles we covered, please do not hesitate to reach out to us at research@redthreadresearch.com.



Endnotes

- 1 Liley, Michael; Feliciano, Patricia; Laurs, Alex. Employee Experience Reimagined. 2017. Accenture Strategy. https://www.accenture.com/us-en/_acnmedia/PDF-64/Accenture_Strategy_Employee_Experience_Reimagined_POV.pdf
- 2 Waber, Ben. The Happy Tracked Employee. Harvard Business Review 2018. <https://hbr.org/2018/09/the-happy-tracked-employee>
- 3 Fleming, Oliver; Fountaine, Tim; Henke, Nicolaus; and Saleh, Tamim. Ten Red Flags Signaling Your Analytics Program Will Fail. McKinsey & Company. 2018. <https://www.mckinsey.com/business-functions/mckinsey-analytics/our-insights/ten-red-flags-signaling-your-analytics-program-will-fail>
- 4 Leonardi, Paul and Contractor, Noshir, Better People Analytics. Harvard Business Review. 2018. <https://hbr.org/2018/11/better-people-analytics>
- 5 Ferrar, Jonathan. Nine Dimensions For Excellence In People Analytics. My HR Future. 2018. <https://www.myhrfuture.com/blog/2018/8/9/nine-dimensions-for-excellence-in-people-analytics>
- 6 Teusch, Ben. People Analytics – Show Me, Don’t Tell Me. LinkedIn, August 2016, <https://www.linkedin.com/pulse/people-analytics-show-me-dont-tell-ben-teusch/>
- 7 Bigsby, Caitlin. Reports vs Analytics: What’s the Difference?. Visier. 2018. <https://www.visier.com/clarity/reports-vs-analytics-the-difference/>