The need to acquire, retain and grow high-performing talent has never been greater. It is imperative to leverage data into human resources not only to hire the right candidate for the right job at the right time but also to build a data-driven culture across every facet of HR – from resource planning and performance measurement to policy development, employee engagement and gaining competitive advantage. People analytics can be defined as the data-driven and goal-focused method of studying all people processes, functions, challenges and opportunities to elevate systems and achieve sustainable business success. Based on our research and discussions with leading People Analytics professionals, we endeavour to address many questions that arise while dealing with People Analytics.

Do People Analytics even matter?

People analytics support decisions by finding the most efficient recruitment channels, matching people with the best jobs/teams, and designing strategies to retain top performers. At the same time, people analytics help improve diversity, and highlights any unconscious biases that the company might have against marginalised groups.

With the growing number of Millennials and Generation Zs in the workforce, relational and influential leadership is becoming increasingly more effective than an authoritative one. People Analytics analyze the employee relationships to understand the social network within an organisation, helping leaders to find influencers who can push for change. People analytics also quantify the benefit that leaders bring to the organisation by modeling and predicting the effectiveness of training programmes and management behaviours.

But, from where can we procure the required data for People Analytics?

The HR department has a plethora of data such as employee information, performance evaluation, compensation structures, etc.; moreover, verticals like sales, finances and IT have their own sets of data. Usually, however, this data is sitting in silos and that's where people analytics comes in, integrating all of these fragmented pieces of data. During our informational interview with the people analytics lead at Best Buy, we found an innovative integration of people analytics with administrative data. Companies use predictive people analytics to setup office branches in locations where most talent is coming from, optimise lateral moves and identify which two departments need more team bonding activities. Also, there are always 3rd party data sources such as StatsCan, Glassdoor, PayScale etc. that can provide relevant data to the organisations.

Will the evolution of people analytics cost employees their job?

No, it won’t. People Analytics is a tool to help organisations accomplish their tasks more efficiently. It helps to better segment the employees and to target HR policies as customised to their needs. The time saved by not doing repetitive tasks can be better utilised in focusing on insights and creating value.

Then, how do we address the delicate issue of privacy?

‘With great power, comes great responsibility’. The concern for employee confidentiality is real and the way to navigate is by having clear guidelines on how personnel data can and cannot be used. This starts with communicating to employees why the company needs to track their data and how this data will be used, and then seeking their consent. If the employees know that data is being collected but do not understand how it is being used, they will make their own assumptions, resulting in distrust. Organisations pioneering people analytics practice an agile approach of restricting the access to sensitive information on a need-to-know basis.

However, will people analytics help organisations make money?

‘Yes’. People Analytics focuses on ‘Adopting a Performance Mindset’. It assists HR practitioners to holistically assess and address business issues. Although profits are hard to account for in the short run, in the long run the profits become more evident by way of increased employee retention and decreased employee acquisition costs. Other benefits can improve customer service and employee performance. For example, Uber integrates its operational and HR data to determine incentive packages for drivers who can pick up food quickly and, thus, improving their operations and enhancing customer service. In the short run it’s hard to point out and say that this profit is associated with this particular process that uber optimised, but in the long run the company’s profits through increased efficiency speak for themselves.

The need to acquire, retain and grow high-performing talent has never been greater. It is imperative to leverage data into human resources not only to hire the right candidate for the right job at the right time but also to build a data-driven culture across every facet of HR – from resource planning and performance measurement to policy development, employee engagement and gaining competitive advantage. People analytics can be defined as the data-driven and goal-focused method of studying all people processes, functions, challenges and opportunities to elevate systems and achieve sustainable business success. Based on our research and discussions with leading People Analytics professionals, we endeavour to address many questions that arise while dealing with People Analytics.