The State of the Art in HR Metrics and Analytics: Results From a New CEO Survey

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Schedule for the calls

- September 26: Results from CEO survey on metrics and analytics
- October 10: Turnover & leadership development modeling and analysis; Amgen case study
- October 24: Building predictive models for turnover; professional services firm case study
- November 7: Pulse surveys; Theresa Welbourne guest
- November 21: Employee engagement; Merck case study
- December 5: Moving beyond compensation for modeling attraction, retention & turnover; Frito-Lay case study
Web Site

- Dedicated web site for MA networks
- Can get there via the CEO web site
  www.marshall.usc.edu/ceo
  - Follow the links for teleconferences
- Transcripts, presentation materials, bibliographies, and research results from phases one through three
- Will post transcripts and materials from this phase as they become available

Today: Results from Survey

- Metrics and analytics survey
  - 47 responses from 40 companies
  - ½: HR data and analysis professionals, HR analytics among primary responsibilities
  - ½: HR professionals familiar with HR data & analysis, but not part of their job
  - Most questions the same; asked the analysis professionals about dedicated analytics personnel
- Response patterns very similar
  - Pooled responses for the analysis and report
Issues Addressed

1. What analytical competencies exist in the HR organization, how they are applied
2. The systems used to build, nurture and deploy analytics within the HR function
3. The HR issues most frequently addressed by HR analytics
4. The relationship between HR analytics, HR effectiveness and organization effectiveness

Table 1
- Statistical skills are most common among those who work with data
  - Data & analysis professionals
  - Professionals who work closely with them
- Gap in statistical and analytic skills for others in HR
  - They typically have only basic skills
  - But often called upon to use basic statistics, apply root cause analysis, and communicate statistical results to non-statistical audiences
Assessing Competencies

- Organizations much more likely to assess HR competencies than to assess analytic competencies

- Table 2: But the extent to which analytic competencies are assessed is more strongly correlated with
  - HR playing a role in strategy formulation
  - HR serving as a role model for other functions and an employer of choice for HR professionals

HR Information Systems

- Tables 3 & 4

- HRIS common, but relatively new
  - HRIS in key business units have been around longer
  - HRIS that spans the organization newer
  - HR data warehouses most common source for HR analytics among survey respondents

- ½ respondents said HR analytics seldom uses data from other functions (production, marketing, sales, etc.)
  - Problem if trying to show business impact
HR Issues Addressed

- Table 5
- Analytics most often used to address
  - Compensation & benefits
  - Employee attitudes
  - Recruitment
  - Diversity / affirmative action
- Analytics least often used to address
  - Union / labor relations
  - Career planning
  - Downsizing
  - Change management
  - Management development

Objectives of the Analytics

- Table 6
- Most commonly used to
  - Measure routine HR process execution
  - Assess and improve HR department operations
  - Support organizational change efforts
  - Measure the cost of providing HR services
- Least commonly used to
  - Pinpoint HR programs to be discontinued
  - Assess feasibility of new business strategies
  - Evaluate & track outsourced HR activities
  - Assess HR programs before being implemented
Opportunities for Improvement

- HR analytics is used to a “considerate extent” (or more) by less than half of companies

- Implication: there is a large opportunity to expand the use of analytics in HR

Impact of Analytics

- Table 8

- Sophistication of HR analytics is positively correlated with perceived value of HR analytics by the business team in:
  - Strategic planning
  - Change management
  - Employee training / education
  - Benefits (but not compensation)
  - Performance management
  - Diversity / affirmative action
Impact of Analytics

- Table 9
- Strong correlation between the perceived value of HR analytics and the extent to which HR analytics is applied to:
  - Measure and evaluate HR programs
  - Measure and evaluate impact of talent / human capital.
  - Stronger than correlations with sophistication of HR analytics
    - Perceived value by business leadership and impact on the business

Conclusions from Survey

- Analytics seem to make real contribution to HR function and business results
- Skills to conduct analytics stronger among dedicated analytics professionals
  - But high demands on generalists to work with, understand and communicate about data
  - Opportunity to improve skills and/or reassign the work?
- Analytics not applied broadly
  - Opportunity to improve decision making regarding talent & human capital