7 pitfalls to avoid with people analytics
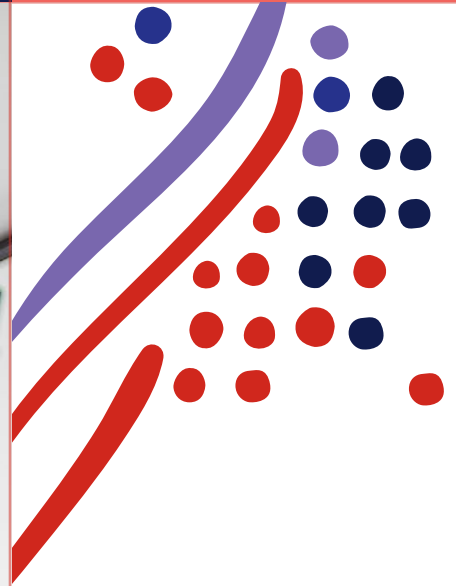
Introduction

Your people are your workforce. Knowing what they do, how they do it and why can help you overcome organizational challenges before they become workforce crises. Luckily, tools for analyzing people data are available now more than ever. With people analytics, you can identify and act on organizational challenges. You can plan, implement and track initiatives for improving turnover, retention, labor expenses, diversity and so much more. But while people analytics is a powerful tool for organizational improvement, there's always the danger of running into pitfalls.

7 pitfalls to avoid with people analytics

1. Scattered data
2. Mismatched business objectives
3. Poor data quality
4. Lack of context
5. Inadequate access
6. Superficial predictions
7. No follow-through

1 Scattered data
Your people data is in pieces

What's the cause?

Your data is in separate, siloed systems, and you have no easy way to stitch it together. Although the explosion in people data promised you confident decision-making, the reality turned out to be much more overwhelming than you expected. Now you have so much data that you don't know how to act on it. Investing the time and resources to acquire a more centralized people analytics solution can help.

What are some warning signs?

You're getting snapshots of your people instead of the big picture. When looking for insights, you only see individual parts of the story and can't make relevant systems speak to one another. You might not even know where to look for the data you need to make critical decisions.

Scattered data: scenario

Your organization has a rising turnover rate, with turnover across various departments. But there's an underlying problem with your onboarding and learning processes. Your employees aren't feeling connected to your organization, which is critical to retention. By looking at their completed training courses and onboarding survey results, you think they fit in and feel comfortable. But you don't see the other data points, like feedback from peers, a higher-than-usual absence rate and overtime's effect on specific employees. Data has been captured, but you can't combine it to get helpful insights. It's all in different systems. If you had access to all this data in one place, you could think about working with managers to schedule more frequent check-ins to improve engagement and retention. As someone responsible for reducing turnover, you should be able to see these trends and get ahead of them.

What to do about it

People data should be accessible from a centralized location to support comprehensive analyses. This can be accomplished by joining records across data sources and providing a combined data view. But joining data housed in various systems can be complex, tedious and time-consuming, especially for those who aren't experts in data integration. Partnering with a provider that can integrate data from different systems can help you see the bigger picture.

More than **1/3** of HR professionals pull data from four or more systems to create people analytics reports.[1]	Nearly **50%** of HR professionals find data integration fairly difficult or very difficult.[1]

2 Mismatched business objectives
HR and strategy aren't symbiotic

What's the cause?

People analytics is about using your people data to make better decisions. But you risk undermining your efforts if you're not concentrating on the right ones. When HR leaders don't collaborate closely with their colleagues, including the people on the ground and in senior leadership, they can't prioritize and align HR programs with urgent business objectives.

What are some warning signs?

Your projects are rolled out quickly, without the collaboration and planning necessary to give them meaningful direction or pinpoint the desired outcome and what key performance indicators (KPIs) will indicate success. When your HR department can't show how its work supports growth and the bottom line, you're viewed as separate from key strategic business disciplines, perpetuating a cycle of misalliance.

Mismatched business objectives: scenario

You work for an energy company planning to open a new plant overseas. But you didn't know about the opening until recently because you haven't been included in the right meetings, where such expansion is discussed. Ideally, you would have already begun a recruitment program for the overseas location and organized any needed language and business etiquette training courses for the leaders tasked with managing recruits. But because you didn't know about the project, you've spent most of your budget on hiring programs for your existing locations.

What to do about it

Engage with other teams to see where they are in their initiatives. Ask, "Where are you having issues? How do you plan to address them?" Locate the entry points where the analytics can help solve their problems. Additionally, identify any significant planning events where strategies and budgets are set. Seek to participate in and understand these decisions to discover how the data can provide value. Consider having monthly or quarterly updates with key business stakeholders to identify their gaps and discuss how the analytics can help.

> **Voice of the client**
>
> Being able to prove your worth in a company is really important, especially in HR, because it's an overhead position. ADP DataCloud makes my job more effective because I am able to show results.
>
> — **Paula Whittaker,**
> HR manager, QFix

Just **29%** of HR professionals say that people analytics is very effective at providing important HR insights to top leadership.[1]

3 Poor data quality
Your people data is dirty and dubious

What's the cause?

Your people data isn't helpful if it's dirty — inaccurate, incomplete, duplicative or outdated. Dirty data is low-quality data. Consistently achieving cleaner data starts with your data entry system. There are two main approaches to achieving cleaner data: getting the data right from the beginning, which alleviates a lot of back-end pain, or cleansing the data before you profile, analyze and add value to it. Achieving cleaner data is an iterative process of identifying problems with the data, fixing them, understanding the root causes and addressing them for the long haul.

What are some warning signs?

Your people data is inaccurate, incomplete, duplicative or outdated and therefore not ready for quality analyses. If your data-driven insights consist of dirty data, decision-makers using those insights are making organizational decisions based on bad information. You should proactively and retroactively clean your data if you want the most reliable and complete insights, as dirty data is bound to show up over time. Solutions with monitoring features that flag data-quality issues can help.

Poor data quality: scenario

You have an employee database that contains several different classifications for employees with college degrees. Tags include "college degree," "college," "COLLEGE" and "post-secondary school." Suppose someone pulls this data and puts it into an important presentation about the organization's education-level predominance, but only one of these classifications was selected. This would result in an inaccurate representation of employees with college degrees. When applied to multiple education levels, this incomplete analysis can engender misunderstandings about the data, leading to poorly informed organizational decisions. Data-quality monitoring features can help you preserve the credibility and reliability of data-driven insights.

42%
of HR professionals find data cleanup fairly difficult or very difficult.[1]

What to do about it

Completing fields with missing records is one way to improve data quality. If you're presenting analyses containing missing records, you're presenting incomplete information, which your audience may notice is incomplete or think is incorrect. This can jeopardize trust and confidence between key business stakeholders and analytics professionals. More difficult to address are incorrect records, whose inaccurate analyses may also undermine trust and confidence. Consider converting incorrect data into digestible readouts and giving them to stakeholders who can verify the data's accuracy. If there are numerous incomplete and incorrect records, it may be time to examine your data governance, auditing and cleansing procedures.

4 Lack of context
You don't have anything to measure against

What's the cause?

A little data can be a dangerous thing. It can lead you to act without having all the facts. And here's the thing: Even if you take full advantage of your internal data, you may not have the whole story. You lack the external context that tells you how your organization compares to its peers.

What are some warning signs?

You're presenting people data to your colleagues but can't explain how your organization stacks up against its competitors. You've identified a few patterns and trends but can't see how they developed or how they're contributing to broader problems. You don't know if your issues are general and industry-wide, specific to geographical regions or unique to your organization. For all you know, your issues could be anomalies.

Lack of context: scenario

You're a retailer with stores in many locations. You have data indicating high overtime rates in several of those locations. The rates surged in the past two months — that looks like a problem. You attempt to cut overtime costs by recruiting several new employees on permanent contracts. But you were acting on partial data with no benchmarking context. Otherwise, you'd have seen that the overtime spikes corresponded with industry-wide seasonal busy periods, and you might have hired temporary staff to ride it out. But it's too late. You've spent the money.

What to do about it

Natural comparison points include comparing your organization to itself over time, comparing your organization's internal populations or divisions — departments, locations and managers, for example — and comparing your organization to its industry. Internally, avoid making sweeping conclusions or claims without first socializing the data with the right leaders. Ask them, "What can you tell me about this data? Is it a surprise to you? Is there something about the organization that's driving this result?" Numerical differences are clearly understood by the analytics professional, but someone living the reality being analyzed can add additional color and context. You'll also have more opportunities to build stronger relationships with those stakeholders. Lastly, don't make bold assertions internally without checking the data against industry norms and trends. You may find that the data is nothing to ring alarm bells over.

Voice of the client

Working for a growing company, we are continually adding new positions — many of which are specialized — and starting from ground zero. We need to understand things like what a pay range looks like for a particular job, what the market demands are and what typical job responsibilities are. The benchmarking tools available within ADP DataCloud can help us answer those questions at our fingertips and give us data that makes sense for us.

— **Melanie Wiegert,**
HR director, Diamond Mowers

5 Inadequate access
Key decision-makers can't quickly obtain needed insights

What's the cause?

The status quo has created access restrictions and poor cross-team collaboration, neither of which is providing key leaders and decision-makers with a seamless flow of people insights that could help them steer strategic organizational improvement initiatives. When asked why access for these groups isn't better, "I'm not quite sure," "I wish it were" or "This is the way the system has been for a while" are some of the answers.

What are some warning signs?

Access to people data and analytics is reserved for a select few HR and analytics professionals, leaving key leaders in diversity, equity and inclusion (DE&I), recruiting, operations and decision-makers at the managerial and executive levels in the dark. There's too much back and forth, with HR retrieving insights from the people analytics software and distributing them to key stakeholders, whose streamlined access would help them turn insights into action faster. Or existing information-technology (IT) infrastructure and workloads make establishing this scope of access an overwhelming, tedious and convoluted endeavor.

Inadequate access: scenario

You're in a large organization with multiple ongoing workforce initiatives that rely on high-quality insights generated by people analytics software. Barraged from all sides, HR and analytics professionals constantly receive requests for labor expenses, overtime rates, percentage of remote workers, absence rates, turnover and retention rates, engagement scores, headcounts, compensation and pay equity data, demographics, benchmarks and more. Rather than focusing on HR management, you and your team spend too much time responding to these requests and can't seem to break away from them, especially when they come from key leaders and decision-makers. You need more time back in your workday.

68% of HR professionals use email attachments to deliver people analytics reports to senior leaders.[1]

41% still use printed reports.[1]

What to do about it

Many people analytics professionals find value in their ability to supply data to stakeholders and ultimately in their ability to help make a difference. Establishing greater access to that data doesn't necessarily mean having less of a role in providing data-driven value. When stakeholders can access the data they need to make decisions, the conversation becomes less about explaining the data, since the stakeholders have already seen it, and more about acting on the data. Better access to people data moves analytics professionals and stakeholders closer to organizational action and value. If analytics professionals aren't helping the right stakeholders make better decisions with data, they aren't helping facilitate meaningful data-driven change.

To pave the way to improved access, talk to stakeholders about the data they need to manage their talent. With the right people analytics solution, you can set up access permissions, letting you decide which employee records stakeholders see and which features or metrics they can access. You can define their business needs and provide access permissions based on those. Otherwise, stakeholders may keep asking people analytics professionals for people data, and, as the organization grows, the volume of requests could exceed the capacity of the analytics talent, creating a potentially unsustainable bottleneck.

6 Superficial predictions
HR is a guessing game

What's the cause?

Even when you solve for scattered data, mismatched business objectives, poor data quality and lack of context and access, you're still only seeing what has happened. In other words, you're dealing with descriptive, not predictive, analytics. Your initiatives may lack impact because they're based on guesses that lack nuance and depth. If you want a better understanding of what's coming down the pike, you need to make informed predictions.

What are some warning signs?

Your workforce is evolving, and you know you need to act fast, not only to reduce turnover and fill the gaps that will appear when your Baby Boomer population retires but also to deal with an increase in contract work and job-switching in the gig economy. But you're unable to make plans with confidence. You can't effectively forecast the effects of new retention and succession programs. You may not even know about your looming skills shortage. You can't spot any signs.

Voice of the client

We're hearing more and more about predictive analytics and big data. They aren't just buzzwords anymore. We can see them in action and how helpful they are.

— **Shannon Carson,** vice president, HR operations and insights manager, ProAmpac

Superficial predictions: scenario

The financial services organization you work for is planning its leadership pipeline. It wants you to replace some senior employees retiring soon. Instead of searching for external candidates, you plan to promote from within, and you've invested heavily in training and development programs for employees who'd be good fits. But you don't know that several of your top leaders in waiting are unhappy. They haven't had significant promotions or pay raises in a couple of years and feel that the organization lacks direction. Some warning signs are there (engagement surveys, performance scores, pay data), and they signal imminent flight risks. But your reports don't flag these signs, so your organization keeps spending money on these employees, half of whom are already in talks with new employers. When it's time for senior employees to retire, you could be left with empty leadership positions. You'll have a recruitment nightmare on your hands.

What to do about it

Establish trust in the predictions. Ask yourself: "How do I know these predictions are accurate?" Start by establishing that the predictions work and that they predict the outcomes they claim to predict. But don't focus so much on forecasting that you lose sight of what the predictions tell you. Treat them not solely as predictions but also as drivers of action. Take turnover, for example. Maybe a star employee's going to leave, and you have an idea why. Based on the data, can you be sure they're going to leave? Probably not. If you do nothing to retain them, will they leave? Probably. But most importantly, will you be upset or at a loss if they leave? Yes. In this example, whether you can predict the employee's exit should be less important than the actions you're taking to retain them. Predictions should help provoke conversations about undesirable and desirable outcomes and compel leaders to try to avoid the former and ensure the latter.

7 No follow-through
There's plenty of people data but no action

What's the cause?

Often, the most complicated stage of the journey from data to value is at the end, when insights need to be converted into action. That can happen for a few reasons, like when useless outputs are generated, leaving you without any actionable insights, or when your organization's broader business objectives are incorrectly identified and communicated from the start, causing you to build your analytics on the wrong foundations. And sometimes, despite the right insights, you can fail because the right people can't be convinced to act.

What are some warning signs?

Descriptive data overload: Your data was made into helpful outputs like spreadsheets, dashboards and presentations, but those were abandoned. People who could've used the identified patterns didn't understand them or didn't trust themselves to take on the responsibility. They may have never even seen them.

No follow-through: scenario

You're a law firm with multiple offices and a varied workforce. You want to design new benefits and wellness programs. You've invested in data-driven HR, and now you get swathes of data pouring in every day. It shows you productivity, turnover, overtime, absence rates, engagement scores and more. But it doesn't tell you anything about the relationship between them. Advanced people analytics and insights could have told you new things about your workforce, revealing connections between overtime and engagement or productivity and learning programs, for example. Instead, you kept receiving reports every month, with more information every time, but no relational insights. Without that follow-through, your HR policies and investments never evolved. But at least now you know that there are tools that can help.

Only **42%** of HR professionals say they are good or very good at making positive changes based on people analytics.[1]

What to do about it

Set a recurring cadence with leadership to discuss the data and review progress. Know that every analysis should end with a question: "What are we going to do about this?" Take engagement, for example. You may know where engagement is great and not so great and how you're doing overall, but what's next? Should you study the highly engaged people to extract the secret sauce and showcase your findings as a model for others to follow and get inspired by? The bottom line: You need an action plan through which you can effect change. Ideally, you're setting some goals. You're at a certain level, defined numerically, and you want to be at a higher level, also defined numerically. Ask yourself what it will take to get to that higher level, define it and then act. Ask yourself when you expect your changes to take effect so that you can see the results. Then, establish a timeframe for when you want to measure again and observe whether progress was made. This way, everything's built into a pre-defined plan, and you can eventually ask yourself if that plan worked.

10

Need help avoiding pitfalls?

When equipped with the right data, technology and expertise, HR teams can be a vital leadership force. At ADP, we're data-obsessed. We help organizations put their people data to work, turning insights into positive outcomes for their workforces and business objectives.

Only **36%** of HR professionals agree or strongly agree that their people analytics platform delivers actionable insights.[1]

Discover additional guidance in the People Analytics Handbook: Turn Your People Data Into Actionable Insights and From Analytics to Action: A Step-by-Step Guide to Making a Difference with People Data.

Learn more
www.adp.com/datacloud

Reference:

1. HR.com, The State of HR Analytics, 2021

ADP®
Always Designing for People®