

### 3.13: Challenges in People Analytics

#### Learning Outcomes

- Discuss challenges to implementing people analytics

The challenges to implementing people analytics are reflected in survey data, with Deloitte, KPMG and others reporting an organizational “readiness gap.” Glass Bead Consulting principal Andy Spence identified the following seven key challenges to people analytics implementation.<sup>[1]</sup>



#### Challenge 1: HR Mindset

According to a survey of Human Capital Institute members, “80% of HR practitioners say their company leaders still rely on ‘gut feelings’ to make people-based decisions.” The problem with that—effectiveness aside—is that if managers (people analytics business customers) don’t believe that data is useful, they won’t ask for it, use it or believe in it.

##### Recommendations

- Educate management—and new employees—on the value of using evidence-based data.
- Find opportunities to make intuitive decisions more data-based and factor intuition into data-based decisions.

#### Challenge 2: Managing Expectations

Spence’s rhetorical question: Organizations have always had business problems, statistical knowledge and access to large amounts of data, so why the focus on people analytics now? Hype. In Gartner hype cycle terms, analytics is currently in stage 3: the trough of disillusionment. Although people analytics has delivered some impressive results, unrealistic expectations is a real danger.

##### Recommendations

- Set realistic expectations on people analytics.
- Start with a specific business problem.

#### Challenge 3: Not “Big Data,” Big Questions



Point: “Without data you are just another person with an opinion” W. Edwards Deming

Counterpoint: “Without questions, you are just another person with data.”

Spence notes “there is a danger that People Analytics is a solution looking for a problem.” Instead, practitioners should be focusing on identifying the question that impact business performance.

#### Recommendations

- Know the business and focus on solving business problems, not data analysis.
- Generate a number of broad questions and hypotheses that address business issues.

#### Challenge 4: The Right Tools

HR systems, data and reporting tools aren’t designed for analytics or to help HR answer business questions.

#### Recommendation

Work with fellow practitioners to identify effective tools

#### Challenge 5: No Confidence

As workforce analytics consultant Dr. Max Blumberg notes: “if, like most people, you don’t believe in your organisation’s competency and performance management frameworks, then you certainly aren’t in a position to believe in the results of statistical analysis based on data generated by these frameworks. As the old acronym GIGO says, Garbage In, Garbage Out.” This point also applies to data integrity.

#### Recommendations

- Put people analytics on pause until you’ve developed a reliable framework.
- Collaborate with and learn from academia and fellow practitioners

#### Challenge 6: Show Me the Money

Beautiful data visualizations don’t matter to CEOs. Show them how the data relates to revenue, profits and the holy grail of increasing employee productivity.

#### Recommendations

- Develop employee productivity measures
- Link initiatives to improving employee productivity

#### Challenge 7: HR Structural Issues

HR structural issues include a siloed operating model—for example, a concentration of specialists who inhibit a collaborative approach to delivering business strategy impact.

### Recommendations

- Leverage lessons learned by companies who have been through HR transformations
- Ensure HR representatives possess basic analytical skills and an awareness of business issues.
- Continually evaluate the effectiveness of HR and management initiatives

#### ? PRactice Question

<https://assessments.lumenlearning.co...essments/18118>

In addition to the above points, researchers and practitioners cite a lack of relevant skills (discussed in Implications of People Analytics) as a key implementation challenge.

#### ? Key Takeaway

Closing the “readiness gap” will require organizations to change HR and operating approaches/mindsets and address people analytics skills and tools issues.

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1. Spence, Andy. "7 Challenges That People Analytics Must Overcome." HR Transformer Blog. September 22, 2016. Accessed August 06, 2019. ↵

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