

The Rise of Analytics in HR

The era of talent intelligence is here





Discover the power of talent intelligence

The workplace is transforming. HR professionals are increasingly using talent intelligence and automation to find, recruit, and reward employees. With this change comes numerous benefits, including higher productivity, improved corporate performance, and GDP growth. However, building a data-driven function across every dimension of HR can be challenging.

Talent intelligence is a new way to harness data and insights to reinvent and improve every step of the recruitment process. Combining these insights with the right instincts delivers a winning talent strategy.¹

About this report

Following in-depth research and discussions with leading HR professionals, this report addresses the issues that arise when trying to ramp up your talent-analytics capabilities, including:

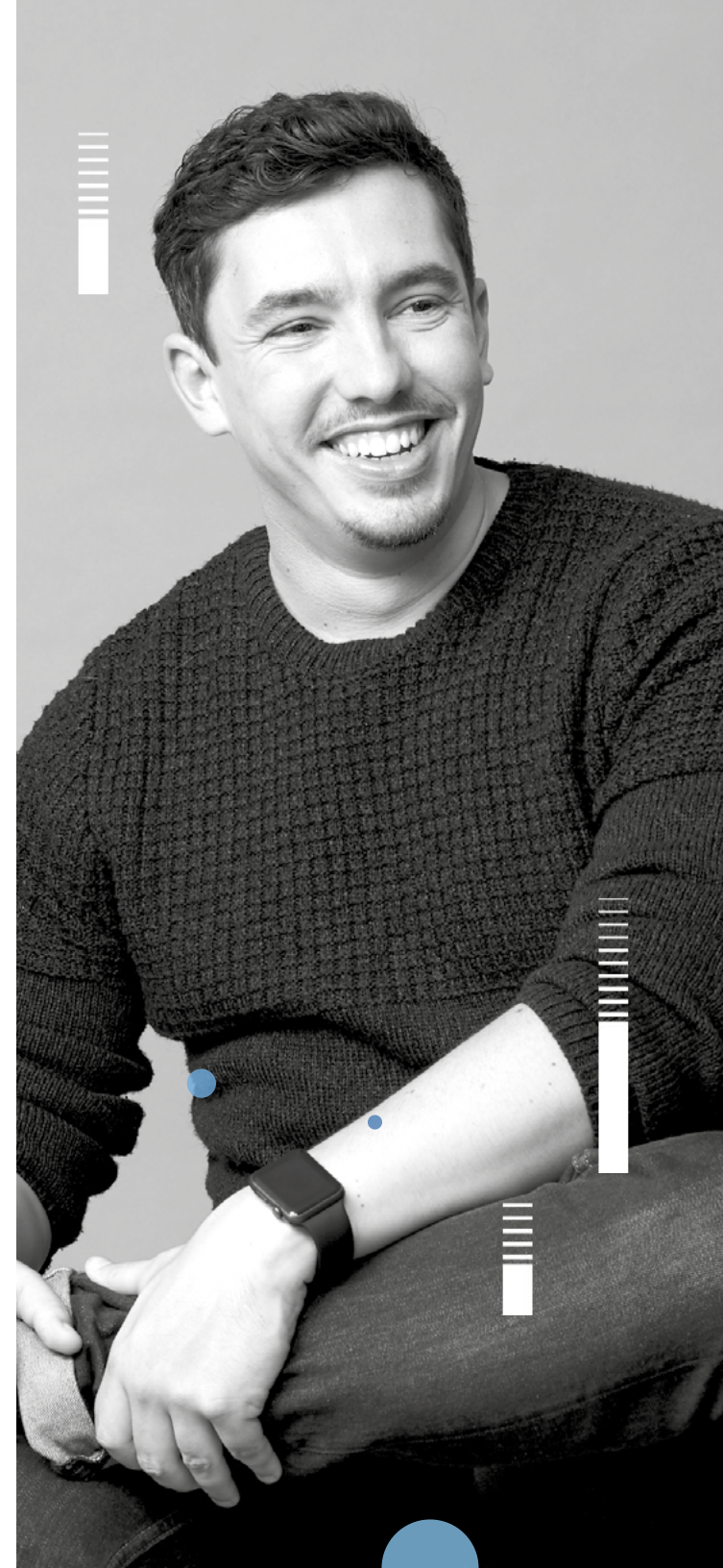
- The role of analytics in the evolution of the HR function
- The challenges HR analytics can solve
- How to move from data to insights that drive results
- The skills required to leverage the value of analytics
- Industries adopting HR analytics in EMEA

We'll also explore LinkedIn's own vision for talent intelligence.

1. Daniel Shapero, [LinkedIn Talent blog](#), 2017.

Table of Contents

Analytics is on the rise in HR	04
The adoption of HR analytics in EMEA	09
Building a data-driven HR function	13
Applying analytics to answer critical talent questions	17
Methodology	27



01

Analytics is on the rise in HR



Analytics is on the rise in HR

According to Bersin by Deloitte's 2017 High-Impact People Analytics research, 69% of organisations with 10,000 employees or more now have a people analytics team. Interest levels in analytics in HR have been rising for some time, but growth in adoption had, until now, been much slower.²

The current rise of adoption rates isn't surprising, as analytics is increasingly being used to address a wide range of business challenges including, first and foremost, recruiting, followed by performance measurement, compensation, workforce planning, and retention.

Use analytics for a competitive advantage.

Organisations ready to invest in analytics at every step of the recruiting process will have access to an enduring database that will help them use talent to drive results. It'll therefore put them at the forefront for hiring the most passionate and qualified people in the shortest amount of time.

“CEOs and CHROs now understand that people analytics is a vital part of running a high-performing company.”

Josh Bersin

President and Founder of Bersin & Associates²

The shifting role of HR.

HR professionals are leveraging analytics as part of their general HR role, and an increasing number are focussing primarily on HR analytics. These people work on teams with names like “talent analytics” and “people analytics”.³

In the next section, we'll explore what's driving the rise of HR analytics.

ONLY
9%

OF COMPANIES BELIEVE
THEY'VE A GOOD
UNDERSTANDING
OF WHICH TALENT
DIMENSION DRIVES
PERFORMANCE IN THEIR
ORGANISATIONS

ONLY
8%

REPORT THEY HAVE
USABLE DATA²

61%

INCREASE (YEAR-
ON-YEAR) IN THE
NUMBER OF PEOPLE
IN EMEA WITH HR
ANALYTICS LISTED
AS A SKILL ON
THEIR LINKEDIN
PROFILES³

2. Josh Bersin, “[People Analytics: Here with a Vengeance](#),” *Forbes*, December 16, 2017.

3. LinkedIn data.

What's driving the rise of analytics?

The main reasons for the growth in the use of data analytics in HR include:

- **A need to plan for the workforce of the future**

According to the PricewaterhouseCoopers (PwC) CEO survey, 77% of CEOs believe the biggest threat to their business is the lack of availability of key skills.⁴ Listed among the key skills that are essential to the workplace of the future are, in addition to technical business expertise, adaptability, problem-solving, creativity, and leadership.

Trying to recruit very specific people with such hard-to-define skills is an issue that many CEOs face. They're therefore increasingly turning to insights, with 50% of CEOs saying they're using data analytics to find and keep the right people. In addition, HR data analytics can help answer many of the critical concerns CEOs and CHROs must grapple with, including workforce diversity, geolocation decisions, hiring strategy, competitive benchmarking, workforce planning, and employer branding.⁴

- **The growth in HR technology and innovation**

Over the last five years, the adoption of technology has moved from static HR management solutions to more dynamic, real-time cloud-and mobile-based tools and platforms. In fact, Sierra-Cedar research shows that 45% of large companies and 51% of mid-sized companies are increasing their spending on HR technology.⁵

Organisations are increasingly seeing that having access to predictive talent models means that they can more effectively and efficiently find, recruit, and retain the right people. It can also help them identify current pain points in the organisation and discern where to distribute future investments.

- **An increasingly competitive landscape**

Organisations are vying for the best of a limited talent pool. This challenge is best addressed by using workforce analytics and planning, including identifying the future needs of the organisation in terms of size, structure, and the type of talent that will be needed. Using analytics, recruiters build a strong pipeline of suitable candidates, helping organisations to remain competitive in the future.

For businesses, predicting where they might be in 10 to 15 years is becoming an irreplaceable tool for managing teams effectively, maximising profits, and ensuring long-term success.

“Interest levels in analytics in HR have been rising for some time, but growth in adoption had been much slower. This finding, together with the insights provided in this report by LinkedIn, suggests that adoption rates have begun to pick up. This is not surprising, as people analytics has started to shift from the margins of HR towards the centre of HR strategy.”

Not only can people analytics provide insights that help organisations improve productivity and performance, it also gives managers the information they need to make better informed decisions and supports efforts to improve employee experience and well-being. For HR itself, people analytics is central to the function, improving its impact to the business, and also in successfully undergoing the digital transformations that many organisations have already begun to undertake.”



David Green

People Analytics Speaker, Writer
& Market Analyst | Board Advisor
at Insight222 & TrustSphere

4. [20th PwC CEO Survey](#), 2017.

5. [Sierra-Cedar 2016-2017](#), HR Systems Survey White Paper, 19th annual edition.

Case study: Nielsen

How a business used data to identify internal mobility as a key to retention.

One of Nielsen's businesses engaged its people analytics team to understand why the company was losing talent. Starting with five years of people data in a (big) spreadsheet and some hypotheses, they identified the factors most highly correlated with attrition.

The biggest finding was that employees with a change in job responsibilities due to promotion or lateral movement within the past two years were much less likely to leave. This insight prompted Nielsen's leadership to make it easier for employees to pursue jobs internally, and to identify at-risk high performers and proactively put opportunities in front of them.

The impact

More opportunities for employees

There was an 8x increase in internal mobility in the initiative's first year.

Increased employee retention

Most groups achieved a 5-10% increase in annual retention of their at-risk employees.

Immediate credibility for talent analytics

The analysis caught the attention of other business leaders and has since been replicated for other Nielsen units.

“ This was the furthest thing from an academic exercise. This directly impacted the business. Everybody feels retention. The data let us make solid recommendations that the company could take action on immediately. ”



Chris Louie

SVP, People Analytics and Talent Acquisition, Nielsen

Steps to get you started in HR analytics

As you develop your HR analytics skills, either through training or building a specialised team, here are three steps you can take to get started:

1. Prioritise key areas of the business

When applying analytics to the HR function, it's important to assess which areas to focus on first. Utilising an analytical approach to address business issues in key areas will have a much stronger outcome than attempting to apply analytics across the board.

2. Invest in data and analytics literacy

While 71% of companies see people analytics as a high priority, only 22% are currently applying analytics in HR.⁶ Despite that low number, the growth rate is rising, as more and more companies discover the potential of data to help solve staffing problems.

Thus, there is a pressing need to drive data literacy and analytics training for your HR staff. This can be achieved through formal training programs, both offline and online, such as LinkedIn Learning.

In addition, we're constantly releasing new products such as LinkedIn Talent Insights, a tool that delivers direct access to rich data on talent pools and companies, to help companies stay two steps ahead in today's fast-changing talent landscape.

3. Change the mindset of your people to be data-first

Building a data-driven organisation that relies on, and functions within, an analytics space begins with changing your corporate culture. Your culture needs to be one where data-driven thinking is rewarded and appreciated — and that change must be delivered from the top.

6. Laurence Collins, David R. Fineman, and Akio Tsuchida, "[People Analytics: Recalculating the Route](#)", 2017 Global Human Capital Trends, Deloitte Insights, February 28, 2017.

02

The adoption of HR analytics in EMEA



How industries in EMEA are adopting HR analytics

The adoption of specialised HR analytics in EMEA has been strong in the last five years. Companies are investing heavily in programs that will allow them to use data for workforce planning, talent management, and operational advancement.

However, this investment is concentrated in certain industries, and the overall adoption rates of HR-focused analytics teams remain low. This means that there are great opportunities for companies that are planning to embrace this function to drive greater impact across recruitment and HR decisions.

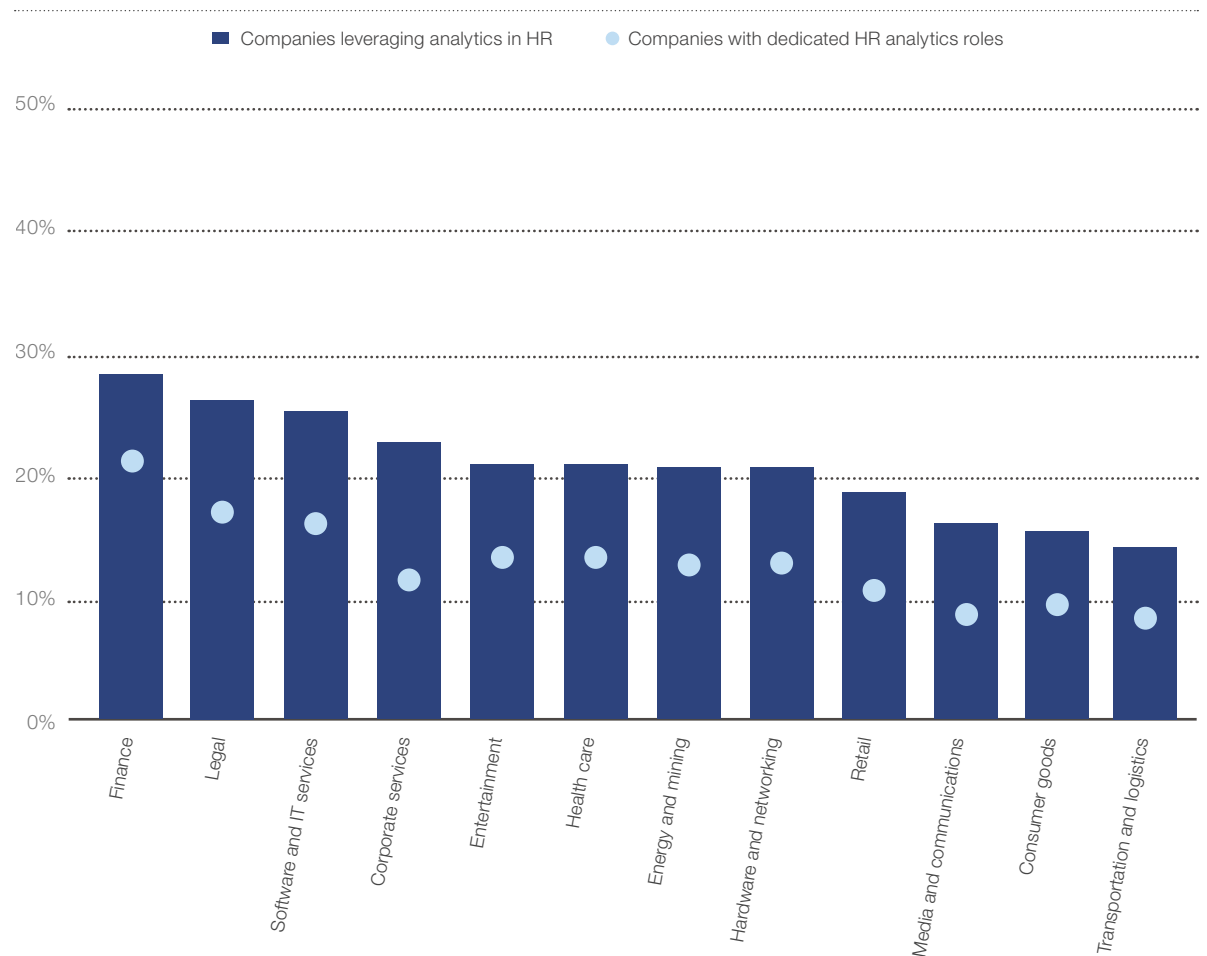
Overall, 19% of companies have adopted HR analytics, and 12% have dedicated HR analytics roles.⁷

Finance and legal are the industries with the most widespread adoption of HR analytics whilst industries such as manufacturing, recreation & travel, real estate, and construction are among the lowest.

Financial services firms have been the quickest to realise that they can use HR analytics to retain and attract top talent – an area in which they face constant competition. As finance is an industry already heavily reliant on the use of analytics to advance business, the shift to talent intelligence from less analytical HR solutions is unsurprising.

Legal has also been an industry quick to adopt HR analytics. As with finance, legal firms face constant regulatory scrutiny and changes. Therefore, having an HR process in place that is professionally sound is crucial for instilling confidence in stakeholders and for protecting the future of the firm.

EMEA - All companies with HR
% of companies applying analytics in HR by industry⁷



7. LinkedIn data.

Industries adopting HR analytics by country

EMEA - All companies with HR Top industries with adoption of HR analytics by country⁸

1. United Kingdom	2. Sweden	3. Denmark	4. Czech Republic	5. Germany
Legal	Entertainment	Health Care	Finance	Finance
Finance	Finance	Finance	Energy & Mining	Corporate Services
Corporate Services	Energy & Mining	Software & IT Services	Hardware & Networking	Health Care
6. Netherlands	7. South Africa	8. UAE	9. France	10. Switzerland
Finance	Finance	Corporate Services	Software & IT Services	Health Care
Corporate Services	Corporate Services	Finance	Finance	Finance
Consumer Goods	Consumer Goods	Retail	Corporate Services	Hardware & Networking

The UK, Sweden, and Denmark are the top countries in EMEA by volume of professionals whose profiles indicate some capacity with HR analytics work. Across the board, the financial industry is one of the top adopting industries of HR analytics. So how are companies in finance using HR analytics to their advantage?

According to Deloitte Insights, insurance companies have analysed the profiles of top salespeople and now know that screening candidates for grade point average and academic pedigree shouldn't be prioritised, as those factors are no longer considered strong indicators of future sales performance.⁹

This example shows how a company can use HR analytics to make better management decisions to strengthen the company's efficiency and financial security.

8. LinkedIn data.

9. Josh Bersin, Laurence Collins, David Mallon, Jeff Moir, Robert Straub, "[People Analytics: Gaining Speed](#)", Deloitte Insights 2016.

The focus for analytics differs among country

Based on information listed on the LinkedIn profiles of professionals using HR analytics, we can assess the areas they focus on within their fields. Talent development and employee engagement are the top use cases across all countries included. This shows an increased focus on employee satisfaction and career development.

Lower down on the areas of focus are employee retention and talent acquisition. This aligns well with the fact that keeping a focus on talent development and employee engagement may mean that less attention needs to be given to retaining and hiring talent.

When looking at LinkedIn's recent Employee Value Proposition survey of what's important to candidates in Europe when considering a job, having a good work-life balance is at the top of the list. This becomes even more interesting when compared to similar data for North America, where the top focus is on compensation and benefits across multiple states. So while European employees are concerned about their levels of happiness at work and home, their American counterparts are more focussed on financial factors.

EMEA - professionals that leverage analytics in HR Top use cases for HR analytics by country¹⁰

1. United Kingdom	2. Sweden	3. Denmark	4. Czech Republic	5. Germany
Employee Engagement	Talent Development	Talent Development	Talent Development	Talent Development
Employer Branding	Employer Branding	Employee Engagement	Employer Branding	Employee Engagement
Talent Development	Employee Engagement	Employer Branding	Employee Engagement	Employer Branding
Culture & Diversity	Culture & Diversity	Productivity & Performance	Productivity & Performance	Productivity & Performance
Productivity & Performance	Workforce Planning	Culture & Diversity	Compensation & Benefits	Culture & Diversity
Compensation & Benefits	Productivity & Performance	Workforce Planning	Culture & Diversity	Compensation & Benefits
Talent Acquisition	Compensation & Benefits	Compensation & Benefits	Talent Acquisition	Workforce Planning
Workforce Planning	Talent Acquisition	Talent Acquisition	Retention	Talent Acquisition
Retention	Retention	Retention	Workforce Planning	Retention

6. Netherlands	7. South Africa	8. UAE	9. France	10. Switzerland
Talent Development	Talent Development	Employee Engagement	Talent Development	Employee Engagement
Employee Engagement	Employee Engagement	Compensation & Benefits	Productivity & Performance	Talent Development
Productivity & Performance	Productivity & Performance	Talent Development	Employee Engagement	Compensation & Benefits
Employer Branding	Compensation & Benefits	Talent Acquisition	Compensation & Benefits	Culture & Diversity
Culture & Diversity	Talent Acquisition	Productivity & Performance	Culture & Diversity	Productivity & Performance
Talent Acquisition	Culture & Diversity	Workforce Planning	Talent Acquisition	Employer Branding
Compensation & Benefits	Employer Branding	Employer Branding	Employer Branding	Workforce Planning
Workforce Planning	Workforce Planning	Culture & Diversity	Workforce Planning	Talent Acquisition
Retention	Retention	Retention	Retention	Retention

* Throughout this deck, top regions in EMEA are based on the volume of professionals whose profiles indicate they deal in some capacity with HR analytics work. A subset of these professionals also have HR analytics titles in this analysis. Topic rankings are defined based on volume of profile mentions by professionals that leverage analytics in HR.

03

Building a data-driven HR function





David White
Senior Director, Talent Insights,
LinkedIn

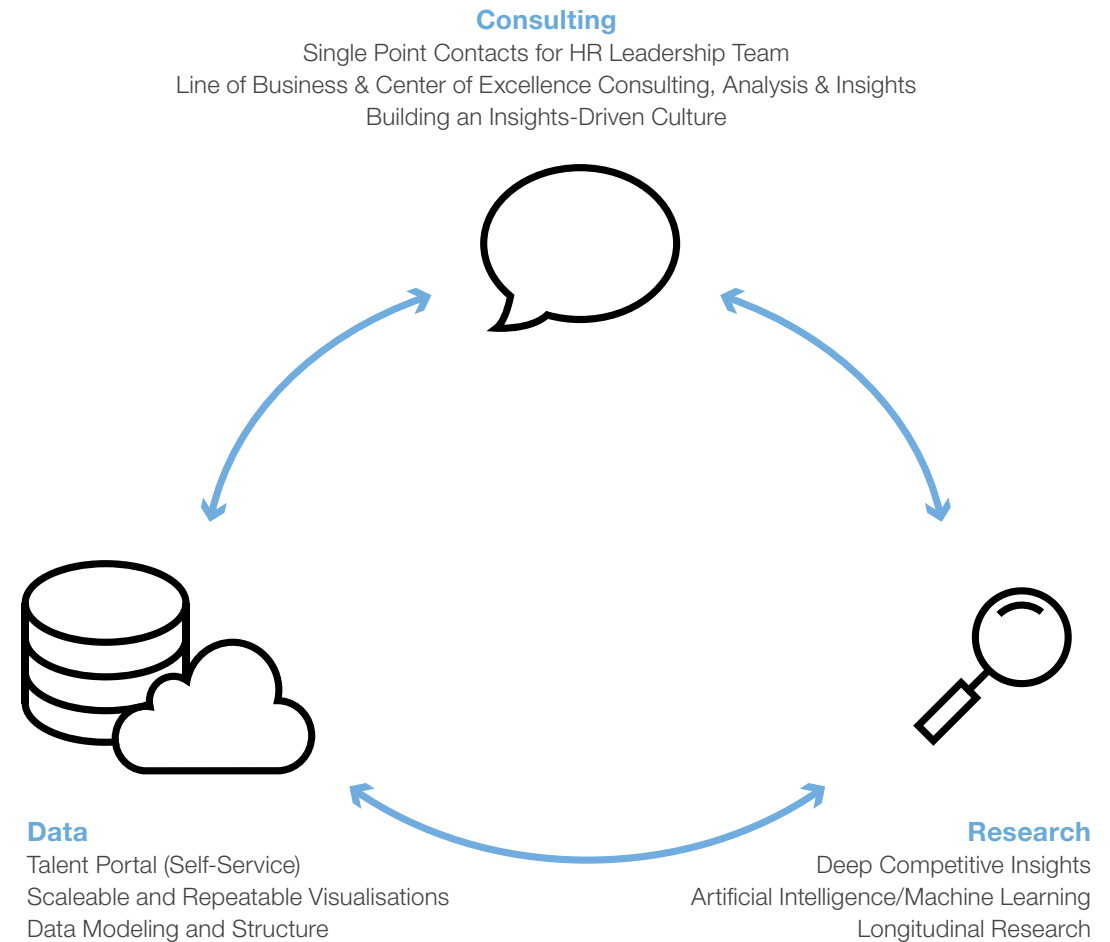
We spoke with David White, senior director and leader of LinkedIn's analytics function in the HR department, to learn about the company's structure, goals, and operations.

According to David, LinkedIn's HR department has a specialised analytics team whose mission is "better, faster talent decisions." The objective of the team is to turn talent data into insights that drive action, as well as to measure and improve results once action is taken. LinkedIn's analytics function comprises 16 people and is broken into three key specialties: data, consulting, and research. It reports directly to the CHRO.

The team has a wide range of technical and functional skills, including statistics, machine learning, programming languages (ex: R, Presto, Hadoop), consulting, survey research, and organisational psychology. Balancing the team's skills is critical, because applying talent analytics effectively requires multiple disciplines working toward a single goal. To stay on task, the talent analytics team has an embedded member within its HR business partners, keeping the line of communication open, aligning objectives and strategies, and ensuring the analytics team doesn't operate in a silo.

The team seeks to solve a number of business issues, including workforce effectiveness, workforce planning, talent acquisition, and diversity. More recently, the team has partnered with engineering to create a geolocation strategy for new products and markets, allowing LinkedIn to better understand its competitive landscape.

Structuring an HR data analytics team

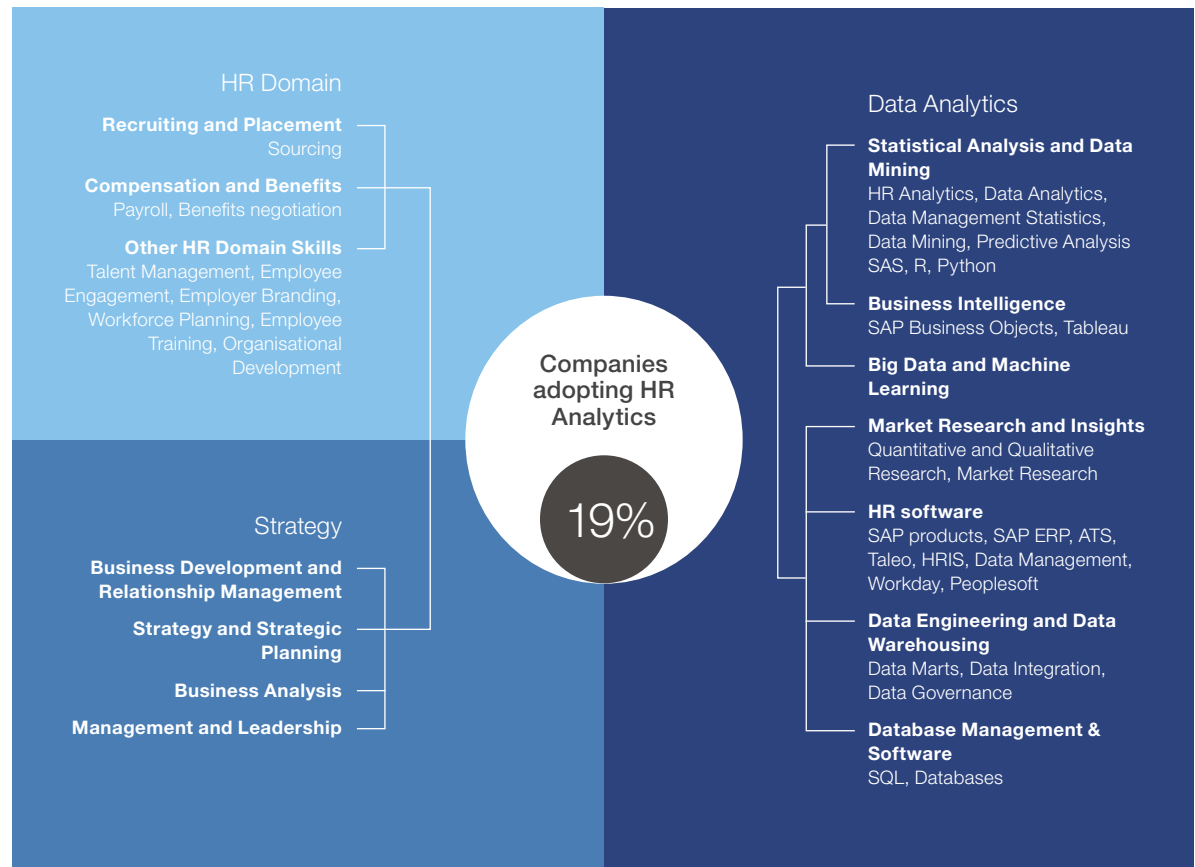


Building an effective HR analytics team

We've identified three distinct skill sets required to build a successful HR analytics team:

- **Recruitment and HR:** Essential skills include recruiting and placement, compensation and benefits, talent management, employee engagement, employer branding, and workforce planning. Domain knowledge is key to applying statistics and analytics to ensure that problems are being addressed with the right approach.
- **Business and strategic thinking:** Skills include business development, relationship management, and leadership. A critical component of any talent analytics work is the ability to develop a functional hypothesis, convert data into actionable insights, communicate those insights articulately, and make data-driven recommendations for the business.
- **Data and analytics:** Skills include everything from HR software expertise, statistical analysis, and data mining to big data and machine learning. Analytics specialists need to understand data and know which are the right tools to use when cleaning, extracting, combining, analysing, and/or visualising datasets.

Skills relevant to general HR professionals vs. HR analytics specialists

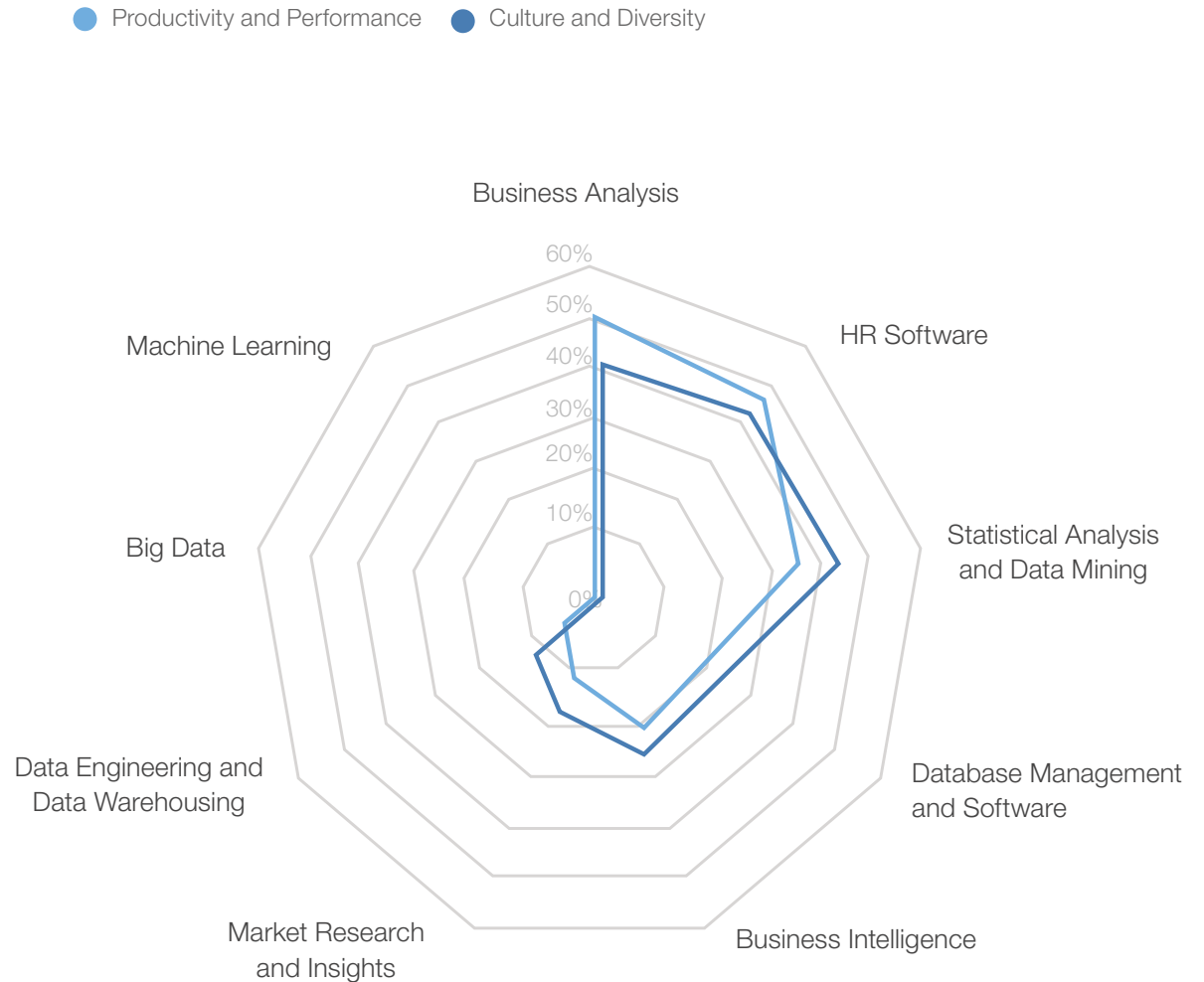


Skills required for using HR analytics

The skills required to successfully use HR analytics change based on the type of analysis required. For example, professionals who worked on talent analytics related to productivity and performance are more likely to have business analysis skills, while those with a culture and diversity focus are typically more skilled in business intelligence, statistical analysis, and data mining.

In fact, 50% of professionals using analytics to address productivity and performance have business analysis skills, compared to 41% of those with a culture and diversity focus.

EMEA — professionals who leverage analytics in HR Skill set required for HR analytics by use case¹¹



04

Applying analytics to answer critical talent questions



Successful adoption of analytics depends on how you apply it

HR professionals who are successfully adopting analytics are using data and insights to make a business case, highlight gaps, and have strategic conversations with senior leadership. Thus, access to analytics makes HR professionals more efficient in their jobs and provides them with the tools to elevate their position in the organisation.

The vision should be to make analytics available in a digestible format that is simple to access, so the general HR practitioner can easily reference and use it.

Many organisations already provide – or plan to provide – a majority of HR data to HR business partners. By sharing data, the analytics and respective insights won't be wasted by sitting in a siloed, specialised team, and will instead be available for the entire HR function.

Next, you'll learn about LinkedIn's vision for the application of analytics and how you can use insights to fuel your talent strategy.



Talent intelligence and LinkedIn's Economic Graph

LinkedIn has created the world's largest talent marketplace where candidates and companies interact every day

Helping HR leaders answer complex questions.

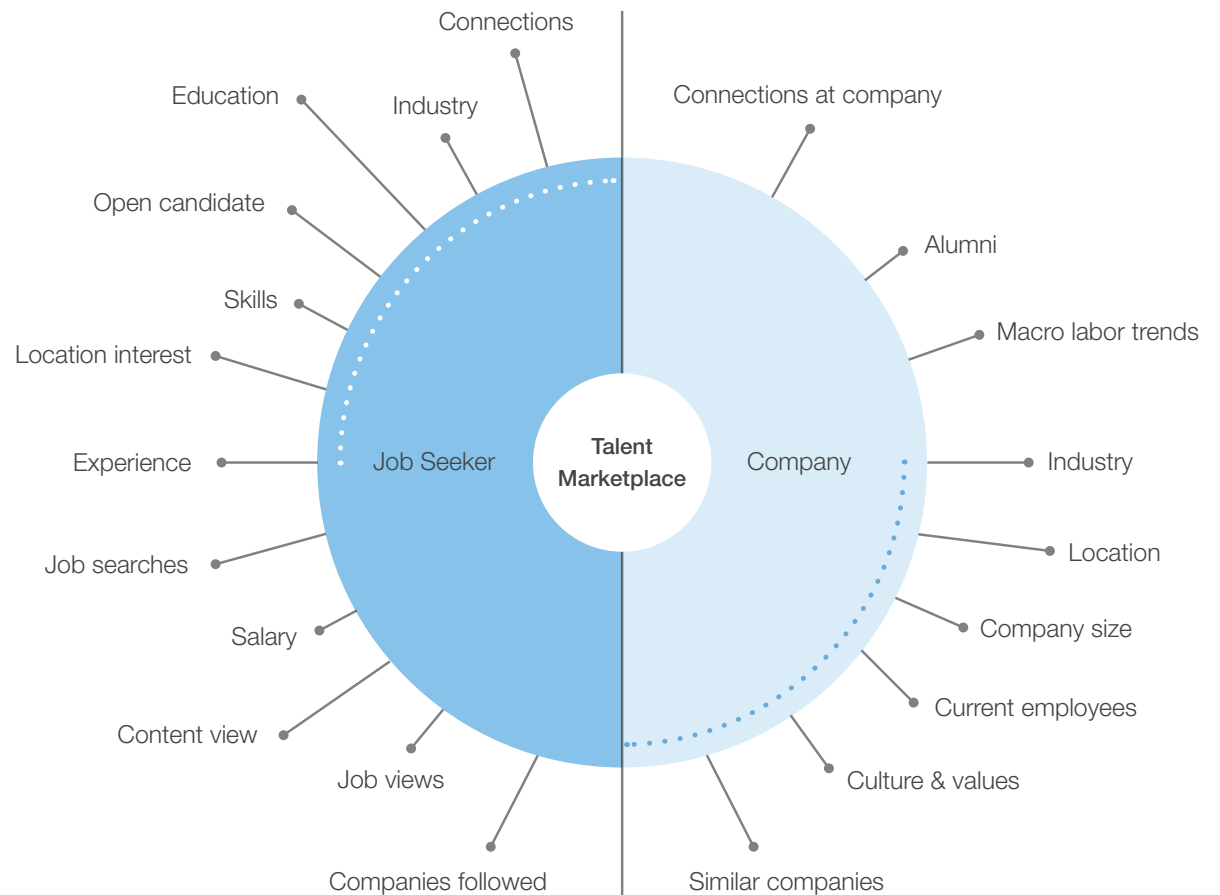
LinkedIn's vision is to create economic opportunity for every member of the global workforce. Executing on that vision begins with mapping the digital economy – or creating the world's first economic graph.

What is talent intelligence?

Today, the data on the talent market is typically pulled from a variety of sources, most of which are often outdated and hard to analyse. But we are seeing an important shift in the industry - a focus on talent intelligence - when real-time insights about the movement and development of talent informs strategic decisions in your business.

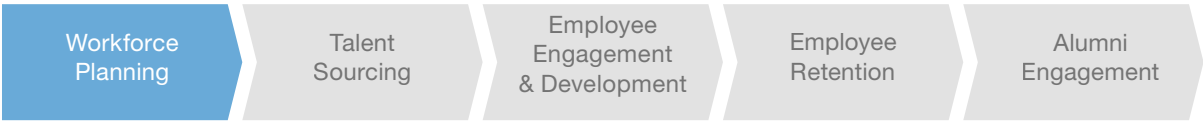
LinkedIn's Economic Graph.

The [Economic Graph](#) is a digital representation of the global economy based on 575M+ professionals, 26M+ companies, and 15M+ open jobs. In short: it's all the data on LinkedIn.



In the next few pages, find out how organisations can use insights from LinkedIn to answer critical questions across the employee life cycle.

LinkedIn insights for workforce planning



◆ Talent Pool Analysis

FIND THE RIGHT TALENT IN THE RIGHT LOCATION

Workforce Planning

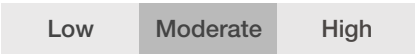
The graph shows supply and demand of talent for a job profile or skill set. This includes talent pool competition in different cities, which can help you make decisions on pipelining, talent acquisition strategy, employer branding investment, and geolocation strategy.

Overview

Professionals on LinkedIn

406K

Competition for Talent



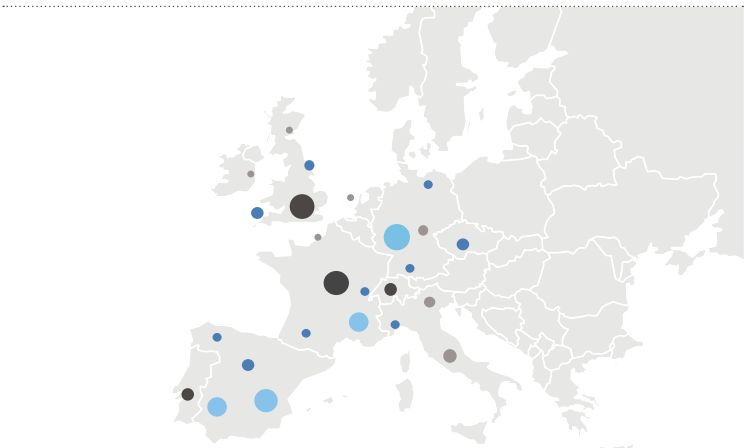
Level of competition is in the top 50% compared to other talent pools

Competition Trend

▼ 0.2%

change in avg. InMails per member last 12 months vs. prior 12 months

Supply and Demand Region

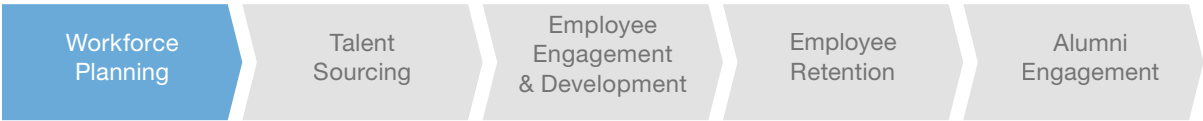


Size of Bubble: Indicates the total # of LinkedIn professionals in region
Colour: Indicates the competition for talent, derived from Recruiter InMail messages received

● High Competition ● Moderate ● Low ● Hidden Gem

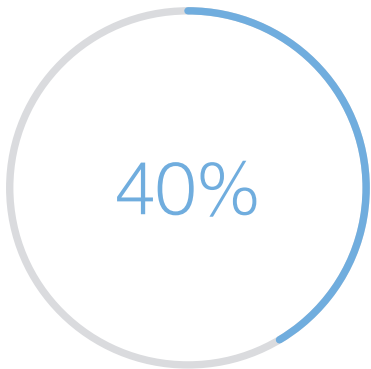
		Supply	Competition for Talent		
	Location	Professionals	Demand	Trend	Avg. Annual Comp
1	London	42K	Higher	↑	£95K
2	Berlin	20K	Hidden Gem	-	€88K
3	Paris	20K	Higher	↑	€94K

LinkedIn insights for workforce planning



Gender Diversity

UNDERSTAND ENGAGEMENT WITH FEMALE TALENT



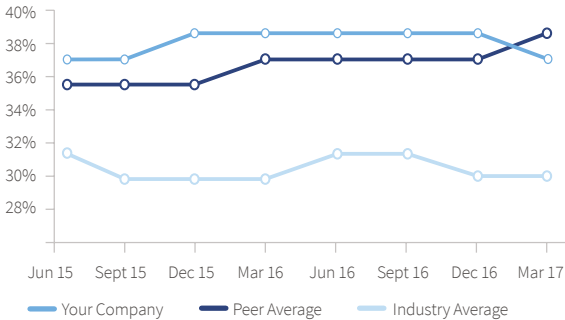
Attracting Female Talent

of members who engaged with you on LinkedIn are women.

Engagement includes members who follow/view your LinkedIn page or view your jobs.

As compared to your industry over time

% of engaged members who are women



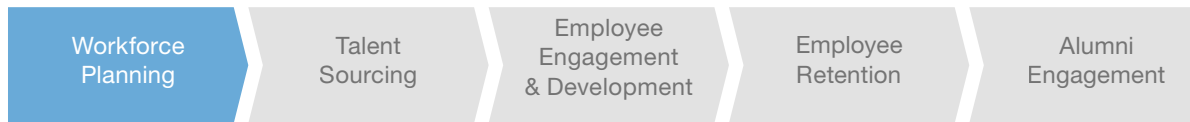
Across business functions

	Your Company	Peer Average	Industry Average
Communication	53%	54%	30%
Engineering	20%	22%	22%
Finance	39%	43%	34%
Human Resources	61%	58%	52%
IT	32%	31%	22%

Gender Diversity

This type of analysis shows how female talent engages with your organisation compared to industry and peer averages across functions and seniority levels. It can be used for benchmarking and revealing areas of opportunities for you, which can lead to decisions on diversity initiatives and employer branding.

LinkedIn insights for workforce planning

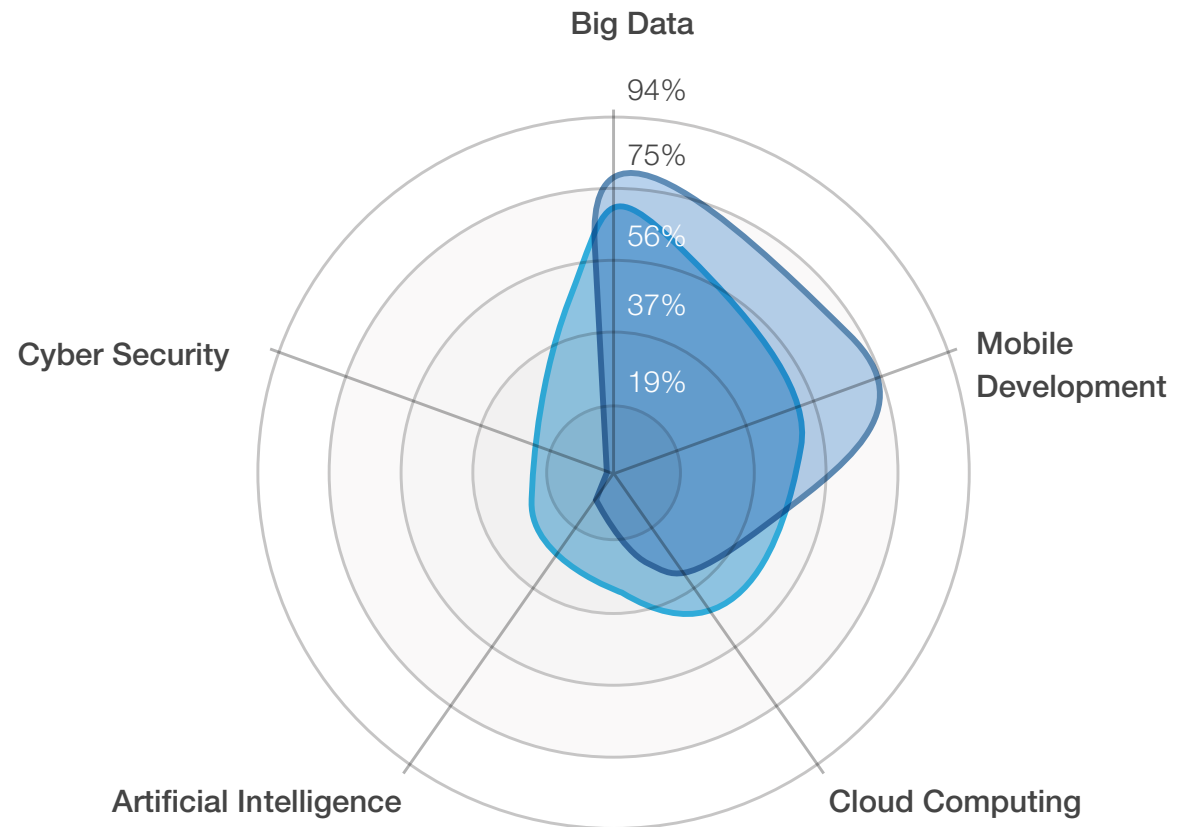


◆ Workforce Skills Density

COMPARING SKILLS DENSITY TO IDENTIFY STRENGTHS AND GAPS

Your engineering workforce has a higher concentration of AI, cyber security, and cloud computing skills compared with peers

- Engineers in your company
- Engineers in peer company



Skills Analysis

This type of analysis shows how your organisation compares to your competitors in the penetration and adoption of certain skills. It can be used for various purposes, such as analysing skills gaps, understanding competitors' investment in capabilities, and building out the upskilling and reskilling strategy for your workforce.

LinkedIn insights for talent sourcing

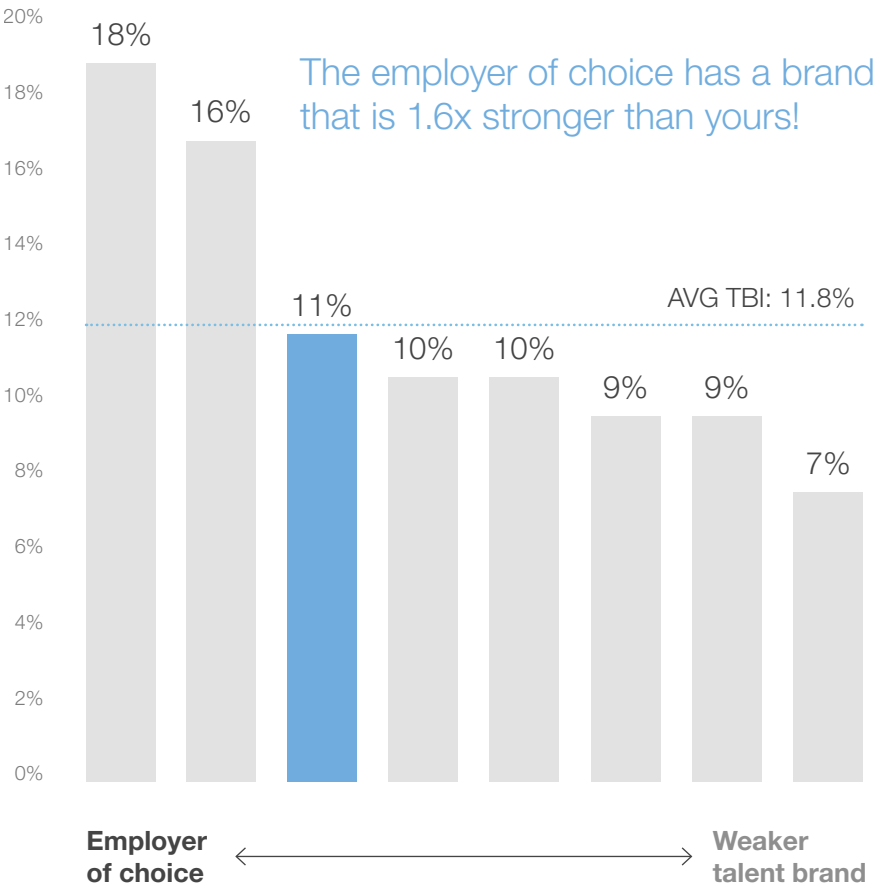


MEASURING THE STRENGTH OF A COMPANY'S EMPLOYER BRAND

Your company's talent brand ranks third out of eight competitors

Talent Sourcing

This type of analysis shows how your organisation compares with peers with respect to the Talent Brand Index. The Talent Brand Index is calculated based on engagement of LinkedIn members with your Jobs and Career Page on LinkedIn.



3 of 8

Peers

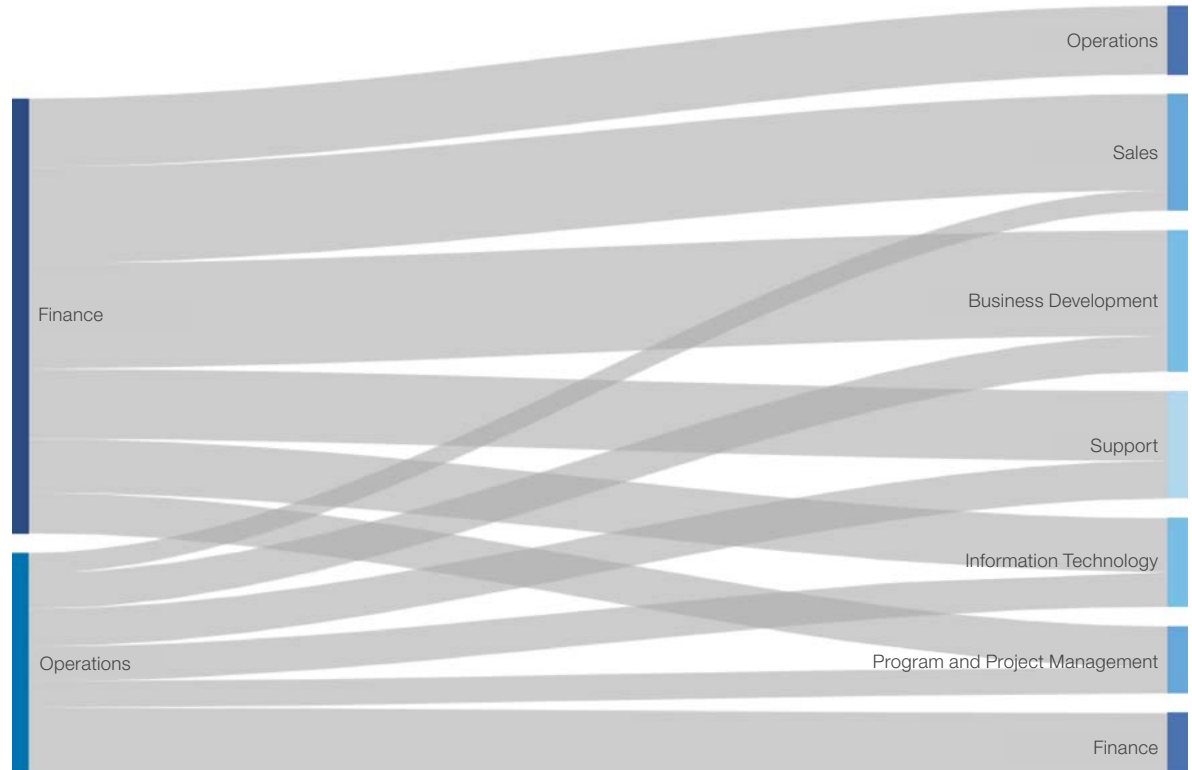
- Peers A
- Peers B
- Peers C
- Peers D
- Peers E
- Peers F
- Peers G

LinkedIn insights for employee engagement and development



UNDERSTAND INTERNAL MOVEMENT BETWEEN DEPARTMENTS

Identify the most common cross-functional movements among your employees



Employee Engagement & Development

This type of analysis shows the most common internal career paths for your employees. You can benchmark this against your peers and industry to build career-growth plans for high-potential talent, which will help to prevent attrition of top talent.

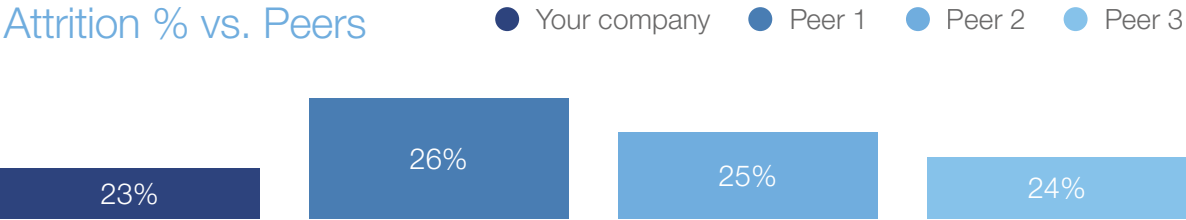
LinkedIn insights for employee retention



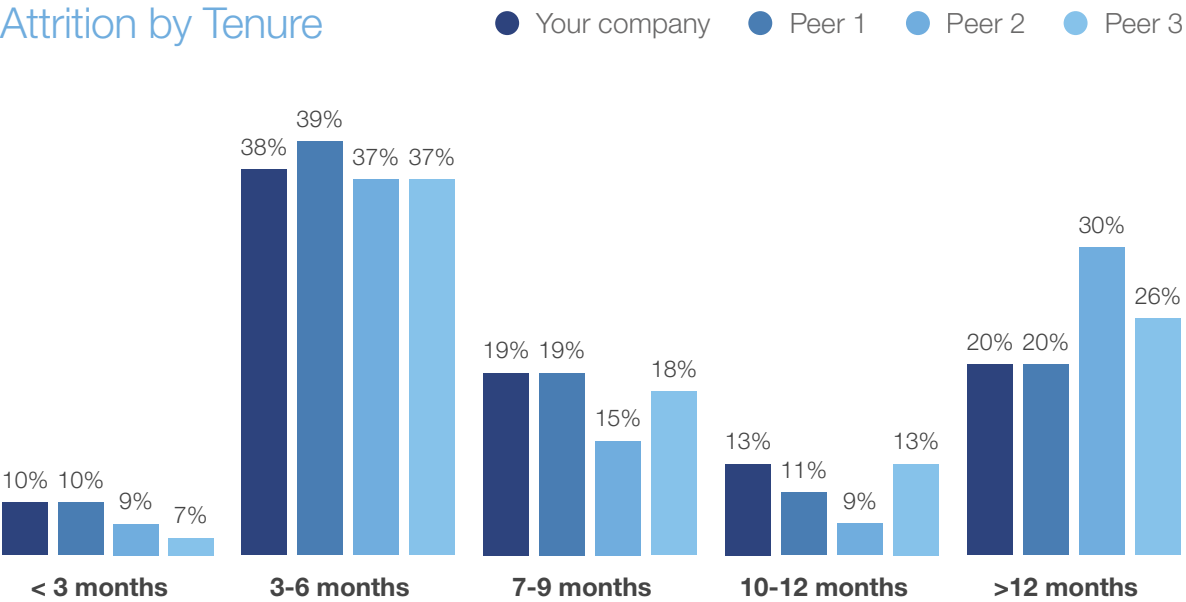
COMPARE ATTRITION RATES AND TENURE WITH INDUSTRY PEERS

Your company's attrition is highest between three and six months of joining, comparable to industry peers

Attrition % vs. Peers



Attrition by Tenure



Employee Retention

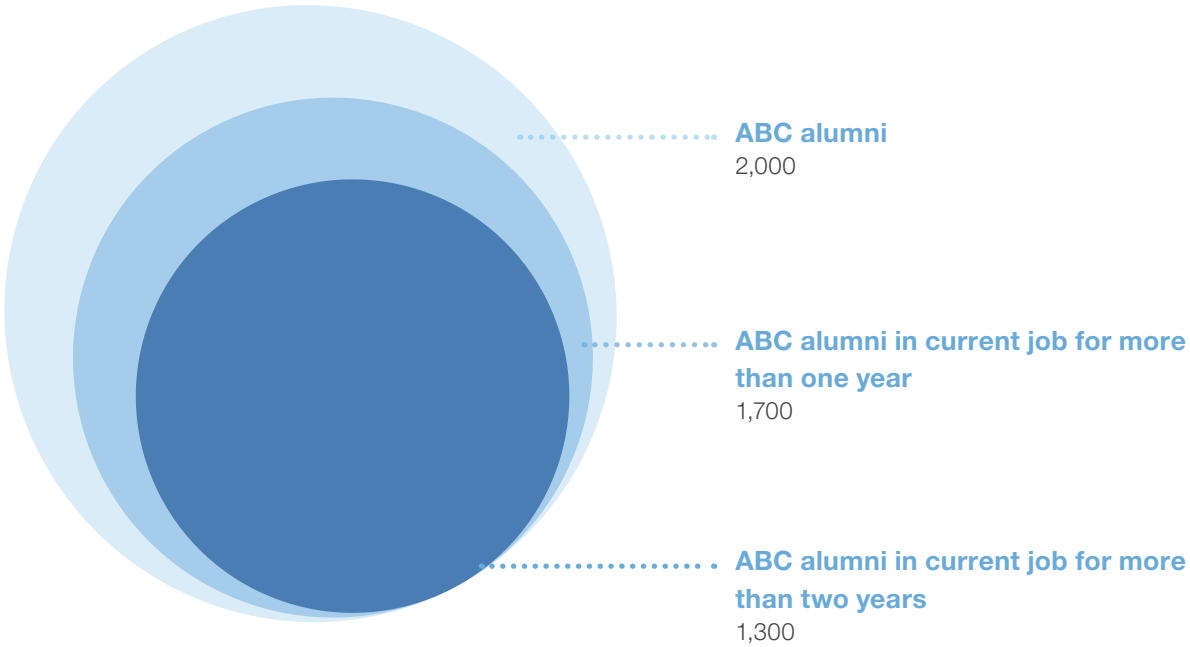
This analysis shows the tenure of your employees, and when they are most likely to leave.

LinkedIn insights for employee retention



FIND OUT WHAT ALUMNI MEMBERS ARE DOING TODAY

Your company has 2,000 alumni members in London, mostly working in competitor banks



Alumni Engagement

This type of analysis shows the career trajectory of your alumni at an aggregate level after they moved out of your organisation. This can help you think through your alumni engagement opportunities and open up strategies to pipeline alumni as boomerang hires.

Conclusion

A future with analytics at the core.

This report has shown how analytics is increasingly being used to understand every part of a business operation. It has also addressed the many challenges that arise with this transformation, such as the need to prioritise key areas of the business and to invest in data literacy.

The adoption of talent intelligence could very well ensure that companies enjoy strengthened productivity growth and that the skills of all workers are harnessed. However, the success of analytics will depend on how well the workforce is trained to deal with it and how flexible and adaptable organisations will be when faced with the many new challenges that talent intelligence brings.

Introducing LinkedIn Talent Insights.

To help you take advantage of this trend, we've created a new product called LinkedIn Talent Insights, a self-service tool that gives you direct access to rich data on talent pools and companies. With LinkedIn Talent Insights, you'll be empowered to recruit and manage talent more strategically, and to make smarter talent decisions with confidence.

Learn more about [LinkedIn Talent Insights](#).

Methodology

The result of this analysis represents the EMEA market seen through the lens of LinkedIn data. As such, it's influenced by how members choose to use the site, which can vary based on professional, social, and regional culture, as well as overall site availability and accessibility. These variances were not accounted for in the analysis.

We looked at all members who listed relevant work experience on their profile and grouped the millions of unique, user-input job titles based on common job roles (which have many permutations). For example, the "HR analytics" job title includes user-input titles such as "people analytics" and "workforce analytics". We also looked at members whose functions are listed as "HR", which is determined through either member input or LinkedIn's standardisation algorithm, based on member position, occupation, and/or the industry segment of the employing company. In addition, the data used is restricted based on language, meaning some data variances may not have been captured in analysis.

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