

Talent Analytics: Everything you need to know

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Exceptional companies are increasingly adopting sophisticated methods of analysing employee data to enhance their competitive advantage. Google, Best Buy, Amazon, Sports companies, and others are beginning to understand exactly how to ensure the highest productivity, engagement, and retention of top talent, and then replicating their successes. If you want better performance from your top employees, who are perhaps your greatest asset and your largest expense, you'll do well to favour analytics over your gut instincts. HR leaders and executives need to take advantage of talent analytics to get the best from their teams.

With that in mind, it's hardly surprising that the majority of businesses are continually looking for ways to get the most out of their workforce. This means gaining significant insights into their employees and addressing areas in need of improvements such as employee engagement and productivity. That's why more and more managers are turning to talent analytics.

Talent analytics is the application of statistics, technology, and expertise to large sets of people data which results in better decisions for an organization. The main goal of talent analytics is to make data accessible to enable on-demand reporting.

Talent analytics can also be referred to as human resource analytics, workforce analytics, human capital analytics, or even just people analytics.

Talent analytics presents a groundbreaking opportunity for HR organizations. Research by Deloitte shows that companies that implement true business-oriented talent analytics can double their engagement, improve revenue, and dramatically increase almost every business measure by making better people decisions. But the journey is not easy, and it takes investment now.

Although talent analytics has been around for a good few years, and business leaders recognize the value, few organizations have fully embraced the concept. According to a Deloitte survey, only 4% of companies have predictive talent analytics capabilities, 14% of having a program in place, and 60% of companies still want to build a plan.

Talent analytics equips HR leaders with insights into their existing workforce that allows them to implement changes to optimize the environment to the benefit of their future workforce. In the boardroom, it's widely accepted that the success of any organization depends on the quality and attitude of its workforce. Also, executives are expecting more than ever before from their employees.

The reality is that the approach of decision-makers who lead employees very much dictates employee attitude and buy-in. And here's the thing: weak leaders lay blame and refuse to listen to constructive criticism. Also, top employees won't hang around for long if they believe the leadership is weak, so

only the yes-people remain.

Strong leaders, on the other hand, are willing to hear their employees out and take action if necessary. They don't feel threatened by different opinions and encourage innovation by being open to change.

The functionalities of a talent analytics platform can be divided into three main categories:

- a. **Hiring Analytics:** provides insights into prospective hires by analyzing their skills. It also guides the company into making an impartial decision based on the data
- b. **Ongoing Feedback Analytics:** focuses on the existing workforce, determining whether the teams in the company are performing well, whether they have the right skill set and the right talent in the right places.
- c. **Optimization Analytics:** combines the data and predictions from hiring analytics and ongoing feedback analytics to ensure the company has what it needs to make its internal processes as robust as possible.

Why companies should adopt Talent Analytics

There are many ways organizations are using analytics to improve their management of human capital.

For example, Harrah's used analytics to evaluate the effects of its health and wellness programs on employee engagement and the bottom line. Preventive-care visits to its on-site clinics have increased, lowering urgent-care costs by millions of dollars over the past 12 months. Harrah's understands the relationship between employee engagement and top-line revenue, so it can evaluate the program according to revenue contribution as well.

1. Better hiring insights through analytics

Many companies favor job candidates with great academic records from prestigious schools. However, AT&T and Google have established through quantitative analysis that a demonstrated ability to take initiative is a far better predictor of high performance on the job. This was established through analytics.

Talent analytics programs look at all the info and skills your candidates provide in their application (and elsewhere throughout the hiring process).

When a company lists vital skills and requirements for a role, the software will hone in on this and draw up an unbiased shortlist of suitable candidates. Once a candidate submits their job application, it uses algorithms to "read" the CV and screen for answers to any questions the company's already asked. These are then analyzed and scored, giving hiring managers a list of the most suitable potential employees for an interview.

Evidence from different researches shows that HR organisations that use predictive analytics are 2X more likely to improve their recruitment efforts.

2. Gathering continuous feedback

By ‘continuous feedback,’ we mean that talent analytics allows you to look at your existing employees and analyze whether the company has the skills base it needs. From there, you can then identify any skills gaps, and assess the success of your team’s performance.

You can amp things up a notch by using the analytics to distinguish which employees:

- Have the potential to learn new specific skills
- Would be better employed in a different role
- Have the potential to take on a leadership role (or the opposite)
- Don’t have the requisite skills to do the job justice, and are therefore negatively affecting productivity.

Research by PeopleFluent 68% of organisations believes that talent analytics has at least a moderate influence on driving positive change.

3. Improving employee retention rates

You want employees to be heavily invested in your company, as this affects their performance, loyalty, and commitment to staying.

Employee attrition can be less of a problem when managers see it coming. Sprint has identified the factors that best foretell which employees will leave after a relatively short time. Analytics can help minimize the effects of employee turnover and reduce the impact of a team member leaving abruptly.

However, a company must empower its managers to achieve that. Disgruntled workers won’t be as productive as happy ones.

Many companies are realizing great value from analytics services such as employee engagement. Companies such as Starbucks, Limited Brands, and Best Buy, can precisely identify the value of a 0.1% increase in engagement among employees at a particular store. At Best Buy, for example, that value is more than \$100,000 in the store’s annual operating income.

4. Increasing profit

All companies love profit, and talent analytics help achieves this by integrating across all sectors; financial systems, online training, development programs, time management tools, etc. You name it, you should be able to pair it alongside your talent analytics software.

Useful talent analytics tools will analyze whether a company is managing its employee productivity to generate a profit. It can look at how many hours it’s paid a workforce and compare it to production and/or output levels.

This is a simple way of helping companies see patterns in overtime as well as other payroll irregularities. Talent analytics can also reveal fraud scares and stock anomalies, and hence help companies to stop any potential issues in their tracks.

Professional sports teams, with their outsize expenditures on talent, have been leading users of analytics. To protect its investments, the soccer team AC Milan created its biomedical research unit. Drawing on some 60,000 data points for each player, the unit helps the team gauge players' health and fitness and make contract decisions. Many other teams such as Man City are also using analytics to help them evaluate and deliver better care when treating injuries and health conditions, finding ways to improve player performance, and even gauging health, fitness, and satisfaction levels for contract negotiations.

5. Time-saving

By using talent analytics, you no longer have to guess where the problems lie and how to fix them, as you will have access to data-driven insights about your workforce.

Using these will allow you to concentrate straight away on what matters and what is most beneficial for your company. You won't lose time putting your effort and money into initiatives that wouldn't help improve employee productivity.

6. Promoting transparency

Any employee whose performance is being measured needs to understand why that is and how it benefits them and the company. Managers who present teams with results that are easy to interpret are more invested in increasing both their own and the company's overall performance.

Giving employees incomprehensible spreadsheets and lengthy PowerPoint slideshows don't engage them in the same way as contextual and straightforward data.

Talent analytics can provide reports that align with their role and individual/team targets. It's a great way of giving employees the information they need to adjust their performance and increase their investment in the company.

In a nutshell, one can see that with the latest people analytics and workforce analytics solutions, you can delve deeper into the behavioral aspects of work, understand the cause-effect relationship between different human and non-human aspects at work, and make better decisions.

The three points to remember are to know what data you need to quantify and qualify, to understand what the latest trends are, and to know what your end goals are. If HR leaders upgrade and upskill their knowledge and capabilities, they will ensure that their organisation optimizes the latest talent analytics offers and can ride the latest trend waves towards a smarter, happier workforce.

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