

HR analytics has been a hot topic of conversation among HR professionals and CXOs for years. Until recently, though, it's been just that – all talk, no action. However, in light of recent global economic pressures and the increasing availability of enabling tools, the concept of HR analytics has started to transition from talk to action, and Everest Group undertook a [detailed study](#) to gauge the current on-the-ground situation in Europe.

The choice of Europe as the study site was dictated by the reality of HR acceptance. Among all global regions, HR is the most strategic and valued in Europe versus other locations, and our expectation was to find strong and interesting cases in that region. We were not disappointed; our research shows that, while enterprises are a long way from leveraging full potential of HR analytics, quite a few organizations have begun the journey.

What's (finally) driving adoption of HR analytics?

Our research uncovered a variety of both push- and pull-based factors driving HR analytics adoption:

Pull-based factors:

- Emergence of HR as a strategic differentiator rather than a necessary evil
- Increasing demand for better, more efficient use of human resources
- The evolving talent scenario: millennials, increasing use of high-skilled contingent talent, etc.
- The demand for fact-based (as opposed to intuition-based) decision-making

Push-based factors:

- Advances in the science, tools and technology behind analytics
- Information availability
- Emerging examples of successful use of HR analytics

Buckle your seat belt – the ride will be bumpy

We were not surprised to find that the HR analytics journey is not an easy path, particularly early on.

Chief among the challenges that early adopters have faced is the very mindset that has confronted HR leaders for years: the view that HR is a soft, people-oriented practice, not a numbers-driven, analytical one. The implementation of HR analytics is further hampered by cost and benefits challenges, a classic chicken-and-egg dilemma: nobody wants to spend money on an unproven concept, but you can't prove the concept if you don't have the money to test it.

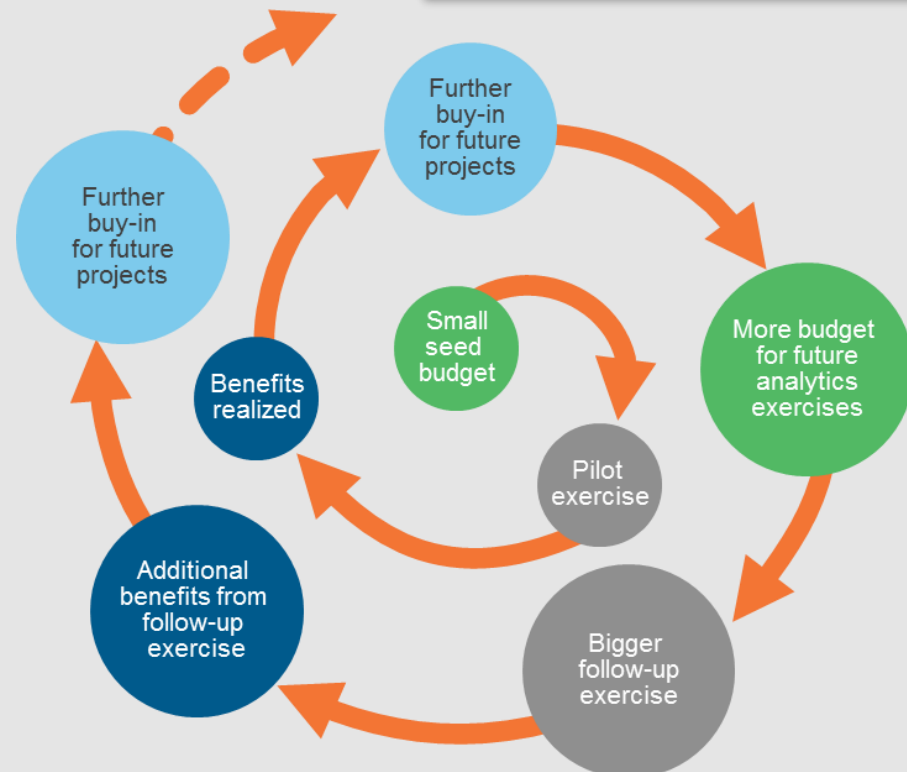
An effective solution some HR organizations have implemented is what we call the "HR analytics spiral." This process involves identifying a small project that can be completed with very little seed money and existing internal resources. This becomes a pilot exercise, wherein the HR team demonstrates the accrued benefits, gaining much-needed buy-in for future projects, in turn leading to more money for larger follow-up exercises, with higher-impact benefits, and on and on, in an ever-growing spiral of investment, buy-in and benefit.

How to inculcate a culture of HR analytics

Along the way, leading adopters have learned some vital lessons for running an analytics-driven HR function. Among the most important is instilling a culture of HR analytics within the organization. HR leaders shared the following best practices:

How to gain momentum for HR analytics

The HR analytics spiral enables organizations to gain attention – and ultimately budget – through a series of small, escalating steps



- Appoint analytics champions from the HR and business teams who are responsible for promoting analytics adoption
- Hire data-oriented HR professionals who will naturally advocate for HR analytics within the enterprise
- Advertise analytics results and associated benefits to draw attention to the concept
- Hold internal analytics competitions to identify potential untapped analytics talent as well as to create buzz within the organization around HR analytics

Where are we? HR analytics currently in practice

At this point, most HR analytics activity is in the simpler stages of reporting and descriptive analytics, offering measures of HR process efficiency and effectiveness.

While we found no organizations using advanced analytics across all of HR, quite a few are applying the most advanced (predictive and prescriptive) analytics in small projects in parts of the HR function, such as recruitment and talent planning.

We're still in the early stages of the HR analytics journey, but our findings have convinced us that organizations that are willing to develop skills, embrace the mindset shift, and – yes, allocate some budget – are likely to reap significant rewards.

For details on the results of our research, including additional analysis on HR analytics stakeholders, structuring HR analytics teams, and the types of HR analytics currently being undertaken, please see Everest Group's report, [HR Analytics in Europe: A Patchwork Landscape](#).



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