



Talent Trends: Navigating the Talent Analytics Landscape

From Data Overload to Strategic Insights

SHL.

A Goldmine of Data



In a world where a whopping 329 million terabytes of data are created each day¹, organizations are sitting on a goldmine of information that can be used to improve their day-to-day operations. This data can allow organizations to gain insights into their customer base, develop a deeper understanding of the skills of their employees, and make better business decisions.

Talent analytics is the field concerned with the use of data and analytics to make better decisions about people. This data can come from many sources,

including an organization's internal HR (Human Resources) system, information about employee performance, employee surveys, customer feedback, and even assessments used during the hiring process. By taking a data-driven approach to HR, talent analytics provides organizations with the ability to understand their workforce, identify trends, and make predictions.

How do organizations perceive talent analytics? How much of a priority is it for them and what does it take to make the most of their data?

¹ <https://explodingtopics.com/blog/data-generated-per-day>



Talent Analytics: Past & Present

In our most recent survey, distributed in mid-2023 to over 1,600 HR professionals from various industries and geographical regions, we asked about various aspects of talent analytics, including talent data management and utilization.

One thing was noticeably clear from the respondents' answers: **organizations are awash with an abundance of talent data, but often struggle to utilize its full potential.** Only 34% of respondents stated that they are satisfied with the ability of their organization's HR systems to manage talent data.

When asked about the reasons behind this dissatisfaction and the barriers stopping organizations from making the best use of talent data, **lack of**

integration across sources was the greatest barrier (21%). Difficulty interpreting the data (8%) and resistance to using it (8%) were the smallest barriers. Indeed, a culture of data literacy is present in most organizations, but with a lot of data coming from various sources, marrying those sources together to get an overall, comprehensive picture and draw meaningful insights remains a big challenge. For example, only 40% of respondents indicated that their talent acquisition and talent management functions are integrated. In addition, **organizations underutilize other sources, such as talent assessments, for talent analytics purposes.**



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Of those surveyed, 26% of organizations currently use assessments for talent analytics and a further 19% plan to use assessments for talent analytics in the future. However, just over a third (34%) do not currently use, or have no plans to use, talent assessments for talent analytics, indicating that many still see them as only fit for hiring purposes. This is a missed opportunity for these organizations to realize the full potential of talent assessment data. Assessments provide objective information about an employee's skillset and abilities when they join the organization, which can be extremely helpful across the entire employee lifecycle when reused for various purposes such as talent development programs and succession planning. This invaluable source of insight should be collated with other employee data into one, integrated system.



The Biggest Barriers to Using Talent Data

| | |
|-----------------------------------------------------|-----|
| Lack of Integration Across Systems | 21% |
| Difficulty Collecting Data | 15% |
| Lack of the Right Information | 13% |
| Inability to Reuse Data Throughout the Talent Cycle | 10% |
| Data Privacy Concerns | 10% |
| Difficulty Interpreting What the Data Means | 8% |
| Resistance to Use Data | 8% |

On top of these challenges and barriers, our survey shows that over the last five years **talent analytics has been put on the back burner of organizational talent priorities**. Whereas a decade ago, talent analytics was the 6th (out of 22) most important priority for organizations, it now ranks as the 13th most important priority for them. Areas such as performance management, identification of high potential/emerging leaders, employee engagement and retention, and succession planning are receiving more attention and focus from organizations.

This shift can be attributed to many factors, including global talent shortages, ongoing economic challenges, and the COVID-19 pandemic. In addition, it could also be the case that talent analytics is not seen as a separate entity, rather it **helps organizations achieve their goals across all the other areas of priority** by providing insights into their workforce, such as the skills gap, employee engagement, and turnover risk.

Nevertheless, despite the low levels of satisfaction from participants with the current state of talent data management in their organizations, and although other areas have been prioritized over talent analytics in recent years, **talent analytics still serves a variety of purposes for many organizations**. In fact, 59% of respondents reported that their organization uses information about talent to make business decisions, and over half (52%) said that their organization collects metrics to show the value of its HR investments.

Talent Analytics Over the Years

| Survey Statement | Yes | |
|---------------------------------------------------------------------------------------------------|------|------|
| | 2023 | 2018 |
| I am satisfied with the ability of my organization's HR systems/automation to manage talent data. | 34% | 27% |
| My organization uses information about talent to make business decisions. | 59% | 61% |
| My organization collects metrics to show the value of our HR investments. | 52% | 54% |

Talent analytics can also play a crucial role for organizations in ensuring legal compliance, such as facilitating the reporting of critical metrics such as the gender pay gap. This is only possible when organizations collect this data on their talent, have access to it, and employ proper analytical techniques to analyze it.



The Future of Talent Analytics: Towards Data Intelligence

Talent analytics might not currently sit at the top of the priority list for organizations, but from the trends we see in our data, we predict it will have a healthy future. Over half of respondents (51%) expect the **reliance on talent data to increase in the next 18 months**. Only 4% do not expect to increasingly rely on talent data, which shows that it is already something organizations are planning for. Looking ahead, two thirds of the participants (67%) reported that they expect their organization to **maintain or increase their talent analytics budget**.

In light of the increasing reliance on talent analytics and the corresponding rise in investment in this field, it is crucial to approach talent analytics platforms with a well thought-out strategy. Simply opting for a general purpose solution and expecting it to provide all the strategic insights for an organization might not be the most effective choice. Rather, organizations

should consider their specific goals when it comes to leveraging talent data, and determine which data sources are essential to achieve these objectives before selecting a talent analytics solution. Defining the goals for utilizing talent data has become more critical than ever, especially amidst the exciting developments in the talent analytics landscape. At a time when the use of Artificial Intelligence (AI) is starting to make significant inroads across various workplace domains, it is also reshaping the human capital management space. This transformation has given rise to what is known as the **era of “talent intelligence,”** a term initially coined by Josh Bersin².

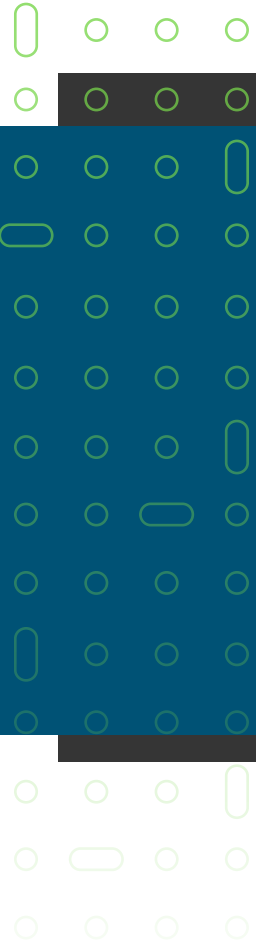
Talent intelligence represents a new set of tools to easily aggregate, analyze and manage talent data, leveraging AI to develop useful insights that can drive organizational decision-making. This incorporates all sources of talent data, including assessments to

51%

of our respondents indicated that they expect an increased reliance on talent data to make business decisions



² <https://joshbersin.com/understanding-talent-intelligence-a-primer/>



build models that can answer critical priorities for organizations, thereby helping optimize recruitment, internal mobility, skills development, career growth, workforce planning and even pay equity, DEI (Diversity, Equity, Inclusion) and performance management.

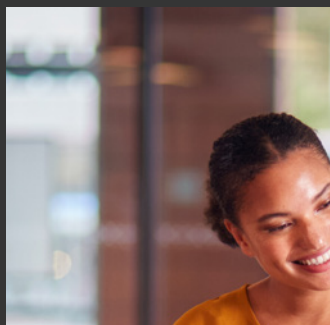
Therefore, it is imperative for organizations to be mindful of the data inputs and desired outcomes to ensure the effective and ethical use of talent intelligence solutions. By doing this, organizations can adopt a more skill-based strategy, enabling them to accurately measure skills within the business and across all roles so their talent strategy can find, develop, and hire for skills of the future.

The importance of talent analytics has also given rise to a new role needed within HR teams - the analyst. Having the skills to be able to aggregate, analyze, and interpret talent data is what could set apart those businesses who can be proactive, agile, and forward-thinking, from those who are forced to make decisions on subjective viewpoints. Business leaders will come to expect that they can gain insights into the state of their talent at any given time to help their decision-making, whether that be how teams would cope with a strategic change in direction, what the leadership pipeline looks like, or which skills are lacking within the organization. HR teams will be expected to relay this information back easily through talent dashboards, reporting, or data models.

Key Takeaways

1

Organizations have lots of talent data to draw insights from, but often struggle to utilize it to its full potential.



2

The main barrier to realizing the value of data is the lack of integration across data sources.

3

Organizations underutilize other sources of data, such as talent assessments, for talent analytics purposes.

4

In recent years, the talent priorities of organizations have changed, and talent analytics seems to have been overtaken in importance by other areas, such as employee engagement and retention. However, a good understanding of talent analytics can significantly contribute to the success of all talent-related initiatives within organizations.



5

Talent analytics serves a variety of purposes for many organizations, such as making business decisions and ensuring legal compliance.

6

Talent analytics is entering a new era of talent intelligence, using AI-driven solutions with a skill-based approach to derive insights.



7

Organizations need to properly define their goals and data sources before choosing a talent analytics or talent intelligence solution, and ensure their HR teams have the expertise to interpret this data.

In summary, talent analytics is a pivotal asset for organizations looking to thrive in an ever-evolving landscape. Empirical and objective insights derived from a variety of data sources, including talent assessments, can help organizations make strategic business decisions. As we venture into the future, the emergence of talent intelligence, driven by cutting-edge AI methodologies, promises to revolutionize the way we manage our most valuable resource – our people. Now is the time for organizations to embrace the era of talent intelligence, ensure they have the right HR expertise in place to make use of talent analytics, and start to chart their course towards data-driven excellence.

SHL helps organizations map skills to roles through SHL's skills taxonomy and gather the talent data needed to future-proof their hiring decisions. **Find out more.**



SHL brings powerful and transparent AI technology, data science, and objectivity to help companies attract, develop, and grow the workforce they need to succeed in the digital era.

We empower talent strategies to unlock the full potential of your greatest asset—people.

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