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Executive Summary:

2017 Talent Analytics Trends: Data-Driven Recruiting Practices

By: Ben Eubanks, Principal Analyst

Research Overview

It seems we can't turn around today with hearing about "big data" and "predictive analytics." But what is the impact of this developing area on talent acquisition? In addition, how can companies make the most use of talent analytics for improving business outcomes?

This research summary looks at some of the trends that are funneling attention towards analytics, some of the use cases that create business value, as well as a glimpse at what the future holds for this slice of the HR technology industry. This report is part of a larger initiative at Lighthouse Research to explore, understand, and categorize the key players in talent acquisition and analytics.

The full report includes proprietary research from Lighthouse Research in addition to data from Aptitude Research, Sierra-Cedar, Bersin by Deloitte, IBM, ExcelHRate Research, and insights from more than a dozen interviews with business leaders. For more information on the full report please contact [Lighthouse Research](#).

Trends in Analytics and Planning

From hundreds of conversations with business executives and HR technology providers, we at Lighthouse have seen several interesting developments and trends emerge¹.

Talent acquisition leaders know that measuring indicators and outcomes are important, but they often don't have the process in place to measure, analyze, and leverage their data. Most measurement and analysis is still manual.

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One employer with more than 300,000 employees told us, *"We have so much data and we're unsure what to do with it... We're trying to use visual tools to help make an impact and increase utilization of the data we already have."*

Data, in itself, has little value. However, the analysis of the data for improving decision-making is incredibly powerful at an enterprise level. Despite the tools and technology available today,

¹ <http://lhra.io/blog/3-problems-impacting-talent-acquisition-measurement/>



many companies are still performing manual analyses of information in an attempt to understand internal trends.

This measurement and analysis problem is not confined to any particular element of talent acquisition. It is widespread and severely limits the impact and value this function can offer the business.

Without being able to translate people data to business impact, many talent acquisition teams are floundering at the executive level. While some are advanced enough to have a grasp on this problem, the vast majority of firms are not yet to that level of measurement maturity.

Use cases are one of the most valuable tools for helping in-the-trenches leaders convey the value and opportunities associated with implementing analytics technology, especially when it comes to talent acquisition.

One of the most common challenges brought up by corporate leaders around analytics and measurement is not knowing how to properly use the tools for business impact. Having a unique, specific use case is the starting point for success, especially when attempting to partner with a vendor.

Other external factors that are driving a demand for talent analytics include:

- **The gig economy.** This focus on skills and tasks instead of full-time workers is helping companies to take a broader view of internal talent and how it accomplishes business goals. At the same time, a 2016 IBM CHRO study² also pointed out that less than half of talent leaders believe the enterprise is prepared to manage a more complex workforce.
- **Focus on experiences.** One of the breakout phrases of 2016 was “employee experience,” a

Case in Point:

Changing Branding Direction

Have you met Owen? GE, one of the largest companies in the U.S., has used a series of commercials about this fictional employee to help shift the perception of the firm as a traditional manufacturing organization. In the series, Owen takes an IT role within the company, prompting others to question the decision because it conflicts with public perception of GE. This has dramatically increased visits to GE’s career site properties, **driving 8x the traffic**. In an age where GE has to compete with Silicon Valley for technical talent, this innovative branding approach has paid off.

² <http://www-935.ibm.com/services/c-suite/study/studies/chro-study/>



new focus on the holistic series of interactions for employees from beginning to end. This is a continuation of the candidate experience focus and is tightly integrated with the customer experience. Research by IBM and Globoforce³ connects a positive employee experience with a 23% increase in retention.

- **Increased competition for talent.** Companies need to attract great people, but it's not enough to rely just on pay or benefits to make this work. Organizations that develop a culture of learning—continuous learning, at that—can appeal to high-performing candidates in the marketplace by helping to demonstrate that they will make them more valuable during their tenure. Kapost, a firm based in Boulder, Colorado, markets itself as a career accelerator for ambitious candidates⁴.
- **Demand for workforce readiness.** Agility. Pivot. Disruption. These are the new normal for businesses worldwide, and this increased demand for an agile workforce has outpaced the world of higher education, requiring companies to source from a shrinking pool of candidates that can drive value from day one.
- **Personalization is everywhere.** We see personalization in our consumer technologies, and we have come to expect it in our employment relationships as well. In my years of experience sourcing technical candidates, I saw a marked difference: the more tailored the approach, the better the response rates. We expect to see more of this individualized interaction driving the need for talent analytics.

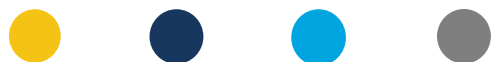
Functionality and Capabilities

Companies are not creating their own tools for gathering, analyzing, and acting on talent analytics—they are finding good vendor partners that have a track record of driving performance. This is the true power of measurement and analytics in talent acquisition, and it isn't relegated only to the largest companies or a specific type of technology platform. Companies of all sizes are taking advantage of these tools to create results.

As far as functionality is concerned, we're seeing a conversation shift from descriptive analytics to more predictive and prescriptive types based on the needs of corporate talent leaders. The table below helps to outline what value each option can provide:

³ http://www.globoforce.com/wp-content/uploads/2016/10/The_Employee_Experience_Index.pdf

⁴ <http://www.alliedtalent.com/media.html>



Analytics Type	Purpose	Use Case/Data Types
Descriptive	Show historical data. Help describe things as they are or were.	Assessments, candidate satisfaction, application drop off rates, time to fill, cost per hire, etc.
Predictive	Help companies predict what can be or what will be.	Answer questions such as “What is the hiring source most likely to return a high performer,” or “What impact will hiring candidates with a 50+ mile commute have on retention rates?”
Prescriptive	Help companies determine which predictive path is best out of multiple options.	Analyzes performance data cross referenced with hiring source, then prescribes which option is most valuable for hiring high-performing candidates.

It’s important to note that none of these is possible without the others. Descriptive data feeds predictive, and it takes multiple predictive options to determine which one to prescribe for the most benefit.

In terms of features and functionality, some of the common themes that business leaders are seeking include:

- **Ease of use:** systems are starting to mirror consumer technology in terms of intuitive design, often one of the most important selection criteria when companies are choosing a new provider.
- **Futuring/scenarios:** there is incredible value in companies asking “what if” questions and being able to see potential scenarios play out within the software.
- **Confidence indicators:** instead of being stuck with a “maybe” or “possibly,” business leaders can now draw a line in the sand when it comes to being confident about a particular outcome.
- **External benchmarking:** while sifting through internal data is valuable, being able to explore and examine external sources and how they interrelate with existing data is powerful for companies at the enterprise level.

Ease of Use Drives Visa’s Technology Agenda

Previously using a well-known, established ATS provider, the new director of talent acquisition at Visa saw the poor candidate experience the technology created, opting for another, more user-friendly system. Her decision came after realizing as a technology company, the candidates would evaluate the brand heavily based on the presentation and interface of the ATS.



In addition, the number of vendors this space is fairly robust. While there are a few large firms that hold sway due to an existing customer base (Oracle, SAP Successfactors, Workday, Infor, etc.), there are other providers that more specifically focus on solving the challenges associated with talent acquisition. This includes applicant tracking systems, recruitment marketing solutions, assessment tools, and an incredible variety of point solutions.

Future Opportunities and Business Impact

The future of this technology segment is incredibly bright as new providers enter the space and disrupt the status quo. In addition, talent acquisition leaders in general are becoming more adept at building a business case for the tools and technology they need to support business objectives. Instead of trying to sell the business on reducing administrative workload or another inward-looking outcome, these leaders are looking at organizational value, translating talent analytics and technology into enhanced business performance.

The challenge, which is an opportunity for improvement, is finding the right methodology and approach to implementing analytics that ensures success not only within the talent function, but across the enterprise. It's one thing to create a model and try to predict candidate behaviors. It's another to leverage predictive tools for workforce development, skills acquisition, and business growth, impacting the enterprise in a lasting way.

Faster Time to Value

With new prescriptive analytics, companies can shorten time to value realization by speeding up the process from data gathering to analysis to action.

Plus, with the advent of prescriptive analytics, we can finally help talent and business leaders accelerate the transition from data gathering to analysis to action, shortening time to value realization. When combined with some of the other large-scale trends we see in the workplace, including the gig economy and machine learning technologies, the value of recruiting measurement and analytics has never been higher.



3 Action Items for Talent Leaders

Becoming a sophisticated user of talent analytics isn't an overnight process, but it can be accomplished by the organizations with the fortitude to grow internal capabilities, partner with the right vendor, and connect with the relevant business strategy. Here are three actions to make this transition:

Increase measurement maturity. the starting point is to collect, aggregate, and analyze data. Nobody begins with a fully predictive model without first gathering and cleaning a single data set. Begin by finding available internal data from a variety of sources and do basic analyses to determine common descriptive analytics. It begins with a simple step, but each successive step builds upon this foundation.

Determine a specific use case for analytics. Don't pursue a vendor without a specific question or plan for the analytics. Find a problem to solve—preferably a business problem that will make it easy to gain buy-in and support. Connect your talent analytics strategies to specific business outcomes and you'll gain support from critical allies across the enterprise.

Embrace new talent models and approaches. Don't just try to apply analytics to the same ways your business has always operated. Instead, consider some of the trends affecting the workplace and incorporate them into your strategy. For instance, with the gig economy impacting the workplace, more employers are hiring for skills, not headcount. Can you find ways to break down your employee competencies and skills into measurable units you can seek out, procure, and manage?



About the Research

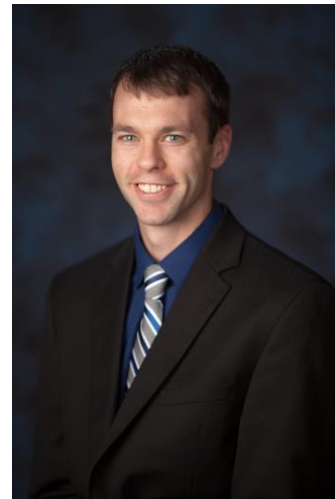
This report was written by [Ben Eubanks](#), Owner and Principal Analyst at [Lighthouse Research & Advisory](#). The research interviews for this report took place from June to December 2016. Vendor information was gathered from web resources, personal interviews, and other materials to provide a well-rounded view of each provider.

Secondary research sources were identified throughout this report and all attempts have been made to provide credit to the originating author or firm where applicable.

About the Author

Ben Eubanks is the Principal Analyst at Lighthouse, developing research and insights for today's talent leaders and vendor partners. Ben works with vendors from areas across the HCM spectrum, delivering high-quality research, assets, and advisory to support demand generation, sales enablement, customer success, and more.

Prior to joining Lighthouse, Ben worked as a research analyst for Brandon Hall Group, focusing on learning, talent acquisition, and talent management. During his tenure, he published more than 100 pieces of research and delivered presentations to executives from some of the largest and most respected organizations in the world. He also has hands-on experience working as an HR executive, leading both strategic and tactical talent practices. He has worked in nonprofit, government contracting, and startup environments. In addition, he runs [upstartHR.com](#), a website serving HR and talent leaders that has reached more than 600,000 readers since its inception.



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About Lighthouse

[Lighthouse Research & Advisory](#) is a modern analyst firm dedicated to setting the standard for excellence in talent, learning, and HR. By providing compelling research and actionable insights for business leaders, our mission is to navigate the rapidly changing tides of human capital management in order to support today's talent and learning functions. From establishing frameworks and defining competitive practices, to illuminating the strategic impact and ROI of the employee experience, our goal is to chart a new course for learning and HR.

