YOUR DATA EXISTS. AI IS HOW YOU PUT IT TO WORK.

A practical guide to people analytics and AI for HR and business leaders

Always Designing for People®

About this guide

If you're an HR or business leader who suspects your workforce data could be working harder for you, this guide is for you. Artificial intelligence (AI) is changing what's possible with people data faster than many organizations can keep up with, and the gap between what's available and what's actually being used is wider than it should be. We'll walk through what's driving that gap, why it's become a C-suite priority, four shifts that are changing how organizations use people data, where analytics efforts often stall and what a practical path forward looks like, whatever size you are.

Key takeaways

- **People data has become a C-suite priority:** According to Mercer's 2026 research, a majority of C-suite leaders ranked improving people analytics among their top initiatives for driving return on investment (ROI).[1] HR leaders who frame analytics as a business capability, not just an HR tool, tend to earn more investment and influence.
- **Continuous data complements periodic reporting:** Organizations that connect real-time data streams across payroll, time, performance and hiring are better equipped to spot workforce risks and opportunities early.
- **AI amplifies what's already in your data:** Strong data foundations make AI transformative. Fragmented or unreliable data makes AI untrustworthy. The quality of your data directly influences the quality of your AI and its ability to deliver on its promise.
- **Insights create value when they lead to action:** Polished dashboards are most valuable when they support better decisions. Moving from outputs to outcomes requires HR to develop the consulting skills to translate data into clear, business-relevant insights and actionable recommendations.
- **Broad access can extend the value:** People data delivers more when it reaches the immediate managers and functional leaders closest to the decisions that most affect the workforce.

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Why is there a gap between data and decisions?

HR leaders are navigating more data than ever before, but data volume alone doesn't solve one of the most important structural problems facing the field today. When information lives in separate systems, reflects last quarter rather than right now and isn't easily accessible to the executives and managers who need it most, even well-resourced teams can find themselves making critical decisions without the full picture.

We call this the **people data gap**: the distance between information that exists somewhere in your systems and the clear, timely picture that would help you make better decisions. Closing it matters. According to Mercer's 2026 research, 57% of C-suite executives said improving people analytics was among the initiatives most likely to drive ROI in the year ahead.[1] This guide is here to help you think through where to start, at whatever size and stage you're at.

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How is AI changing the rules for people data right now?

This is the conversation happening in boardrooms and HR leadership meetings today. AI is reshaping what organizations can do with their people data, and the pace of change is faster than many teams are ready for.

AI isn't coming. It's already here.

According to SHRM's 2026 State of AI in HR report, AI is roughly 5.7 times more likely to shift job responsibilities and three times more likely to create new roles than to reduce them.[2] About 60% of extra-large organizations have already implemented AI tools in HR, compared to roughly 35% of midsized and 33% of small ones, but smaller teams are often moving faster in targeted ways, adopting AI to address real, immediate problems rather than waiting for a formal rollout.

ADP's 2026 HR trends report adds an important nuance: Agentic AI, the latest evolution of the technology, capable of autonomous multistep action, is already in use at businesses of all sizes, with adoption rising sharply with scale — 4% of small businesses, 25% of midsized and 48% of large ones.[3] A survey of 200 global HR executives projects 327% growth in AI agent adoption by 2027, with 80% expecting human-AI workforce collaboration to be the norm within five years.[4]

There's also a meaningful human dimension. ADP Research's Today at Work 2026, Issue 1, drawn from 39,000 workers across 36 markets, found that workers who use AI tools every day are more than twice as likely to be fully engaged: 30% engagement among daily AI users compared to 14% among those who never use AI.[5] Organizations that help their people build confidence with AI tools may be improving engagement at the same time as efficiency.

AI agents are reshaping how HR work gets done

Beyond AI-assisted dashboards, AI agents, designed to take action, complete tasks, connect workflows and keep work moving with less manual effort, are beginning to transform HR management. An AI agent could automatically alert and inform a manager when a team's turnover risk crosses a threshold, connect that to compensation and performance data and surface a recommended next step, all without anyone running a report. The most effective HR agents tend to be purpose-built for HR functions, data-driven across long-term patterns, proactive rather than reactive and integrated across your existing tools.

These capabilities exist today, but they depend heavily on something many organizations are still building: clean, connected, trusted people data. AI, whether analytics, automation or agents, amplifies what's already in your data. Organizations with strong data foundations may find these tools genuinely groundbreaking. Organizations with fragmented data may generate unreliable outputs.

5.7X

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"We believe purposeful innovation means building to solve real client challenges. Combining next-generation AI, automation and compliance expertise is how we support businesses of every size — not as a future ambition, but as something clients can act on today."

— **Matt McGreevy**, President, Major Account Services and ADP Canada, ADP

Why has people data become a C-suite priority?

Workforce data used to be primarily an HR concern. The C-suite appreciated a clean summary but didn't always view it as core to strategy. That's changed.

According to Mercer's 2026 research, executives at high-growth companies were roughly twice as likely as their peers to say acting on people insights was as important as acting on financial ones.[1] Several forces are driving this shift:

- **The workforce is central to competitive advantage:** As AI reshapes knowledge-based roles, how organizations attract, develop and retain people matters more to long-term performance and innovation.
- **Workforce costs are receiving greater scrutiny:** Hiring is expensive. Certain skills are becoming harder to find. Chief financial officers (CFOs) are asking harder questions about workforce investment and want data to back the answers.
- **Regulatory requirements are evolving:** For example, the European Union (EU) Pay Transparency Directive reached its member-state transposition deadline in June 2026, and similar pay equity expectations are shaping requirements in North America. Organizations should consult qualified legal counsel about their specific obligations.
- **AI is changing what's possible:** Modern HR platforms increasingly include AI-powered features once available only to large enterprises with dedicated data teams, but their value depends on accurate, well-organized data underneath.

What are the 4 big shifts changing how we use people data?

1 Understanding people across multiple generations takes longer-term data

Today's workplaces include multiple generations working side by side, each with different expectations, experiences and reasons for staying or leaving. Understanding these dynamics requires data that shows how people — baby boomers, Gen Xers, millennials and Gen Zers — have moved through your organization over time.

ADP Research's Today at Work 2026, Issue 1, found fewer than one in five workers worldwide are fully engaged.[5] When visible in your own workforce data alongside generational breakdowns, tenure trends and AI-powered insights, that signal shifts from a headline to an early warning you can act on.

"Integrating AI technology into workflows helps employees use it effectively and more fully with their work. They can focus less on individual tasks and more on solving for people's needs. In this way, AI becomes a facilitator of human connection and engagement, helping people feel valued and integral at work."

— **Tiffany Davis**, Chief Talent Acquisition, Inclusion and Diversity Officer, ADP

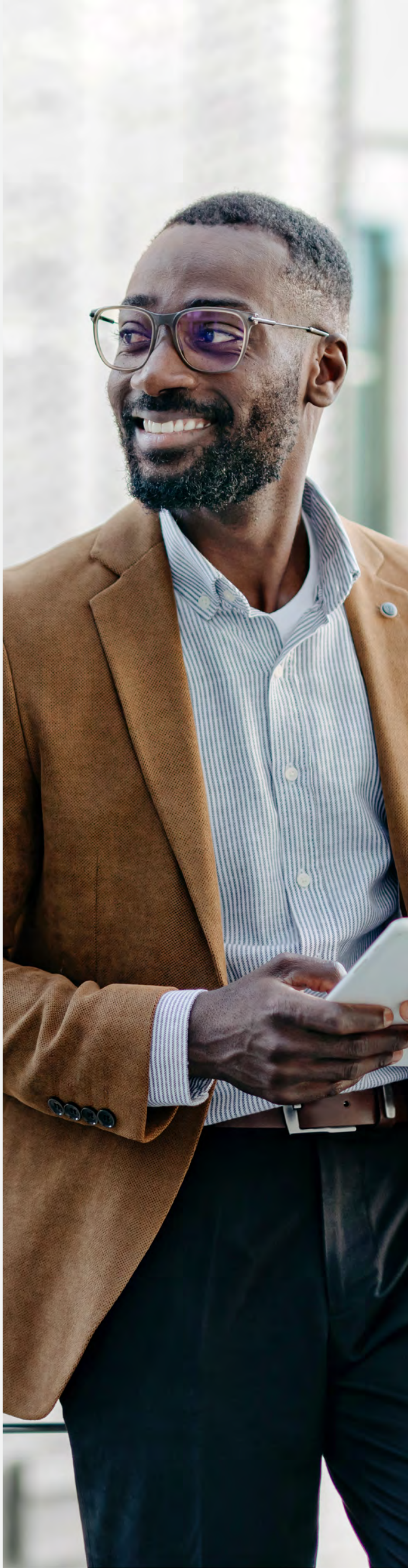
2 Ongoing data is expanding the view beyond annual checkpoints

A skills gap manageable today may become critical in six months. A **compensation issue** invisible in annual data might be driving departures right now. More organizations are moving toward continuous workforce data — ongoing streams from payroll, time tracking, performance and other sources — rather than relying on periodic reports.

One HR leader described it this way after gaining access to timelier data:

"With our previous system, it was a horrible process trying to extract data to get turnover or overtime rates. Now, we can pull that data on a daily or even hourly basis ... To be able to have a system that actually shows us that in real time has saved me months of work."

— **Ronn Alexander**, Director of Human Resources, Ewing Irrigation



3 AI is making analytics more accessible and raising the stakes for data quality

Predictive analytics used to require a dedicated data science team. That's shifting. Many modern HR platforms now include AI features that surface patterns, flag risks and answer questions through natural-language interfaces.

But it's worth being precise about what analytics actually delivers and what it doesn't. Analytics is the process of gathering, connecting and processing your data. Insights are what you draw from it: the interpretation that leads to a decision or an action. They're closely related, but they're two different tasks. Some organizations invest in analytics infrastructure and assume the insights will follow. That's not a given, not without the human judgment needed to ask the right questions and act on what the data is telling you.

That gap is why accessibility alone doesn't guarantee impact. Turning compelling dashboards into better decisions takes not just technology, but intention.

4 Trustworthy data starts with good data governance

As people data becomes richer, handling it carefully matters more. Using people analytics transparently and consistently helps build the trust needed for it to deliver value. Leading organizations are building clear policies around **security**, access controls and **transparent communication** with employees about what data is collected and how it's used. This foundation helps build confidence in both the insights and the decisions they inform.

Where do people analytics efforts often get stuck?

Even committed organizations run into a few common roadblocks:

Data is scattered across too many systems: Payroll in one platform, hiring in another, performance somewhere else. HR teams spend so much time gathering and reconciling data, there's little energy left to analyze it. This can affect businesses of every size: Small businesses may rely on disconnected tools; midsized organizations may outgrow their systems; and enterprises may accumulate platforms through acquisitions, creating data complexity at scale.

There's no way to benchmark against the market: One HR leader described the difference current benchmarking data made:

"I don't have to wait for SHRM data or industry surveys to know what's happening in the jobs landscape. [My provider] has North America's largest client base, and I can access many of their job statistics in real time."

— **Mallory Scothern**, Human Resources Generalist, Moxtek

Without reliable benchmarks, compensation decisions can be harder to defend, and harder to get right.

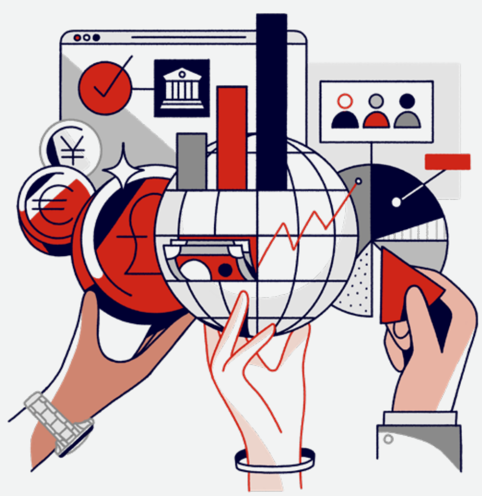
Insights don't always lead to action: Good data surfaces real patterns, but acting on them requires intentional follow-up. Closing the gap between insight and action isn't primarily a technology challenge. It requires HR to build relationships, credibility and consulting skills to translate data into clear recommendations and follow through.

People metrics aren't connected to business outcomes: Turnover rate and time-to-fill are useful, but they don't always tell executive leaders what they need to know. When people analytics doesn't speak to strategic questions, it can get left out of important conversations. Mercer's 2026 research found that while executives rank improving people analytics as a top priority for driving ROI, only 8% believe their HR function is strategically embedded enough to deliver on it.[1]

Insights stay within HR instead of reaching decision-makers: Shannon Carson, whose team transformed how it used people data, described the outcome of better transparency:

"My HR team is poised as a strategic partner ... When board members gather for strategic planning, data-driven insights help them make well-informed decisions. HR is now finally seen as a consultant and collaborator because we're able to present recommendations backed by actual data."

— **Shannon Carson**, Senior Vice President, Compensation, Benefits and HRIS Manager, Heritage Bank



What does good people analytics look like in practice?

Organizations that have moved past these roadblocks tend to share a few things in common. Here's what effective workforce intelligence may look like in practice:

One unified view of the workforce

In organizations where people analytics is working well, data from across the employee journey — hiring, onboarding, performance, benefits, payroll and departures — flows into a single, connected system. HR teams spend their time asking questions and acting on answers rather than manually bringing data together.

When Northwood Investors, a real estate company with operations across the U.S. and Europe, unified its HR and payroll data across multiple platforms, payroll errors dropped from 48% to 2%, and payroll processing time fell by more than 50%.[6] The HR team was able to shift from reactive administration to proactive strategic support.

Benchmarking that puts your numbers in context

Knowing your turnover rate is one thing. Knowing how it compares to similar organizations in your industry is another. Effective workforce intelligence puts your organization's numbers in competitive context so you're making decisions based on where you actually stand.

Christine Ellinger, chief human resources officer and senior vice president at Central Trust Bank, described what access to benchmarking data meant for her team:

"I use **DataCloud** because it's wonderful. I wish I could shout it from the roof — it's that amazing. It has validated everything that I do, and it gives my senior team and our board reason to know that I know what I'm talking about."

— **Christine Ellinger**, Chief Human Resources Officer, Senior Vice President, Central Trust Bank

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Insights that look ahead, not just behind

In addition to describing what already happened, people data can help leaders anticipate what's coming. Which teams are showing early signs of disengagement? Where might hiring pressures spike in six months? What's the likely cost impact of a compensation adjustment in a given department?

Organizations that invest in building this kind of predictive capability can make more confident, proactive decisions and spend less time managing crises that better-timed information might have prevented.

Analytics that fits into daily work

In effective people analytics environments, insights aren't something HR retrieves once a month from a separate reporting module. They're woven into the tools leaders and HR partners use every day, surfacing when a decision is being made, not after the fact.

This is what separates solutions that get used from solutions that get purchased and overlooked. The goal is to make the path from question to answer as short and easy as possible for the people who need analytics most.

Data that people trust

Underlying all of this is something that can't be taken for granted: The data has to be trustworthy. People analytics built on data that's inaccurate, incomplete or inconsistently defined can produce unreliable answers, eroding confidence in every output the system produces.

Building trust in workforce data requires sustained attention to data quality, security and governance. It also requires being honest with your people about what data is being collected and how it's being used. That kind of transparency takes time to build, but it's the foundation that everything else rests on.

4 questions to ask about AI in your people strategy

When AI touches decisions about people's careers, compensation and working lives, these four questions are worth asking explicitly:

1

Is it trustworthy? Built on secure, transparent foundations, not just smart, but responsible by design.

2

Is it informed by generational experience? Longitudinal workforce data surfaces insights that AI trained on thin datasets can't.

3

Does it keep humans at the center? Designed to support the full human experience at work, not just consolidate tasks into algorithmic outputs.

4

Is it built to keep up? Continuously refreshed by new signals, evolving alongside new roles, regulations and workforce expectations.

What’s a practical path forward for people analytics?

You don’t have to have everything figured out before you start. Here’s a practical framework:

1. **Start with the questions that matter most to your leaders:** Before investing in tools, get specific about what your executive team needs to understand. Small businesses may start with turnover and compensation. Midsized organizations might focus on scaling efficiently. Enterprises may wrestle with visibility across complexity. Starting with your own version of these questions helps you build the right capabilities at the right time.

2. **Be honest about your current data:** Take an honest inventory: where it lives, how complete it is, how consistent it is, how clean it is and whether there’s a plan for consistent maintenance as you grow. This audit may reveal the integration and governance investments needed before you can build more sophisticated analytics on top.

3. **Put governance in place before you expand:** Before expanding what you collect or who can access it, establish clear policies: security and access controls, privacy standards and transparent communication with your people about what’s being collected and why.

4. **Connect the data you have:** Payroll data plus hiring data plus performance data tells a richer story than any one source alone. Some organizations build these connections incrementally, starting with the highest-priority links and adding more over time.

5. **Share insights beyond HR:** Once you have reliable, integrated data, make sure it reaches the people who can act on it. Tami Trainer, vice president and payroll manager at Academy Bank, describes how her team did this:

   “I am able to push metrics out to our executive management on a weekly basis. We look at who’s moved, where we rank as far as compensation, and turnover by tenure, region and other demographics. Whatever information we want to know, it’s current, it’s accurate and it’s right at our fingertips.”

   — **Tami Trainer,** Vice President, Manager of Payroll and HRMS, Academy Bank

6. **Track whether your insights are actually working:** Closing the loop — checking whether decisions informed by people data produced better outcomes — is what turns analytics from a reporting function into a genuine driver of improvement. It also builds internal credibility to keep investing in the capability.

How do you turn people insights into action?

Having better data is only half the challenge. Making sure that data actually influences decisions is the other half. Here are some practical ways organizations move from one to the other:

Think of HR analytics as internal consulting

Effective HR analytics teams act as internal consultants, helping leaders understand what the data means, what it implies for the business and what it might suggest they do differently.

This requires a different set of skills alongside the technical ones: financial fluency, business understanding and the ability to tell a clear story with data. It also requires the kind of relationships with executive stakeholders that come from showing up consistently with useful, well-grounded insights.

Make data a regular part of the conversation

Workforce insights are most powerful when they're part of ongoing leadership conversations. When HR shares relevant data consistently, in formats leaders can quickly absorb, data becomes part of how decisions routinely get made.

This is both a technology consideration and a matter of building consistent habits. The right tools help, as does the discipline of bringing relevant insights into leadership conversations.

Bring managers into the picture

In some organizations, front-line managers have significant ability to act on people data, but consistent access to it remains uneven. When managers understand early signals of disengagement in their teams, how their compensation compares to the market and where skills gaps are growing, they can make more proactive people decisions every day.

Expanding analytics access to managers, with appropriate controls in place, is one of the highest-leverage moves an organization can make in building a data-driven people culture.

Create clear accountability for acting on insights

One honest reality: Without clear accountability, even excellent analytics may not receive sustained attention. If nobody owns the business question an insight is meant to address, the insight often goes unanswered.

Creating explicit ownership — who is responsible for acting on a given category of workforce insight, and how will we know if it worked — is what transforms analytics from a nice-to-have into a genuine management discipline.

Taking the next step together

Every principle in this guide depends on one thing: access to people data you can trust, connect and compare to the market. That's a real challenge for organizations of every size, and it's where ADP may be able to help.

ADP works with small businesses building their first real analytics capability, midsized organizations scaling their people intelligence and large enterprises managing complexity across multiple locations, divisions and countries.

"At ADP, we're not just building AI. We're reimagining the way work gets done, with purpose and precision. Our persona-based AI agents are designed for people, helping employees, managers, HR and payroll practitioners all succeed through tailored, intelligent support learned from over 75 years of multigenerational workforce data and expertise."

— **Sreeni Kutam**, President, Global Product and Innovation, ADP

ADP's approach to people data and AI is built on decades of real pay, real shifts and real outcomes — across roles, industries and multiple generations. From foundational automation to agentic AI, ADP is designed to help you ignite the potential of every person, every process and every human moment that matters at work.

ADP AI: Built on 4 dimensions of intelligence

1. **Trusted intelligence:** Built on the global standard of trust: secure, transparent and responsible by design. ADP's Security and Ethics Council supports the governance infrastructure that responsible AI requires.
2. **Generational intelligence:** Approximately 77+ years of global workforce data spanning millions of people across industries, roles, regions and multiple generations. That longitudinal depth can reveal patterns that shorter-term datasets may miss.
3. **Human intelligence:** Human-first, built with empathy and intent. ADP's Culture of Care and Human Experts service model keep people at the center of every interaction.
4. **Advancing intelligence:** Constantly refreshed by billions of signals from a changing world of work, evolving alongside new roles, new regulations and new workforce expectations.

"Technology continues to evolve at an extraordinary pace, and ADP is committed to helping clients benefit from those advancements without the complexity. We're proud to lead the way in bringing modern, responsible and human-centered solutions to our clients, so they can stay ahead in a world that's changing faster than ever."

— **Isabel Espina**, Vice President, Global Product Development, ADP

ADP Assist™ Agents: Closer to the work that matters

ADP Assist Agents are purpose-built for HR and payroll, keeping work moving faster by connecting actions and information across departments, roles and workflows. Backed by the human capital management (HCM) industry's largest workforce dataset, they're designed to understand intent, anticipate needs and provide increasingly relevant support.

ADP® DataCloud: Workforce intelligence built for real decisions

ADP DataCloud seeks to unify people data across payroll, benefits, time management, talent and recruiting, working toward a single source of truth embedded directly into daily workflows. In its 2026 People Analytics Platforms PEAK Matrix® Assessment, Everest Group recognized ADP as a Leader in this area.[7]

"ADP's position as a Leader in Everest Group's People Analytics Platforms PEAK Matrix® Assessment reflects its strong market impact and mature analytics capabilities. Its platform stands out for combining curated dashboards, guided insights and a strong benchmarking engine that helps organizations contextualize workforce performance. ADP has also continued to invest in AI-enabled capabilities, including natural language analytics and predictive insights, to support faster analysis and decision making. Its emphasis on usability, secure sharing and advisory-led enablement positions it well to help enterprises advance their people analytics maturity."

— **Era Singh**, Practice Director, Everest Group

ADP® API Central: The integration foundation

Connecting your HR data to the systems that need it — payroll, benefits, time, talent, financial — is a key foundation for the capabilities described in this guide. ADP API Central enables secure, scalable data exchange across your HR and business ecosystem, so the analytics and AI capabilities above have reliable data to work with. Learn more.

To explore how ADP may be able to support your organization's people data and AI strategies, visit **adp.com** or **connect with an ADP representative**.

FAQs about people analytics and AI

What is people analytics? People analytics, also called workforce analytics or HR analytics, is the practice of using people data to make better decisions about hiring, retention, compensation, performance and workforce planning. It turns raw HR data into insights your leaders can actually act on.

Why is people analytics becoming more important now? Three forces are accelerating its importance: AI tools that can surface patterns in large datasets, regulatory pressure around pay equity and workforce reporting and C-suite demand for workforce data that connects directly to business outcomes. Organizations with strong data foundations are better positioned to benefit from all three.

How does AI improve people analytics? AI can process large datasets, detect patterns humans may miss and surface insights in real time rather than through quarterly reports. AI agents can go further, taking action, flagging risks and connecting workflows automatically. The quality of AI outputs depends directly on the quality of your underlying data.

What size organization benefits from people analytics? All sizes benefit, though the starting point differs. Small businesses may start with turnover and hiring data. Midsized organizations may benefit from benchmarking their numbers against industry peers. Large enterprises may focus on connecting analytics across business units and geographies. The key is starting with the questions that matter most to your leaders, whatever size you are.

What's the biggest obstacle to getting value from people analytics? One common obstacle is data quality. Fragmented systems, inconsistent data entry, outdated data and siloed HR platforms can make it hard to get a complete, trustworthy picture of your workforce. Before investing in analytics tools, most organizations benefit from cleaning and connecting the data they already have.

What is an AI agent in HR? An AI agent is a system that can take action across HR workflows, not just surface data when asked. A well-built HR agent may flag when turnover risk crosses a threshold, connect that signal to relevant compensation and performance data and surface a recommended next step for a manager. Unlike traditional dashboards, agents tend to be proactive, connected and designed to keep work moving with less manual effort.

How do I know if my organization's data is ready for AI-powered HR tools? A practical starting point: Check whether your core HR, payroll and talent data lives in connected systems or separate silos. If your team spends significant time manually pulling reports or reconciling numbers across platforms, your data foundation may need attention before AI tools can deliver reliable value.

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2. SHRM, The State of AI in HR 2026 Report, 2026
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5. ADP Research, Today at Work 2026, Issue 1, 2026
6. ADP, How Northwood unified payroll and compliance across global holdings, 2026
7. Everest Group, ADP Named a Leader in People Analytics Platforms PEAK Matrix® Assessment, 2026

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