

# SOLVEDBY.AI

## WORKFORCE ANALYTICS

WHITE PAPER



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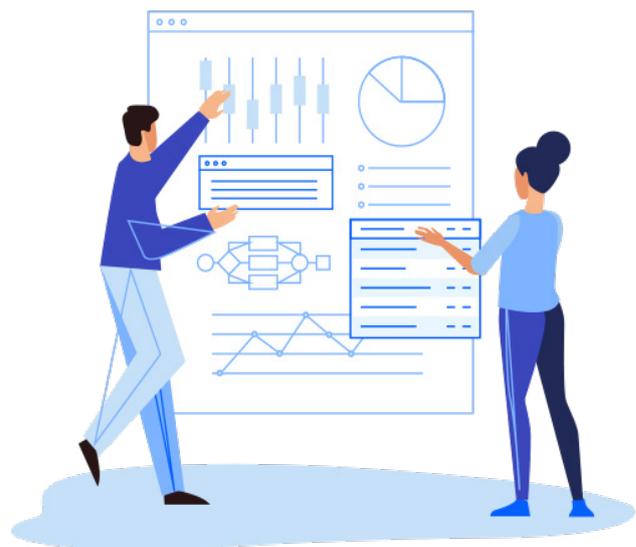


# What is Workforce Analytics?

Workforce analytics is a powerful tool to increase sales and reduce costs. While businesses have vast amounts of data available, it often goes overlooked and unused. Various examples across diverse industries will demonstrate the success implementing workforce analytics produces. However, it is essential that a business chooses the correct method of implementation. With data and avenues to collect data constantly increasing the necessity of implementing a workforce management tool to keep up with the growing market becomes more important.

Historically, human resources have been based around hiring, administrative duties, and onboarding new staff<sup>1</sup>, all of which are categorized as being “word-based” rather than analytical<sup>2</sup>. Through advances in business, analytics in HR are becoming increasingly popular. **In 2020, 34% of HR executives relied on data and metrics for decision-making** (Horda). Workforce analytics, defined as an advanced set of data analysis tools and metrics for comprehensive workforce performance measurement and improvement, focuses on redefining the role HR plays by measuring different metrics<sup>3</sup> in the workforce to find opportunities to improve profitability.

In all facets of business, analytics are used to represent performance. Utilising analytics provides an effective and comprehensive overview of where to implement change. These same practices can be integrated using human resources data. In 2015, 89% of large corporation executives either currently used or planned to use big data to guide their decision making in the upcoming three years<sup>4</sup>. This is not specific to the HR department but reflects the increasing reliance on big data. In 2016, IBM found that the chief human resource officers of large companies using data to influence HR has grown 40% over the past two years<sup>5</sup>. Another study by Deloitte found 85% of businesses claim that data in HR is important. Data analytics are quickly developing from an innovative way to analyse workforce data to a requirement to keep up with a dynamic market.



1 Oxford Dictionary

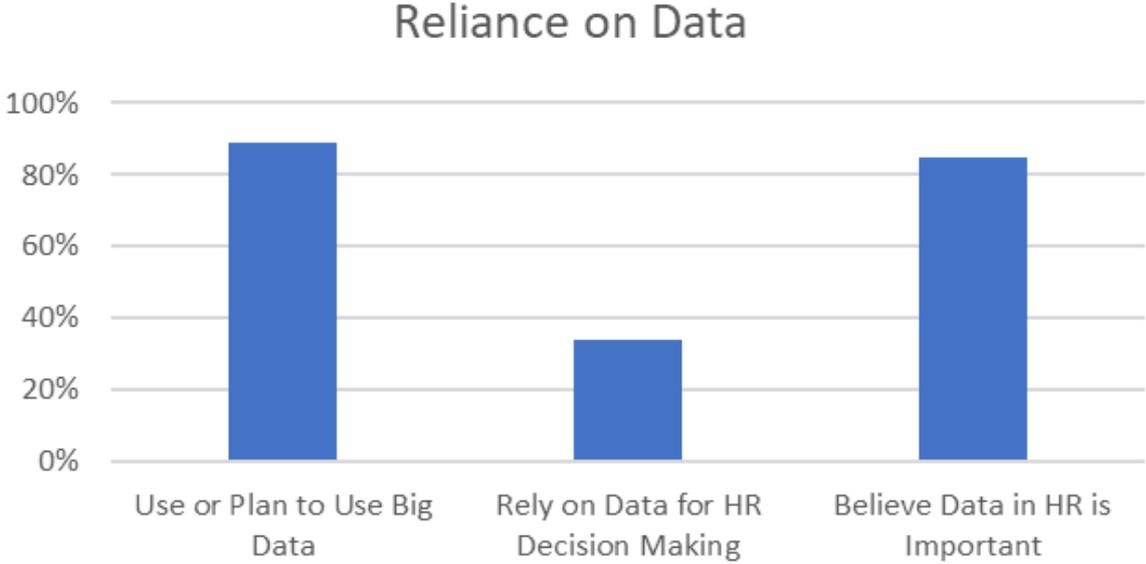
2 The Power of the People, Guenole 4

3 The Definition of Workforce Analytics, Gartner

4 The Power of the People, Guenole 4

5 The Power of the People, Guenole 4





HR is becoming an essential part of decision making. New HR initiatives that identify trends in the workforce can save companies millions of pounds and produce practices that will increase revenue.



Common areas for workforce analytics to make an impact are<sup>6</sup> :

- Attrition
- Retention
- Recruitment
- Workforce Planning
- Compensation Optimisation
- Employee Engagement

Key indicators to measure in HR include<sup>7</sup> :

- Time to Hire
- Recruitment Metrics
- Employee Flows
- Turnover Costs
- Diversity
- Talent
- Engagement
- Sickness Abuse

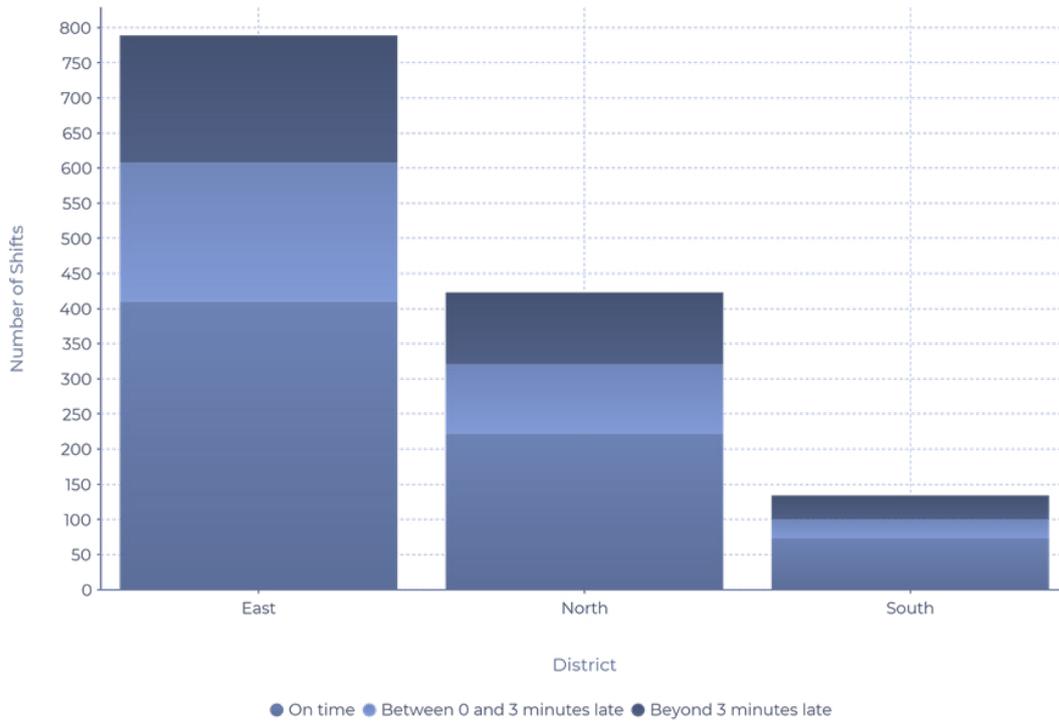
Analysing a variety of HR metrics allows new insights to appear. A crucial part of workforce analytics is linking findings from one area to the rest of the business, therefore expanding the positive impacts. Every company's workforce analytics will identify and help them in unique way. Workforce analytics has become increasingly popular and the data available is vast. Having the capabilities to utilise the available information will transform HR operations.

The following graphs represent the same data. Both report the time employee's clock in. The second graph depicts 10.7 hours every 30 days are wasted from lack of punctuality. After identifying this, management can implement policy to combat the effects of late employee clock in. This is a simple however useful example of evaluating data to understand underlying trends and areas for improvement.

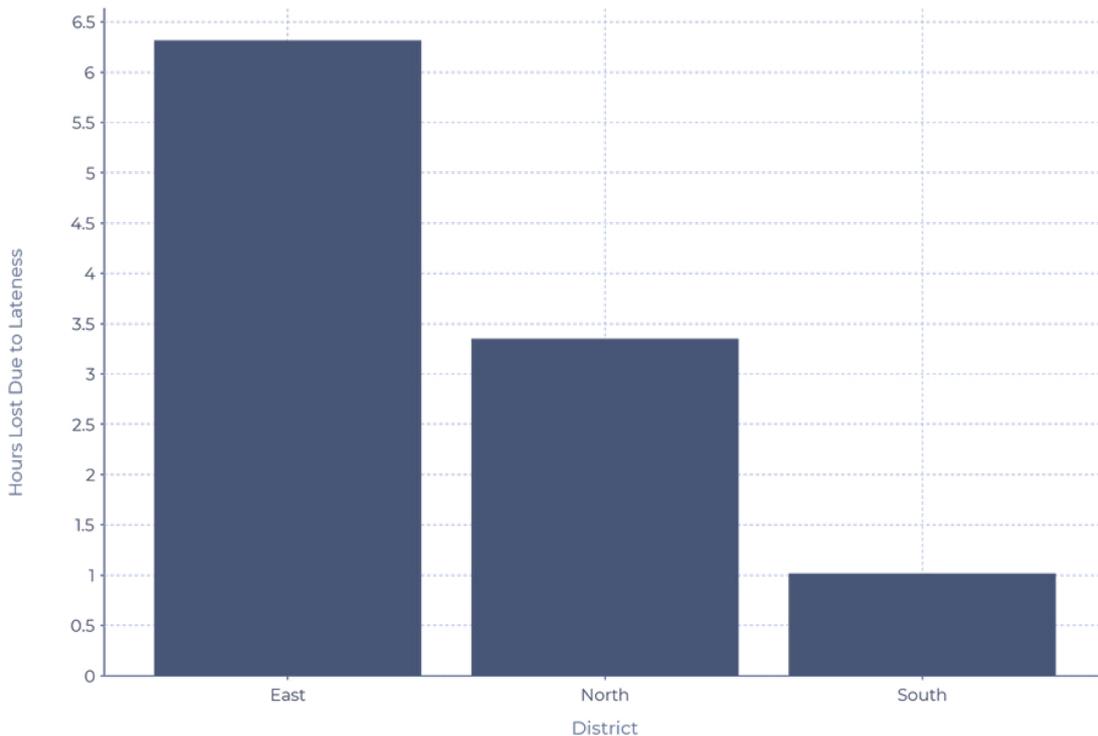
<sup>6</sup> The Power of the People, Guenole page 5

<sup>7</sup> Predictive HR Analytics, Edwards page 65-67

A count of on-time and late shifts (rolling 30 days)



Sum of Hours Lost Due to Lateness Rolling 30 Days



# What is in the name?

Workforce analytics is not unique to the title “workforce analytics.” Similar terms include:

- Talent Analytics
- People Analytics
- Human Capital Analytics
- HR Analytics



However, these titles can be limiting. Talent in some regions refers to only the company’s most skilled, thus omitting a lot of the workforce. HR analytics only includes those permanently employed by the company, leaving out positions such as independent contractors and freelancers. While they are not a part of permanent employment, their statistics and metrics can still prove valuable. To avoid the exception of part time employment, the term “people analytics” was adopted in hopes of being entirely inclusive to all laborers. Again, the complication of not including machines and computers proved to be problematic. While they are not “people,” the data they contribute is still essential to analyse. Therefore, “workforce” is the term best fitting the circumstance. It includes anyone and everything that is a part of the workforce, whose data provides opportunity to better understand the business.

# Workforce Analytics in Action

Workforce analytics is becoming increasingly popular. Therefore, there are countless examples of businesses uniquely implementing the practice and seeing real results. All the below measures of workforce analytics implemented in the market are based on a hypothesis model. The business forms a hypothesis regarding their current obstacle and identifies how implementing new processes steered by workforce analytics will affect metrics in their business.

Nielsen Holdings, **a global information and measurement company**, in 2015 began to investigate the effects of the rising attrition rates on their company. Increasingly large sums of money year after year continued to be spent onboarding new employees while more continued to leave.

Questions such as what factors make someone more or less likely to leave? What can we do about it? And the effect of attrition on the company troubled Niensens executives. Niensens hypothesized that employees working remotely have a higher attrition risk. They found this to be true and furthermore found that new hires and employees with few lateral moves increase attrition. Nielsen took their findings and created programs to combat these problems, which produced impressive results. Niensens saw their attrition rates decrease in the first eight months, saving the company **10 million dollars**.

ISS Group, the world's leading facility service provider who employs about 505,000 people, were interested in the correlation between employee engagement, customer satisfaction, and profitability. Their hypothesis throughout the project was employee engagement is positively related to both employee and customer experience. Additionally, customer experience is positively associated with contract profitability. Utilising surveys to best track progression found a correlation between variables. Identifying the link between motivation and performance, ISS implemented practices to increase and track engagement. Throughout these changes, the teams began to link HR to the rest of the business and use the analytics discovered to operate more efficiently **through reducing sickness rates and customer churn**.

Rentokil Initial, a pest control and hygiene service with a workforce of 30,000 and annual revenues of £1.8 billion, wanted to investigate why specific salespeople outperformed others in different regions by such drastic amounts. After looking into the regional data and analysing correlations, they developed their hypothesis: a globally efficient and consistent recruitment process with clear selection criteria will improve sales performance. Rentokil estimated that having good salespersons would increase sales by 1.5 million pounds annually. After implementing the new employee acquisition processes, **sales improved by 40%, and the return on investment was 300%**.

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**London's metropolitan police** were interested in finding ways to increase value to the taxpayer by creating a more diverse workforce. They set their goals focused on modelling for future scenarios to find new methods to effectively recruit and provide real-time information to hiring managers. At the start, the London police did not understand the value of workforce analytics; however, through getting in-depth data regarding the recruitment process then reinventing the scope of responsibility of HR, they saw seismic results. The police force began to rely on HR data which allowed them to recruit and make the workforce better reflect the people of London. In 2015, after implementing the new processes, they achieved their headcount goals and the diversity representation increased 10 points, **while costs for police officers were under budget.** Workforce analytics transformed the entire HR department, while simultaneously cutting costs and increasing efficiency.

Finally, **Westpac Group, Australia's first bank,** had noticed the effects of societal stress on their employees. Their hypothesis stated, work flexibility is associated with well-being, and employees with higher team volatility are more likely to experience anxiety. Their goal was to begin treating their employees similarly to customers. Surveys regarding mental health in Australia found 45% of Australians experience work-related stress and about 300 billion dollars annually are spent on employee stress (Guenole 80). They began analysing demographics, career history, leave history, work location, business performance, collaboration, technology, and employee opinion data. They then used this data to accurately predict stress. Westpac was therefore able to combat employee stress and be sure to create the best working circumstances possible for the **workforce while increasing their bottom line.**

**These examples of workforce analytics are all used uniquely across a vast number of industries.** Whether in the London police force, or the first Australian bank, delving deeper into workforce data to discover opportunities for improvement made incredible differences in these industries. As stated, there was hesitation in the adoption of these practices in some of the above situations. After seeing the opportunity for growth, the uncertainty was forgotten.



# Methods for Implementation

The value workforce analytics can add to a company is undeniable. However, in many situations, a company may struggle with putting together a team that understands human resources and analytics to the degree required to be successful. It is essential to carefully decide which method is the best use of resources.

## Options for implementation :

- In-house
- In-Source
- Out Source

When using the in-house approach, relying on only the employees working in the department, the biggest obstacle is ability. Historically, the human resource department is not analytical. Therefore, the need for complete “end-to-end” capability may be a barrier to success. The benefits to in-house implementation are the familiarity surrounding the topics trying to be resolved, and the business has complete control surrounding the timeline of projects. The projects needs can seamlessly align with the needs of the business. An in-house team is the rarest type due to the difficulty of acquiring the resources required therefore lowering the potential for substantial impact and change due to inexperience in data analytics.



In-sourcing is a combination of using resources already available to the department and attracting talent from throughout the company. In-sourcing is effective due to the established familiarity of the workplace goals combined with the already established skills in analytics. The main barrier to in-sourcing is the commitment to the project. When acquiring talent from other sectors of the business, there is the chance that the commitment level to a new and unfamiliar project may be minimal. Additionally, analysts can be too far removed from HR, which affects overall team morale while creating a poor image of HR being dependent on other facets of the business portraying them as “incapable on their own”.

Both in-sourcing and in-house acquisition of a workforce analytic team can be difficult due to the unique combination of HR and analytics. A strong leader with a deep understanding of HR and analytics is essential to guide the team in the right direction. The head of global workforce analytics at Ericsson stresses the importance of having a diverse mix of expertise present in the team. Positions such as statisticians, programmers, HR, and business experts should all be present. When businesses cannot provide expertise in all areas, “a gap” develops and efficiency is lost<sup>9</sup>. Therefore, many businesses choose to rely on out-sourcing to professionals to ensure that representation from all areas are present<sup>8</sup>.





Out-sourcing is the most utilised method to implement workforce analytics. Utilising an established workforce analytics platform is the most time efficient. Workforce analytics specialists arrive with expertise from past experiences that add value and insight that in-house and in-sourcing options do not provide. Purchasing an HR service is typically less expensive than acquiring the skill and machinery required to build your own team. Additionally, having an unbiased third party involved allows the company to ensure a level of discretion about workplace analytics that can be lost when using talent from the existing company.

In businesses today, there are plenty of data available; however, companies often have questions regarding whether the data available is socially and legally allowed to be used. Going with an outsourcing option eliminates the opportunity of detrimental mistakes due to data misuse.

The disadvantages with outsourcing are typically due to the unfamiliarity with the HR department and unfamiliarity with company goals and metrics; however, with enough communication, clarity, and honesty, this is easily avoidable.

Whether choosing to use in-house, in-sourcing, or outsourcing, workforce analytics will be transformative in gaining a deeper understanding of your business. Workforce analytics can become a driving factor to make educated decisions. However, choosing the wrong option can be a costly and time-consuming mistake. It is imperative to align your business needs with the right option to begin workforce analytics.

# Future of Workforce Analytics

Data, in some form, has been used in human resources for as long as HR existed. It started in the most simplistic forms of counting employment, tracking hours worked and employee tenure, however, there have been significant advances. In the future we will see:

- Widespread availability of data: Businesses have trouble due to having too much data and not enough expertise or manpower to use it effectively.
- New Technology: sensors, wearables, and the internet of things. New technology including devices such as heart rate monitors will elevate the value and amount of data available.

**With new data being discovered and being used for analytics, businesses must be conscious of whether their data use is ethical.** Discrimination in the workplace based on data that may be unethical to use is already prevalent and will continue to be a problem. With the increased scope of influence HR will attain, being aware of data usage is critical.

In past years, the use of workforce analytics has grown to incredible heights. The costs resulting from the COVID-19 pandemic placed on small and medium enterprises in the UK are measured at 126.6 billion pounds. Therefore, businesses do not have the time, resources, or luxury to sit back and make pivotal decisions based on anything other than reliable statistics. Uncertainty is never the right path to success, and therefore, we must put an end to relying on “gut feelings and recommendations” and focus on fact and numeric. This will not only transform the operations of HR, but the whole business.

