Analytics Power

Workforce Transformation

Generating Improvement Through Greater Understanding

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Executive Summary

The modern workforce continues to evolve and demands on staff as well as management push toward greater efficiency in all operational areas. From hiring and onboarding to long-term performance and promotion, there is a growing need for understanding the workforce in order to optimize a company.

Leading organizations are responding to these demands by shaping workforce strategies through the use of enhanced data analytics. Both cloud and on-premise systems have become strong enough to rely on a

variety of data to generate insight across the lifespan of individual positions as well as the company as a whole. The growth of analytics includes both its capabilities and who it can support.

Prior barriers kept workforce analytics out of the hands of small and mid-sized businesses. Now, new tools and solutions are helping companies manage cost and even start to generate improvements based on small amounts of data. Existing data often is enough to deliver insights shortly after adopting a platform.

Enterprises have long focused on metrics and dashboards that generated insight into what is currently happening, describing the problem. The benefit of modern analytics is the ability to look past this descriptive phase and move directly to predictive operations. Organizations and their leadership now can understand why an employee is successful and how to predict what actions will keep them satisfied and engaged. Plus, analytics can determine the traits in new hires or leadership promotions that will best provide a blueprint for success.

Some aspects this paper will consider include:

- The changing nature of the workforce
- How enterprises are starting to apply analytics
- Addressing attrition through analytics
- Improving hiring success rates
- Employee engagement understanding and forecasts
- Profiling top performers with data from across an enterprise
- Long-term goals that HR should have for any analytics efforts.

Modern AI techniques are becoming more affordable for companies of all sizes, not just the largest enterprises. This means a wider range of HR professionals can now access the tools they need to improve daily and long-term operations. At the same time, tools are becoming easier to use and integrate, minimizing the time IT needs to spend on installation and turning the process to generate insight from months to weeks.

It all starts with a look at the data companies already collect and a platform smart enough to find the insights lurking just beneath the surface.

The Workforce Is Changing

To understand the need for analytics in human resources, it's important first to note that workforces are evolving. The rise of the sharing economy and prevalence of Internet technologies have led to a significant increase in contractors and freelancers playing supporting roles — and sometimes leading roles — in today's corporate environment.

Traditional geographic barriers continue to decline as companies and partners expand to new markets. For example, service providers can use cloud solutions to support customers across the globe, generating a need for local and central office teams with a wider range of skills.

The workforce is expanding in a variety of requirements and capabilities, which will require significant knowledge and understanding to support. Human Resources are often centralized, limiting their ability to be involved in the daily operations of every location.

However, the same technology powering the expansion boom can support HR's ability to reach and understand a variety of workforce metrics and relationships. Digital communications like email, as well as digital recordings of meetings and phone calls, provides a wealth of information that can give insight into the workforce.

HR teams have the baseline information they need to understand a company, but it would take a sizeable number of manhours to read, listen to, understand, and categorize each interaction. That time requirement scales as companies expand and can overwhelm even before a company attempts analysis.

Smart tools and analytics platforms are becoming a preferred solution to this time concern, due in large part to technological advancements that can perform detailed communication and other analysis and generate patterns that HR professionals can understand and utilize.

Analytics for the Workforce

Technology spending for HR starts with software solutions designed to support administrative and compliance tasks, placing the department in a protective role focused on preventing harm and managing ongoing risk.

We see HR, and the commonplace use of HRIS, as a smart entrance into workforce analytics due to the workforce data HR already collects. Human resource management is a direct link to these efforts and can begin even with very minimal, baseline data that may come from sources such as exit surveys, annual reviews, performance data, and issues raised with HR team members.

Some enterprises have already begun this type of analytics adoption, though many such businesses and the majority of SMBs are still struggling. As Peter Cappelli, George W. Taylor Professor of Management at the Wharton School and a director of its Center for Human Resources, put it: "For most companies, the challenge in HR is simply to use data at all."

The positive side to this concern is that modern tools make the application of analytics easier than ever before. Predictive solutions can easily integrate with a variety of HRIS tools and can overcome one of Cappelli's biggest concerns: different data lives on different platforms. Applying a third-party tool to internal systems often makes bridging datasets easy and affordable, eliminating the need for a true data scientist to generate insights and perform this integration.

Executives now have access to data and dashboards that help them look at data, metrics, and trends across their workforce. HR teams are being empowered to pull the right levers to manage problems thanks to strategic workforce data and analysis that's become readily available.

The concern has shifted to the application of analytics, though discovering what drives results has also become simpler.

Initial Application: Attrition

Studies have shown that replacing a single employee takes, on average, 42 days and costs up to 200% of that employee's annual salary. These costs and time constraints come on top of attrition impact on other employee's productivity and morale as they absorb the workload of employees who have left.

It's no wonder that 78% of business leaders rank employee retention as either an important or urgent business concern.

Turnover remains one of the most significant employee impacts on any business. It can be difficult to understand, and thus control. As the current unemployment rate continues to stay low, dissatisfied employees will have greater opportunities to leave.

Attrition may become the most difficult trend for traditional HR practices to tackle. Analytics provides a roadmap for addressing this concern, however, by looking at data in ways that are difficult for an unaided individual.

Analytics platforms can review information across your entire workforce and quickly compare it to employees who have turned over as well as to a variety of outside social and workforce data. It can look at large trends in areas such as salary, education, and hours worked, or micro items such as who they worked under or when complaints were made to HR. SAS often uses the example of a breakdown of distance from home by job role and attrition to discuss commute times, which is data that an analytics program can calculate quickly, but this collection would significantly burden HR staff.

The business insights generated by the analytics platform may seem apparent when collected and presented. Employees who complain more to HR or are working longer hours without proper compensation are likely to have higher attrition rates. The issue for many is simply getting to these insights while also tackling other responsibilities — which grow substantially for HR when churn is high.

What makes an analytics platform especially useful is that it can generate this business intelligence quickly and look across a wider range of factors than other HR methodology. An enterprise's HR and management are then given more time to focus on acting to address concerns and decrease churn.

What attrition analytics can help forecast:

- Which employees are at risk of leaving in the coming months
- Which employees are most valuable to the company and can be "saved."
- What positions have the highest churn
- Which leaders have the highest churn for staff
- What roles you may need to fill in the next 6 to 12 months

Initial Application: Employee Engagement

Employee engagement represents their feelings about their position as well as the place they work, yielding enthusiasm levels as well as how involved they feel in their work, both daily tasks and as a larger part of the company.

Engaged employees that have a strong feeling of involvement and high enthusiasm are generally seen as those who believe they enjoy their tasks, feel recognized and encouraged by superiors, and have a support network within the company. It is a mix of task and leadership factors.

Employees who are highly engaged:

- See productivity increases of 17% or higher
- Have 41% lower absenteeism
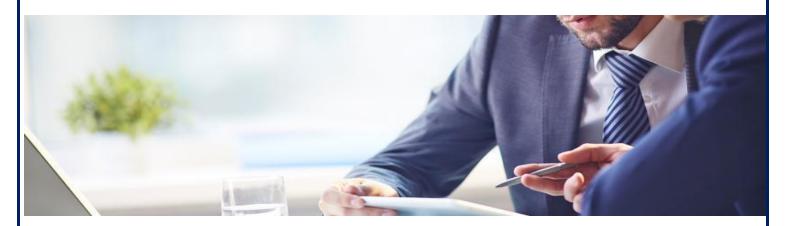- Are less likely to suffer from chronic disease
- Have 70% fewer safety incidents

On the other hand, a disengaged staff may cost U.S. companies more than $550 billion each year in lost productivity.

Analytics can review a variety of company information to determine the linkage between activities or leadership performance and employee engagement. It can also identify employee trends by profiling via 360-degree feedback processes, sales call reviews, emails, performance reviews, activity logs, surveys, and other information. Combining this with third-party data such as socio-economic, financial, or demographic data can yield richer insights as needed.

Enterprise analytics tools can generate opportunities for a company to address leadership, task-load, and even work-life balance to impact employee engagement. Typically, these are structured around core competencies to help improve communication, coaching, organizational planning, interpersonal skills, self-management, and independence.

By identifying the key drivers of engagement within an organization through comprehensive data assessments, companies can discover which leaders are best positioned to support employee engagement. Training platforms can be created to address others as well as to address employees directly. Tools also identify areas where trainers, mentors, and tools may be of assistance.

Workforce analytics is able to determine what is harming engagement, who you have that can help address it immediately, and what larger cultural steps a company can put into place for long-term positive impact.

Advanced Application: Top-Performer Profiling

Accurately segmenting and profiling the workforce helps in talent management, from hiring and firing decisions to support for rewards and promotion.

Organizations can understand the workforce better and take initiatives tailored to fit employee requirements when segmenting the existing employee base. Such segmentation can help organizations understand a wide range of existing employee traits and habits, as well as which correspond to levels of high and low performance.

Creating profiles of top performers can help a company identify those who are the best fit for a variety of activities, such as promotion to leadership or receiving incentives for their work. Profiles may show a company who is best fit to lead a new team or which employees might benefit most from a reward not associated with a change in responsibilities.

Profiles that analytics programs build can look at a variety of data sources to generate multiple levels of review:

- Productivity, Efficiency, Revenue: Key KPIs for establishing who is a top performer in many cases.

- Risk: Willingness to take risks and to understand what risks could be valuable for a company.
- Balance: Creating work-life balance, with the potential to reduce outside stressors.
- Support: Top performers reach out for and provide support in different degrees at different companies. Ultimately this may measure knowledge of limits to avoid burnout.
- Skills development: Both the desire to improve skills and taking action to achieve that improvement.
- Decision-making: Looking at emails, calls, and meeting notes can determine which employee may be a performer relative to making decisions and exciting a group.
- Information: Profiles governing institutional and individual knowledge, including a desire for input and the amount a person provides information.
- Self-direction: Ability to achieve consistently high gains during periods of change, such as during elevated levels of employee and leadership churn.
- People skills: Ability to communicate and resolve problems as well as a review of related HR complaints.

For example, a company may determine that its top-performing sales staff are best suited to remain at the sales level where they are more engaged and have a greater potential for generating revenue for the company. The personality that makes someone a strong salesperson may make them an ineffective motivator based on other staff members' personalities.

Analytics can determine the right course of action to grow a business internally and help leadership best position staff to maximize efficiency. Top-performing profiles are one key component to optimization and are made even more successful when built on an analytical, foundational understanding of company culture, attrition, and engagement rates.

Understanding top performers can help a company understand which candidates for an open position may be the most natural fit for that role based on its activities, leadership, and company culture. HR analytics tools can also review emails, resumes, and interview notes to determine the qualities of applicants and then measure those estimates based on the success of hires.

As with all analytics, these HR activities are strengthened when there is feedback on success. The good news for HR analytics is that much of this feedback is inherent to the system when a company establishes a practice of reporting KPIs and other metrics of all employees.

Advanced Application: Increased Hiring-Offer Acceptance

Having a holistic view of the current workforce can also enable a company to extend insight to new or potential employees. One particularly exciting area for HR professionals is the hiring process itself.

Some insight requires a company to build up a large repository of data around their hiring process, what current employees and candidates want, and the reasons past candidates gave for accepting or declining offers.

Analytics tools can process this data looking for patterns around that acceptance. Predicting candidates who will accept an offer can improve the process overall, as HR staff are able to better identify candidates who would be a good fit for an organization - and believe so themselves. Identifying concerns, personalities, or preferences that continually turn down offers or stop their candidacy before a decision from the company is made will allow HR to better spend its time.

Modeling tools can generate a "propensity to accept an offer" service that could be used for this workforce guidance or even to identify the reasons some candidates say "no." Such data can then be sent up the chain to look at different cultural, benefits, pay, or other concerns that a business can change to become more enticing to the talent it wants.

Approach Analytics with Long-Term Aims

To achieve sustainable success, an organization needs to look beyond any specific metric and focus on broad business priorities and needs. Workforce analytics is the art and science of connecting data to discover and share these insights about your workforce that will lead to better business decisions.

While retention is a common theme, there are also a variety of needs in determining loyalty, profiling for success, protecting employees, and reducing many institutional risks. Workforce capital analytics tools help address almost all HR concerns by reducing HR costs and hurdles related to data collection and management, as well as advancing the improvement of the workforce by discovering trends to embrace or avoid.

Making strategic workforce decisions without the data to back them up is as good as guessing, and it's an issue that has long prevented HR from making a bigger impact on business outcomes. While an HRIS is fundamental to managing current business activities, it does not provide the data or insight to predict what may come next successfully.

Regardless of the specific HR application a company wants to address, there are a variety of requirements for successful analytics usage. Core necessities include the ability to collect data from multiple sources, both internal and external; a framework that supports multiple types of users; feedback and update support; ability to adjust priorities; and the ability to add new types of data sources.

Modern services, such as Pegasus Advanced Workforce Analytics which has a version build with the SAS analytics stack, can automate many of these tasks and requirements.

Analytics Empowers HR to Support Organizational Success

The role of HR departments has changed substantially in recent years and is poised to grow significantly more important as the adoption of analytics tools increase. The department is a hub of staff data that is fed by nearly every other spoke in an organization.

The tight workforce climate, organizations will turn to HR to help build long-term safety nets and growth plans to keep employees engaged for years to come. This means a reliance on a combination of experienced professionals and the right data tools to make decisions that can positively impact performance.

Investing in both people and technology is a prerequisite to success. Workforce analytics provide the business insight, both reactive and predictive, that HR teams can use to address the human capital challenges specific to today and in the next quarter or year. The ultimate aim is to reduce the burden associated with collecting data and identifying trends to support HR's decision making to improve the life of an organization.

Recent advancements are making it easier for HR to afford these solutions and speed up their time to value. With on-premise and cloud systems that are built to integrate with other software easily, the conversation is focusing more on what HR needs, and less on what IT would have to learn. IT has a supporting role but does not need to be fully involved.

The same simplicity now means it often takes just weeks for a full integration to bring data together from a variety of sources and start generating insight. HR teams are no longer limited to an HRIS, but instead can fully utilize that data and layer other information on top, creating a system that truly predicts employee, workforce, and company needs with data from all available sources.

In the near-term, more than 40% of organizations are limited to basic HR reporting. Robust analytics may provide a competitive advantage. In the coming years, analytical capabilities will become a standard practice and lacking their foundation may become a significant disadvantage in retaining the workforce required for growth.

About the Sponsor:

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