



**USING DATA TO BETTER MANAGE  
YOUR COMPANY'S WORKFORCE**



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If you have been to any Human Resources (HR) professional development opportunities recently, you know that data analytics is a hot topic in the field. Industry experts believe that the use of data analytics is poised to transform Human Resources as we know it today.

HR analytics is defined as the application of data mining and business analytics techniques to HR data with the aim of learning more about your organization and its talent pool. There are three types of analytics that are currently trending.

### TYPES OF TRENDING ANALYTICS

#### **Talent Analytics**

This is not based on numbers, but rather qualitative data. The idea behind it is interviewing staff in order to identify top performers, analyze turnover, root out reasons for attrition, identify gaps in training, and develop strategic plans for employee recruitment, retention, and personal and professional development.

#### **Workforce Analytics**

This type of analytics is more numbers based. It is meant to help HR professionals develop enhanced recruiting methods, make more intelligent hiring decisions, optimize organizational structure, quantify job satisfaction, and determine the need for new positions within the organization.

#### **Workforce Analytics and Planning**

This involves developing procedures that a company can implement to develop and maintain the most efficient workforce while maximizing profits and insuring success long into the future.

### PREDICTIVE ANALYTICS

Another type of analytics growing in popularity is Predictive Analytics. With this type of analytics, leaders make strategic decisions for their organization based strictly on numerical data presented to them. This data is typically provided in an easily digestible manner such as through summary reports and graphs.

The data needed to make these decisions can be collected from a variety of sources, such as employee surveys, exit interviews, employee demographics, training and educational records, leave and payroll data, and even informally through social media.

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### 6 FACTORS DRIVING COMPANIES TO INCREASE ANALYTICS

According to a study conducted by the IBM Institute for Business Value, there are six major forces driving companies to increasingly use analytics to understand and manage their employees.

#### 1) Changing Labor Market Dynamics

Today's workforce is increasingly both mobile and global, meaning many managers do not physically see their employees on a daily basis. In fact, they may never see their employees in person at all. This, of course, makes tracking employees a greater challenge. Are they keeping up with their work? Are they maintaining the skills and abilities they need to stay relevant in the workplace? Using the insight provided by data analytics, companies can design more effective training programs that will provide employees with the skills needed in an ever-changing marketplace. They can also use data to determine areas for knowledge growth where new employees may be needed.

#### 2) Skyrocketing Data

There are now more sources of data at our fingertips than at any other time in history. The internet connects us all to an enormous amount of information on employee likes and dislikes, means for enhancing collaboration, and options for training and managing at a distance, just to name a few.

#### 3) Rising Regulatory and Compliance Demands

Because so much data is now available, there is an increased demand for companies to be completely transparent with the public regarding how they are running their business. Analytics allow organizations to demonstrate how they are upholding the law in their daily operations.

#### 4) Shifts in Strategy

The business world moves quickly, and companies are expected to keep up if they want to succeed. Analytics can help businesses identify skill shortages and develop strategies for keeping pace with the changing times.

#### 5) Higher Employee Expectations

When you invest in an employee, you of course want that individual to stay with your company for as long as possible. This means keeping them engaged throughout constant demands for higher productivity. With

#### BENEFITS OF ANALYTICS

Through the use of analytics your company will experience a variety of benefits. These include:

- The ability to improve overall organizational performance through well-informed hiring decisions.
- The capability to forecast upcoming requirements in the workforce and utilize these informed predictions to improve business performance.
- The ability to develop training sessions to optimize the talent of your employees.
- The capability to identify the reasons why your employees choose to leave and address them in order to keep your very best talent.
- The ability to better manage job applicants on the basis of their qualifications for the position for which they are applying.
- The capability to recognize the factors and signs of diminished employee satisfaction and/or productivity.
- The ability for Human Resources to demonstrate the importance of its role in helping a company achieve its goals.

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analytics, a company can better understand what drives employee turnover and identify ways to incentivize top employees to stay with the organization.

### 6) Company-Wide Use of Analytics

For some, it's merely a matter of practicality. If the data is already there and readily available, why not use it to your organization's advantage?

## STRATEGIES FOR IMPLEMENTATION

If you are ready to start incorporating data analytics into the decisions of your HR team, HR People + Strategy offers the following advice on the appropriate steps for implementation.

- First, start small. Determine your company's top two or three most critical outcomes to focus on in the beginning. Some good starting points may include employee productivity, employee turnover, customer satisfaction, costs, and safety-related data.
- Next, determine where you will need to go to obtain the data necessary to focus on these outcomes. These data sources will be important members of your cross-functional data team. The data team you assemble should include measurement experts, key business leaders, company stakeholders, and members of your HR staff. The measurement experts will help determine the data requirements and help to analyze and interpret the data. The leaders and stakeholders are important for creating a sense of urgency within the group to move the task forward.
- Next, you will need to look at how your company is currently capturing data. This includes determining the frequency of measurement, the levels of measurement, and the individuals involved in the measurement process. What you are looking for is consistency in the data, such as it being measured at the same interval and by the same level of employee each time.
- Next, conduct your data analysis. If you do not have someone on staff with advanced knowledge of statistics, you may wish to hire a consultant to interpret the data. Here you are seeking to understand the relationship between your employees and your business outcomes, prioritize the types of interventions you wish to make, and calculate the anticipated return on your investment to determine how much money you are willing to spend on implementation of new initiatives.
- Next, you will create interventions based on the data and your desired outcomes. Focus on activities that you believe will have a measurable effect on your goals.

After a pre-determined period of time has passed, your final step will be take measure of the outcomes. Determine whether or not your interventions produced your desired outcomes. If not, call your team together to brainstorm ways to change the nature of the interventions to be more successful in the future. From there, you will carry out a continual cycle of measuring, adjusting, and re-prioritizing the outcomes you desire for your organization.



## ROBUST ANALYTICS

Netchex offers employers more than a payroll software. We are a team of payroll, tax, and HR professionals that become an extension of your staff by providing the service and support today's businesses need.

Our standard and on-demand reports give your HR team the tools they need to manage today's growing workforce. Your entire company will be able to operate more efficiently with insights delivered through the Executive Dashboard and expanded analytics to help you make better hiring, staffing, and benefits decisions.



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