



HOW TO USE HR ANALYTICS FOR BETTER WORKFORCE MANAGEMENT



INTRODUCTION

HR analytics allows you to take a data-driven approach to workforce management. By capturing employee data and using it to report on trends in areas such as hiring, pay, and employee development, you can identify opportunities to create programs that support your employees and drive positive outcomes for their performance and engagement.

Using HR analytics effectively doesn't require a team of data scientists or over-complicated HR technology.

In fact, it's quite the opposite. You can use this guide to understand HR analytics and learn how to apply it in your organization. With these practical tips and guidance, you will have the tools to advance the capability of the HR function in your workplace and play a more active role in increasing organizational effectiveness.

Use the guide to learn the value of using HR analytics to make well-informed workforce management decisions.

WHAT IS HR ANALYTICS?

With the aid of HR analytics, organizations of any size can gain deeper workforce insights.

HR analytics is a methodology for collecting and monitoring data that can be used to analyze areas of human capital management (HCM). It provides insights into HR processes and drives decisions affecting the workforce. Using HR analytics, you can measure people data and present it in a format that enables you to analyze the effectiveness of your HR programs and activities.

Recent Oracle research found that the majority of large organizations are [currently using HR analytics](#) to make predictions in areas such as workforce planning (98 percent), turnover (94 percent), and employee development (94 percent). However, the ability to use analytics for better HR decision making isn't limited to large organizations. Whether you have 100 employees or 1,000, you can use HR analytics to gain deeper insight into which HR actions work, which don't, and the changes that will result in the people outcomes you desire.



You can use HR analytics to guide HR activities across all areas of the employee lifecycle journey, including:

- Recruitment and onboarding
- Compensation and benefits
- Performance management
- Training and development

With the aid of HR analytics, you can elevate your decision making and advance HR as the leading data-driven function within your organization.



WHY DOES HR ANALYTICS MATTER?

HR analytics harnesses existing workforce data for better organizational performance.

HR analytics helps you understand the factors that impact the productivity and engagement of your workforce. It synthesizes the data your workforce already generates and makes it accessible, so you can spot patterns in hiring and talent management more easily. By [tracking key workforce metrics](#), HR analytics can help your organization overcome challenges it may be facing, such as:

Weak Talent Pipeline

When your recruiting efforts aren't yielding the candidates you need for open positions, your organization feels it. Given that the [average cost per hire is more than \\$4,000](#), you need a solid pipeline to help you efficiently fill positions.

With the aid of HR analytics, you can do just that. HR analytics helps you track key metrics such as time to hire, cost per hire, and which sources yield the best candidates. As a result, you can make changes in your recruiting activities and improve the quality and quantity of candidates in your talent pipeline.

Several factors can impact your recruitment success, including talent availability, your employer brand, candidate sourcing methods, and your interview and selection process. However, given the variability of these factors and the differences between open positions, it can be difficult to determine the causes of recruiting success (or failure). HR analytics delivers the transparency you need to identify both recruitment triumphs and opportunities for improvement.



High Turnover

According to a Glassdoor analysis of data from the Bureau of Labor Statistics, the average voluntary turnover rate in January 2021 was [25 percent](#). Although turnover varies by industry and between organizations, your organization's turnover rate may be higher than it should be. If so, you can use HR analytics to understand the causes of turnover and what you can do to reduce it. You can track the following metrics to help you manage turnover more effectively:

- **Turnover by manager and department:** Breaking down turnover according to manager or department can help you identify issues unique to a specific part of the organization.
- **Early turnover:** By tracking resignations within the first year of employment, you can determine if onboarding needs improvement for better retention.
- **Employee satisfaction:** Using feedback in employee surveys can help you uncover possible drivers of turnover.

Remote Workforce Engagement

The COVID-19 pandemic required many employees to work from home, and some are likely to stay there. A Gartner survey found that [74 percent of company leaders](#) plan to keep at least part of their workforce remote after the pandemic. Given that your organization is likely to have a mix of employees working at home, on-site, or in a hybrid arrangement, you can benefit from using HR analytics to identify ways to keep employees connected and engaged.

By tracking metrics such as employee participation in virtual training courses and employee performance over time, you can pinpoint areas of the workforce that need more skill-building or manager support to maximize performance. From there, you can test new training methods and identify ways for managers to connect with their fully or partially remote teams.

HOW TO ACHIEVE QUICK WINS USING HR ANALYTICS

HR analytics uses data to solve today's workforce management challenges.

Although HR analytics can certainly identify trends that inform long-term workforce planning, you can also use it for immediate impact in your organization. For example, if you don't have a clear picture of the diversity of your organization, HR analytics can help you identify your diverse hiring rate as well as the number of men, women, and underrepresented groups in specific roles, departments, and geographies. With this information, you can develop a targeted plan to meet your diversity and inclusion goals.

HR analytics can help you identify
your diverse hiring rate.



In every stage of the employee experience, there are areas in which HR analytics can shed light on business issues and support well-informed people decisions. HR analytics can offer answers to the pressing questions your organization may be facing. For example, you can use HR analytics to answer the following questions and get some quick wins that demonstrate its value:

Recruitment and Onboarding

- Which candidate sourcing methods yield the best candidates?
- Which part of our current hiring and onboarding process takes the most time?
- How long does it take for a new hire to reach full productivity?

Compensation and Benefits

- Do we have good pay equity by gender and ethnicity?
- What benefits are most popular or in-demand among employees?
- How have our payroll expenses changed year-over-year?
- Do we have our overtime expenses under control?

Performance and Productivity

- What is the ratio of higher- to lower-performing employees?
- Which training methods or courses lead to the most performance improvement?
- What is the current revenue per employee?





Promotion and Succession Planning

- What is the average time in role between employee promotions?
- Do we have a solid bench of talent to back up key roles within the company?
- How can we track the career progression of our high-potential employees?

With the ability to answer these questions and more, you can solve common talent management problems and position the HR function as the go-to source for accurate workforce data.

POTENTIAL OBSTACLES TO USING HR ANALYTICS

How to overcome the challenges preventing you from realizing the value of HR analytics.

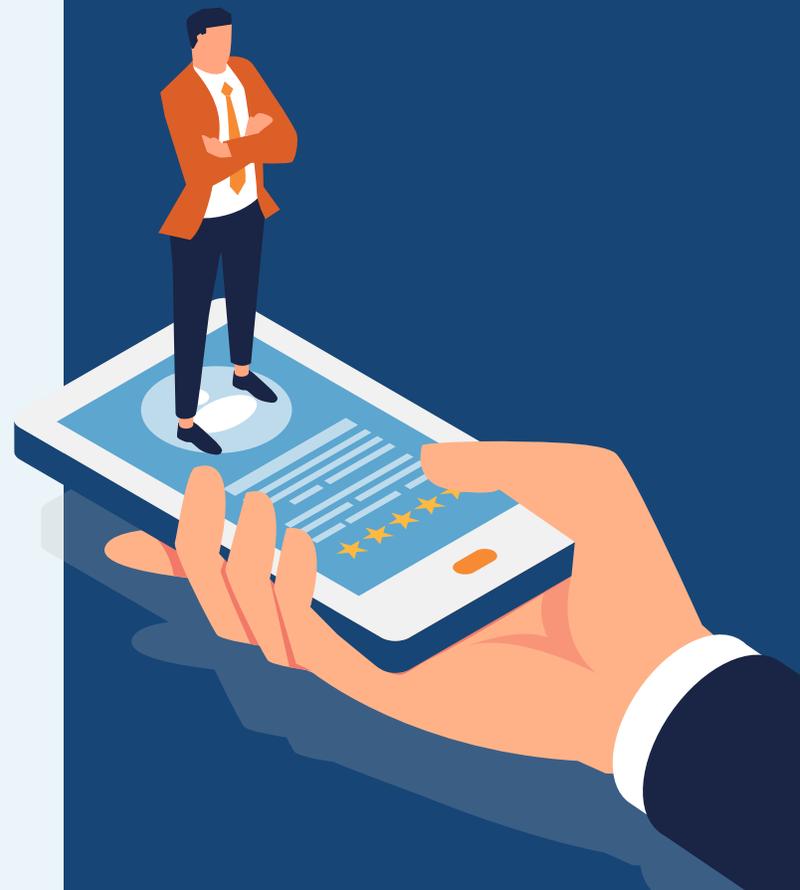
Despite its value, HR analytics is not utilized in some organizations. A recent Deloitte study found that 74 percent of surveyed HR and IT executives rated HR technology as important or very important to their organization, but only 26 percent said they use HR technology and analytics effectively.

Not having access to HR analytics is a competitive disadvantage. Without HR analytics to help you see the full impact of your HR activities, it will be harder to anticipate future needs and identify improvements that will further support your workforce.



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There are several reasons an organization may not be using HR analytics or may only be using it sparingly. Here are some of the common obstacles you may encounter and how to overcome them:



Not knowing where to start: Sometimes, you don't know what you don't know. However, by [mapping the stages of the employee lifecycle journey](#), you can identify all the possible areas in which you can use data to identify areas for improvement.



Limited understanding of its benefits: If the concept of HR analytics is new to you or you're not sure how it could help, now is the time to work with a trusted workforce management partner who can connect you to [resources that educate and inform](#).



Budget restrictions: HR analytics doesn't require investing in a separate, standalone system designed for that purpose alone. When you use [workforce management software](#) for the full spectrum of payroll and HR services, you have built-in access to powerful HR analytics and reporting.



Poor or non-existent integration of HR systems: Using legacy HR systems that don't speak to each other stands in the way of getting consistent and accurate workforce data. By replacing your disconnected systems with [one integrated system](#), you can access consolidated analytics covering your entire workforce.

THE REQUIRED COMPONENTS OF HR ANALYTICS

Be sure to have the necessary systems in place for HR analytics to work properly.

To use HR analytics in a way that guides your programs and activities, it's necessary to have technology that collects data and provides dashboards and reports to help you make sense of the data. To be truly effective, the platform you use for HR analytics must provide:

- Dashboards to help you monitor workforce management activities in real time.
- Tools for tracking **key HR metrics** such as cost per hire, turnover, overtime rates, and employee absence rates.
- Reports that you can create and customize to meet your unique needs.



Cloud-Based
HCM Software

Simply adding a new system to perform the function of HR analytics won't meet your needs for flexible reporting and data analysis. Instead, you need a platform that pulls all the relevant data together and presents it in a digestible and user-friendly way. In addition to custom reports, your HR analytics platform should be able to generate [standard reports](#) that contribute to more effective HR decision making, such as:

- **Headcount report:** See the impact of hires, terminations, and transfers, and identify teams with staffing shortages or gaps in leadership.
- **Recruiting report:** Keep track of applicants in your pipeline and track the progress of open positions from posting to filling.
- **Performance management report:** Know who your best performers are, as well as those who need improvement.
- **Compensation report:** Identify trends in payroll and employee time off that may impact your bottom line.
- **Diversity report:** Use workforce demographic data to complete diversity compliance forms and stay on top of your diversity metrics.

By using an integrated workforce management system, you avoid having to get one set of numbers from one system, and another set from another system. You can use one platform to deliver relevant, real-time data in the areas of recruiting, payroll, HR compliance, time and attendance, and others.

You need a platform that pulls all the relevant data together and presents it in a digestible and user-friendly way.



HOW TO MAKE THE CASE FOR HR ANALYTICS

Help the C-suite and other relevant stakeholders see the value of HR analytics.

As with any other initiative or program you want to introduce to your organization, you'll need to demonstrate the value of HR analytics and how it can deliver a strong return on investment (ROI). Though you may be convinced, you'll also need to gain support from others in your organization, including senior leadership, key managers, and the rest of your HR team.



Take these steps to make the case for implementing HR analytics in your organization:

- **Articulate existing and anticipated challenges** associated with managing your workforce. For example, perhaps you don't know how much your recruiting efforts cost, or you lack sufficient insights into how to improve retention.
- **Demonstrate how HR analytics aligns with organizational strategy** and can help you make progress toward [critical success factors](#), such as workforce planning, company culture, employee wellness, and engagement.
- **Enlist support from relevant internal stakeholders** who can also benefit from HR analytics, including finance, legal, and payroll.
- **Describe what is required to begin using HR analytics.** Keep in mind that [integrated \(HCM\) software](#) already includes HR analytics in addition to its HR and payroll functionalities, so you don't need to invest in a separate system for HR analytics.
- **Develop and communicate short- and long-term plans** detailing anticipated improvements and the timeline to start seeing the effects of HR analytics.

Five steps to follow to make the case for implementing HR analytics.



WHAT IS PREDICTIVE ANALYTICS?

Use historical workforce data to guide future HR activities and programs.

Predictive HR analytics elevates your analysis capabilities by helping you forecast future trends related to your workforce. It differs from standard analytics in that it allows you to make predictions about employees and the future effects of HR programs.

Predictive analytics uses decision science, artificial intelligence, and other tools to help you manage talent costs, skill shortages, and inefficient processes. Predictive analytics can also improve organizational competitiveness. A 2020 IBM study found that organizations who outperformed their peers were [more likely to be using predictive analytics in HR.](#)



Predictive analytics helps you use HR data more proactively, allowing you to take actions such as:

- Identifying which skills lead to high performance among your employees, and configuring your applicant tracking system (ATS) to search for those skills.
- Creating personalized training programs tailored to the learning and development needs of individual employees.
- Using historical workforce scheduling data to determine optimal staffing levels at different times of the year.
- Predicting when employees will be at risk of leaving the organization.



CONCLUSION: IMPROVE YOUR HR ROI WITH HR ANALYTICS

HR analytics helps both the HR function and the broader organization.

Regardless of your organization's industry or stage of growth, HR analytics can play a valuable role in helping you understand which HR programs and activities drive employee performance and engagement. Whether you need to increase the efficiency of your recruiting efforts or want to understand the link between employee absences and payroll costs, HR analytics presents organized and accurate data to help you take targeted action.

Today's integrated HR technology gives you the tools to understand workforce data trends and patterns across the entire employee experience. [All-in-one workforce management software](#) generates accurate, consolidated reporting that tells the story of your employees from hire to retire. With this data, you can demonstrate the full value of HR and provide organizational leaders with new insights to support workforce performance.

TO LEARN MORE ABOUT HOW FUSE WORKFORCE MANAGEMENT HCM SOFTWARE CAN BOOST YOUR HR ANALYTICS CAPABILITY, SCHEDULE A FREE CONSULTATION.

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