Leveraging analytics for superior employee engagement
The value of HR analytics

Analytics are becoming crucial to every stage of the hiring process, as well as to the entire workforce planning and management cycle. With data analytics, organizations are empowered to attract, acquire, develop and retain top talent. Human resource analytics bring together HR and business data from different parts of the business, including data in social networks, recruiting networks and talent networks. As a result, HR departments are able to address a wide range of challenges, including analyzing attrition, selecting high-performing job applicants, identifying characteristics of high-performing sales and service teams, predicting compliance risks, analyzing engagement and culture, identifying high-value career paths and spotting leadership candidates.

But HR analytics have a real impact only when they are forward-looking and truly predictive in nature. They can then be used to analyze survey data on employee engagement and customer satisfaction to answer such questions as, “Are highly engaged employees also highly satisfied?” Powerful insights can emerge, and these can lead to decisive actions.

While there’s been a lot of excitement about HR analytics (also called people analytics or workplace analytics), many of these solutions have been highly focused on operational reporting — collecting simple metrics such as total headcount, time to hire and retention rates. The challenge has been that, traditionally, all these have resided in independent data sources. For example, core workforce data resides in the primary HR system, talent management data resides in other systems, and indirect workforce costs (such as costs for recruiting and facilities) reside in still other systems. Hence the focus was to report on specific metrics, which could not be truly predictive or prescriptive in nature.

Today, for HR analytics to be truly strategic, HR needs to have a single source for all the workforce data, and the ability to connect the data with business outcomes. For example, it is not enough to measure the retention rate; what really matters is how retention affects the bottom line. It is not enough to measure how engaged your employees are; you need to know how that relates to customer satisfaction.

Fortunately, a major shift is now taking place. After years of talking about the opportunity to apply data to people decisions, companies are finally stepping up, making the necessary investments and delivering truly powerful solutions.

Six steps to higher employee engagement:

1. **Prioritize** your HR initiatives, favoring those with the highest possible impact.
2. **Integrate** HR analytics efforts that were formerly disparate and siloed.
3. **Staff** the analytics team to include people who can act as partners with the business.
4. **Collaborate and seek buy-in** from other key stakeholders, including IT and the business.
5. **Invest in data.** To generate the highest value in analytics, run an integrated, valid and reliable database. You’ll need access to external data, too. While this effort may take time and investment, it’s likely to be justified by the returns.
6. **Focus on security, privacy and anonymity.** Ensure that your HR analytics embed security policies and data privacy in the overall governance process.

Industry Perspective

Six steps to higher employee engagement:
The HR Analytics Maturity Model

A powerful tool exists to help us understand the growing maturity of HR analytics. In 2012, Josh Bersin, a leading thinker in this field, created the HR Analytics Maturity Model (shown in Figure 1) to explain the different levels of HR analytics adoption. His model defines four maturity levels, illustrated by a pyramid in which the base (Level 1) represents the lowest level of maturity, with the highest (Level 4) at the tip.

![The HR Analytics Maturity Model](image)

**Level 1: HR reporting**

At this level, an organization’s HR analytics are focused principally on ad hoc operational reporting, which involves collecting metrics such as turnover ratios, labor costs and training costs. Analytics at this level are reactive to business demands, characterized by data isolation and difficult to analyze.

**Level 2: HR effectiveness**

This level is focused on efficiency and proactive, advanced reporting. In organizations at this level, HR analytics focus on operational reporting for benchmarking multidimensional decision making. Typical metrics include time to hire, cost per hire, absenteeism and HR service delivery scores.

**Level 3: People optimization**

At this level, predictive analytics come into play, and organizations focus on the statistical analyses of people models and other dimensions to understand causes and deliver actionable insights. Level 3 analytics include predictions of employee churn, identification of potential high performers, and training for volume forecasting.

**Level 4: Business optimization**

At this level, decisions are integrated with business requirements, and predictive model scenarios are developed for planning, risk analysis and mitigation. These scenarios are also integrated with strategic planning. Analytics at this level include advanced workforce planning and the measurement of employee engagement using both internal and external data.
As organizations work their way up the HR analytics maturity pyramid, they’re likely to encounter several key challenges:

- **Level 1 — Siloed, disconnected data and tools.** Nearly all organizations are wrestling with massive amounts of both internal and external siloed data, as well as an inability to communicate and share data because of disparate tools.

- **Level 2 — Lack of optimization.** The organization has the right data, but needs to extract the right information from that data to optimize the stages of the talent management life cycle.

- **Level 3 — Analytics expertise.** Many organizations lack the resources needed to create and translate HR data into business outcomes.

- **Level 4 — Predictive insights.** Despite a deluge of data, many organizations struggle to determine trends and anticipate future workforce behavior and organizational needs.

Organizations need to prioritize their investments and focus on the areas where analytics can drive maximum benefits. The identification of data sources, and access to them, should be achieved in a structured manner. In addition, any analytical output should be embedded in the decision-making process — not isolated in a standalone model — to achieve real benefits. As we scaled up the HR analytics maturity pyramid, DXC developed an HR analytics framework.

**DXC HR analytics framework**

The ultimate goal of an HR analytics framework is to focus your organization’s attention on areas that are key to talent analytics success, and that will lead to the greatest return on investment. Within DXC, we have followed this broad framework (illustrated in Figure 2), and have demonstrated quantifiable business impact as a result of using it. More importantly, we have also looked at packaged analytics modules that allow our analytics capabilities to be scaled across similar business situations as solutions — from common frameworks to comprehensive systems.

**Workforce planning analytics**

We define workforce planning analytics as the ability to understand past and present workforce needs, as well as anticipate future workforce requirements. Workforce planning has evolved from an annual headcount activity to a strategic, predictive exercise. Companies can now scrutinize data from various sources and apply predictive analytics to anticipate and plan for their future needs. This could range from building acquisition plans during the up cycle of the economy to creating reduction plans during the down cycle. Together, these actions can help improve employee retention, engagement and productivity.
**Talent sourcing and acquisition analytics**

The benefits of predictive analytics can also be applied to acquiring workforce talent. One key capability necessary to transforming talent data into talent insights is the ability to connect the performance data of candidates with their recruitment analysis. This can provide HR with a clear image of what makes candidates succeed, where they came from, how they developed and what their value is to the organization. It also lowers the risk of wasting time, money and resources on the wrong employee.

Big data technologies and tools can empower HR and acquisition teams to be more productive when sourcing, connecting and engaging with job candidates via social media and career sites. Acquiring talent today is a combination of art and science. The art includes hiring managers’ instincts, intuition and experience. The science includes the power of predictive modeling. In combination, they can help deliver the best prospective hires.

**Employee engagement analytics**

How engaged are your employees? The answer is both important and difficult to obtain. Employee engagement data faces the same challenges as other survey-based efforts. Many organizations find themselves inundated with large volumes of data from multiple locations and sources, including business-to-business data, business-to-consumer data, traffic data, transactional data, third-party vendor data and macroeconomic data.

While an employee engagement survey can be a good starting point, organizations now need to go beyond the survey. What is needed to truly understand employee engagement are analyses of other data. More direct measures of employee engagement are gaining traction, and they hold the promise of delivering early warning signs of employee fatigue and attrition risk. For example, text and sentiment analyses of social media posts and blogs can help HR officers monitor employees’ motivation levels through engagement analytics.

**Attrition management analytics**

Yet another challenge is improving employee retention and reducing employee attrition. To meet this challenge, many organizations are experimenting with technology-based approaches, such as smart badges that can be used to gather data about workspaces. Data collected from the badges can help the organization determine whether offices with larger shared workrooms, more light and more intercompany collaboration lead to higher retention and productivity.

Similarly, one pharmaceutical company now collects data from LinkedIn and other social networks. Its goal: to predict “high-flight/high-risk” candidates among its high-potential employees.

Attrition management needs to be performed on a continual basis and, like any other predictive model, it should have a self-learning/self-correcting module built in.
Figure 3 shows a simple framework for ongoing attrition management.

When addressing attrition, it’s important to factor in other elements. These can include the lifetime value of employees; their high, medium or low value; why and when they might leave; and what can be done to improve retention.

**Learning analytics**

Learning and development (L&D) executives are now under more pressure to show value and ROI. With so many information delivery channels available, and faced with the constant need to update content and train employees in new technologies, the L&D department finds itself under severe pressure. In this volatile environment, L&D executives should be prepared to answer several key questions:

- Which types of training are likely to yield the best ROI?
- Which delivery media are best suited for various content types?
- Which media work best with specific workforce segments (for example, new hires, the sales force, technical leads and senior leaders)?

Learning analytics can answer these questions and more by applying statistical methods to find the hidden correlations in data you may already have.

Once an organization knows which programs work and who is benefiting, it can move beyond incremental improvements. In fact, for many organizations, learning analytics are already making the L&D function more accountable by transforming the very way it operates. The result: better business outcomes and impressive opportunities for cost savings related to people, processes and technology.
At DXC, we have aligned our solutions across the HR Analytics Framework

<table>
<thead>
<tr>
<th>Workforce Planning</th>
<th>Talent Sourcing and Acquisition</th>
<th>Employee Engagement</th>
<th>Attrition Management</th>
<th>Learning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consult with business on the overall people plan and deliver data-driven, insightful recommendations for highest-priority opportunities</td>
<td>Help global staffing team make strategic decisions on campus and intern recruitments</td>
<td>Correlate business outcomes and customer satisfaction with employee satisfaction levels</td>
<td>Provide an attrition prediction model to identify key drivers of attrition and employee attrition probability</td>
<td>Analyze the effectiveness of sales training and its impact on the pipeline</td>
</tr>
<tr>
<td>Identify effectiveness of new hires in terms of cost-benefit comparisons with internal salespeople</td>
<td>Provide alternative locations to reduce delivery costs and manage continuity</td>
<td>Analyze the effectiveness of online HR support among employees across various levels</td>
<td>Develop predictive model to help identify top talent among executives</td>
<td>Identify key initiatives driving improved learning outcomes</td>
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<td>Analyze hiring-channel effectiveness</td>
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<td>Provide forecasting certification, training and exam volumes to predict cost recovery</td>
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For further reading:


About DXC Technology

DXC Technology (DXC: NYSE) is the world’s leading independent, end-to-end IT services company, helping clients harness the power of innovation to thrive on change. Created by the merger of CSC and the Enterprise Services business of Hewlett Packard Enterprise, DXC Technology serves nearly 6,000 private and public sector clients across 70 countries. The company’s technology independence, global talent and extensive partner network combine to deliver powerful next-generation IT services and solutions. DXC Technology is recognized among the best corporate citizens globally. For more information, visit www.dxc.technology.