8 STEPS TO START PEOPLE ANALYTICS

A guide on how to start working with data in HR

HUMAN PANEL;

8 STEPS TO START PEOPLE ANALYTICS

TABLE OF CONTENTS

HUMAN PANEL;

INTRODUCTION

HR managers are sitting on a goldmine – even if they do not always realize it. All the data they collect throughout an employee's lifecycle in the company can be business-relevant and help management make informed decisions. The biggest challenge is turning that raw data into meaningful insights.

That's exactly what people analytics is for.

But how to start people analytics?

In this document, together with an HR business partner and people analytics expert, Mateusz Karpiński, we will guide you through the key steps of implementing a more data-driven approach in HR and answer key questions about starting people analytics.

HUMAN
PANEL

STEP 1: IDENTIFY THE CHALLENGE

To begin your people analytics journey, first you need to understand what business problem you are trying to solve.

- Is it a high turnover rate?
- Is it the rising cost of recruitment?
- Is it declining employee satisfaction?

"These challenges should be identified in a conversation with the business leaders, the owners or other stakeholders, depending on the size of the business," says Mateusz Karpiński.

Ask stakeholders what they are struggling with. What do they want to improve or achieve, and what do they expect?

 Sometimes they will not give you a clear answer and just say: "we do not win enough projects". Keep on digging, why – is it because they don't have enough business developers? Or maybe it's about their competencies?

HUMAN
PANEL;

STEP 1: IDENTIFY THE CHALLENGE

Example

A manager of Team X says, "My employees are leaving the company. I cannot deliver the expected results because the turnover rate is too high and I cannot replace those who leave with new employees."

That can be the starting point for a discussion. Now, you should think about why this issue is important and what impact it has on your business. You should ask some follow-up questions:

- How does this problem affect the team's performance?
- What results would you like to achieve?
- How are these outcomes likely to impact the organization?
- Who will be affected by these outcomes?

HUMAN
PANEL;

STEP 3: GATHER THE DATA

Once you know what your data points are, you can collect and organize them in one place. This way, you start building a database that will be a pillar for your data ecosystem.

You can start by organizing the information in a simple spreadsheet, or you can opt for one of the specialized people analytics tools.

Remember that "data" does not just mean raw numbers, metrics like payroll and NPS. A conversation with the employee about their performance is also an important source of data. The same goes for insights from managers and employees.

HUMAN PANEL
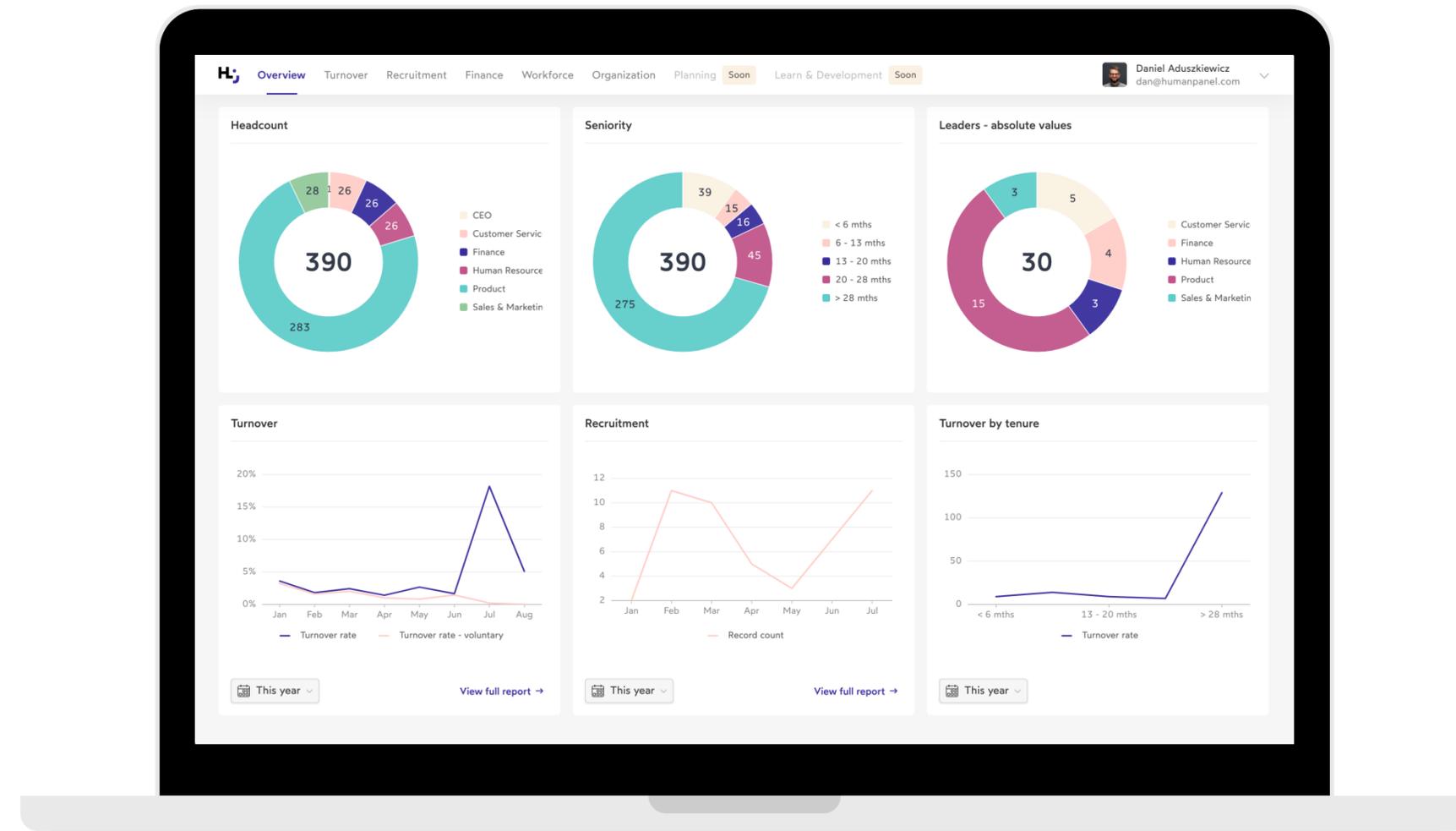
STEP 4: CLEAN THE DATA

The next step is data cleansing. In this phase, you need to sort your information and remove the data points that are not relevant or of insufficient quality. You should remove any incorrect or inconsistent data as well as extreme outliers.

Example

For your employee satisfaction survey, you use the employee ID as the identification point. For exit interviews, you use first and last names, making it difficult to compare. How do you determine who is who? Cleaning the data means you always use the same identification metric.

Another issue is how you collect the data. Sometimes you use Google Sheets, other times it could be e-mail or a dedicated survey platform. In each of these cases, the data may come in different formats, and even different date formats can cause unwanted chaos.

HUMAN
PANEL;

To perform an insightful data analysis, break it down into smaller steps:

Defining the objective
Descriptive analysis
Diagnostic analysis
Predictive analysis

Defining the objective

Focus on the goal you want to achieve and the question you want to answer. Analyze only the data that is truly relevant to your investigation.

For example, if you are investigating why employees leave Team X, you can exclude those who retire from your analysis.

HUMAN PANEL;

STEP 5: DESCRIPTIVE ANALYSIS

Descriptive analysis

Descriptive analysis answers the question "what happened". It is a retrospective analysis that reports on past events and serves as the first level of your investigation.

Descriptive analysis shows you a synthesis of raw HR metrics such as:

- How many people left Team X in July.
- What position these people held in the company.
- What age they were.
- How much they earned.
- Who their supervisor was.
- What learning and development opportunities they took advantage of.
- How long it has been since they were last promoted.
- What their performance was.

HUMAN
PANEL;

STEP 5: DESCRIPTIVE ANALYSIS

It is important to understand that this is only the first level of data. To run a thorough analysis, you will need to add information about the employees who have left the company. The sources for this can be surveys, polls, and exit interviews. This kind of information can deepen your knowledge and answer the following questions:

- What were the reasons employees gave for leaving?
- How high was their level of engagement and satisfaction?
- What kind of feedback did they give about the company?
- How did they rate their managers?
- Where did they leave the company?

These questions are not exhaustive, but they highlight the mindset you should have. The key is to keep digging deeper and asking "why". That way, you have a chance to get to the root of the problem.

HUMAN
PANEL;

STEP 5: DIAGNOSTIC ANALYSIS

Diagnostic analysis

Now it's time to correlate the data. Diagnostic analysis shows you the relationships between the data and answers questions like:

- What is the turnover in Team X related to? Is it related to gender, age, position, compensation, time since last promotion, or the change of a leader?
- How does it look on the timeline – is it related to changes in the way you work (remote/hybrid) or are external factors involved, such as intense recruiting by your competitors?
- How did the employees who left you respond in surveys and interviews? Were there any leading indicators of their dissatisfaction?

Again, this is by no means an exhaustive list, but it will give you a general idea of what to expect from a diagnostic analysis.

HUMAN PANEL;

STEP 5: PREDICTIVE ANALYSIS

Predictive analysis

Predictive analysis uses known data to answer the question "what will happen" – making predictions about future events.

It is primarily used in planning, but can also help predict who is most likely to leave your company.

Using algorithms and machine learning, it shows you who is at risk and which areas you should address first.

HUMAN
PANEL;
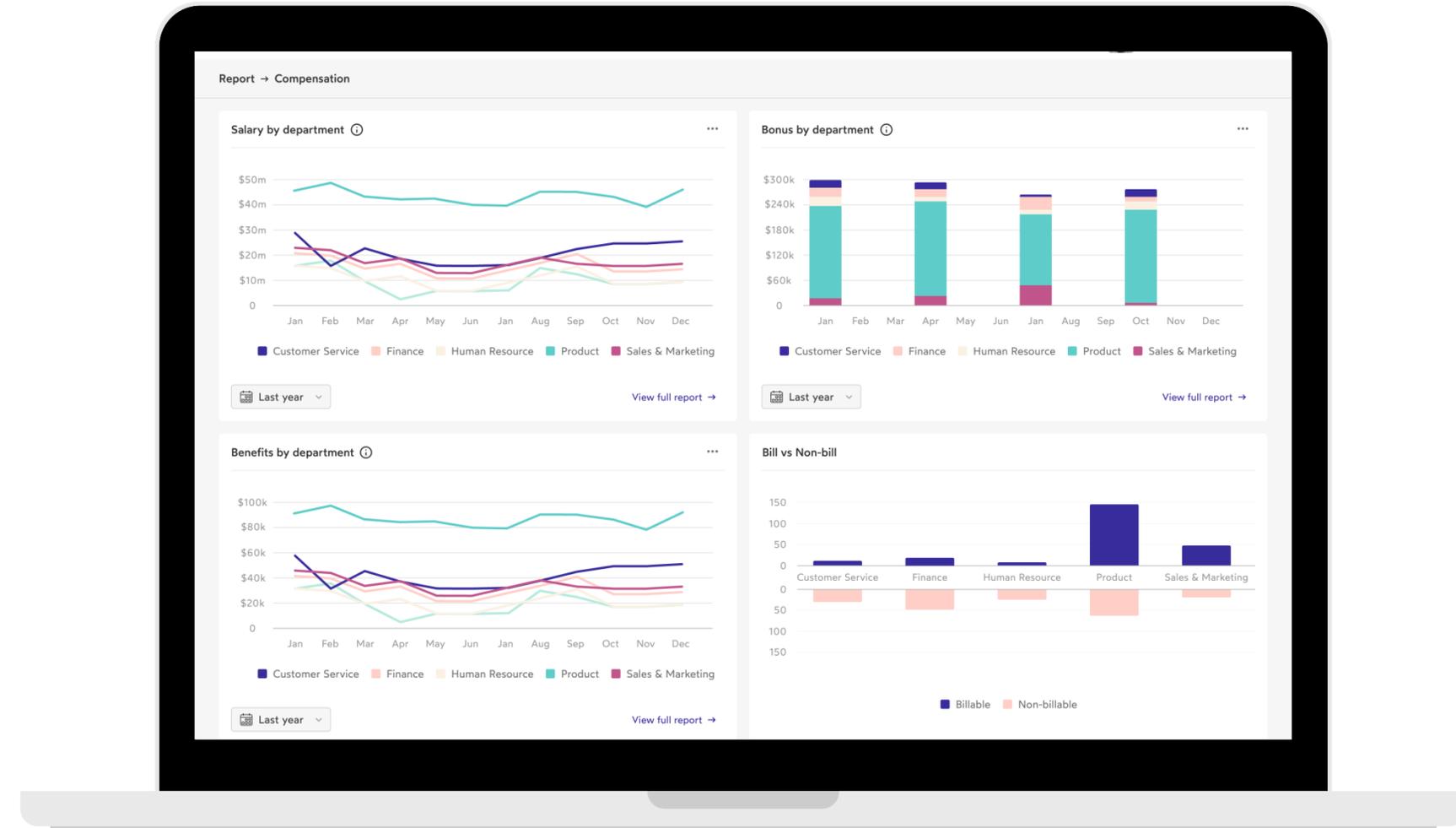
STEP 6: EVALUATION

Before you start turning your insights into actions, you need to evaluate them and decide which ones are most relevant and which ones may be just "noise". Are there any surprises? Or has your hypothesis just been confirmed? Do you see the need for additional analysis?

It's also a good moment to structure and organize your conclusions to get ready to present them to the key stakeholders.

"You can show that your HR decisions have an impact on the business and prove that HR is no longer about admin work or talking. It's about making an impact and working closely with the business to optimize costs, and generate profits or savings," Mateusz Karpiński says.

HUMAN PANEL;

Translating the insights and explaining their meaning is an important step – you need to decide who should be told about your key findings and why they are important to the business.

"Hard facts rather than assumptions pave the way for a data-driven conversation with key stakeholders and elevate the position of HR. You can say, 'I know the root cause of the problem and how we can solve it. I am not experimenting to see if something works, I have numbers to back up what I am doing,'" Mateusz Karpiński comments.

Action

Once you have the insights and have explained them to your executives, you can take action and come up with an intervention strategy. Then, it's also important to monitor these strategies and see if they are producing the desired results. What impact are they having? Is the change visible? Are there areas where you are not having success? And why?
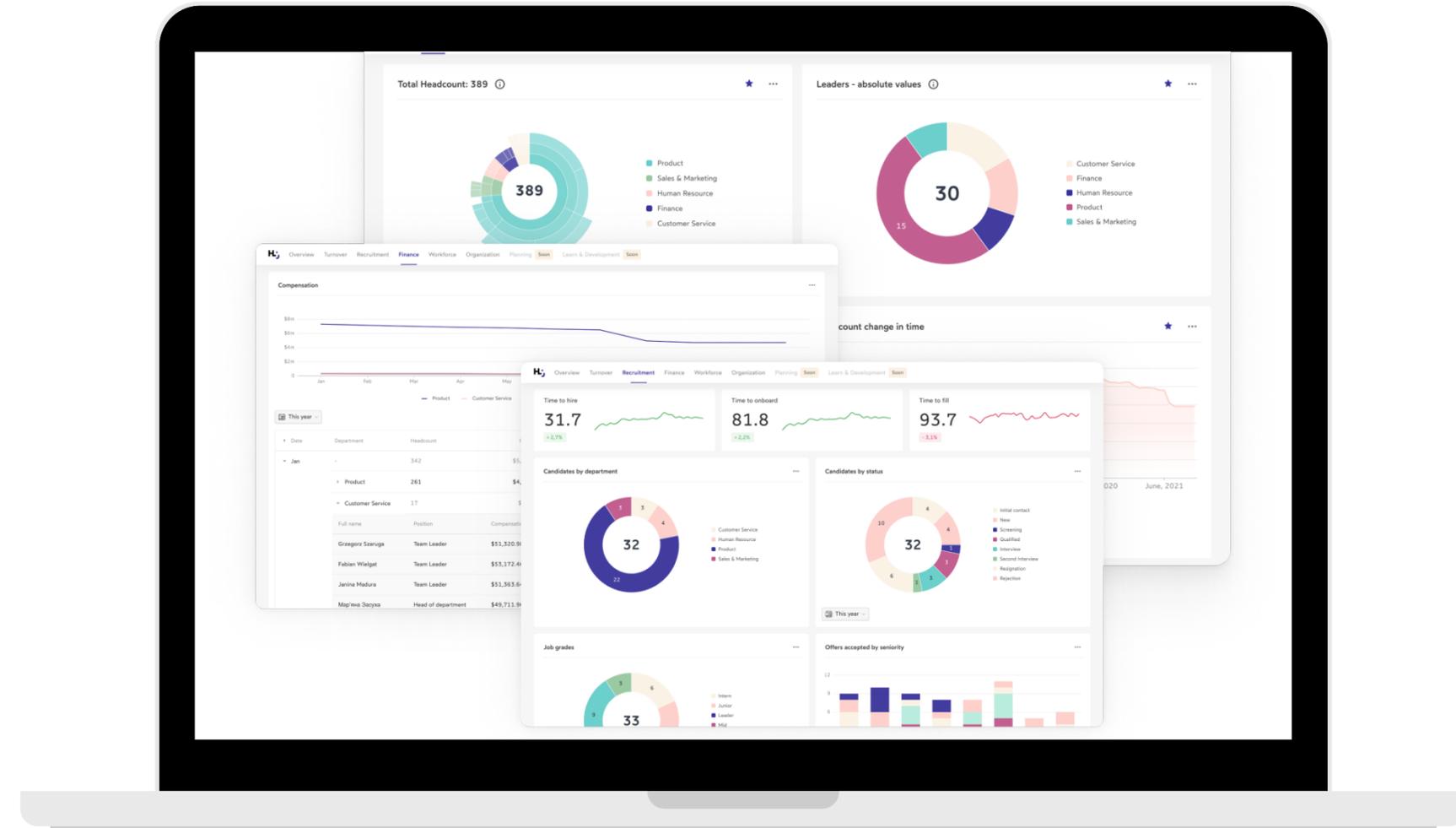
HUMAN PANEL;

TOOLS TO START PEOPLE ANALYTICS

Try Human Panel

The truth is, you don't have to perform all those tasks yourself.

Data gathering, cleansing, and integration can be time-consuming processes that need your full attention. This is where you might want to try a people analytics platform, such as Human Panel.

With us, there is no painful starting point – we import data from any source and take care of data cleansing and all the integrations and automations.

TOOLS TO START PEOPLE ANALYTICS

You can be sure that your data is safe with us – we act in accordance with the GDPR legislation and ensure the highest grade of protection and control for all data.

With Human Panel, you don't need an HR analyst either. In fact, hiring such a person costs usually 3 times more than using our platform where all data is accessible to everyone.

You can automatically generate reports and visualize data in a user-friendly way that's accessible to everyone.
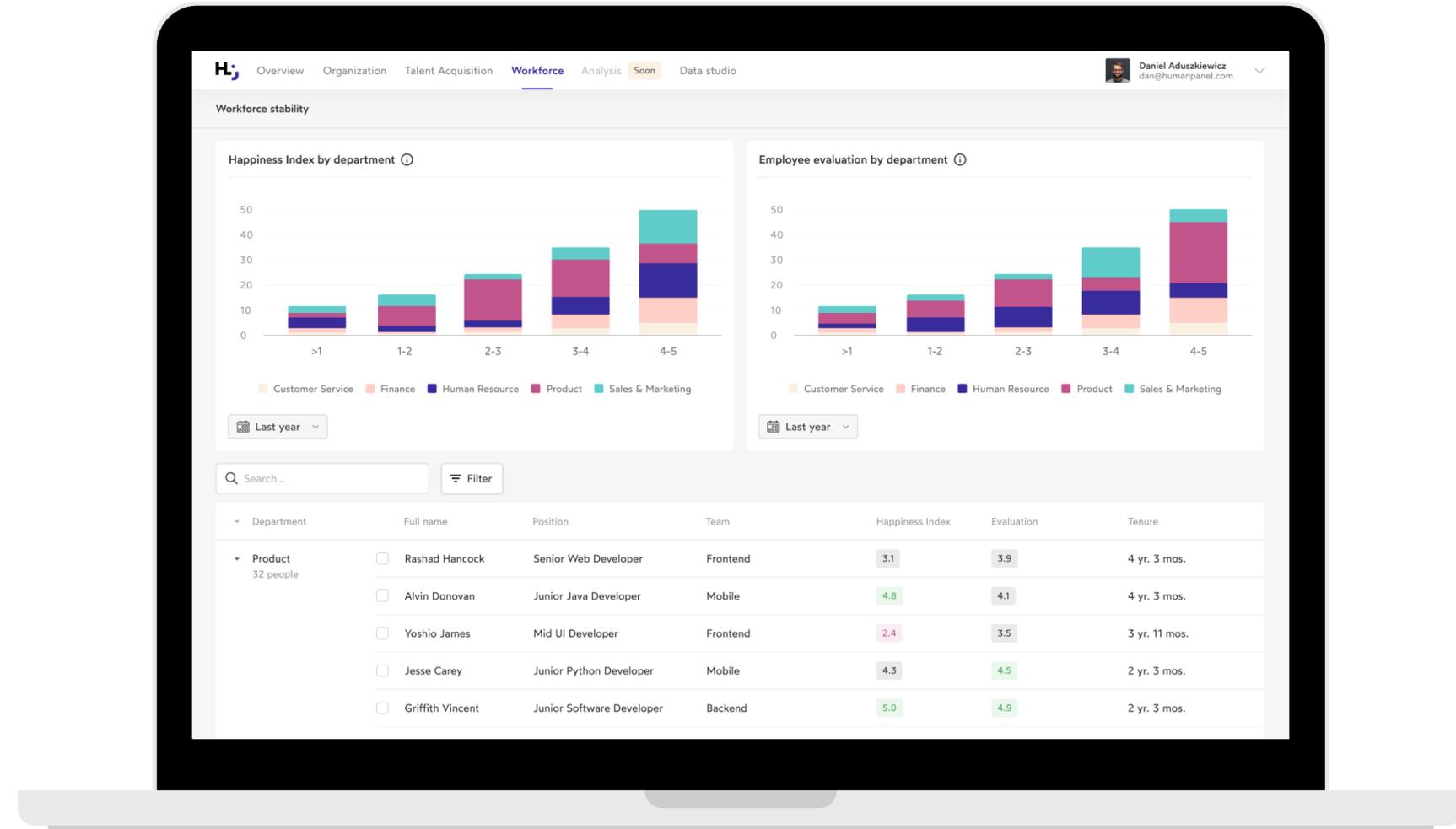
AUTHORS

DANIEL ADUSZKIEWICZ
CEO & CO-FOUNDER OF HUMAN PANEL

MATEUSZ KARPIŃSKI
PEOPLE ANALYTICS EXPERT

Version 1.0 - September 2021

Contact us: hello@humanpanel.com

HUMAN PANEL