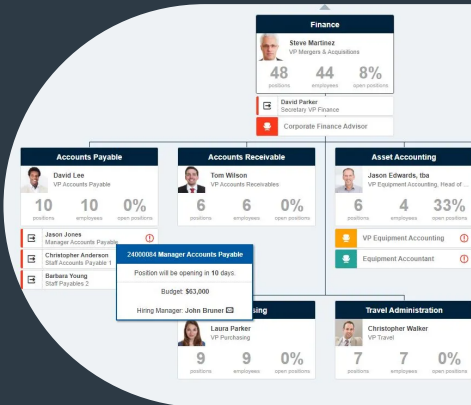


Data-driven decisions in HR

How People Analytics strengthens companies



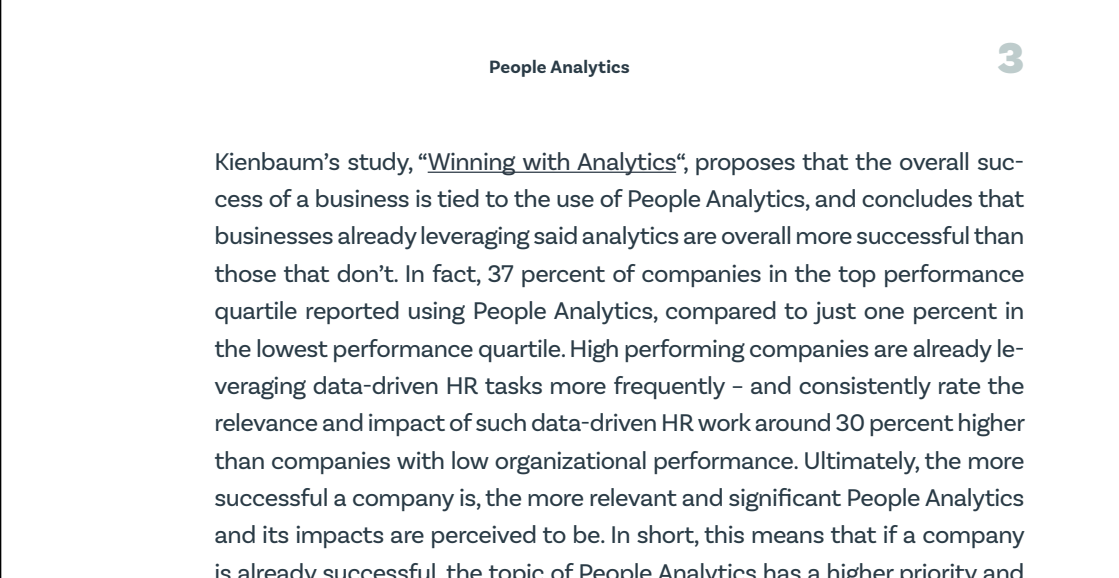
ingentis

Bringing Potential to Life



How to tackle the employment crisis with People Analytics

Currently, companies are becoming more acutely aware how valuable their employees are —and how difficult it is to recruit new ones. The prolonged shortage of skilled workers and labor is quickly reaching an all-time high due to substantial changes in demographics. By the end of 2035, the number of working-age people in Germany could decrease by around three million, according to a study by the Institut der deutschen Wirtschaft (German Institute of Economics). Additionally, the risk of emigration out of Germany is increasing. Productivity is decreasing as a result of exhaustion, employee dissatisfaction in the workplace, and more. That being said, now is the perfect time to take measures to counteract these trends. Thankfully, there are technical solutions that can help decision-makers identify negative developments and take corrective actions. People Analytics focuses on the most important resource that businesses have: their employees. In this context, innovative software solutions can lend support by helping companies visualize their current situation, and deriving in-depth and insightful analysis from it, thus allowing for precisely targeted optimizations to be undertaken.



Kienbaum's study, "[Winning with Analytics](#)", proposes that the overall success of a business is tied to the use of People Analytics, and concludes that businesses already leveraging said analytics are overall more successful than those that don't. In fact, 37 percent of companies in the top performance quartile reported using People Analytics, compared to just one percent in the lowest performance quartile. High performing companies are already leveraging data-driven HR tasks more frequently – and consistently rate the relevance and impact of such data-driven HR work around 30 percent higher than companies with low organizational performance. Ultimately, the more successful a company is, the more relevant and significant People Analytics and its impacts are perceived to be. In short, this means that if a company is already successful, the topic of People Analytics has a higher priority and provides increased potential.

In this whitepaper, you will learn the following:

1. **What are People Analytics, and how can you benefit from it?**
2. **What are the stages involved in People Analytics, and how do you implement them step by step?**
3. **What factors need to be considered with respect to data protection and co-determination?**
4. **What requirements do People Analytics software solutions need to meet and how do companies find the right one?**

Definition: What do we mean by People Analytics?

People Analytics comprises the use of data-driven evaluation methods to safeguard, simulate, and optimize people management, i.e., the design of HR work (such as analysis, development, etc.) with a focus on individual target groups, organizational units, and even the entire workforce of a business. There are three types of data-based analysis that fall under the umbrella of People Analytics:

Descriptive Analysis: What happened in the past and present concerning people topics and people management?

Predictive Analysis: What are the probabilities of certain events occurring if things continue to be implemented as before?

Prescriptive Analysis: Which actions are conducive to a specific, desired outcome?

Prescriptive Analysis goes a step further than predictive analysis – in addition to probabilities, it provides suitable recommendations for actions regarding specific situations and scenarios. It's important to note that the entire subject is based on Key Performance Indicators (KPIs) and is subject to the requirements and quality of statistics (e.g., measurement scales and appropriate statistical methods).

What benefits do People Analytics offer?

People Analytics refers to the use of data and analytical techniques to garner insights into performance, engagement, and turnover within the workforce, as well as other HR related metrics. With People Analytics, businesses can benefit in the following ways:

Make better HR decisions!

By using People Analytics, HR managers can make more informed decisions based on data, rather than relying solely on intuition and subjective impressions. In doing this, Talent Analytics can then be used to optimize hiring decisions, improve employee retention, and maximize overall performance.



Identify risks and opportunities!

With the help of People Analytics, risks and opportunities in HR can be identified more quickly. For example, through data analysis, it can be determined which employees may be considering leaving the company, or which skills might be lacking, potentially posing a threat to the company's success.

Sustainably motivate your employees!

In the context of compensation beyond money, People Analytics can help businesses to evaluate and optimize the success and impact of non-monetary compensation strategies. By analyzing data on employee preferences and needs, customized compensation packages can be developed to better align with individual employees.

Promote Diversity!

As the topics of diversity and inclusion (D&I) are becoming increasingly important, People Analytics can lend a hand here as well. Diversity and inclusion within an organization can be improved by analyzing factors such as gender, age, ethnicity, and socio-economic status. Identifying gaps and areas of inequality can help in developing new strategies aimed at promoting D&I.

The benefits are clear!

Overall, People Analytics can support in the optimization of personnel strategy, attracting and retaining key employees, ensuring satisfaction, and gaining competitive advantages by making data-driven decisions.

What are the fundamental phases of People Analytics?

The use of People Analytics in a business can offer a wide range of advantages, and there are numerous practical applications where it can be effectively leveraged. Below, you will learn more about the implementation of People Analytics and get better acquainted with the phases of People Analytics.

Phase 1: Data collection and integration

In this phase, data from various HR systems and sources are gathered to be analyzed, and then processed using a range of decentralized tools. These data might include information on employee profiles, performance evaluations, salaries, workforce planning, and so much more.

Phase 2: Data cleaning and preparation

The collected data can now be cleaned and processed to ensure its consistency and accuracy. This may involve, but is not limited to, checking for missing or incomplete records, removing duplicates, and correcting errors.

Phase 3: Data analysis

Here, statistical methods and algorithms are applied in order to identify patterns, trends, and other relationships in the HR data. Predictive analytic models can also be utilized to make predictions about future events and trends.

Phase 4: Creation of dashboards and visualizations

The results of the data analysis are presented in dashboards and visualizations, allowing for decision-makers in your company to identify new relationships, understand outcomes both quickly and easily, and derive actionable recommendations. In this way, the full potential of employees and, consequently, the company, can be realized – and powerful software solutions like Ingentis org.manager can help achieve this.

Phase 5: Implementation of measures

And finally, the results of the analysis need to be implemented into concrete, actionable items to optimize your company's HR strategy. These items may include, for example, introducing new employee retention programs, adjusting training initiatives, succession planning, management of open headcount, and promoting diversity, equity, and inclusion (DEI) efforts.

Takeaways

It's important to emphasize that People Analytics is a continuous process, whereby the results are regularly reviewed and adjusted to ensure that the HR strategy of the company continually improves.

Where do the data for People Analytics come from?

At this point you should be familiar with the phases of the People Analytics process, and as you might have noticed, it's all based around data. You might be asking though, where do these data actually come from? The answer: They come from various sources, including:

1. HR Systems

Many companies utilize HR systems such as HRIS (Human Resources Information Systems), talent management systems, and payroll systems to store personnel and performance data. These systems can contain data related to hirings, promotions, salaries, employee performance evaluations, and any other number of HR related metrics.

3. Company data

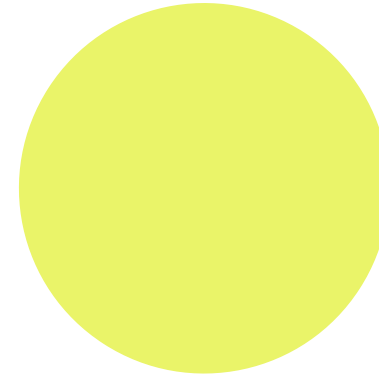
Without a doubt, your company has data from a number of different business areas, including finance, production, sales, and marketing. These data can also contain information relevant to People Analytics. These might include, among other things: revenue growth, customer feedback, and productivity.

2. Employee surveys

Companies often conduct surveys to assess the satisfaction, engagement, and working conditions of their employees. These surveys provide valuable data which can be used to identify factors that influence employee retention and overall performance.

4. External data sources

External data sources such as social media, publicly accessible databases, and reports from market research groups can be used to gain additional insights into HR-related trends and topics.



Pay close attention to this:

It is exceedingly important to ensure that the data used for People Analytics are current, accurate, and relevant to achieve precise and reliable results. Furthermore, compliance with data protection policies and regulations must be ensured, and that data is used ethically and in accordance with applicable laws.



What needs to be considered regarding data-protection and co-determination?

In the context of data protection, there are several crucial aspects to consider in order to ensure the privacy of employees when using People Analytics. Compliance to relevant data protection laws and policies must be ensured, as well as how to ethically use the data. This includes adhering to regulations such as the General Data Protection Regulation (GDPR) within the European Union and EEA, or the California Consumer Privacy Act (CCPA) in the USA. Additionally, certifications like TISAX, an inter-company audit and exchange process for information security in the automotive industry which focuses on data protection, integrity, and availability in manufacturing processes, may apply.

Data anonymization is also exceedingly relevant in People Analytics. Security and privacy measures must be taken to prevent data from being attributable, or otherwise traceable to specific individuals.

Companies need to be transparent and inform their employees about the use of HR data for People Analytics. Employees should be aware of how their data will be used, what types of analyses will be conducted, and how the data will be protected. Additionally, access to HR data should only be granted to individuals who require it within the context of their work. Access control rules provided by leading software solutions offer this as an option, helping prevent unfettered access to data that might not be relevant to all employees. This is especially relevant when handling sensitive HR information such as health data, or information on race and ethnicity. Such information should only be collected when absolutely necessary and requires special care and protection.

Respect co-determination rights

Regarding People Analytics and co-determination in Germany, there are a range of factors to consider, especially concerning labor laws and the role of work councils. In this context, it is crucial to ensure compliance with the individual stipulations of labor laws, especially regarding privacy protection and anti-discrimination policies. Work councils also play a significant role as they typically have a say in matters related to working conditions and how data is processed. In short, the rights and obligations of work councils must be respected, their approval should be sought when leveraging People Analytics that directly affect employees.

What are the pitfalls when implementing People Analytics software solutions?

When implementing People Analytics solutions, a range of challenges might crop up. In order to successfully implement a new system, as well as realize the complete host of benefits, the following points should be considered:

1. Data quality

The quality of People Analytics results depends heavily on the quality of the data being used. Ensure that data is accurate, up-to-date, and complete to allow for meaningful analyses. Leading solutions can assist in consolidating data from various sources and identifying incomplete or incorrect HR data.

2. Resistance to change

The introduction of new technologies can, and often does, lead to internal resistance from employees and managers. It's crucial to take their concerns seriously and adopt an approach that fosters participation and eventual acceptance and support of People Analytics.

3. Lack of integration

Any newly implemented People Analytics software should be integrated with, or into, existing HR systems and processes to ensure that operations remain smooth and data utilization is as efficient as possible. Improper integration can result in data inconsistencies and inefficient workflows.

4. Lack of Know-how

People Analytics requires a combination of technical and analytical skills, as well as an understanding of HR processes and strategies. Accordingly, ensure that qualified personnel are on hand and prepared, or, if necessary, engage with external experts to effectively use the software and generate meaningful analyses

5. Unrealistic expectations

People Analytics can provide valuable insights into an organization, but it's exceedingly important to set realistic expectations. Avoid going into a project with the expectation that the software is going to solve any and all HR related issues - instead, the best approach is to adopt a holistic strategy that combines data analysis alongside organizational changes and strategic planning.

6. Lack of continuity

Setting up People Analytics and leveraging its outputs should be understood as a long-term investment. Allocate the resources necessary to continuously support, maintain, and further develop the solution.

7. Communication and transparency

To build trust among employees regarding People Analytics, it's of the utmost importance that goals, as well as overall benefits, provided by the software solution are communicated clearly and openly. Employees should be kept up-to-date about the use of their data and also understand how the results of any People Analytics projects will contribute to improving the overall work environment.

What are the first steps for the successful implementation of People Analytics?

If at this point you've decided to leverage People Analytics in your organization, the following steps should align with the following:

Clarify goals and priorities! Define objectives and priorities. Determine any and all HR-related metrics you want to measure and improve. This will help identify relevant data sources and analysis methods.

Foster a culture of data analytics! Create an environment that encourages data usage and analysis. Employees should understand and accept the benefits of People Analytics and the use of data in HR decisions.

Identify relevant data sources! Ensure that you have access to all relevant data sources in order to conduct meaningful analyses. Keep end goals in mind, but be aware that aiming for a comprehensive solution right from the start might not be realistic.

Develop analytical competencies! Acquire and build out the necessary analytical skills to analyze HR data. This could involve internal training sessions or hiring analytical experts.

Leverage dashboards and visualizations! Convert the results of any analysis into easily understandable dashboards and visualizations. In doing so, results and how they are communicated to decision-makers can be simplified, allowing for the streamlined facilitation of actions. Innovative software solutions can, as standard, support visualizations, analysis, and optimizations.

Choose an appropriate tech-platform! Select suitable technology, platforms, and analysis tools such as org.manager to collect, process, analyze, and visualize data from various sources.

Implement your optimizations! Finally, it's crucial to translate the results of any analysis into concrete steps and actions. Remember to keep in mind that optimizations should align with company goals and strategy. The key here is to test, learn, and adapt. Uncover the hidden optimization potential of your business and turn it into measurable success!



How to choose the right People Analytics software:

Selecting the appropriate People Analytics software hinges on a wide range of factors. These include business objectives, company size, the nature and volume of available HR data, and user needs. Here are steps that can help in choosing the right People Analytics software:

1. Identify requirements

Companies should have a clear understanding of the functions and features they require, such as data integration, analysis, reporting, visualizations, and data security.

2. Evaluate solutions

Take the time to evaluate and compare solutions. Take into account things like cost, functions and features, UX (user experience) and overall user-friendliness, and product support. Software comparison platforms such as Capterra can provide valuable insights.

3. Check integration

Make sure that your People Analytics software can be seamlessly integrated into your existing HR systems and tools, or that it can be easily connected if need be. Make sure that the software is capable of collecting and consolidating data from multiple sources.

4. Consider security and privacy

The People Analytics solution should meet the privacy and security standard requirements of your company's jurisdiction. In addition to that, it should be capable of anonymizing personal data, restricting access via various levels and data types, and in general it should adequately protect data.

5. Test and evaluate

Before taking that final big step and purchasing a solution, make sure to adequately test the software. Review references and feedback from other users in order to get a better picture of overall performance and reliability.



With the help of big data visualizations like the Sunburst chart, large amounts of data can be much better kept in view.

How org.manager supports you in your People Analytics activities!

With modern People Analytics software, you can gain a complete view of your current situation, analyze it, and undertake data-driven optimizations. You can simulate the consequences for your organization in advance to make necessary adjustments during implementation. Additionally, solutions like org.manager can be implemented quickly. Here are the application possibilities it offers:

Talent Analytics

Ingentis org.manager automatically visualizes all metrics related to your workforce. This includes publicly accessible data like email addresses and phone numbers, as well as sensitive information such as performance details, salaries, time until retirement, and risk of attrition. Thanks to access control, HR teams can ensure that each employee can only access data they're authorized to view.

Workforce visualization

With Ingentis org.manager, your teams are provided with a quick and easy overview of your workforce. Alongside displaying the organizational structure in a traditional org chart, big data diagrams and dashboards provide deep insights. Even visualizing agile structures is possible with Ingentis org.manager.

Workforce analysis and optimization

Leverage Ingentis org.manager for in-depth analysis of your workforce and HR data. Customizable visualization rules help to drill-down on specific aspects and identify potential areas for action. Ingentis' solution also offers powerful simulation functionality which allows for you to simulate structural changes based on the current situation and evaluate their impact on critical metrics in advance.

Practical use-cases

1. Practical use-cases

Visualizing the workforce, combined with dynamic highlighting features can, for example, show you at which locations or in which departments a critical number of employees are set to retire in the next five years. In this way, you can identify potential shortages in advance and initiate countermeasures. These countermeasures can be used to build upon insights from Talent Analytics - filtering employees based on specific skills or performance indicators to identify potential internal successors.

2. Calculate diversity indices and simulate optimizations when needed

Visual representations of the workforce in combination with dynamic highlighting features can reveal how your company, individual departments, or other units are positioned in terms of diversity, equity, and inclusion (DEI). Areas requiring improvement are highlighted, and simulations can be conducted using drag-and-drop "what if" scenarios, which also includes the resulting changes to KPIs. This allows you to test and then visualize potential consequences of reorganizations before implementation.

3. Flight risk scoring

By using specific factors or employee metrics like age, marital status, number of children, years of service, salary, absences, distance between residence and workplace, etc., Ingentis org.manager can determine the flight risk of employees. Employees with an elevated flight risk can then receive targeted offers, if necessary, to address potential reasons for leaving. In doing so, you can reduce the turnover rate within your company.

Summary

In the 21st century, People Analytics is an absolute must for companies aiming to position themselves as forward-thinking and competitive. Workforce analysis is a fundamental component and critical precursor to the ongoing assessment, evaluation, and optimization of any organization, which, in turn, flows into the all-encompassing "Org Analytics". In this context, Ingentis org.manager empowers you and your business to make informed decisions that lead to desired outcomes, safeguarding, as well as augmenting your most valuable asset - engaged and skilled employees. org.manager is the tool of choice when it comes to enhancing the flexibility and performance of your company.

**Further information on
"People Analytics with Ingentis org.manager":**

www.ingentis.com/solutions/people-analytics

**Contact our People Analytics Specialists:
experts@ingentis.com**

The Ingentis Approach: People Analytics x Org Design

At Ingentis, we strive to combine People Analytics and Org Design. We know that this is the best way to leverage the full potential crucial in people and organizations. Based on our core competence, org charting, and following the chord "Visualize. Analyze. Optimize.", we provide organizations with data-supported evaluation and forecasting methods that enable them to organize their HR work and organizational development as effectively and efficiently as possible.

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