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It's usually good advice when someone says, "Go with your gut." It means following one's instincts. But when business decisions are on the line, it's better to follow data-driven insights. This is especially critical for workforce management. However, not all HR teams and department managers are aware they can use their workforce data to align staffing with demand, improve productivity and reduce costs. This is where workforce analytics come in to save the day.

In this whitepaper, we'll discuss what workforce analytics is, its benefits, and key metrics that HR leaders and managers can use to get better insights into their workforce.

What Is Workforce Analytics?

Workforce analytics is a way for companies to measure the performance of their workforce and use that insight to improve processes and make better business decisions. HR and department managers often use it to analyze recruitment, staffing and compensation, but there are other opportunities to use the data that they may not be aware of. This includes managing leave, previewing payroll expenses, monitoring compliance, and optimizing the scheduling process. With workforce insights, companies may discover overscheduled shifts or underused time off.

Workforce analytics come with features like dashboards and reports that update data in real time. In most cases, it's a standard feature that's included in enterprise resource planning (ERP) systems or human capital management (HCM) software. While ERP and HCM systems do integrate with one another and with third-party systems, organizations may not realize that by using separate systems for workforce management, they will struggle with siloed data that may limit the ability to successfully optimize their workforce. To eliminate data silos and experience the full benefit of workforce analytics, workforce management software works best when integrated with ERP and HCM software.

Workforce management software helps managers keep track of their employee's time worked, leave balance and schedules, so trends in the workforce data can help them pinpoint absenteeism, employee leave and overtime.

Differences Between Workforce Analytics and People Analytics

HR leaders might come across the term "people analytics," which could mean the same thing as "workforce analytics." While both terms are interchangeable, there's a key difference. Workforce analytics offers a broader focus on the company (e.g., processes, technology) rather than just on the employees.

Benefits of Workforce Analytics for HR and Management

A Deloitte survey found that although 85% of organizations feel it's important to use workforce analytics, only 42% are actively using it. These businesses may not realize the benefits of workforce analytics as managers can get key insights to spot any trends and to create forecasts. The main benefits of workforce analytics are better recruitment, increased employee retention, improved productivity and engagement, and reduced expenses. However, there are other benefits, including:

Increased Compliance

Companies need to stay in compliance with all legal regulations, such as Fair Labor Standards Act (FLSA), Family Medical Leave Act (FMLA) and Affordable Care Act (ACA). Workforce analytics provides key metrics for tracking and achieving compliance, including diversity in hiring and overtime hours. Users can monitor those metrics, and software solutions even automatically update to account for changes in regulations, so users won't need to manually do this.

For example, the ACA requires employers to offer health insurance to employees working at least 30 hours per week, including those who are classified as part time. Complying with this ACA requirement may be simple for employees who work the same 30 hours every week, but when employees work variable schedules, companies need greater workforce analytics to monitor eligibility.

Optimized Scheduling

With workforce analytics, managers can monitor scheduling trends and can create forecasts to optimize scheduling for specific shifts. For example, a restaurant manager can see in the data that based on historical patterns when their business is slower on specific evenings (e.g., Mondays), less staff is needed. One key feature to help them detect trends and schedule efficiently is predictive forecasting, which uses artificial intelligence (AI) to scan historical workforce or other business data and then predicts specific shifts, locations, or other scheduling factors with higher or lower staffing demands. The manager can then use this information to create a scheduling forecast, while still considering any last-minute changes or on-call needs.

In addition, some companies require that each shift has a proper balance of employees with specific skills or credentials. For example, a police force may require a lieutenant to supervise officers for every shift, or a hospital emergency department may require a mix of skills and certifications to ensure proper patient care. Workforce analytics give managers visibility into whether those qualifications are met as the schedule is built. With better visibility in their scheduling, companies may be able to reduce their payroll expenses. They can do this by getting rid of any scheduling inefficiencies that can result in costly overtime (e.g., understaffing or overstaffing), as the software checks the scheduling requirements and then sets up the schedule with as little waste as possible.

Improved Work-Life Balance For Employees

During the COVID-19 pandemic, service-based employees, such as retail and healthcare, ended up working longer hours. And employees who were working remotely took less time off because of reduced travel, and balancing family and work needs, according to a survey by IPX1031. The survey, which was performed in 2020, indicated that out of 2,000 respondents, 56% had unused PTO and 43% had worked during their vacation.

It's crucial that employees take their allotted time off and have a better work-life balance to reduce burnout, decrease healthcare expenses and improve productivity. Employee leave metrics within the workforce analytics data allows managers to spot specific employees with the most leave or who have gone a long time without taking time off and encourage them to do so. Companies can use this data to improve their time-off management strategy and encourage their employees to go on vacation.

The Ability to Track Employee Certifications

For employees who need to obtain or renew licenses or credentials, workforce analytics gives managers visibility to make sure these employees are up to date on their certifications. Managers can look at trends, such as the number of employees that need recertification, to determine what types of training are needed.

With workforce analytics, managers can identify important insights to help them reduce overtime and missed punches or breaks, improve their employee's work-life balance, eliminate scheduling inefficiencies and more.

Workforce Data for Improving HR

For organizations *not* actively using workforce analytics, the obstacle may lie in not knowing where to start. What are the most important metrics to track? Are there systems in place to easily track this data? For organizations that are using analytics, but maybe not to their greatest advantage, there is opportunity in discovering new insights with existing data.

Outlined below are some key workforce metrics that need to be tracked so managers can use them to spot patterns in the data.

Time and Attendance

Most companies deploy time and attendance software to track their employees' time worked. Managers can monitor attendance metrics to spot trends in employee absenteeism or increased costs due to overtime. Some of these metrics include:

- Number of employees per shift
- Early or late check-ins
- Missed punches
- Overtime hours/long shifts
- Missed breaks
- Costs of absence
- Absence rate
- Time spent on breaks

Labor Tracking and Job Costing

Labor tracking data allows managers to understand what their employees are working on during their shift in order to pay them accurately. In some cases, employees may perform different tasks during their shifts that may affect their pay rate. For example, an automotive mechanic may work on critical car repairs during the first few hours of their shift and then perform car maintenance during the remaining hours. Critical car repair may require additional labor that's different than standard car maintenance, so the owner of the auto shop may determine that any critical car repair may warrant a higher pay rate than car maintenance.

Job costing considers the labor, materials and any overhead in charging a job to a client. Manufacturing and construction industries typically use job costing, but other industries do as well, such as law firms, healthcare and retailers that provide custom services. In workforce management software, companies can set up job codes and assign them to specific departments or employees. In addition, they can assign job costs per code. Job costing helps companies more accurately bid or estimate jobs for future work.

Leave Management

Managers can track their employee's leave, and they can also spot trends in their workforce data surrounding leave management. Some of these metrics include:

- Number of employees that aren't taking their allotted time off
- Number of employees on vacation around the same time
- Number of vacation/sick days per team or per employee

Headcount/Scheduling

With headcount and scheduling metrics, managers can create workforce plans and schedules more efficiently, especially in organizations with multiple locations and shifts. Some of these metrics are:

- Turnover rate
- Number of full-time/part-time employees
- Number of contractors/temporary employees
- Employee availability per shift or per location
- Utilization rate
- Employee skills/experience or any gaps in skillsets/certifications

Measure Workforce Analytics with TimeClock Plus Software

HR and managers can measure their workforce metrics directly within a workforce management system like TCP Software's TimeClock Plus. TimeClock Plus offers solutions such as scheduling, labor tracking and job costing, and leave and absence management, to help companies efficiently manage their workforce. Some of its benefits include:

- The ability to monitor payroll expenses as the software offers high-level and detailed views of expenses
- The ability to optimize workforce scheduling using past data to predict the ideal number of staff for each shift
- Secure management of employee documents and other critical files in the event of an audit
- One-source access to workforce data as TimeClock Plus integrates with HCM, ERP and payroll solutions

Conclusion

The bottom line: for company and HR leaders to influence business outcomes, they need to get a complete view of their workforce. Workforce analytics allows them to gain insight into issues and challenges their companies experience. Then, they can analyze and optimize the workforce – based on current data – enhancing efficiency and effectiveness. For people who recruit and develop the workforce, this is a vital and necessary tool.

Want to learn more about workforce analytics? Read TCP Software's blog, "Tech-Driven Time Tracking Leads to Better Decision Making" or request a demo of the software.