

HR Analytics Assignment 2 Project Report Re-sit.docx

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Assignment 2 Proposal Report

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Contents Page

Introduction	PG. 2
Literature Review	PG. 2-5
Analytical Approach and Data Analysis	PG. 5-6
Evaluation and Importance of HR Analytics	PG. 6-7
Conclusion and Recommendations	PG. 8
References	PG. 9

Introduction

Employee or staff turnover is a common issue in any organisation or sector and is defined as the departure of an employee or loss of talent over time. Research has found that the average staff turnover rate in the UK is approximately 15% a year and is often used as a guide for organisations to

determine whether they have a high or low turnover rate (What is Staff Turnover?, 2021). According to Kapphahn (2021), "the yearly turnover rate for employees under age 25 has accelerated by 2.6 percent from 2015 to 2016". Turnover rates at any organisations can increase or decrease due to many factors from employee engagement to job satisfaction. This project report examined literature and journal articles relevant to staff turnover within various age brackets. The report indicates that older employees are more likely to stay in an organisation longer than the younger employees, therefore having a lower turnover rate. Results from literature articles highlights that there is a correlation between age and length of service, and this could be linked to engagement, employer benefits, wage growth and the hunt for more meaningful work. The report also uses the turnover data set which is further analysed to explain the relationships between age and length of service and compares any discrepancies. This report is aimed to enrich the existing modern-day state of knowledge through critical evaluation of the current literature on employee turnover and providing recommendations using the data findings and research provided.

Literature Review

Age and job satisfaction are two variables which have always been associated. Many studies have found there to be a positive relationship between individual ages and their job satisfaction; however, other studies have also shown a U shape (Besen et al., 2021). Job satisfaction is where an employee is happy with the job they are in and can often have effects on the employee and employer as a whole. Job satisfaction is a major factor in an organisation's development as a decrease in job satisfaction can cause an increase in factors such as absenteeism, job performance, employee wellbeing and turnover. According to Besen et al., (2021), there have been a few studies which show the younger and older workers showing high levels of job satisfaction which is then reflected in their performance and mid life employees showing lower levels of job satisfaction. However, NG and FELDMAN (2010) literature show that in the United States and around the world, the average age of the workforce has been steadily increasing with the average age being 35 in 1980 and increasing to 41 in 2008. "Today more than half (54%) of the U.S. workforce is between 40 and 75 years old" (NG and FELDMAN, 2010) and compared to 1980 where the largest age bracket of the working population in western countries was 25-29 whereas now that age bracket has changed to 45-49. NG and FELDMAN (2008) made some findings which supported that age did have a correlation with job performance and further concluded that older employees are most likely to engage in extra role performances that are outside of their job therefore contributing greatly to the effectiveness of an organisation and less likely to engage in behaviours which opposes or detracts from the aims and objectives of the organisation.

There are a wide range of studies researching into what predicts job satisfaction and from these studies, many researchers have found there are a number of factors which affect job satisfaction ranging from personality to job demands. Baker and Wurgler (2004) used four general theoretical approaches to group elements associated with job satisfaction, these were, social information processing; task characteristics; integrated and dispositional approach. The dispositional approach defines the individual characteristics which affect job satisfaction, one of these characteristics being age. There have been some findings which argues that there has not been enough investigation into age and job satisfaction as past research has been known to exclude chronological age from analysis (Besen et al., 2021). However, Rhodes (1983) had about 60 studies which examined the affects of age with "overall job satisfaction, satisfaction with five specific dimensions of jobs, job involvement, job motivation, affective organizational commitment, and turnover intentions" (NG and FELDMAN, 2010) and through his qualitative review findings was able to conclude that age had a positive attachment with satisfaction, involvement, and motivation in a job. As times have changed, so has the mean age of the working population and many factors now affect the turnover rates such as job hopping leading to an increase in wage. Data has shown that younger workers strive for better company benefits and also are more determined to switch jobs when a better pay is offered.

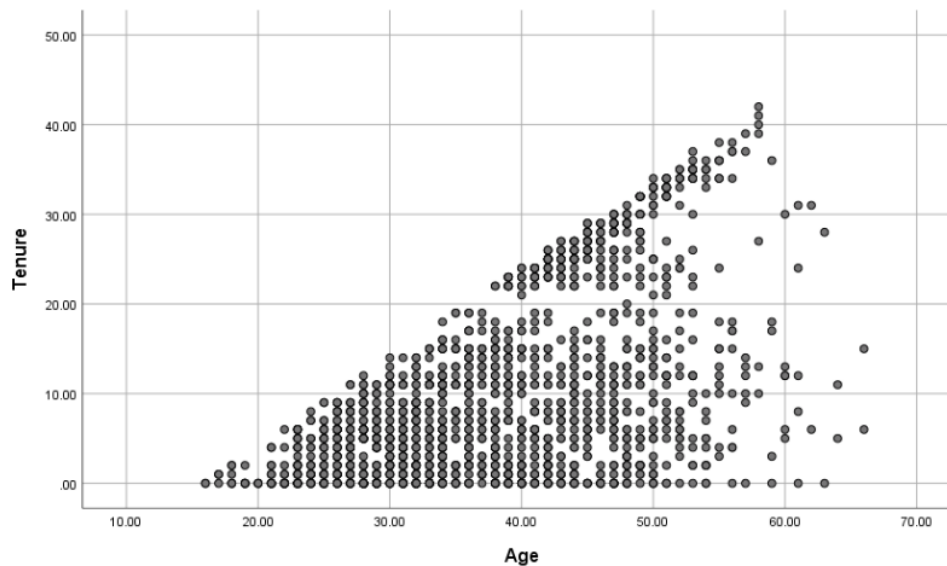
Kapphahn (2021) states that the younger groups have the highest turnover and highest wage growth therefore causing younger employees to switch job at any better given opportunity unlike older employees who are getting closer to retirement age, one of their main concerns is longevity so as to reflect in their pension when the time comes. According to Kapphahn (2021), in 2016 wages accelerated by 2.3 percent for those who switch jobs under 25 than in the previous two years whereas those who stayed in job only saw an increase in wage growth by 0.3 percent (Kapphahn, 2021). Also, research has found that younger employees tend to work in sectors which cause an increase in turnover such as retail, hospitality, leisure, and labour. The Bureau of Labour Statistics states that “younger employees take more than 20 percent of the hourly workforce and are in industries such as food and hospitality” (Kapphahn, 2021) which are sectors that have little or no room for career advancement and can be more stressful, therefore making them easier to get (especially whilst studying) and just as easy to quit when need be.

The media and research have shown that younger people care more about purpose in life than security. Everyday we are hearing of more and more risks that younger people take including spontaneous relocation, changing job industries or profession, being more creative than taking the traditional university route or quitting a job due to its culture and not having another job lined up before doing so. Time magazine actually described the younger generation or millennials as the “Me, Me, Me” generation arguing that they are “self-obsessed, entitled and very impatient. However, studies show that the younger generation are relatively high up on Maslow’s hierarchy of needs of self-actualisation in being creative, spontaneous, and solving problems in life and at work. With this way of thinking, many young employees are only seeking success in an organisation and how the organisation can better benefit them as individuals whereas older generations were taught to be more grateful at the given opportunity to have employment even if it is a job which is deemed as beneath them. Organisations have a duty to encourage a psychologically safe workplace that improves the engagement and comfortability of its employees in order to retain talent and reduce turnover in all employees but most especially the younger generations. When younger employees are made not to feel satisfied or enthusiastic at work, this effects the organisations turnover rate as they are more likely to be out of the door (Osborne and Hammoud, 2017) “Employees who are engaged in the workplace have been documented as having lower turnover rates and higher retention” (Ahmetoglu et al., 2015). Today’s younger employees are choosing not to stick around if they are not receiving adequate training, have no opportunity for growth or are not feeling valued at their place of employment (Paul, 2021). According to Paul (2021), research has found that 95% of higher achievers under the age of 30 regularly keep on the lookout for potential employers and are leaving current employment on average after 28 months and this is greatly supported by the turnover data set.

Analytical approach and Data Analysis

The turnover data set used contains the variables: gender, age, tenure (length of service), appraisal rating, country, and leaver status with more focus on age and tenure. With the length of service on the y axis and the age presented on the x axis, from the data provided it is clear that the older the worker at this organisation, the longer they have spent as an employee. According to this graph, employees under 30 are spending on average 5-10 years at this organisation compared to those over 35 are spending over 20 years with some reaching as far as 40 years in service.





This data supports Paul (2021) studies which find that the younger employees are choosing to move elsewhere due to job dissatisfaction, which begs the question as to why the employees at this specific organisation are leaving early? From the data observed, this could be for a variety of reasons including the culture of the organisation. Other reasons could include lack of adequate training and lack of career advancement.

The chi-square test is the statistical procedure which has been used to show the correlation between the two categorical variables and compare its discrepancies. To be able to find out whether the two categorical variables (age and tenure) are dependent or independent the chi square would need to be calculated by using analyse -> descriptive statistics -> crosstabs and both variables are then to be dragged with one being on the row and the second on the column. By selecting the observed and expected boxes in the cells- crosstab dialogue box this will produce the observed and expected values once the chi square test has been run. The results page has now shown the chi square statistic which appears in the 'Value column' of the table with a figure of 4972.094. The p-value is shown in the 'Asymptotic Significance (2-sided)' column which shows a figure of .000.

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4972.094 ^a	2058	.000
Likelihood Ratio	2337.801	2058	.000
Linear-by-Linear Association	481.142	1	.000
N of Valid Cases	1653		

a. 2123 cells (98.7%) have expected count less than 5. The minimum expected count is .00.

From analysis the p-value is smaller than the alpha value therefore the results are significant suggesting that the variables Age and Length of service are associated or dependant with each other.

In this case, this organisation may not be an organisation in hospitality, leisure or retail which are known to see much higher turnover rates but most likely an organisation which does not allow for career advancement as the rate of turnover is not as fast as say 1 or 2 years but it is on a 5-10 year scale therefore from the data provided is showing that when a young person is at the point of wanting to advance or get more excitement in their career is when they choose to leave the organisation.

Evaluation and Importance of HR Analytics

Most organisations generate a lot of human resource data but do not use it effectively for the intended purposes, some of the most commonly generated data in HR is related to recruitment. Data is gathered from the Applicant Tracking System (ATS) and is the first common data source in the Human Resource Information Systems. Human Resource analytics is the practice of gathering and scrutinizing Human Resource (HR) statistics to improve an organisation's labour force performance. HR analytics offers an information-backed understanding of what is and what is not operating according to expectations so that organisations can make enhancements for the future. Some of the available analytic tests and techniques available include R, R, the most commonly applied HR analytics tool (Sinha et al., 2012: 65). Other programming tools and techniques include Python, Excel, Tableau, Visier, Qlik, and SPSS. As noted, the use of these analytics and techniques will depend on the desired outcome of an organisation.

HR has a main duty to retain employee data which can then be used to adjust or make changes to the organisation. The data used in HR Analytics can be used to improve employee engagement and experience which in turn benefits the organisation and employee performance. According to What Is HR Analytics? Definition, Importance, Key Metrics, Data Requirements, and Implementation (2021) "HR analytics could be used to measure investments in reskilling, which will deliver the right competencies to support a new revenue model, using data-driven insights to modify the training offering as sales results emerge."

There are a variety of different metrics measured in HR Analytics including training expense costs for each employee, involuntary turnover rate, voluntary turnover rate, time to hire, absenteeism to name a few.

Training expense costs per employee – This value often helps to also determine the effectiveness of the training components and delivery methods and is often obtained by dividing the total expense by the total number of employees who have received training.

Voluntary turnover rate – Is defined when an employee decides to leave the organisation and is calculated by dividing the total number of employees who have voluntarily left within a specific timeframe by the total number of employees at the said organisation. This metric is often helpful for both managers and HR as it allows the comparison of turnover rates in a given time, which better assists HR with investigations as to why a rate may be higher at one time than another. HR professionals often use these analytics to determine where the organisation needs to improve in order to retain talent.

Involuntary turnover rate – Is the opposite of "voluntary turnover" in where an employee is terminated from their position and is calculate by dividing the number of employees who involuntarily left by the total number of employees.

Time to hire – Time to hire is the number of days it takes to fill a position in an organisation from the initial approach of a candidate to the acceptance offer/start date. This is a very common metric used to allow organisations and HR to determine how long it takes to fill different roles in different departments.

Absenteeism – This is done by dividing the number of days missed by the total number of scheduled workdays, and is a metric used to measure the productivity in a workplace. This metric is extremely



important in organisations as it allows them to monitor the absence and initiate corrective action where necessary. For example, some departments may show an increase in absences due to a change in line management or culture as research has shown an increase in absences when there is a decrease in job satisfaction. Absenteeism helps to show where an employee is happy therefore can affect their performance either positively or negatively.

Organisations have also been known to collect data on demographics, performance management, compensation and benefits, planning for succession, and talent development to name a few (Marler and Boudreau, 2017: 5). According to What Is HR Analytics? Definition, Importance, Key Metrics, Data Requirements, and Implementation (2021) collection of accurate and quality data has proved to be one of the biggest challenges in HR Analytics. It is therefore important for organisations to use an analytical tool which is reliable and effective which provides a clear insight on the organisation.

Conclusion and Recommendations

Through the extensive research and findings, it is clear that the younger generations have shown to take the lead and make changes in their life as early as possible to avoid delay, It is therefore extremely important for managers, directors and heads to ensure that their organisation promotes engagement, job satisfaction and adequate training in order to retain younger talent. This not only benefits the organisation in terms of performance but is also parts of the requirements of equal opportunity because if an organisation loses all its younger talent it means it would only have (or have a large percentage) of older employees therefore not promoting diversity or inclusivity.

There are multiple ways an organisation can encourage and retain younger talent. One of these recommendations will be to train frontline manager to support both people and processes. Studies have shown that young people believe in being treated more fairly and respectfully over just collecting a paycheck. The Harvard Business Review (2021) states that approximately 50 percent of women and close to 40 percent of men reported their work struggles due to unfair, dismissive treatment and lack of respect from their managers (How to Improve the Engagement and Retention of Young Hourly Workers, 2021).

An additional recommendation is to offer more professional development courses or opportunities to encourage younger employees. Research and studies have shown that the younger generation are most likely to stay in a job that offers career growth. However, studies have shown only 35% of young people believe their organisations have this benefit therefore needs great improvement.

It is important for organisations to not only concentrate on the consumer or the market they are targeting but also to put more focus on the people who make the organisation, the employees. If the employees are not satisfied, the organisation as a whole loses its position in society.

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GRADEMARK REPORT

FINAL GRADE

35/100

GENERAL COMMENTS

Instructor

Clear structure and presentation

The report is adequately organised but there are some lapses of clarity (see comments in the text with '?' and 'sense'). Taking greater care to express your ideas would improve the report, at places they are unclear. Some sections could be more tightly focused, in particular LR.

Literature review

Wide-ranging sources have been reviewed. It would be good to achieve depth by focusing the review more tightly. This could be achieved by focusing your study (it was supposed to focus on one relationship/hypothesis, whereas here several variables have been mentioned and covered in the LR). Some sources do not appear strictly relevant or it is not explicit how they are relevant.

Method and analysis

Methodology and analysis have limited merit - decisions have not been clearly explicated; rationale for selected method is not clear and some choices are wrong for the type of data (which have not been grasped correctly), researching the proposed hypothesis etc.

Some data analysis has been conducted but is superficial at places and includes some deficiencies and errors in execution. To improve, clearly formulate the hypothesis - stick to your decision eg turnover and tenure are not synonymous and exchangeable in as a variable. Make sure and explicate how analytical method you selected is appropriate to address it adequately.

Conclusions and recommendations

Conclusions and recommendations are rather cursory and derivative as they do not clearly emerge from the project. To improve it would be good to focus the study and deepen the analysis and then discuss its relevance and implications for the studied organisation in more depth.

Critical evaluation of HR analytics

This section also could be more tightly focused and offer a critical review of HRA. Instead, what is offered here is some derivative, and what appears random, information on how to arrive at particular metrics.

Second Marker Comments:

I cannot see how your literature review relates to your findings from your analysis. The analysis seems to link age to length of service (not surprising), but I cannot see how this links with engagement. This is very disjointed, it needs to flow to show your understanding, rather than mechanically going through the sections.

PAGE 1

PAGE 2

PAGE 3



Comment 1

sense?



Comment 2

relevance?

PAGE 4



Comment 3

sense?



Comment 4

?



Comment 5

not categorical

revise module material



Comment 6

descriptive and derivative



Comment 7

rather trite