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MODULE NAME	DATA AND DECISION MAKING
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# **DECLARATION**

I certify that this assessment submission is entirely my work and I have fully referenced and correctly cited the work of others, where required. I also confirm the contents of my submission have not been generated by a third party, or through an Artificial Intelligence generative system.

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# **EXECUTIVE SUMMARY**

This report discusses the importance of making data-driven decision making through data analytics. Employee attrition which is the departure of employees from an organization poses challenges to businesses as it affects productivity, costs and morale. To address this issue, companies should turn completely to data-driven approaches for insights into attrition patterns and factors driving employee turnover. By analysing various variables such as job satisfaction, compensation etc., decision-makers within the organization can gain a deeper understanding of factors influencing attrition.

Machine learning algorithms including Logistic Regression and K-Nearest Neighbours offers predictive analytics that helps in identifying staffs at risk of leaving. The process of data analytics includes data preprocessing, explorative data analysis, feature selection, model training and evaluation. The train-test split method and K-fold cross validation were used as techniques for accurate model evaluation.

Incorporating data analytics into attrition analysis process empowers organization to make informed decisions and create targeted strategies towards employee retention, thereby, positioning the company to ensure great working conditions, reduce turnover rates and optimize workforce management strategies.



# DATA ANALYSIS REPORT ON EMPLOYEE ATTRITION IN SERVICES INDUSTRY OF UNITED KINGDOM

# 1.0 INTRODUCTION

In business operations, the strategic utilization of data-driven decision making has emerged as a pivotal driver of success across diverse industries. Data analytics offers a paradigm shift in addressing the complexities of diverse business problems in any country's economy.

This report delves into the profound implications of data analytics in the context of a pervasive issue within the service industry in United Kingdom (UK): employee attrition. By examining the interplay between data analytics and the challenge of employee attrition, I aim to illustrate the importance of the potential application of data-driven decision making in addressing this concern within the UK's service sector. Traditional approaches rely on generic strategies that may not account for industry-specific nuances and multifaceted factors contributing to employee turnover. However, by integrating data analytics into the decision-making process, organizations can gain actionable insights into attrition patterns, identify potential risk factors and design targeted retention strategies.

### 1.1 EMPLOYEE ATTRITION

Employee attrition is the phenomenon when employees voluntarily or involuntarily leave an organisation, thereby requiring replacement. Voluntary attrition occurs when employees leave an organisation on their own accord based on different factors such as finding a better job opportunity or personal reasons, while involuntary attrition occurs beyond the employee's control such as layoffs or terminations, and could be based on factors such as restructuring or downsizing. High attrition rate can disrupt team dynamics, delay service delivery or project completion, loss of skilled personnel, reduce workforce morale, increase recruitment and operational cost amongst other detrimental impacts. Addressing this business problem requires a comprehensive understanding of the underlying factors causing attrition.

# 1.2 EMPLOYEE ATTRITION IN THE SERVICE INDUSTRY OF UNITED KINGDOM

The service sector in the United Kingdom is a significant driver of the country's economy. It encompasses a diverse range of industries that provides intangible goods and services rather than physical products such as retail, financial, healthcare, hospitality, telecommunications and



more. According to Office for National Statistics (2023), the service sector is the largest contributor which makes up approximately 80% of the United Kingdom Gross Domestic Product (GDP) and has recovered strongly from 2008 recession and COVID-19 pandemic. The services sector plays a crucial role in generating economic growth, employment and innovation. As published by House of Commons Library (2023), a key indicator for the services industry contribution to the country's Gross Value-Added economic output is it provided 83% of employment in January – March, 2023.

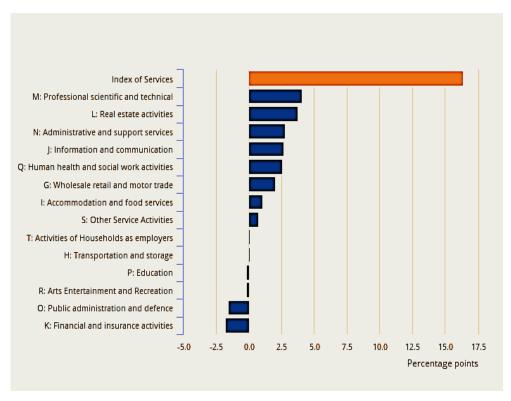


Figure 1: The index of services growth from 2008 – 2023 Source: Office for National Statistics

In recent years, high employee attrition rates were observed in the services industry due to the UK's official exit from the European Union (Brexit) in January 31, 2020 which had implications for the various aspects of the service sector such as increasing skilled worker shortages. A study by the Think Tanks Centre for European Reform and UK in a Changing Europe (2023) suggests that there are 330,000 fewer workers in the UK as a result of Brexit. Sectors such as transport, hospitality and retail were gravely affected. Furthermore, COVID-19 pandemic also led to complex changes in employment dynamics. Chris Stokel-Walker (2020) said "Employee Attrition can be a difficult challenge for most businesses, but the coronavirus pandemic and the chaos it has wrought on workplaces compounds issues of staff retention." The pandemic led to work-life balance evaluation by employees which made some resign. Some



others were laid-off due to downsizing, widespread adoption of remote work and effects of rampant business closures.

# 2.0 EMPLOYEE ATTRITION AS AN EXCELLENT DATA-DRIVEN DECISION-MAKING PROBLEM

Some of the ways employee attrition proves to be an excellent data-driven decision-making problem are outlined below:

- Descriptive analytics: by benchmarking attrition rates to industry standards and competitors, organizations can measure their performance and identify areas of improvement.
- 2. **Prescriptive analytics:** evidence-based decision-making ensures that actions are based on objective information on attrition rather than assumptions, leading to more effective strategies or outcome.
- 3. **Predictive analytics:** with the providence of historical data, organizations can develop predictive models that identifies attrition. This knowledge can help to identify and implement retention strategies such as offering growth opportunities, conducive working conditions and more.
- 4. **Cost and productivity implications:** reduced productivity during the re-hiring phase can diminish the company's overall efficiency. By analysing data relating to attrition, patterns can be identified and preventive measures can be established to mitigate its impact.
- 5. **Legal and Compliance considerations:** potential disparities that can raise legal and compliance concerns. This can be identified and proactively addressed.

# 3.0 ANALYZING HUMAN RESOURCE DATA FOR IMPROVED WORKFORCE MANAGEMENT

Human Resource (HR) analytics is a data-driven approach to managing human resources. It involves obtaining and analysing data related to employees to derive insight and make informed decisions.

I will be using the HR Analytics dataset created in July 2023 by Bhanupratap Biswas, a Data Scientist and Kaggle Master. This dataset explores the application of HR Analytics in a hypothetical medium-sized organisation called Tech Solutions Inc. and showcases its benefit



in improving workforce management. The company specializes in software development and has a diverse workforce across different departments including Sales, Research & Development and Human Resources. The dataset was created with the objective to understand the factors influencing employee attrition, identify key predictors of employee performance and develop strategies to improve employee retention.

#### 3.1 VARIABLES WITHIN THE DATASET

In this dataset, there are different variables which will help in my analysis:

- 1. **Categorical variables:** these variables represent categories. The categorical nominal variables are department, job role, education, gender and marital status.
- 2. Numerical variables: these variables are expressed as either continuous within a certain range but with infinite possible values, or as discrete distinct values within a defined range. The continuous numerical variables are age, hourly rate, monthly income, years at company, years in current role, years with current manager and years since last promotion. The discrete numerical variables are job satisfaction and standard hours.
- 3. **Binary variables:** these are a type of categorical variables with only two variables as options. The binary variables are attrition and the 'over 18' question.
- 4. **Derived variable:** these are variables calculated from other variables in the dataset. 'Percent salary hike' is the only derived variable.

# 3.2 KAGGLE

This dataset was gotten from Kaggle, a data science competition platform and online community of data scientists and machine learning enthusiasts under Google LLC (Wikipedia). Kaggle is the world's largest data science community with powerful tools and resources to help you achieve your data science goals.

# 3.3 DATA CLEANING WITH PYTHON

To properly conduct my analysis, it is necessary to explore my dataset and clean it to ensure accurate predictions are made.

• First, I imported my google drive into my Colaboratory.



```
    #DATA EXPLORATION

from google.colab import drive
    drive.mount('/content/drive')
    #Ny Google Drive was mounted

Nounted at /content/drive

from google.colab import drive
    drive.mount('/content/drive')
    path = "/content/HR-Employee Attrition.csv"
    #Ny dataset csv file has been created as a path in this code

Drive already mounted at /content/drive; to attempt to forcibly remount, call drive.mount("/content/drive", force_remount=True).

import pandas as pd
    print (path)
    path = "/content/drive/My Drive/DDM/HR-Employee Attrition.csv"
    df=pd.read_csv(path)

/content/HR-Employee Attrition.csv
```

• Next, I identified the attributes of the dataset.

```
df.describe
 1466
       39
                 No Research & Development
                                                 Medical
                                                            Male
 1467
       27
                 No Research & Development Life Sciences
                                                            Male
 1468
       49
                                                 Medical
                                                            Male
                 No
                                     Sales
                 No Research & Development
 1469
       34
                                                 Medical
                                                            Male
                                     JobRole JobSatisfaction MaritalStatus \
       HourlyRate
                             Sales Executive
 0
               94.0
                                                                    Single
 1
               61.0
                          Research Scientist
                                                            2
                                                                   Married
 2
               92.0
                        Laboratory Technician
                                                           3
                                                                    Single
 3
               56.0
                          Research Scientist
                                                           3
                                                                  Married
 4
               40.0
                        Laboratory Technician
                                                           2
                                                                    Married
               ...
                                                          . . .
                                                                Married
Married
1465
              41.0
                        Laboratory Technician
                                                           4
1466
              42.0 Healthcare Representative
                                                           1
                                                           2
1467
              87.0 Manufacturing Director
                                                                   Married
 1468
              63.0
                              Sales Executive
                                                           2
                                                                   Married
 1469
              82.0
                        Laboratory Technician
                                                                    Married
       MonthlyIncome Over18 PercentSalaryHike StandardHours \
 0
                  5993
                           Υ
 1
                  5130
                                             23
 2
                  2090
                            Υ
                                             15
                                                           80
 3
                  2909
                                            11
                                                           80
 4
                  3468
                           Υ
                                            12
                                                           80
                                            . . .
 1465
                  2571
                                           17
                                                           80
 1466
                  9991
                                            15
                                                           80
```



#### [7] df.dtypes int64 Age Attrition object Department object EducationField object Gender object float64 HourlyRate JobRole object JobSatisfaction int64 MaritalStatus object MonthlyIncome int64 Over18 object PercentSalaryHike int64 StandardHours int64 YearsAtCompany int64

dtype: object

YearsInCurrentRole

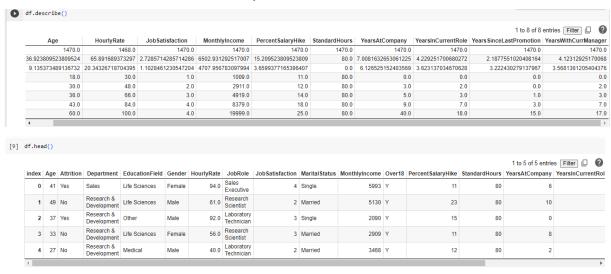
YearsWithCurrManager

YearsSinceLastPromotion

Below is the statistical summary of numerical columns.

int64

int64 int64

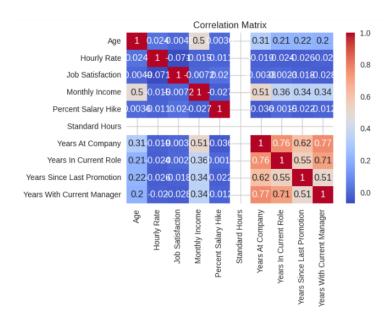


• I plotted the correlation matrix as a heatmap to help identify strength of linear relationship between pairs of variables in the dataset. The values range from -1 to 1 where -1 indicates a perfect negative correlation, 0 indicates no linear correlation and 1 indicates a perfect linear correlation.

```
[24] import matplotlib.pyplot as plt
import seaborn as sns
import matplotlib
import plotly.express as px
corr_matrix = df.corr()

# I plottted the correlation matrix as a heatmap
plt.figure(figsize=(12, 8))
sns.heatmap(corr_matrix, annot=True, cmap="coolwarm")
plt.title("Correlation Matrix")
plt.show()
```





 Now, I will identify any missing data in my dataset. I have identified 2 missing data each under the 'Gender' and 'Hourly Rate' columns.

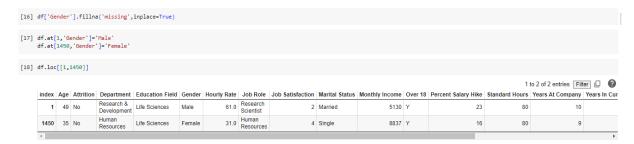






• First, the attributes headings will be cleaned by spacing out the words where necessary.

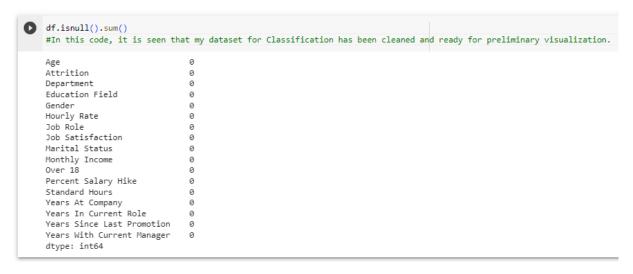
 Next, I will clean the gender data by filling in the missing information from predetermined total of males and females by their marital status. I should have 588 females and 882 males.



The numerical data will be cleaned using interpolation.



• Now, I will confirm that my dataset is clean.





# 4.0 WHY AND HOW EMPLOYEE ATTRITION ANALYSIS WILL ADD VALUE TO THE SERVICES INDUSTRY IN UNITED KINGDOM

Employee attrition analysis will allow organizations within the services industry to make informed decisions that positively impact their workforce, culture and goals. By using predictive analysis, organizations can implement tailored strategies that encourages employee satisfaction, improve retention rates and create a stable work environment. Some of the benefits of data-driven decision making in the context of employee attrition are: early identification of root causes of attrition, effective retention strategies, resource allocation, cost saving, feedback for managers, long-term workforce planning.

# 5.0 DATA ANALYSIS STEPS WITH PYTHON

In the deployment of my solution, I will follow the steps below:

- 1. **Data exploration:** I sourced extensively on repositories like Statista and Kaggle until I found the HR Analytics dataset by Bhanupratap Biswas.
- 2. **Data cleaning and preprocessing:** I will handle missing data, outliers and inconsistencies as well as convert data types to appropriate formats.
- 3. **Preliminary visualization:** I will explore the dataset to understand its structure, distribution and characteristics with visualization libraries such as Seaborn and Plotly.
- 4. **Feature selection:** I will select the features that enhance the predictive power of my data.
- 5. **Data analysis:** I will use machine learning algorithms to make my analysis using libraries like NumPy, Scikit-learn and Pandas.
- 6. **Model building and evaluation:** I will be using the train-test-split to evaluate my models using appropriate metrics to measure their performance.
- 7. **Insight generation:** I will interpret my analysis and derive recommendations based on the result achieved.

# 6.0 DATA ANALYTICS TASKS

I will be performing descriptive and exploratory data analytics, data cleaning and preprocessing, feature selection, predictive analytics, prescriptive analytics, clustering and anomaly detection by model evaluation and validation. I will be utilizing K-Nearest Neighbour and Logistic Regression as my models.



#### 6.1 K-NEAREST NEIGHBOR

This is a machine learning algorithm used for classification and regression tasks. A value of 'K', which represents the nearest elements in the selected feature variable, and the right distance metric will be chosen. Before I carry out any of the selected tasks, my data needs to be organised with target selection as 'Y' and feature(s) selection denoted with 'X'. See code below:

```
■ #DATA ORGANIZATION
    df_target_data = df[['Attrition']]
    df_feature_data = df[['Monthly Income', 'Percent Salary Hike', 'Years At Company', 'Years With Current Manager', 'Years In Current Role']]
    x = df feature data
    y = df_target_data
    print(x)
    print(y)
          Monthly Income Percent Salary Hike Years At Company
D÷
                    5993
                                           11
                                           15
                    2090
                                          11
12
    1465
                    2571
                    9991
    1467
                    6142
                                           20
    1469
          Years With Current Manager Years In Current Role
```

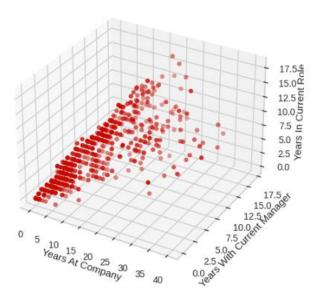
• Next, I visualized my target and features variables against each other using libraries like Seaborn, Axes3D, Matplotlib and Plotly.

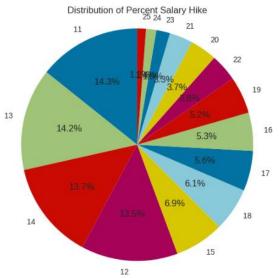
```
# Plotting with Seaborn
    plt.figure(figsize=(10, 6))
    sns.boxplot(y='Attrition', x='Monthly Income', data=df)
    plt.title('Monthly Income vs Attrition')
    plt.show()
    # Plotting with Axes3D
    from mpl_toolkits.mplot3d import Axes3D
    fig = plt.figure()
    ax = fig.add_subplot(111, projection='3d')
    years_at_company = df['Years At Company']
    years_with_current_manager = df['Years With Current Manager']
    years_in_current_role = df['Years In Current Role']
    ax.scatter(years_at_company, years_with_current_manager, years_in_current_role, c='r', marker='o')
    ax.set_xlabel('Years At Company')
ax.set_ylabel('Years With Current Manager')
    ax.set_zlabel('Years In Current Role')
    ax.set_title('3D Scatter Plot of Three Features')
    # Plot Percent Salary Hike as a Pie Chart
    department_counts = df['Percent Salary Hike'].value_counts()
    plt.figure(figsize=(8, 8))
    plt.pie(department_counts, labels=department_counts.index, autopct='%1.1f%%', startangle=90)
    plt.title('Distribution of Percent Salary Hike')
    plt.axis('equal') # Equal aspect ratio ensures that the pie chart is drawn as a circle.
    plt.show()
```





# 3D Scatter Plot of Three Features







• Next, I split my data into 80% for training my model and 20% for testing the performance. I used the Decision Tree Classifier to help determine the best split. I chose a random state of 42 to ensure consistency of the split and stratified my dataset to ensure stable class distribution. I also converted my categorical variables using LabelEncoder.

```
import sklearn
from sklearn.model_selection import train_test_split
from sklearn.model_selection import train_test_split
from sklearn.meterics import DecisionTreeClassifier
from sklearn.metrics import accuracy_score
from sklearn.preprocessing import LabelEncoder

# Split the data into training and test sets
# Given the class imbalance of my dataset, stratify is used to ensure class distribution is preserved during the split
x_train, x_test, y_train, y_test = train_test_split(x, y, test_size=0.2, random_state=42, stratify=y)

# Convert categorical features using one-hot encoding
x_train_encoded = pd.get_dummies(x_train)
x_test_encoded = pd.get_dummies(x_test)

# My target variable column contains strings 'No' and 'Yes'. I will encode them to become floats '0' and '1' respectively
label_encoder = labelEncoder()
y_train = label_encoder.fit_transform(y_train)
y_test = label_encoder.transform(y_test)
# Now y_train and y_test contains 0 for 'No' and 1 for 'Yes'
```

```
train_scores, test_scores = list(), list()
     values = [i for i in range(1, 21)]
     # Model fitting
     for i in values:
         model = DecisionTreeClassifier(max depth=i)
          model.fit(x_train_encoded, y_train)
          train_yhat = model.predict(x_train_encoded)
          train_acc = accuracy_score(y_train, train_yhat)
          train scores.append(train acc)
          test vhat = model.predict(x test encoded)
          test_acc = accuracy_score(y_test, test_yhat)
          test scores.append(test acc)
          print('>%d, train: %.3f, test: %.3f' % (i, train_acc, test_acc))
     plt.plot(values, train_scores, '-o', label='Train')
plt.plot(values, test_scores, '-o', label='Test')
plt.xlabel('Max Depth')
plt.ylabel('Accuracy')
     plt.legend()

→ >1, train: 0.838, test: 0.840

     >2, train: 0.843, test: 0.796
     >3, train: 0.848, test: 0.810
>4, train: 0.854, test: 0.789
     >5. train: 0.861. test: 0.813
```

• I also conducted a multivariate analysis of attrition on this dataset.

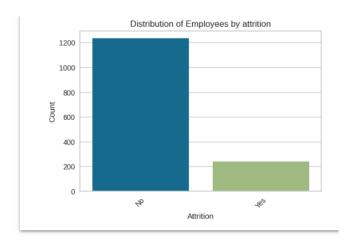
```
#Attrition analysis: univariate, bivariate and multivariate import matplotlib.pyplot as plt import seaborn as sns

##Attrition frequency
Attrition_counts = df['Attrition'].value_counts()
print(Attrition_counts)

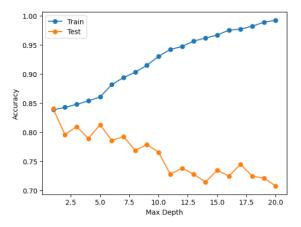
##Visualizing attrition in a bar plot
plt.figure(figsize=(8, 6))
sns.barplot(x=Attrition_counts.index, y=Attrition_counts.values)
plt.title('Distribution of Employees by attrition')
plt.xlabel('Attrition')
plt.xlabel('Attrition')
plt.xitcks(rotation=45)
plt.show()

No 1233
Yes 237
Name: Attrition, dtype: int64
```





• I used the Decision Tree Classifier to help identify the best value of 'K' that will give my model a better accuracy score. From the diagram below, the best max depth or 'K' for approximately 82% accuracy is 3.



Now, I will use KNN to make predictions on the dataset. As a result, an array of 'Yes' and 'No' was ascertained.

```
from sklearn.neighbors import KNeighborsClassifier
knn= KNeighborsClassifier(n_neighbors=3)
y = np.ravel(y)
knn.fit(x,y)
knn.predict(x)
array(['No', 'No', 'Yes', ..., 'No', 'No', 'No'], dtype=object)
```

• I will conduct further predictive analysis on a new data I will create with the code below:



• Here is the result:

```
knn.predict(new_data)
array(['No', 'No', 'No', 'No'], dtype=object)
```

# **6.2 LOGISTIC REGRESSION**

Logistic regression is a statistical classification algorithm used for predicting the probability of a binary outcome based on one or more predictor variable. I will now use Logistic Regression to make predictions on this dataset with the code below:

```
from sklearn.linear_model import LogisticRegression
Logreg=LogisticRegression()
import numpy as np
y = np.ravel(y)
logreg = LogisticRegression(max_iter=200)
logreg.fit(x,y)
logreg.predict(x)
array(['No', 'No', 'No', ..., 'No', 'No'], dtype=object)
```

• Now, I will make predictions with the new data I created previously

It is observed that both models perform well for predictive analytics.

# 7.0 TARGET VARIABLE

Employee attrition is my target variable in the chosen dataset. Attrition, in this analysis, will be interpreted as a binary function of 'Yes'- meaning attrition will occur and 'No' – which means attrition will not take place, all based on certain elements of my independent variables also known as features.



#### 7.1 FEATURES FOR ANALYSIS

The selection of feature(s) is very crucial to the successful prediction of the target variable.

After several feature importance analysis, I discovered that the following features have a stronger correlation to attrition: monthly income, percent salary hike, years at company, years in current role and years with current manager. These are the features I will combine for my analysis.

# 8.0 TRAINING DATA

I have used the train-test-split technique to evaluate the performance of my models. Due to the class imbalance of my dataset, it has been divided into the training set (80%) which is used to train my model and the test set (20%) which will be used to test the performance of my models. The purpose of the split is to simulate how well my model will generalize to new unseen data.

#### 9.0 MODEL EVALUATION

Model evaluation methods helps assess how well machine learning algorithms perform on unseen data. I have used Accuracy, Confusion Matrix and K-fold Cross Validation for my model evaluation.

#### ACCURACY

Accuracy is a metric used to measure the proportion of correctly predicted instances among all instances in the dataset. Below are the codes used to evaluate KNN and Logistic Regression accuracy score on this dataset:

```
#MODEL EVALUATION
#LOGISTIC REGRESSION

y_pred=logreg.predict(x)
y_pred
array(['No', 'No', 'No', ..., 'No', 'No', 'No'], dtype=object)

from sklearn import metrics
metrics.accuracy_score(y, y_pred)

0.8387755102040816

#MODEL EVALUATION
#KNN

knn.fit(x,np.ravel(y))
y_pred_knn3= knn.predict(x)
metrics.accuracy_score(y,y_pred_knn3)
#For KNN = 3, accuracy =87.48%

0.8748299319727891
```



# • CONFUSION MATRIX

This evaluation technique is used to determine the number of correct and incorrect predictions made by the model on a classification task. The following report was derived:

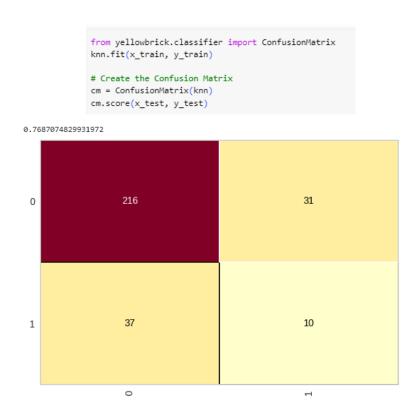
Prediction accuracy of approximately 77% was achieved

True Positive- the number of instances that were predicted as positive is 10

True Negative- the number of instances that were predicted as negative is 216

False Positive- the number of instances that were incorrectly predicted as positive is 31

False Negative- the number of instances that were incorrectly predicted as negative is 37



# • K-FOLD VALIDATION

This is a technique used to assess the performance of machine learning models on unseen data by partitioning the dataset into subsets for training and testing, also known as folds. In this analysis, I chose '5' folds and the results for KNN is shown below with a mean accuracy of 81.70%.



```
from sklearn.model_selection import cross_val_score
from sklearn.model_selection import KFold
model = KNeighborsClassifier()
num_folds = 5
# I have created a k-fold cross-validation object
kfold = KFold(n_splits=num_folds, shuffle=True, random_state=42)
scores = cross_val_score(model, x, y, cv=kfold, scoring='accuracy')
for fold, score in enumerate(scores, start=1):
    print(f'Fold {fold} Accuracy: {score:.4f}')
# Calculate the mean and standard deviation of the accuracy scores
mean_accuracy = scores.mean()
std_accuracy = scores.std()
print(f'Mean Accuracy: {mean_accuracy:.4f}')
print(f'Standard Deviation of Accuracy: {std_accuracy:.4f}')
Fold 1 Accuracy: 0.8435
Fold 2 Accuracy: 0.8299
Fold 3 Accuracy: 0.7993
Fold 4 Accuracy: 0.8265
Fold 5 Accuracy: 0.7857
Mean Accuracy: 0.8170
Standard Deviation of Accuracy: 0.0212
```

 For Logistic Regression, the number of folds remains the same with a mean accuracy of 83.88%.

```
from sklearn.linear_model import LogisticRegression
model = LogisticRegression()
num folds = 5
# I have created a k-fold cross-validation object
kfold = KFold(n splits=num folds, shuffle=True, random state=42)
scores = cross_val_score(model, x, y, cv=kfold, scoring='accuracy')
for fold, score in enumerate(scores, start=1):
    print(f'Fold {fold} Accuracy: {score:.4f}')
# Calculate the mean and standard deviation of the accuracy scores
mean_accuracy = scores.mean()
std_accuracy = scores.std()
print(f'Mean Accuracy: {mean_accuracy:.4f}')
print(f'Standard Deviation of Accuracy: {std_accuracy:.4f}')
Fold 1 Accuracy: 0.8673
Fold 2 Accuracy: 0.8571
Fold 3 Accuracy: 0.8265
Fold 4 Accuracy: 0.8401
Fold 5 Accuracy: 0.8027
Mean Accuracy: 0.8388
Standard Deviation of Accuracy: 0.0228
```

# 10.0 CONCLUSION

In conclusion, the application of data analytics in optimizing workforce management has been established in the analysis above. As observed, high employee turnover was observed in the sales department especially amongst junior-level staff and a large bulk of Research Scientists and Laboratory Technicians expressed lower job satisfaction. This can be solved be providing better career growth opportunities and fostering a culture of open communication and feedback.



Whilst it is key to understand the role certain variables plays in maintaining employee satisfaction, it is equally important to devise effective futuristic strategies to keep staff fulfilled. The integration of machine learning algorithms such as those used in this report proves valuable in predicting employee attrition as well as prescribing effective strategies to ensure staff retention.

# 11.0 RECOMMENDATION

Building from the insight in this report, the following recommendations are proposed for companies who will employ the use of data analytics in employee attrition analysis:

- 1. Ensure accurate and comprehensive employee data are collected and updated regularly. A more robust data set will deliver better analysis accuracy.
- 2. Prioritize selecting the best feature variables that has significant correlation to employee attrition. This will make your model more efficient.
- 3. Leverage on your predictions to implement proactive intervention strategies such as creative retention programs.
- 4. Use data-driven insight to address identified factors influencing attrition.
- 5. Ensure continuous monitoring of attrition trends and make timely adjustment to meet evolving workforce dynamics.

By embracing these recommendations, any organization within the UK's services sector and beyond can embrace the power of data to mitigate the effects of employee attrition as well as foster a work environment that ensures career fulfilment and company loyalty.



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# **APPENDIX**

# **APPENDIX 1: DATA EXPLORATION**



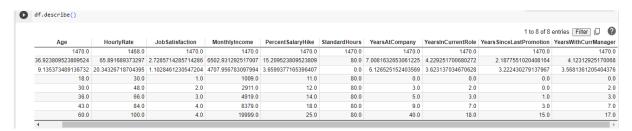
1466	39	No	Research	& Development		Medical	Male		
1467	27	No	Research	& Development	Life	Sciences	Male		
1468	49	No		Sales		Medical	Male		
1469	34	No	Research	& Development		Medical	Male		
	Hourly	/Rate	JobRole JobSatisfact				tion Mar	ritalStatus	\
0		94.0 Sales Executive					4	Single	
1		61.0 Research Scientist					2	Married	
2		92.0 Laboratory Technician					3	Single	
3		56.0 Research Scientist					3	Married	
4		40.0	Labor	atory Technic	ian		2	Married	
1465		41.0	Labor	atory Technic	ian		4	Married	
1466		42.0 Healthcare Representative					1	Married	
1467		87.0 Manufacturing Director					2	Married	
1468		63.0		Sales Execut:	ive		2	Married	
1469	469 82.0		Laboratory Technician				3	Married	
	Monthl	yIncome	Over18	PercentSalary	yHike	StandardHo	ours \		
0		599	3 Y		11		80		
1		5130			23		80		
2		209	0 Y		15		80		
3		2909			11		80		
4		346	8 Y		12		80		
1465		257	1 Y		17		80		
1466		999	1 Y		15		80		



### [7] df.dtypes

int64 Age Attrition object Department object EducationField object Gender object HourlyRate float64 JobRole object JobSatisfaction int64 MaritalStatus object MonthlyIncome int64 object Over18 PercentSalaryHike int64 StandardHours int64 YearsAtCompany int64 YearsInCurrentRole int64 YearsSinceLastPromotion int64 YearsWithCurrManager int64

dtype: object



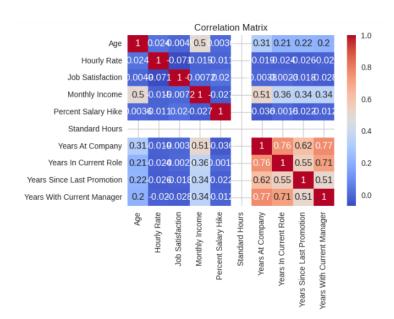
#### [9] df.head()



```
[24] import matplotlib.pyplot as plt
import seaborn as sns
import matplotlib
import plotly.express as px
corr_matrix = df.corr()

# I plottted the correlation matrix as a heatmap
plt.figure(figsize=(12, 8))
sns.heatmap(corr_matrix, annot=True, cmap="coolwarm")
plt.title("Correlation Matrix")
plt.show()
```





# APPENDIX 2: DATA CLEANING WITH PYTHON IDENTIFICATION OF MISSING DATA

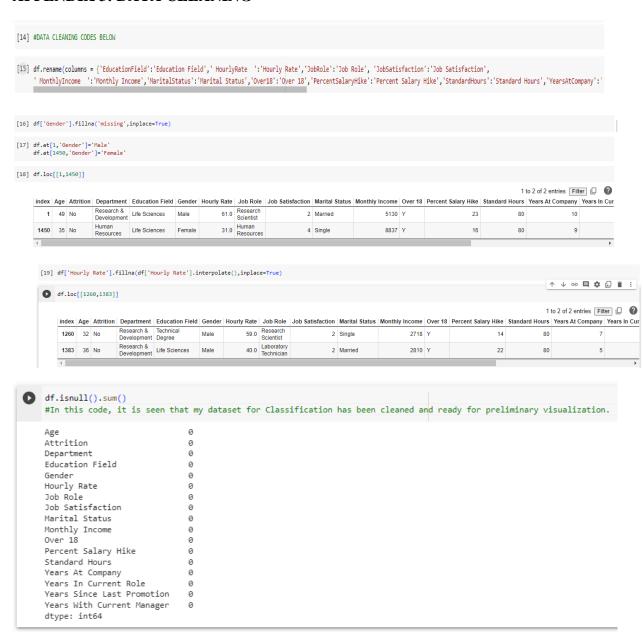
df.isnull().sum() #In this code, I have identified missing data Age 0 Attrition 0 Department 0 EducationField 0 Gender 2 HourlyRate 2 JobRole 0 JobSatisfaction 0 MaritalStatus 0 MonthlyIncome PercentSalaryHike 0 StandardHours 0 YearsAtCompany 0 YearsInCurrentRole 0 YearsSinceLastPromotion YearsWithCurrManager dtype: int64







#### APPENDIX 3: DATA CLEANING





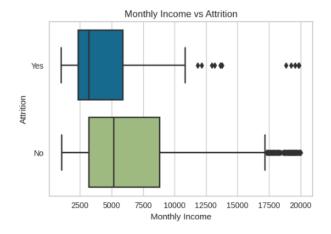
# APPENDIX 4: TARGET AND FEATURE SELECTION

```
● #DATA ORGANIZATION

    df_target_data = df[['Attrition']]
    df_feature_data = df[['Monthly Income', 'Percent Salary Hike', 'Years At Company', 'Years With Current Manager', 'Years In Current Role']]
    y = df_target_data
    print(x)
    print(y)
          Monthly Income Percent Salary Hike Years At Company \
D)
                     5993
                                            11
                     5130
                     2090
                                            15
                                            11
12
                     2909
                                            ...
17
15
    1465
1466
                     9991
    1467
                     6142
                                            20
    1469
                     4404
          Years With Current Manager Years In Current Role
```

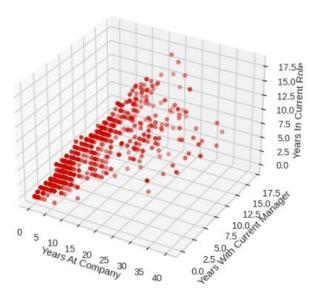
# **APPENDIX 5: PRELIMINARY VISUALIZATION**

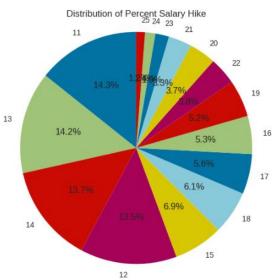
```
# Plotting with Seaborn
    plt.figure(figsize=(10, 6))
     sns.boxplot(y='Attrition', x='Monthly Income', data=df)
     plt.title('Monthly Income vs Attrition')
     plt.show()
    # Plotting with Axes3D
     from mpl toolkits.mplot3d import Axes3D
     fig = plt.figure()
     ax = fig.add_subplot(111, projection='3d')
    years_at_company = df['Years At Company']
years_with_current_manager = df['Years With Current Manager']
    years_in_current_role = df['Years In Current Role']
     ax.scatter(years_at_company, years_with_current_manager, years_in_current_role, c='r', marker='o')
    ax.set_xlabel('Years At Company')
ax.set_ylabel('Years With Current Manager')
ax.set_zlabel('Years In Current Role')
     ax.set_title('3D Scatter Plot of Three Features')
    # Plot Percent Salary Hike as a Pie Chart
    department_counts = df['Percent Salary Hike'].value_counts()
plt.figure(figsize=(8, 8))
     plt.pie(department_counts, labels=department_counts.index, autopct='%1.1f%%', startangle=90)
    plt.title('Distribution of Percent Salary Hike')
     plt.axis('equal') # Equal aspect ratio ensures that the pie chart is drawn as a circle.
     plt.show()
```





#### 3D Scatter Plot of Three Features





#### APPENDIX 6: MODEL BUILDING WITH TRAIN-TEST SPLIT

```
import sklearn
from sklearn.model_selection import train_test_split
from sklearn.model_selection import train_test_split
from sklearn.metrics import accuracy_score
from sklearn.preprocessing import LabelEncoder

# Split the data into training and test sets
# Given the class imbalance of my dataset, stratify is used to ensure class distribution is preserved during the split
x_train, x_test, y_train, y_test = train_test_split(x, y, test_size=0.2, random_state=42, stratify=y)

# Convert categorical features using one-hot encoding
x_train_encoded = pd.get_dummies(x_train)
x_test_encoded = pd.get_dummies(x_test)

# My target variable column contains strings 'No' and 'Yes'. I will encode them to become floats '0' and '1' respectively
label_encoder = LabelEncoder()
y_train = label_encoder.transform(y_train)
y_test = label_encoder.transform(y_test)
# Now y_train and y_test contains 0 for 'No' and 1 for 'Yes'
```



```
train_scores, test_scores = list(), list()
values = [i for i in range(1, 21)]
# Model fitting
for i in values:
    model = DecisionTreeClassifier(max_depth=i)
    model.fit(x_train_encoded, y_train)

train_yhat = model.predict(x_train_encoded)
    train_acc = accuracy_score(y_train, train_yhat)
    train_scores.append(train_acc)

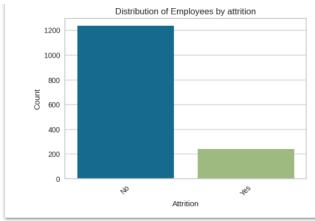
test_yhat = model.predict(x_test_encoded)
    test_acc = accuracy_score(y_test, test_yhat)
    test_scores.append(test_acc)

print('>**d, train: **.3f, test: **.3f' % (i, train_acc, test_acc))

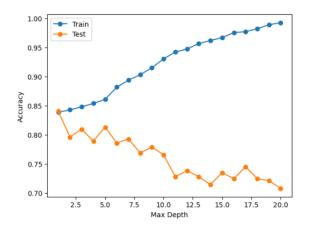
plt.plot(values, train_scores, '-o', label='Train')
plt.plot(values, test_scores, '-o', label='Train')
plt.ylabel('Max_Depth')
plt.ylabel('Max_Depth')
plt.legend()
plt.show()

[-> 1, train: 0.838, test: 0.840
    >2, train: 0.843, test: 0.796
    >3, train: 0.844, test: 0.789
    >5. train: 0.854, test: 0.789
    >5. train: 0.861. test: 0.813
```









#### APPENDIX 7: MACHINE LEARNING WITH KNN

```
from sklearn.neighbors import KNeighborsClassifier
knn= KNeighborsClassifier(n_neighbors=3)
y = np.ravel(y)
knn.fit(x,y)
knn.predict(x)
array(['No', 'No', 'Yes', ..., 'No', 'No'], dtype=object)
```

```
knn.predict(new_data)
array(['No', 'No', 'No', 'No'], dtype=object)
```

# APPENDIX 8: MACHINE LEARNING WITH LOGISTIC REGRESSION

```
from sklearn.linear_model import LogisticRegression
Logreg=LogisticRegression()
import numpy as np
y = np.ravel(y)
logreg = LogisticRegression(max_iter=200)
logreg.fit(x,y)
logreg.predict(x)
array(['No', 'No', 'No', ..., 'No', 'No', 'No'], dtype=object)
```



# **APPENDIX 9: MODEL EVALUATION**

# • ACCURACY

```
#MODEL EVALUATION
#LOGISTIC REGRESSION

y_pred=logreg.predict(x)
y_pred

array(['No', 'No', 'No', ..., 'No', 'No', 'No'], dtype=object)

from sklearn import metrics
metrics.accuracy_score(y, y_pred)

0.8387755102040816

#MODEL EVALUATION
#KNN

knn.fit(x,np.ravel(y))
y_pred_knn3= knn.predict(x)
metrics.accuracy_score(y,y_pred_knn3)
#For KNN = 3, accuracy =87.48%

0.8748299319727891
```

#### CONFUSION MATRIX

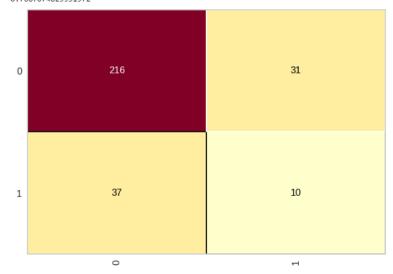
```
from yellowbrick.classifier import ConfusionMatrix
knn.fit(x_train, y_train)

# Create the Confusion Matrix
cm = ConfusionMatrix(knn)
cm.score(x_test, y_test)
```

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# • K-FOLD VALIDATION

```
from sklearn.model_selection import cross_val_score
from sklearn.model_selection import KFold
model = KNeighborsClassifier()
num_folds = 5
# I have created a k-fold cross-validation object
kfold = KFold(n_splits=num_folds, shuffle=True, random_state=42)
scores = cross_val_score(model, x, y, cv=kfold, scoring='accuracy')
for fold, score in enumerate(scores, start=1):
    print(f'Fold {fold} Accuracy: {score:.4f}')
# Calculate the mean and standard deviation of the accuracy scores
mean_accuracy = scores.mean()
std_accuracy = scores.std()
print(f'Mean Accuracy: {mean_accuracy:.4f}')
print(f'Standard Deviation of Accuracy: {std_accuracy:.4f}')
Fold 1 Accuracy: 0.8435
Fold 2 Accuracy: 0.8299
Fold 3 Accuracy: 0.7993
Fold 4 Accuracy: 0.8265
Fold 5 Accuracy: 0.7857
Mean Accuracy: 0.8170
Standard Deviation of Accuracy: 0.0212
```



```
from sklearn.linear_model import LogisticRegression
model = LogisticRegression()
num_folds = 5
# I have created a k-fold cross-validation object
kfold = KFold(n_splits=num_folds, shuffle=True, random_state=42)
scores = cross_val_score(model, x, y, cv=kfold, scoring='accuracy')
for fold, score in enumerate(scores, start=1):
    print(f'Fold {fold} Accuracy: {score:.4f}')
# Calculate the mean and standard deviation of the accuracy scores
mean_accuracy = scores.mean()
std_accuracy = scores.std()
print(f'Mean Accuracy: {mean_accuracy:.4f}')
print(f'Standard Deviation of Accuracy: {std_accuracy:.4f}')
Fold 1 Accuracy: 0.8673
Fold 2 Accuracy: 0.8571
Fold 3 Accuracy: 0.8265
Fold 4 Accuracy: 0.8401
Fold 5 Accuracy: 0.8027
Mean Accuracy: 0.8388
Standard Deviation of Accuracy: 0.0228
```