

Awareness about Human Resource Analytics

Shafaq Heyat Khan

Asst. Professor

A-303 Lok-Shilp, Plot No-59, Sector-17 Vashi, Navi Mumbai-400703,
Maharashtra
isaastone@gmail.com

Abstract

Human resource is the biggest and most important asset of any organization, hence there is a pretty good run to attract and retain it. HR Analytics is playing major role in today's business changing environment with increased business requirements towards organizational efficiency. HR analytics is a tool to improve the performance of decision making related to people in the organisation. It majorly focuses on acquiring talent to assessing future HR needs by improving employees moral and satisfaction. Employee satisfaction is found to be higher in private organizations because of the application of HR Analytics. It helps in taking corrective measures for profitable functioning of business. The insights derived from HR Analytics can help improve business performance. Organizations strive for more innovative business practices to improve efficiency and HR analytics has the highest impact on organizational success. HR analytics is applied majorly in private organizations and top management support is one of the few factors which has led to the acceptance of HR Analytics. Despite the fact that companies spend millions on people research and analytics-related practices each year, no systematic process is available to make sense of and transform these disparate data collection activities into meaningful intelligence results. Private organizations are investing heavily in HR analytics, but few are actually making progress in this vital new business functions. Human Resource Analytics helps not only in hiring but in every aspect of Human Resource functions i.e. training, development, planning etc. However, there are many barriers that come in its way of successful implementation and it is the need of the hour to identify them and find a solution.

Keywords: HR Analytics, Decision Making, Employee Satisfaction, Private Organizations.

Introduction

Human resource management has undergone a drastic change due to digitization. In the current competitive environment, talented employee is undoubtedly the most valuable assets of the organization.

The concept of data analytics in HRM is increasingly gaining attention and popularity among consultants and practitioners in the field of human resource management. High performing organizations are using analytics for evidence-based decision-making. However, the human resource (HR) function in many organizations has been slow to adopt this innovation.

According to **Deloitte's 2018 People Analytics Maturity Model**, only 17% of organizations worldwide had accessible and utilized HR data. This is up from 8% in 2015, and 4% in 2014. Of this 17% in 2018, only 2% qualified as having business-integrated data, meaning they use real-time, advanced AI-aided tools to collect, integrate, and analyze data. The other 15% is able to do predictive analytics on an ad-hoc basis.

What should you do? The most important thing to do is create a culture of making decisions based on the best available evidence.

Analytics is the discipline, which has developed at the intersection of engineering, computer science, decision-making and quantitative methods to organise, analyse and make sense of the increasing amounts of data being generated by contemporary societies (Mortensen et al., 2015). Analytics has been described as a 'must have' capability for the HR profession, a tool for creating value from people and a pathway to broadening the strategic influence of the HR function (CIPD, 2013).

HR analytics is defined as an approach to utilize human resource data maintained by the organization to measure the direct or indirect impact of HR campaigns on important business outcomes (The Financial Express, 2015). Analytics is the discovery and communication of meaningful patterns in data. HR Analytics, also known as Talent Analytics, People Analytics or Workforce Analytics, enables the HR Manager to go over and above her gut-feel and helps her to take decisions based on hard-core data.

Human resource analytics (HR analytics) is an area in the field of analytics that refers to applying analytic processes to the human resource department of an organization in the hope of improving employee performance and therefore getting a better return on investment.

HR Analytics simply means applying various advanced analytic techniques to data to answer questions or solve problems. It is a group of tools that are used in combination with one another to gain information, analyse that information, and predict outcomes of the problem solutions. Data integration and data mining are the basis for advanced analytics.

HR analytics uses both people-data, collected by HR systems (such as payroll, absence management) and business information (for example, operations performance data). At its core, HR analytics enables HR practitioners and employers to gain insights into their workforce, HR policies and practices, with a focus on the human capital element of the workforce, and can ultimately inform more evidence-based decision making.

Literature Review

HR analytic helps the human resources in tracking projects, absenteeism, monitoring and managing schedule assignment, and tracking performance of each employee. (**Bartels S, Jay Richey J, 2008**). Workforce Analytics is the ultimate tool for making a strategic workforce planning. HR Analytics today is targeting critical workforce metric that link workforce strategy to business results that finally provides HR a seat at the table and the integrity to make business and workforce strategy decisions by identifying cost savings opportunities, improving the retention of key talent and increasing workforce productivity and efficiency (**Higgins J., Cooperstein G and Peterson M, (2011)**). Organizations that are capable of leveraging in data driven decision making for the workforce not only outperform their contenders, but also profit higher value to shareholders and be in a better placed to meet workforce and business demands for the future. Google has reached an extraordinary success in the marketplace by focusing on strategic focus on people management (**Sullivan J, 2013**). In the article “how Google is using people analytics to completely re-invent HR” explains how Google has reinvent their focus to people management which has in turn help them to become No.1 spot in the list of top ten successful companies. It also explains how by realigning their HR strategy Google has changed its face of productivity.

In the article, “Workforce Analytics Approach: An Emerging trend of Workforce Management” the author **Hota & Ghosh (2013)** explains the workforce analytics as the new corporate mindset. Also reveals that adopting non aligned analytics strategy is increasing, which results the future of the firms in doldrums. Having an end to end range of analytics capabilities supported by an integrated analytics strategy, organizations are advised to enlarge, or cut short, the distance between themselves and competitors to their own competitive advantage.

The paper “Human Resources in an Enriched Environment of Business Intelligence”(Kapoor & Sherif, 2012) signifies one of the most vital problems of educating multinational companies to align their HR processes and practices to the altering global labor market conditions. By adding BI and Data analytics in the DNA of HRM protocols and database strategies they can very well attract develop and retain their top talent and be a fore runner in the global business competition.

The study on “Human Resource Metrics and Decision Support: A Classification Framework” (Dulebohn & Johnson ,2013) highlights the issue is that although HR managers have developed a greater number of metrics, a lack of guidance is still lurking around with respect to where to apply those metrics, and to incorporate them into Distributed Support Systems(DSS) and Business

Intelligence tools, eventually adding value to the HR. Hence, a framework is provided along with some guidance to researchers and managers. In addition to the framework, the type of metrics to be considered and DSS fit HR activities in alignment to the level of organizational functional details and decision support hierarchy involved is also given in detail.

According to **D Anthony’s report**, company called **Jupiter Networks** developed network infrastructure based on Big data mining in HR Department. The company uses the social media LinkedIn to track down and analyse various aspects of potential employees (**Roberts, 2012**). So it always attracts many potential, efficient masters, doctoral and engineers towards their companies.

According to **IT Company ORACLE**, organizations can more effectively manage and improve performance by using analytics. HR analytics can help an organization improve its profitability through more effective workforce cost control, balancing the lowest effective headcount while ensuring satisfactory service delivery, thereby appealing to the CFO.

Executives, the CHRO and line managers can see top and bottom-performing employees to better develop and retain key talent pools, and address retention trouble spots or looming gaps in needed competencies. Executives and managers can better understand the causal effect of workforce investment on operational results, as shown in the call center manager and predictive analytics examples above. The call center manager can optimize call costs and abandonment rates with additional training, leading to higher customer satisfaction levels and lower service delivery costs. Oracle’s HR Analytics for the recruiting process; it does not stop at hire, but continues through employment and beyond to provide an ongoing quality of hire

analysis. Many leading companies are slowly evolving their practice of HR analytics towards what Dr. Jac Fitz-enz calls a “*model of predictive management*” for human resources.

In an **HBR article, Mick Collins highlights how Black Hill Corp. used HR Analytics to their advantage.** Black Hills Corp. is a 130-year-old energy conglomerate, which doubled its workforce to about 2,000 employees after an acquisition. Like many energy companies, a combination of challenges - an aging workforce, the need for specialized skills, and a lengthy timeline for getting employees to full competence — created a significant talent risk. In fact, forecasts showed that, within five years, the firm could lose 8,063 years of experience from its workforce. To prevent a massive turnover catastrophe, the company used workforce analytics to calculate how many employees would retire per year, the types of workers needed to replace them, and where those new hires were most likely to come from. The result was a workforce planning summit that categorized and prioritized 89 action plans designed to address the potential talent shortage (*G. Bhasker, 2015*).

Aim:

To understand and create awareness of human resource analytics in the organizations.

Objectives:

- To understand what is human resource analytics.
- To study the need of human resource analytics.
- To create awareness of human resource analytics.
- To understand the influence of human resource analytics on business performance.

HYPOTHESIS:

- H_0 - There is no significant awareness of human resource analytics.
- H_1 – There is significant awareness of human resource analytics.
- H_2 – There is no significant influence of human resource analytics on business performance.
- H_3 – There is significant influence of human resource analytics on business performance.

Research Methodology:

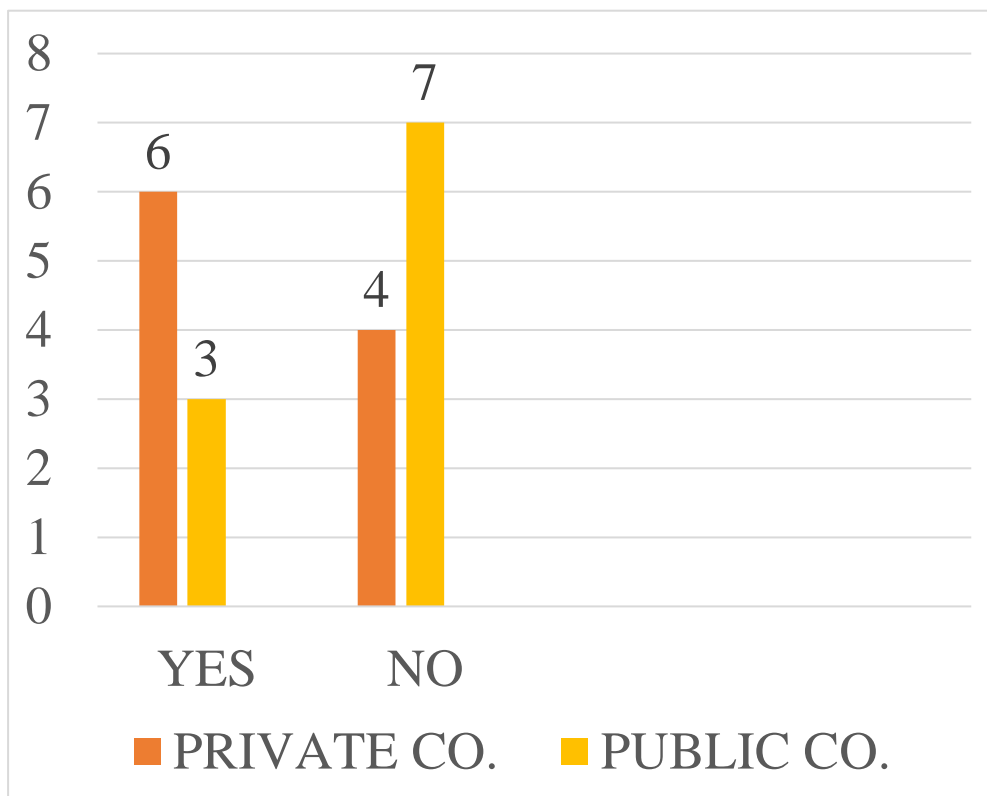
Primary data was collected through questionnaire and survey. The questionnaire was distributed to HR managers in ten private and ten public sector organizations

Data is collected through secondary source that is from scholarly articles, books, internet and white papers.

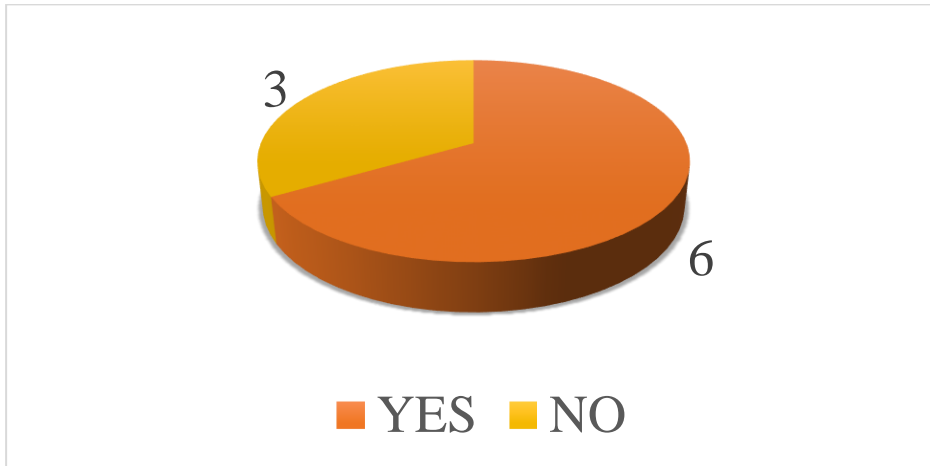
Simple random sampling was used to obtain respondents to the study.

Data Analysis & Data Interpretation

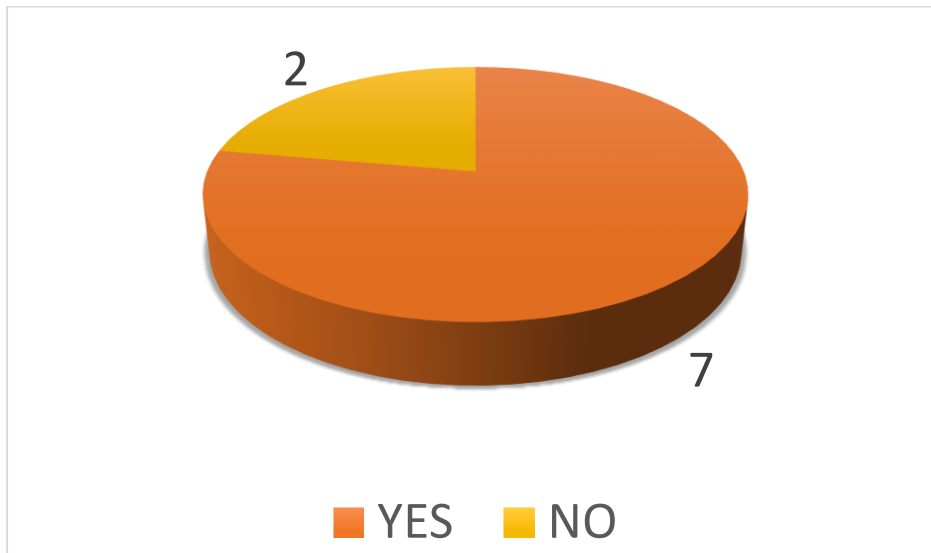
Is there any awareness about HR Analytics?



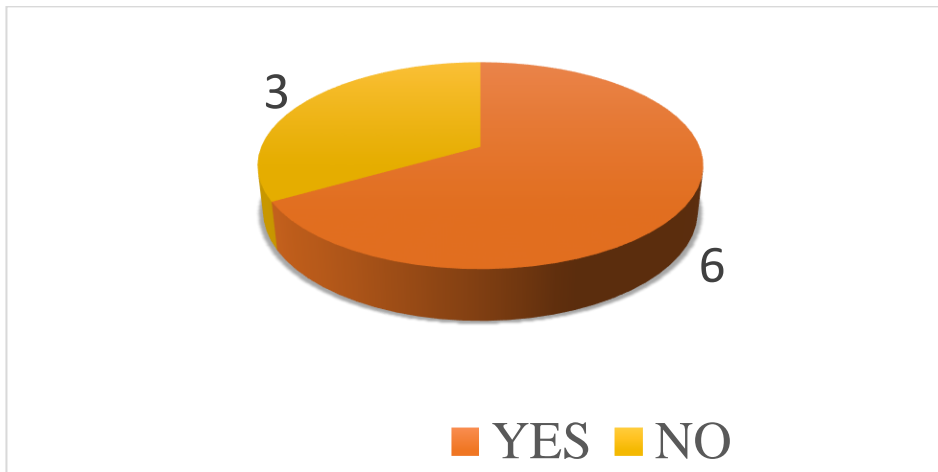
Is there any support of top management for the implementation of HR Analytics?



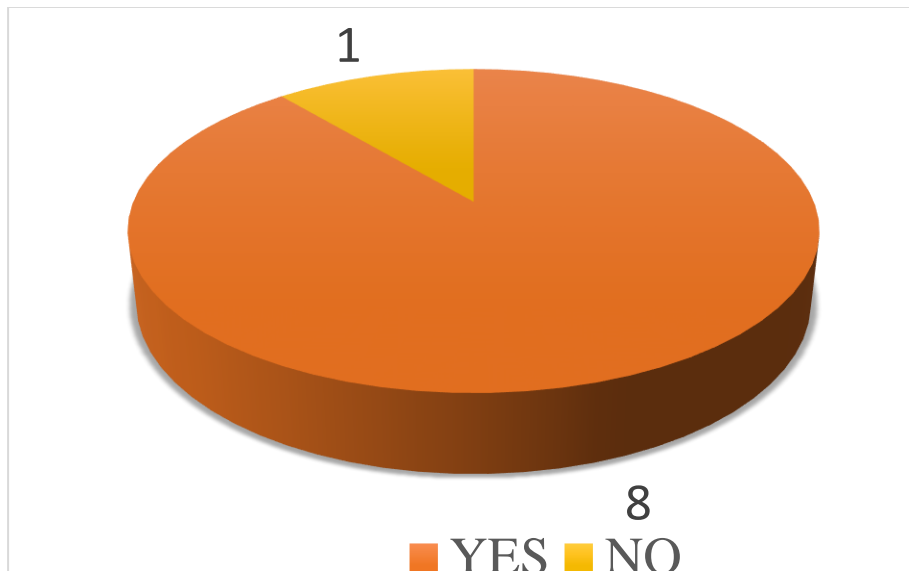
Are the employees satisfied with the impact of HR analytics in the organization?



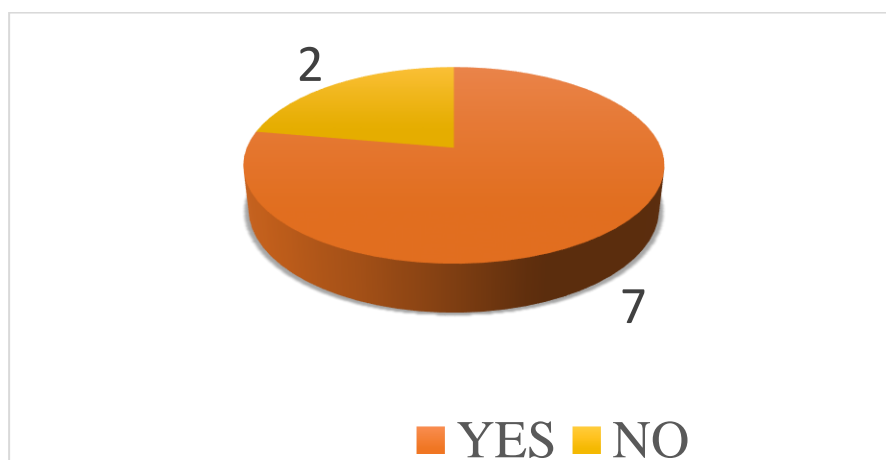
Because of the use of HR Analytics, employees can become more valuable to the organization?



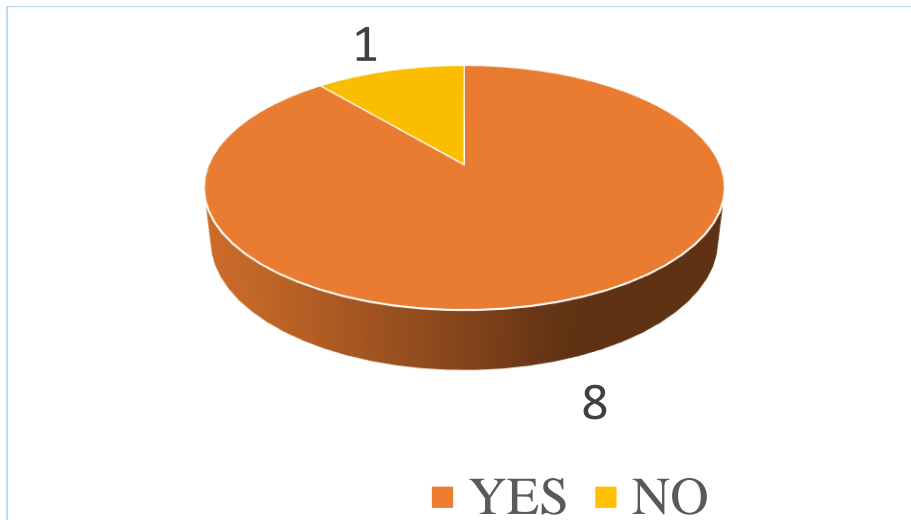
Does HR Analytics have an impact on the employee satisfaction?



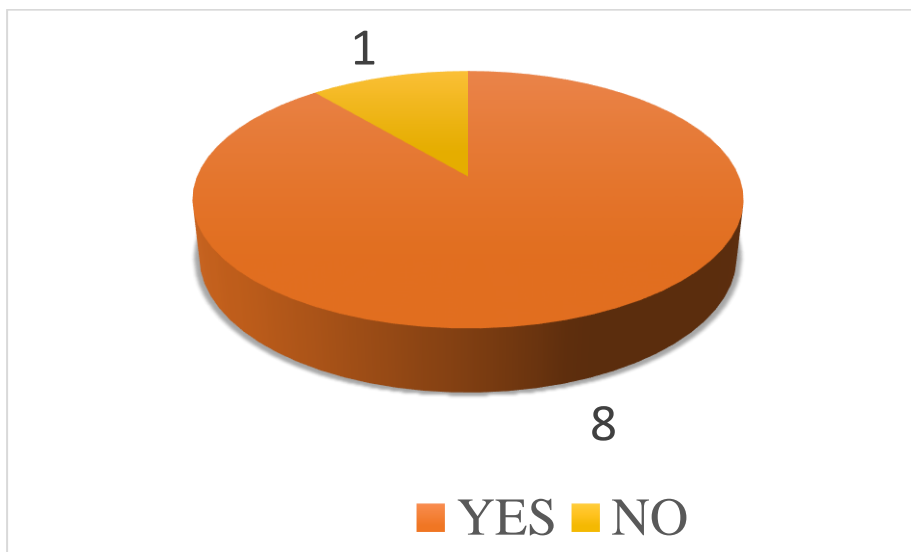
Is HR Analytics influencing the business performance?



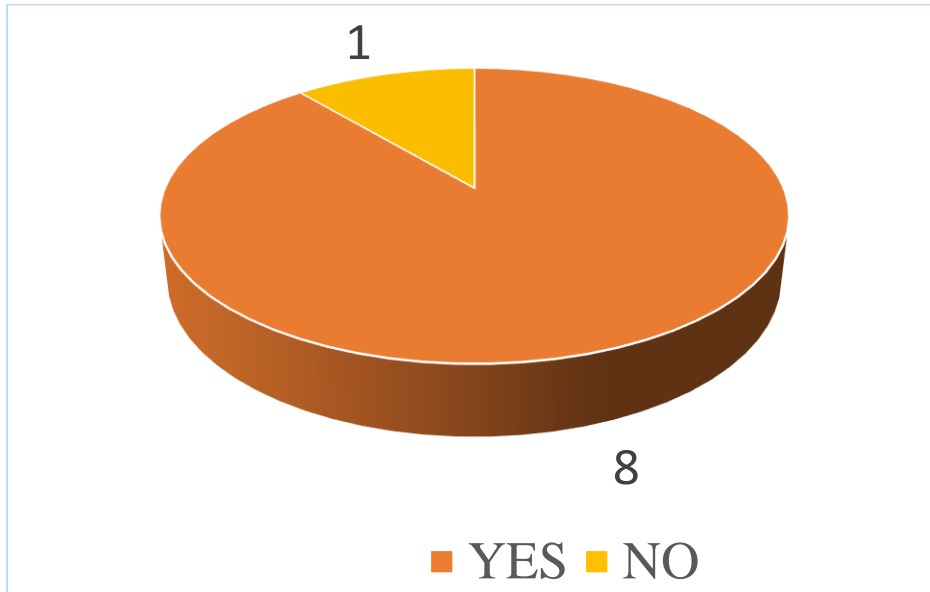
Is there any scope for improvement with respect to application of HR Analytics within your organization?



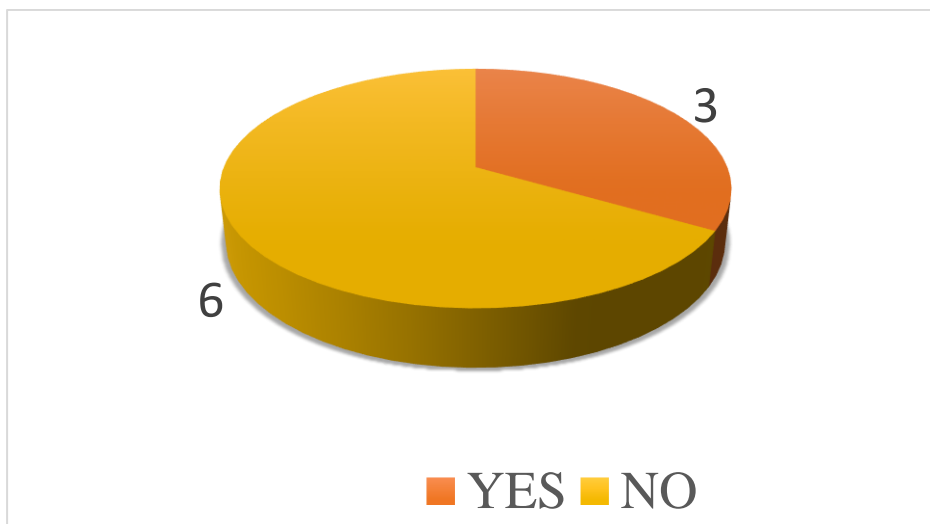
Can you identify the best process of design/implementation/use of HR Analytics?



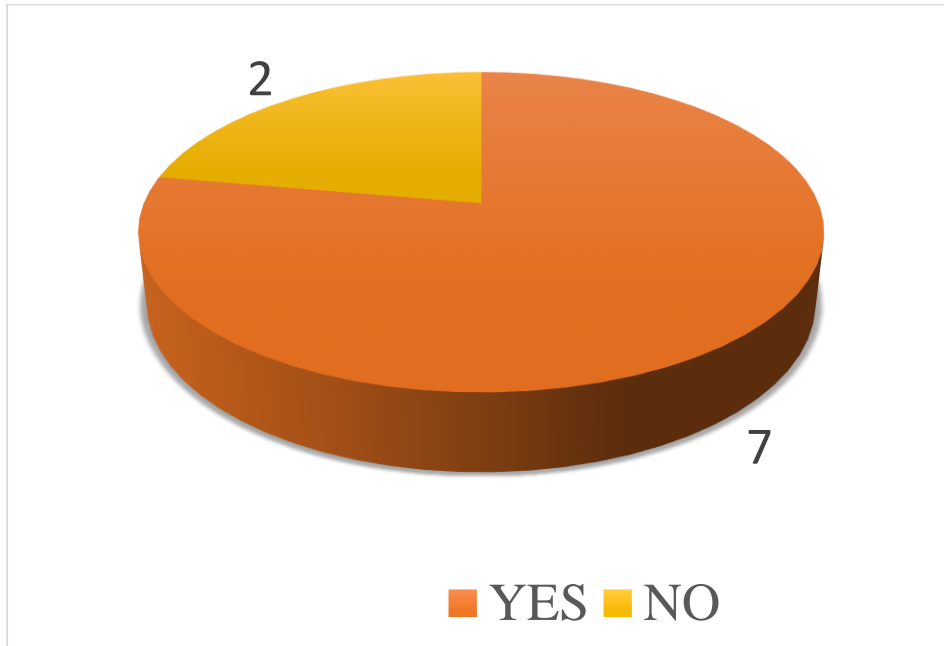
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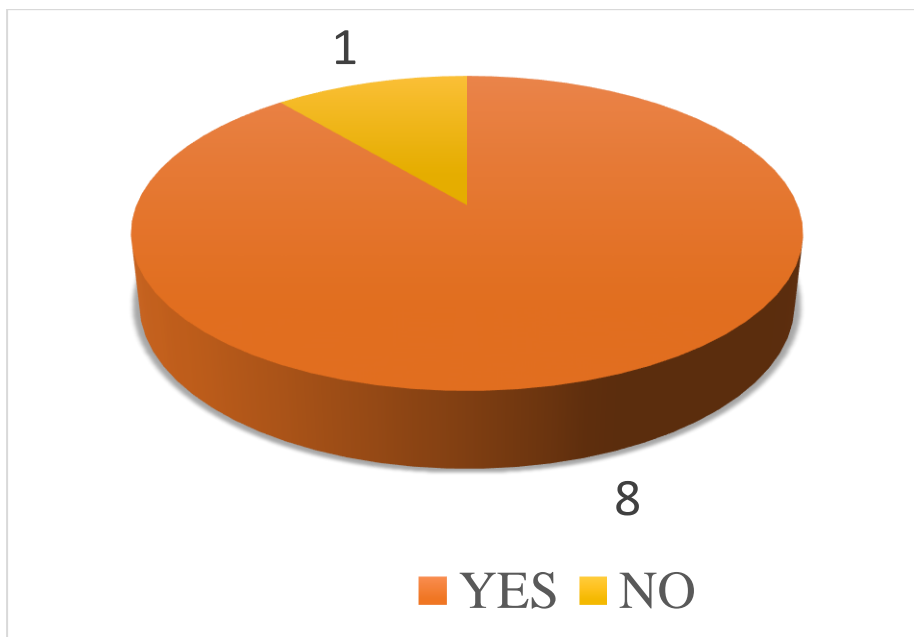
Does a lack of financial resource restrict the application of the HR Analytics?



Is there any barrier for improving HR Analytics in the organization?



Does your company use HR Analytics to improve its talent strategy and corporate performance?



TESTING OF HYPOTHESIS

- H_0 - There is no significant awareness of human resource analytics. Disproved.
- H_1 - There is significant awareness of human resource analytics Proved.

- H₂ – There is no significant influence of human resource analytics on business performance. Disproved.
- H₃ – There is significant influence of human resource analytics on business performance. Proved.

FINDINGS

- The awareness about HR analytics among the private organizations is high as compared to the public organizations.
- HR Analytics is implemented majorly in private organizations than public organizations because of the top management support.
- Because of the deployment of HR Analytics employees were found to be more satisfied in private organizations than public.
- Public organization face financial crunch for the application of HR analytics.
- The employees in the private organizations are satisfied with the impact of HR analytics which has made them more valuable to the organizations. This has resulted in increasing the overall business performance.
- Private organizations are adopting the best designs of HR analytics which are convenient to use and helps to improve talent strategy within the organizations.

Limitations

The results obtained cannot be generalized to a broader population. The small sample size, response rate and context where it was conducted are limitations of the study.

Scope for Future study

Future studies can focus on extending proposed theoretical frameworks, by testing and validating them thereby new models can be created. In this whole process, employee's perceptions regarding the change from traditional decision making to evidence based decision making can also be studied. Lastly, measuring the risks and challenges of the physical implementation of HR Analytics, both in terms of tangible and intangible factors can have a huge research potential that is to be explored.

CONCLUSION

From the analysis of the above, organizations need to embrace advanced analytics and predictive techniques that support strategic organizational goals. Application of predictive analytics in HR entails utilizing relevant data to solve specific business problems. The problems of HR viz. succession planning, recruitment, manpower planning, forecasting of turnover etc. all can now be solved with the new technology like HR analytics. HR analytics has helped the organizations to improve their performance by creating a network of individuals to function as a strategic partner.

Application of predictive analytics in HR entails utilizing relevant data to solve specific business problems. The insights derived can help improve business performance as well as employee engagement and satisfaction.

With a strong analytic foundation, HR departments and their personnel can more effectively manage workforce data and establish greater business context for human capital decisions.

In the age of Analytics, talent represents the last true competitive edge for organizations today. HR analytics is helping the Human Resource Managers to become true strategic leaders.

Thus, HR analytics is transforming the Human Resource Department and the HR managers to function more as business partners and achieve organizational success. HR Analytics has indeed facilitated the improvement of workforce performance in an organization thus increasing the productivity of the employees in turn increasing revenue generation.

RECOMMENDATIONS

HR managers who have not started planning for HR Analytics should realize they are at risk of losing their influence and standing, as HR Analytics is now considered critical for the future success of HR management (Ulrich & Grochowski, 2018). HR Analytics requires a data-driven organizational culture that must be supported by top management. The focus of HR Analytics should not be Human Resource, rather it should be business performance, so leaders of other functional areas need to collaborate with HR on implementing HRA to solve their business problems.

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