

## A STUDY OF TECHNIQUES OF HUMAN RESOURCE ANALYTICS AND ITS IMPLICATION IN INDIA

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### Abstract:

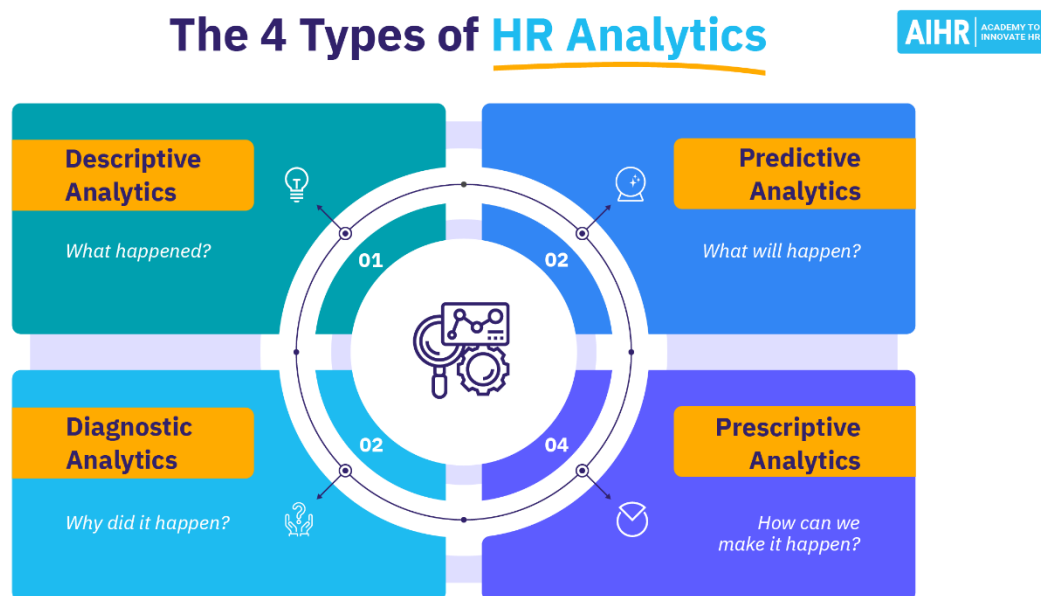
There is a lot of pressure on HR managers around the world to move away from traditional methods of managing human resources and integrate HR functions with business strategies through technology in order to have an impact on business performance in the current era of growing competition and constantly changing technology. HR professionals have developed a new field called HR Analytics with the goal of keeping up with technological advancements and providing the finest information for management. The HR Analytics is a cutting-edge method used in the HRM field that analyses data pertaining to the human capital of the organisation using tools, procedures, and various measures. The use of HR analytics has made it possible for the organization's numerous HR activities to be carried out in a methodical and scientific manner. Businesses are now spending money on HR technologies, HR data, and HR analytics to boost transparency, improve monitoring, and predict the future. The expanding importance of HR analytics and its function in enhancing overall company excellence will be the main emphasis of this paper due to the growing popularity of HR analytics. Additionally, the paper will give readers a glimpse into the many tools and techniques used by commercial organisations to carry out various HRM tasks, including recruiting and selection, training and development, and personnel planning. The use of HR analytics may present several difficulties, which would also be covered in the article.

**Keywords:** HR Analytics, HRM, Transparency, Monitoring, Recruiting and Selection, Training and Development, Personnel planning.

### Introduction

Any organization's human resource department has always been crucial to its success by successfully and efficiently managing its human capital. The organization's traditional human resources department needs to be updated due to technological advancements and the availability of a significant amount of data. Any organization's HR department is similar to a doctor in that you'd like not to require one. The unexpected fact is that the department in charge of managing human capital really becomes a source of fear for them since whenever someone receives a call from the company's HR Department, they automatically assume the worst. The Human Resource department's reputation as a soft and conventional department in

any organisation is another significant problem. The sales department frequently plays with numbers, but the HR department never has the same reputation. As a result, the Human Resource department consistently finds it difficult to quantify its data and evaluate its successes and failures in the same manner that the different other departments of the company do. Human Resource Analytics, a novel, inventive, and new domain, is thus available for the Human Resource Department to address these issues. Modern HR analytics solutions can help human resource departments become more data-driven and analytically sophisticated. The deployment of HR Analytics also aids in elevating the organization's human resource department from an operational to a more strategic level, enabling managers to support key organisational decision-making. The following study examines the same notion of HR Analytics and its effects on the organisation.



Source: <https://www.aihr.com/blog/types-of-hr-analytics/>

### Three Recommendations for a smarter HR function

#### 1. Make imaginative use of your data sources because data is never limited.

A typical issue in organisations is a lack of data or vetted sources. This is frequently given as a reason for the slow progress in HR becoming more data-driven. Some claim that Excel sheets are the driving force behind the entire operation. Or how it's challenging to put together a single employee view despite years of digitization.

We've shown that there are solutions available in each of these scenarios if one is inventive. Organisational systems produce a lot of data trails. Consider sensor-enabled smart offices, intranet logs, CCTV feeds, or biometrics. Without violating anyone's privacy or morals, all of this data can be collected.

The sharing of best practises throughout its divisions was a challenge for a renowned, international consulting firm. Without using any email content, a study of the recipients' list revealed distinct trends. In contrast to other divisions, the retail teams in the US and Europe rarely engaged with one another. The formation of interregional teams to encourage exchanges was one of the measures.

## **2. Employ the entire data science toolkit rather than just advanced analytics**

Algorithms powered by AI are always the starting point of conversations in analytics. Even before they know what their employees desire, people talk about anticipating behaviour. Even in the analytics toolbox, the idea of fate at the base of the pyramid has a parallel.

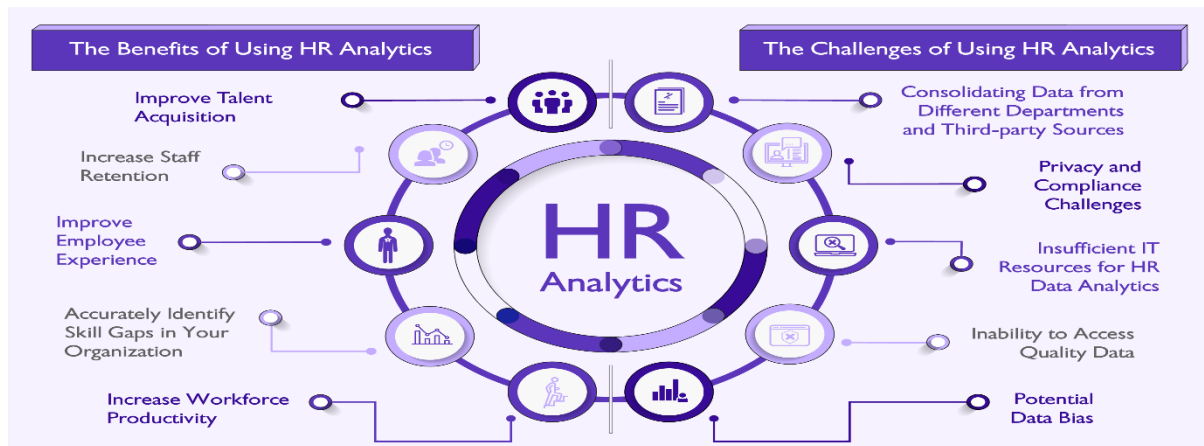
Start simple and determine "what happened" and "why it happened" for the greatest possible commercial impact. Then, one can look into the future with a crystal ball to determine what will occur or how it can be influenced. It is beneficial to use bottoms-up analytics throughout the board.

## **3. The attitude is everything; the tools don't matter**

Businesses struggle to select the best tool when they launch analytics programmes. Optimising the tool selection is typically a classic example of analysis paralysis. The idea is that the amount of magic that can be produced is determined by the tool. Let's get to the good and bad news.

The good news is that you can get by without expensive equipment or investments. The bad news is that the true worth of analytics is determined by the quality of the methodology. It is therefore far more individualised and subjective. The effectiveness of your team will depend greatly on how well your procedure is executed.

The value from HR analytics is all in the solution strategy, just like with any other application of data science. Both context and computational power are required by the algorithms. Start with all of the factors that are accessible, for instance, while developing a model to predict staff attrition. The list must then be thoroughly trimmed by looking into relevancy and connections.



Source: <https://www.altexsoft.com/blog/how-to-implement-hr-analytics/>

### Research objectives

The study's goal is to examine the body of knowledge in the field of HR analytics and establish a connection between its advancement and the effects it has on the organisation. The following goals are intended to be accomplished by the paper:

1. To review the body of knowledge in the field of HR Analytics.
2. To look into how HR Analytics is used in various managerial tasks like hiring, training, and development.
3. To learn more about how HR Analytics may help with performance management and staff retention.
4. To outline potential difficulties in using HR analytics for managerial decision-making.

### Literature review

The HR department has always had access to a vast amount of data since the development of management theories and principles, yet this data has gone underutilised for decades. The department is deemed to be active in HR Analytics as soon as it begins to appreciate its significance and conducts an analysis of the data that is related to choices, issues, and other aspects of human resources. It is a new area that has not yet been fully investigated.

According to Heuvel and Bondarouk (2016), HR analytics is the methodical discovery and quantification of the human factors that influence business results.

HR may create a strong planned business relationship with the company by creating efficient human resource solutions, which will lead to two important outcomes: increased organisational effectiveness and incredibly happy employees (Verma and Mehrotra, 2017).

Understanding the function of HRM in strengthening organisational skills through HR Analytics, as well as the extent to which HR Analytics will be used and how it will contribute to organisational success, is crucial (Varma and Chavan, 2019).

The human resources department has always been a very adaptable management sector. It is no longer considered to be a body whose major function is to handle employee complaints. It is seen as a vital control hub that affects how well an organisation operates. Jain (2020)

The HR analytics lifecycle encompasses HR research and innovation within the context of social, behavioural, and organisational science, as well as a wider range of HR analytics methodologies and data sets (Falletta and Combs, 2020).

### **HR Analytics to Find Talent**

The only responsibility HR managers had in the past was to fill open positions within the company with new hires. However, because businesses today understand how crucial it is to identify, attract, and keep the greatest personnel, recruiters now have a more important role to play. As candidates' awareness has grown, there has been an increase in competition for talent. Nowadays, with the internet and constantly improving technology, finding a job is not a problem that only surfaces after around two years. Even while working, candidates these days are hunting for better career opportunities.

As a result, the job of a recruiter has grown to be rather tough. Hiring managers now have help thanks to HR tools and data. HR analytics are now used more frequently during the hiring process as a result of the fusion of HR and technology. All of this necessitates the collection of data using a variety of technologies, including applicant tracking systems, recruitment management systems, talent management systems, etc. Employing HR analytics, HR managers are able to predict the positions and skills that are necessary to improve corporate performance.

Companies are now using all-inclusive recruitment software, such as Talent Management Systems (TMS) and Applicant Tracking Systems (ATS), to find the best match between a candidate's skills and a job opening. This raises the general calibre of new hires. Similar to this, completely automated recruitment software has the capacity to perform resume searches by gathering information about candidates from a variety of sources, including social media accounts, job boards, career sites, etc., and finding the best match with the position's requirements.

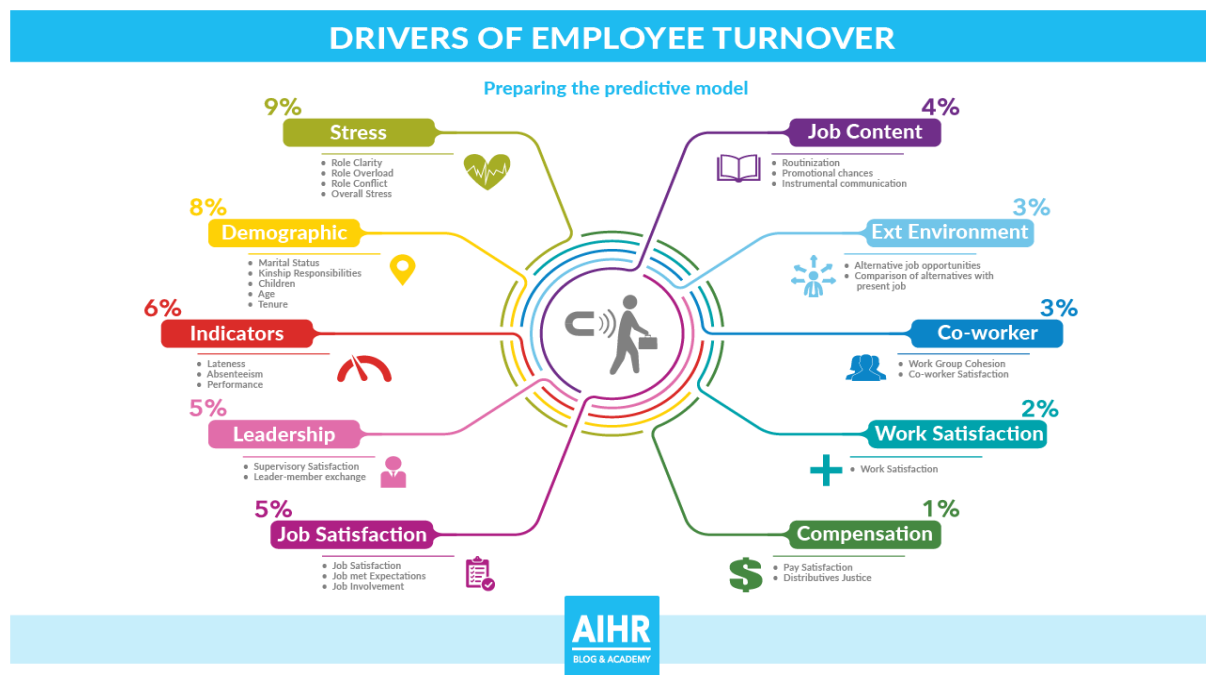
The use of HR analytics and technology by recruiters can also assist them schedule interviews with shortlisted prospects and provide thorough feedback thereafter. As the recruiters can see this input in real time, they may respond quickly in response to it. Additionally, hiring managers can control and monitor the progress of the offers they make to candidates.

Utilising HR analytics in the hiring process has the additional benefit of eliminating bias and discrimination from the selection process and improving decision-making accuracy.

By speeding up the employment process, most ATS or Recruitment Management Systems have increased efficiency. This has improved an organization's ability to compete for the top talent, who could otherwise pick another offer if the selection process takes longer.

### HR Analytics in Employee Retention

The cost of replacing a current employee is high, including lost productivity, recruitment fees, training costs, employee morale declines, etc. As a result, it is crucial for HR managers to take action to lower attrition and increase employee engagement.



Source: <https://john-poppelaars.blogspot.com/>

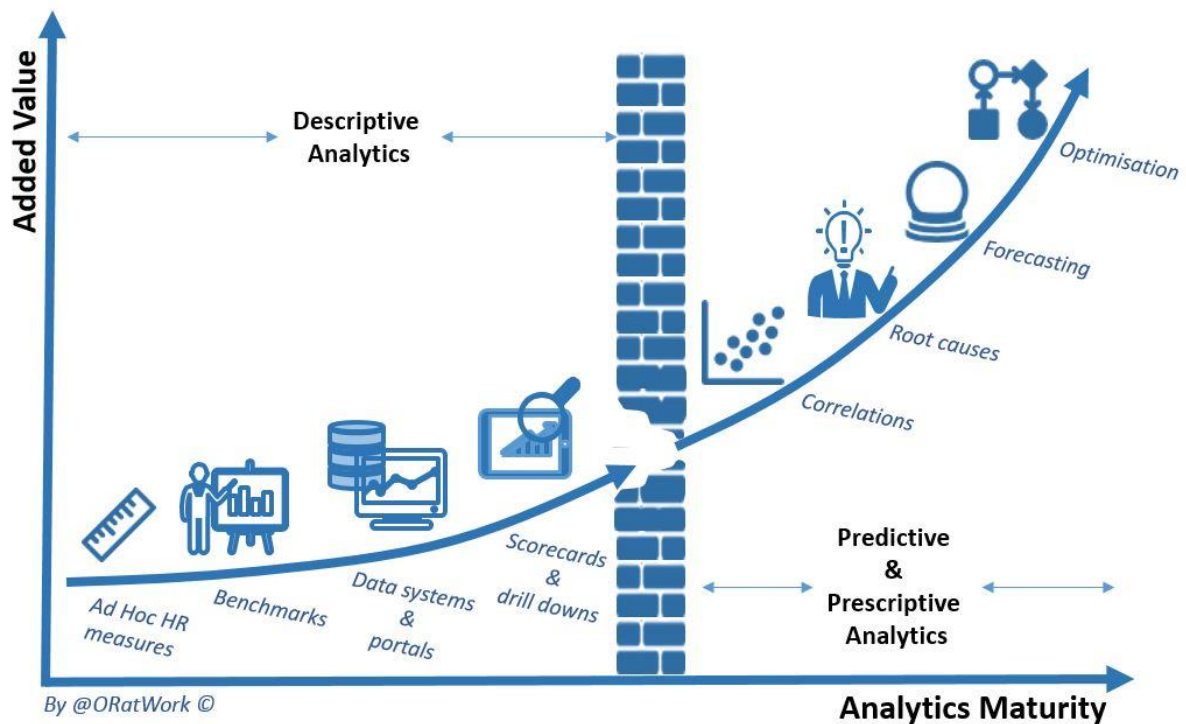
To predict future attrition, HR analytics uses employee data from a variety of fields, including: employee turnover ratio, department-specific attrition rate, attrition due to travel time, characteristics of employees with longer tenure, characteristics of employees who leave within 1 year, induction experience, employee interviews, employee performance data, etc.

This kind of information aids in identifying the main reasons for staff turnover and training programmes that can be put in place to improve employee retention. The use of HR analytics also makes it feasible to foresee which employees will quit, allowing for the resolution of problems in advance.

Similar to this, departments with the highest attrition rates can be discovered along with potential causes. The highest-impact activities on employee engagement can be identified using HR analytics, allowing businesses to invest in them to lower attrition rates.

## HR Analytics in Performance Management

Any organisation needs performance management because it fosters a high-performance culture and inspires the top workers to perform at their highest levels. In order to achieve organisational success overall, an organisation can use HR analytics to detect talent gaps, create training and development programmes, pinpoint staff retention tactics, and carry out succession planning.



Source: <https://john-poppelaars.blogspot.com/>

Top executives are now aware of how tough it is to hire and keep talented staff. Additionally, because they do not take into account an employee's performance at the moment, traditional performance review systems are also out of date. They are also incapable of giving employees timely feedback so that they can enhance their performance. In order to make performance management wholesome and thorough, HR managers are now using HR analytics data in it.

The data-driven approach used by HR analytics in the performance management space enables managers to spot signs of underperformance and address them before they become an issue. As a result, prompt action can be taken that might otherwise result in a lost employee and decreased income for the company. Concerning issues can be identified and discussed with management and staff so that everyone can work together to boost performance and

productivity. Examples of such issues include increased laziness, missed deadlines, and other similar ones.

The best and poorest performing employees can be identified using employee data and HR analytics based on a variety of qualitative and quantitative factors. To maintain employee motivation and track their career advancements inside the company, HR managers around the world can analyse this data.

### **HR analytics in Training and Development**

It should go without saying that after an organisation recruits a bright worker, the following task is to expose them to their tasks and responsibilities through qualified training programmes. Businesses invest a significant amount of money in training initiatives to continuously improve the knowledge and abilities of their workforce.

Even while employees regularly take part in online courses, training sessions, and other learning programmes, it can be quite challenging to pinpoint the precise advantages of these initiatives.

The importance of HR analytics has also been demonstrated in the area of training and development. HR managers can detect organisational needs using data analytic technologies, allowing for appropriate employee training and outcome evaluation. To close the skill gap and keep up with the competition, an organisation will benefit from this.

The development of employees can be shown using employee records and customer feedback information. Analysing the costs and benefits of each training programme that the company offers may be done using the data produced by HR analytics, which can also be used to monitor employee learning.

### **Challenges Faced by HR Analytics**

Realising HR analytics' full potential is difficult since doing so presents numerous difficulties for HR professionals to overcome.



## People Analytics Strategy



Source: <https://www.aihr.com/blog/people-analytics-strategy/>

Data availability from many sources is one of the initial issues. Many HR solutions, such as the HRIS, ATS, learning management system, and employee referral software, among others, produce their own data. It is difficult and time-consuming to integrate this data with that from other sources.

The fact that HR managers lack the knowledge and training necessary to use the tools used in HR analytics presents another difficulty in the field of HR analytics. Implementing HR analytics to improve decision-making necessitates analytical abilities, which can only be taught through rigorous training led by subject-matter specialists. HR managers are hesitant to learn and use these tools due to their concern of the associated technicalities.

There is a lot of sensitivity and secrecy around data about human resources. Keeping data secure and private is therefore difficult in the field of HR analytics.

Last but not least, the expense of purchasing, implementing, and maintaining multiple systems and HR analytics tools can be a barrier, especially for businesses with limited funding. Additionally, the implementation costs for recruiting and additional training.

The field of HR analytics is still in its infancy, and HR managers are just now starting to grasp its enormous potential.

### Conclusion

All crucial HR input is analysed using HR analytics, which improves its interpretation. According to this article, the introduction and usage of HR analytics within organisations have proven challenging since HR practitioners might not have the knowledge and skills required to apply the HR analytics technology, and there might be information security or data management issues.

The current study adds to the body of knowledge in the field of HR Analytics by helping to comprehend its significance both for the organisation as a whole and separately for various managerial responsibilities. The report also examines difficulties encountered when implementing the unique idea in the organisation. According to the study, HR analytics may undoubtedly help managers make wise decisions provided they are implemented well within the organisation. The businesses are actively restructuring their departments and turning them into digital business models. As a result, the current study provides a framework for future quantitative studies that will assess the effect of HR analytics on organisations and their functional units. The managers are now assisted by the HR analytics tools in making the best, most accurate judgements in all areas of HR.

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