

HR Analytics – A Strategy For Effective HRM

Ms. B.K. Indrani

Ph.D - Research scholar
Department of management studies,
Dr. MGR educational and research Institute
Chennai.

Mrs. Dr. S. Asrafi

Deputy HOD –
Department of management studies,
Dr. MGR educational and research Institute
Chennai.

Abstract

Globalisation and changing environment influences the companies to adapt recent trends for sustainable growth and development. Human Resource Analytics (HRA) is the data driven approach for the effective way of managing human resources in the organisation. Major purpose of HRA is better Decision making. It helps to enhance employee productivity and engagement. HR data with support of analytics in order to provide outcomes and insights that are supportive for business operations. This technique is being used by many organizations in both a strategic and tactical way to achieve competitive advantage in terms of their analytic capabilities as well as decision-making processes based on data gained from analytics (Davenport, Harris & Morison 2009). HR Analytics also provides possible solutions for HR challenges. This research is an empirical study and represents a major contribution to the field of HR Analytics in organisations. In this research author covers what are the benefits, challenges and application of HRA.

Keywords: Analytics, Data, Decision Making, Productivity, Engagement, strategy, tactical.

Introduction

Human resources are the essential asset to the organisation. Human Resource analytics (HR Analytics) is defined as the area in the field of analytics which is applying analytical process to the human capital within the organization to improve employee performance and improving employee retention. HRA aims to collect human resource processes, gathering related data and then using this data to make predict decisions on how to overcome HR related problems. HR analytics is the application of statistics, modelling, and analysis of employee-related factors to improve business outcomes. HR analytics is also known as people analytics, talent analytics and workforce analytics. HR analytics covers all the HR functions such as time to hire, performance evaluation and training expenses per employee. People analytics can be applied to all people like customers as well as employees and workforce analytics encompassing term pertaining to employees on site, remote, gig workers, freelancers, consultants.

HR Analytics

In earlier stage 1900s it was operational Human Resource, later on 2000s it was strategic Human Resource and now its data driven Human Resource. Data is the most important thing on HRA. Human Resource analytics is a data-driven approach to managing people at work. analytics enables HR professionals to make data-driven decisions. analytics helps to test the effectiveness of HR policies and different interventions. Analysis can be done with the help of data. HRA requires two types of data one is internal data and external data.

Internal data contains employee tenure, employee compensation, employee training records, performance appraisal data, reporting structure, employee medical records, and details on high value, high potential employees and details about disciplinary actions. External data contains financial data, organisational specific data, passive data from employees, historical data. Tools to analyse these data are work day, google analytics, R, Python. Findings from the data are the key impact to their organisation.

Benefits of HR Analytics

In sum, HR analytics will move from an operational partner to a more strategic centre of excellence. Companies are now realizing company success is built on people, and HR analytics can light the way from intangible theory-based decisions to real ROI through the following:



Challenges of HR Analytics

There are several challenges organizations need to overcome so they can reap the rewards:

- Finding people with the right skillset to gather, manage, and report on the data.
- Data cleansing.
- Data quality.
- Too much data to parse or not knowing what data is most important.
- Data privacy and compliance.
- Proving its worth to executive leadership.
- Tying actions and insight to ROI.
- Identifying the best HR technologies to keep track of the data.

Future of HR Analytics

We're experiencing seismic shifts in the HR landscape, and smart organizations realize they need to embrace a data-driven culture to compete and retain top talent. Data analysis is now a necessary tool to move beyond gut feeling, but challenges remain in selling its benefits to the C-Suite. Once consensus is gained, partners and human resource management solutions will need to be chosen with care to ensure goals are met.

Psychology is also playing an increasingly important role in HR analytics. Industrial-organizational psychology (I-O psychology) applies psychological principals to organizations. Its goal is to increase productivity and employee well-being. A common application is to match employees with the best-fit job within the organization, and analytics is one tool I-O practitioners use to make these decisions.

Strategic HR to Data driven HR Why

Analytics allows HR and its functions to measure and then increase its business impacts. When everything in HR is digital, prioritized and managed with data, HR can show where and how much it directly impacts strategic business goals.

Analytics allow HR and its functions to increase workforce productivity. HR can utilize analytics to identify the factors that directly increase productivity.

Analytics allow HR and its functions to contribute to an increase in corporate speed and adaptability.

In a rapidly changing and volatile world, businesses can only succeed if they are fast and adapt quickly. HR can make a contribution to that effort by utilizing analytics to develop a hiring process that selects individuals with these two key skill sets.

Analytics allows HR and its functions to contribute to increasing corporate innovations.
Analytics can help HR design recruiting systems that effectively attract the best innovators.

Data allows HR and its functions to more effectively influence managers.
The best thing about using data to influence managers is it's hard for them to contest it.

Predictive analytics prepare managers and HR for the future.
The most impactful component of data-driven decision-making is the ability to predict trends and upcoming problems or opportunities in talent management.

Analytics allows HR to prioritize and funnel resources into the highest business impact areas.

HR leaders can more accurately allocate their HR budget and staff into the programs with the maximum impact.

Analytics allows HR and its functions to identify which existing talent programs are not working.

Analytics helps HR leaders discover which of their existing programs and tools are working and which ones are not. Analytics also allow you to assess the effectiveness of new programs.

Analytics will identify the hidden causes of problems. HR must go beyond its current "what happened metrics" (i.e. our turnover is 12%) and begin gathering what I call "why metrics" (i.e. 85% left because of bad managers).

Data will increase hiring and recruiting efficiency. Research by the Bosh Consulting Group found that the recruiting function had the highest impact on both corporate revenues and profits. As a result, it makes sense to apply analytics in this area.



Applications Of HRA

How Does HR Analytics Drive Business Value?

The data useful for the HR function can be used to improve employee performance, the employee experience, and in turn, maximize business outcomes. For example of how HR analytics can be used to enhance business value. “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”. This is definitive granular data that can not only impact the bottom line, it can also transform employee engagement in an organization. HR analytics being that of increasing the business value derived from using data for talent decisions.

Conclusion

Digitalization is a world-wide trend and it enhances the business operations. HRA is one among of that. Transformation of organisation from one level to next level will aids to increase their effectiveness and also in decision making process. Most importantly organisations must adapt and support findings solutions because it's based on real time data. HR functions through integrating analytics as an integral part in order to enable the measurement of HR, HR outcomes and develops a decision with HR Data. Organisation must update them for growth and compete the challenges. HRA is a effective way of handling human resources in the organisation.

References:**Books and Journals**

Dias, I., & Sousa, M. J. (2015). Business Intelligence Applied to Human Resource Management. In A. Rocha et al. (Ed.), *New Contributions in Information Systems and Technologies, Advances in Intelligent Systems and Computing 354: Springer International Publishing Switzerland*.

Huselid, M. A. (2015). Workforce Analytics for Strategy Execution In Ulrich, D., Schiemann, W.A. & Sartain, L. (Eds), *The Rise of HR: Wisdom from 73 Thought Leaders*, 301-315. Alexandria: HR Certification Institute.

Mondore, S., Douthitt, S., & Carson, M. (2010).Maximizing the Impact and Effectiveness HR Analytics to Drive Business Outcomes.*People & Strategy*, 34(2), 21-27.

Pilbeam, S. and Corbridge, M. (2010).People resourcing and Talent planning. Harlow, England: *Financial Times Prentice Hall*.

Davenport, T. M., Harris, J. G., & Morison, R. (2009). Analytics at Work: Smarter Decisions, Better Results. *Accenture Institute for High Performance*.

Haines, V. Y., & Lafleur, G. (2008).Information Technology Usage and Human Resource Roles and Effectiveness.*Human Resource Management*, 47(3), 525-540.

Edgar Schein, *The Corporate Culture Survival Guide*, (California: Jossey-Bass, 1999); Sally Riad, "Of Mergers and Cultures: What Happened to Shared Values and Joint Assumptions," *Journal of Organizational Change Management*, 20, no. 1 (2007).

Kotter, J. P. (1995). *Leading change*. Boston: Harvard Business School Press.

websites

<https://www.questionpro.com/blog/hr-analytics-and-trends/>

<https://www.microstrategy.com/us/resources/introductory-guides/hr-analytics-everything-you-need-to-know>

<https://www.techopedia.com/definition/28334/human-resources-analytics-hr-analytics>

<https://www.forbes.com/sites/bernardmarr/2016/03/01/the-8-hr-analytics-every-manager-should-know-about/#1cd48853788f>