THE ROLE, RELEVANCE AND FUTURE OF HR ANALYTICS AS AN ENABLING HRM TECHNIQUES

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Abstract: Human Resource Management is always a challenge for organisations of all sizes. Proper human resource planning is essential to evaluate the ability and utilization of workforce. Here in, the HR analytics provides strategic edge to organisations in Human Resource Management. This HR Analytics can measure the efficiency of workforce, provide correct information for decision making and improve the productivity of firms through identification of the loopholes of the human resource management processes. This paper discusses HR Analytics as a tool for effective human resources management. It also discusses about HR Analytics maturity model as an aid to human resource planning.

Key Words: HR Analytics, Evolution of HR Analytics, HR Analytics tools

Introduction

HR analytics is the application of analytical technique to resolve the HR problems. Using HR analytics helps to improve organisational performance, gain and maintain a competitive advantage. It provides organisations with a framework for decision making, solve complex business HR problems, drive sustainable growth through innovation, anticipate and plan for change while managing and balancing risks.

In other words HR analytics is the statistical techniques for insight and evaluating the causal relationship between HR practices and organisational performance outcomes. Standardisation of such HR practices has helped companies to achieve important goals like consistency, efficiency and fairness to gain a global view of their workforce. Thus the HR functions now has two major mandates i.e., to recognise the unique talent of each employee and deploy these talents in a manner that maximises the employees energy to drive business outcomes. To re-engineer the talent system and develop HR capabilities for personalization, customisation of HR practices are needed in employees and their organisations. HR practitioners essential to develop the kind of skills that marketers used to excel at customization such as co-creation, segmentation, understanding data, getting used to looking at technology to support this customization. They will need to find new ways to unite employees behind the organisation even as employees have more diversified, personalized experiences in the workplace. For all these HR needs to have dedicated analytics groups for their functions. From the point of recruitment to the point of attrition, large scale organisation are using data and software's to create segments within the organisation in terms of employees so that they can give better service and extract better results from the those employees. The success of the organisation depends on its workforce. HR analytics help to cope and survive in the midst of fast growing and fast changing socio – economic environment by exploiting business opportunity with the minimum risk and challenges. Hence HR analytics are crucially important and provide a strategic advantage in the fierce competitive market.
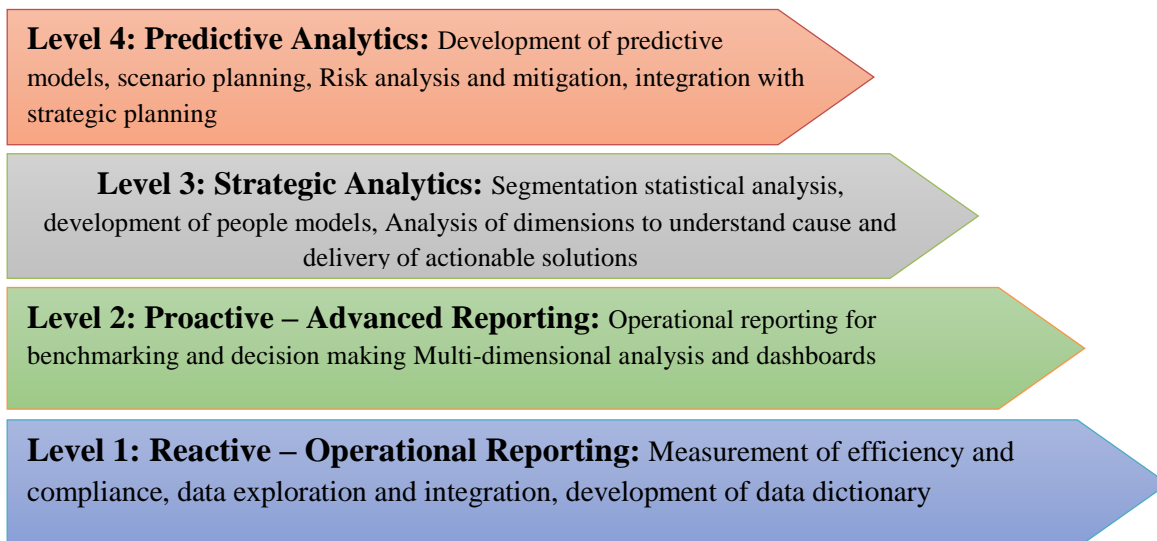
Evolution of HR Analytics:

Analytics as a practice evolved with industrialization and with the formation of large scale organisation. A lot of emphasis was made on logistic management and therefore if certain practices had to be incorporated by an organisation a lot of analytics had to be done. The next area of industry where analytics came in was the financial economy, where there was a whole emphasis on figuring out the probability that the customer might default and the ways to sell financial products to a customers. Finally it moved to retail marketing and web based analytics emerged like google analytics, where the number of people purchasing a product could be estimated.

Analytics has now moved into the field of HR and talent management to describe the measurement of HR programmes and their effectiveness and it was done through HR Data Warehouses. HR analytics has its origins in industrial psychology, studies to optimize production and thought leadership. The term HR analytics came into wider use as software providers increasingly offered what they called HR analytics tools. The analytics software as service that are commonly used in the industry include software's like SAS, SPSS, Excel etc., and there are a lot of products which are very specific to HR analytics like Oracle, and SAP.

HR ANALYTICS MATURITY MODEL

HR analytics facilitates people managers and teams to understand more about the difficulties of the employees factor in their organisation-how they are performing and creating value for the organisation. With the support of HR analytics, HR practitioners are enabled to take more informed decisions, and are also able to look at the workforce quality, knowledge, skills and the experience of individuals and teams. For this purpose the HR department in an organisation has (Big Data) huge number of people-related data (eg., skills, performance rating, age, educational background, etc., which could be used to gain better understanding of the organisations current composition, performance, and risk. There are hundreds of new tools and techniques for analysing Big Data, but organisations go through four stages of evolution as they build Big Data in HR strategies. This four-stage maturity model explains how organisations evolve from highly scalable reporting system to advanced analytics, risk mitigation, and models.

Level 4: Predictive Analytics: Development of predictive models, scenario planning, Risk analysis and mitigation, integration with strategic planning

Level 3: Strategic Analytics: Segmentation statistical analysis, development of people models, Analysis of dimensions to understand cause and delivery of actionable solutions

Level 2: Proactive – Advanced Reporting: Operational reporting for benchmarking and decision making Multi-dimensional analysis and dashboards

Level 1: Reactive – Operational Reporting: Measurement of efficiency and compliance, data exploration and integration, development of data dictionary

Source: *Bersin by Deloitte Talent Analytics Maturity Model*

The latest study done by Deloitte in their Global Human Capital Trends Report (2016), shows that most HR people were operating at level 1 and showcasing a reactive approach towards the use of analytics. This was followed by level 2 with proactive approach.

The future of HR analytics

HR Analytics is becoming an evidence-based technique for improving the performance of both individual and organisation for making better decisions. HR Analytics can now create a credibility of all the function and jobs in the organisation by improving the effectiveness of HR guidelines and practices. In order to achieve competitive advantage to organisations, HR functions and professionals need to develop new skills and capabilities, so that they can effectively partner with marketing and finance people on HR analytics initiatives and risk ceding. However, the HR professionals will need to address related ethical dilemmas like when HR analytics will and will not be used. Without a doubt, HR analytics can reduce the current challenges facing many organisations. But it can also result in an advancement of the status of the business and its practitioners by aiding them to guide their organisations to determine the connection between more profitable and more enlightened management and development of employees.

Conclusion

HR analytics gives ogranisations the capacity to leverage the data in order to address challenges faced not only by HR, but also the core business. It provides organisations the ability to develop and implement a people strategy in line with its business strategy, thereby improving performance across broad range of metrics. It aids the organisations to use the data effectively to identify HR problems in order to find a solution. And also by using HR analytical tools and techniques, organisations can understand how these people-related factors relate to business results.

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