A CASE OF HR ANALYTICS – TO UNDERSTAND EFFECT ON EMPLOYEE TURNOVER

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Abstract: The evolving business environment has changed the strategic framework and functioning of the organization. The recent progress in the business environment and the globalized working conditions has been contributing to the mistiness to the Human Resource roles and responsibilities. Anticipating to the changes HR has to evolve by adapting to the technological advancements and planning its moves accordingly. HR Analytics helps in measuring performance of different functions and gain insights of employee effectiveness and efficiency. This has helped in better decision making and creating competitive advantage for the organization. HR Analytics has emerged as an important tool which helps identify factors which has deep intervention and helps build understanding of employee behaviour and create a sustained and high performance ecosystem. Understanding the importance of Human Resource Management in adding value to organizational capability by means of HR Analytics, it is imperative to understand to what extent HR Analytics is to be implemented and how it can contribute to the organizational accomplishment.

The aim of the research paper is to explore and understand the importance of HR Analytics and its application in different functions of HRM.

Index Terms: HR Analytics, High Performance, Human Resource Management, Employee Turnover.

Introduction

Global business environment is consistently challenging industry to continuously change the ways in which organizations can create a sustained competitive advantage. Organizations understand the need to build lean organization with combination of optimal technology and employee base, acquisition and maintenance of both continues to reflect one of the highest components of cost to organizations. Snell, Stueber, and Lepak (2002) observe that HR can meet the challenge of simultaneously becoming more strategic, flexible, cost-efficient, and customer-oriented by leveraging information technology. They point out that IT has the potential to lower administrative costs, increase productivity, speed response times, improve decision-making, and enhance customer service all at the same time. Human Resource Management (HRM) could support technological innovation to achieve high performance while technology innovation could serve as an approach to enable HR function to focus more on value-added activities in order to realize the full potential of technology and organizational strategy (Shrivastava et al., 2003). The biggest benefit to organizations of using IT in HRM is the freeing of HR staff from intermediary roles so that they can concentrate on strategic planning in human resource organization and development (Pinsonneault & Kraemer, 1993).

In this study the researcher tries to establish co-relation between Training and Development, Performance Management and Compensation and Benefit. The effort is made to understand how data from different functions of HR when integrated could be helpful in drawing meaningful conclusions and in making critical decisions.

Literature review

The logic for HR's future is simple. HR should add value. This direction needs to be connected to the business, both the business context which shapes decision making and specific stakeholders around whom business strategies are created. But, the simple logic requires more detailed assessment to accomplish the journey Ulrich, D., & Dulebohn, J. H. (2015). The challenge then for getting the best from data (big or

otherwise) and analytics starts with being able to understand the business sufficiently that you can conceptualise and articulate the questions that need to be answered. It is also essential that the results are communicated back to the business in a clear, actionable way Fairhurst, P. (2014). "HR will become a more analytically focused function because it has to become that way," says Jim Link of Randstad. With the contribution of evidence, the links between HR measurements and commercial and financial performance will become clearer, particularly as the technology develops and intriguing discoveries trigger specific, deeper investigation KPMG. (2015).

Hr is facing difficulty in measuring employee performances and to establish the value added to the business Gardner, N., McGranahan, D., & Wolf, W. (2011). HR will have to provide with accurate data which is most important for fact based decision making, like wise at Google employee related decisions are guided by analytics Sullivan, J. (2013). HR lacks tools and capability which can help integrate the functions and approaches real-time and enable critical measurements and decision making by presenting evidences. This can be done with the help of HR analytics. HR analytics plays a role in every aspect of the HR function, including recruiting, training and development, succession planning, retention, engagement, compensation, and benefits. HR analytics perform workforce optimization and it became important for HR to develop IT and finance analytical skills and capabilities to produce better Return on Investment (ROI) Mishra, S. N., Lama, D. R., & Pal, Y. (2016)

HR analytics practitioners must also commit themselves to the habit of measuring and reporting on success. This will help HR and business leaders understand that progress is happening even when stages may take weeks or months to complete. It also provides a clearer understanding, in both directions, of changing priorities and emerging findings from the work Gardner, N., McGranahan, D., & Wolf, W. (2011). If HR wants to play a strategic role in organizations it needs to develop its ability to measure how human capital decisions affect the business and how business decisions affect human capital. The growing use of information technology is a clear positive with respect to the ability to change and develop capability for achieving organizational goals Lawler, E. E., Levenson, A., & Boudreau, J. (2004). Output and outcome measures demonstrate whether human capital interventions are having any effect and quantify a return on investment in people. There is also a possibility that analysts will begin to see that people-related risks are material to companies' long-term performance, and to appreciate that insightful use of human capital information will give them a competitive edge over their peers in identifying companies that are likely to perform over the long term King, Z. (2010)

Human capital is not just about measuring skills or even contribution in the form of productivity; it is also about measuring how successfully that knowledge and contribution translates into organizational value Baron, A. (2011). Analytics transforms HR data and measures into rigorous and relevant insights. The more abundant HR data becomes, the more critical is analytical capability. Analytics ensures that insights from HR data provide legitimate and reliable foundations for human capital decisions. Thus, analytics is an essential addition to deep and rigorous logic for an effective measurement system. As it turns out, many analytical principles and competencies already exist Boudreau, J. W. (2006).

The purpose of HR analytics is to improve individual and organizational performance. So it needs to be done. So what about the role of ROI analysis as a component of HR analytics? Many practitioners view ROI as the Holy Grail of HR measurement. These people are often focused on using analytics as a method of proving their worth Bassi, L. (2011). The key reason to conduct effective HR analytics is to conclusively show your business impact within the organization and actual cause-effect relationship among what you do and business outcomes and building a strategy based on that information, will allow you to make those terms a reality Mondore, S., Douthitt, S., & Carson, M. (2011)

HR's opportunity to play a leadership role in enabling organizations to meet the following competitive challenges: Globalization, profitability through growth Intellectual capital technology Ulrich, D. (1997).

Applying Analytics

The organization under the study is privately owned medium size firm with employee strength of 310. (Further information is not revealed to conceal the identity of the organization). The organization claims to be the one of the top organization in this business in the region. The organization faces challenge of high turnover in middle level. The organization sincerely interested in knowing the reasons for employee turnover. HR of the organization is asked to understand the problem and provide solutions, for which HR

has been trying to understand the key drivers of attrition. The HR in its measures to understand the given problem has tried following:

- Feedback from employees leaving the organization
- Feedback from existing employees
- Reviewing of process and trying to make them more employee friendly

After all the effort the problem could not be solved, It was decided to do some analyse the HR data collected through various HR function. The data acquired from HRIS contains following details:

- Education
- Designations
- Department
- Nature of employment

The following are the objectives set for the study:

- To understand how HR data could be integrated to draw meaningful conclusion on turnover.
- To explore how accuracy of HR data can help in making right decision.
- To explore how HR data can help in improving employee performance

To draw analytics on the given data and to achieve the set objectives statistical test was conducted. As per the data available a conceptual outline was developed establish the relationship between the employee turnover and the details available so as to draw meaningful analytics.
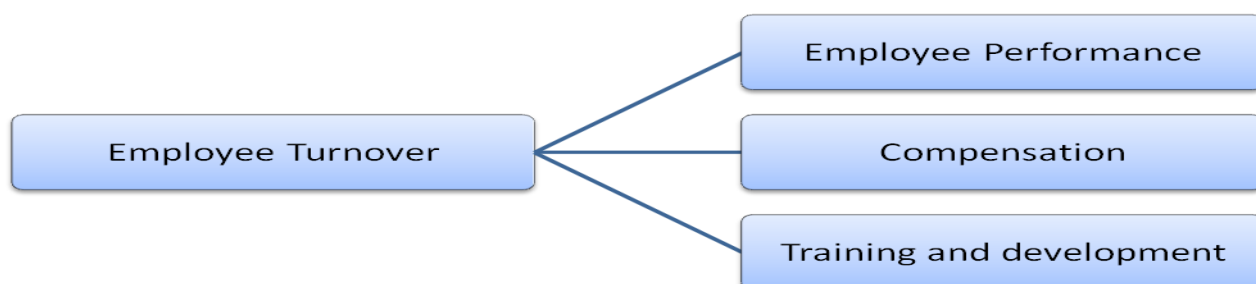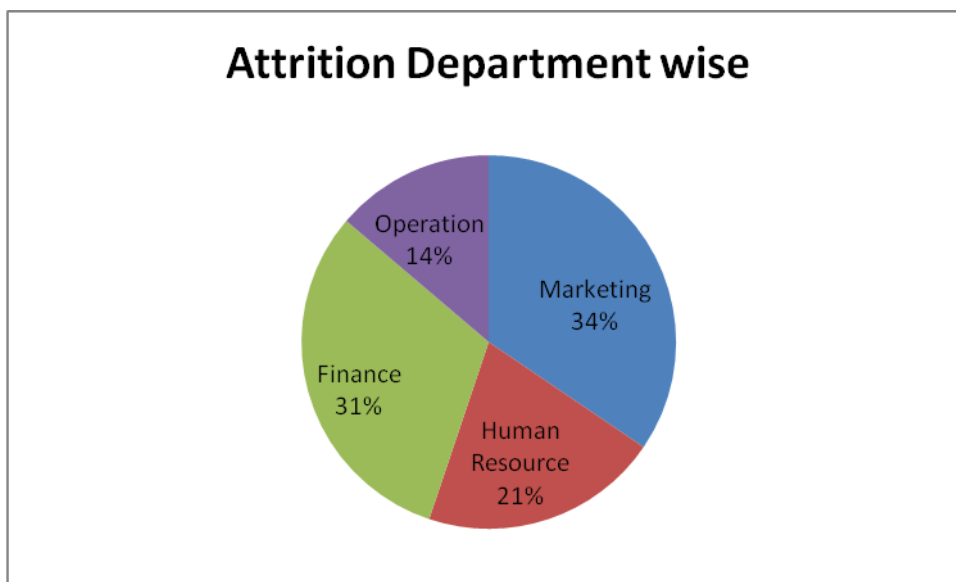

As per the data collected, the organization faces challenge in four of its departments where the attrition is seen to be highest.

Data Analysis and Interpretation

Table – 1 Department wise attrition

Department	Attrition
Marketing	10
Human Resource	6
Finance	9
Operation	4
Total	29

Attrition Department wise

The above chart and table shows the attrition among different departments. It could be seen that there is high rate of attrition among employees in marketing department followed by finance department. This could be outcome of low cohesion within the team.

Table -2 Attrition department wise and Nature of employment

Department	Nature of Employment		
	Temporary	**Probation**	**Permanent**
Marketing	7	0	3
Human Resource	2	1	3
Finance	1	4	4
Operation	1	1	2
Total	11	6	12

Chart Title
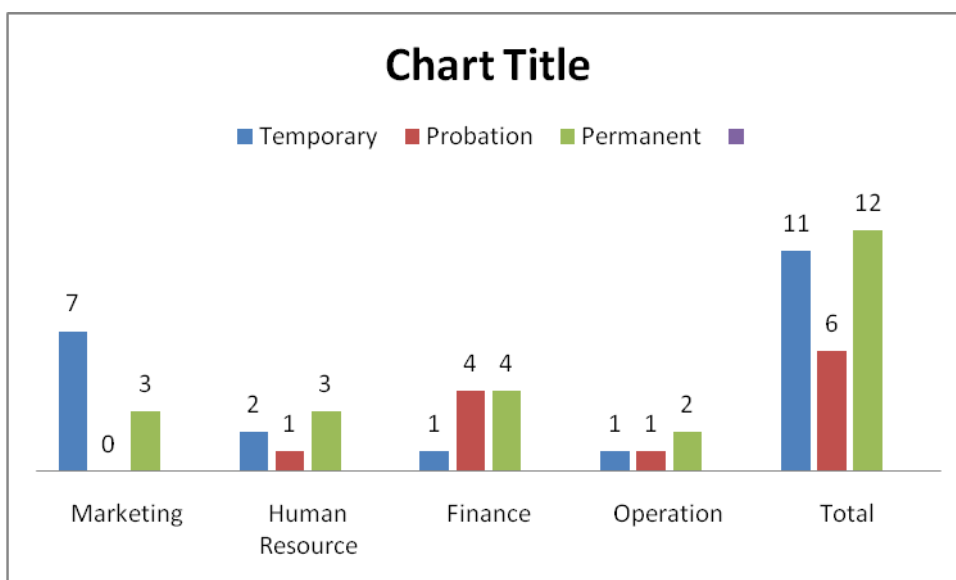
The above chart and table shows the attrition with reference to different Nature of employment (Temporary, Probation, and Permanent). It could be seen that there is high rate of attrition among employees who are hired on temporary basis and similar level of attrition is seen amongst permanent employees. It s also seen that there is attrition in Marketing department, followed by finance department. This could be outcome of having less consistent HRM policies and practices.

Suggestions and Recommendations

As per the data and the analysis drawn following suggestions could be made:

The organization is facing grave challenge of high attrition amongst the middle management level employee is of soaring concern.

- High attrition rate could be because of employees unable to adapt to the organization culture for which organization can relook in to their hiring process where employee fitment to the organization culture is matched at the earliest.

- Organizations tend to lose the employees to the competitors hence it is recommended to survey competitors practices in terms of compensation so as not to lose employees due to less compensation.

- High attrition is seen amongst employees hired on temporary basis and similar amongst permanent basis, in this case further analysis is required in terms of their compensation, performance etc.

- Employees in permanent category may leave the organization because of insecurity in their career which has spill over effect on the temporary employees, hence organization can develop career path for their employees.

- High attrition is also due to lack of effective Organizational communication with the employees, hence the organization has to improve on employee communication and develop process with higher employee participation.

- Organization can adopt HR Analytics in different functions so as to create meaningful data and draw predictions.

Benefits Use of analytics

HR analytics help attraction, maintenance and retention of Talent in the organization. Seeing this organizations have been investing huge amounts in IT tools which support ranges of HR functions starting Manpower planning, Hiring, Performance management, legal, employee engagement and talent development. Analytics has been describe as a 'must have' capability forth HR profession, a tool for creating value from people and a pathway to broadening the strategic influence of the HR function (CIPD, 2013). Nearly three-quarters (72%) of CEOs surveyed by PWC cited the availability, acquisition, development, and retention of key talent as the most important business challenge their companies face in 2016 regardless of geography, demonstrating the global significance of delivering business results through talent, and validating the importance of HR in business operations PWC 2014. CEOs are reading about this topic in the business press, so they are pressing their CHROs to build this capability. The CHRO understanding the business environment have been investing heavily in HR analytics so as not to fall behind the competition Deloitte (2016).

 It is not enough to understand the need and making investment but also create capable ecosystem which is able to make effective and efficient utilization of the analytics in order to derive real value. Hence it is important for organization to realize need, acquire apt technology and develop capability to utilize the technology to its highest potential.

Benefits derived of HR ANALYTICS

- HR analytics through its predictive nature help in understanding and exposing the deficient practices that grow to be the key cause for attrition, which helps in retaining and maintaining high worth employees.

- It makes possible the HR to exhibit its yield and accountability to accomplish corporate goals.

- HR analytics help in most advantageous Human resource planning.

- It helps precise forecasting about employee needs and skill-set for achieving organizational objectives.

- It helps in sourcing the best possible potential suiting organizational talent requirement for specific positions without bias.

- It helps in getting better performance in organization through quality decisions especially in talent acquisition.

- It helps in concise defining of vital performance part and bits which may have high impact on the organizational performance.

- HR analytics facilitate in administration and classification by and large all HR activities.

CONCLUSION

The organization needs addresses questions like "Why do employees choose to stay with our company?" A company can use analytics to calculate what employees value most and then create a model that will boost retention rates. Google uses employee performance data to determine the most appropriate intervention to help both high- and low-performing employees succeed. Davenport, T. H., Harris, J., & Shapiro, J. (2010). Finally, although there is evidence of significant complementarities among information technology, HR analytics and performance pay, still other unobserved organizational practices that are correlated with HR analytics and performance pay are not looked upon. The study focuses on how HR practices could be innovated and transformed from their traditional transactional roles to transformational roles, and more strategic in nature. The study tries to explore and understand the role of analytics in this transition of HR role from traditional to modern business times. Increasing expectation to perform at a strategic level has put the onus on HR to adapt the new role of creating an innovative, talent nurturing and competitive world at work. HR needs to look forward to leveraging this transformational change. To execute this role effectively, HR generalists need considerable support. First and foremost, they need to be able to draw on depth expertise. This expertise can come from corporate centres of expertise in areas such as change management, leadership development, staffing and metrics, and analytics, or it can come from external consultants.

Also it is important to understand that HR analytics in its existing form becoming a management fad, what can help HR analytics deliver value by being part of end-to-end analytics Rasmussen, T., & Ulrich, D. (2015)

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