

Impact of HR Analytics in Improving Company's Bottom-line

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Abstract

It is the evidence that makes us to take right decision. HR Analytics is used across most of the IT Companies across the world. HR Analytics starts with collecting, managing and analyzing big data which is stored in various forms within the organization. Organization can really make a difference if they use this data for analysis , identify right candidates for a job, identify who are the top performers in the organization at the risk of leaving the job, identify what gaps can be predicted ahead and evaluate HR initiatives like training and performance Management which can really improve business bottom line.

The bottom line of any organization cannot be successful until the workforce related decisions are backed up by data analysis. HR Analytics brings in clarity in employee trends in various areas either in recruitment, retention management, training and development, compensation management, performance appraisal or productivity.

HR Analytics helps management in providing data driven insight which helps management proactively address those issues directly helps in improving bottom line.

By going through series of benefits that we derive from HR Analytics it is clear that HRA plays vital role in improving company's bottom line by driving value to through the People. Hence employees and managers needs to be more proactive and work efficiently the only the organization will become more competitive and profitable.

Keywords – HRA, HR Analytics, Analytics, Data Analysis, Hiring, Performance

Introduction

Organization today is becoming highly competitive in terms or processes, policies and decision making capabilities. Right from finding talent , training them , retaining the best talent and giving them career opportunity , HR function is striving hard to accomplish this goal. With the help of innovative tools and latest technology, decisions are taken based on relevant and historic data.

With the introduction of HR analytics, which believes decisions can be taken based on available relevant data, HR processes are aligned to business goals. This study examines how HR analytics facilities and fine tune improvement in all the process resulting in to increase in revenue generation. Through data analytics, the goal is to transform large complex masses of

data into knowledge and, in this way, help the decision-making process of HRM by helping to make more accurate and data-driven decisions and also to make a forecast about the future, not just describe the past

HR Analytics can be used to address HR key drivers in the business such as Performance management , 360° appraisals , T & D , Career planning , Recruitments, Retention strategies ,

Human resources is always considered as an Asset to every organization, To have a competitive advantage employees must be treated as an optimum resources. Human resources plays pivotal role in any organization and capitalize on employee's performance to achieve business goals.

There's no doubt that any business which can attract the right talent and manage talent effectively, utilize capacity effectively, engage their employees and retain employees is setting itself up for long-term success. Organization has begun to realize that with sophisticated technology available they can use the available big data to arrive at concrete decisions.

Use of extensive data, analysis and predictive models and fact based data will drive management to take correct decisions. This data is related to employee benefits, compensation management, PMS, Career path planning, Recruitment and Training. Considering the extent of data available with HR , proper utilization of the same is not more active.

HR interventions like training and development can lead to outcomes such as an increased employee satisfaction and commitment that subsequently influence the organizational performance in a longer run. Even in the increasingly competitive environment today, HR practices that build employee commitment can help expand organizations responsiveness. The success of the organization depends on its people. Human resources 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.

Earlier data collected by the HR Department was mere used to display facts and figures organization has achieved but was not proactive enough to produce meaningful information to the organization about people related issues. The data so collected was focused more on the department rather than for the organization to take any strategic decision.

HR Analytics has been rising trend for the past few years and many believe that it may be the answer to challenges HR is facing. Big data is transforming large complex data into knowledge and which will help organization in taking strategic decision making related to people. HR Analytics data will not only predict the behavior of people but also showcase their trends and patterns in which they may behave.

Organization is moving from data management to Evidence Based Decision. Data is collected related to people, productivity, age, experience, performance, gender, absenteeism, sales, revenue, knowledge, people effectiveness, recruitment, training, etc. Evidence based data is pulled out and analysis is done based on true facts and figures. HR Analytics is still

struggling at their initial stage in gathering, collecting relevant data to be predicted for the future and Management rightly use this data for business decision making.

Understanding HR Analytics Model

The HR data and information is stored in every organization and was used for day to day administrative function. Whether it is recruitment, identifying training and development needs within the organization, measuring the performance of every employee, understanding why an employee leaves the organization, HR was providing all data stored since a longer time and was managing complete gamut of HR function.

Organization was also limiting to their basic requirement of analyzing this data. Department like sales, marketing, finance which is to be the major revenue generator department continue to get an upper hand as compared to HR which was considered as a cost center for any company.

Although without hiring of talent people and training of employees the company won't see progress, the fact remained that the company has always see HR Dept as a support and administrative function.

The big question was how to change this mindset and be a part of company's main revenue stream. With the advancement of technology and Big data coming through various sources, HR was able to showcase how it can add value to the overall revenue stream and improves company bottomline. Since HR was managing the complete people management process for the organization, it was indeed very critical to be a part of revenue stream to prove its existence and effect on business to be strategic partner.

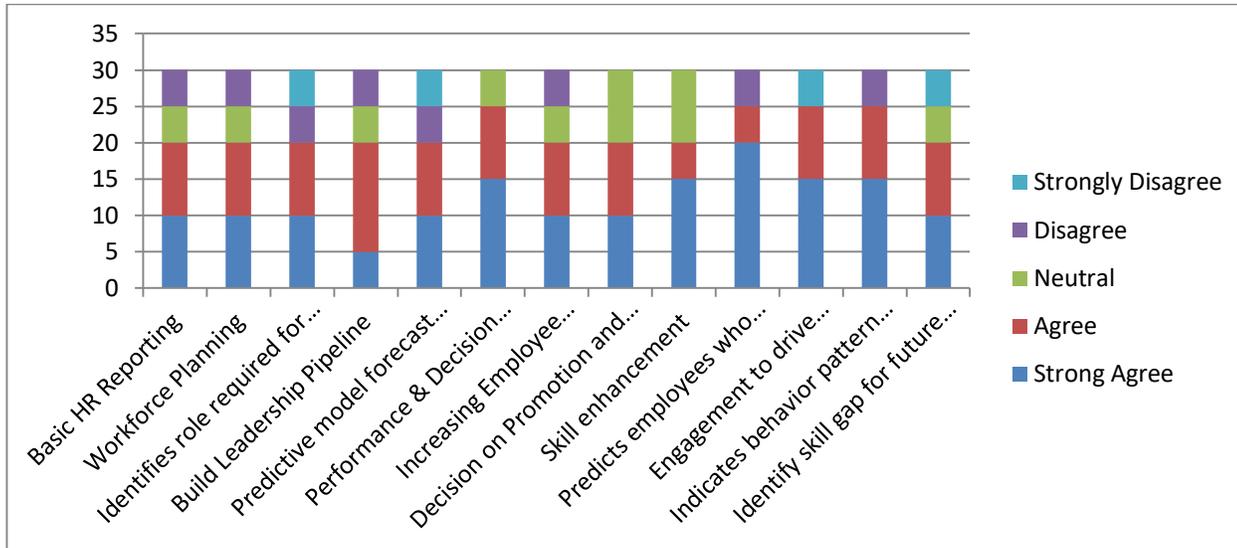
HR was forced to validate their role in the strategic role. Lot of research was done on how HR can contribute to strategic goal of the organization. HR Data driven and Predictive model came into picture and with advancement in technology in analytics, HR Analytics was developed and data was shared with management which acted as a tool to access performance of employees, critical hiring decisions, retention management and so on.

But it was all not so easy to implement. Analyzing HR data required software which will analyze

- a. Behaviour
- b. Pattern
- c. Trend

of employees from historic data. Available data was no longer used to just describe the situation or why it was happened but also data would predict the future of the above challenges.

Primary research was conducted on a sample of 30 small scale business in Bangalore to understand how HR Analytics can add value to the business in strategic decisions and improving their bottom line.



The below HR data intervention is applied to the businesses:

1. **HR Data in Talent Management** – Hiring is always been a core HR function in every organization and is not limited to just interview and selection. HR was hiring candidates on various parameters and using newer benchmark to assess capability and compensation. Right from performing background verification of previous companies to capability hiring and comparing the best fitment into the organization.

Post HR Analytics Intervention

HR Analytics has gone one step ahead and got involved in the business operation by analyzing why is this position important and how will it create value to the organization. Capability hiring was at the core. HR Analytics has given all meaningful data to HR dept to analyze and understand the position much better and how the position was successful in future. Predictions was made based on historic data on how existing employees with required qualification and experienced have performed or under-performed and their capability matrix and educational qualification. By throwing this result to the HR, Hiring of candidates was much easier. It can be said that HR Analytics is more proactive rather than reactive.

2. **HR Data in measuring the performance-** Performance of employees was at the core to the success of the organization. HR department has started reviews taken from various reporting structure of an employee and shared the data with the management. Appraisal was purely based on the review which the supervisor has given to his subordinate.

Post HR Analytics Implementation

HR Analytics has changed the concept and started capturing data from day one the employee has reported the organization. Monthly performance, trends and employee behaviour was captured and the data was put in the software which would then

analyse performance , success factors and behaviour and skill areas which helped organization in forming a right opinion about the employee .

3. **HRA in Learning & Development** - Training was done assumption and based on the need identification. TNI used to be circulated to all the employees and their reporting managers to understand what and how much training is required by every employees. There was never used to be any concrete measurement of Training requirement.

Post HR Analytics Implementation

With HR analytics the process of L & B has become much more easier. Skill data was available with HR and which was used to highlight necessary training requirement. Organization need not go on intuition and gut feeling to select necessary training needs.

4. **HRA in attrition Management**- Data thrown by the HRM was only limited to people left the organization and why they left. It was a post-mortem job by HR which helped the organization to ensure that those issues are taken care properly,

Post HRA Implementation

HR Analytics predictive modeling has cut down the post-mortem work and helped org with data which says who are the most likely talented people who might leave. This data/ prediction has helped management in a bigger way by counseling such top talent and understanding their current issues. This will curtail down attrition in a larger way.

Data to Big Data

Data driven HRM is based on facts and data. Earlier HR used to collect and store employee data but was never clear why the data is saved and what will result into and when will be utilized. The focus was more on the organising and storing of data rather than how it can be turned into meaningful information which will help management in taking right decision.

Big data as the name suggest is the vast quantity of data and information, which is collected through various sources, which can be processed and analyzed instantly to draw conclusions for taking decisions.

With the evolution of new technology Big data is used in every stage of employee life cycle as well as business life cycle. Big data has and will “Continue to evolve at a very fast pace, drive by innovation in the underlying technologies, platforms and analytic capabilities for handling data, as well as evolution of behaviour among its users as more and more individual live digital lives” (Manyika et al.2011, p.4)

This means large sets of structured, unstructured data which increases continuously and can be found from internal and external sources.

Internal Data Source – Source of data can be from HRIS, Payroll, Financial statements, sales data etc

External Data Source – Source of external data can be from market, external research survey, social media, blogs and social media platforms such as twitter and linkedin.

Big data is used by different organizations in different sectors. It can be used by:

- A. **Retailers** – Retailers used big data to predict customer behaviour , pattern and shopping habits. Employers can attempt to increase the productivity of their employees. Big data allows companies to gain a better understanding of customer buying behaviours and shopping pattern.
- B. **HR Department** – What does big data means for an HR ? Software companies such as ADP, Taleo Corp, IBM, SAP Labs are few to name are working with the tools required to analyze big data to help organization with predictive modelling, evidence based data to support their decision making across levels and verticals. HR has basically 2 sources of data- one which is collected by employee’s record or operations and secondly collected from external systems. Findings indicate that HR most likely spends most of the time in administrative functioning and transactional job. Big data has enabled management in changing its thinking perspective and focusing more on historic data, predictive analytics and statistics to take decision. Google became the #3 Most valuable firm by using people analytics to reinvent HR, “Sullivan(2013) writes, “Google has the only HR function on the planet that is managed based on people analytics”

Challenges in using HR Analytics

When it is understood by the HR professionals and Business that HRA will increase productivity, why HR professionals are not involved in analytics is a question mark. There could be many reason as came out during the research:

- ✓ Lacks of knowledge – Most of the HR professionals are involved in the administrative function of HR and they are not aware of the technology know-how and reluctant to learn the analytics.
- ✓ Discomfort level using analytics – Not every HR professional is comfortable using big datas and analyzing through it and report to management
- ✓ Lack of organization support – It is something new which is seen after previous research done, organization sometimes do not want to invest their time in existing data and analyzing it for decision making purpose. Rather such organization still wants to continue using older method for measuring employees. (Giuffrida,2013,;Rafter,2013a)

Impact of HR Analytics in Global business transformation

The global scenario was more of a human centric approach wherein the evaluations was being done through tools like SPSS, Enova, R Programming, Python but in today’s world the human interventions in the analytics is bear min, globally a new trend of AI, ML, Deep learning, Big Data and Hadoop as tools that has come and most of the interventions is through these technologies

Human intervention is only on a strategic decision level based on the output given by these reports. Ultimately globally the changeover is so fast that machine input is required to have a decision making on a larger database analysis

Conclusion

Impact of HR analytics will help organization achieve the desired goal by improving business performance through People performance and aligning individual goal to business goals. By using historic data and behavior pattern HR Analytics gives management a tool in hand for taking strategic people and business decision related to hiring, performance, attrition and training.

The problem of Recruitment, Retention, Engagement, Attrition and Performance can be solved with the help of HR analytics. HR Analytics indeed has facilitated the improvement of workforce performance by increasing individual productivity and hence has generated bigger revenues.

Recommendations

Future predictions from HR Analytics can come handy to many organizations in understanding their employees' longevity in the organization and basis which organization can prevent people leaving organization which will lead to higher productivity and bigger revenues.

It is strongly recommended to the organizations to adopt HR Analytics and train HR resource on its proper usage and adaptability. This will help organization focus in depth on people related decisions at Talent Management level, Attrition level and Performance and Productivity level.

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