HR ANALYTICS – AN EVIDENCE BASED HRM FOR OPTIMISING THE HR RESOURCES

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ABSTRACT

Human Resources have always been the significant asset of the company. To have a competitive edge, human resource goals and function should be well aligned to the essential business goals. In this context, HR analytics play a very important role in aligning the HR strategy with the overall business strategy. HR analytics supports the HR executives to formulate the strategies which enable the organization to gain an upper hand over its competitors. This article attempts to evaluate whether HR analytics is transforming the Human Resource Department and the HR leaders. The study scrutinizes how HR Analytics facilitate the development of workforce performance in an organization.

Key Words: HR Analytics, Transforming HRM, Organization Strategy.

Introduction

In today's volatile business environment, the need for HR to develop a strategic partner is imperative. Because of the growing prominence of human capital in determining organizational effectiveness, the potential exists for HR to play a key role in developing and executing corporate strategy and to become a high value added part of organizations. HR can make a strong case for being an essential part of strategy development and implementation because of the importance of human capital. HR analytics plays a very important role in aligning the HR strategy with overall business strategy. It supports the HR experts to formulate the strategies which enable the organization to gain upper hand over its competitors. The analytic reports help the organization to know what it is (the present) or what it was (the past) and it also helps in predicting and analyzing what it will be (the future). Furthermore, it enables the development of employees' performance in an organization and thus increasing the productivity of the employee's which in turn increases the revenue. So, numerous organizations today are

globally adopting HR analytics to study their employees and leveraging people metrics to improve the bottom line of business performance and employee engagement. "While choosing the most suitable HR analytics tool (or) application, it is equally important to keep the organizational context in mind rather than trying to adopt novel measures "**i**

HR Analytics

HR analytics represents the direct impact of people data on important business outcomes. The HR function can implement a practical methodology to help managers make the right investments based on effective analysis and practical initiatives through HR analytics. For this there is a need for advanced statistical knowledge, to decide the types of analytics essential to determine the drivers of tangible business outcomes applicable in different settings. For example, banks use analytical models to measure consumer and commercial credit risk. Market researchers utilize customer demographics to find buying behaviours. These tactics make an educated, predictive assessment based on facts and data. Chief Financial Officers (CFOs) organize the same thing when they prepare financial forecasts or conduct a cost/benefit analysis. The goal is to understand the past and predict the future, basing these assessments on facts and data. Likewise HR managers should conduct effective HR analytics to understand scientifically their employees' attitudes, and such employees' related data to conclusively show the business impact with the organization.

HR analytics facilitates HR managers and team to understand more about the complexities of the people factor in the organization – how they are performing and producing value for the organization. Further, this enables HR experts and business leaders to make knowledgeable business decisions. It is also the key for the HR teams to underscoring the impact that HR strategies, policies and procedures bear on the organization. Business leaders are reflecting the manner in which HR concepts can be applied more effectively. HR analytics forms the focal point to determine the means as to how HR teams can evaluate and develop people and business for the HR practice, which implies that the impact of HR can now be validated through real data.

HR Analytics: Need of the hour

In a competitive business environment and globalization, Human Resource department has been facing challenges in HR functions towards decision making. The challenges being faced by HR department today are high turnover rate, low performance, comprehending the right talent for the position, absenteeism, employer branding, and recruitment of the right candidates. The high turnover rate is one of the paramount volatile aspects in any organization. If turnover rate can be assessed accurately then it will support in better future workforce

planning. Understanding employees' behaviour has been the toughest challenge in an organization. Employees attributes, attitudes and many enormous challenges for the HR department to manage these factors as vital factors and HR managers to quantifying, measuring and controlling these factors for better workforce performance. Therefore, HR managers need to make use of analytics. This analytics has brought about a change in the traditionally held HR practice, making several roles in the organization to go extinct. The introduction of new tools led to an increase in the number of transactions and enhanced the speed of conducting business to new high. This has also brought a sea change in the way of the functioning of the HR functions and services. HR analytics has made it easy for the organization to extract the former unquantifiable HR data to develop information and the crucial performance indicators that can be optimized by using this information for driving performance.

Establishing strategy and process

Now a day, organizations are integrating their HR analytics activity into their business strategy and using HR data to inform and develop their people strategy. HR leaders investigate the drivers for HR analytics in organizations, and how analytics is a shining light of strategic planning activity. A fully integrated and aligned HR analytics strategy is prerequisite if the investment in competency is to add real value. According to CIPD (Charted Institute of Personal and Development) Research report 82% of respondents stated that they were using HR Analytics to inform their new HR strategy[ii]. This data show the growing relevance of HR analytics in the present context.

Transforming Human Resource Management

Today, worldwide organizations have been using HR analytics software to increase the employee's performance. The deluge of HR data is the source of information that helps the executives an unprecedented skill to understand their workforce and business expect challenges and identify opportunities. HR Analytics can transform the workforce (Nency, C. 2014), capture data and then analyze them to eventually increase the returns by better understanding and precisely targeting customers and cutting costs through the value-added business process. In fact the HR executives are now competent enough to analyze mountains of organized and unorganized data to answer the critical questions regarding employees productivity, impact of training programs on performance, analysts of attrition and also able to identify the prospective leaders of the organization.[iii]

The future of HR analytics

HR Analytics is becoming an evidence-based technique for improving the performance of both individual and organization for making better decisions. HR Analytics can now create a credibility of all the function and jobs in the organization by improving the effectiveness of HR guidelines and practices. In order to achieve competitive advantage to organizations, 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. This increases the importance and strategic responsibility to them. Along the way, HR professionals will need to address related ethical dilemmas like when HR analytics will and will not be used. Without a doubt, HR analytics takes effort to reduce these current challenges facing many organizations. But it can also result in an advancement of the status of the business and its practitioners by aiding them to guide their organizations to determine the connection between more profitable and more enlightened management and development of employees.

Conclusion

The major organizations are becoming aware of the need to move towards progressive and quantitative workforce operations for maximizing their efficiency and effectiveness. In this regard the HR Analytics is a "historic opportunity" to make evidence based human capital decision". HR practitioners should now become proactive and start practicing HR Analytic in the place of traditional HR practices.

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