

**Industrial Research Project**  
**Hr Analytics' - An Effective Evidence Based HRM Tool**

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Submitted in partial fulfilment for the degree of Bachelor of  
Business Administration (2016-2018)



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I would like to thank all the respondents whom I interacted during my project.

## **Executive Summary**

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The Human Resources are the most important assets of an organization. The success or failure of an organization is largely dependent on the calibre of the people working therein. Without positive and creative contributions from people, organizations cannot progress and prosper. In order to achieve the goals or the activities of an organization, therefore, they need to recruit people with requisite skills, qualifications and experience. While doing so, they have to keep the present as well as the future requirements of the organization in mind.

The 21st century Human resource management is becoming more efficient with the best utilization of advancements in technology. Starts from finding right talent to retaining best talent, organizations are striving for much intelligent decisions. The decisions making in HR mostly rely on trust and relationships not like how in other functional areas of management. In our view, analytically, HR is much ignored field so far when compared to other functional areas though right people are required for every business operation for better results. But after the great recession period 2008, most of the organizations recognized the necessity of accurate evidence-based people management practices. Fortunately, big data in HR gifted HR analytics to the evidence based HRM concept. To make accurate decisions in HR, data driven evidence based HRM should practice with analytics, decision making and problem solving. So, the concept of evidence based HRM with its effective HR analytics tool strengthening the accurate decision-making power of HRM. This paper elevates importance of HR analytics, practices and applicability in different concerns. We also focused to collect periodic developments in HR analytics being an effective evidence based HRM tool.

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# 1. Introduction

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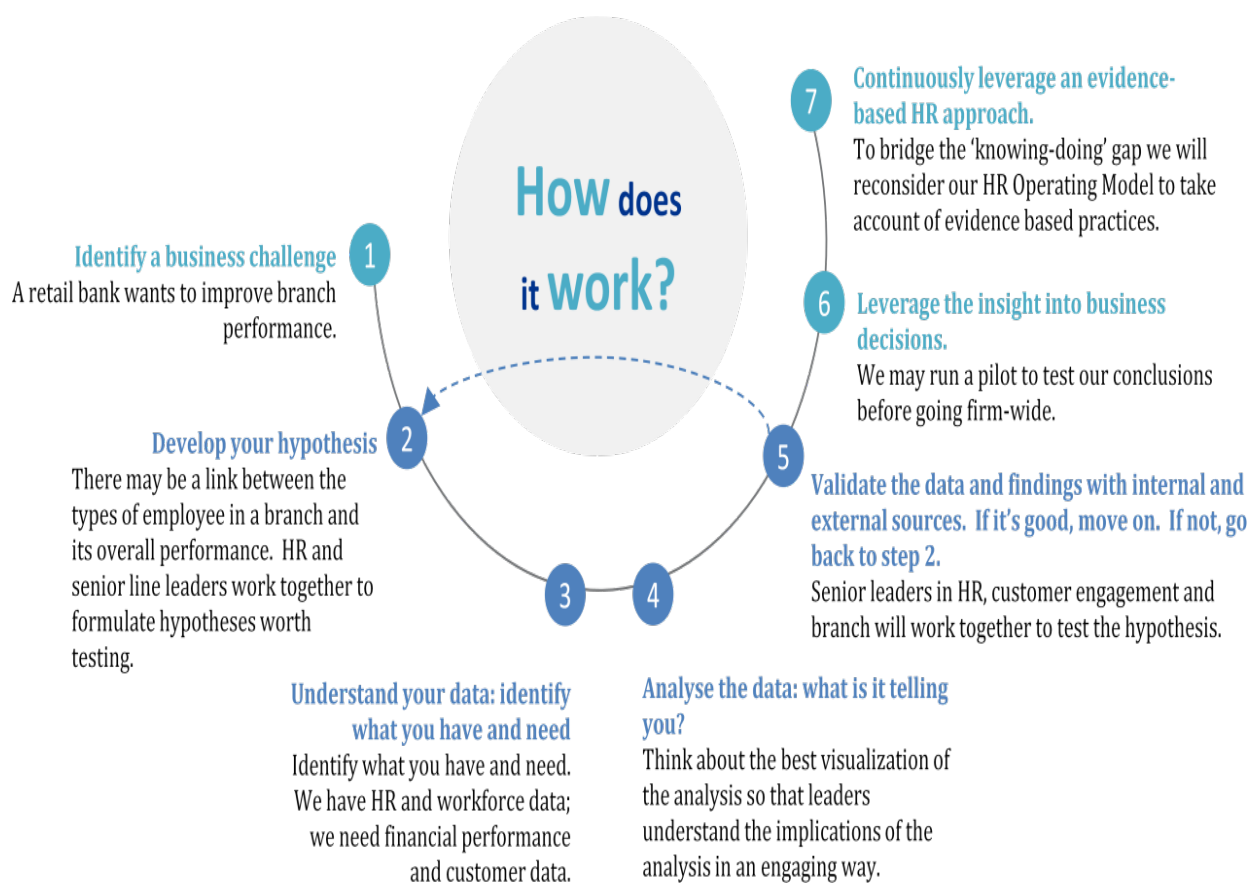
Evidence based management became a discipline in current organizations' world. Business decisions are very crucial for adding value to total business. The current business decisions with a hope of promised results are demanding accurate information, meaningful insights and more than that information with proper evidence in an analytical way of representation. HR has a vital role to play in the delivery of the strategy of the organization. By linking HR activity to business outcomes, it is possible to understand how HR is contributing to the success of the organization. This process succeeds by adding value to business decisions — by informing how to make business decisions that intervene and create business success, not just by validating existing knowledge in practice. The thing is to get efficiency in HR decisions is what matters much. HR analytics holds the promise of both elevating the status of the HR profession and serving as a source of competitive advantage for organizations that put it to good use. HR analytics is often preoccupied with “doing things right” with an “inside-out” HR perspective (e.g., do we use the right recruitment assessments? What is the ROI of our training programs? How efficient is our on boarding?), while it may create disproportionately more value when HR analytics applies an “outside-in” perspective and “does the right things” (How do we help transform the organization’s culture so we can better deal with market consolidation and expected acquisitions the next 3—5 years? How can we grow critical technical talent faster, cheaper, better than the market to realize our growth strategy in a booming market and differentiate ourselves from the competition?). So, the role of HR analytics is broader in developing meaningful insights and those are evidence for accurate decisions in HRM.

## **EVIDENCE-BASED MANAGEMENT (EBM)**

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The roots of evidence-based HR, best understand by knowing the meaning and evolution of evidence-based management. One of the good explanations of EBM from Wikipedia sources given below: Evidence-based management (EBM or EBM) is an emerging movement to explicitly use the current, best evidence in management and decision-making. Its roots are in empiricism and well developed in evidence-based medicine and evidence-based policy. These are quality movements aimed at applying the scientific method to evaluating practice. Evidence-based management entails managerial decisions and organizational practices informed by the best available scientific evidence, where best evidence is understood in terms of norms from the natural sciences. Evidence-based management is intended to contribute to organizational and management effectiveness. The adoption of evidence-based practices is likely to be organization-specific, where leaders take the initiative to build an evidence-based culture. Practices an evidence-based organizational culture employs include systematic accumulation and analysis of data gathered on the organization and its functioning, problem-based reading and discussion of research summaries by managers and staff, and the making of organizational decisions informed by both best available research and organizational information. Organizations successfully pursuing evidence-based management typically go through cycles of experimentation and redesign of their practices to create an evidence-based culture consistent with their values and mission.

Evidence-based HR is a family of practices, combining research evidence with contextual information and individual judgment of HR professionals. Although HR research is already well developed at the moment, with bodies of evidence related to the main HR domains, there are still quite some gaps. This makes that HR practitioners are in need of new evidence-based findings. Current challenge in the environment of organizations increases this need even more. Moreover, HR practitioners require an overall framework, a general approach or way of thinking to support all HR decisions. The definition of HR's evidence-based decision science, Talent ship, can be seen as an important first step in this regard. All stakeholders can play a part in further building talent ship. Evidence-based management provides tools and a common language that helps both the analytics-people and people-people make better use of data in decision making. KPMG International cooperative well demonstrated Evidence-based HR like this-



# Importance

## *HOW HR ANALYTICS CAN BE EFFECTIVE EVIDENCE BASED HR TOOL?*

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HR Analytics can be defined as “a methodology for understanding and evaluating the causal relationship between HR practices and organizational performance outcomes (such as customer satisfaction, sales or profit), and for providing legitimate and reliable foundations for human capital decisions for the purpose of influencing the business strategy and performance, by applying statistical techniques and experimental approaches based on metrics of efficiency, effectiveness and impact” (Lawler, Levenson & Boudreau, 2004; Boudreau & Ramstad, 2006). Human resources (HR) or human capital analytics is primarily a communications device. It brings together data from disparate sources, such as surveys, records, and operations, to paint a cohesive, actionable picture of current conditions and likely futures. This is an evidence-based approach to making better decisions. This popular term is simply the gathering of primarily objective facts and secondarily related subjective data. Analytics is divided into three levels:

1. Descriptive. Traditional HR metrics are largely efficiency metrics (turnover rate, time to fill, cost of hire, number hired and trained, etc.). The primary focus here is on cost reduction and process improvement. Descriptive HR analytics reveal and describe relationships and current and historical data patterns. This is the foundation of your analytics effort. It includes, for example, dashboards and scorecards; workforce segmentation; data mining for basic patterns; and periodic reports.

2. Predictive- Predictive analysis covers a variety of techniques (statistics, modelling, data mining) that use current and historical facts to make predictions about the future. It's about probabilities and potential impact. It involves, for example, models used for increasing the probability of selecting the right people to hire, train, and promote.

3. Prescriptive- Prescriptive analytics goes beyond predictions and outlines decision options and workforce optimization. It is used to analyse complex data to predict outcomes, provide decision options, and show alternative business impacts. It involves, for example, models used for understanding how alternative learning investments impact the bottom line (rare in HR). The process starts with the simple reporting of HR metrics and goes all the way up to prescriptive modelling of business practices. Although financial capital (cash) and economic capital (intangible assets) are the lifeblood of a business, it is human capital (people) that apply cash and leverage intangible assets to drive business performance. As you move from descriptive to prescriptive, the value add grows exponentially.

## **Objective of the study**

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The aim of the following research is to undertake an exploration of existing literature with the aim of understanding the relationship between human resource and analytics and understand the role it plays in the improvement of the existing range of managerial and HR related research. The present study is realization around the following objectives-

1. To investigate and gain insight into the future of HR analytics if integrated into the company to assist managers in predictive decision-making based on statistical evidences and relevant HR analytical data and literature
2. To examine the existing literature on the integration of HR analytics within organisations and evaluate the existing studies qualitatively and discuss the research gaps (if any).
3. To examine the IT infrastructure and technological interventions, including those that affect the way data is mined stored and made in terms of the effective implementation of HR analytics and the need for them in order to be efficient in terms of data storing in order to be relevant for HR analytics.



# Literature Review

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According to a 2004 Workforce Management (formerly Personnel Journal) article, “In 1978—  
in this

publication—Jac Fitz-enz proposed a radical, anti-establishment idea. Human resources  
activities and their

impact on the bottom line could—and should—be measured. The reaction was apathy,  
disagreement and

disbelief” (Caudron, 2004). For the past three decades Fitz-enz has, along with a growing  
band of kindred

spirits, campaigned tirelessly to improve the state of HR measurement and to help both HR  
professionals and

senior executives understand its importance.

These efforts started out at the nuts-and-bolts level—creating definitions for basic HR metrics  
such as

compensation, staffing, hiring and retention. This work laid the foundation for gathering  
comparable data across

organizations, which in turn, enabled the benchmarking of HR metrics. Over the years, a  
number of scholars and

practitioners expanded the benchmarking of HR metrics to include investments in training  
and developing

employees, as well as in a broad array of other HR policies and practices.

During the past decade, this has begun to change. Advances in the software used to automate  
transactional aspects of the management and development of people have expanded the  
landscape of

possibilities. Not only have data on HR metrics become more readily available, they have  
become available in

forms that make it increasingly possible to link disparate data sources together.

Many HR professionals, however, wonder why they should go to the trouble of going down  
this path

because they are already way too busy handling what is already on their plate—an issue that is discussed in the following paragraphs.

HR leaders help drive business performance by delivering competitive advantage through people. Performance relies on measures, so you need to be adept at planning and interpreting your organization's

"people metrics." This requires a solid grasp of HR analytics: the systematic collection, analysis, and

interpretation of data designed to improve decisions about talent and the organization as a whole. The use of

analytics is changing the way HR professionals quantify the value that people—our biggest asset—have on the

organization's ability to succeed in the market or in its mission.

1. Nucleus Research, 2014 states Analytics pays back \$13.01 for every dollar spent.
2. [?]n paper A Study on the Acceptance of HR Analytics in Organisations by Lije George and T. J.
3. Kamalanabhan, 2016 states that the popularity of business analytics can also be seen in the growth of
4. the business analytics software market which was valued as \$40 million worldwide with a growth rate
5. of 6.5%
6. [?] Workforce Analytics Market Analysis By Type (Solution, Services), By Services (Managed,
7. Consulting, System Integration), By Deployment, By Organization, By Application, By Region,
8. And Segment Forecasts, 2018 – 2025 Published Date: Jun 2017 - Base Year for Estimate: 2016 - Report.
9. ID: GVR-1-68038-947-0 - Format: Electronic (PDF) - Historical Data: 2014 – 2015 valued the global.
10. workforce analytics market size at USD 430.9 million in 2015.
11. [?]Global HR analytics market to grow by 12% by Anushree Sharma on People Matters states the.
12. report Outlook on the World HR Analytics Market, 2019-2025 estimates around 12 percent growth at.

## **Research Methodology**

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This study is conceptual and descriptive nature.

Source of data: Secondary data- through journals, magazines, periodicals, books, websites, and organization records.

Secondary data belongs to the year 2016-2019 of both national and global levels.

The data is analyzed thoroughly to understand and identify the role, opportunities, and challenges of HR analytics in the current scenario.

In the current study, we used secondary data collection and a systematic literature review to investigate the antecedents and consequences of HR Analytics, and specifically the success factors to its implementation. The methodological approach was to review and analyse previous academic research by following three main steps; collecting previous research, categorizing the captured publications, and then classifying them based on a quality assessment. The first step was to collect scholarly research by identifying HR Analytics relevant journals.

# HOW GOOGLE IS USING PEOPLE ANALYTICS TO COMPLETELY REINVENT HR

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Google's analytical, data-driven approach to its HR system has certainly made waves. ... This strategy not only replaces anecdotal and untested strategies with processes backed up by data, it also helps to engage employees who know that their feedback has a direct impact on human resources across the company. Google's analytical, data-driven approach to its HR system has certainly made waves. This strategy not only replaces anecdotal and untested strategies with processes backed up by data, it also helps to engage employees who know that their feedback has a direct impact on human resources across the company.

This strategy not only replaces anecdotal and untested strategies with processes backed up by data, it also helps to engage employees who know that their feedback has a direct impact on human resources across the company. The company has an employee survey participation rate of over 90 per cent.

Google's HR department – People Operations – used a mix of productivity data and employee feedback to determine employee behaviors and skills through Project Oxygen, an initiative designed to find out what successful Google managers do. Performance ratings and employee feedback were analyzed and compared with productivity metrics to determine the impact of different leadership styles on employee engagement and productivity.

From this, Google was able to create the 'Oxygen Eight Behaviors for Great Managers' and used it to train and select its company leaders. This is a process that can be easily adopted by other companies – HR software can be used to analyze performance and productivity, while gathering staff feedback adds a human layer of analysis that can be used to determine where your best leaders are – and how others can improve. If you expect the best from your teams, there need to be effective leaders guiding them.

It's not just leadership roles that can be assessed and developed through people analytics. In Project Aristotle, the strategy was applied to entire teams in the company, determining which teams were the most effective – and more importantly, why that was the case.

Google also used the findings to create list of five ‘essential factors’ needed to create a positive work environment. This project is another that other companies can learn from – taking the time to research why teams perform well, instead of just tracking productivity data, can develop a winning formula that can be rolled out to teams across the company; a formula bound to be embraced by employees who know the strategy has been devised from their own feedback and experiences.

People analytics adds a layer of human experience vital to making employee engagement part of a company’s HR strategy, demonstrating to teams that their views on how they work does have an impact going forward. You can learn from Google’s projects, the ‘building blocks’ of their HR system, to gain a deeper understanding of what success looks like in your business – with the added bonus that this people-led strategy will boost employee engagement at the same time.

# Barriers to HR Analytics

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The major barriers to the use of HR analytics identified are:

- Inconsistencies and inaccessibility of data,
- Data quality issues,
- Multiple Data Sources. You may even be looking at many, many data sources in HR systems. The typical corporation has an average of 23 different HR systems, according to Lisa Rowen. These span key employee dates, recruiting reviews, employee performance, compensation, experience, and a variety of other items that fall under the HR umbrella.
- Lack of standard / standardized methods for analyzing HR data,
- Management acquisition,
- Competing Priorities. HR and HRIS teams, who balance open enrollment, reviews and raises, and new system launches to name just a few, are always busy. And, across each of these areas, teams are very likely juggling several immediate priorities. While these responsibilities are vital to your organization, they're also focused only on the present.
- Skills gap in analytical knowledge and experience, Financial problems,
- Missing Many HR leaders assume they don't have the information that drives key HR analytics metrics. In fact, when shown the underlying data that produces the metric formulas, most HR leaders find them to be very standard – and very available.
- Incorrect or undirected for appropriate analysis opportunities,
- Problems starting a project
- Invalid time.

These things are true in countries like India, where companies are trying to improve the power of HR analytics. The framework for implementing integrated talent management

metrics or HR driver analytics requires the use of advanced mathematical tools in addition to standard mathematical tools (methods, quartiles and percentiles).

## **Conclusion**

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The business world today is focused on the efficient use of resources. Since Human Resources is the main resource of any organization, there is a high level of attention required to manage it. HR analytics is an essential part of data management and its implementation can yield positive returns for any organization. But as the above has shown, the management, analysis and interpretation of data isn't always straightforward and organizations need to approach HR analytics one step at a time.

There must be valid proof of HR decisions as well. This business-based approach certainly paves the way for HR Analytics. HR Analytics not only drives top HR decisions with accurate evidence, but also motivating organizations to maintain sufficient ROI quality assurance data in HR Investments.

# REFERENCE

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2.Wikipedia

The HR tool article is the New York Times.

3. The Practical Guide to HR Analytics: Using Data to Inform, Transform, and Empower HR Decisions