

# HR Metrics & Analytics

## MSB21T2001

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# Topics to be discussed

- Core concepts terminology
- BI versus Analytics
- Relation between what ,why and how
- Levels of Analytics
- Pay off
- Past to future
- HR's Evolution

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## RECAP: SESSION 1

- We have discussed the syllabus
- About the course MSB21T2001
- Importance of HR metrics and Analytics
- Difference between metrics and Analytics
- Core concepts terminology



# BI versus Analytics

## BI versus Analytics

Descriptive	Predictive
<p><b>Demographic answers</b></p> <ul style="list-style-type: none"> <li>• How long's Mia been with us?</li> <li>• What's Mia's annual salary, average incentive in past 5 years?</li> <li>• Where does Mia live? What's her commute distance to the office?</li> </ul>	<p><b>Predictive answers</b></p> <ul style="list-style-type: none"> <li>• How long will Mia stay with us?</li> <li>• What other criteria will have an impact on Mia's retention?</li> <li>• What's the value potential on business impact Mia has over the next 2 years?</li> </ul>
<p><b>Performance answers</b></p> <ul style="list-style-type: none"> <li>• What hours did Mia work last week?</li> <li>• How many days was Mia absent last year?</li> <li>• What job promotions did Mia get the past 3 years?</li> <li>• Is Mia performing better versus last year?</li> <li>• What's the trend of Mia's merit rating in the past 3 years?</li> </ul>	<p><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>• Which is the appropriate salary Mia most likely motivate to stay with us the next years?</li> <li>• What are the best incentives to get Mia stay with us?</li> <li>• Which training should we offer to Mia to make her perform even better?</li> </ul>
<p><b>Hindsight:</b> rearview, reporting, dashboard, metrics, ratio's, slicing-and-dicing, tracking, monitoring,...</p>	<p><b>Foresight:</b> future-looking, likelihood, probability, hidden patterns, mathematical models, statistical forecasting,...</p>

You will need to understand “what” and “why”  
in order to get to the “how”

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- **What** happened? *This is BI*
- Understand **why**? *This is Analysis*
- What **will** happen next? *This is Analytics*
- **How** to adapt our strategy? *This is Decision Making*

It's necessary to understand **why** and ask questions

In order to apply this knowledge in strategic decision making



## And it pays off

Today, **14% of HR ORGANIZATIONS** believe they “regularly use data to make talent and HR strategy decisions”...

...and these organizations, are...

**2X**

as likely to believe they are excellent at selecting the right candidates

**2X**

as likely to believe they are delivering a strong leadership pipeline

**3X**

as likely to believe they are efficiently operating HR

Generating **30%**

higher stock returns than the S&P 500 over the last three years

## Past to future



Tera bytes of data of information being generated every single day which is being used to answer, fairly accurately, what will probably occur in the future




Analytics is shifting emphasis from trend analysis based purely on internal data to presenting scenarios of the future





## HR's Evolution

<i>Role of HRM</i>	
<i>Early 20th Century</i>	<i>21st Century</i>
Caretaker	Strategic partner
	
Employee focus Records	Cost-effectiveness Employee development

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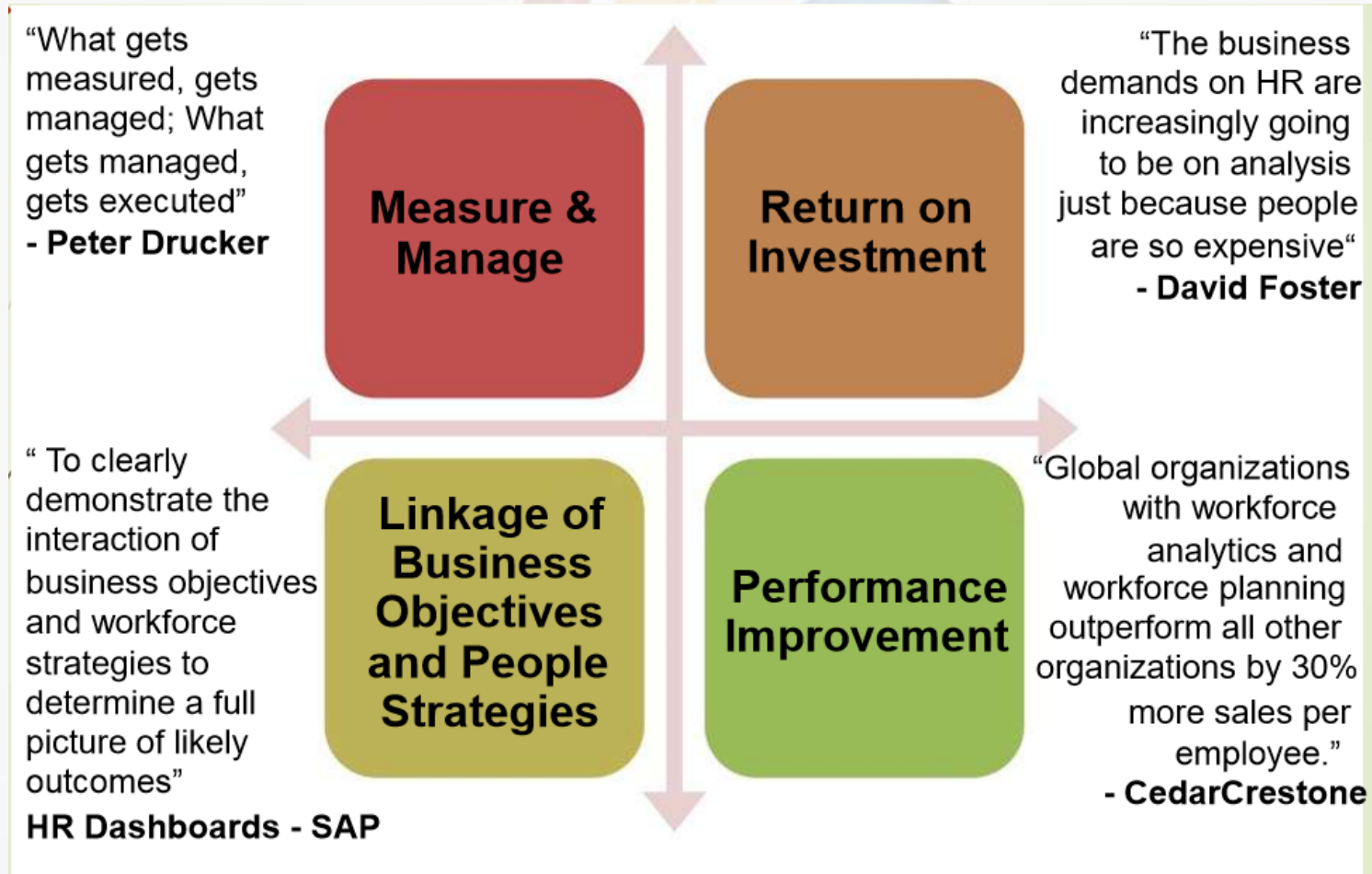
## Background

### Need of HR analytics & reporting

- ❑ Many organizations have **high quality HR data** (residing with a multitude of systems, such as the HRMS, performance management, learning, compensation, survey, etc.) but still struggle to use it effectively to predict workforce trends, minimize risks and maximize returns.
- ❑ The **costs** of attrition, poor hiring, sub-optimal compensation, keeping below par employees, bad training & learning strategies are just too high
- ❑ **Data-driven insights to make** decisions are always better than judgmental (subjective) HR practices in terms of
  - ❑ how to recruit
  - ❑ whom to hire
  - ❑ how to onboard and train employees
  - ❑ how they keep employees informed and engaged through their tenure with the organization

*Hence regular tracking and prediction of crucial HR metrics is indispensable*

## Why HR Analytics?



# HR ANALYTICS

- The goal of human resources analytics is to provide an organization with insights for effectively managing employees so that business goals can be reached quickly and efficiently.
- Huge vendors such as Oracle, IBM and SAP compete with many smaller vendors to deliver the best HR analytics software as a service in the market.



## What should/could be measured?



# HR ANALYTICS SOLUTIONS CAN HELP TO

- Prioritize and target applicants who are most qualified for a specific position.
- Forecast workforce requirements and determine how to best fill open positions.
- Link workforce utilization to strategic and financial goals for improved business performance.
- Identify the factors that lead to greater employee satisfaction and productivity.
- Discover the underlying reasons for employee attrition and identify highvalue employees at risk of leaving.
- Establish effective training and career development initiatives.



## ADVANTAGE OF USING HR ANALYTICS

- IMPROVED HIRING DECISION
- HR analytics helps HR to make the better choice based on historical data.
- It also allows the recruiter to learn more about candidates through online resume database, applications, social media profiles, records etc.
- GOOD TRAINING
- Gaps in the process of training can lead to many big problems and can increase the cost to the company.
- HR analytics provide the full swing to the training program. It helps the organization identify if employees are making the full use of the opportunities.
- BETTER INSIGHTS
- HR analytics helps the company look at the employee's professional life by tracking and analyzing the performance related data.
- This data not only provides more insights about the employees but also shape the strategies to boost the employee morale, retention, and engagement.
- STABLE RETENTION
- HR analytics is on the top of the stack and has created the assured advantages of its users. It tells the company the reason why the employees leave and why they stay.
- HR analytics could also be helpful in finding the skill gaps and areas where employees are struggling.
- HR can use various tools like employee satisfaction surveys, team assessments, exit and stay interviews to find out the reason of employee attrition and chart out the strategies to retain them.

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Thank You

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