

The logo of Galgotias University is a circular emblem with a stylized 'G' shape in the center. The 'G' is composed of three curved segments in shades of yellow, blue, and red. The background of the emblem is a light pinkish-red color.

HR Metrics & Analytics

MSB21T2001

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Session 19-Topics to be discussed

- STEPS FOR ALIGNMENT OF HR ANALYTICS WITH BUSINESS GOALS AND STRATEGIES
- CHECKLISTS FOR STRATEGIES AND BUSINESS-ALIGNED HR ANALYTICS
- HISTORY OF HR ANALYTICS
- APPLICATIONS OF HR AND PREDICTIVE ANALYTICS

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RECAP: SESSION 18

- WHAT DOES METRICS HR ANALYTICS MEASURE?
- INTRODUCTION TO HR ANALYTICS
- CONCEPTS AND DEFINITIONS
- FRAMEWORK OF HR ANALYTICS
- ALIGNING HUMAN RESOURCES TO BUSINESS THROUGH HR ANALYTICS

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STEPS FOR ALIGNMENT OF HR ANALYTICS WITH BUSINESS GOALS AND STRATEGIES

- Alignment of HR analytics with business goals and strategies of organizations requires adherence to certain steps. Such steps which are commonly followed in organizations can be listed as follows:
- Framing of queries or questions: Right at the beginning, HR managers need to frame their queries or questions, i.e., what needs assessment or measurement.
- For example, if the purpose is to assess or measure underlying reasons for talent retention, or possible action plans to avoid talent attrition, HR managers require following certain specific queries:
 - What motivated talented employees to continue with the organization?
 - What could perpetuate such continuance with the organization or minimize their possibility of attrition?

STEPS FOR ALIGNMENT OF HR ANALYTICS WITH BUSINESS GOALS AND STRATEGIES

- What could be the possible reasons in the case of those talents who had left the organization in the past?
- Are the retained talents represented mostly by in-house incubated or developed employees?
- Does our employee feel engaged with the organization?
- Do we provide career development opportunities to our employees in general?
- How inclusive we are in our talent development practices?
- The earlier documented list of queries is not exhaustive, as the nature of queries for a particular issue may widely vary with the organization and nature of job. For example, in P&G and in HUL, we find some middle-level managerial talents voluntarily leaving their job, primarily for two important reasons: first, for both the companies' ongoing product restructuring, which results in orphaning many brands, and second, for a perceived feeling by such middle-level managers that they have nothing to contribute or achieve in their organizations. The nature of queries for talent attrition in such a situation will obviously be different.

STEPS FOR ALIGNMENT OF HR ANALYTICS WITH BUSINESS GOALS AND STRATEGIES

- Employees in general must feel well informed about its importance and how it adds value to the quality of HR decisions, how it positions human resources into the role of a business partner in organization and how human resources can provide cross-functional synergy, when business decisions embed human resources.
- As explained earlier, steps are commonly followed in organizations for better alignment of HR analytics with strategies and business goals.
- However, it largely varies with the nature of organization, level of technology used in HR decision-making processes, top management commitment to HR analytics and so on.
- Possible checklists for successful alignment of HR analytics with the strategies and business goals of the organizations are:

CHECKLISTS FOR STRATEGIES AND BUSINESS-ALIGNED HR ANALYTICS

- Understanding work to be done
- Understanding existing processes and structures
- Understanding important roles of various functions
- Understanding how far such roles can get influenced with the human resources quality
- Developing of behavioural and predictive models
- Understanding the changed performance standards

CHECKLISTS FOR STRATEGIES AND BUSINESS-ALIGNED HR ANALYTICS

- Understanding the process of dissemination of information on HR analytics to all stakeholders
- Building capabilities of concerned employees to gradually change to data-driven decision-making process
- Understanding the process of data integration for HR analytics
- Building the required platform for HR analytics
- Developing a dedicated task force to work on HR analytics, represented by employees with adequate functional, statistical and business knowledge

HISTORY OF HR ANALYTICS

- To understand the history and process of development of HR analytics, it is essential at the outset to mention about various HR valuation models, which are in use from early 1990s onwards.
- Such valuation models not only try to measure human resources for organizations but also legitimize the use of various ratios and values for a critical HR decision-making process.
- For example, balanced scorecard pioneered by Kaplan and Norton (1992) can not only measure performance data but can also provide valuable insights into employees' potentiality, which can substantially influence talent management related decision-making.
- Similar efforts on monetary valuation models pioneered by Sullivan (2000), intellectual asset valuation by Anderson and McLean (2000), return on assets and economic value added (EVA) by Stewart (1997) and so on help us not only in approximate valuation of human resources in organizations but also in terms of using vital data for critical HR decisions.

HISTORY OF HR ANALYTICS

- HRIS is a descriptive analytics used by HR managers as a reporting tool for the past and the current happenings.
- It is not forward looking; hence, it cannot visualize the future outcomes or future decisional implications.
- As a result, with HRIS HR managers cannot align the HR decision-making process with organizational strategies and business goals.
- With business complexities, the pattern of HR decision-making has been changed.
- It has now become more dynamic, forward looking and strategic encompassing all functional areas of organizations.

HISTORY OF HR ANALYTICS

- Another inherent problem with descriptive decision-making tools like HRIS is that these can only see the situation from the macro perspective, while the modern HR decision-making process requires in-depth analysis even at micro levels for predicting the behaviour of different variables, their interrelationships and how it impacts business of the organization.
- This can only be done with predictive analytics through the process of identifying the unexplored pattern of the data with appropriate models.
- HRIS (human resource information system): It is descriptive analytics used by HR managers as a reporting tool for the past and the current happenings. HRIS is not forward looking, hence cannot visualize the future outcomes, or future decisional implications.

APPLICATIONS OF HR AND PREDICTIVE ANALYTICS

- Vital manpower inventory data are basic biographical details of the employees plus their performance trend, experience, training, health records, cross-functional exposure, leadership abilities and so on.
- With some learning algorithms, organizations can predict the nature of training programmes matching with the identified training needs, assess how diversity inclusive programme can help in bringing diversity inclusive culture in workplace and so on.
- Leveraging demographics data of employees, organizations can frame strategies befitting for different employee segments and in the process can achieve increased level of employee satisfaction.
- Preparing attrition risk score: Based on the data on employees, attrition risk score can be prepared even to the extent of identifying which employee or employees is/are more prone to leave the job.

APPLICATIONS OF HR AND PREDICTIVE ANALYTICS

- This can enable HR managers to initiate appropriate action plans to put the attrition under control, particularly for those who are hyper performers.
- Prepare loyalty score: Data analysis with predictive models can also help preparing a loyalty score for employees, based on which organizations can take decisions on investing on employees with high loyalty score, prepare their long-term retention plan through career development and so on.
- Employees with low loyalty score can be studied and suitable HR initiatives can be taken so that such employees in large numbers feel increasingly engaged with the organizations and raise their loyalty and commitment to organizations.

APPLICATIONS OF HR AND PREDICTIVE ANALYTICS

- Both for attrition risk score and loyalty score computation, HR managers can make use of employees' demographic data, performance results, compensation and rewards data, training data, interpersonal relationships or behavioural data and so on.
- Manpower planning, recruitment and manpower redundancy data: Based on future business plans, human resources needs to assess the availability of manpower and plan for the recruitment, so also for redundancy.
- This can be facilitated by predictive analytics, based on the relevant manpower data and future business plans.
- For example, projected attrition score can tell us the availability of manpower in different categories.

APPLICATIONS OF HR AND PREDICTIVE ANALYTICS

- Manpower inventory can tell us about talent pipeline and in-house availability of required manpower.
- With projected attrition score, it is also possible to predict the degree and extent of manpower redundancy, which helps human resources to prepare strategic road map well in advance for effective redundancy management.
- Recruitment and selection based on profile matching: Recruitment and selection activity is not only for manpower replacement against employees' attrition but is also an ongoing strategically important function, as with right-fit recruitment and selection it is possible to meet the talents.

APPLICATIONS OF HR AND PREDICTIVE ANALYTICS

- Recruitment algorithms are developed based on the host of information on potential candidates, such as their performance records in previous organizations, their participation in social network and so on.
- This information is an addition to their actual performance in the recruitment and selection process.
- Through predictive modelling statistical relationships between employees' potentiality and organizational requirements can be established and accordingly a selection decision can be taken.
- Powerful predictive models can even leverage extra-organizational data about the candidates to arrive at a recruitment and selection decision.

APPLICATIONS OF HR AND PREDICTIVE ANALYTICS

Mapping employees' emotion and sentiments:

- This information is very important for critical HR decisions, such as organizational change, policy changes, change in the compensation and rewards plan, organizational restructuring and so on.
- Data for such analysis are collated from several sources, such as employee survey, peer feedback, feedback from immediate supervisor, feedback from customers, employees' social media data and so on.
- Based on these data predictive models are developed to track and analyse employees' emotion.

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