

The logo of Galgotias University is a circular emblem with three curved, overlapping bands in shades of yellow, blue, and red, set against a light pink background.

HR Metrics & Analytics

MSB21T2001

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Index-Session 24

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session Objectives- Topics to be discussed

1. **Concepts of HR data**
2. **HR data and data quality**
3. **HR data collection**

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Recap of Session 25

- 51 of the most important HR metrics
- HR PERFORMANCE METRICS
- GENERAL WORKFORCE METRICS
- RECRUITMENT METRICS

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INTRODUCTION

Data are considered as the core essence of business and so also HR decision-making. Without data, organizations feel constrained to take decisions without understanding any underlying reasons, and obviously, this makes the decisions flawed. HR decisions on the one hand influence people and on the other business. These involve many operational, business and strategic issues, which require laying fundamental emphasis on quality and credible data collection, and then interpretation with HR analytics for better insights. We have many solutions available for HR analytics. For human resources, it is important to opt for simple solutions, rather than one that requires complicated mathematical algorithms and high level of knowledge of statistics and programming languages. Again, HR analytics solutions are difficult to choose because people's issues are different in different organizations. People differ in wants, needs, skill and performance. Also, we have many other potential human behaviour variables that can make HR decision-making complicated. All these require reliable data collection.

An HR function also has influence on business decisions. For example, all HR decisions such as employee sourcing, organizational restructuring, employee productivity improvement, performance management, employee engagement, employee redundancy and so on have direct influence on business decisions. From this perspective, HR data for HR analytics are not just available from HR functions but can be collated from all other functions of organizations. For example, we can measure the efficacy of employee engagement in terms of customers' satisfaction. Therefore, HR analytics solutions that can capture accurate information and give rich insights into holistic management of organizations are more preferred. Going by the spirit of the generic meaning, like all other analytics, HR analytics first focus on learning about the parts of HR decisions and then try to understand the interrelationships between the parts for explaining the phenomenon, the nature and the meaning of any decision. Knowledge about data and data collection methods is considered important for HR analytics.

Data need not be statistical; they can be gathered by simply talking with people to see how they are doing. Thus, for human resources, talking with employees about their work, experiences and work conditions could also be a source of gathering data. It is important that the data are timely, accurate and credible; else, information and insights based on the data may be flawed. Data should provide insights and obtaining the right data on which we can act on is important. Often, on capturing vast data we feel we can take better decisions, but this may be a distraught. For example, HR managers often feel that better insights into PMS can be obtained when we go for data on employee compensation, on compensation budgets and so on. In this process, HR managers may collect a host of data and ultimately muddle the decision-making process.

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A good practice is starting with small data and then building on the same. HR data on performance management must help in credibly determining how employees are performing. Likewise, HR data on internal customers, data on other stakeholders, correlation of HC with financial and operational data, data on employee selection and so on are important and are collected and interpreted to get better insights into better HR decision-making.

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ANALYTICS HIGHLIGHT

A hypothesis-based approach to examine a business decision can be alternatively studied using data and analytics. At times we even get better insights into a business problem because of our intuition. With data and analytics, we can adjudge the credibility of our intuitive thought process. A good example is that an HR manager can intuitively understand which potential talent could leave the company in near future. But with data and analytics, such intuitive understanding becomes more authenticated to initiate appropriate action to retain such potential talent.

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With data-driven human resources, globally, organizations are becoming more innovative. Apart from using standard HR analytics solutions available in the market, HR managers are making use of social network analytics for getting better insights into employees' data. Social network analytics can provide data on employees behind the scene relationships that can help in tracking their potential and risk. Thus, with organizational HR and business data and data from social media, we can truly transform our HR functions that are data driven. With data-driven human resources, we can ensure correct, business-aligned and strategic HR decisions.

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HR DATA AND DATA QUALITY

HR data and its quality is an important issue for HR analytics. Many organizations unknowingly get overloaded with data resulting in HR managers' pursuit to count everything and in the process making HR decisions flawed. This requires, at the outset, to ensure the collection of appropriate data and its appropriate use. We use the appropriateness of data in terms of data quality. This can be ensured when we adhere to some important criteria while collecting data. These have been explained as follows:

HR data: HR data is considered as the core essence of business. Without HR data, organizations feel constrained to take decisions without understanding any underlying reasons, and obviously, this makes HR decisions flawed.

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- **Degree of comprehensiveness:** This can be ascertained understanding whether data can articulate the decisional intents. To clarify, let us assume based on performance evaluation that HR managers want to take decisions on employees' promotions. In this case, comprehensive data are understood answering the following questions:
 - How effective is our PMS to measure the performance of employees?
 - Can our PMS be efficient enough to capture employees' performance in terms of business uncertainties?
 - Can the employees' sustain performance even in uncertainties?
 - Can the performance data speak on employees' potentialities?

There may be many other specific issues depending on the specific organizational requirements.

1. **Degree of validity:** Data validity is measured in terms of describing data assertion and is measured in terms of confidence in data using statistical tools. For example, with what degree of confidence we can say attrition of people is attributable to organizational compensation and benefits programme? Can the data qualify the test of recency?
2. **Degree of reliability:** Data reliability denotes trustworthiness of data. Data become reliable when we get the same result, if we collect it again. Some of the questions to assess the degree of reliability are as follows:
 - a. Can we get the same result if we collect data again?
 - b. Were there any untoward or adverse circumstances that can have potential effect on data during data collection?
 - c. Can the data truly represent the population (when we collect data through a survey)?
3. **Degree of variation:** This can be understood in terms of differentiating characteristics of data. Without such characteristics, decisions may be flawed. A good example of this is: Does an MBA degree from a premier business school make a difference in managerial performance?

- 4. Data usefulness:** Understood in terms of usefulness in terms of decision-making. Often HR managers feel burdened with data, which may have little or no relevance.
5. Data defensibility: It can be understood in terms of all the earlier stated criteria of data collection. When all these criteria or dimensions of data quality are adhered to, data become defensible, i.e., even if it is challenged, we may defend its accuracy.
- All these are also considered as important quality dimensions of HR data. Poor HR data quality can potentially affect the quality of HR decisions. Therefore, before we make use of HR data to draw insights into and to take decisions on, we must have confidence on data accuracy.

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In case, you find any difficulty in understanding the concepts of lecture, please feel free to contact.

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Thanks

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