

A Study on HR Analytics

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What exactly is HR analytics?

HR analytics, often called people, workforce, or talent analytics, is the collection, analysis, and reporting of human resource data. It enables the organization to measure the impact of numerous HR KPIs on overall company success and make data-driven decisions. In other words, HR analytics is a data-driven approach to Human Resources Management.

HR analytics is a relatively recent tool. As a result, it has received little attention in the scientific literature. The most well-known concept of scientific HR analytics is that of Heuvel and Bondarouk. According to them, human resource analytics systematically recognizes and evaluates the human drivers of business success (Heuvel & Bondarouk, 2016). Our People Analytics Certificate Programme goes into much information on this.

Human Resource Management has advanced significantly during the previous century. It evolved from an operational to a more strategic discipline. The use of the word Strategic Human Resource Management (SHRM) exemplifies this. This innovation is in line with the data-driven approach that characterizes HR analytics.

When using people analytics, you no longer need to depend on intuition. Because of analytics, HR professionals can make decisions based on data. Analytics may also be used to assess the effectiveness of HR policies and initiatives.

By the way, while HR analytics and people analytics are similar, there are some minor differences in how the language is used.

The capacity to use data in decision-making has risen in importance throughout the global pandemic. As we migrate to a post-pandemic society, many developments in the labor market, such as the growing recognition of hybrid work and the growing application of automation. Making the right opinions in this age of change and uncertainty is essential for navigating our new world.

Using data in HR

Human Resources (HR) may have the least popular reputation of any department in an organization.

There are two possible explanations for this. To begin with, the HR department is like a doctor: you'd rather not need one.

Consider your role from the other side: when you welcome an employee to your office, something bad is certain to happen. You may need to scold, warn, or even fire your employee. Good news, such as a promotion, is frequently delivered by an employee's immediate superior. Not HR.

Second, many people regard human resources as pliable. Fluffy-duddy. Old-fashioned. A lot of HR work is based on "gut feeling." We're doing things the way we've always done them. HR isn't noticed for collecting large wealth or playing a numbers game like sales. HR, like marketing and finance, struggles to measure and evaluate success.

Everything is impacted by HR data analytics. Many of the issues we've just described may be overcome by being more data-driven and well-informed about HR and analytics.

Only HR data can bring solutions to these challenges. Most HR professionals can easily answer the first question. The second question, on the other hand, is more difficult to answer.

To answer this second issue, you would need to combine two different data sources: your Human Resources Information System (HRIS) and your Performance Management System.

More information would be necessary to answer the third question. Everything is affected by HR analytics for data. Many of the problems we've just described may be solved by being more data-driven and informed about HR and analytics.

What is your annual employee turnover rate?

Consider and thoroughly analyze how much of your workforce turnover is attributable to HR data.

As a human resources professional, you collect a lot of information. Unfortunately, this knowledge is routinely discarded. When you begin to analyze human resource issues using this data, you are engaged in HR data analytics.

How Human Resource Analytics Can Assist Human Resource Management Analytics is transforming HR like it has transformed marketing. It enables HR to:

- Use data to make smarter judgments.
- Create a business case for human resources interventions.
- Evaluate the efficacy of these strategies.
- Change from an operational to a tactical or even a strategic partner.
- The bulk of HR departments only collect and store employee information. In today's data-driven economy, this is insufficient.

Keeping records is often insufficient to provide strategic benefits. "The goal is to turn data into knowledge, and knowledge into insight," explains Carly Fiorina. This is also true for human resources.

This enables human resources to become more involved in strategic decision-making. The illustration below shows how this works in practice.

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Begin with a simple question: "Which employees have the greatest potential for advancement and leadership?" The query can be answered using simple statistics. This aids in determining the connections between people's competencies and organizational results. As a consequence, analytics may assist your firm in measuring absenteeism, attrition, burnout, performance, and other factors.

HR Analytics Leader is a certification program for HR professionals. This course is intended for managers who oversee an analytics department. It teaches all of the required skills. To perform this effectively, you must have the necessary abilities and tools.

The HR Data Analyst certification program. This course is intended for HR professionals who want to learn how to manage HR data using basic technologies like Excel and PowerBI. Human resources are becoming (even more) interesting. The insights provided can assist in guiding strategic decisions and improving day-to-day corporate operations.

Furthermore, if you understand what inspires your employees, you may be able to enhance the workplace atmosphere and identify future leaders. Assume you have the capacity to predict which employees are most likely to leave the company. This data is important for strategic staffing decisions and long-term succession planning. Credit Suisse is a well-known example of a company that accomplishes this.



After you have asked the proper question, you must select the relevant data from your various systems. The data is then aggregated, sanitized, and analyzed. This analysis produces results.

Not every insight is as exciting or significant as another. That is why you should question concerns over which your HR department has authority. You cannot, for example, influence bigger economic patterns,

such as whether or not your country is now in a recession. However, you have power over your management methods and involvement levels. Correct queries generate useful information.

How does HR analytics shape the business?

As one might think, HR data analytics is extremely valuable to a business. These are only a few examples. Indeed, analytics assists organizations in determining the financial impact of human resource policies.

HR can estimate the future of the workforce using modern statistical analysis. Managers may now calculate the financial impact of HR practices. To understand more about the technology used for these evaluations, see our analysis of the top HR analytics solutions.

Identifying the influence of HR on bottom-line performance is the "holy grail" of HR data analytics (Lawler III, Levenson, & Boudreau, 2004). This is typically performed through the calculation of a Return on Investment (ROI). It is the most successful technique for gaining strategic clout for HR.

The preceding instances have an impact on Both the firm's spending and revenue sides are involved.

Understanding the impact of HR policies can also help HR become a strategic partner and lose its negative reputation. It helps HR connect its strategy with business goals and measure the value it adds to the organization. It eliminates the guessing in human resources.

So, how does AIHR define HR analytics? In our opinion, recognizing the people-related determinants of organizational performance is vital. It takes the guesswork out of people management and is hence the future of human resources. According to Edwards Deming, "Without data, you're just another person with an opinion."

REFERENCE

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