

**JYOTI NIVAS COLLEGE
AUTONOMOUS
PG CENTRE**



**SAGEEZA
PRESENTS
E- JOURNAL
(NOVEMBER 2021)
BY M.B.A**

HR ANALYTICS



MEANING OF HR ANALYTICS

Human resources is a people-oriented function and is so perceived by most people. But for those who think that the HR team's contributions are limited to extending offer letters and onboarding new hires, human resource analytics (HR analytics) can prove them wrong. When used strategically, analytics can transform how HR operates, giving the team insights and allowing it to actively and meaningfully contribute to the organization's bottom line.

INSIDE:

Importance of HR Analytics - P3

Key metrics in HR - P4

Challenges of HR Analytics - P10

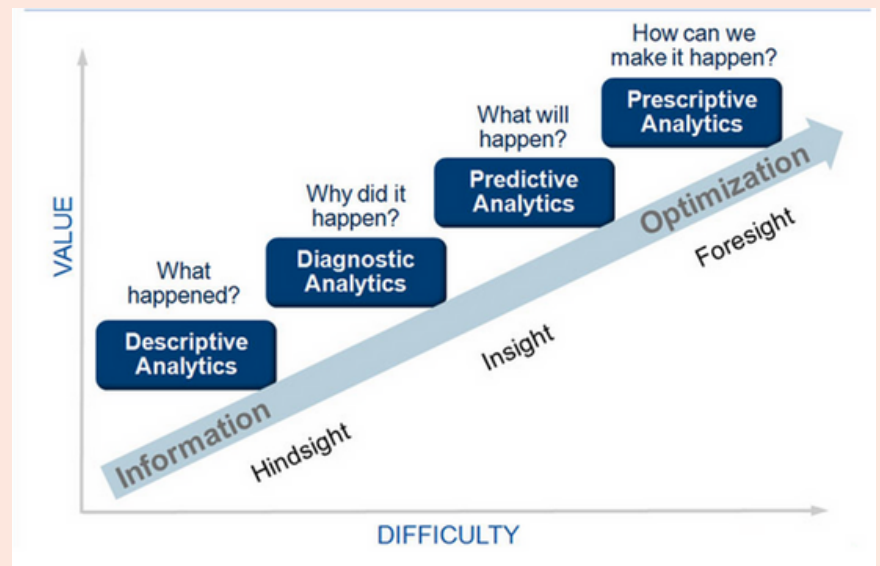
Latest HR Analytics 2021 - P12

DEFINITION

HR analytics is a data-driven method of improving decisions that impact HR functions. HR analytics depends on the quality of the data collected from HR metrics, such as:

- Time to hire
- Time to fill
- Application dropout rate
- First-year turnover rate
- Top talent retention rate
- Average absenteeism rate
- Training expense per employee
- Employee engagement
- Human capital risk

TYPES OF HR ANALYTICS



Descriptive analytics

Raw data isn't useful and doesn't help to explain why something happened. But, once aggregated, it can. Descriptive analytics is the basic type of analytics you're most likely used to. It's taking historical data and summarizing it into something that is understandable.

For example, a headcount report of all employees within the organization is a form of descriptive analytics. Even taking it a step further to break it down by demographics would still be in the same category.

More sophisticated metrics like turnover rates or time-to-fill would be descriptive as well. They rely on the past and aim to explain why something already happened. Only focusing on descriptive analytics is very reactive. HR that is evolving to align with business needs should focus on being proactive.

Predictive analytics

Where descriptive analytics look backward, predictive analytics work to look ahead. Statistical models and forecasts are used to answer the question of what could happen. Models are built on patterns that were found within the descriptive analytics. The goal is to proactively find the needs of the organization.

Predictive analytics can help talent acquisition teams determine if someone will be a good cultural fit for the organization before they're hired. It could even provide estimations on how long the person will stay with the company.

Prescriptive analytics

Once the future is predicted, the next question is what can we do about it. Prescriptive analytics provides recommendations on what to do based on predictions and what has occurred in the past. This analytical approach can be highly beneficial for organizations with peak or busy seasons. A retailer will want to know how many people to staff during the holidays. Or a park might need to know how many to staff during the summer months. Prescriptive analytics could even help determine how to properly onboard a new hire based on their skills and strengths.

IMPORTANCE OF HR ANALYTICS

The Human Resources field is witnessing the advent of two major technologies: big data and HR analytics. The power of HR analytics and big data is making companies ditch their "intuitions" for any decision to make – which was the trend earlier – and take more informed and data-backed decisions for hiring. Official decisions have become more promising and accurate with the use of HR analytics.

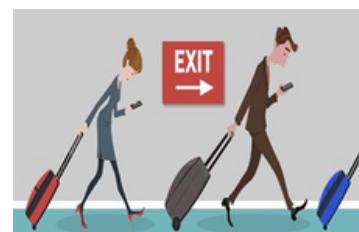
1. Improved Hiring Decisions

HR analytics helps HR professionals make better choices based on historical data. Through HR analytics, the recruiter and hiring team can make data-driven hiring decisions rather than "trusting their intuition" or "gut" and hoping for the best. An effective HR analytics tool can enable HR professionals to easily determine the best candidates and hire them.



2. Reduced Attrition Rate

HR analytics can easily help identify and demystify the causes and patterns of attrition among employees. It tells you the reason why employees leave and why they stay. The reasons could range from under-performance, lack of skills, overworking, to low compensation, management issue, unsuitable work environment, and more.



3. Better Employee Insights

HR analytics help the company look at an employee's professional life by tracking, sharing, and analyzing performance-related data. This is why companies track and record the behavior of their employees with customers, co-workers, and how they spend their time. Furthermore, the employee's performance data could be used by the hiring manager to identify great talent. This data not only provides more insights about the employees but also shapes the strategies to boost employee morale, retention, and engagement.

4. Improving the employee experience :Analyzing how strong an employee's sense of belonging is, as well as what contributes to it with the help of tools like HR analytics, can help improve company culture and create a better work environment.

5. Streamlining corporate training and evaluations

Using HR analytics, trainers can devise new strategies to modify courses and make employees more productive.



6. Unified employee support

By making use of HR analytics, companies can identify a resource that accepts employee requests and returns the relevant information. This not only saves everyone time but also unifies the approach.



7. Employee Recognition programme :

The employer computes HR analytical techniques and evaluates the employees' quality work and the best performing employee is given recognised benefits through monetary value as well as non-monetary terms. The performance appraisal and appreciation is done for increasing productivity, to motivate employee, to provide work culture influence, to inspire other employee to get engaged in future activities, to give social support and guidance for improving the lacking instrument.



8. Analysis on talent acquisition :

The employer focuses on long term goals in simplifying the potential candidates for the excellent, expertised and talented individual in outsourcing the strategic process in providing fair compensation

9. Visual assistance on workforce management :

The HR analytics gives adequate data for enforcing capital risk management, revenue allocation, investment turnover rate, security insights, predicting action plans, strategic decision handle



KEY METRICS IN HR ANALYTICS

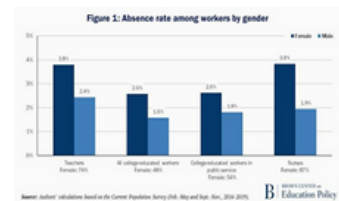
1. Absence rate

Unscheduled absence rate (Absence days/FTE) is a key HR metrics to measure absenteeism. It tracks the percentage of workers who are absent during a given period. This metric also provides a benchmark over time: absence levels can differ from month to month, but over longer periods of time you want the rates to be relatively low and stable



2. Absence rate per manager

By dividing the number of absence days in a team or department by the total FTE (full-time equivalent) in this team or department, HR can easily identify problem areas within the company. When certain divisions or managers structurally struggle with high absence levels, they may be doing something wrong and their performance is likely to suffer



5. Streamlining corporate training and evaluations

Using HR analytics, trainers can devise new strategies to modify courses and make employees more productive.



6. Unified employee support

By making use of HR analytics, companies can identify a resource that accepts employee requests and returns the relevant information. This not only saves everyone time but also unifies the approach.



7. Employee Recognition programme :

The employer computes HR analytical techniques and evaluates the employees' quality work and the best performing employee is given recognised benefits through monetary value as well as non-monetary terms. The performance appraisal and appreciation is done for increasing productivity, to motivate employee, to provide work culture influence, to inspire other employee to get engaged in future activities, to give social support and guidance for improving the lacking instrument.



8. Analysis on talent acquisition :

The employer focuses on long term goals in simplifying the potential candidates for the excellent, expertised and talented individual in outsourcing the strategic process in providing fair compensation

9. Visual assistance on workforce management :

The HR analytics gives adequate data for enforcing capital risk management, revenue allocation, investment turnover rate, security insights, predicting action plans, strategic decision handle



KEY METRICS IN HR ANALYTICS

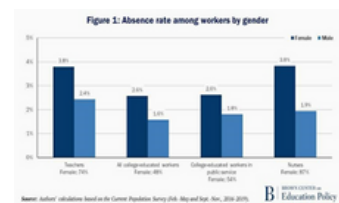
1. Absence rate

Unscheduled absence rate (Absence days/FTE) is a key HR metrics to measure absenteeism. It tracks the percentage of workers who are absent during a given period. This metric also provides a benchmark over time: absence levels can differ from month to month, but over longer periods of time you want the rates to be relatively low and stable



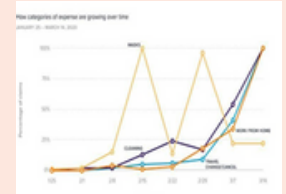
2. Absence rate per manager

By dividing the number of absence days in a team or department by the total FTE (full-time equivalent) in this team or department, HR can easily identify problem areas within the company. When certain divisions or managers structurally struggle with high absence levels, they may be doing something wrong and their performance is likely to suffer



3. Overtime expense

People don't mind working overtime every now and again. However, when overtime goes through the roof, you can expect your absence rates to follow. Excessive overtime, especially for longer periods

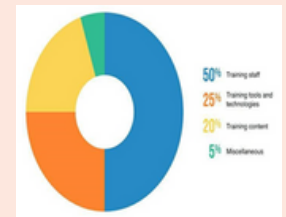


4. Employee Productivity Index

Traditionally, employees work from 9 to 5, yet more and more people are working from home. Companies are increasingly letting the traditional mentality go. This means that performance can no longer be measured by looking at who shows up.

5. Training expenses per employee

A common metric is training expenses per employee. This metric is helpful in tracking development costs. It also helps HR to make smarter investments in developing personnel. HR is coming around to the fact that day-long training courses are both expensive and inadequate in providing the continuous learning experience sought by employees.

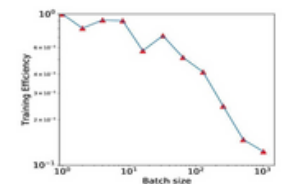


6. Training effectiveness index

To measure the effectiveness of training, you need to measure what people learned. This is tricky. You cannot just measure an employee's performance before and after a training.

7. Training efficiency

Training effectiveness is important. However, measuring the efficiency of training will help you make the most of your money. Another metric to keep track off is how satisfied employees are with development opportunity. A lack of development opportunities is a key predictor of employee turnover.



8. Employee happiness

Employee happiness (also measured as employee satisfaction) is more often recognized as a valuable HR metric. Happy employees are productive employees, they are committed to the organization and don't mind working overtime when necessary.



BENEFITS OF HUMAN RESOURCE ANALYTICS

1. Improved Hiring Decision:

HR analytics enables HR professionals to make better decisions based on historical data. Using HR analytics, the recruiter and hiring team can make data-driven hiring decisions rather than "trusting their intuition" or "gut" and hoping for the best. An effective HR analytics tool can help HR professionals quickly identify and hire the best candidates. For example, if you hire ten candidates and four of them are from the same university and are unable to advance beyond a certain level, you may not hire someone from that university again.

HR analytics can help you avoid making mistakes like these. Furthermore, it enables the recruiter to learn more about prospects via internet databases, applications, social media profiles, employment portals, and records, among other sources. Almost every company uses recruiting analytics to make data-driven hiring decisions in their hiring process.



2. Reduced Talent Scarcity:

Structured and stat-backed recruiting strategies provide the insights needed to cast a more accurate hiring net to ultimately build a better pipeline. With the help of HR analytics, it is easier to know whom to target for a particular position when a requirement arises in the company. It is easier to understand the type of person required and the knowledge required, along with other aspects that might be missed in a regular talent acquisition process. When talent is scarce for a specific industry or role, it might seem that talent isn't there at all. The talent is there but finding it would require you to employ new methods of attracting or searching for it.



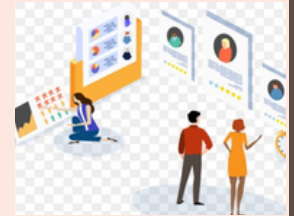
3. Reduced Attrition Rate:

Attrition and turnover can come down to too many possible "human" factors. It can be difficult to quantify the causes, but HR analytics can explore the data to pinpoint any patterns. HR analytics can easily help identify and demystify the causes and patterns of attrition among employees. It tells us the reason why employees leave and why they stay in an organization. HR analytics can easily help identify and demystify the causes and patterns of attrition among employees. It tells us the reason why employees leave and why they stay in an organization. The reasons could range from under-performance, lack of skills, overworking, low compensation, management issue, unsuitable work environment, and many more. The organization after HR analytics can get to know satisfaction level of employees with their level of training, how satisfied are they with benefits and compensation? How satisfied are they that the company values their opinion? How satisfied are they that their manager does a good job? Some other data points that may also come into this include age, level of compensation, how long they have been with the company, how long since their last pay raise, results of their last performance review and their perceived work/life balance.



4. A Renewed Focus on Performance Management:

Most organizations have realized that conventional performance review systems are outdated and are of little help to employees. Performance analytics tools help HR identify the high performers and at-risk employees, driving higher retention and engagement rates. Predictive performance analytics can also help organizations hire better quality talent during recruitment.



5. Good Training:

Training is a process of equipping both existing and new employees the basic skills they require to carry out their jobs effectively. In other words, training is a learning process that pursues a comparatively permanent development of individuals' knowledge which enable them to increase their effectiveness in implementing their tasks. Every business organization requires well equipped, experience and knowledgeable employees to carry out specific duties effectively. Training can incorporate change of attitudes, skills, knowledge or even individual behaviour. This means advancing or changing employees' knowledge, individual's skills used in performing duties, employee's perceptions towards their work and interpersonal interaction between employees and the management. Training should not only focus on newly employed employees but also the existing ones in line with their respective roles



FACTORS DRIVING HUMAN RESOURCE ANALYTICS

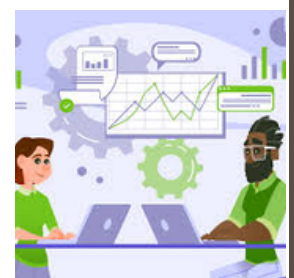
1. Strategies:

HR has access to valuable employee data. There is a great deal of discussion on replicating the consumer experience in the employee experience. Essentially, the data on consumer behaviour and mindset can help develop strategies to maximize sales by capitalizing on those factors. Similarly, the data useful for the HR function can be used to improve employee performance, the employee experience, and in turn, maximize business outcomes. HR teams need to have the right the right skills to analyse, measure and draw insights from the data. Just having access to data is not enough. Data is pretty much useless if HR professionals cannot understand or interpret it in a strategic way to address potential problems.



2. Building the Right Team and Capabilities:

Good Teamwork is essential in all work. Teamwork plays a major role in Human Resources analytics. To get a good analytic understanding, specific role and capabilities are required. Analytical capabilities and management capabilities are all important, but the most important is building a link between the business and human Resources. The Human Resources need to work hard to solve the business problems through analytics. For the process to work, Human Resources need good analytical and technological skills Many organizations are struggling to get a good analytical talent. Management and IT capabilities should support Human Resources analytics to solve the problem in business.



3. Managing Processes, Roles and Responsibilities:

Successful execution also requires good governance and cooperation. Developing and documenting guidelines on execution is an important step in creating a more data-driven mindset. All key players and relevant stakeholders should be onboard and involved, know what to do, and understand the relations and interdependencies between roles. It's important to ensure that there is role clarity within the delivery process, and that it is clear and documented.



4. Dealing with Data and IT Issues

Data is a high-quality information which cannot be easily provided to everyone. There are some higher level/ experts of HR even they are not allowed to the information for analysis. These data is important for analysis but as data is not wholly provided by companies Chief Information Officer as he has certain boundaries to revealing of information, HR doesn't get support from them. This stops in promoting HR Analytics. To promote HR Analytics, it is important that the required person should be supported by accessing the information of companies. As most of the people think HR data is mostly accurate for taking decisions. All these things should be discussed within the companies but the factors to be kept in mind while discussing is that the data is very Broad so a person cannot easily handle everything and all the members cannot be trusted so it is important for company to find effective tools from the IT industry that these data can be short and easily accessible and they have to find some experts for analysing the data.



THE IMPACT OF ANALYTICS ON HR

As the general economy and HR industry continue to change to meet the demands of the digital era, those looking to create a future in HR will need to expand their skill sets and prepare to wear many hats within their roles. HR professionals must be capable of analysing data and drawing valuable insights, that they can leverage to help an organization meet its strategic goals.

• **Performance and Efficiency**

Many organizations measure the success of human resources activities and processes by overall performance and efficiency. Tracking metrics can offer valuable insights into how well certain processes are performing.

• **Recruitment and Hiring Processes**

Filling open positions within an organization is often a costly endeavour, both in terms of time and money. Taking the time to improve a company's recruitment and hiring processes via data analytics can lead to significant savings. HR experts can use data to better identify who would be the best fit for a given function as well as the company's general culture. HR professionals may spend more time focused on employee retention and less time replacing a hire who didn't work out if they do it "right" the first time.

• **Employee Experience**

They also monitor the employee experience and take steps to improve it, because happy employees tend to be more engaged. By monitoring metrics like employee attendance, productivity, and engagement, HR professionals can gain a greater understanding of the overall employee experience. This understanding can help HR determine where the organization shines and where there is room for improvement. Compensation, benefits, vacation policies, and professional training and development opportunities can all be optimized based on these insights.

• **Turnover modelling**

Predicting future turnover units in specific functions, geographies by looking at factors such as commute time, role change and performance over time. One can accelerate hiring efforts reducing lead time and panic hiring, which leads to lower cost, higher quality hiring

• **Contribute to an increase in corporate speed and adaptability**

In a rapidly changing and volatile world, businesses can only succeed if they are fast and adapt quickly. HR can make a contribution to that effort by utilizing analytics to develop a hiring process that selects individuals with these two key skill sets.

• **Identify the existing obsolete talent programs**

Analytics helps HR leaders discover which of their existing programs and tools are working and which ones are not. Analytics also allow you to assess the effectiveness of new programs.



CHALLENGES OF HR ANALYTICS

It is rightly said that everything in the universe has both positive and negative aspects of it. From humans to technology everything around us faces both opportunities and challenges which depends totally on how we understand it or how we take such things, or how beneficial it is to us to an organisation talking about some technologies. Opportunities are favourable scope whereas Challenges are a provocation that hinders the process of happening.



- **Data Quality Issue:** HR analytics faces data quality issues as organisations have a huge amount of data which is not easy to collect, generate, and store easily. Data collected may have missing attributes due to the lack of inaccurate data given by employees. There may be availability of duplicate data or data may get affected while transferring it from one source to another. The HR analytics tool generates results based on the availability of data but if they have data quality issues then the result may not be provided as expected.

- **Data Governance:** Organization lacks data governance while using the HR analytics tool. Data governance states the legality and ethicality of data. It states that data used by the business should use ethically and legally. And when businesses use HR analytics tools it may hinder data governance as it uses modern ways and techniques to collect and interpret a large amount of data for making data-driven decisions.

- **Top Management Support:** HR analytics lacks support of top management of business. As management is going through the traditional process for many years so businesses found it difficult to get their support in investing in such tools in an organization that collects and analyses employee-related data. The top management will ask for a greater return in investment to build strong HR analytics.

- **Integrating Systems and Becoming Data-Driven Companies** throughout the world are on this journey, which starts with basic workforce reporting. It has been proven difficult for HR to upgrade its competencies and systems to fully comprehend people analytics.

- **Lack of Data Analytics Skills:** HR analytics requires analytical understanding, and explaining business and business environment, quantitative analysis, psychometrics skills, relevant laws, and many other such skills to use this tool efficiently and effectively. HR analytics can be conducted only by those who have the required knowledge and skills and can develop contextual insights to provide relevant results to perform analytics. Otherwise, HR analytics may damage business. The company frequently comes throughout predicaments even as searching for people with the proper skill and talent set for the gathering, managing, and reporting of records.

HR ANALYTICS CYCLE

HR Analytics is the process of addressing a strategic HR concern making use of HR data (and business and external data if necessary), encompassing the following components.

Identification of an HR issue, research design, data management, data analysis, data interpretation and communication, and subsequent action plan.



The identification of an HR concern should be the first port of call, unpacking how much this issue affects the business strategy or any competitive advantage at stake. For this to happen, the HR analytics function along with HR professionals will need to spend time distilling what HR metrics fall under the remit of the specific HR issue they are trying to tackle and how this HR metrics impact on HR strategy or business performance.

Research design should be undertaken. This is something that traces back to traditional research design methodologies. The fact that the organization may use big data and AI-powered analytical tools does not mean that the research design should be highly complicated when building a solid HR model around the HR issue we are solving.

Data management -a new set of skills is needed, namely, the management of computer systems and infrastructure. These skills will facilitate the interrogation of data across databases, management and integration of the data. The engineers will know whether the data can be interrogated and integrated together within the same database to optimize its usability by the HR analysts. A decision would need to be taken as regards using open-source software and infrastructure such as SQL and Python, or whether it's more effective to deploy integrative platforms such as Apteryx, or simpler analytical and visualization tools such as Tableau or Microsoft Power BI.

The data analysis - therefore becomes obvious once the data is ready to be analysed. The data analysis can be carried out in the most suitable statistical package for that case. Statistical packages embrace different levels of complexity, from Excel, to SPSS, Rapid Minder, R or Python. Hence, different skills will be deployed depending on the software and on whether the analysis entails any coding.

Data interpretation and communication-The process of interpreting the data from its precise form is called data interpretation which will help assign some meaning to the data and arrive at a relevant conclusion. It involves taking the result of data analysis, making inferences on the relations studied, and using them to conclude.

LATEST HR ANALYTICS IN 2021



Remote work model - Due to the pandemic work from home has become the new normal. This crisis has forced the organizations to switch to a remote working model to ensure employees safety with the growth of business. It is expected that remote work model will remain, and this trend will continue in 2021 and beyond. Though some organizations may adopt a combination of remote working and onsite work, where employees may have to go to the office only on specific days in a week. Many surveys showed that remote work model has been a boon due to its advantages such as no wastage of time in travelling, cost for commuting, flexible working hours etc. it gives employers a broader access of talent pool.

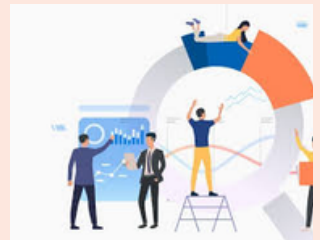
Employee experience - Employee experience is about shifting from creating an environment where you assume people need to work their. Employee experience is to do the research first find out what employees need and want use focus group, survey and manager input to gather information. Define the employee experience as they wait into defining the employee experience, they will get to understand their team better Next is feedback as once you've defined the employee experience, put the definition up for honest feedback.



Online training and up skilling - Also known as computer based training distance learning, or e-learning, online training is a form of instruction that takes place completely on the internet. It involves a variety of multimedia elements, including graphics, audio, video, and web-links, which all can be accessed through one's internet browser.



Employee well being and Mental health- Physical health is very important, but now it's time to ensure mental well being of employees as well. And undoubtedly, HR has a unique role to play in this. Employee well being is going to be one of the top HR trends in 2021. Organizations are already rethinking holistic ways to recreate employee wellness programs and benefits, including physical wellness, mental health, flexible work schedules, child care, elder care, paid time off and more. The trend to maximize employee safety will continue in 2021 with employers investing in .



Cloud-based HR Systems -Since COVID-19 crisis started, companies have made huge investments in HR technology, with a focus on cloud-based HR systems that can be easily accessed anytime, from anywhere, with complete privacy of data.

People Analytic -The data driven method of studying people and processes will continue to reign in 2021. A Deloitte report shows that 71% of worldwide organizations consider people analytics a high priority for their companies as it would allow them to not only provide good business insights but also deal with what has been known as a 'people problem'. People Analytics will soon become an absolute essential for any organization. Data-driven insights will be used for better hiring decisions, improving engagement, effective performance management and reducing employee attrition.



Virtual onboarding - In 2021, Virtual onboarding has become one of the latest trend in the field of HR. Due to this pandemic companies were forced to virtual system of selecting a candidate which has become more effective during the last two years. Companies had to strike a balance between welcoming new employees into the company, providing them with the information they need to do their jobs, locate resources, and feel like a part of the team, and the safety precautions required during COVID times, all with little or no in-person interaction with co-workers, managers, HR, or leadership. Companies have encouraged people to use online materials, webinars, and interactive sessions that freshers can access from their laptop and refer to at any step of the onboarding process or corporate journey, thanks to remote onboarding practises.



Artificial intelligence in HR- Artificial intelligence has become one of the essential part of technology and has increased the use of AI in almost all sectors. While AI is being used in the many sectors, AI is being used in the human resources too and has become one of the recent trend in the field of HR.

CONCLUSION

It is right to say that the Future of Work has finally arrived. 2020 saw organizations embracing new ways of working and this model will continue in 2021.

HR will continue to evolve best practices to enhance employee experience and to meet the existing business requirements.

While many organizations use business intelligence and analytics in business functions including Supply Chain, Finance, Accounting and Marketing, they have taken little advantage of this in the Human Resources (HR) management area. Seeing tremendous opportunities in the use of analytics, businesses are taking big measures, such as creating a culture of making critical decisions validated by data driven approaches and hiring analytics professionals in areas that promises high rates of return. Experts continue to emphasize the importance of analytics for HR to transform itself into a more effective resource for the organization.



“HR analytics is the systematic identification and quantification of the people drivers of business outcomes”
(Heuvel & Bondarouk, 2016)

COMPILED BY:
RAKSHIKA PALANI
SUPRITHA V
PRINCY PATRICK