

WORKFORCE ANALYTICS – A Strategic Tool for Competitive Advantage to an Organisation

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Abstract

A rapid change in Technology & Globalisation in the business environment forcing organisation to change its overall business strategy. Intense competition is existing in how to attract & retain efficient and talented workforce on par with the cost effectiveness. For this, organisation requires big data of employees for decision making to come up with strategy to have competitive advantage over other companies. Big Data & HR analytics is very much in need of this IT era. HR analytics helps to reduce attrition rate, forecasting workforce & to identify skills which add value to the overall development of the organisation. So, workforce analytics is a strategic approach for competitive advantage to organisations to compete with others. Many HR management software has been introduced in the market to help the HR professionals to carry over the HR functions easily, now only they must analyse the importance of it & apply to succeed in the highly competitive world.

Key words: HR analytics, Workforce analytics, strategic approach, HR management software.

Introduction

Human resource analytics (HR analytics) is an area in the field of analytics that refers to applying analytic processes to the human resource department of an organization in the hope of improving employee performance and therefore getting a better return on investment. HR analytics does not just deal with gathering data on employee efficiency. Instead, it aims to provide insight into each process by gathering data and then using it to make relevant decisions about how to improve these processes.

Meaning: HR analytics is the application of a methodology and integrated process for improving the quality of people-related decisions in order to improve individual and organizational performance. Although HR analytics relies on statistical tools and analysis, its most successful form involves much more than that. At a minimum, analytics require high-quality data, well-chosen targets, talented analysts, leadership, as well as broad-based agreement that analytics is a legitimate and helpful way to improve performance.

Evolution of HR Analytics

According to a 2004 Workforce Management (Formerly Personnel Journal) article, in 1978—in this publication Jack Fitz-enz proposed a radical, anti-establishment idea. Human resources activities and their impact on the bottom line could—and should—be measured. The reaction was “apathy, disagreement and disbelief” (Cauldron, 2004). For the past three decades, Fitz-enz has along with a growing band of kindred spirits, campaigned tirelessly to improve the state of HR measurement and to help both HR professionals and senior executives understand its importance.

Big data with context to HR

Big Data in HR refers to the use of the many data sources available to your organization, including those not traditionally thought of in HR; advanced analytic platforms; cloud based services; and visualization tools to evaluate and improve practices including talent acquisition, development, retention, and overall organizational performance. This involves integrating and analysing internal metrics, external benchmarks, social media data, and government data to deliver a more informed solution to the business problem facing your organization. Using these tools, HR organizations are able to perform analytics and forecasting to make smarter and more accurate decisions, better measure inefficiencies and identify management “blind spots”.

The ability to capture and analyze big data has enabled many companies to both increase revenues by better understanding and more accurately targeting customers and cut costs through improved business processes.

Big data also has attracted the attention of human resource managers who now can analyze mountains of structured and unstructured data to answer important questions regarding workforce productivity, the impact of training programs on enterprise performance, predictors of workforce attrition, and how to identify potential leaders.

Trends are changing rapidly so it is very hard to catch up with all new technologies especially in analytics which are not at all easy. Most HR leaders understand the importance of HR analytics. Now they have to figure out how to use analytics to enable their organizations to thrive because doing that will give their companies a leg up on the competition.

So now organizations are involving themselves more into data management, analysis and further interpretation of data. To get this complex analysis working they need off course mastery in data science and statistics. Organizations those who taken this step already understand the benefit that data brings to their decisions and the value that these decisions bring to the organization.

For many companies, the transition from data reporting to data analytics is a difficult task. HR professionals are very much in confusion how to proceed with the transition so below are the given elements to start with: (Josh Bersin, John Houston, Boy Kester)

- **Look for skilled analysts to lead the team:**
- **Add a couple of outlier profiles to the analytics team,**
- **Create a community of practice**
- **Equip analysts** with HR technology, performance consulting, visualization, and project management skills. Build a close relationship between HR and IT; HR organizations working in predictive analytics often have an IT specialist on the HR staff.
- **Identify specific business challenges to be addressed:**
- **Build capabilities by experimenting:**
- **Make analytics user-friendly for the entire organization**
- **Do not let the perfect be the enemy of the good:**

HR analytics involves both descriptive components, such as headcount, time to hire, workforce demographics, and turnover. It also includes predictive components—seeking to pinpoint those levers that could be pulled to drive better business outcomes. Descriptive HR data is typically put into context by using external benchmarking data. Predictive HR analytics, on the other hand, identifies the unique aspects of an organization's work, learning and leadership environments that drive business outcomes. This creates insights that cannot be obtained through traditional benchmarking. (Laurie Bassi & Dan McMurrer)

HR analytics does not only gather data on employee; instead it aims to provide insights into each process by using data to make relevant decisions, improve the processes and operational performance. HR collects enough data on employee's personal information, compensation, benefits, retirements, attrition, and performance, succession time to time so it is important to use it properly to interpret the outcome and spots the trends.

Some typical benefits and use cases of analytics are as follows:

- Improve organizational performance through high quality talent related decisions
- Forecast workforce requirements and utilization for improved business performance.
- Optimization of talents through development and planning.
- Identify the primary reasons for attrition and identify high-value employees for leaving.
- Provide the source of competitive platform for the organizations
- Manages applicants in better way on basis of qualification for a specific position.
- Recognize the factors which turn the employee satisfaction and productivity.
- To determine the individuals KPIs on the business.

- Enabling HR to demonstrate its benefaction to achieving corporate goals.

Analytics also used in HR to prepare cost and investment on their talent pool like cost per hire, cost per participation on training, revenue and expense per employee. It provides opportunity for defining strategy for retention and hire plan. It can also give complete picture of an organizational head counts based on demographics – age, gender, geographical, departmental, qualifications etc.

Workforce analytics is another common one which is more quantitative; it helps leaders to develop recruiting methods and specific hiring decisions, optimizing organization structure, identify quantify factors for job satisfaction; determine the need of new departments and positions. It also helps the organization to identify, motivate and prepare its future leaders. Align and motivate workforce and continuously improve the way of work.

Workforce Analytics and Planning is the most common systematic identification and analysis of what an organization is going to need in terms of the size, type, experience, knowledge, skills and quality of workforce for ensuring that an organization has suitable access to talent to ensure future business success.

Workforce planning is a set of procedures that an organization can implement to maintain the most efficient employee/management team possible, maximizing profits and ensuring long-term success. Workforce planning falls into two broad categories: operational and strategic. Almost every organization does conduct some form of workforce planning, like headcount/FTE planning and workforce analysis. They recognize the need to transform that planning. What they may not know is that most barriers are tactical in nature and require small hops and not a big leap.

HR's top three challenges in using workforce analytics

Most human resources departments don't have the right technology. They're still trying to do workforce reporting off manual tools like spreadsheets, and trying to pull and integrate data from disconnected systems. The second challenge is that HR doesn't have the right skills to interpret the data. The third challenge is that many HR practitioners and vendors talk about workforce analytics and predictive analytics, but what they are doing is really just reporting. Reporting aggregates numbers like headcount, number of separations and total compensation. Workforce analytics applies statistical techniques such as correlations, test of significance, factor analysis or multivariate analysis. Predictive analytics allows HR to model the impact of current and future HR practices on business results.

HR Management Software (HRMS):

A **Human Resources Management System (HRMS)** is a software application that combines many human resources functions, including benefits administration, payroll, recruiting and training, and performance analysis and review into one package. It merges HRM as a discipline and, in particular, its basic HR activities and processes with the information technology field, whereas the programming of data processing systems evolved into standardized routines and packages of enterprise resource planning (ERP) software. On the whole, these ERP systems have their origin from software that integrates information from different applications into one universal database. The linkage of its financial and human resource modules through one database is the most important distinction to the individually- and proprietarily-developed predecessors, which makes this software application both rigid and flexible.

Human Resource Management Software generally consists of below Modules:

- **Payroll Module**
- **Time and Attendance Module**
- **Administration Module**
- **HR management Module**

Human resource management function involves the recruitment, placement, evaluation, compensation and development of the employees of an organization. Initially, businesses used computer-based information systems to: produce pay checks and payroll reports; maintain personnel records; pursue talent management.

The significant cost incurred in maintaining an organized recruitment effort, cross-posting within and across general or industry-specific job boards and maintaining a competitive exposure of availabilities has given rise to the development of a dedicated applicant tracking system, or 'ATS', module.

➤ **Training module**

➤ **The employee self-service module**

Many organizations have gone beyond the traditional functions and developed human resource management information systems, which support recruitment, selection; hiring, job placement, performance appraisals, employee benefit analysis, health, safety and security, while others integrate an outsourced applicant tracking system that encompasses a subset of the above. Assigning Responsibilities Communication between the Employees.

➤ **The Analytics** module enables organizations to extend the value of an HRMS implementation by extracting HR related data for use with other business intelligence platforms. For example, organizations combine HR metrics with other business data to identify trends and anomalies in headcount in order to better predict the impact of employee turnover on future output.

➤ **The Staff Training Module** enables organizations the ability to enter, track and manage employee and staff training. Each type of activity can be recorded together with the additional data. The performance of each employee or staff member is then stored and can be accessed via the **Analytics** module.

➤ **Employee Re-Assign module** is a recent additional functionality of HRMS. This module has the functions of Transfer, Promotion, Pay revision, Re-designation, Deputation, Confirmation, Pay mode change and Letter Formats

There are now many types of **Human Resources Management System (HRMS)** or **Human Resources Information System (HRIS)** some of which are typically local-machine based software packages the other main type is an online cloud-based system which can be accessed via a web browser.

The famous HR Management software which is inclusive of Workforce Analytics feature available world-wide are:

- SAP- Success Factors
- ZOHO People
- Bamboo HR
- ORACLE People soft
- Workday
- Ultipro

The above HR management software can be customised to the requirement of the organisations. So HR managers have to analyse which software will be best suitable for implementation to facilitate the easy functioning of HR activities.

Companies who have leveraged analytics in the HR space:- Most famous of all "Google", other companies in the services space include

Intel, HP, Amway, Godrej, Reliance, Unilever etc.

- **Retails:** Sears, Target, Walmart etc.

- **Industrials:** GE

- **Mining:** Rio Tinto etc.

These companies are in a more matured stage of HR Analytics and fit on a higher level when positioned on the HR Analytics continuum.

Conclusion:-

With a strong analytic foundation, HR departments and their personnel can more effectively manage workforce data and establish greater business context for human capital decisions. This helps HR professionals not only justify their decisions using rigorous analysis, but also contribute more effectively to the creation of business strategy. HR needs to understand and link the people factors to the performance of the business. The only way they can do this is by building a center of excellence around workforce analytics. This should consist of a team exclusively focused on analyzing data to find

insights currently unknown to the organization. Of course, they need the technology and capabilities – data scientists – to interpret the data and convert it into a compelling and actionable business story.

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