CURRENT AND FUTURE BENEFITS OF HR ANALYTICS TO FIRM'S PERFORMANCE

by

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ANALYTICS LANDSCAPE AND THE STRATEGIC ROLE OF HUMAN RESOURCE

Data is available at an unprecedented scale to organizations. It can be used to enhance performance, drive decision-making, and impact strategy formulation. Sources like social websites, smartphones, and the Internet of Things etc are spitting out data at an enormous rate. In a research conducted by Gartner, by the end of 2027, data volumes are expected to rise by 800% and that 80% of it will remain unstructured (Feki and Mnif 2016).

The data explosion can be attributed to several trends: huge growth in video/photo and 50 million connected devices worldwide, as well as the widespread use of CRM, ERP, and product/service logs. Customers are now being contacted more often by companies. By 2020, every second a human being lives on the planet will produce 1.7 megabytes of new information. By then, our total data universe will be 44 trillion gigabytes (Attaran and Attaran 2019).

A report by MicroStrategy states that more than half of the participants agreed that data analytics led to quick and effective decision-making in their companies. Big data offers many opportunities for related fields to obtain deeper and faster insights that can be used in decision-making (Hussain and Lee 2015).

Core pillars of Analytics:

1. Descriptive Analytics - It is the foundation of all analytics. This allows you to extract trends quickly and easily from data (Cote, 2021).
2. Diagnostic Analytics - The subsequent logical inquiry, "Why did this happen?" is answered by diagnostic analytics. This type of analysis includes equating patterns and movements with other variables, detecting correlations between variables, as well as constituting potential causal links (Cote, 2021).
3. Predictive Analytics - It is used to predict prospective events and patterns. It is a way to concisely predict the forthcoming event for the company by evaluating historical information and current industry progressions (Cote, 2021).

4. Prescriptive Analytics – It considers all factors and recommends actions. This type of analytics is especially helpful when making a data-driven decision (Cote, 2021).

The Human Resources department is crucial in creating, sustaining, and changing a business's culture, much as data plays a significant role in an organisation. In addition to hiring and onboarding, training and development, remuneration, performance management, and reinforcing corporate values are just a few of the critical facets of organisational culture that it oversees. Effective and regular communication is essential for a company to succeed. HR establishes the rules for internal communication in a business. Employing a dedicated HR professional is a need, not a luxury, for organisations. In terms of its strategic functions, the HR division assists in creating an organized structure for selecting, supervising, and advancing workforce to benefit firm's organizational goals. It assures that different elements of HRM collaborate and instils positive attitude and behaviour paramount to create value and hit performance targets. It places a strong emphasis on prolonged workforce concerns, including allotting reserves to meet future needs, as well as general worries about the organisation's core values. It forms a basis by connecting workforce administration and development practices towards achieving the core organisation values (Gifford, 2021).

HR ANALYTICS AND ITS ROLE IN IMPROVING FIRM'S PERFORMANCE

Human Resource Analytics can be described as a proof-centred method to business intelligence. It includes elements of tools and methods, including reporting on HR matrices and the predictive model. HR analytics is designed to help corporations make better calculated judgements about the workforce. HRA is a subset of data analytics that focuses on using personnel data and systematic procedures to instil effectiveness and promote employee retention. Thus allowing administration make sophisticated assessments about attrition rates and staff retention (Reddy and Lakshmikeerthi 2017).

Workforce analytics enables HR administration to keep a check on projects, absenteeism, schedule assignments, and employee's performance (Momin and Mishra 2015). It is paramount for effective HR planning. The focus has now shifted towards perilous workforce parameters that connect workforce strategy to departmental outcomes, giving them a voice at the table and the competence to influence strategical decisions by identifying cost savings opportunities, enabling key talent preservation, and making employees productive (Higgins, Cooperstein et al. 2011). Human resource is the backbone of any organization, so HR management is a key concern. The popularity of HR analytics has grown over the years due to its many benefits and exceptional results. Below are some of the key benefits of HR Analytics (Kale, Aher et al. 2022).

- Quality Recruitment - Talent acquisition managers, for example, can determine how many candidates they should reach and which profiles to shortlist to fill a particular role.

- Lower Attrition - HR analytics uses employee-related data to identify hidden trends and patterns that can be used by HR analysts to determine why employee retention in your company is high and what the reasons are.
- Creates a Productive Workforce- HR analytics can help you estimate your productivity level. The use of various employee-related data such as leaves, total hours worked, overtime, targets, profits, and leave, HR analytics provides insight into whether an employee is performing poorly or has been given more work than they should. These factors can be used to help you chart out the best employee productivity strategies to increase performance.
- Motivates and Build Employees' Trust - The HR management can improve employee satisfaction owing to the outcome of analysed data. This helps to formulate effective HR policies and promotes employees trust in their company (Kale, Aher et al. 2022).

Although this statistics-based approach is still finding its relevance amongst several companies, here are a few examples of successful companies that are changing how they employ, promote, and engage people by embracing HR analytics (McNeill, 2020).

Google

This globally recognised tech company has been able to entirely restructure themselves because of HR analytics. They believe that talent statistics enables precise workflow management choices. Such outcomes are critical since they have significant influence on a company's bottom line.

Unless managers make informed and correct judgments about their personnel, organizations will not achieve better business outcomes. In assessing performance, Google's HR department (now called People Operations) uses productivity indicators. While these data are critical, they don't tell the whole story. By regularly polling employees, Google utilizes analytics to continually improve the work environment. As part of their human resources processes, they use feedback (or statistics) to strengthen various aspects. Their staff engagement levels are high, with an average participation rate of 90%, demonstrating how effective they are at enhancing business operations (Kale, Aher et al. 2022).

Microsoft

In the last decade, this Silicon Valley giant has developed significantly in people analytics. They now place data-driven Human Resource at the core of their organization and offer a range of people analytics tools that can be used to assist clients supervise their organisational goals. Amongst myriad applications of this technology is Microsoft's use of workflow analytics to create statistical profiles that identify employees more likely to leave their company. They then implement a variety of departmental interventions such as designate mentors and opening channels for growth. This also increases the earning ability within their business, which in turn creates more fortuity for workplace correspondence. Microsoft was able cut-down attrition by 50% by focusing its efforts in the most volatile areas of the company. They ultimately enforced similar actions in other areas of the business, enhancing personnel experience and organizational mechanisms (McNeill, 2020).

Walmart

Walmart has a workforce analytics team. They are always looking for new insights that can improve their business. Capability measurements are the core of Wal-Mart. These measurements help Wal-Mart determine whether procedures are being implemented correctly. The company places a high priority on employee mobility and turnover in personnel analytics. This enables them to track customer experience, revenue and other indicators. Wal-Mart uses workflow analytics to explain to their employees what their job entails, including how to develop talent and their career paths (Kale, Aher et al. 2022).

LIMITATIONS & UNTAPPED OPPORTUNITIES

The prominent problem with talent analytics is the inability to combine data from multiple origins to curate helpful and insightful reports. These reports are ideally used to improve predictive and proactive Human Resource functions, rather than just providing underdeveloped indicators or unrelatable reporting. Apart from the integration with work culture and managerial teams, data security and credibility are a concern for many businesses (Kishnani 2019).

These issues have even impacted large multinational organisations, despite their substantial investment in HR Analytics. They have failed to advance beyond the reporting of historical information and have not been able to make significant progress in embedding analytics in other areas of business. As a result, many businesses have struggled to create strategic analysis that is focused on the future and have no clue how to use big data in their HR analytics initiatives (Myloni, Harzing et al. 2004).

Furthermore, HR managers encounter technostress while using HR analytics for a variety of reasons. people managers and organisational staff should constantly familiarise the UI due to shorter, evolving technological phases, readily available yet not reusable live information, and a dynamic learning ecosystem (Chatterjee, Chaudhuri et al. 2021). Additionally, workers have struggled to improve their skills. A lot of workforce managers lack conventional training to embedded IT systems (Behl, Pereira et al. 2022).

Employees squandering IT resources inside organisations because of their unstructured and naive conduct is another negative aspect of HR analytics. Additionally, there are several chances for HR analytics to abuse consumer and employee data, putting privacy and security in peril (Chatterjee, Chaudhuri et al. 2021). Therefore, HR analytics presents both advantageous and potentially harmful features to firms (Munawar, Qayyum et al. 2020).

Amazon.com Inc. identified a significant concern with their innovative methods of recruiting as their tool presented bias against female candidates. To enable automation in recruitment techniques for reduction in laborious tasks such as filtering through applicants, devising computer algorithms has remained key focus area since 2014. Reuters spoke with five people familiar with the project. It's success is owed primarily to automation, be it their pricing algorithms or storage warehouse blueprints. According to several of the employees, the company's experimental hiring tool assigned prospective hopefuls ratings ranging from one to five stars using artificial intelligence, much to how customers evaluate things on Amazon (Dastin 2018).

Quoting one of the team member, "They wanted it to be an engine where I'm going to give you 100 resumes, it will spit out the top five, and we'll hire those." (Dastin 2018)

Contrary to the expectations, by 2015, the business had noticed that its new approach was not fairly evaluating applicants for technical positions such as software developers owing to the applications fed to educate the algorithm pertaining to the past decade where majority of the participation was that of males in tech industry. (Dastin 2018).

CONCLUSION

HR is no longer seen as a department with the only responsibility of resolving employee issues, despite being one of management's most flexible tasks. It is regarded as a crucial control centre that affects the success of the firm (Fang, Landis et al. 2015). The result of fusing technology with business growth methods is HR Analytics. The corporate sector agrees that having expertise in HR Analytics is crucial for expanding business growth. It incorporates HR data and analyses it using the inbuilt expert knowledge. It tries to create a future workforce that is "best" for the firm in addition to offering answers to the current problem. Although it may have a lot of positive aspects, its practical use is severely constrained (Minbaeva 2018).

Despite claims to the contrary, HR Analytics can only reduce administrative costs, which account for less than 3% of an organization's overall spending (Harris, Craig et al. 2011). It will instead result in a sharp increase in technology and maintenance expenses. HR Analytics implementation requires simple access to qualified personnel. When compared to other courses, it can be noticed that HR's curriculum lacks sophisticated statistics or advanced math-based decision-making. This further limit the possibility of future HR managers being statistically prepared. HR Analytics must demonstrate its practical importance (Nienaber and Sewdass 2016).

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