

# HR Metrics & Analytics

## MSB21T2001

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# Topics to be discussed

- INTRODUCTION TO HRM FUNCTIONS
- STAGES OF ANALYTICS
- TYPES OF ANALYTICAL MODELS
- HR ANALYTICS, PEOPLE ANALYTICS, AND WORKFORCE ANALYTICS: WHAT IS THE DIFFERENCE?
- CRITICAL AREAS FOR HR PREDICTIVE ANALYTICS
- TOOLS & SOFTWARE USED
- REAL WORLD CASE STUDIES
- HOW DOES HR ANALYTICS DRIVE BUSINESS VALUE?

## RECAP: SESSION 2

- Core concepts terminology
- BI versus Analytics
- Relation between what ,why and how
- Levels of Analytics
- Pay off
- Past to future
- HR's Evolution
- Background of HR Analytics
- Why HR Analytics?-What should/could be measured?  
Hr Analytics Solutions can
- Advantage of Using HR Analytics

- Human resources are the total knowledge, talents and aptitudes of an organisation as well as the values, attitudes, approaches and beliefs of the individuals involved in the affairs of the organisation.
- It is the sum total of the inherent abilities, acquired knowledge and skills represented by the talents and aptitudes of the persons employed in an organisation.
- According to *Edwin B. Flippo*, "human resource management is the process of planning, organising, directing, controlling of procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organisational and social objectives are accomplished."
- HRM is the process of bringing an organisation and its employees together so that they work together to achieve their goals. It is a management function which includes recruitment, selection, training and development, appraisal, compensation, rewards, motivation and growth, industrial relations, employee welfare, grievance redressal, etc in relation to the employees of an organisation.

## Introduction to HRM functions

- Human Resource Management (HRM) as a concept is of recent origin. Its gradual acceptance in organizations, across the globe, could make it the most important function in any organization, in terms of competitive advantages, strategic relevance and sustainability.
- HRM as a function has developed primarily to promote the concept of humanization of work
- Organizations, across the globe, are now facing the challenges of technological change, rising competition, rise of consumerism, structural change in employment relationships and various other macro-economic and social changes.



## Trendwise Analytics – HR analytics capabilities(Three levels of HR analytics and reporting)

### Level-1 Descriptive analysis

- Reporting of basic metrics, their frequencies & percentages by various cuts followed by key highlights. These can be monthly, quarterly, half yearly tracking reports
- Tool: SAS/REPORT
- Techniques: frequencies , means, percentages etc.

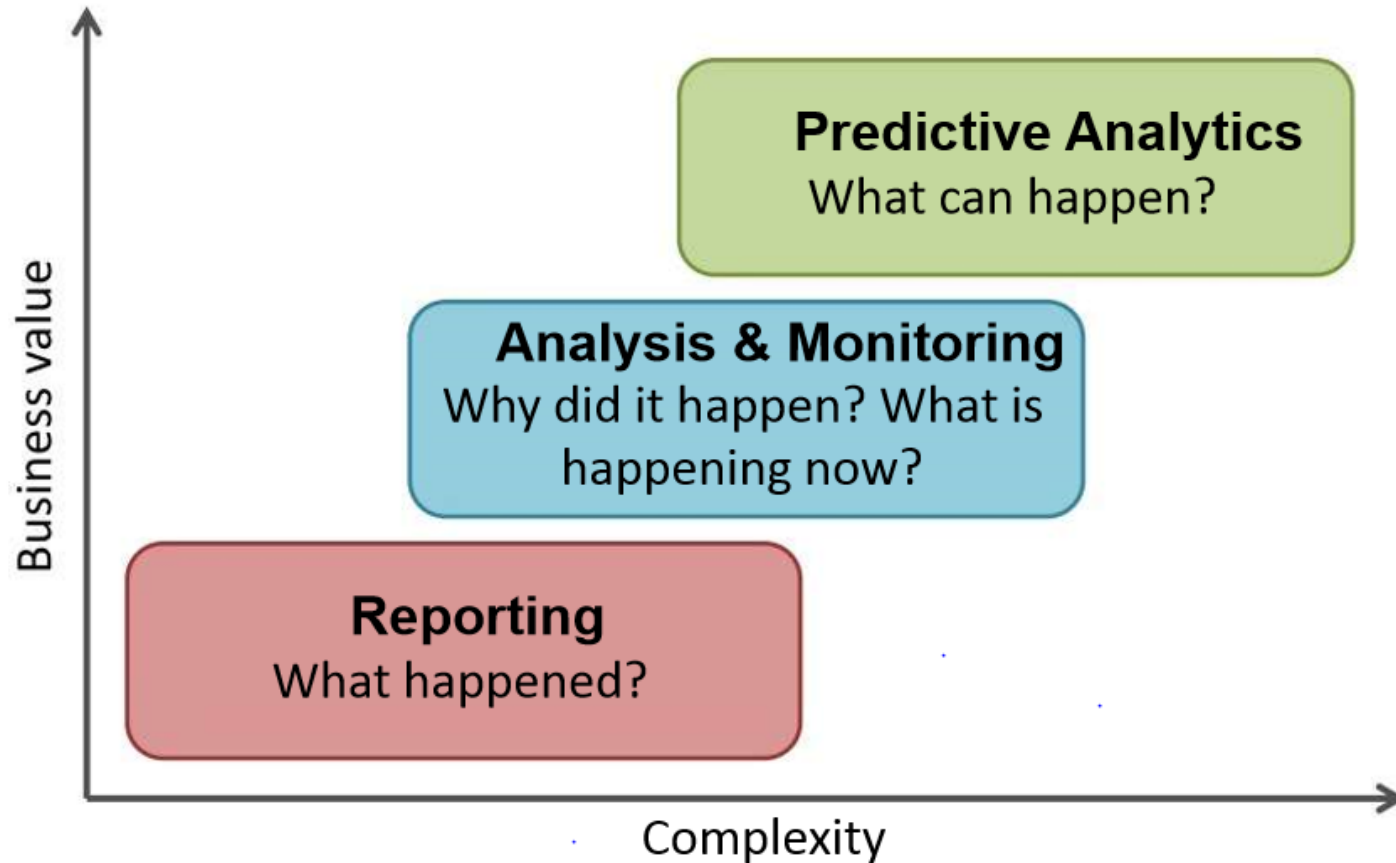
### Level-2 Operational metrics

- Derivation of some HR operational metrics which will help us in tracking the efficiency of HR functions
- Tool: SAS
- Techniques: means, variance, control limits, ratios, percentages etc.

### Level-3 Predictive analysis

- Predictive analysis based on historical HR data. Attrition forecasting, performance management, compensation analysis, survey analytics, new hire strategies etc.,
- Tool: SAS BASE, SAS E-miner, Excel
- Techniques: Regression analysis, Time series analysis, cluster analysis etc.

## Stages of Analytics

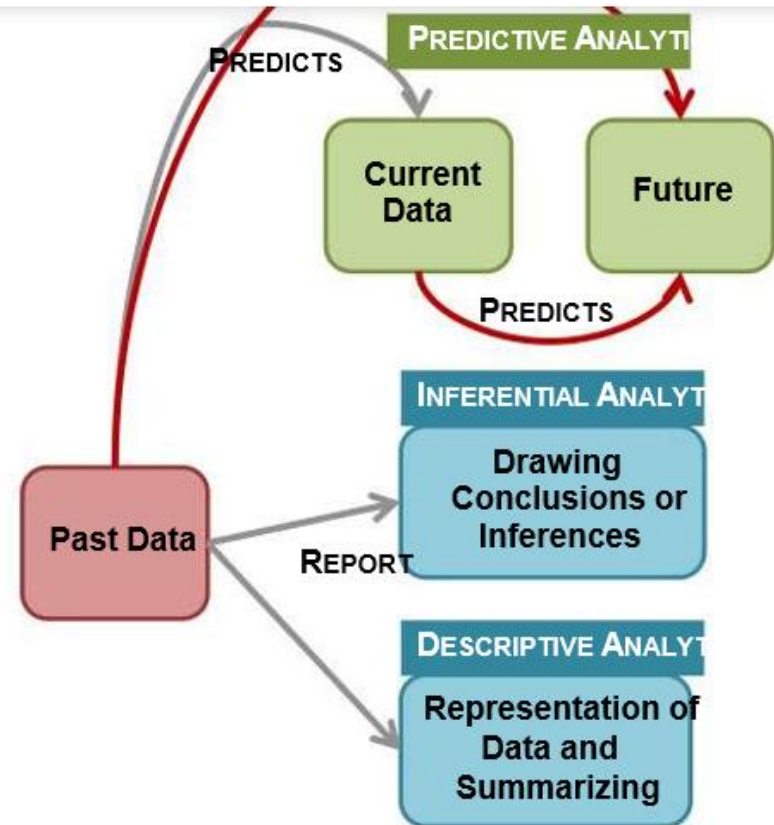


# Types of Analytical Models

**Predictive Analytics**

**Analysis & Monitoring**

**Reporting**





## HR Analytics, People Analytics, and Workforce Analytics: What is the Difference?

- HR analytics focuses primarily on the HR function and is not – as is largely believed – exactly interchangeable with people analytics or workforce analytics.
- The terms HR analytics, people analytics, and workforce analytics are often used interchangeably. But there are slight differences between each of these terms.

## Difference

- **HR analytics:** HR analytics specifically deals with the metrics of the HR function, such as time to hire, training expense per employee, and time until promotion. All these metrics are managed exclusively by HR for HR.
- **People analytics:** People analytics, though comfortably used as a synonym for HR analytics, is technically applicable to “people” in general. It can encompass any group of individuals even outside the organization. For instance, the term “people analytics” may be applied to analytics about the customers of an organization and not necessarily only employees.
- **Workforce analytics:** Workforce analytics is an all-encompassing term referring specifically to employees of an organization. It includes on-site employees, remote employees, gig workers, freelancers, consultants, and any other individuals working in various capacities in an organization.
- In the HR context, some workforce analytics metrics and HR analytics metrics may overlap, which is why the two terms are often used as synonyms. The goal of the two may also be the same.
- For instance, data on employee productivity and performance informs both HR and workforce analytics, and the goal is to improve retention rates and enhance the employee experience.

## Critical areas for HR Predictive analytics

- **Turnover modeling.** Predicting future turnover in business units in specific functions, geographies by looking at factors such as commute time, time since last role change, and performance over time. One can accelerate hiring efforts accordingly, reducing lead time and panic hiring, which can lead to lower cost, higher quality hiring.
- **Recruitment advertising /HR Branding effectiveness:** HR Branding efforts based on Response modeling for advertising jobs.
- **Targeted retention.** Find out high risk of churn in the future and focus retention activities on critical few people
- **Risk Management:** profiling of candidates with higher risk of leaving prematurely or those performing below standard.
- **Talent Forecasting.** To predict which new hires, based on their profile, are likely to be high fliers and then moving them in to fast track programs

## TALENT ANALYTICS

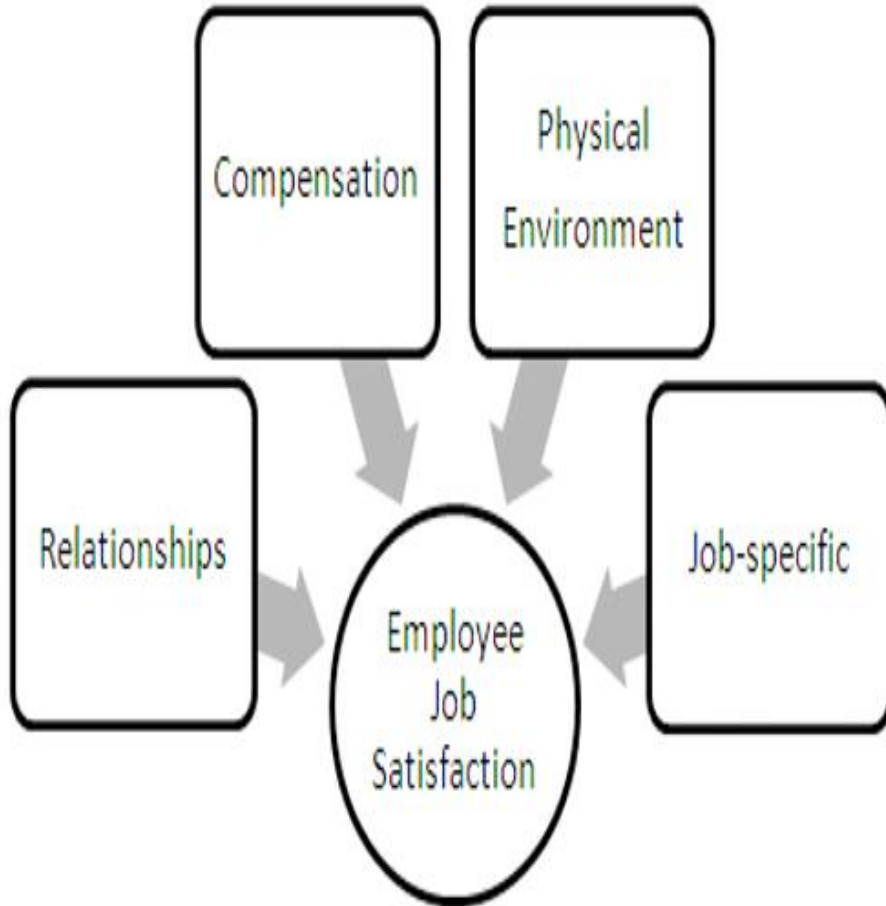
Is more qualitative and is basically for processes from talent management like personal development, recruitment, succession planning, retention etc.

- It can help organizations to analyze turnover, identify top performers, identify the gaps and develop the proper training for them.
- It can also find out reasons for attrition and provide options to take strategic decision for retention as well.





## WORKFORCE ANALYTICS



- It helps leaders to develop recruiting methods and specific hiring decisions, optimizing organization structure, identify quantify factors for job satisfaction.
- [?] It also helps the organization to identify, motivate and prepare its future leaders.
- [?] Align and motivate workforce and continuously improve the way of work.



# PREDICTIVE ANALYTICS

- Data is generally presented in graphic, statistical reports, dashboards that is easy to take more strategic decisions based on the facts.
- It helps them in determining critical situations like tacking pay gaps, set of workers who are always at risk of resigning, understanding the psychographics (personality, interest, work styles etc.) of employees.



# Tools & Software Used

- Typical tools / software:
  - Microsoft Excel (max used)
  - BI reporting tools
  - ERP reporting tools, dashboards
  - Statistical software like SAS, SPSS etc.

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## HCM Analytics consumers by role Stakeholders across the organization



## Real world case studies

**Starbucks, Limited Brands, and Best Buy**—can precisely identify the value of a 0.1% increase in employee engagement among employees at a particular store. At **Best Buy**, for example, that value is more than \$100,000 in the store's annual operating income.

Many companies favor job candidates with stellar academic records from prestigious schools—but **AT&T and Google** have established through quantitative analysis that a demonstrated ability to take initiative is a far better predictor of high performance on the job.

Employee attrition can be less of a problem when managers see it coming. **Sprint** has identified the factors that best foretell which employees will leave after a relatively short time.

In 3 weeks **Oracle** was able to predict which top performers were predicted to leave the organization and why - this information is now driving global policy changes in retaining key performers and has provided the approved business case to expand the scope to predicting high performer flight .



## Real world case studies

**Dow Chemical** has evolved its workforce planning over the past decade, mining historical data on its 40,000 employees to forecasts promotion rates, internal transfers, and overall labor availability.

Dow uses a custom modeling tool to segment the workforce and calculates future head count by segment and level for each business unit. These detailed predictions are aggregated to yield a workforce projection for the entire company.

Dow can engage in “what if” scenario planning, altering assumptions on internal variables such as staff promotions or external variables such as political and legal considerations.



## How Does HR Analytics Drive Business Value?

- HR has access to valuable employee data. How can this data be used to enable change in the organization?
- There is a great deal of discussion on replicating the consumer experience in the employee experience. Essentially, the data on consumer behavior 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 analytics can be used to enhance business value. “HR analytics could be used to measure investments in reskilling, which will deliver the right competencies to support a new revenue model, using data-driven insights to modify the training offering as sales results emerge.”
- This is definitive granular data that can not only impact the bottom line, it can also transform employee engagement in an organization.
- ‘ROI’ of HR analytics being that of increasing the business value derived from using data for talent decisions.”

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The logo of Galgotias University is a stylized 'G' composed of four curved, overlapping bands in shades of red, yellow, blue, and red. The text 'Thank You' is centered over this logo.

Thank You

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