HR Metrics & Analytics
MSB21T2001

GALGOTIAS
UNIVERSITY

Topics to be discussed

- Caselet –Discussion De La Rue Example
- Google
- Facebook
- Amazon
- Shell global
- Schlumberger
- DuPont India
- **HR Decision-making and HR Analytics**
- **Challenges in HR decision-making**
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RECAP: SESSION 7

- EMERGENCE OF HUMAN RESOURCE CONTROL SYSTEMS

- MEASUREMENT TOOLS USED IN HUMAN RESOURCE CONTROLLING

Caselet –Discussion

- De La Rue is the world's largest commercial security printer and papermaker, producing over 150 national currencies and a wide range of security documents such as passports, fiscal stamps, travellers' cheques and authentication labels.

- In business since 1813, De La Rue is a member of the FTSE 250 and employs over 4,000 people across 31 countries. Lead by CEO, Martin Sutherland, De La Rue is currently driving forward a programme of operational improvement, aimed at increasing efficiency and improving shareholder value.

- As part of the drive to improve productivity, De La Rue introduced 'My Contribution', to empower all individuals to drive improvements.

- 'My Contribution' programme enables employees from any De La Rue Unit to implement HR.net, a powerful web-enabled HR system, developed by Vizual Business Tools plc.

- Through the installation of HR.net, the company intended to automate a range of HR processes as well as to consolidate information held in disparate, preexisting HR systems, on to one central database, housed at the company's head office.

- Using the latest '.net' technology, HR.net allows any manual HR process to be replicated in electronic form and enables a wide variety of tasks to be carried out by employees on a self-service basis.

- In addition, HR.net has a highly flexible, customizable workflow engine, to make suggestions aimed at increasing efficiency.

- All ideas are evaluated, and those likely to generate greater operational efficiency or cost saving are translated into projects.

- The project has already led to some 1,500 ideas being put forward by employees, with 250 being resourced as projects.

- Following the inception of 'My Contribution', and in order to achieve the full benefits from the programme, it became clear that a reporting system was required that would allow suggestions to be received from employees around the globe and then tracked through to review investment, implementation and recording of benefit which enables organizations not only to automate standard HR procedures but digitize a range of other (non-HR specific) business processes.

- As any business process can be defined and recreated within HR.net, organizations have the opportunity to not only streamline the HR function but refine processes and create cost-efficiencies in other areas.

- De La Rue managers soon realized that HR.net could be used to facilitate 'My Contribution': HR.net's powerful workflow and project tracking technology could be exploited to support the programme and, as the company had already invested in the HR.net system, no further capital expenditure was required.

MEASUREMENT TOOLS USED IN HUMAN RESOURCE CONTROLLING

- HR control systems, both for HR cost optimization and enhancing employees' commitment, were so far managed with HR metrics.

- But complexities of business today require us to manage it with HR analytics to ensure decisions are predictive to evaluate the possible outcome well in advance for bringing changes in decisions.

- Examining HR functions from different perspectives, it is now clear to us that modern HR functions need to be powered by HR analytics; else, HR functions will fail to align with the business and strategies of the organizations.

- We can understand this reviewing the job requirements of human resources/people analysts of some world-class organizations.

MEASUREMENT TOOLS USED IN HUMAN RESOURCE CONTROLLING

- Example

- Google always searches for talent in all areas of organizational activities.

- One thing common for all recruitments at Google is the emphasis on analytic skills.

- With analytic skills, Google expects its managers can make use of data, and with their research and analytic insights, they would be able to come out with innovative solutions to business problems.

- The company believes that with analytic skills people become more detail oriented, inquisitive and problem-solvers.

- A diagnostic mindset makes people successful in their jobs. For example, a people analyst at Google is part of the HR team.

- Google expects a people analyst to be able to conduct data analyses, regressions, factor analyses, t-tests and ANOVAs, in addition to their capabilities to identify issues, frame hypotheses, conduct surveys, have capability to use metrics and synthesize data for effective decision-making.

MEASUREMENT TOOLS USED IN HUMAN RESOURCE CONTROLLING

- For Facebook, a people analyst is a visionary who feels excited to use data to drive HR-related business decisions.

- They will commit them for employee-related research, develop models for predictive decision-making and help the company to maximize the ROI in people.

- Facebook calls it the HR business intelligence function. HR managers in Facebook are expected to have knowledge in statistical analysis, applied research design and multivariate statistical analysis.

- Amazon expects its human resources or people analyst to be able to identify actionable insights and to drive its HR investments and talent management decisions.

- It requires statistical analysis of large data sets and provides solutions, designs HR scorecard and dashboards, develops benchmarks with peer group and other world-class organizations and so on.

- They are expected to possess deep business insights and strategic orientation with the ability to frame hypotheses, interpret results, curiosity and attention to minute details.

MEASUREMENT TOOLS USED IN HUMAN RESOURCE CONTROLLING

- For Shell global, human resources or people analysts are expected to take evidence-based decisions, making use of data.

- They provide valuable and strategic inputs to top management team of an organization, so that their business decisions can reflect on these.

- Combining human resources and business data they assess the opportunities and risks. Apart from deep human resources insights, Shell expects them to be able to carry out advanced and predictive analytics, regression analysis, multi-level analysis, factor analysis, decision tree and longitudinal analysis.

- For Schlumberger, HR analysts capture, analyse and report HR trends. Based on their analysis, they focus on the continuous improvement of HR policies and standards.

- DuPont India expects its HR analysts to be able to align its human resources with their South Asia human resources, understand business priorities and translate the understanding in terms of HR plans and programmes and so on.

- In many world-class organizations, an HR analyst's role even extends to the identification of business challenges, so that organizations can bring desired changes and make them future ready.

HR DECISION-MAKING AND
HR ANALYTICS

- Globally, organizations are shifting their focus on evidence-based management practices.

- Evidence-based management practices facilitate conscientious decision-making, with effective use of available evidences (data support) so that decisional outcome can benefit the organization and the stakeholders.

- The concept of evidence-based management was pioneered by researchers such as Pfeffer and Sutton (2006) and Briner et al. (2009).

- In human resources, we make investments in building capabilities of the organizations, and so also of the employees.

- We attract and retain talent to sustain in competition. With HR analytics such decisions in organizations can be more and more evidence based, leading to a more realistic cross-functional approach.

- Analytics-based HR decisions, being evidence-based, are more value adding, futuristic and sustainable.

<u>**INTRODUCTION**</u>

- Analytics per se is defined as scientific data manipulation.

- Business analytics (BA), therefore, is scientific data manipulation for better business decisions.

- BA literally indicates the application of mathematical and statistical techniques. Primarily in operations research, economics, marketing and financial functions, BAs are in use for quite some time and also being taught in all management programmes for several decades.

- Use of BA in HR decision-making process is of recent origin. In fact, its use started getting our attention, once we started looking at the HR function from the point of view of organizational strategy and sustainability.

- With big-data-enabled BA, organizational decision-making processes have undergone many changes, and today the organizational decisions (operational, business and strategic) are more predictive, rather than analysing static decisional impact in terms of decisional outcomes.

<u>INTRODUCTION</u>

- Predictive decision-making process being more and more holistic and being capable to assess the decisional outcomes right in the beginning, helps managers in calibrating their decisions, so that adverse effects of decisions, if any, can be minimized and the overall decisional impact can benefit both the organizations and the employees.

- Today, BA tools are more subject and function specific, of which HR analytics is one of such example.

- HR analytics is a predictive decision-making tool capable to manipulate the big data and assess the decisional impact before its occurrence, letting the decision-makers to alter, change or intervene to improve the decisional outcomes.

- However, before we go for a detailed discussion on HR analytics, let us first understand HR decision-making and how over the years, the HR decision-making process was powered by metrics, correlational analysis and now by analytics.

INTRODUCTION

- Business analytics (BA): BA is scientific data manipulation for better business decisions. It literally indicates the application of mathematical and statistical techniques.

- Predictive decision-making process: It is more holistic and capable to assess the decisional outcomes right in the beginning, helping managers in calibrating their decisions.

- HR decisions are characteristically different from non-HR decisions in organizations, both in terms of its scope and complexities.

- Cases of organizational failure are largely attributable to wrong HR decisions.

HR DECISION-MAKING

- A good example is decisions on talent recruitment and selection.

- Despite adoption of multiple approaches for making the selection process in true sense a successive hurdle technique, we observe selected talent become unproductive, unfit for team work, unable to integrate with the culture of the organization and so on.

- Those who are the right-fit decide to quit the organization unpredictably, causing increased cost of talent replacement.

- Prima facie a decision-making process is our judgement for any action. An HR decision-making process, therefore, can be defined as HR managers' judgemental thoughts on an action.

- As most of the HR decisions are encompassing all stakeholders of the organizations, it is always prudent to reinforce HR decisions with supportive data and information.

HR DECISION-MAKING

- Obviously for this reason today, we observe increasing acceptance of HR analytics as an important tool for HR decision-making.

- An effective HR decision-making process requires the integration of critical thoughts and information.

- HR managers develop critical thoughts using their professional skill and competence, while business information are made available through big-data analysis.

- Critical thoughts of HR managers are also moderated by evidence-based HR decision-making

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Thank You