HR Metrics & Analytics
MSB21T2001

Topics to be discussed

- CHALLENGES TO MAKING ANALYTICS WORK
- **CRITICAL HR DECISION-MAKING AND HR ANALYTICS**

RECAP: SESSION 13

BENEFITS OF HR ANALYTICS
STEPS TO IMPLEMENT HR ANALYTICS

CHALLENGES TO MAKING ANALYTICS WORK

- As with any analytics implementation, the promise of these HR systems depends on an enterprise's ability to employ the right people, business processes and tools to make them effective. Among the challenges:

- Finding the right talent to run HR analytics. According to Craig, finding people with the right blend of HR knowledge and analytics training can be like looking for a needle in a haystack. "They have these highly specialized skills that are scarce in the labor market—almost esoteric," she says.

- "As a result, the HR leaders who are hiring and retaining them often don't understand what data scientists do and that creates a real challenge for managing and leading the workforce."

- Although many HR leaders are equipped to oversee an analytics system, some tools require skills in data modelling, computer science, statistics and math.

CHALLENGES TO MAKING ANALYTICS WORK

- A lack of confidence doesn't exactly help matters.

- Only 6 percent of worldwide HR teams feel they are "experts" on the use of analytics in talent management, according to a report from Bersin & Associates.

- And only 20 percent believe that the data they capture now is highly credible and reliable for decision-making in their own organization.

CHALLENGES TO MAKING ANALYTICS WORK

- **Currying executive support.** Convincing higher-ups that it's time to invest in yet another HR system can be a tough sell. For years vendors have been pitching HR leaders on everything from time and attendance systems and employee self-service tools to performance management modules and enterprise resource planning systems.

- To build a strong business case for analytics, HR leaders need to measure beyond employees' past performance and begin to gather crucial data about workers' personalities, motivations, career aspirations, morale and cultural fit—information that feeds into the capabilities of the newer analytics systems and that can lead to a stronger ROI.

CHALLENGES TO MAKING ANALYTICS WORK

- **Data deluge.** In a February 2013 blog posting, online survey software provider SurveyMonkey reported that it created about 25 terabytes of data over the past year on behalf of customers who gather information ranging from employee satisfaction to personality traits.

- An inability to parse this data properly can easily result in a data dump—a bloated repository of information that fails to deliver any real value to an HR team.

CHALLENGES TO MAKING ANALYTICS WORK

- **Cost considerations.**
- There's no shortage of analytics tools to choose from. What might surprise some, however, is that costs can vary wildly.
- An HR analytics platform alone can range from $400,000 to $1.5 million for a company with 5,000 full-time employees.
- Then there's the cost of hiring talent with specialized skills to run the system: top-tier analytics professionals can demand salaries of $100,000 or more.
- And training HR leaders on how to use an analytics tool can amount to $5,000 per employee.
- Selecting a cloud-based option can lower costs but either way, HR leaders must be prepared at budget time.

CHALLENGES TO MAKING ANALYTICS WORK

- **Data quality.**
- Because HR tends to store data in sprawling silos across an entire organization, it's easy for bytes and bits to get dropped along the way, or just plain ignored.
- Out-of-date employee records can also enter the mix, handicapping analysts with less-than-accurate information.
- Only by establishing best practices for migrating, collecting and analyzing data can HR leaders truly extract valuable business insights.

CRITICAL HR DECISION-MAKING AND HR ANALYTICS

- In critical HR decision-making processes, namely talent acquisition or recruitment and selection, many organizations come out with their detailed decisional guidelines.

- Such guidelines ensure decisional consistency and so also can immune HR decision-makers from any future liability, including legal hassles.

- Moreover, recruitment and selection are serious HR functions, first because of choosing the right candidate and then for the need of predicting their retention probabilities.

- Hence, from organizations' point of view, recruitment is investment.

CRITICAL HR DECISION-MAKING AND HR ANALYTICS

- What could be the appropriate decisional guidelines for the decision-making largely depends on the organizations, the level of recruitment, the prevailing legal norms and restrictions and so on.

- A tentative decisional guideline for the recruitment of a hypothetical organization for managerial positions can be listed as follows:

- Ensure your recruitment decisions are impersonal, and for the best interest for the common good and justice.

- Ensure your recruitment decisions are fair, objective and transparent.

CRITICAL HR DECISION-MAKING AND HR ANALYTICS

- Some of the don'ts of recruitment decisions are as follows:
    - Stereotyping
    - Prejudice
    - Mirroring
    - Laying emphasis on personalities, rather than candidates' capabilities
    - Decisions are not holistic (based on assessment single or some attributes)
    - Spur of the moment decisions
    - Decisions vitiated by halo and horn effects
    - Poor verification of antecedents

CRITICAL HR DECISION-MAKING AND HR ANALYTICS

- The earlier described list of don'ts in recruitment for managerial positions can to a great extent ensure appropriate recruitment and selection processes of any hypothetical organization.

- Most of the parameters can be objectively measured and assessed, and their effects on the organizations can be predicted using HR analytics.

- In Module 2, we will discuss the usage of HR analytics for recruitment- and selection-related decision-making. There we have explained the process of measuring the above parameters.

CRITICAL HR DECISION-MAKING AND HR ANALYTICS

- HR analytics can help HR managers to legitimately position themselves as strategic partners in an organization.

- HR functions being more and more fact based, organizations can trace HR contributions and can even measure how such contributions could benefit in achieving organizational goals.

- In most of the organizations, however, HR analytics are used in talent management practices.

- This is why we often use the terms HR analytics and talent analytics interchangeably.

- Talent analytics suites are more focused on attraction, recruitment, development and retention of talents.

- All these also benefit organizations in achieving their goals and objectives.

- But such outcomes may not be holistic, as all HR decisions need not be talent driven. Complete HR analytics suites cover all HR functions.

CRITICAL HR DECISION-MAKING AND HR ANALYTICS

- For example, a decision on the threshold limit of a compensation and benefits programme—which can optimize cost, sustain employee motivation and at the same time their retention—requires inputs from various HR functions, benchmarked data, past trend of the organizations and so on.

- There are enormous cases in the corporate world where organizations could save substantially on compensation and benefits head while could also retain their employees, motivate them and even could get the enhanced rate of performance from them.

- Such HR decisions being more and more holistic, it is always better for HR managers to develop their critical thought process and examine all the aspects in terms of data availability.

- With HR analytics, organizations can get better scientific insights (being data driven), which can help in strategic decisions.

CRITICAL HR DECISION-MAKING AND HR ANALYTICS

- Many HR managers often misconstrue that scorecards, ratios and metrics are synonymous with HR analytics.

- All these may help in aligning (at least partially) human resources with the business, may enable HR managers to perform gap analysis (again partially), understand the correlations between different variables and even may help them in benchmarking for better decision-making.

- However, these are not HR analytics. HR analytics can facilitate in analysing people-related data on the important business outcome of organizations.

- It can pull multiple HR processes together, embed cross-functional inputs with HR decisions and make the decisions more futuristic, holistic and all encompassing.

- Cause–effect or causation analysis and regression analysis are two important HR decision-making models for HR analytics.

- However, organizations can design their own algorithms for HR decision-making. People analytics of Google is one such example.

REFERENCES

- Bhattacharya ,Deepak (2019). HR Metrics and Analytics, Pearson

- Schemerhorn, J. R. (2001). Management. New York, John Wiley & Sons.

- Schuler, R. S., & Harris, D. L. (1991). Deming quality improvement: Implications for human resource management as illustrated in a small company. Human Resource Planning, 14(3), 191–207.

- Schuler, R. S., & Jackson, S. E. (1987). Linking competitive strategies with human resource management practices. Academy of Management Executive, 1(3), 207–219.

- (1999). Strategic Human Resource Management. Oxford: Blackwell Publishers.

- (2005). A quarter-century review of human resource management in the US: the growth in importance of the international perspective. Management Review, 16(1), 11–35.

- Schultz, T. W. (1982). Investment in entrepreneurial ability. Scandinavian Journal of Economics, 82(4), 437–448.

- Smith, A. (1977[1776]). An inquiry into the nature and causes of the wealth of nations. Chicago, IL: University of Chicago Press.

- Snell, S. A. (1992). Control theory in strategic human resource management: The mediating effect of administrative information. Academy of Management Journal, 35(2), 292–327.

- Stavrou, E. T., & Brewster, C. (2005). The configurational approach to linking strategic human resource management bundles with business performance: Myth or reality? Management Review, 16(2), 186–201.

- Sturman, M. C., Walsh, K., & Cheramie, R. A. (2008). The value of human capital specificity versus transferability. Journal of Management, 24(2), 290–316.

- .

Thank You

Thank You